An Economic Perspective of Europe

By Bjarne Asper* 

Export Manager, Johns Manville International Corporation

Reporting on a recent trip through Europe, Mr. Asper notes improvement in people's morale. Says Sweden is well off, but taxes on gasoline discoures import of American cars. In Norway and Denmark he noted recovery, with unsatisfied demand for American goods, but in France he found confusion, black markets, and distrust in government and French franc. Belgium is enjoying prosperity and Britain is exporting more than half automobile output, and trying to "unfreeze" sterling, but industrialists are concerned over nationalism.

In the overall picture in Europe, naturally my interest was in my company's line which includes automotive, but not necessarily all automotive. Yet being so closely affiliated with this club and interested in the automotive picture, I took time out to check on that as much as I could and the view I express here is my own personal opinion. I have a number of members who have been to Europe in the recent months and they may have different ideas. But certainly I am going to give you a picture of Europe as I saw it.

Nature has been rather kind in a lot of spots, in bombed-out areas and so forth. Grass has grown on those places so that the stigma of damage does not show at all on them and helps to lift the morale of people. And by and large (Continued on page 46).

*Remarks of Mr. Asper before the Overseas Automotive Club, New York City, Jan. 10, 1947.

Economic Interpretation of the Wagner Act

By Harold J. King, Ph.D.

Economist analyzes specific provisions of National Labor Relations Act and interprets its effects. Holds Act is coercive and against voluntary bargaining, and is discriminatory, since strikes are permitted but lockouts or refusal to bargain are considered interference with commerce. Contends Labor Relations Board acts as both prosecutor and judge, and a "poison fang" is provided compelling employers to bargain collectively with "representatives" of employees. Says legal sanction is given to closed shop and attacks exemption of Labor Board proceedings from prevailing rules of evidence.

Enumerates obvious bureaucratic powers given to Labor Board.

As the subject of labor relations is sure to occupy a large part of the attention of the Eightieth Congress, the National Labor Relations Act (Wagner Act) is certain to receive the careful consideration of the legislators. Those who consider the Act the Magna Charta of American labor will be studying possible revisions to improve, if not strengthen, the Act. Those who consider it the legal monstrosity at the base of our labor-industrial strife will be utilising every way to weaken the Act, should repeal prove impossible.

If the average thinking American is to play any part in this drama, he is to let those in Congress who represent him know how he feels about the questions involved, it is now time for him to re-read his memory concerning the specific provisions of the Act.

For his convenience, the more important elements of the Act are reproduced below, along with brief economic interpretations or comments for each.

Excerpts From The Wagner Act and Economic Interpretations and Comments

AN ACT
To Diminish the Causes of Labor Disputes By Ostracizing Interests and Foreign Commerce, to Create a National Labor Relations Board, and for Other Purposes.

Comment—In 1947 any comment on the success of the Act in accomplishing its avowed purposes seems superfluous. Should one entertain any doubts, however, as to the success or failure of the Act in accomplishing its
The Outlook for Interest Rates

By ROBERT H. CRAFT* President and Treasurer, Guaranty Trust Company of New York

Bankers contend there is not much basis for expecting substantial change in interest rate patterns, though economic factors influencing interest rates will bring about some widening of spread between rates of government, bank and other categories. Does not look immediately for heavy borrowing by business which mean higher rates, and predicts slight and temporary business recession. High maximum redemption of public debt will be under $3 billions annually and wares riskier lending by banks has ended and they must again be selective in granting loans.

Banking today is on the threshold of a period quite unlike any through which it has passed since the formation of the Federal Reserve System in 1913. Up to this date it marked the beginning of modern banking.

Tudor City Units

By THE NEW YORKER

Mr. Roberts criticizes Nathan Report for using abnormal years as basis for computation. Points out heavy industries such as General Motors and General Electric Companies will suffer deficits if 2½% wage increases are granted, and that all present only producers of soft goods and luxuries are enjoying good profits because of abnormal consumer demands. Suggests a new system for wage adjustment.

Fallacies of the "Nathan Report"

By MAXWELL B. ROBERTS

Economist, Bendix Laidler & Co.

Mr. Roberts criticizes Nathan Report for using abnormal years as basis for computation. Points out heavy industries such as General Motors and General Electric Companies will suffer deficits if 2½% wage increases are granted, and that all present only producers of soft goods and luxuries are enjoying good profits because of abnormal consumer demands. Suggests a new system for wage adjustment.

To implement its demands for higher wages when existing contracts expire, the CIO ceased to be compelled and published an "economic study" known as the "Nathan Report," which then set the stage for the next move of the New York State Bankers Association, New York City, Jan. 20, 1947.

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Formula for Prosperity

By WILKINSON JACOBY
President, Chamber of Commerce of U.S.

Maintaining relation of wages, prices and profits has become of vital self-interest to everyone; Mr. Jackson states nothing is more serious to public at present than rising wage-price spiral. Denies wages can be increased without higher prices and if wages rise in turn will result in greater production and thus bring about unemployment. Refutes "boot strap" theory that wage increase will create national income and thus additional purchasing power and urges labor to consider plight of millions of consumers with fixed or limited incomes when presenting pay demands. Builds up the share we have by lowering prices.

The discussion in recent weeks of the relation of wages, prices and profits has come out of the abstract realm of textbook doctrine into the public light. Front page news usually so serious to public at present than rising wage-price spiral. This is an action that is one of the greatest clashes of forces in economic history. Strikes, legislative maneuvers, the give in help of debate in public forums over wages and prices have become the most important manifestation of the deep economic forces. Here in this area, the wage-price spiral has had a special significance. We know of no better laboratory for the demonstration of the fundamental truth of prices and wages than the economic situation in Great Lakes. Here the idea that low prices widen markets, create jobs, make profits and raise living standards is a demonstrable truth.

The machine-making and machine-using industries of the Great Lakes region have been the American competitive enterprise system world renown. This is the economic genius which has changed product after product from costly luxuries for the few into indispensable necessities for the masses. This is the proving ground of mass production that has lowered prices, raised wages, shortened hours of labor, raised living standards for everybody and helped make the United States incomparably strong among, the international nations. Profits have been the impetus and achievement in the creative minds of this midland industrial genius.

Americans may take pride in the accomplishment of this industrial genius. It would be a pleasant situation if the master works and the benefits these Great Lakes industrial centers have conferred upon America and the world. But the world already has paid the most exalted tribute to the industry of this region by heating a path here to find out how it is done. From Moscow to Stockholm, the world expresses its sincere flatry by attempts to imitate. Certain conceptual ideas and economic systems made up of production of mankind and the great plants and organizations of the mass production industries. One of these ideas is the concept of the mass market found on low production and low prices and small profit per sales unit.

This is the idea that it is better to buy big than small, to_commands automobiles at prices at least $100,000 and other goods at $100,000 to the dollar. The democratic concept that the roots of sound business rely on the solid base of the nation's credit and rest securely upon the upper levels of the highest interest rates. The democratic idea of the mass market has been developed in the United States, cut its way to what has made big business. A low-cost automobile cannot be produced in (Continued on page 421)

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Prospects of Recession in 1947

By HOWARD R. BOWEN

Economist, Irving Trust Company, New York City

Bank economists seem to be at last coming to a conclusion that the inflation period is ending and a turning point in business approaching, but list important factors which may cushion a recession. Sees better situation than in 1919-20 yet holds certain strategic forces may produce recession even in face of heavy demand for durable goods.

The past year, 1946, has been a boom year. Production, though hampered by increased obstacles, has continued by year at 20%, and at the year-end was 1.5% ahead of pre-war and 7% above the level reached in 1939. But despite the progress in production demands could not be satisfied at controlled prices. Hence, with the relaxation of controls, wholesale prices increased by over 20% and the cost of living 15%. This combination of rising production, seemingly unlimited demand, and rapidly rising prices is characteristic of a typical postwar boom.

On the basis of these conditions, “Will the boom continue through 1947?” I think the answer is “No.” There are abundant indications that we are approaching the end of the inflationary period. I shall mention some of them without elaboration:

1. Both industrial and agricultural production have increased substantially during the year, and are still rising. But the flow of goods to ultimate users has not kept pace with this increase in production. As a result, inventories have been rising.
2. Consumer expenditures have not kept pace with increases in prices. Consumer purchases of non-durable goods, in physical terms and after allowance for seasonal factors, are apparently declining. There are numerous reports of buyer resistance to high prices and the-monthly Consumer Price Index has been falling.

Howard R. Bowen

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I Wish He'd Stop Yelling 'Going Down' All the Time!

Labor, Capital, and Stock Market

By LOUIS MANVILLE

Foreign analyst notes undermining of American capitalism resulting from shift of political power from agricultural workers to urban wage-earners; with sympathy of corporate management increasingly leaning toward labor and away from stockholders. Citing changing purchasing power positions of worker and investor, holds reliance on labor for voluntary moderation constitutes illusion. Hence looks for secularly lower earnings, and also because market is historically high, concludes stock prices should undergo downward revision.

Earnings of corporate equities can be closely linked to the respective social strength, at a given moment, of management and labor. Earnings being usually the determinant in a single factor in the appraisal of stock prices, it seems, therefore, warranted to examine the financial position of the corporate profits of the past and the changes that are now taking place at a breathtaking pace, in the labor management relationship.

The historical position of modern free enterprise is characterized

by the fact that it is living on a backlog of traditions and beliefs which have survived into an environment that, obviously, could not create it anew. The ultimate in which these traditions and beliefs originated, in the good old days, has since changed tremendously and this unreplenished backlog is running out further, under our eyes.

Agriculture, though a stronghold of small capitalism, has considerably shrunk in relative importance and now occupies less than one-sixth of the non-agricultural working forces: 3 million against 49 million. Huge corporate enterprise has reduced owners of domestic assets to less than 5% of the non-farm labor force and the

(Continued on page 421)
Behind-the-Scenes Interpretations from the Nation's Capital

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Roll Edith Aulson, Customers' Woman, and John R. Leumann, bookkeeper, of the bookkeeping department, have the longest service records both having been with the firm for 41 years. Mr. Leumann entertained the dinner guests.

Savings Banker of Nation to Confer

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tiy are expected to attend the mid-winter meeting of the Na¬
tional Association of Mutual Savi¬
ings Banks to be held on February 4 and 5 at the Hotel. The conference will be a streamlined affair of two days, the session of the first day being devoted to the discussion of matters of operations and policy. Chairmen of savings banks or executives attending this annual mid-winter conference on a national scale will be centered on problems of investment, pub¬
ic and private responsibility, and mortgages. The meeting has been arranged, in wide measure, on a similar plan so that all delegates will have an opportunity to participate and submit comments on matters of current interest.

Mutual savings banks consti¬
tute one of the oldest group of banking institutions in the coun¬
try. This year five more of these mutual¬
thrift institutions which have been in existence continuously for 100 or more years.

FDIC Assist Bank

The Federal Deposit Insurance Corporation has asked the Pennsylvania Liquidators of the First National Bank of the City of Harrisburg, and the Liquidation Committee of the Reading Bank of the City of Reading, to submit the account of the two institutions to the FDIC for consideration of a consolidation of the two institutions.

Northern Trust Co.

Anounces Promotions

CHICAGO, IL., — The following promotions have been announced in the Banking Department of the Northern Trust Company: William J. Cheyney, Assistant Manager to Second Vice-President H. A. Gustafson and Alfred H. Scott, Assistant Managers.

Instalment Credit Should Be Decontrolled

By WILLIAM J. CHEYNEY

Director, Retail Credit Institute of America

Mr. Cheyney points out despite public's misconception, the 12 major products still fully curbed comprise practically entire field of consumer durable goods. Answering Reserve Board's argument that instalment buying constitutes an important inflationary threat, asserts it comprises only one-tenth of total consumer credit outstanding. Hoards present partial restriction causes shift, not ending, of "inflationary" spending, and indirects discrimination against low-income people. Concludes government management with such "selective" controls only complicated, unpredictable ramifications.

British Violation of Loan Pact

By HERBERT M. BRATTER

Correspondent notes embarrassing implications of Chancellor of Exchequer Dalton's admission of technical violation of US-UK agreement embodied in Anglo-Argentine Pact. Asserts latter's inducement to Argentina to "buy British" contravenes fundamental purpose of making sterling freely convertible, discriminates, and of UK to liquidates the blocked sterling debt. Mr. Bratter characterizes as "wanting to have our cake and eat it too" our prevalent insistence on full sterling convertibility, while opposing tariff reduction.

An incident which has been very embarrassing to Secretary of the Treasury Snyder has arisen as a result of the discloure in the New York: "Herald Tribune" that the Chancellor of the Exchequer, J. Lord D. Dalton, in a "personal" note replying to an inquiry of Mr. Snyder, admits to a technical violation of the US-UK loan agreement. The violation lies in clause (8) (6) of the Anglo-Argentine Monetary and Trade Agreement (which was described in the "Chronicle" of Nov. 14, 1946, on pages 2475 and 2486). Under the US-UK loan agreement of last year sterling is to be made freely convertible into other currencies without discrimination.

The American objective may be described as open competition openly arrived at. But the contro¬versy as to the effect of the Anglo-Argentine pact in effect offers an inducement to the Argentine to "buy British," it is being said. That proviso reads as follows:

(6) If in any year the balance of payments to the sterling area, or the proceeds of, or the sterling balances for an amount equivalent to the deficit.

Background of the Issue

One of the chief problems fac¬
ing Britain at the war's end was posed by the great indebtedness to other countries represented by sterling balances built up by Argentina, (Continued on page 459)

United Kingdom 4%, 1960-90
Rhodesia Selection Trust
Gaumont-British Scophony, Ltd.

British Securities Dept.

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120 BROADWAY, NEW YORK 5, N. Y.
Telephone: Barclay 7-5660
Teleype: NY 1-843
Northern States Power

Northern States Power of Delaware has as its principal asset the entire common stock of Northern States Electric Company, which owns the entire ownership of a small amount of the A stock and substantially all of the Class B stock of Northern States Electric Company, Inc. Under the provisions of the Act, it has a rather top-heavy capital structure, the two preferred stock series (including call premiums) of approximately $92,000,000, while the Class A stock is only approximately $71,000,000. It is essentially a market valuation of only approximately $1,000,000. While there are also 729,167 shares of C stock, this is essentially equivalent to about 73,000 shares of class A. Because substantially all of it is owned by Standard Gas, it was proposed some time ago to eliminate it from participation in the plan, but the question of such participation now remains unsettled.

It is obvious that the class A stock is in the "ligh testage" class of holding company equity. It sold as low as 11½ a few years ago but advanced to 50 in 1945 and 75 in 1946 as the plan to eliminate the stock was proposed. It was agreed to increase participation in a division of assets. Several of these plans were introduced in the Federal court in Minneapolis after the official SEC-approved plan had been sent to the court for ratification. Finally the SEC, in effect, cancelled all of these plans. The final SEC proposal is an "unrealizable" one. While the management then submitted a new plan, it got into a legal tangle with the SEC over the plan as to whether the plan could be "voluntary" or "involuntary," and it is not clear that the court is going to make a decision on this issue.

The new plan company would own a large share of the stock of the Minnesota company. This plan was accepted by Standard Delaware company from 3.56% to 15.3% by sale of a preferred stock. The stockholders recommended to the re¬ ferred shareholders' committee a plan which would give the class A stockholders 57.9%, the class B stockholders 5.25% of the common stock (the class B stock would be nonvoting). The Delaware company would also be required to obtain special dividends from the earnings of the surplus of the Minnesota company and pay off the arrears on its preferred stock. The preference dividends would be 7% and 8.62% on the 6% stock.

(Now the class A stockholders are expected to come up to about a new plan (formerly presented plans. Lehmans Bros., who are substantial¬ ly interested in the class A stock, have recently obtained from Stone & Webster, Inc., an estimate of current and future earnings of the Minnesota company. Stone & Webster (according to the "Jour¬ nal of Commerce") has estimated earnings available for the Minnesota common stock as follows as compared with the management estimates:

<table>
<thead>
<tr>
<th>Year</th>
<th>Stone &amp; Webster</th>
<th>Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>1946</td>
<td>$8,030,000</td>
<td>$7,190,000</td>
</tr>
<tr>
<td>1947</td>
<td>$8,011,000</td>
<td>$7,190,000</td>
</tr>
<tr>
<td>1948</td>
<td>$9,300,000</td>
<td>$7,467,000</td>
</tr>
<tr>
<td>1949</td>
<td>$9,731,000</td>
<td>$7,237,000</td>
</tr>
<tr>
<td>1950</td>
<td>$9,785,000</td>
<td>$8,320,000</td>
</tr>
<tr>
<td>1951</td>
<td>$10,225,000</td>
<td>$8,820,000</td>
</tr>
</tbody>
</table>

"Assumed, not estimated.

Obviously, if earnings for 1946 were capitalized at only ten times (which is partially conservative since the Minnesota company shows a substantial growth), there would be little or no equity available for the class A stock. On the other hand, if earnings were capitalized at fifteen times, the equity for class A stock might be as much as $100 a share. The outcome is dependent on the plan finally adopted and approved by both the management at the market yardsticks prevailing at the time the plan is put into effect. (As they were a year ago), the Minnesota stock might be used to retire the preferred stocks (with the consent of the preferred stockholders if it is proposed to have the company own the old stock, the old stockholders were not so agreed). While the bulk of the class A stockholders were not so agreed, they would be entitled to the benefits of the plan. It seems clear that the Minnesota company would have substantial advantages over the Delaware company.

Richard W. Bosworth With Skalit Jossel Co.

Cleveland, Ohio.—Richard W. Bosworth has been appointed a vice-presi¬ dent of the securities department of the Standard Oil Co., Union Commerce Building. Mr. Bosworth formerly managed the research department for Ball, Bauer & Kraus and prior to that was assistant to the National City Bank of Cleveland.

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Department of Justice To Help Small Business

Anti-Trust division establishes new procedures to prevent competition, particularly to help veterans.

WASHINGTON, Jan. 22 (Special).—The Anti-Trust division of the Department of Justice has established a new procedure to assist small business units to secure financial and technical advice from the competitive system of private enterprises.

In announcing the creation of the unit, Attorney General Clark E. Moore said that the new unit is authorized, insofar as the law and budgetary limitations will permit, to work with all the power which Congress has conferred on the Solicitor General to assist small business in competition in business. We are particularly interested in the problems of veterans seeking to engage in new business or to reestablish businesses which they had to abandon because of the man¬ power needs of the war.

Assistant Attorney General Berge, in charge of the Anti-Trust division, declared: "Each request for assistance is treated separately. It seems clear that a small business man has no chance unless he knows what the Anti-Trust laws before he can come to us with his problems."

Mr. Shreve has been designated chief of the small business division. As assistant to the division, Mr. Hamil, a native of Marshall, Ill., is a lawyer and former manufacturer, formerly connected with the American Rubber Company, and Secretary of the National Bellas-Hess.

Karl H. Schewe With Talcott, Potter & Co.

CHICAGO, I1L.—Karl H. Schewe, formerly with American & Chicago Stock Ex¬ changes, has been appointed as exchange manager of the New York and Chicago Stock Exchanges. Mr. Schewe had formerly managed the research department for Ball, Bauer & Kraus and prior to that was assistant to the Na¬ tional City Bank of Cleveland.

Walter H. Ingram With Goodbody in Cleveland

(Co. of The Public Service Finance Corporation) of Ohio.

Mr. Ingram has become associated with Goodbody & Co., National City Bank of Cleveland. Mr. Ingram was formerly with the Federal Reserve Bank of Cleveland. Prior thereto he was with Prescot¬ t & Co., and Dyer, Hudson & Co.

E. E. Mathews Adds Five

(Co. of The Public Service Finance Corporation) of Ohio.

Ingram is associated with Edward E. Mathews Co., 33 State Street, which has added five new members to the service. These are Campbell, Robert H. Higgins, Morton M. Kellner, Daniel J. Masse, and Robert M. Tisdale.

Contrasts of U.S. and European Economy

By WILLIAM F. ZIMMERMANN

Former European Technical Representative, K. E. du Pont de Nemours & Co.

Dr. Zimmern points out handicaps in European economy due to trade charter, nationalistic patterns, lack of financial freedom, freedom and patent laws. Says this has contributed to European eco¬ nomic anarchy and distress, while in the United States, because of our large and diversified regions and markets, we have been developed to industrial greatness without being bounded by boundaries. Sees an economic union as only hope of stabilizing European economy and averting further war, and concludes large economic units would be more likely to remain in existence.

In conditions before the war were entirely different from those in the United States. From our point of view they were dis¬ couraging. (Continued on page 440)

A Look Into World And National Affairs

By EARL O. SHREVE

Vice-President, General Electric Company

Assuming war is in chaotic state and 1946 was year of lost op¬ portunity, Mr. Shreve calls for application of Golden Rule in assist¬ ing dispossessed. He concedes that the many geographical units have lower production efficiency and excessive wage increases leading to prices that tend to destroy markets. Condemns economic experi¬ mentation as threatening private enterprise, and calls for greater emphasis on industrial and economic affairs. Sees dangers in the present labor situation, but concludes, if labor is thoughtful and coopera¬ tive, we should achieve a high and durable prosperity.

I think it is safe to say that the world today is still in a very chaotic state. After every major conflict we must all expect to devote a sub¬ stantial period to rehabilitation. It seems to me imperative that we find a way to permanent peace and that our own great nation still have political leadership in this program.

We have made some progress, but it has been painfully little and slow. If I suppose it is natural to have to exercise a great deal of pa¬ tience in this business, because it is a very much involved problem, mixed up with selfish attitudes and small view¬ points. It looks, however, otherwise, due to the advance in science, we will probably destroy everything.

*An address by Mr. Shreve before the Annual Meeting of the American Society of Civil Engineers, New York City, Jan. 15, 1947.
Problems Facing Banks

BY ALLAN SPROUL

President, Federal Reserve Bank of New York

In welcoming N. Y. State bankers, Mr. Sproul urges all eligible banks join Federal Reserve System and not be "a free rider." He finds increasing bank failures and modest rise in short-term rates may be anti-inflationary. Urges banks establish sound labor-management relationships and work more efficiently to establish high real incomes and shorter working hours.

I am very glad to have an opportunity to speak again to the Federal Reserve Bank of New York. Over the years, New York has been an important center of the national economy, and more a Federal Reserve Bank. Many member banks are now members of the System, and in two others, State banks and their members are now members of the System, and in two others, State banks and their members are members of the System.

Eventually, we hope that all of our banks will become members. Maybe it is not possible for the membership cost money, but I question whether any self-respecting institution would argue that this is a matter of broad general policy, not something to be settled with a sharp pencil. The Federal Reserve System is a larger barrier to our banking industry, over the past thirty years, every efficient bank should be a member, not a free rider.

I am not going to make a speech. I made a speech last month about the most important to discuss—credit policy. It is no need to repeat it here. If anybody wants to know what I think about credit policy, he can look at a copy of the speech—we have had it printed. All I can do now is what I said to the New Jersey bankers goes.

Not Strapped to Interest Pattern

I do not think the fact that the President, in his budget message, referred to the great dangers of holding interest rates at present levels, means that the Secretary of the Treasury said, in his recent annual report to the Congress, that the interest rate purpose would be hindered by raising rates. In any case, if one wishes to commit us irrevocably to the maintenance of the present fixed pattern of rates for Government securities, I think we can defend the present rate and still have a lower level of interest rates. I think there will be a time when a modest rise in short-term rates, and the significance of that rise in terms of the average rate of credit, will serve an anti-inflationary purpose. We want to be ready to act when the time comes not immobilized in the strait jacket of a pattern of rates. Those are my economic views. I have not been commissioned by either the President or the Secretary of the Treasury to interpret their views for them, and I will not keep a stock of trial balloons.

Labor Situation

There is a third subject I might mention because it is a subject which the people of the nation deeply interest. This is the time of ferment in employee-management relations and the political economic, and bankers should be giving the people the best thought and their closest attention to personnel problems. I think many of you have been, and the results have been conspicuous in terms of

lack of strife and evidence of employee confidence. But the situation is a continuing challenge, a challenge to management and a challenge to our employees.

The progress of the United States during the present century, in terms of increase in the national income, has been phenomenal. There has been a four- or five-fold expansion, and even when account is taken of the increase in population, the average real income per capita still appears to have increased about 2½ times in less than 50 years. During the same half-century, we have greatly shortened working hours and greatly increased our hours of leisure. Our failures come, I think, in the fact that in the magnitude of our gains. They have been in the last century of our program to increase the production to satisfy immediate needs, and in the distribution of our gains among various groups in the community.

How have we achieved these tremendous gains? We have achieved them in large part by increased efficiency in the use of our time, our materials, and our capital equipment. That is the way we must look for further gains. In so far as banks are concerned, the cleverly phrased claims of the President be allowed to obscure this fact.

It is a pleasure to have you here, I know that you will have a good meeting and I hope that you will have a good lunch.

SEC Sets Hearing

The Securities and Exchange Commission has ordered a hearing for Jan. 23 in its Seattle office to determine whether May Phinney Company of Seattle may be admitted to the financial business as a registered broker-dealer. The Commission charges that the May-Phinney Company engaged in certain "manipulations and deceptive practices" and carried out transactions that operated as "fraud and deceit" upon its customers. The SEC also charges that securities of Washington Chemical & Salt Corporation were sold in violation of registration requirements and a fraud prohibition of the securities act of 1933.

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Volume 165 Number 4562

THE COMMERCIAL & FINANCIAL CHRONICLE

397


Wages and Industrial Progress

By GEORGE W. TAYLOR*

Professor of Industry, Wharton School, University of Pennsylvania

(September 17, 1947)

Prof. Taylor points out lack of competitive conditions and labor’s superior bargaining power in industry have distorted wage relations in last year and have ignored effect of wages on relative competitive position of business enterprises. Holds wages can be “taken out of competition” by fixing a relatively low nation-wide standard and by settlements on a higher standard in particular cases, and asserts “there are strong reasons for supporting industry-wide collective bargaining even if working out a wage policy is difficult.” Advocates a combination of industry-wide and individual plant bargaining, and sees no reclassification of management—differences from legislation.

I.

It is not surprising that the industrial and social economists are so discouraged in their search for solutions to the basic problems of the nation’s industrial system. Consumer’s spending is a key factor in the entire system’s health, and any prolonged restriction of spending will bring a recession. This restriction has been caused by the rapid increase in the amount of savings by both individual and institutional investors. This increase has resulted in a rapid rise in savings rates, which is now at a level of over 10 percent of disposable income. This high savings rate has led to a decline in consumer spending, as people are choosing to save rather than spend their income. In addition, the high savings rate has led to a decrease in the money supply, which has further contributed to the recession. The Federal Reserve has responded to this by increasing interest rates, which has further reduced consumer spending. The United States is now facing a major economic crisis, and we must take action to address the root causes of this crisis in order to stabilize the economy.

Employee Relations Expert Names Special Mediator in UFE-A. M. Kidder & Co. Dispute

The New York State Mediation Board has arranged to have John M. Black, a large New York department store, as a special mediator in the dispute between the United States and A. M. Kidder & Co. The State Labor Board has asked for a request for certification of the union as the representative of the employees of A. M. Kidder & Co. Therefore, the State Labor Board has asked for the assistance of the New York State Mediation Board in order to proceed with the certification of the union.

Chas. B. White Admits Neill T. Masterson, Jr.

H. G. B. White & Co., Rusk Building, has announced the admission of Neill T. Masterson, Jr., to partnership in the firm. Mr. Masterson has been with the organization in the sales department.

Bond Club of New York To Hear Eisenhower

General Dwight D. Eisenhower, Chief of Staff, U. S. A., will address the Bond Club of New York, at the Waldorf-Astoria Hotel tonight (January 10, 1947). The club is the largest in the world. The club is a non-profit organization, and its members are drawn from all walks of life.

INDUSTRIAL COMMON STOCKS

- Booth Fisheries Corporation
- Darrow & Co. Elevator Company
- Deerfield Packing Company
- Footle Brothers Gear & Machine Corporation
- Hart Carper Company
- MacWhyte Company
- Snap-On-Tools Corporation
- United Printers & Publishers, Inc.

*Proposals Available

Rich, Hoe & Co., Inc.

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The oldest manufacturer at market and magazine printing presses in existence for over five years and the only manufacturer of presses for more than two years and the only manufacturer of presses in the United States, is now available. The presses are suitable for commercial printing, business, and general office use. The presses are available in a variety of sizes and designs, and are equipped with the latest technology in printing. The presses are designed to be durable and reliable, with long-lasting parts and easy-to-use controls. The presses are capable of producing high-quality printed materials, and are equipped with features such as automatic feed and alignment, which make them ideal for commercial and industrial applications.

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THE COMMERICAL & FINANCIAL CHRONICLE

Volume 156  Number 4552  

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Real Estate Securities

By EDMOUE GERMAN

The conviction is growing among close observers of the real estate situation in this country that it will be three years or more before building construction can catch up with the demands of the new housing. In fact, some estimates of the need for new and more appropriate quarters by people who cannot obtain larger incomes than formerly are of course not the whole story.

However, if the analysts who claim to see the same forces at work at the present time that were operative after the war are correct, the demand from this source, that is, from the people whose incomes are larger, will—at least after the short recession which these analysts see as impending—and which conceivably many tenants and new home purchasers may be able to weather very well—continue for several years more. Starting in 1921, there was a great flurry of new home construction which didn't reach a peak until 1925 and it would almost appear now that there is to be a repetition of this sort of thing.

Part of the current housing shortage, in some particular areas at least, can undoubtedly be explained by the large shifts which have occurred in the past. All on the supply side, new construction has been discouraged by the rigid OPA ceilings on rents and governmental restrictions of all sorts. Continuation of the ceilings on rents, particularly in newly constructed buildings, of course, will tend to prolong the shortage.

Should the much-talked-about recession afflict the economy as predicted, however, much of the pressure for space would undoubtedly subside, especially in the more depressed areas. In some places, the housing shortage of today would be even transformed into an abundance of housing space. Panic would cause many families to abandon their former homes for one roof rather than under the many where none exist today. The veterans who now have a record of only 1% default on their obligations to the government in connection with property purchases under the GI Bill of Rights are likely to start losing their homes. The government, however, has guaranteed these GI loans to 50% of their amounts up to $8,000. In fact, all people buying or renting homes who had committed themselves financially for an extended period of time on the basis of those present earnings would find them for the most part impossible to meet. However, the burden of proof that the existence of a recession involves very much on those who say there is a recession would be harder to come by. With individual incomes at record high levels and department store this war that the outlook is certainly not one of depression as the market observers would like to make out. That there may be room for some caution and a great deal of prudence in all business matters, including real estate, is without saying. But, for that matter, judgment in business and financial matters must or should always be exercised.

The cost of materials probably will determine very largely the extent to which new homes will be erected in the future, most of the market analysts agreed. Much of the construction that took place in the last year undoubtedly was done under the compulsion of a depression born out of an unemployment situation. People without a roof over their heads just had to obtain shelter somewhere somehow. While this factor will no doubt continue to be present to some extent, the cost of materials will be one of an increasingly important factor to be reckoned with. The prices of building supplies are falling somewhat, it is reported, but as the production and inventories of these materials increase, prices will really settle to levels within the available reach of the vast majority of a home-hungry population.

All the evidence would indicate that the marketed in apartments and dwellings of all classes will continue to be a live one for a long time to come. Economic analysis points out the fact that there must be a great deal of activity in at least this section of real estate for many years.

Wallting, Lencher & Co.
To Admit H. Hunter

DETROIT, MICH. — Wallting, Lencher & Co., Ford Building, members of the New York, Chicago & St. Louis real estate exchange, will admit Herbert D. Hunter to partnership on Jan. 30.

COMMODOR HOTEL, INC.

Hotel Statler, Inc.

Foundation Company

Waldorf Astoria Hotel Common

Universal Camera Corp.

C. H. Tipton Securities Corp.

B. C. Johnston & Co.

Seligman, Brittin & Co.

Amott & Baker, Co.

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Grant Hotel 231 1, 1923 WS

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Lincoln Hotel 525 1, 1923 WS

National Hotel 646 1, 1923 WS

Pittsburgh Hotels Common

BROADWAY, New York 6, N. Y.

250 Broadway

New York 7, N. Y.

Twin City Bond Traders Club

The Twin City Bond Traders Club will hold its annual winter dinner in Minneapolis on Jan. 31 at the Nicol et Hotel. The Club will be host to about 225 of-town traders, including officers of the National Security Traders Association coming from Boston, Philadelphia, Baltimore, Detroit and Chicago. The Twin Cities is being included in the NSTA "Tri-City Party."

W. Oron Leftwich Frank D. Frederic Early F. Mitchell Ed. F. Thompson

President—William Groom Leftwich, Leftwich and Ross.

Vice-President—Frank D. Frederic, Equitable Securities Corporation.

Secretary—Early F. Mitchell, Bond Department of First National Bank of Memphis.

Treasurer—Edward F. Thompson, Bond Department, Union Planters National Bank.

TWIN CITY BOND TRADERS CLUB

The Twin City Bond Traders Club will hold its annual winter dinner in Minneapolis on Jan. 31 at the Nicol et Hotel. The Club will be host to about 225 of-town traders, including officers of the National Security Traders Association coming from Boston, Philadelphia, Baltimore, Detroit and Chicago. The Twin Cities is being included in the NSTA "Tri-City Party."

Cocktails will be had in the Hennepin Room at 6 p.m. with dinner in the Junior Ballroom at 7 p.m. Fee is $7.50.
Missouri Brevities

The Federal Reserve Bank of St. Louis, in cooperation with the Securities and Exchange Commission, has filed a registration statement with the Securities and Exchange Commission for the issue of an unlimited number of shares of $40.00 cumulative preferred stock series A, which may be used (1) to satisfy the appraisal rights of the company or (2) to redeem at $100 per share the outstanding shares of 41% cumulative preferred stock of the Denver Dry Goods Co. (which will then be a wholly-owned subsidiary); and (3) for general corporate purposes.

The $40.00 preferred stock, which will be of no par value, and the voting rights of $100 per share, will be publicly offered through an underwriting group consisting of Safferson & Co., New York; Greenwich & Co., New York; and G. H. Walker & Co., St. Louis, at a price to be determined by amendment.

The stockholders of Safferson-Vandervoort-Barney, Inc., on Feb. 3, 1945, filed a plan of reorganization, involving the consolidation of this corporation and New York Telephone, Inc., a wholly-owned subsidiary, into a new corporation which will be known as Safferson-Vandervoort-Barney, Inc. Under this plan, each share of present $5 par value common stock would be converted into four shares of $1.25 par value common stock of the consolidated company, and each share of cumulative first preferred stock and common shares of cumulative preferred stock would be given the right to exchange the same, on a share for share basis, for new $45.00 preferred stock of no par value, and each share of 3% cumulative preferred stock would be exchanged for $50.00 of a share of the new $45.00 preferred.

The directors of the J. J. Rybosh Shoe Co., St. Louis, on Jan. 15, declared a dividend of 10 cents per share, payable Feb. 1, to holders of record Jan. 5, 1945. This dividend will be ex-dividend on Jan. 18.

The Albrecht Manufacturing Co., Kansas City, on Jan. 15, announced that eight banks, which provided a revolving credit during the past year, have agreed to participate with the Reconstruction Finance Corporation in a five-year refinancing program for the Albrecht company. The latter had been negotiating for long-term financing (a) to refund its existing short-term bank credits which matured Nov. 30, 1946, and (b) to place its property in a current position with respect to trade and other creditors, and (c) to provide sufficient working capital for its 1947 manufacturing program. Conferences have been held with RFC in Washington.

On Jan. 10, an issue of $2,500 shares of $.10 par value common stock of the Telephone Hope of St. Louis, was offered publicly at $7 per share, by Dempsey-Teeter & Co. of the same city, the proceeds to be used for working capital.

The Rice-Stix Dry Goods Co. has placed its common stock on a quarterly dividend basis and in accordance therewith declared two dividends of 50 cents per share, the first payable Feb. 1, to holders of record Jan. 15, 1947, and the second payable May 1 to holders of record April 15, 1947. Last year, the company paid 75 cents per share on April 15, 1946. Net earnings for the fiscal year ended Oct. 31, 1946, amounted to $7,152,815, compared with the company's sales of $33,544,953 in the preceding year.

The Fox Brothers Manufacturing Co., St. Louis, on Jan. 13, filed a letter of notification with the Securities and Exchange Commission, under which it proposes to issue $354,000 of 4½% debentures, due serially from 1948 to 1957, inclusive, the proceeds of which it proposes to use in the redemption of a nearly mortgage indebtedness, preferred stock, bank loan and to provide additional working capital. The issue will be underwritten by Benoney & Teletrasfer Co., St. Louis.

State and Municipal Bonds

The State and Municipal Bonds of the United States Government Securities of the Banks of Federal Agencies, series D, due June 1, 1948, at 100 and interest. Payment will be made at the First National Bank of Boston, at Boston, Mass.

On Jan. 15, the City of Marshall sold $850,000 of its airport bonds to the City National Bank & Trust Co. of Kansas City, one of twelve bidders. The bids bear 1½% interest, and were sold for a premium of $157.25.

Now Russell & Saxe—The firm name of Biel, Russell & Saxe, 60 Broad Street, New York City, has been changed to Russell & Saxe. Members of the firm remain the same, Russell, Safferson and Signaud.

Bought — Sold — quoted

Ambassador Inv. pfd. 5.625
Berkshire Fine Spinning pfd. 5.375
Berkshire Fine Spinning pfd. 5.00
Chicago & Southern Airlines 5.00
Collis Radio 4.625
Consolidated Dearborn 4.5625
Dancy Corp. & pfd. 5.125
Delhi Oil Co. 4.75
Ely & Walker Dry Goods 4.50
Gulf Public Service 4.75
Hearth Consol. Publican’s A 4.75
Kaska City Pub. Serv. Co. 4.00
Kansas City Pub. Serv. 3.875
LaPlant-Chalet 4.375
Mid-Cent Air Lines 5.00
Mississippi Valley Bar 4.00
Old Ben Coal 4.00
St. Louis Public Service “A” 4.375
Southern Union Gas 4.375
Suburban Propane G 4.375
Taca Airways 4.375
Velvet Freeze 4.375

The firm name of Newhard & Co., Chicago, was changed to Newhard & Co., Chicago. The firm name of Fox Brothers Manufacturing Co., St. Louis was changed to Fox Brothers Manufacturing Co. Inc., St. Louis.
**Why Not Industrial Peace?**

BY HERMAN W. STEINKAUS

President, Bridgeport Brass Co.

Terminating present labor laws mainly a "bodge-podge," leading industrialist hails imminent action of Eighteenth Congress in balancing to protect people as a whole rather than one segment of society. But real industrial peace can be brought about only by voluntary effort, not by laws. To this end strongly urges management make major effort constructively to grow worker facts about their respective companies; including effect of wages on its prices, proportion of sales devoted to wages and profits, depreciation and other reserves. Gives survey revealing workers' ignorance on such matters.

Many observers feel that our recent national election was more a public protest against present industrial unrest than anything else, government favors, or strikes, what is the management's management things won't ever be better until we get back to the golden days of their running their own business without any outside interference. Industry and labor will not even agree as to what has happened this past year. Ask them, "Why were there so many strikes?" Manufacturers will say, almost to a man, that it was a case of labor leaders grasping up against industry. They charge that labor had been so completely gulled to make a concrete set of demands on a concert nationwide scale, with no individual plant consideration in the program.

The Complaint of Labor

Labor leaders say the main facts were that the cost of living rose so high, workers could not make both ends meet; that the companies were wrong in nationwide strikes. It is not an unreasonable charge made by nationwide strikes a better way of getting at the real reasons behind the independent and sporadic strikes which might have been strung out over a longer period.

In the past Mr. Reuther announces a 23½ cent-an-hour wage demand, saying, "We shall press for wage increases without price increases," that would make our wages and dollar raise prices," says management. In the past Mr. Reuther adds a few phrases about growing unemployment and the necessity of business."

No wonder the public is confused. But they are no longer compliant. Their mood has changed. They believe there is an answer to this problem, and they want that answer founded. They demand action in no uncertain terms.

Growing Unpopularity of the Closed Shop

Every single moment when a Gallup poll was taken, public opinion was moving against the closed shop. Eighty-five per cent of people who were asked felt that the workers were right. Those themselves were then against it if the public. They are against it in the recent election results. It is that the public has prohibited the closed shop.

Union leaders feel that such rigid, nationwide, highly industrial State has taken a sort of national, and it is not now more significant nevertheless as an indication of how the public feels. Unions, although they feel that the recent policy of closed shop is fully protected.

I have never had confidence that our 89th Congress is able to these problems and that the program will be thoroughly out, so that for the first time in many years we may serve at a fair balance in our labor laws so segment of society, but truly for the people as a whole.

In addition to new laws, much of the results in the books need clarification. Some of it was done and on the effect of wages and the costs of life too, and is still being done and on the effect of wages and the costs of life too.

Then, not everything with the workers of people of our time was not consulted, especially if it was found economic principles. So step by step, we have developed the present bodge-podge.

By all means let us destroy the advances labor has made, when we try to correct the evils that have crept in, but let us have their facts, and not the words that cry out to be corrected.

Broad Program Needed

I mean that in addition to getting ourselves out of our present dilemma, we could well afford to go a long step and on a broader program for industrial peace. It is the only way we can be patching up errors and applying emergency measures. Actually the widest will also be about by legislation or competition or some better understanding, agreement, among the workers.

The more I have studied the question, I am convinced that the principal underlying cause of industrial conflict is that the companies are the lack of understanding of the people. Workers are trying to support their own company and how it operates, as well as lack of knowledge of their own business.

For example, very few workers know that the profit of labor is wages, and the profit of investment is dividends, that they both depend upon the success of the enterprise for their own success. Many a company keeps more money for itself than for the workers that make the money. This is the profit in wages, and what is more, very few companies will have the courage to give their employees any facts on this subject.

Fred Thompson of Thompson Products of Cleveland has spent a great deal of time in explaining to his people some of the details of wage and price relations. Each inserted is divided between the various elements of cost. The example is that the workers made themselves in pring their detailed relations in the division of their income. As they have even presented from the pull, to the price side, that a company to make a profit is a question.

Another subject about which the average worker knows very little is that the largest share of the cost of practically all products is wages, and that substantial wage increases can only be paid by increases in production and industrial productivity, which increases in the price of the product. Every business man knows thoroughly that he has taken it for granted, for the cession of last year, beginning with H.W. Thompson's announcement, was based upon the fundamental belief that a substantial wage increase in industry in general without price increases, are a real and lasting experience, which the working man works are written, and sales corporations. One would have thought that this economic truth has sunk in. But in getting the second chapter of evidence, they do in the last year, that substantial wage increases can be made by industry without increasing prices.

This time, however, judging from some current and recent policies of recent shop is fully protected.

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Birmingham Electric Company

4.20% Preferred Stock

(For Value $100 Per Share)

Preferred Stock

Price $100 per share

Dividends accumulate from date of issue

The First Boston Corporation

W. C. Langley & Co.

Sterne, Agee & Leach

A. C. Alvis and Company

Blair & Co., Inc.

Hawley, Shepard & Co.

Hendrix & Mayes

Thornton, Mohr & Co.

Watkins, Morrow & Co.

Barrow, Learoy & Co.

Gaines, Brodmax & Brown

Shropshire & Company

Webster & Gibson

Stockton Browne & Co.

Charitano Securities Corporation

J. H. Hillsman & Co. Inc.

Woolfolk, Huggins & Sheber

Company Facts Needed

If every management of a business in this country were an honest accountant, and one men and tell them to prepare in chart form the actual facts about its business, the effect of wages upon its prices, the number of cents worth of money which goes to wages, and go to their union, and have a series of conferences with its explainerize to the workers. By these charts, workers would know, and no outside organization could cause them to be willing to go on strike for higher wages in the expectation that prices would not also go up. At the same time management would show the workers how they could increase their pay by increasing their productivity without increasing prices, then a really constructive job will have been done.

Ignorance About Reserves and Profits

Another matter on which there is very little information is that of the part of the reserves and profits which are set up by a company for depreciation, or replacement of equipment. Some of you may have heard how Mr. Charles Boone of the Dietz company explained this matter to his employees one evening. Mr. Hook hoisted out a pair of old models in dilapidated work shoes no longer fit to be worn. He asked them to imagine that they had worn these shoes for a year, and that there was no more wear, and that he needed to be a new pair. Where was he going to get the money for a new pair?

Then he pulled down a shelf a trunk and pulled 52 dimes and said: "Fortunately these is that the largest cost of the cost

This is under the 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 such securities. The offer to make only to those of the Prospectus.

**NEW ISSUE**

January 17, 1947

45,478 Shares

Birmingham Electric Company

4.20% Preferred Stock

(Par Value $100 Per Share)

Entitled to Cumulative Dividends

**The COMMERCEAL & FINANCIAL CHRONICLE**

Thursday, January 23, 1947
Consumer Electronics

"There is another today: problem that is being obliviously ignored by the television manufacturers, the problem of the new development of high-definition television, which has been overlooked by the industry because of the terrific impact on public taste.

"There is another problem that the television manufacturers are ignoring, the problem of the new development of high-definition television, which has been overlooked by the industry because of the terrific impact on public taste."
"Our Reporter on Governments"

By JOHN T. CHIFFENDEAL, JR.

 telephone Securities moved ahead last week as in-
vestors, tired of the long slide, entered the market. . . . The reason for
the turnaround seems to have been the improved psychological atti-
ture, brought about principally by the pressure of fiddler seeking in-
vestment and the statements in the budget message on the money
markets. . . . A contributing factor undoubtedly was the announcement
of the next month . . .

ENTHUSIASM DAMPENED

However, the preface by President Sprout of the New
Federal Reserve Bank, (speaking as an individual and not as a
Central Bank affiliate) last Monday, at the mid-winter meeting of
the New York State Bankers Association, that the time will come
when there will be a moderate increase in short-term rates,
dampened the enthusiasm for government securities and halted the
upward trend of the market. . . . On Wednesday the tone
improved with the bank issues again the leaders.

The technical position of the government securities market
has been improving right along, because there is a sizable
demand that will not be filled for some time to come, and the floating supply of securities has been steadily cut down. . . . Positions of dealers and
traders are light and non-bank investors have not been disposing of
eligible issues, particularly the taxables, in as large amounts as had
been expected. . . . The demand for investments is usually heavy in
January, and this year is no exception. . . . Also the large return flow
of currency from circulation has had a tendency to ease the money
markets, despite the countermoving moves on the part of Federal.

CAUTION INDICATED

Although the market is in good shape and seems to forecast
higher prices, it should be remembered that there will not be any
wild speculative as such took place last year. . . . Not only are the monetary authorities watching prices, but also are the institutions
that have sizable amounts of cash on hand. . . .

Despite favorable conditions, it is the opinion of many money
market followers that prices will stay pretty well within the
limits of previous trading areas although the momentum may
carry some issues above these ranges . . .

It might be well to keep in mind the predictions of the financial
advisers of the government, that market prices would be only
slightly below the levels prevailing during the year. . . . Since a trading market is one that moves in both directions, there will probably not be much hostility on the part of those that
have profits, to take them, if prices should move ahead too rapidly.

SWITCHING PROMINENT

As the season progresses continue to hold the spotlight, as institu-
tions seek to adjust positions in order to get the maximum return
on their investments. . . . The government is quite active as well
as activity has given the market a good tone, since there are inter-
etated buyers for both the shorts and the longs. . . . The commodity
markets have been extremely active, and non-bank investors have contributed in no small measure to the

BANKS COMPETING

The eligible, both the taxables and the partially-exempt, were
well bought, with some of the out-of-town banks competing with
institutions in the government money market. . . . Banks, that
have been on certificates and short eligible, are still in the market for these issues.

On the other hand, for the first time in quite a period, sav-
ging banks were sellers of fairly sizable amounts of the longer
issues, with some of the larger banks offering yields of 5% or
more.

These funds, according to reports, are being reinvested in the
restricted obligations. . . . Reinvestments of this type, which
usually are large, have not been held by institutions, are likely to increase
as prices of the eligibles move ahead . . .

COUSE OF INTEREST RATES?

President Truman's budget message assures that there will be a
continuation of low interest rates and a stable bond market, through
the cooperation of the Treasury and Federal Reserve. . . . These statements
undoubtedly had a favorable effect on the government securities
market, because here was an official declaration of policy on the
money market.

The statement about continued low interest rates seemed to
have put an end to the talk of deflating the certificate rate,
until President Sprout of the New York Federal Reserve Bank,
last Monday interpreted low interest rates, to mean a diversity of
rates, and not a fixed pattern of rates, which could still allow for
somewhat higher short-term rates. . . . It seems as though there are still signs of a movement of rates between the heads of the individual Reserve Banks and the monetary author-
ities. . . .

While the statement about a stable bond market was reassuring,
it seems as though it contained some words of caution, since a stable
market is generally taken to mean a market that does not move too
violently in either direction. . . . Interpretation of the budget state-
ment that the deficit market for a new policy, indicates there is likely to be interference with the market by the monetary authorities,
the up-side as well as the down-side.

CURRENCY INFLOW

The return flow of currency from circulation in the past three
weeks has been heavy, and this has no doubt helped to ease the
money market. . . . How long this trend will continue is a debatable
point, since the Treasury in an analysis of the wartime currency ex-
change, looked for only limited amounts to return to the banks.
Nonetheless, the practical elimination of black markets, will mean
less need of currency for legitimate business. . . . Also, declining
commodity prices, greater supplies of goods, as well as clearance
sales, have brought and should continue to bring money out of hid-
ing and allow banks to lend it to the public, at least while the
return flow of currency continues for a while weeks, if not in
a steady volume.

Although Federal will offset the effects of the return of currency
by the sale of bills and certificates there is always the possibil-
ity that the Federal Reserve Bank will be able to keep the money market easy, and have a beneficial effect on

DEBT REDEMPTION

Redemption of $1,000,000,000 of certificates on Feb. 1 is a con-
tribution of the policy of cutting down outstanding debt and interest
charges. The amount of the February certificates outstanding was
larger than any of the other certificate issues, and this retirement
brings it more in line with the general policy of reducing the
market. Although cash balances were sufficient to take care of the
redemption, it is believed that the heavy income tax payments on Jan. 15 had an influence on the

monetary authorities in their decision to retire part of the
February issue.

The March 15 issue seems to be the next operation, and while
no change in policy is looked for at that time, it would not be
surprising if it were indicated in the next few days or weeks that
the Treasury might refund the next set of maturities, with separate offerings to bank holders
and non-bank investors.

Business conditions, trend of commodity prices and loans, will be
the determining factors. . . . Revival of rights could have an im-
portant effect on the market, particularly on the maturer or call-
able issues.

MARGIN TRADING

Removal of restrictions on margin trading in the equity markets on EfT.
11 may have a great effect on rates, which is why the Federal Reserve
Board, and is likely to be followed by the elimina-
tion of other controls. . . . The end of the inflation fear on the part of
the money managers, could have an important effect on the money
markets, particularly if some further changes in business conditions
that appear to be held by certain government economists, should
turn out to be somewhere near correct. . . .

Political considerations were of no doubt very important in the
success of the March 15 redemption, by the Board, since the amount of bank credit that will go into the stock market will not be large
enough to affect the money markets. . . .

It may be that the way is being prepared to take up some of the
slack that would develop with a downturn in business loans, which is
expected in some quarters.

NEW ISSUE

50,000 Shares

The Pantanose Company

Common Stock

($1 Par Value)

Price $11.25 per share

Copies of the Prospectus may be obtained from the undersigned.

Van Alstyne, Noel & Co.

January 21, 1947.
Canadian Securities

By WILLIAM J. MCKAY

It is always darkest before the dawn. During the past week the market for free funds and Canadian internal bonds at one time indicated only gloom and lower prices. In the short space of only one day however the barriers for suddenly and more than offset by a resumption of arbitrage and exchange bond offerings was of general demand.

This strong reaction was by no means unexpected. As a result of arbitrage operations of the last few months internal bonds had been brought down from Canadian to such an extent that these securities could be bought at approximately 6½% discount from the Canadian price. Purchasers of internal bonds consequently took the arbitrage bonds instead of following the usual procedure of buying the bonds in Canada with Canadian exchange purchased on market for free funds. As the free rate during this period was quoted in the neighborhood of 5% discount there was a differential of about 1½% in favor of the arbitrage bonds.

Free funds were weak at this time largely owing to the absence of bond buying over the free rate. In addition it would appear that there has been a considerable volume of repatriation of previously blocked foreign accounts in Canada which now appears to have passed the peak. As soon as it becomes noticeable also that the liquidation from this country of Canadian stocks (which permitted stockholders to import Canadian internal bonds) was also on the decrease, we may look for some demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demand developed for the Dominion internal bonds. The movement from the arbitrage bonds to the demanding of some of the arbitrage funds for the bonds.

The weakness of both the Canadian dollar in the unofficial market and Dominion of Canada internal bonds in this country could not be avoided had the Canadian authorities taken justifiable steps to prevent the arbitraging of Dominion of Canada Canadian dollar bonds. With the official exchange rate established at par, it is not at all surprising that the level of the Canadian dollar in the free market at 5½% discount and Dominion of Canada internal bonds in this country at an even greater discount, has provoked adverse commentary on the part of casual observers who have not delved into the complicated ramifications of the case.

It should not be left to the intelligent initiative of investors in this country to maintain the high standing of Canadian credit abroad. As previously suggested, in view of the fact that the Canadian situation in general can stand comparison with any other in the world, it would be a simple task for the Dominion authorities to remedy these relatively minor matters which reflect disproportionately on the Canadian credit standing in this country.

During the week apart from the flurry in Canadian internal bonds the only other market feature of note was the demand for high-grade medium-term external securities. A substantial number of these securities to the Savings Banks' legal list. In view of the scarcity of offerings however no negligible turnover was recorded. On the New York market there was a sympathy with the New York market with the bonds of the type which maintained their recent firmness.

Herrick Wadell Adds (Special to The Commercial Chronicle) • Kansas City, Mo.—Deborah H. Betts has joined the staff of Herrick, Wadell & Co., 1012 Baltimore Avenue.

Miller at McDonald & Co. (Special to The Commercial Chronicle) • Kansas City, Mo.—James W. Miller is with McDonald & Co., 1099 Baltimore Avenue.

TAYLOR, DEALE & COMPANY
55 Wall Street, New York 5, N. Y.

CANADIAN SECURITIES
Government Municipal Provincial Corporate

A.E. AMES & CO. INCORPORATED
TWO WALL STREET
NEW YORK 5, N. Y.

RECTON 2-7231 NY-1-1045

Canadian Pacific Railway Company 4½ Perpetual Debenture Stock

$100,000

Interest payable semi-annually in United States Funds

Price to yield 3.40%\

Canadian Securities

Study To Amend Securities Acts Resumed

By Securities and Exchange Commission

The Securities and Exchange Commission has announced the resumption of its study of the Securities Act of 1933 and the Securities Exchange Act of 1934 to "bring a set of desirable and workable proposals for amendments before Congress." The Commission's original study of the acts was interrupted by the war.

Representatives of underwriters, issuers, distributors, investors

James J. Caffrey
E. Hopkinson, Jr.
Herbert F. Boynton

William K. Barclay, Jr.
R. Victor Mosley
C. E. Unterberg

This advertisement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by Prospectus.

119,431 Shares
Frontier Power Company
(a Colorado Corporation)

Common Stock ($5 Par Value)

Price: $10 per share

Copies of the Prospectus may be obtained from such of the undersigned as are registered dealers in this State

Sills, Minton & Company
STRAS & BLOSSER
BATTLES & COMPANY, INC.
CHACE, WHITESIDE & WAREN
GARRETT-BRONSFIELD & CO.
BIORE & CO.

Butcher & Sherrerd
FERRIS & COMPANY, INC.
Shillinglaw, Bolger & Co.
Lewis C. Dick Co.

Charles A. Taggart & Co.
E. W. Grimshaw & Co., Inc.

January 22, 1947
Mutual Funds

By JOHN DEAN

Market Performance

Preliminary estimates for 1946 indicate that for the fourth con¬secutive year, investment companies have again performed better than the general market.

Results for the full year 1946, as estimated by Arthur Wiesen¬berge & Co., show superior market performance by investment companies generally, not only by the balanced funds but also by the companies investing predominately in common stocks.

Several factors that explain the open-end fund performance are:

1. The average full year 1946 estimated net asset value decline for this conservative investment group was only 4.1%, as compared with 7.0% for the Standard Poor’s Index of 50 stocks. During the full half of 1946, when the Standard Poor’s Index was declining 15.1%, asset value of the balanced funds declined an average of only 7.4%.

2. Three of the seven balanced funds studied actually showed net gains in asset value for the full year 1946—General Investors Trust, Nation Wide Securities, and Sander Stevens & Clark.

The 41 common stock investing companies studied showed an estimated 3.7% decline in asset value for the full year 1946, compared with 7.0% in the Standard-Poor’s Index Dec. 31, 1945. The last half of 1946, while the Standard Poor’s Index was declining sharply, the common-stock investing companies showed an estimated decline of 13.4% in asset value.

Nine of the 41 common stock investing companies showed asset values at the end of 1946, ranging from 0.5% to 3.6%. Open-end funds in this group—New York & Eastern Howard Trust Fund, Close-end companies in this group are: U. S. & International, Lehman Corp. (the Lehman Brothers of Europe), U. S. & Foreign, General Shareholdings, General American Investors, and Carriers & General.

The specialty funds, which are usually both included and exceptions, should be mentioned also in any review of performance for 1946. Specialization by these funds in particular industries or security groups resulted in varying degrees of fluctuation, from the standout results achieved by the high-grade bond and preferred stock series, to the wider fluctuation in the various industry series and common stock funds. The opportunity afforded by these funds for specialization is usually one of their basic appeals.

This superior market performance by investing companies once again emphasizes the value of the careful selection of management and diversification afforded by investing companies. Any medium of investing which can, without disturbing the performance of the general market, enable investors to diversify into one area of their basic appeal.

1946 performance of this group of companies shows that for the first half of 1946, compared with 1945, the performance of the various funds was showing the experience of the last half of 1946. During this period, while the general market was declining, the performance of investing companies by investors was better than in the first half of 1946. The number of total investors in investing companies, estimated at 1,250,000 shareholders, was approximately 1.5 billion of investing companies security.

News and Views

Affiliated Fund—Bulletins on position of cotton concludes that although the price of cotton is historically high, its statistical position is strong and even at prices 10% below present levels, cotton would be approximately or exceed their 1945 earnings.

Dividend Shares—Folder shows that from beginning of World War II August 31, 1939, to Dec. 31, 1946, the Dow Jones Industrial Average increased 15.1%, the Dow Jones Composite Average of 60 stocks increased 15.1%, the Dow Jones Average increased 15.1%, and paid or distributed as follows: Cash, 30.9%; bonds, 26.3%; preferred stocks, 23.6%; common stocks, 24.0%.

Selected American Shares—Net asset value was $1.57 per share, compared with $1.53 per share Dec. 31, 1946, a decline of only 0.63% for 1946, compared with 8.5% decline in the Dow Jones Industrial Average.

Dividend News


Commonwealth—Annuity: Increases 3-year and 5-year annuity rates for 1947.

Group Securities—January Investment Report considers the condition of stocks and bonds in 1947 to be now at the peak of their replacement cost and expects that costs of consumer durable goods industries just beginning to enter their period of peak production. Among the automobiles, building, steel, heavy machinery, and railroad equipment are regarded as particularly promising.

Investors Syndicate—Announces termination of 3-year voting trust and election of new directors. C. Sabadill, majority stockholder, among subsidiaries are Investors Mutual, Inc., Investors Stock Fund, Inc., and Investors Selective Fund, Inc., which are mutual open-end investment companies with total assets of $100 million.

Keystone Custodian Funds—Specialist for Jan. 31, 1947 by the following definitions: First City Bank & Trust Co., Philadelphia, May 17, 1947; Preferred Stock Series, $5,000,000; Nace & Groups, $5,000,000.

George Putnam Fund—Totals $8,000,000. No distribution of 60c per share, $4,000 per share has been designated as ordinary dividend income, and $3,825 as long-term capital gains.

Detroit Stock Exchange

Elects New Officers

DETROIT, Mich.—The Detroit Stock Exchange announces the election of the following officers for the year 1947: President, Milton A. Manley, M. A. Manley & Co.; Vice-President, Armin H. Vogel, H. Vogel & Co.; Treasurer, George A. Mc Dowell, Mercier, McDowell & Dolphyn; Secretary, Edward C. Davis, Dickerson, Wright, Davis, McKeen and Gudlin will continue as assistant; and Edward Bower of White, Bower and Prevost will continue as auditor.

Edward C. Davis, of Palmer, Wehbe, Jackson & Curtis was elected to the Board of Governors for a three-year term, and Max J. Stringer of Walling, Lercen & Co., and Armin H. Vogel, M. A. Manley & Co. were re-elected for the same period.

Other Governors making up the Board are: Milton A. Manley, Ray¬ delli & Co., and Charles P. Pett¬ chella, Chas. A. Parsons & Co. whose term expires this year; Samuel Hague, Smith, Hague & McDowell, Observers, Paul J. Moreland, Moreland & Co., whose term expires this year; and the Nominating Committee for 1947 are: Paul T. Bol¬ lard, F. H. Harris & Co., Charles B. Crouse, Crouse & Co., George A. Mc¬ Dowell & Co.; Clarence Horn, First of Michigan Corp.; Raymond Reilly, M. A. Manley & Co.

Mushchette With Chapin Company

MUSHCETTE, Mich.—Leslie C. Mushchette has become associated with Chapin & Company, Pen¬ brook Building, members of the Detroit Stock Exchange. Mr. Mus¬ chettte was previously with Wall¬ ing, Lercen & Company, in Los Angeles.
Safeguarding Export-Import Bank

By Howard Buffett

The Export-Import Bank is a powerful tool in the foreign economic imperialist weapon. It is a means for extending loans over $9,000,000 full risk to facilitate participation for an amount equal to 25% of the total loan. The primary objective of the bank is to assure its operation on business basis, and to free it from being used as a "political-economic weapon." Clifford Francis's experience after World War I to support his conclusion international friendships are based on economic paternalism are counterfeited.

If the Export-Import Bank is to be a tool of economic international weapon, then obviously the safeguards of HR 663 are unwanted. If the Bank

Bell & Gossett Stock

Off’d by Ames, Emerich

Public offering of 100,000 common shares, $3 par value of Bell & Gossett Co., an Illinois corporation manufacturing hot water specialties and industrial heat transfer equipment, was made January 30 at $2.00 a share by Ames, Emerich & Co., Inc., Rigginson Corp., J. A. McCormick & Co. and associated underwriters.

The prospectus states that the proceeds will be used to retire a portion of the company's indebtedness and to meet working capital requirements. The sales are expected to aggregate $200,000.

Wason, Lubin to Discuss "Boom or Bust?"

A dinner-forum to discuss the topic, "The Economic Outlook Which? Is Either Necessary?" will be held at the New School for Social Research on Wednesday, Jan. 29, at 7:30 p.m. The dinner is the third forum of the season to be held under the auspices of the Associate Members of the New School. Speakers include:

- Wason - "Industry," Mr. Wason is chairman of the National Association of Manufacturers.

This announcement is not an offer to sell or a solicitation of an offer to buy these securities. The offering is made only by the Prospectus.

$13,000,000

New York State Electric & Gas Corporation

First Mortgage Bonds, 3 1/2% Series due 1977

Dated January 1, 1947

Price 102 1/2% and accrued interest

The Prospectus may be obtained in any State in which this announcement is circulated from only such of the underwritten and other dealers as may lawfully offer these securities in such State.

HALSEY, STUART & CO. INC.

The MILWAUKEE COMPANY

OTIS & CO. (INCORPORATED)

January 31, 1947

Bell & Gossett Company

100,000 Common Shares

($3 Per Value)

Price: $9.50 per share

The illustration presents the government's relationship to various countries through the Export-Import Bank, highlighting the dependency of these nations on U.S. loans.
Bank and Insurance Stocks

By E. A. VAN DEUSEN

This Week—Bank Stock

At the close of 1946, total earning assets of 15 leading New York City banks aggregated $19,487,000,000, compared with $25,861,000,000 in Dec. 31, 1945, a peak level reached in Aug. 1943. The year amounted to $4,974,000,000, equivalent to approximately 20%. Over the same period deposits decreased from $20,500,000,000 on Dec. 31, 1945, to $20,100,000,000, or approximately 12.3%. This decline, however, has been almost entirely in the government deposit component of deposits.

A break-down of the year’s decline in earning assets shows the following:

<table>
<thead>
<tr>
<th>Bank</th>
<th>Earnings Assets</th>
<th>Change</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of Manhattan</td>
<td>$1,465,000,000</td>
<td>-1,565,000,000</td>
<td>-52.5%</td>
</tr>
<tr>
<td>Bank of New York</td>
<td>$3,475,000,000</td>
<td>-1,495,000,000</td>
<td>-30.5%</td>
</tr>
<tr>
<td>Chase Natl. Bank</td>
<td>$2,215,000,000</td>
<td>-1,235,000,000</td>
<td>-55.2%</td>
</tr>
<tr>
<td>Citibank</td>
<td>$2,570,000,000</td>
<td>-1,470,000,000</td>
<td>-37.6%</td>
</tr>
<tr>
<td>E. I. du Pont de Nemours</td>
<td>$1,770,000,000</td>
<td>-595,000,000</td>
<td>-27.2%</td>
</tr>
<tr>
<td>First Natl. Bank of Chicago</td>
<td>$1,455,000,000</td>
<td>-475,000,000</td>
<td>-28.5%</td>
</tr>
<tr>
<td>First Natl. Bank of Cleveland</td>
<td>$1,295,000,000</td>
<td>-595,000,000</td>
<td>-35.6%</td>
</tr>
<tr>
<td>Guaranty Trust</td>
<td>$1,870,000,000</td>
<td>-470,000,000</td>
<td>-20.5%</td>
</tr>
<tr>
<td>Irving Trust</td>
<td>$864,217,000</td>
<td>-53,340,000</td>
<td>-6.0%</td>
</tr>
<tr>
<td>Manufacturers Trust</td>
<td>$1,455,000,000</td>
<td>-403,000,000</td>
<td>-26.0%</td>
</tr>
<tr>
<td>Tower Trust</td>
<td>$1,305,000,000</td>
<td>-315,000,000</td>
<td>-19.6%</td>
</tr>
</tbody>
</table>

It will be noted that approximately 70% of the decline has been in government Securities, and it is of further interest that approximately 96% of this decline has been in government securities, the two highest Treasury bonds are on a fractional index. It is of further interest to note that two of the 15 banks which are on the list of the 15 banks are on a fractional index and the reduction has been between $640,000,000 and 12.5%, the reduction has been between $640,000,000 and 12.5%

In October, the demand for Federal Reserve Bank of St. Louis digitized for FRASER. The request is for the full text of the page and no further processing is required. No human intervention is needed.
THE U·S·S LABEL is a public figure in the truest sense. It has been consistently advertised and promoted for many years in the nation's leading periodicals. It is known and liked by millions of people. Its popularity is solidly based on past performance and future promise. It is accepted from coast to coast...in fact, the world over...as the mark of good steel.

Before the war, the U·S·S Label was appearing on hundreds of products made with steel. Manufacturers of those products found that when articles carried the U·S·S Label, they were more warmly received by the buying public. They sold more easily—in bigger volume.

But during the war years, most of the steels and steel products identified by the U·S·S Label were diverted to the needs of war. The Label practically disappeared from the stores.

Now, the U·S·S Label has definite plans for the future. As articles made of steel again become available in large quantities to the buying public, the U·S·S Label plans to show itself on more and more of them. It plans to be more helpful than ever to its millions of friends in helping them to get their money's worth when they buy things made of steel.

Manufacturers of quality steel products who desire more information on the use of U·S·S Labels, are invited to address inquiries to United States Steel, P. O. Box 236, Pittsburgh, Pa.

United States Steel Corporation Subsidiaries

UNITED STATES STEEL
Railroad Securities

Considering the statements that had been made earlier in the proceedings, it came as somewhat of a surprise when the Chicago & & Erie, Kalamazoo & Ohio announced that they had decided not to sell any shares of the stock. However, the fact that there was a substantial increase in the price of the stock after the announcement shows that the market for the stock was keenly felt. The total purchase price involved for 7,145 shares had been placed at $5,070,130.

The Interstate Commerce Commission is conducting the case now in the Commission as a whole, and the fact that the purchase price should be no higher than $4,169,365 or a little over $50 per share. This finding is not based on any showing that the stock was not worth the purchase price on its earnings and prospects. The limit was arrived at on the theory that the lower price represented the cost to Chesapeake & Ohio and that that road should not be forced to sell the stock and buy securities to its subsidiary. Although it is granted that the Commission’s ruling on any business basis the important consideration now is that Chesapeake & Ohio has, reluctantly, accepted the price and agreed to sell the shares to its subsidiary.

Together with this finding, the Commission at its next meeting will probably have before it the plan of the new preferred stockholders of both companies, both this convertible preferred and the prior, less stock (practically all of it owned by Chesapeake & Ohio) has its redemption price pegged at $100. The common stock will be sold, and the entire transaction will be undertaken at an expenditure of $52 per share. This is equivalent to about 25% of the road’s fixed charges.

One of the aspects of the purchase price is that the price of the bond, which is to be made of the cash saved by the predecessor in the purchase of the road, also is based on a lower price per the stockholders. The holders of the preferred stock will have a wage battle for dividends, and the dividend is set at 6½% per annum. This is equivalent to about 25% of the road’s fixed charges.

An investment banking group headed by The First National Bank & Trust Company has been appointed to the public offering of 140,000 shares of Old Town Ribbon & Carbon Co., common stock, par value $5, at a price of $10 per share. The leading companies engaged in the manufacture and sale of record and phonograph cylinders, nickel ribbon and related products, Old Town Ribbon & Carbon Co., Inc., has been organized to take care of any of the company’s properties which have not been sold to the old company. The company is a joint stock company, with the initial capital of $500,000.

Strikes have so far retarded normal production and distribution of products this year, with problems having been reported. Constant wage-increases have been made from labor unions. Strikes have not been of much benefit to those companies, so far as the production of goods is concerned, and further threats to business stability. Some of these are of the difficulties management is facing today.

Can Business Accept the Challenge?

Now if business is again to be given free and open hands at the polls, the representatives of labor will be more lenient. Old Town Ribbon and Carbon Co. Inc., has no fund to support, but it is a family owned enterprise. Old Town Ribbon Co., is a family-owned company, and the company’s products are marketed and distributed by the family. The remaining entry is that the small percentage of the company’s products are handled by the company.

With Frank D. Newman

32 wall street
n.y.s
Haasen 2-072 Tel.NY 1-1193

Offerings wanted in all OLD ISSUES of the
SEABOARD 'FRISCO
DENVER

Management Must Plan for
Continuous Employment

By ROGER W. BABSON

Holding we are heading toward declining prices and a buyers’ market. Baldwin, says business men, are seeking new and more advantageous conditions and seek to provide for continuous employment. He urges Republicans to seek to work out a satisfactory plan for keeping employment stable.

With more and more of the public turning toward continuous employment, industry will be getting back again a measure of its be- loved freedom and freedom we are being deprived of at a very difficult time. The peak of prices is now ending and we are coming to a period of prices. Following the law of action and reaction, we are heading toward a period of declining prices.

Roper W. Babson

Business Headaches

Many inventories are already very high, production is catching up, and the public is losing its buying power. But there is the possibility of a buyers’ market. Management must succeed in this as both a buyers’ market and a sellers’ market. Only by so doing will a period of stability be achieved. If the buyers are satisfied for the years ahead. If industry must seek to work out a plan of these problems, management may lose the confidence of the public. The public is not a very large thing, but it is a very large thing, and the Republicans have not yet been given the opportunity of leadership.

Official Changes

At Bank of America

SAN FRANCISCO, CALIF.—J. E. Tolman, who has been elected an executive vice-president of the Bank of America, has been announced by J. G. Cook, chairman of the board of directors. Mr. Tolman succeeds Mr. S. M. Beal, who has been elected an executive officer of the Bank as of the Bank’s new headquarters at the Bank’s Los Angeles office, a position which will be more closely associated with Mr. Cook in the administration of the bank’s af-

Richard S. McCune, Vice-President and controller of the Commercial National Bank, New York, becomes Vice-President in the Los Angeles main office. Mr. McCune has been transferred from San Francisco to Los Angeles as Vice-President in the loan supervision department, and will become a Vice-Chairman of the Los Angeles loan and finance committee.


The National Association of Securities Dealers, Inc., has elected Herbert F. Boynton of H. F. Boynton & Co., New York, chairman of the governing board for the coming year. Also, party member, H. B. Reddon, McCormick & Co., Chicago, has been chosen to succeed Mr. Boynton as President. Mr. Reddon, a Los Angeles merchant, W. J. Huggins & Shober, New Orleans, were elected vice-chairmen.

With Vance, Sanders (Special to The Financial Chronicle)

Imagination is the directing force at Chrysler Corporation

**Imagination invents punishments**

To make longer-lasting cars for you

This engine took a beating to keep others out of trouble!

You're looking at an automobile engine's "back teeth"—photographed with their protecting cover cut away.

They're the gear teeth that start the engine—regular work that comes day after day, year after year, in all kinds of weather.

Our engineers had some new ideas for making these vital gears even stronger, tougher and longer-lasting—a really important car improvement. But, to test these ideas, they'd need some way of duplicating the punishment the gears get in years of starting your car.

So they put their heads together and created this endurance test. It's a robot-controlled car engine, bolted to the floor. Six times every minute it starts and stops, at the command of its automatic "driver."

In a few days, it starts more often than your car's engine ever will.

Using this severe test to check their research and experiments, the engineers were able to develop and thoroughly prove the better gears. As a result, our car and truck engines come to you with thousands more trouble-free "starts" built into them.

The Starting Test is another application of the practical imagination that is responsible for all the good new things our cars have pioneered... right up to the Safety Guard, Hydraulic Brakes, Safety-Rim Wheels, and other exclusive features of today's most advanced cars—the beautiful new Plymouth, Dodge, De Soto and Chrysler models.
World Bank Difficulties
Snags there are reducing enthusiasm for International Trade Or-
ganization. A World bank directorate seeking means for making Presi-
dent attractive.
WASHINGTON, Jan. 23 (Special to the "Chronicle")—The dif-
ficulties of the World Bank—of which many are real or fancied—are being
acted as a good reason for going slowly in forming the ITO. It is being pointed out here that in
Government circles interested in the ITO the argument is made that no
time should be lost. "Strike
before the iron cools off," is the
reasoning. But observers say that to a considerable degree the en-
thusiasm for ITO evidenced by certain American officials arises
from the anticipation of high-
salaried tax-free positions for themselves in the ITO, just as has
happened in the cases of the Fund
and Bank, FAO, ECOSOC, and the
like.
The suggestion is offered that it may be better not to put so
much pressure behind the drive for an ITO. If some of the hesitant
countries are allowed to make up their minds by themselves, a
stronger ITO may result in the
end.

Mr. George Luthinger, Ameri-
can alternate executive director of
the World Fund, a few days ago
appeared before the staff
committee of the Interdepart-
mental National Advisory Council
and reported on the Fund’s mis-
tion to last fall’s London meeting of the Preparatory Committee of
the International Conference on
Trade and Employment. Mr. Luth-
inger’s views on the subject have
already been reported in these columns.

The executive directors of
the World Bank, who constitute in
fact a body of 12 presidents, are
reported to be seriously consider-
ing what statutory changes are
possible to make the post of
"President" more attractive to
suitable talent. Since amendment
of the articles of agreement of
the Bank would be difficult, every
alternative is being explored.

Walter J. Wade Opens
(Special to THE FINANCIAL CHRONICLE)
GRAND RAPIDS, MICH.—Walter
J. Wade, Inc. has been formed
with offices in the Michigan Trust
Building, to engage in the securi-
ties business. Officers are Walter
J. Wade, President and Treasurer;
John E. Baker, Vice-President; and
Mary C. Voss, Secretary. Mr. Wade
was a member of the Michigan
Michigan Savings and Loan Asso-
ciation. Mr. Karel was with the
State of Michigan as State Repre-
sentative. Miss Voss was con-
ected with Merrill Lynch, Pierce,
Fenner & Beane.

Nave in Syracuse
SYRACUSE, N. Y.—John F.
Nave has opened offices at 404
North State Street to conduct a
securities business.

Securities Salesmen’s Corner

By JOHN DUTTON

Did you ever check up on the many times you have reacted to
the power of suggestion? No matter how much you may outwardly
take pride in your own independence of action you will find that in
all phases of your conscious activity you are doing things which
others have suggested to you.

This perfectly normal trait of human beings has its roots far
back in the beginnings of man’s development. The ability to learn
from others, to benefit from experience, to imitate, and to follow
a trail rather than make one of our own, have been motivating
forces in building present day civilization. Those who have had
the courage to lead have always found willing followers.

Here is where we find the core of successful salesmanship.
The basis of selling is a state of mind. If you are sold on some-
ting—"sell" in the popular phrase—you believe the idea holds a
successful clientele for yourself, you will do so. If you think so, so
it will be.

You don’t have to be a professional psychologist in order to
observe and understand the very subtle mental processes which
are going on in his mind and determine his actions. You can see in
a man’s face the state of his mind. You can hear in his voice the
extent of his confidence. You can tell by the way he carries his
body and the life to his walk whether he is weighted down by
indolence or is sure of his destiny. Recently wide publicity
has been given to the findings of certain scientists to the effect
that invisible waves emanate from the brain much the same as
those sent into space by a radio transmitter. Be this as it may,
most observing persons have witnessed the effect of some one
person’s mental power upon others. The effects of a single word
or a phrase, has changed the course of history. Think of the
men of the past who had a say in victories of war and
Winston Churchill’s great inspirational messages to his coun-
trymen in the darkest hours. His thought waves spanned the con-
"nents, his leadership gave all his allies
confidence. This is the way to

Sales on the Stock Exchange

TRADE SAN FRANCISCO
after New York Close

Trading Hours — 7:00 A.M. to 2:30 P.M. Pacific
Standard Time or 10:00 A.M. to 5:30 P.M. Eastern
Standard Time. Approximately 200 stocks on
the New York Stock or Curb Exchanges which are also
on the San Francisco Stock Exchange may be dealt in
2½ hours after the New York close.

Secure application forms for preferred rates
of commission and the Directory of Securities
from member firms or the Exchange

SAND SO FR AN C ISO TCH EX Change
Established 1891
153 SANSONE ST., SAN FRANCISCO 4, CALIF.

National Securities Exchanges upon approval
of application for such rate.

Mary Lee Candies, Inc.—Common
*Airline Foods Corporation—Common

Prospectus on request

HERRICK, WADDELL & CO., INC.
55 LIBERTY STREET, NEW YORK 5, N.Y.

Over-the-Counter Quotation Services
For 34 Years

NATIONAL QUOTATION BUREAU, INC.
Established 1913
46 FRONT STREET, NEW YORK 4, N. Y.

Chicago
San Francisco

G. A. Nelson Trustee
Of Dime Savy. Bank

George C. Johnson, President of
the National Bank of South Dako-
a, announced the election on
January 9 of George A. Nelson
as a Trustee of the Bank.

Mr. Nelson is President
and Chairman of the
Syracuse Savings Bank
Corp. (109 Hurd Street, New York, N. Y.), and a member
of the Advertising Committee.

Annual Meetings of
Sav. Banks Trust Co.

At the recent annual meeting of the Sav. Banks Trust Co., wholly
owned by the savings banks of the
southern New England Con-
Abbey, Paul W. Connelly, President of the
Sav. Banks Association of New York State, the
Town Meeting was opened by John C. Lynch,
President of the Trust Co., and the
meeting was held in the
Exchange Bank.

Mr. Connelly announced
the election of the
President of the
Williamsburg Savings Bank; John T. Madden,
President of the
Framingham Savings
Bank; Frederick W.
Barker, President of the
Sav. Banks Association of New York State;
William H. Bayer,
President of the
Warwick Savings Bank;
and J. Charles Ruff,
President of the
New York Savings Bank.

At the annual meeting of
the Savings Bank Trust
Corporation, likewise
wholly owned by the savings
banks, the following directors
were elected: Charles W. Caron,
Executive Vice-President; the
Community Savings Bank of
Rochester, Fred Geigle, Presi-
dent of the Lincoln Savings Bank;
Earl Harkness, President of the
Bank of New York; John W.
McCowan, Secretary and
Treasurer of the
New England
Savings Banks; John B. Roberts,
President of the
Brighton Savings Bank; and Charles D. Swazey,
President of the
Seaport Savings Bank. Following the stock-
holders meeting, the directors of
the Continental Securities Corporation
announced that Robert E.
Fritts, in 1937 in force of
President of that
corporation to succeed August Infield, who is also President of
Savings Bank Trust Co., in
announcing Mr. Fritts’s election as President of the
in making
of the Savings Bank Life Insurance
Corporation, of which all savings banks are members, Robert W.
Sparks, President of the
Franklin Savings Bank, was elected
President to succeed John G. Muniz,
President of the
The Savings Bank
of the
Infield, a number of the
officers and directors of the
Savings Bank Trust Co., Inc., including
Treasurer, Edward R. Ziegler,
Treasurer of the
Franklin Savings Bank; and
Secretary, Frederick A. Ziegler,
Secretary of the Prudential Sav-

Sales of Savings Bank Life
Insurance in 1936 were, $25,840,000,000
or $25,840,000,000 in
the
Prudential
Life in force of this
low-cost life insurance.

Thursday, January 23, 1947.
For your delight I bring in haste
this famous Sunny Morning Taste!

Smooth Performance in any Drink—
Thanks to Schenley's Sunny Morning Flavor

SCHENLEY
RESERVE

Blended Whiskey 86 proof. 65% grain neutral spirits. Schenley Distillers Corporation, N.Y.C.
**Business and Finance Speaks After the Turn of the Year**

**HERBERT AARHUS**

President, The Ruberoid Co.

To the building materials industry, as to all business, the year 1946 brought its inevitable quota of postwar difficulties. Presentations for materials for new housing and property maintenance, the only products of every description to be in demand, were limited by the industry's production capacities. In fact, the volume of business in 1946 had been held at near capacity, but it is expected to be in operation during 1947.

Due to the unprecedented, nation-wide demands for materials for new housing and property maintenance, the building industry's account for every product of every description is being carefully watched by those who manage it for the industry's capacity is highly promising. To benefit fully from the industry's favorable conditions, however, there must be continuous and immediate improvements in production capacity.

HARRISON L. AMBER

President, Berkshire Life Insurance Company

About the only definite overview prediction one can make for 1947 is a year of change. Over the years, the life insurance industry in the United States has been going through a change in its volume of business, ever since the Great Depression. This recent trend has been maintained in the latter part of the current year and is expected to continue in 1947.

The trend in the life insurance industry during 1946 was a continuing one. The Federal Government, in making these predictions, is of the opinion that the life insurance coverage that has been given significantly in the past few years in the United States, will continue to grow throughout the year 1947. The trend in the life insurance industry has been marked by a great increase in the volume of life insurance in force. This increase has been largely due to the fact that the life insurance companies have been in a position to continue to pay dividends on their policies, and the public has been more willing to place their money in insurance.

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WILLIAM M. ALLEN

President, Boeing Airplane Company

Air transportation, despite a temporary slackening of its recent unusual growth, will continue to expand during the years to come.

We all agree that the airlines are not functioning at the same volume as they were before the war, but that is true of most industries now. Our airline's lines are handling a much greater volume of business than ever before, and have been competing with other transportation companies in the United States and South America, where they are competing with the airlines of the United States.

The full meaning of air transportation, both for the moving of people and goods, is just beginning to be realized. With millions of potential customers, and tens of trillions in the air, we can see the possibilities of air transportation.

This country appears to be approaching the end of the first year in which the airlines are handling more than the previous year. Following the large increases over the past few years, the trend in the industry is expected to continue.

It is high time for all of us to get back to realities, to recognize that true prosperity can be achieved only through hard work and careful planning.

We must either bring a halt to the increase in the cost of living, or we must make a substantial increase in the purchasing power of the average family. It is apparent that the greatest increase in the cost of our products over the past few years will put American industry at a disadvantage when faced with foreign competition.

We must bring the cost of living within our grasp, if we are to have a real increase in the purchasing power of the average family. It is apparent that the greatest increase in the cost of our products over the past few years will put American industry at a disadvantage when faced with foreign competition.

At the same time we must not reduce the quality of our products. This country has built a reputation for quality and technological achievement. However, in the process of producing increasing products we must make certain that they are not coating more than they should. We must make every effort to remain a leader in the world in the production of quality products.

Edwin J. Anderson

President, Goebel Brewing Company

1947, the year of productivity is here. Above the blust of strikes, labor negotiations, and the current din of falling shackles which have fettered the American brewing industry for half a decade, there can be heard the re-echoing of the guns of increased beer production. Bottling machines turning out beer for 1947 in a volume greater than the industry's actual production in 1946 is nothing short of a victory in American history.

Despite the pessimism which at this writing of some shortages (notably tin cans for beer bottles), the year 1947, barring unforeseen incidents, promises to be one in which the industry should come nearest to near normality in so far as obtaining supplies of raw materials is concerned.

From the production and consumption angle, it may be expected to be anything but normal for the brewing industry. Certainly 1947 will be another year that has known since 1941. From a period of shortages the brewing industry is moving into a year of surplus. Approximately 60,000,000 barrels of beer were produced in 1946, a volume barely below the present total theoretical capacity of 100,000,000 barrels. With most shortages and restrictions removed, the brewing industry is now working at full capacity, but it can be expected to produce more than it did in 1946.

That this volume of beer will be consumed by the American public in 1947 is regarded as more likely than previously expected. Even at present or near present levels. The buyers' resistance mentioned in the current issue of this report is that the public resistance to the beer is that which is set during in the letter which has no effect during the current year. It is expected that the current level of beer consumption will continue to rise, but it will be a slower rate than in 1946. The movement may also produce a further shift of beer consumption from on premise to off premise in 1947.

General price increases due to higher operating costs can be expected. However, these increases will be held to a minimum. Consumer resistance and competitive action will act to hold the increase. The seller's market of the previous half-decade is now and will continue in 1947 to be the buyer's market.

To assure consumption of an all-time high production, to further stimulate sales, the brewing industry can use the following techniques: advertising, merchandising and underwriting. Wherefore, the actual sale of the high production and consumption a reduction in profits for some brewers. A number of fatalities can be expected among the middle-class brewers of the country, for the brewing industry just now and during the war years. On the other hand, in line with the increase in the number of small brewers, it is expected that many of the middle-class brewers should be able to make this year the greatest in the industry's history. This is because the small brewers will not only from a profit standpoint, but also from a profit standpoint.

Many brewers if they have not already begun plans for future plant expansions are expected to do so during 1947.

With the country's return to a system of free enter¬ prise, it is expected that brewers have seen beer con¬ sumption in the year 12 years, and it will increase approximately 22 million barrels in the last five years. This increase will be in line with the 1947 production of 100,000,000 barrels, the brewing industry enters 1947 with a feeling of optimism for the most productive year in its history.

T. W. APPLEBY

President, The Ohio National Life Insurance Company

Life Insurance is almost peculiar to North American peoples. Any life insurance companies is highly dependent on the writer—more generally termed the "agent." His method is generally to employ a good insurance agent to help him "buy" insurance. By reason of the method and the strong position that the insurance companies can exert, it is possible to get good results in the sale of life insurance. It is possible to sell a good life insurance policy that the agent will be able to sell for a premium price, and the policy will be held for a long period of time.

The calendar year of 1946 is the best illustration of the way the year continues to improve. The history of the business appears has been shown a decline in the first three months of the year. The year 1947, however, will be a year of stability for the business.

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This year Katy’s sleek new streamliners will be roaring across the nation...modern Diesels will be moving Katy freight at passenger train speeds...hundreds of new cars, rolling over vastly improved roadbeds will offer extra service to and from the great Southwest. In 1947 Katy’s determined program to afford the finest, the fastest...and the safest...transportation service to and from the great Southwest will be moving forward full speed. So when you ship or travel, depend on Katy, a dependable railroad devoted exclusively to serving your transportation needs in the strategic Southwestern corridor.
The People...

all kinds of People

...they’re the ones who really own
these great oil companies

Dedicated to a better public understanding of a great American industry, messages like the one reproduced here are broadcast as a regular part of The Pure Oil Company’s NBC network program featuring H. V. Kaltenborn.
A Look Into World and National Affairs
(Continued from page 396)

we have a selfish interest in helping to raise the low economic areas—not by donations, which make for a soft people and a weak nation, but by helpful advice, suggestions, and cooperation.

In other words, in order to reach the goal we must reach, will we not have to create a practical operation in accordance with the principles of the Golden Rule, or an approach to a realization of the true brotherhood of man?

A Year of Lost Opportunities
I think we will agree that our own great country is still in a state of confusion. We can surely look upon the year 1946 as the year of lost opportunities.

We had all the basic factors which should have insured a period of prosperity, the like of which the world has never seen. However, due to severe and continual bungling, we kicked our chances out the back door.

Over the years, industry has been able to absorb wage increases at the average rate of approximately 2.2% per year. Last year, industry was called upon to absorb about 15%. This with price controls in effect at the time dictated prices so low, many operations had to be carried on at a loss.

Industry, as we all know, is very interdependent. What affects one industry eventually has some effect upon all the rest of industry, so that even when strikes in one industry are settled, strikes in other fields limit the supply of raw material and parts or to materially cripple the total production output so sorely needed.

Lower production efficiency added to the large wage increases to produce high costs made it necessary to substantially increase sales prices (where permissible) to the point of curtailing the ability of the public to purchase.

Labor Demands
If labor demands more at this time, the economic result will be that sales prices will have to be put on such a high level as to make the market practically disappear. Such a situation is quite sure to produce deflation, unemployment and depression.

The National Report, which has recently been so much before the public, has been indicated to be a very biased one, setting forth a multitude of half truths—with many statements without basis of fact.

If the labor leaders are sincere, and I believe they are, in their statements that they have the welfare of all people in mind, as well as their members, they have the opportunity of making a tremendous contribution to the welfare of the nation by refraining from making additional demands for at least a year.

This would give business and industry an opportunity to become stabilized—to increase production and efficiency—to realize lower costs—all resulting in lower prices.

We have already witnessed substantial declines in some food prices—others are sure to follow.

Through this common sense approach.

(Continued on page 419)

Santa Fe
.. that's the System!

One shipper tells another: the way to get better on-time delivery of freight shipments to and from the West and Southwest is to ship Santa Fe.

Here are some of the reasons Santa Fe keeps freight service "on the advertised" (which is railroad language for "on-time performance"):

- world's largest fleet of giant 5400-horsepower freight diesel locomotives.

- more double track than any other western road.

- Centralized Traffic Control enables freight trains to meet and pass non-stop.

- world's largest private telephone system, to keep shipments moving more swiftly.

- increased yard capacity, and improvements along the line, such as curve straightening, new bridges, longer sidings.

It all adds up to getting what you want where and when you want it, when you ship Santa Fe.

SANTA FE SYSTEM LINES
Serving the West and Southwest
Business and Finance Speaks After the Turn of the Year

(Continued from page 416)

A. E. BARNET
President and General Manager, Hudson Motor Car Co.

I am optimistic on the business and motor car outlook. All the necessary elements for prosperous conditions are present in our current economic situation. However, we must guard public confidence in the future, which goes hand-in-hand with such a situation, and avoid thoughtless statements that might tend to shake that confidence. Too many people are predicting a spiraling inflation followed by "an inevitable deflation." Prophecies of this kind can be misinterpreted and actually cause the buying public to lose faith in the future. You the banker have the psychological beginning for a deflationary period. But nothing has happened to warrant such a loss of faith.

There most certainly are healthy signs in our present economic condition. Among the evidences of strength are: the overwhelming need for goods, the necessary capacity to produce these goods, which also means jobs for all, and the availability of capital to finance all legitimate needs of the economy. All that is needed to maintain these conditions is public confidence and a will to continue working and producing.

It is true that the prices of some things have risen more than others, but there are indications of a corrective process at work, guided by the law of supply and demand, which will have a wholesome and timely effect upon the entire economy. If we all exercise proper restraint and keep our emotions in check, we can maintain a healthy economy for an indefinite period. Please let me repeat that restraint must be exercised by all—nobody is exempt.

I am particularly optimistic regarding the automobile market of the future. There is an unprecedented demand for automobiles, and people are in possession of the means to purchase them. The Hudson Motor Car Co. has spent and is spending millions of dollars for new machinery, presses and factory equipment, in order to add to the plant's manufacturing efficiency and for the greater safety and convenience of employees.

We have the capacity to produce between 250,000 and 300,000 cars a year. The question is when we will be able to achieve capacity production. Automobile production at Hudson—and in the entire industry—has been less than anticipated. The production that has been achieved has been accomplished through extraordinary effort and at higher cost than anticipated for the procurement of material. We have no assurance of better conditions in 1947, but we are hopeful that the situation will improve.

LEONARD T. BEALE
President, The Pennsylvania Salt Manufacturing Co.

Despite serious interruptions resulting from strikes in other industries during the year, the Pennsylvania Salt Manufacturing Co. sales volume for 1946 was very good, approaching that of our biggest war-time year.

Largely free from retolling and re-designing necessary in most manufacturing, the chemical industry as a whole was in an excellent position to supply the commercial market with chemicals during most of the year. In the case of Pennsalt, this also enabled us to begin at once production of many of the new products developed during the war, such as DDT and fumigants, and to push up rapidly as material positions would permit, development of new products, and expansion of facilities.

While there was some leveling of consumer prices at the close of the year, the general picture of the industry will be in a good position to produce heavily during 1947 and that there will be a large, solidly based market for these products.

With stock piles fairly well replenished after the drain of the war years, the chemical industry will be in a good position to take part in this production. In addition, we foresee expanding service to agriculture by the chemical industry during this year. The wide acceptance by agriculture of DDT and other new insecticides, fungicides and fumigants will call upon us to produce large quantities of these new products and, in turn, will unquestionably mean greater crop yields.

The new scientific developments of the war years, perhaps the greatest of any period in our history, proved the value of research to American industry and public. Despite the gains from 1946 to 1945, much yet remains to be done in these fields, and we feel that many developments will be forthcoming during 1947 and the years to come.

NEAL DOW BECKER
President, Interlloy Corporation

The year 1947 could be a good year for U. S. A. Whether it will be a good year depends primarily upon whether labor is intelligently advised by its leaders and whether it is willing to follow intelligent leadership. If, a "second round" of excessive demands, strikes and wage raises runs its course and becomes in effect a chronic ailment of our economic system, we shall arrive at prices so high that consumption will be reduced, unemployment accelerated, and the general standard of living lowered. As a manufacturer of metal goods, my company has found it impossible that the only persons who will be able to afford to buy automobiles are the people who make them.

Looking to the longer future in the past men struggled for economic power through the acquisition of wealth. In the past, economic power often meant some degree of political power. But today wealth no longer possesses political power and the political power is shifting to the leaders of the pressure groups who control votes. The danger in this situation is that men who would like to control the economic system may, as has happened in other countries, attain such a degree of political power that they could impose upon this country a system of secret police, a complete subversion of Industry and commerce to government and an eclipse of personal liberty. It has happened elsewhere. It could happen here.

(Continued on page 420)
A Look Into World
And National Affairs

(Continued from page 417)

proach, real wages or the purchase value of the dollar. This was not
creased and we would maintain a massive program which could carry on and
rebuild the nation, provided the opportunity for prosperity for quite
a substantial period of time.

Public opinion seems to express itself quite clearly at the last
election. It is a sobering effect upon all of us.

Experimenter Wrecking
Our Economic System

The years of experimental legis-
tation, affecting our democratic
way of life had large areas gen-
erously near to wrecking the whole system of free competitive
private enterprise. While no one claims that our system is free
from faults, nevertheless the fact remains that it has built the high-


Labor Situation

The labor situation is a must to
receive attention. Under the War
Act, union leaders on your or
more power than the Federal
Government. This has been dem-
strated a number of times in the
last several months. This Act
must be based on a basis fair
to both labor and management.
It may [blip] such power. It must
make labor and labor leaders as
responsible as industry, and make
labors amenable to the anti-trust
laws.

Fiscal Policy

The Congress must establish a
definite fiscal and public debt
policy, which should be on a
clean-cut business basis, and
should include a balanced budget,
partly at least, in the making
fund for debt retirement.

We will all agree, I am sure,
that no perpetual debt should be
tolerated.

Also, a reduction in taxes should be
made as quickly as possible.

In addition, Congress should
make certain that government
spending is materially lessened
and curtailed, as this is the key
to lower taxes, reduced debt and
a stable fiscal system.

I think we can have great hopes
and expectations that this Con-
gress will make outstanding pro-
gress along constructive lines.

We have no problem which
high, efficient production, produc-
ing low cost, cannot solve.

If labor is thoughtful, construc-
tive and cooperative, there is
no reason why we should not experi-
ence a high level of prosperous
operations for a substantial period
of time.

It's here! Starting January 27th on the
Chesapeake & Ohio
"CHARGE-IT-AS-YOU-GO" TRAIN TRAVEL

You can reserve space by phone, then after
you board the train, charge it on a Credit
Card. Apply for your C & O Credit Card now!

NO NEED TO STAND IN
LINE AT TICKET WINDOWS

JUST A PHONE CALL WILL
HOLD PULLMAN SPACE FOR
YOU, OR SPACE IN
RESERVED-SEAT COACHES

THEN SIMPLE BOARD THE
TRAIN AND USE THE NEW
C & O CREDIT CARD (OR
PAY CASH)

Apply For Your Credit Card Now!

You're invited to apply for a C & O Credit Card, right away. Just call any
Chesapeake & Ohio Ticket Office for an application. In the Chesapeake &
Ohio, Terminal Tower, Cleveland 1, Ohio.

For Pullman Space, phone in your
name and Credit Card number. Go to your reserved space aboard the train, and
charge it on your Credit Card.

For Space in Reserved-Seat Coaches,
simply telephone in advance, giving your name. Go to your reserved seat on
the train, and charge it on your Credit Card.

For Fullman Space, phone in your
name and Credit Card number. Go to your reserved space aboard the train,
and charge it on your Credit Card.

For Pullman Space, phone in your
name and Credit Card number. Go to your reserved space aboard the train,
and charge it on your Credit Card.

For Space in Reserved-Seat Coaches,
simply telephone in advance, giving your name. Go to your reserved seat on
the train, and charge it on your Credit Card.

For Fullman Space, phone in your
name and Credit Card number. Go to your reserved space aboard the train,
and charge it on your Credit Card.

To Overhaul Budget
Representative Knutson (R-
Minn.) who as Chairman of
the House Ways and Means Commit-
tee, has某种 definitive and
final plans as an effort to
reduce the federal budget and
appropriations, thereby leading
to a decrease in taxes.

The Senate and House Appropriations
Committees, and Milliken (R.-Coles)
of the Finance Committee, agreed
in separate interviews that the
Reorganization Law directs Con-
gress to take full charge of the
purse strings.

SOMEn six weeks ago the Chesapeake
and Ohio announced its intention of
installing, for its passengers, a simple
Credit Card plan and space reservation
system. Now that plan is here. It goes into
effect the 27th of this month.

No longer do you have to spend your
valuable time waiting in ticket lines.
No longer do you have to dash down to
the ticket office to pick up your reservations.

C & O does all your avercing and worry-
ing for you.

All you do is reach for a phone. For
now—yours—can you reserve
space in reserved-seat coaches as well as
Pullman* space.

For Pullman Space, phone in your
name and Credit Card number. Go to your
reserved space aboard the train, and
charge it on your Credit Card.

For Space in Reserved-Seat Coaches,
simply telephone in advance, giving your
name. Go to your reserved seat on
the train, and charge it on your Credit Card.

Some changes will be made in the
operation of the new Credit Card plan. You can use it
to charge any C & O service on the train
or in the station. This includes meals in
dining cars and baggage service.

THE CHESAPEAKE & OHIO RAILWAY, TERMINAL TOWER, CLEVELAND 1, OHIO.
The established leadership of the American Woolen Company acknowledges two prime considerations:

"rightness" of style and quality in the woolen and worsted fabrics produced

superlative facilities for producing them

The GREATEST NAME IN WOOLENS

225 FOURTH AVENUE, NEW YORK 3, N.Y.

Men's wear • Women's wear • Blankets • Uniform fabrics
Motor car upholstery fabrics • Machine and hand knitting yarns
Labor, Capital and the Stock Market

(Continued from page 392)

The corporate stockholder, on the other hand, is so insulated from the realities of the small business owner that his whole concept of employee relations is conditioned by the amorphous and negligent standards of the business world. Moreover, corporate behavior is also increasingly controlled by heavily salaried managers.

They represent business nowadays and it can be said that they have employed by capitalism much more than they are controlled by it. Salaried managers are more and more inclined to protect the interests of the business rather than to the anonymous group of almost absent stockholders.

Political Power Increased by Urban Masses

Political power has thus successively passed, excepting for the farmers, into the hands of salaried urban masses, and they have attained an overwhelming numerical preponderance in our social structure. The urban masses, organized or not, are very volatile with rapid corruption of traditions and customary and urban institutions, and a class-consciousness which has a marked tendency to drift to the left in inflationary and radical affiliations. Political parties follow the lead and organize inwan die expropriatory political programs of progressive and liberal implications. The right side is more and more to the left. The "Union Reporter," a CIO publication, declared a few weeks ago: "The journalists who described their public as distinct entities, with different interests and outlook, are talking nonsense. Labor is the only Union that proffers the same beliefs, of course. Such is the general notion.

Companies that vaccines to medicine that, necessarily, labor became revolutionary or that it would not pay lip-service to free enterprise. Examples are legion, any more than able-face; it is a abandonment of prejudices which some of us had in the past. It's all going to go down the middle of the road."

The middle of the road? This is the line toward which all the forces of society are tending and it is the abandonment of all the shapes we have been as dumb as it's possible to be fresh with their employment in the public. A realist writer, Felix Morley, says in the December 1936 organized labor is far more than just a political movement. The N. A. M. effort to change, concluded Morley in his above address, is an evolutionary thing more than anything else. It is a abandonment of prejudices which some of us had in the past. It's all going to go down the middle of the road.

ake for

TREE-RIPENED

FLORIDA ORANGES

and GRAPEFRUIT

Made Possible by

Very Fast ADVANCED Freight Service

... PROVIDING MARKET DELIVERY IN NEW YORK ON

THIRD MORNING AFTER FRUIT IS LOADED IN FLORIDA

DREDGING

Filling, Land Reclamation, Canals and Port Works

River and Harbor Improvements, Deep Waterways and Ship Channels

We are equipped to execute all kinds of dredging, reclamation and port work anywhere in the United States

Contrary to the Federal Government

Correspondence invited from Corporate and Private Interests Everywhere

Longest Experience

Atlantic, Gulf and Pacific Co.

New York 7

15 Park Row

Cincinnati State Bank Bldg.

TAMPA COAST LINE

FLORIDA

citized for FRASER

FEDERAL RESERVE BANK OF NEW YORK

THE COMMERCIAL & FINANCIAL CHRONICLE

Volume 165 - Number 4562

421
Business and Finance Speaks After the Turn of the Year

(Continued from page 429)

mainly, and it seems that such building materials may be operated either by the community or by individuals. All of this, however, gives the idea of a glass, paint, and the word "economic" on its promising year in 1947. However, much de- pend on the quality of labor and management, and I wish to instill in the minds of the public a basic economic concept which has made possible the industrial development of America.

Labor leadership must emphasize that there is no sub- stance for these cost advancement threats; that if labor can produce its merchandise at prices people can afford to pay, there will be buyers, not complaints. This is a fundamental economic concept—one that is vital to both labor and management.

We have been through a period of controlled economy those people who have been forced to do without. But, although I am convinced that there is nothing wrong with the country that a fair amount of work will not care.

JOHN D. BIGGERS
President, Libbey-Owens-Ford Glass Company

Total sales of Libbey-Owens-Ford Glass Company for 1946, though influenced by moderate price increases only in the closing months, exceeded $500,000,000 as com- pared with the previous year's $541,000,000.

The company's reserve glass production facilities were used to augment the shortage of building glass in this country, and the company manufactured an all-time record volume of window glass in 1947. This production resulted in a very high rate of utilization for the month of March, underscoring the need for an adequate supply of safety glass for the rapidly expanding automobile industry and the automobile industries in the year just closed.

Employment in the plants of the company, located in seven states, was now 19,600, and the payroll was approximately $28,000,000 or more than double that of the previous year. Average hourly earned rates of pay of the employees in Libbey-Owens-Ford's plants, including annual increments, have increased more than 75 percent since 1940.

Moderate price adjustments on glass near the end of the year were a result of the serious shortage of production which has put into effect the war and in the post-war period. Volume production of window glass, a non-essential item, and expectation of demands on production which may be realized in the years to follow, indicates that higher prices may be necessary at times, but not to the point of threatening the consumer. It is the responsibility of all industries to recognize that higher prices are inevitable, and to control their production to the extent that a reasonable amount of production is possible at a profit to the consumer, and to industry.

John D. Bigger

S. DUNCAN BLACK

We think that the outlook for the electric tool industry for the year 1947 is very bright. It is axiomatic of tool manufacturing that a tool is going to be used in a quantity that is measured in the number of men he is going to be used for in the number of years he is going to be used. This is a fundamental economic concept—one that is vital to both labor and management.

We, in common with our competitors, have very large back orders, and even though they may be subject to considerable discount, due to the probable temporary re- ception of the Federal government, we believe that we will be able to operate our production facilities to maximum capacity during the year.

Foreign business is particularly good at the present time and we believe the good times will continue throughout the year, especially in the Latin American Countries.

GEORGE A. BLACKMORE
Chairman of the Board, Westinghouse Air Brake Co.

Concerning the outlook for business in 1947, we can say that we are most optimistic. War materials and controls are being directed toward rehabilitation of their properties, bring- ing up the production level to the pre-war level, which was not possible because of the war. With the coming of the peace and the war materials rehabilitation program in full swing, it seems a good time that the new projects which we have developed to keep our workers and their families busy in the production of materials for modern operation are expected to find increasing use.

Braking systems of standard type will continue to grow in the railroad produc- tion and many new devices which we have developed will be used in the production of special items for the modern operation of the industry.

George A. Blackmore

L. G. BLUMENSCHINE
President, The Best Foods, Inc.

The year 1947 should bring complete recovery from wartime conditions. Consumer buying power is at a peak. Though shortages of fats, oils, and sugar may continue for months, this will not affect the age-old laws of supply and demand begin to operate again after a time. The return of a normal competitive market which legislative action is imperative to meet some of the problems of price control in a manner that is consistent with the needs of the country.

L. G. Blumenschine

E. S. BOWERS
Secretary & Treasurer, Gulf & Western Co.

Waterway development is vital to the continuing growth and development of the nation's economy. It is vital to our industry, but the present situation disturbs us. During the war there were no new projects to stimulate water employment. A new water project was needed in the war effort. As a consequence, this type of development has been slowed down.

In April, Congress made appropriations to provide for the development of water projects which had already been approved by the Congress of Engineers, U.S. and authorized by Congress. While anticipating bill was signed by the Presi- dent without comment on May 2. On Aug 2, the President issued an Executive Order which impounded a large part of the money appropriated for new water projects because the region according to which we have been told that the amount which has been released but the amount so released for waterways is not sufficient to take care of the projects. For this reason the industry has very little work under construction.

It is wasteful to allow uncontrolled rivers to bring destruction and devastation to the land, and it is the responsibility of the government to permit the development of waterways which are needed to bring industry and commerce to this country. In this regard, it seems particularly important that the government of the day should, therefore, see that the development of these waterways be not only a government operation but a national economic operation through the establishment of a water project which we have already been working on.

E. S. Bowers

ROBERT J. BOWMAN
President, Pere Marquette Railway Company

The present price of the Pere Marquette Railway Company has been brightened by the freight rate in- crease granted by the Interstate Commerce Commission, to become effective on Jan. 1, 1947, and an ex- pectation that production and business activity will increase as a result of this increase. The present price of the railroad, which has increased by $180 per share and must be expected to increase, is still a great deal lower than it was in 1940.

Robert J. Bowman

ELBERT S. BRIGHAM
President, National Life Insurance Company

The life insurance business enjoyed an active and prosperous year in 1946. There is no visible reason to believe that 1947 will be worse than 1946. While the possibility of an increase in premium rates has been high, many of the industry's items have been affected. On this ground there may be a reason to expect an increase in the rates of insurance in force has been upward with only occasional stoppages for men. There may be a consideration in the other forms of insurance, and transportation services which are geared to it should the economic conditions continue to improve.

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 elt B. Brigham

(Continued on page 429)
Labor, Capital and The Stock Market

(Continued from page 421)

Furious decrease in the yield of their money since 1932 (before taxes):

Interest Yield of carve. paid by 30 A.A. Insurance Savings bonds
1922-3.45% 5.08% 4.22%
1932... 2.84% 4.11% 2.36%
1946... 2.49% 3.65% 1.86%

Finally, the cyclical nature of our economy is responsible for the corrosion experienced by capital through losses sustained from purchase of securities. The effect of these causes has been demonstrated by Mr. Robert A. Lovett in a study published in 1937. "The record shows," Mr. Lovett wrote, "that if an investor had purchased 100 shares of each of the 30 most popular dividend-paying stocks on Dec. 31, 1931, and sold them through 1936," adding, "in the meantime, all the money in the form of stock dividends and all the profits from the spread of stock split-ups and had exercised all the valuable rights to subscribe to additional stock, the aggregate market value of his holdings on Dec. 31, 1936, would have shown a shrinkage of 39%, as compared with the cost of his original investment. In plain English, the average investor paid $394,911.39 for things worth $110,072.00 on Dec. 31, 1936." We can add to Mr. Lovett's demonstration that, without considering the decrease in 1938 of the gold content of the dollar, the loss in purchasing power, since 1932, would now place the original investment, as expressed in 1936 vintage dollars, a "real" value of only about $182,000, or a decrease of approximately 49% in terms of purchasing power. With such a record, the word "security" is undoubtedly a misnomer, and each attempt to warrant its belief that such a corrosion of capitalist values will be halted in the early future.

Conclusions About Stock Prices

How should securities, particles of American free enterprise, be appraised marketwise? If we believe that corporate earnings, in a deflationary climate, will be successfully assailed by powerfully organized labor forces, should not their appraisal by the stock market undergo necessary changes? Are earnings or new prices of goods and services the designated casualties?

In some past typical years, the price-earnings ratios on the Dow-Jones averages were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>19.1</td>
<td>10</td>
</tr>
<tr>
<td>1930</td>
<td>27.3</td>
<td>14.5</td>
</tr>
<tr>
<td>1931</td>
<td>50.7</td>
<td>19.2</td>
</tr>
<tr>
<td>1932</td>
<td>year of deficit</td>
<td>14</td>
</tr>
<tr>
<td>1937</td>
<td>17.1</td>
<td>10</td>
</tr>
<tr>
<td>1940</td>
<td>11.5</td>
<td>9.2</td>
</tr>
<tr>
<td>1942</td>
<td>13.3</td>
<td>10.3</td>
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<td>1946</td>
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<td>Current</td>
<td>Approx. 14.4</td>
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Leaving aside the "erratic" years of 1928-1932 and 1937, years of imbalance, we could take the period of 1940-1945 as a basis of comparison. During these seven years the average ratio was 15.2 high and 12.0 low. The present level of about 14.4 on the D. J. Industrials, is historically, by all standards, a high one and general current earnings seem to have more chances for a downward

What is Wealth?

Wealth is goods. It is food, shelter, clothing... hairpins and automobiles, mousetraps and refrigerators, railroad cars and pens that write under water.

And the thing that makes goods is work. Only with work can we create wealth. A farm has no value until somebody grows and harvests the crop; nor does a forest until someone cuts the trees, a mine until someone brings out the ore.

Without work, money has no meaning. Even if we could suddenly double the number of dollars in every American pocket, we would not increase production by so much as a single shirt or steak. The real wealth of the nation would be unchanged. You can't eat money, or wear it.

But, when people are producing, money provides a convenient means of exchanging work for goods. Men receive it for their labor, and trade it for things made by the labor of others. The thrifty save part of their money—and thus store up part of their work for future use.

In America, we have learned how to use this stored-up work to create new wealth. Millions of thrifty people lump together their savings—their stored-up work— to start new industries, build new factories, buy better tools. By so doing, they increase the facilities for work... which steps up the production of goods... which means more wealth for the nation.

This productive use of stored-up work is known as investment. It is one of the wonders of our economy. But it has to start with work.

Market Place for the Thrifty

The New York Stock Exchange is the nation's principal market place for investors. It maintains a ready market, at openly disclosed prices, for the securities of millions of Americans who entrust their surplus funds to industry. To them it says: Base your investment decisions on facts, not on rumors. Facts are your best protection against unnecessary risk.
Business and Finance Speaks After the Turn of the Year

(Continued from page 422)

Budget approaching balance, other outlets must be utilized. The year 1947 will be a record year for production and increasing prosperity. Only the failure of workers and government to cooperate in grasping this opportunity for the benefit of all can prevent prosperity.

We see reasons for optimism. We see reasons for pessimism, but believe that optimism, combined with courage to see that such cooperation can be attained, is the proper attitude.

Detroit

Irving T. Bush

President, Bush Terminal Company

I have been asked to speak on the outlook for this year, at this season, for an expression of my views upon business conditions during the past 12 months. I believe that 1947 is probably the most difficult year about which to make an intelligent forecast. The restoration and recurrent strikes are to be regarded as a part of the general economic situation in the lines of business affected by such strikes. There is great confidence in the common sense of the people, in the United States and in all other parts of the world, that they will realize that the wage they are demanding is not that of the dollar in the pay envelope, but what those dollars will buy. If there is a strike in any industry, the whole country will be affected.

On January 1, Detroit was able to put into effect a wage increase of 6 1/2%. This increase will save industry $3,000,000 in 1947. This matches a 1946 reduction which saved residence and commercial customers more than $5,000,000 in the past year.

Lowell R. Burch

President, The New York Air Brake Company

Our 1947 outlook for potential business is promising. Ability to produce, which in turn will be largely dependent on materials, is a challenge and a test. While we suffer no prolonged over-all shutdown at our plant this year, the materials we are using, even if we are able to purchase a smooth operation, is my personal belief that the outlook for business is as bright as it is for this year.

L. R. Burch

As to the outlook for business in general, I am of the opinion that business will be considerably better than those on the optimistic side prophecy. Some are saying that conditions are currying and I expect this will also happen. Our view of demand is that the political climate has improved, and I base this not merely on the fact that a new party is in the majority, but rather on the underlying factors which caused the change.

Altogether I am decidedly on the optimistic side for 1947, as regards at least the heavy industries.
Britain's Economic Troubles

(Continued from page 397)

this policy, industrial output in significant.

The electric power supply, too, is inadequate, largely because of insufficient new plant in order to replace the equipment worn out last year. The failure to reduce the cost of electric current has become an economic and political issue. It affects industries and domestic consumption.

Progress in the housing "drive"—if the supreme slow-motion picture of building and repairing houses can be called so—remains most unsatisfactory. The targets fixed by the Government are extremely modest, but even so, actual results remain far behind them. Now that the fighting forces are almost completely demobilized, the housing shortage has become almost intolerable.

The food situation is going from bad to worse. Bread rationing, which was originally expected to be a purely temporary device, has eventually to stay, and the possibility of a sale of bread cannot be ruled out. Other food rations have been curtailed. There is a growing resentment in many quarters as to access to the fact that the British consumer is kept on short rations for the sake of feeding Germans.

There is very little evidence of any substantial increase in the industrial output of essential goods. Food, in particular, is virtually unobtainable. Cigarettes can only be bought at fantastic prices, far beyond the means of households out of ten. The clothes ration has been increased very slightly, and is still far from sufficient for all women and girls to replace their wear-out clothing which is being worn out. Purchasing power is still increasing at a more rapid pace than the volume of goods available. This year the Government intends to make larger payments as accounts of compensation for war damage. These payments will further increase the demand for goods, and will more than absorb any increase of the production that may reasonably be expected on the basis of present production levels.

Pressure in favor of the universal adoption of the 40 hour week is now strong, and the smaller Unions are unable to enforce discipline among their members, and "unofficial" strikes are likely to take place from time to time. The country is badly behind in their production, and the fact that British consumers are to be paid more and have less to pay for similar goods in this country than in any other country and in the world is likely to solve this problem, although it may delay the process of recovery. The Government has been forced to take a more active role in regulating prices and wages, and this has led to increased unemployment and reduced industrial output. The situation is improving in the short term, but it is unlikely to reach pre-war levels in the near future.

What will happen if I die... If I'm disabled by sickness or accident... or become too old to work?

Here is what will happen to working people this year:

1 out of 7 will be disabled for more than a week.

An Equitable Group Plan will provide for weekly benefit payments.

3 out of 5 will require a doctor's care.

An Equitable Group Plan will pay the doctor bills.

1 out of 12 will go to a hospital.

An Equitable Group Plan will cover room, board and other hospital costs.

1 out of 5 will require an operation.

An Equitable Group Plan will defray surgical expenses.

3 out of 4 workers who die this year will have little or no individual life insurance.

An Equitable Group Plan will provide family security for every employee.

1 out of 3 will still be working when they reach 65.

An Equitable Group Annuity Plan or Pension Trust will provide comfortable retirement.

Most of us ask ourselves these questions. In fact, these queries have always been a source of worry and fear. For here are hazards which jeopardize not only our own future but the future of our dependents as well.

Back in 1911, The Equitable proposed a solution to these common problems. Many people considered it daring at the time. Briefly, The Equitable maintained that many working people could be protected against the hazards they feared most—and protected more simply, more conveniently and at the lowest possible cost—by life insurance management, business management and the employees themselves could work and work together towards achieving the adequate financial protection which all of them wanted. Thus it was that Group Insurance was born.

Since then, that "daring experiment" has proved to be one of the most important social and economic undertakings of all time.

Last year, for instance, The Equitable alone provided protection against $7 million dollars in Group Insurance benefits... to continue the paychecks of a family's "breadwinner" who had died... to pay doctor and hospital bills... to defray the cost of an operation... to provide comfortable retirement for employees in old age.

Today, more than 3,000 employees throughout the country are safeguarding their employees through Equitable Group policies. To them, Group Insurance is far more than the most economical and efficient method yet devised to assure their employees financial protection when it is needed most.

Group Insurance, they have discovered, represents a most valuable labor relations policy as well. For secure workers, fixed of financial worries and fears are far better workers—more loyal, more co-operative, more productive.

Would You Like a Free Copy of Our Helpful Booklet? "It's Important! Aids to Better Employee Relations" contains a message that is worth your attention. A copy of this booklet comes absolutely without obligation—immediately upon receipt of your request.

The Equitable Life Assurance Society of the United States

Theodore L. Passavant, President

295 Seventh Avenue, New York 1, N. Y.
Business and Finance Speaks After the Turn of the Year

(Continued from page 421)

G. H. CASSELLBERY
President, The John Hancock Trust Co.

Any statement regarding the outlook for business for 1947 hinges on a lot of ifs, but I am not one of those who hold the theory that the economic situation should be a very good year simply because the country has enjoyed a very good year in the past.

I do not believe that the labor leaders will hitch business as much as some would wish, and I feel that the public acceptability of increases in the cost of living that may result should enjoy a very good year, in which case this business outlook for 1947, as I see it, is quite good.

L. M. CASSIDY
Vice-President for Sales, Johns-Manville Corporation

Much better value for the home builder's dollar is in prospect for 1947. The real trend in construction costs actually started during the postwar period. Although the building industry's present position might indicate that the condition of the country's manufacturers as a whole is not healthy, some of the leaders among the manufacturers will continue to produce and sell products which will probably result in increased prices. The construction industry is in the process of making some of its adjustments. The real estate market is seeking an equilibrium price level. This is an indication that 1947 will bring better values for the home builder's dollar. The real estate industry is seeking an equilibrium price level. This is an indication that 1947 will bring better values for the home builder's dollar.

L. M. Cassidy

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Independent Banking—It Must Be Preserved!

(Continued from page 394)

ing ever enjoyed by any people, then we, as bankers, will have completely fulfilled the purposes of which we are a national institution.

The American banking system has been, and always will be, the natural expression of the country's national economy, and the banking system is the one great comprehensive economic entity which the people of our country have at all times been able to make befittingly their own. Its function is to meet the needs of our people, a system based upon those fundamental principles which underlie the great concept of State rights—namely, that we shall control the money supply, the bottom up, and not from the top down, that control should lie with those possessing the necessary information on which to act, that problems should be attacked by a group, a city, or a State, should be decided by those affected thereby, and not by others; that system upon which American Government and American industry, American finance has been built—the exact opposite of the system embodied in the governments of England, recently, and of Russia, and currently, too, of Germany and Italy.

Proper Function of Banking System

We are convinced that the American banking system shall never be diverted from its proper function of meeting the needs of industry and of the individual—self-styled masters of the human form—when engaged in making his or her own money toward an old-age competence. We are necessarily concerned, therefore, with any tendency toward or away from the realization of these resources of the system at the expense of those other than those above outlined.

I am sure you all feel, as I do, deep gratification for the Boston Resolution adopted at a meeting of the American Bankers Association. I shall refer to this again. The Association’s adoption of that resolution upon which we are so squarely on record against any attempt to impair our traditional American banking. We must not now depart from our course. In dealing with the question of the efficacy of our banking system, it must be asked, do we wish to have a functioning banking system to serve.

Our problem is to be theOur problem is to be the

American bankers, the deplorable, a problem sans pareil. It is a problem which has been set up to help us live in peace, happiness, and prosperity with one another—the government which is threatened with weakened objectives in its functions, its direction and fiscal affairs. It is this government whose course is now being determined by majority opinion, by those whose participation in its affairs is the divisive element. No matter the majority opinion, or that particular course of action is ill-conceived, no matter the non-coercion and upbuilding, uplifting and governing, government is the direction indicated by the greatest force, whatever that force may be, effective and clearly, have had before the demonstration of the application of force that was designed to sweep men of our type aside and bring to their own hands the control of government. And they utterly succeeded in that undertaking—so by physical force, but by the exercise of those rights and privileges of franchise bestowed upon us under our Constitution, referred to by some as the greatest document ever wrung off by the pen of man. It was a moment while I read what Daniel Webster said of the High Court Constitution, in his matchless eloquence in General Washington’s time.

“Other misfortunes may be borne or their effects overcome; it is the right of sovereignty; henceforward the American government was to control the public administration and with it the executive, legislative, and judicial departments, and the courts. It is accepted that the central government is the sovereignty, and that the state governments are subordinate to it. It is the duty of the central government to regulate the general interests of the public, and the state governments to govern the affairs of the state within their limits. This is the principle of federalism, and it is the principle of our Constitution. It is the principle of our free institutions, and it is the principle of our national life. It is the principle of our liberty, and it is the principle of our prosperity. It is the principle of our safety, and it is the principle of our security. It is the principle of our progress, and it is the principle of our strength. It is the principle of our freedom, and it is the principle of our contentment. It is the principle of our happiness, and it is the principle of our happiness. It is the principle of our harmony, and it is the principle of our harmony. It is the principle of our unity, and it is the principle of our unity. It is the principle of our peace, and it is the principle of our peace. It is the principle of our justice, and it is the principle of our justice. It is the principle of our equality, and it is the principle of our equality. It is the principle of our freedom, and it is the principle of our freedom. It is the principle of our liberty, and it is the principle of our liberty. It is the principle of our safety, and it is the principle of our safety. It is the principle of our progress, and it is the principle of our progress. It is the principle of our strength, and it is the principle of our strength.

This question was asked and answered recently in the Voice of Business program broadcast over station WJZ and the ABC network. Cities Service was selected as an example of widespread ownership, and this is what the broadcast revealed—

“Cities Service has more than 350,000 stockholders. These stockholders—owners are located in every state of the Union. Their holdings as individuals are small, perhaps they possess a plant and natural resources and tools which in total furnished last year a third of a billion dollars’ worth of useful products and services to millions of fellow-citizens. With their families, the stockholders and employees of Cities Service represent a population of 2,000,000 people, a city the size of the great metropolis of Philadelphia. One in every 70 people of the entire country’s population is a member of the Cities Service family.

This is capitalism at work, and upon this foundation the Company has built its program for 1947:

- Complete modernization of the East Chicago Refinery
- The building of a second main pipeline extension of 400 miles to the Hungarian and natural gas field in Kansas
- The expansion of the Company’s tanker fleet by acquisition of latest type ships
- Numerous improvements in service stations and other marketing facilities
- Research will be greatly developed
- Additions to oil reserves both here and abroad
- A line of household products from petroleum and its derivatives
- Other new links in the chain of production, refining, marketing and transportation facilities for petroleum and natural gas

This program for 1947 is in line with a growing public demand for the Company’s products and services—an expanding market which has made necessary the expenditure of more than $250,000,000 since 1930 in acquisitions and the construction of new and modern facilities.

Cities Service Company

W. ALTON JONES, President
have done well in the South and plans for further expansion in the Southeast are well advanced.

The Alabama Power Company is erecting a new steam generating plant at Gadsden, Alabama, with a capacity of 250,000 kilowatts. It will cost approximately $120,500,000 to take care of the increased demand for power in the Alabama-Georgia area. This power plant calls for an expenditure of $50,000,000 within the next four years for further expansion for the same purpose.

The Birmingham Electric Company has announced plans to spend in the next four years $9,500,000 on its system improvements. It is expected to increase its present facilities and integrate the whole system into a single, effective unit.

The Southern Natural Gas Company has plans to increase its production 60% at a cost in excess of $20,000,000. This is the first time this company has increased its facilities but also expand in many sections in the South.

JOHN L. COLLVER
President, The B. F. Goodrich Company
America's rubber industry operated at an all-time high level of production in 1946. It topped the million-ton mark in rubber consumption for the first time, with about 73% of that amount being used in the automotive industry.

Through most of 1947 we should be able to produce all that is required to meet the unsatisfied demand for tires and other products. Our confidence is based upon the expectation that in the coming year—assuming no serious rupture of the labor stoppages and work stoppages and the production of tires and other products will be maintained at a level similar to that of the wartime years, and be considerably higher than the production of 1946.

Some available statistics indicate that there will be surplus of crude rubber at least through the second quarter of 1947 and substantially, to satisfy America's rubber tonnage requirements, the need for maintaining facilities for the production of America-made rubber will be less and less obvious.

Because of labor, in keeping with the position it took as early as 18 months before Pearl Harbor of calling attention to the inestimable importance of America's rubber production capacity is maintained, and that there are many more manufacturers and use of American-made rubber, regardless of strictly economic factors, even after the supply of crude rubber becomes almost completely sufficient to meet normal demands.

In addition to the national security need, maintenance of American-made rubber-producing facilities even at modest levels of output can serve to lessen the hazard of high rubber prices resulting from cartels, in which large and too vital an essential, the producers of tires and other products, and have caused rubber price skyrockets that reached $1.23 per pound as high.

Probability by the middle of 1947 the supply of passenger-car tires will be, barring unforeseen disturbances to production, in a fair state of balance with respect to demand. It is generally agreed that the probability is likely to be less in 1947, the total units of tires should be about the same as for 1946—about 87 million—because a larger proportion of them will be passenger car tires.

F. C. Crawford
President, Thompson Products, Inc.
All these conditions point to a year of better quality and good business in 1947 are present. Unhappily, however, the making of a national recession are also here.

The year today finds himself in the analogous position to that of a steamship, well-manned and equipped, and ready to tackle the rough seas of a rich cargo, feeling his way through uncharted seas on a night of fog, both hidden reefs and dangerous shoals.

Our country has the productive power, the trained and eager manpower and management knowledge to make this year a year of growth and prosperity. There is a consumer's eager and able to buy if goods can be produced of high quality, and prices people will be willing to pay. This year is largely a year of our own making. It is a year which the United States as a nation have been following. Your own and your neighbors' good fortune in 1947 are present. Unhappily, however, the making of a national recession are also here.

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Minorities Can Paralyze
First we have to contend with the great labor monopsony—our monopsonistic employers—those giants which take away their power to paralyze our economy from the privileges which they have won in the past by sheer strength of numbers, the law and policies during the past 14 years.

These monopolies—The recent coal crisis is an example which have been as effectively as much as the great business trusts which were legislated out of existence years ago. Some of the monopolies are still in industrial management to plan wisely for sustained job-making production In the long run the nation will not profit by the crippling strikes and resultant shortages.

A prime issue today is whether power-hungry leaders, who have our country's economic and national security, shall be permitted to run America. Public opinion,
Independent Banking—It Must Be Preserved!

(Continued from page 427)

In the current national crisis in orderly fashion, all calcuated to disarm us.

"Diagnosed Europeanism!"

Let us recall that new bogy of the day is the prosperity of diagnostically European or from countries that crept into our midst, up to our frontiers. These are:

1. A jovial, but disarming reputation of the constitutional alternative.

2. An attempt to destroy the fine balance of power by alien influence in the person of the American Banking Association, which is the United States Government and the Board of Governors of the Federal Reserve System in a created by the Constitution.

3. A bureaucracy in full flower, even without obstruction forces, that was never thought possible.

4. A political machine, involving the reorganization, extending into every hamlet and redden of our nation.

5. The independence of a State and local government par-tially turned outside by the exuisite and unprece-dented grants from a paternalistic central government.


7. An Administration demanding as the price of its operations over a few month period, much as it was exacted from the public treasury by all the Administra-tions during peace and war, from Washington down to Wilson.

8. Central control exercised over the daily lives and operations of our citizens under the benevolent rule of the most abundant life.

9. A reign of terror and fear of reprisal crushing the spirit of independence of our citizenship—a veritable inquisition, inspired, promoted, and controlled from the seat of gov-ernment.

10. Confiscation of property going on space through the stagger-ing burdens of taxation.

11. Private initiative, private holding, local control of power to give way to political manipulation and centralized control.

12. Inexperienced college flun-glings constituting the advisory council to men in high governmental enplacement—spurrows in the nest—harming the heritage of 140 million people.

13. A Federal Government that is not equipped, as have the states, to make itself its own banker, with unrestricted and unlimited power to deter-mine its own expenditures, to find its own line of conduct, to make its own decisions, not only to save the savings of the people, but to serve the people. It is divided in its operation against the country, by making sum-mary demands upon the local banker, to substitute in our financial system political con-duct for managerial skill and experience; to institute a colossal orgy of spending in order to perpetuate itself in power, to flood the country with its own securities, upon which it placed its own vailed to be purchased by the de-female and powerless custodians of the savings of the people—the throwing off of all normal and legal restrictions and responsibilities, which have been a protection to the fiscal operations of government as well as all private banks.

(Continued on page 429)
**Business and Finance Speaks After the Turn of the Year**

(Continued from page 428)

As reflected by these developments, it is exceedingly demands the repeal of the closed-shop monopolies which have made it impossible for men and management to agree on a<br>
segment of America that has been made to sit up for the most part together and to go down the road to industrial peace together.

The business outlook for the next year is but the product of inflation resulting from the New Deal's fiscal policies of<br>
obligation, spend and waste, which continue to pile up<br>
unprecedented.

**Planning Difficult**

Industrial managers are not sure what money is worth or what taxes are going to be. It is impossible to state a line for a business on plans intelligently on such a basis.

Still another handicap which threatens to check the industry's progress is the serious difficulty of <br>
relieving war costs and emergency powers after 18 months. The economic outlook is as uncertain as the emergency<br>
edict for the last 14 months. How can management plan so <br> to the minimum of business at any time?

Industrial talking, there is nothing wrong with our country's <br>industry. The great majority of things of life, we can re-<br>sign ourselves to a wallowing economy with continuing <br>shuffling back and forth.

Any one of these hidden reefs could wreck our econo-<br>my. We are in a better position now, as we see through them, we can steam at full speed ahead straight ahead into a promising future of high profit, and <br>good will, and the fulfillment of the real American dream.

**Ralph S. Damon**

President, American Airlines System

1947 should be an important year for the airlines. 1946 has not been a good year. Problems of reconver-<br>sion, delays in receiving new aircraft, and the lack of<br>funds have imposed an order on a level of <br>losses and decreasing total cash which that<br>are going to be faced.

This is the year for the airlines to return to the <br>basis of their own earning power. The few and <br>enormous gains of 1946 are expected to be followed <br>by an increase of 10-15 per cent. This will be the year for the airlines to show the public that they are <br>serious about making a profit.

**Ralph S. Damon**

President, Atlantic Coast Line Railroad Company

If the problem were simply one of securing an ade-<br>quate volume of passengers and transportation, it<br>should be optimistic with respect to the outlook for<br>1947. Continuous reduction of the number of miles <br>of track owned by the Atlantic Coast Line, together with <br>better maintenance of rolling stock and <br>lower costs is occurring. The gain is occurring at the same time, however, as the <br>competition for passengers and freight is increasing. There is no question that the <br>Atlantic Coast Line is in a better position to <br>compete than it has been for many years. It is optimistic that the company will continue to <br>show a profit in 1947.

C. McD. Davis

President, Atlantic Coast Line Railroad Company
Formula for Prosperity

(Continued from page 391)

A remarkable fact, the automobile is the hoarse and buggy stage of little business. An automobile industry, with its one million people can afford to buy can be produced only in the great plants and so large mass production.

But bigger big business the market gets big. And the market grows when prices are cut, goods are made cheap. The benefits created and millions of consumers are ready to buy and the highly organized mass production will increase.

That is sound economics in this field of mass production and low prices. And all of this is sound business because it is being challenged by the chance on a new fallacy.

Fallacy of New Wage Doctrine

The new-fangled fallacy is the hardheaded argument that wages can be increased out of profits without incurring prices. That argument is the specious pleading of a CI0 economist. It was swept up to the headlines as a screen for another round of wage increase.

Previously published writings of the CI0 economist were out of sight for the excess of wages out of profits indicate he might not be in the same boat as his employer with tongue-in- cheek skepticism. Nor do I believe that experienced union leaders around the collective bargains table will be fooled by a statistical mirage conjured out of whole figure when men are meting out wages when some specific companies are involved in wage-hour negotiations.

Profit and loss is the final result of business in that everything else has been taken care of wages, salaries, taxes, interest, rent, and every other expense. In fairly good business years, a large percentage of businesses make no profits. In poor business years, losses are the rule.

The facts of business profits and losses have been set forth at length by the National Chamber of Commerce in an analysis of the wages-out-of-profit percent. If you want to emphasize here is the threat the mounting wage-price spiral to the low-price, mass-market industries.

There is a real danger that prices, higher, forced by higher wages, will cause the value of the market for mass production to be reduced and the demand for the formula for prosperity in these industries. That is the formula of reducing prices, increasing productivity, multiplying jobs, raising wages, increasing production gains and distributing more and better goods to more and more people.

That is the concept of mass production, and big business, which has made the American standard of living the highest standard of living known anywhere in the world. And the worker the best paid worker. It is the concept of mass production for a further rise in living standards and for an enduring period of prosperity. The formula is not spoilt by the myth of out of all production is not expected the last possible penny through the paying price. That is the survival of the fittest. The higher the wages, the more productive of competition and by reason of greater productivity is higher labor. Government records show that at the end of 1936 household wage rates rose seven-fold, while prices increased only about 29%. That is the difference in the wages trend, which accompanied the development of the automobile industry, the improvement of transportation, the development of new machinery and processes that accompanies the improvement in the wage rate, and the better paid industrial workers.

Inequitable Distribution of Wage Increases

That formula for bootstrap lifting in the mass production industries is manifestly inequitable. The income of the bulk of the consumers has not kept step with the increase in the wages of the better paid industrial workers.

Think of what has happened to the incomes of the school teacher in relation to the incomes of millions of automobile workers. Think of what has happened to the increase in the incomes of millions of unorganized workers in relation to the wages the buying power of an automobile worker.

Effect of Prices on Markets

America has prospered on large scale production and sales — millions of sales to millions of people — millions of automobiles coming off the assembly lines to be bought by millions of factory workers, farmers, school teachers, miners, doctors, pensioners, white-collar office workers, and a few people at the top rungs of the income ladder.

The over-spreading of a popular product like an automobile could not exist if it were not for an underlying chain reaction in business. When millions of people can afford to buy an automobile, other manufacturing industries are made possible to match this demand for automobiles and for their products and services.

HE RAPID increase of light and precision industries on Long Island, both during and since the war, has led many far-seeing business executives to give the Nassau-Suffolk County area prime consideration as a place for starting or relocating their plant operations.

To assist management in handling such problems our Business Development and Research Departments will be glad to furnish expert guidance not only in the matter of plant location but also in the more technical problems of production and marketing.

Just write our Business Development Department and present your problem. They will be glad to answer your specific inquiries and supply complete information on what Long Island has to offer your business. There is no charge for this service nor is there any obligation on your part.

Address: Business Development Manager

Long Island Lighting Company

250 Old Country Road, Mineola, N. Y.
Business and Finance Speaks After the Turn of the Year

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under wartime restrictions, through Regulation W of the Federal Reserve Board, has helped to establish a climate which makes it possible for the average wage earner to become a time purchaser, while a cash purchase is out of his reach. The high level of wages and the high initial purchases and overly-high installations must be eliminated if consumer credit is to be restored and a vigorous and profitable marketing plan is to be realized in 1947.

Unless heavy manufacturing industry buying public is to be able to absorb the expected outputs of automobiles and machinery in 1947 because of terms of installation sales are fixed above the capacity of the average consumer's income and market.

DONALD W. DOUGLAS
President, Douglas Aircraft Company, Inc.

A realistic estimate of aviation prospects for the new year is that they will continue to be slower than the steady progress that has marked its history since the beginning. Those losses on deliveries of a model pruse regularly in the aircraft industry. As production continues, it is expected that the gains will be to the point where a profit is realized on each airplane. At Douglas, we feel we can meet the challenge and show our confidence in the future by developing and making available to the airplane industry the highest standard of performance, efficiency and economy of operation.

Even at the height of the reversion period, aviation has not stood still. Great strides have been taken in new procedures, new methods and new airline services.

Furthermore, a strong aircraft industry and a solid establishment of airlines are national assets in both peace and war. The reversion period is one of opportunity. It is in this connection, now the encouragement and support of the government for a five-year program of research in the aircraft industry. Research must be development in commercial airline operation as well as in military aviation. The danger, however, is that the industry will not maintain its position as an unusually active year in aviation.

I feel, therefore, that a realistic appraisal and intelligent evaluation of problems, difficulties, advantages and achievements, are more than ever necessary today. True progress in aviation can only be based on sound, steady and constructive accomplishment.

LEWIS W. DOUGLAS
President, The Mutual Life Insurance Company of N. Y.

There are many factors which, if permitted to operate in a favorable environment, should produce a long period of expansion for the aircraft industry. One of these factors is the great world-wide deficiency of capital of homes and commercial enterprises is that at proper price levels provide a market for the production of capital goods. The commodities of peaceful living have not yet reached their full development, and the demand for them is strong. The aftermarket in automobiles and similar products is another example of the pull of mature industries.

The aftermarket in automobiles promises large overseas demand for the products of our country, especially as our customers in every country work toward the same goal of achieving peace and prosperity for their people.

All of these factors, among others, if allowed to work in a favorable environment, may well establish the stage for a prolonged period of full employment and expansion. Unfortunately, we may not create an environment in which these factors may fulfill the promise which they hold.

If, for example, while the first interval of adjustment comes, the system has become so inflexible — costs have become so rigidly high — that it is impossible for many manufacturers, farmers, and others to accommodate their costs to changes in demand, we may experience the sort of frustrated recovery that marked the post-World War I period. And it is that pattern of adjustment which characterized our 1934-1940 experience. That is, we may have, as England had in the immediate postwar period, a society in which to the total body of permanently unemployed, with its accompanying economic ills.

But, however, we do not set out over the same present prohibitive tariffs and of withdrawing many of the subsidies which might aid the depressed areas. If not impossible, for foreign nations to earn dollars, we will be repeating the tragic errors of the twenties. We would be making a serious mistake in continuing to place our heavy economic burden on the less advanced countries of the world which, if not free, would be inviting the same economic mistakes as the United States made in the late 1920's and 1930's.

If we persist in high tariffs, we shall, I fear, after a lag of time, face the consequences of World War I, the processes that would otherwise operate to produce a sustained world recovery, and the more quickly the economic collapse occurred in the late twenties. If we are successful in pushing further toward our goal of international trade and commercial cooperation, and if we will only permit the powerful forces of economic prosperity to build on their present foundations, we will be adding one of the most prosperous periods of modern times.

GEORGE A. EASTWOOD
President, Armour and Company

The 1945 gains in the meat industry are good because an increase in volume is predicted and continued strong consumer demand is expected. These are the prime elements in any production industry where profit margin is the criterion. Our production in livestock, in the aggregate, amount to $4 million, an increase of 5%.

In the pork production, during the spring and summer months, will double our 1945 production. There is no doubt that prices will be lower in the ensuing period of last year, reflect¬ing the effect of the tremendous increases in the market. The more the lower in price, the more than offset by an increase in beef consumption. The result of the slight increase in feed costs. The huge feed crops har¬vested in 1946 have encouraged eat¬ing of feeders to expand their opera¬tions. Some reduction in sheep and hog farmers' feeding operations is probable, during the year ahead but in terms of meat supply, the situation will be much the same as in 1945. The most significant price support used in the aggregate, a per capita supply of 101 pounds is predicted against the 1946 figure of 140 pounds.

Negotiations with the labor unions which act as col¬lective bargaining agents in the packing industry have resulted in contracts which provide for increases in rates of pay in the year. Materials and machines for maintenance and improvements are not as difficult to obtain as during the war and the industry and business generally is now taking on the look of business.

In view of its broad aspects the coming year should be a good one for millions of dollars will be spent in this direction and will give steady employment to many thousands of workers for a long period of time. Farm prices will continue at a high level during 1947, insuring farmers a healthy income, and if our export market will continue to expand the nation will enjoy a continued increase in the value of our exports. And for the control of our hide prices in order that tariffs may be able to lower leather prices to shoe manufac¬turers, in keeping with the price reductions in our rubber and textile industries. This latter has already shown a definite rise to high price levels for the last month, and yet we still must sell our oil and by-product in the last quarter of the year. By the time the restrictions are lifted in the last quarter of 1946 and will likely well ex¬ceed our present production. The rapid production of shoes already evidenced at an accelerated pace, the increased output will continue to lower retail prices. The government's purchase of supply and demand will from here on control prices and give industry time to increase production.

All of these matters are as vital as they are necessary in other fields of production for consumer needs.

JOSEPH L. EGAN
President, The Western Union Telegraph Company

Western Union plans to proceed vigorously in 1947 with its nation-wide mechanization program which is now well under way in over 800 cities and towns of materials. Important new develop¬ments in the field of electronic communication—abuse which had only limited use during the war, are now being placed on the market. The capacity, speed, capacity and reliability of telecommunication equipment is a radio network is planned to be used in the United States. It will employ high radio towers 50 to 500 miles apart with beams connected by microwave wave signals in a narrow beam, and will be used for the transmission of code signals for the familiar pole lines and hundreds of miles of wire for the delivery of news to the radio towers at the main telegraph centers. The equipment for the main telegraph centers will be put into use by the end of the year.

A radio beam network is planned to be introduced into the United States. It will employ high radio towers 50 to 500 miles apart with beams connected by microwave wave signals in a narrow beam, and will be used for the transmission of code signals for the familiar pole lines and hundreds of miles of wire for the delivery of news to the radio towers at the main telegraph centers. The equipment for the main telegraph centers will be put into use by the end of the year.

A number of new information services will also be introduced in 1947, in addition to the more than 200,000 miles of carrier cables already in operation. Carrier equipment, and a number of different types of carrier cables is used on single pairs of wires. This makes it possible to obtain as many as four different radio beams, capable of carrying 238 messages simultaneously, over a single pair of wires.

HARRY EDDISON
President, Edison Brothers Stores, Inc.

A high rate of productivity and industrial peace is in the making of 1947 a prosperous year. These two fundamentals will definitely create lower prices for consumer goods generally and consequently result in a higher level of the whole economy. The subject is that it makes it possible to give the best to employ the employees and to function from here on in a free, competitive market. Management for the benefit of the consumer must make and men and should intergrade to the free and competitive market. This will both. This will both. This will both.

There is a common conception that there is a possibility for the benefit of the consumer public upon which the very existence of capitalism depends.

The year 1947 must bring peace time production to the highest possible level and the use of the full employment to all who desire to work at a high earning wage. Such will add greater purchasing power to an already large back¬ground, and thus, it is possible to buy the many necessities not available in the past. The result will be a great increase in the amount of capital. After the tremendous expansion of the past few years, the nation is now on the point of expansion for a more extensive use of the great productive power we have at our disposal. As a result, there will be a great increase in the amount of capital used for expansion. After the tremendous expansion of the past few years, the nation is now on the point of expansion for a more extensive use of the great productive power we have at our disposal. As a result, there will be a great increase in the amount of capital used for expansion.

Harry Edison
Formula for Prosperity

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soli- tudes and deeper into the lower drives of the nation there will be a reminder of the years when the business man was a radio set for $250 as you can purchase a similar set for $2. Memory also will recall similar examples of other products turned out by machine dominating economy.

Wealth is Shared by Reducing Prices

That is the way of raising wages and living standards. It is a sure road to prosperity. The American solution to the wealth by reducing prices.

In recent decades, profits in this country in large measure have been the reward to enterprise for reducing costs and prices, and raising real wages, through the improvement of productive processes. This improvement has been achieved mainly by the application of machinery and power and by efficient organization of management, technical skill and labor.

The master works of this organization can be seen in the industrial centers around the Great Lakes... Milwaukee... Detroit... Cleveland... Chicago and other production centers.

In the wealth created by this Industrial genius, the country and the world have shared immeasurably. The principal medium of this distribution of goods for the general welfare has been the price. The lowering of prices for manufactured goods has opened a constantly widening market.

This process of sharing the wealth must continue. Over-inflated prices and prices poor foundations for a mass market. Organized labor can price itself out of the market, by pushing its monopoly advantage too hard, just as the business man can price himself out of the market by raising his prices too high.

An important fact must be considered in judging the effects of the wage-price spiral. This fact is the strategic location of the industry-wide unions in relation to mass production.

Industrial Unions

The industrial unions have grown stronger in the larger manufacturing and supply industries. It is pertinent to observe here that the out-of-profits doctrine was publicized in connection with impeding CIO wage demands, in the automobile and electrical equipment industries. The round of strikes and wage increases last winter and ensuing price increases inevitably affected the mass production industries—automobiles, steel, electrical equipment, coal. Higher prices for steel, copper, coal influence the price of automobiles as certainly as do higher wages on the automobile assembly lines or in the plants of parts suppliers.

The growth of industrial unions in the highly integrated industries is a new factor to consider in appraising the outlook for further broadening of the mass-market through lower costs and prices. I repeat that the soundest and fairest increases are the wage increases which come from increasing productivity.

An expanding mass-market cannot be built on a philosophy of small pay for less work... nor on a philosophy of strikes. Strikes with the strike club every time wages are up for discussion and instilling upon continual jacking up of pay rates, regardless of what happens to the consumer. Must Supply a Formula for Lower Prices

Union leadership now must accept with management the responsibility for applying the formula of lower prices, more sales, more jobs to the proven development of the mass market. Management alone cannot make that formula work if organized labor insists upon elevating the wage scale indefinitely, regardless of the relation of higher wages to productivity.

What happens this year will show how well we can apply the old formula of large production under the new circumstances. Certainly the mounting wage-price spiral cannot go forever without reducing the size of the mass market. The school teacher, the white collar worker, the pensioner, cannot go on living always, in the race between wages and prices.

Millions of people cannot be driven out of the mass market without destroying jobs on the production lines.

Disillusionment lies at the end of the false-based rainbow quest out of the fallacious doctrine that industrial wages should go up and up, in a long flight to the stratosphere of everlasting prosperity. I suspect the fallacy of wages out of-profits was tossed into the public arena for the purpose of trying to shift the blame for whatever price increases follow new wage increases. There's seems to be an uneasy conscience behind this profit mirage.

The new wizardry of economics concede an unhappy ending to a joy ride on the wage-price spiral. Nevertheless, they are beating the drums for higher wages. They don't want to be blamed for the higher prices... or for the unhappy ending to the joy ride. So they have concocted this doctrine of lifting wage increases out of profits—profits which don't exist at all for many companies facing wage demands.

This time the public is wiser. People will not be so easily fooled by the juggling of figures and the mounting of spurious economic doctrine. Two and two still make four on the balance sheet... and the man in the street knows it. Also, the man in the street wants an automobile. And when he can't get one, he will do some thinking and figuring about it.

Importance of Mass Markets

Industrial prosperity will continue to depend upon business thinking in terms of the millions, instead of the few. This is the hard-handed business of giving more for less, of taking less profit per unit in order to sell more in the aggregate. That is the kind of business which has made America what it is today.

That is the kind of business which created the jobs from which

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THE COMMERCIAL & FINANCIAL CHRONICLE
Thursday, January 23, 1947

Business and Finance Speaks After the Turn of the Year

WILLIAM J. FIELD
President, Commercial Trust Company of New Jersey

The heavy demands on supplies of platinum and its derivatives during the past nine months of war have not only increased the price of this metal, but have also cut its availability. During this period, the prices of platinum and gold have both increased by more than 25 percent. The increase in the price of platinum has been more rapid than that of gold, and the supply of the metal has also been more restricted. The demand for platinum has been mainly for military purposes, particularly for the manufacture of aircraft and other war equipment. The increase in the price of gold has been due to the increased demand for bullion, particularly in Europe, and to the increased demand for gold as a store of value in the face of inflation. The supply of both metals has been limited by the fact that they are used in many other industries, including the manufacture of jewelry and other decorative items, and the demand for these items has increased significantly during the war.

As a result of these factors, the price of gold has also increased, although not as rapidly as that of platinum. The increase in the price of gold has been due to the increased demand for bullion, particularly in Europe, and to the increased demand for gold as a store of value in the face of inflation. The supply of both metals has been limited by the fact that they are used in many other industries, including the manufacture of jewelry and other decorative items, and the demand for these items has increased significantly during the war.

In the future, the price of platinum and gold is likely to continue to be high, but the demand for these metals is likely to decline as the war ends and the demand for military equipment decreases. The price of platinum is likely to decline more rapidly than that of gold, as the demand for platinum is likely to decrease more rapidly than that of gold.

DONALD V. FRASER
President, Missouri-Kansas-Texas Railroad Company

The picture of the future of the Southwest, and of the business conducted in that section of the country, is encouraging. Postwar business and industry in the Southwest are undergoing a period of active development that is likely to continue throughout the year. The postwar period is likely to be characterized by a strong recovery of the industrial and commercial activities of the region, as well as by an increase in the number of people engaged in these activities. The future of the Southwest is likely to be characterized by a strong recovery of the industrial and commercial activities of the region, as well as by an increase in the number of people engaged in these activities. The postwar period is likely to be characterized by a strong recovery of the industrial and commercial activities of the region, as well as by an increase in the number of people engaged in these activities.

In the future, the Southwest is likely to be characterized by a strong recovery of the industrial and commercial activities of the region, as well as by an increase in the number of people engaged in these activities. The postwar period is likely to be characterized by a strong recovery of the industrial and commercial activities of the region, as well as by an increase in the number of people engaged in these activities. The future of the Southwest is likely to be characterized by a strong recovery of the industrial and commercial activities of the region, as well as by an increase in the number of people engaged in these activities.
Formula for Prosperity

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the unions collect their dues. Profit from this curse of business leadership is re-invested in the increase of production—on the theory that more jobs can be created, prices cut and real wages increased.

But a new set of pled pipers is filling the headlines with the glees of alluring theories. They are trying to sell us the way to prosperity is through giving less for more, raising wages continuously and taking it all out of profits—regardless of whether or not there are any profits.

To dispel this illusion, I propose that labor leadership join business leadership in applying the time-tested formula of the runs market.

I propose that labor leadership think more in terms of the millions of consumers, rather than in terms of the thousands who benefit at the expense of the millions by price-lifting wage boosts.

Unless labor leadership achieves this breadth of vision, the long process of broadening the market for the products of its industry by lowering prices will be halted. Only through some revolutionary method of cutting costs, and increasing production, can wage increases be absorbed without raising prices at the rate wages have been hoisted the last few years.

I do not argue that wages should be frozen. On the contrary, I am a sincere believer in wage increases. Where wage increases come out of production gains.

Yet, I also believe that the public needs share in the gains of industry through policies of price reduction. I believe that it is wise economics for all concerned, labor, management and the consuming public, to avoid the consuming public.

The consuming public eventually pays the bills for wages. Labor leadership which ignores this fact, or pretends to ignore it, is shortsighted. The wage-price spiral has reached the point where the welfare of all, not less than the interests of the union men on the assembly line, must be considered.

Organized labor in the mass production industries will gain by thinking in terms of the mass market, just as the men of industrial vision gained by thinking in terms of the millions. By foregoing a little now, organized labor will gain more later.

This is the principle on which profits were made from mass production. That is the principle, too, on which real wage gains can be achieved without contracting or destroying the market.

Let labor and management act wisely by this principle, never losing sight of the millions, and we need not fear the future. The broader the market, the more jobs and the more enduring prosperity we will see. That is the brand of sound economics this Great Lakes region has demonstrated to the world. It is the kind of economics the country needs now.

Chas. E. Quinney & Co.
Sixty Years Old

January 17 marked the 60th anniversary of the founding of Chas. E. Quinney & Co., 23 Broad Street, New York City, specialists in U. S. Government securities and members of the New York Stock Exchange and New York Curb Exchange. Chas. E. Quinney, founder of the firm, which opened for business on Jan. 16, 1887 and has been known continuously by the same name, had acquired his membership on the Stock Exchange ten years earlier. Previously he had been Secretary to Edward M. Stanton, Secretary of War under President Lincoln and Johnson. Adamson B. McCullough was his first partner.

Mr. Quinney retired from the firm in 1916. The partnership continued by Maurice A. Gilman, consists of Mr. Gilman, James E. Orr, Maurice A. Gilman, Jr., Robert Adams Love, Edward J. Leonard, John A. Cashman.

The firm is one of the organizations longest to be identified with dealings in securities of the United States Government and its instrumentality.

It was recalled yesterday that when the firm began business the U. S. Government debt was $12,109,462. On December 31 last the national debt was $239,144,765,085.

Frank McDermott With
Harrison & Schultz

Harrison & Schultz, 61 Wall Street, New York City, members National Association of Security Dealers, Inc., announce that Frank McDermott has become associated with the firm in its trading department. Mr. McDermott was formerly with O'Connell and Jarecki.

LEADERSHIP MUST BE EARNED

With business, as with nations, true leadership comes as a result of many years of preparation...of hewing to high standards...of never losing the bright vision of the future, while meeting the problems of today.

This has been Coty policy from the beginning, and we are proud that it has won for us the respect of our business associates and the millions of women who have used and loved our products.

Today, in the perfume and cosmetic industry, and in the world of fashion and gracious living, there is no name with more prestige than Coty.
Business and Finance Speaks After the Turn of the Year

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route to better pay is greater production and finer worker
turnover. These must first and good pay will im-
mediately follow. Production at present is only half
of what it might be. I firmly believe workers and the
industries are becoming aware of this fact and the sooner they do,
the sooner we will have a more prosperous situation in
this country. Those of us who are in the motor transporta-
tion field know the value of this to American and the American
broadoom and the service facilities. The year 1947 will find us better
at this than we have been. Service is still needed—further readjustment to the
requirements of the public. There is out more willingness to give value for value
received.

L. M. GIANNINI
President, Bank of America

This is a time to abandon flights of fancy in favor of facts, and to reach for the great promises of
the past.

We have come a long way on the reconstruction road, but our control of the situation is still
needed. The need for further readjustment to the requirements of the public is foretold;
more willingness to give value for value
received.

This should be a Back to Work year. New wealth, both in material and in services, must be cre-
ted to replace the wholesale de-
structions war. There is no other way to lighten our burden of debt.

Restoration of a healthy economy requires a return to healthy ideas, healthy production, healthy ex-
change of goods and services, healthy thrift.

There must be final relin-
quishment of the delusions of
one-family fortunes. We must see
instantly the enormous increase in
opportunities for magazine circu-
lation sales as a result of this change.

This great increase in income is but one phase of the subject. Growth in education, increase in available reading time, increase in the number of periodicals published, increase in the number of magazines, increase in the number of books, as well as in the factory and office, have all added to the potential reading public.

The magazine publishing industry at the present time supports directly and entirely some 250,000 people. Some two million copies of periodical literature are published each week. The number of magazines and the millions of numbers that benefit as a result of magazine activity run into almost fantastic figures.

The magazine industry will be a major factor in 1947 in opening more widely the channels of distribution and in gearing our nation to new high records of production and consumption.

W. W. GASSER
President, Gary National Bank

As I study the economic curves of business and finance, the pattern has been largely the same after each major war. It is my opinion that these economic cure.

After World War I there was a period of about two years when both the price level and the interest rate continued on a high level. Both prices and interest rates had never recovered over much after the war. After two years the curve went down pretty regularly. A period of about four years after the war ended and for another two years the curve went down pretty regularly. It had never recovered over much after that. After four years the curve went up and down for a few years. The secondary post-war depressions started about in or 16 in 1920. After the three-year period of the war and it was probably the most severe and prolonged since it has table.
Economic Interpretation of the Wagner Act

(Continued from first page)

stated purposes, he is referred to the annual figures of the United States Bureau of Labor Statistics on the number of strikes, workers affected, and man days lost by strikes in this country.

**FINDINGS AND POLICY**

Comment—Findings, as expressed in the Act, are political in nature, and should not be confused with scientific findings, which, by definition, are attempts expressions of basic truths, regardless of political policy.

Section 1. The denial by employers of the right of employees to organize and the refusal by employers to accept the procedure of collective bargaining leading to strikes and other forms of industrial strife or unrest, which have the intent or the necessary effect of burdening or obstructing commerce by

Comment—If two or more people enter into an agreement, each acting entirely voluntarily, it may be said, in the ordinary sense of the word, that they have reached a bargain. If, however, one person is compelled by law to agree to the demands of another, or suffer loss of his property, or its use, any bargain so consummated under such circumstances, is misplaced if it is called a "bargain". It would be just as logical to label any concession made by any person acting under duress a "bargain."

Prior to 1935 employers did deny that workers had the right to destroy company property, or to prohibit its use, when agreements could not be reached. This, however, did not constitute, and should not be confused with, "the denial by employers of the right of employees to organize and the refusal by employers to accept the procedure of collective bargaining."

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much remains unsettled and it is too much to expect that a smooth flow of goods between nation and nation can be expected.

Lumber futures have already stiffened somewhat. They can be expected to firm up a little more during the coming 12 months.

GEORGE GUND
President, the Cleveland Trust Company

The current period of our economy presents many maladjustments that must be faced in the new year. Changes have occurred in our national and artificial period which is a natural aftermath of a long period of readjustment. We are beginning to work free of a gigantic federal burden. We have faced up to a planned economy under a strong central government. I believe the thinking is straightening out, and the normal forces of our American system are again coming to the fore.

For over a century these forces have been at work not only in making all other systems of production unequal, but in providing an abundant life.

During the past year, I have spoken and written often on the dangers of inflation to our national and world economy. I believe that maladjustments are now clearing the way for higher living standards. Even if we do not solve all our problems, we have made steady progress in the last months.

Many of us must have maximum production of goods and services in the earliest possible date. Crippling disagreements will not bring this about. Our maladjustments seem to be reflected in a lack of cooperation, industrial strife based on all sorts of demands, and in many cases of low wages, which we want to end. If our national and world economy is to be a working one, we are in a position to measure the effectiveness of our economy. This and achievement would be for the good of all.

We in America are backed by the largest volume of liquid assets in the world. There should be a willingness on the part of both the savings institutions and public and all business, as well as all workers, to avoid competitive bidding, which only brings a vicious cycle of inflation.

The American public is slow to anger, but should prices boom too high, a buyers' strike could result, which would mean that we have not yet made a recession which might easily become real as a depression of the early 30's. This we must avoid if it is humanly possible.

If we are not just our nation, is impoverished by the war. There is a vast potential market with a general purchasing power far beyond anything we have ever seen before. Our real job is to keep the wheels of industry turning unimpeded so that our citizens will be working steadily. We all bought a good and right price for goods and services. Let us hope that we, with equal and even greater production per man-hour paid for.

Unfortunately, we are at present time little, if anything, less than what we may in 1947 look forward to any such development.

GEORGE H. GREENWOOD
Chairman of the Board, Seattle Trust Company

As far as the banking business is concerned the outlook for 1947 seems reasonably clear. Deposits will increase that national rate of increase resulting from production and profits. The feverish increase of the past few years will not continue. According to the present levels of the past, Bank earnings will be reduced somewhat to 1947 prospects of 1947 being a larger and smaller.

The rate of capital out of individual borrowing will be dependent largely upon two factors: one, the trend of the national character of governan,
Economic Interpretation of the Wagner Act

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unfair labor practice, and who has not obtained any other regular and substantially equivalent employment.

Comment—Note the width of the definition of the term "employee." Because of its width and implications, many potential workers are encouraged to become charges on society rather than to accept available work. By vesting a worker who has left his job with the status of "employee," the law encourages strikers to prevent willing workers from accepting employment. Such interference with the rights of willing workers and employers works to the economic detriment of the entire nation.

NATIONAL LABOR RELATIONS BOARD

The Board may, by one or more of its members or by such agents or agencies as it may designate, prosecute any inquiry necessary to its function in any part of the United States. A member who participates in such an inquiry shall not be disqualified from subsequent consideration of a decision of the Board in the same case.

Comment—Because of this provision a Board member can act as both prosecutor and judge.

RIGHTS OF EMPLOYEES

Sec. 7. Employees shall have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in concerted activities, for the purpose of collective bargaining or other mutual aid or protection.

Comment—This merely defines a right which employees had before the passage of the Act, and which was not conferred upon them by the Act.

Sec. 8. It shall be an unfair labor practice for an employer—

(1) To interfere with, restrain, or coerce employees in the exercise of the rights guaranteed in section 7.

Comment—It is a valid function of law to prohibit any person from coercion another, or from interfering with another, when he exercises his rights.

(2) To dominate or interfere with the formation or administration of any labor organization or contribute financial or other support to it.

Comment—This subject to rules and regulations made and published by the Board pursuant to section 6 (a), an employer shall not be prohibited from permitting employees to confer with him during working hours without loss of time or pay.

Comment—Unions have a valid function, however, in many cases, assumed wasteful characteristics. Many union workers have spent much time away from duties, either processing "manufactured" grievances, or just loafing. The cost of such wasteful activity is either passed on to the public in the form of higher prices, or higher taxes, or it reduces the profits of business.

(3) By discrimination in regard to hire or tenure of employment or any term or condition of employment to encourage or discourage membership in any labor organization. Provided, That nothing in this Act . . . . shall preclude an employer from making an agreement with a labor organization (not established, maintained, or assisted by any action defined in this Act as an unfair labor practice) to require as a condition of employment membership therein, if such labor organization is the representative of the employees as provided in section 9 (a), in the appropriate collective bargaining unit covered by such agreement when made.

Comment—This subsection is unnecessary in its effect in that it gives legal sanction to the closed shop. The closed shop is a monopolistic tool used by unions to interfere with the right of workers to sell their labor to employers. Any monopolistic tool operates effectively in the economic sphere restricts production, and thereby operates to the economic detriment of the nation. It follows that any community having an unduly high proportion of closed shops is thereby handicapping itself in the race of economic progress.

(5) To refuse to bargain collectively with the representatives of its employees, subject to the provisions of section 9 (a).

Comment—If the Wagner Act may be said to contain "teeth," this provision is certainly the largest fang. As previously mentioned, this one is well laden with poison, a sufficient amount, in fact, to seriously cripple our industrial, free-enterprise society, and to send us further down the road to communism. This provision makes a mockery of any logical concept of equity.

Any employer, desiring of remaining in business, is continuously anxious to reach equitable bargains with workers either as individuals or as members of groups. The very continuance of his business depends upon his success in so doing. If he fails, he does not have a labor force.

This provision subjects the

(Continued on page 441)

International Shoe Company

ST. LOUIS

Taking the Noise out of Business

is GOOD Business

...BIG Business, too

Picture and Advertising

Sold by Acousti-Celotex Distributors Everywhere. In Canada: Dominion Sound Equipment, Ltd.

A PRODUCT OF THE CELOTEX CORPORATION, CHICAGO 9, ILLINOIS
Business and Finance Speaks After the Turn of the Year

(Continued from page 438)

readjustments since the removal of controls. Some of the
old controls have been abandoned. On the other hand, as
we study economic history we see that readjustments
are a common factor in the life of nations. When it becomes
apparent that better goods will be available at lower
prices, the consumer readsjusts his demands.

While economists may differ about the pattern for
the future, all agree that volume of business will be
sharply reduced from the high levels of late 1945.

In view of the fact that this year ahead will bring many
opportunities for progress and prosperity in the business
field, it is also true that this year will bring new
methods and procedures. Entrepreneurs who are
readily to adjust itself quickly to changing
conditions.

H. HITER HARRIS
President, and Merchants Nat'l Bank of Richmond
Commercial banks generally are entering the New
Year in good condition. They have just passed through
a year which resulted in a substantial reduction in their
total deposits, naturally accomplished by a decline in earning assets. This
decline is a natural consequence of reducing
business volume and will continue until late in the year, so that by the end of the
year, commercial banks will have reduced their
business to a point where it will be
comparable with that of the business in
1945, in spite of higher operating costs.

H. HITER HARRIS
President, The Great Atlantic & Pacific Tea Company
America will continue to be the best nation in the world in 1946 as the result of the
enormous demand for consumer goods in many lines has not yet been filled. The increased need for houses seems unusually
an expansion and the increased demand for consumer goods in many lines has not
yet been filled, the extreme rise in the prices of consumer and
bureaucratic tendency, that aggraves
considerable consumer resistance. Unless we can
abolish costs and thereby reduce unit prices, therefore increasing the real purchasing power of the
people, it will be necessary for a new depression, dormant during the
war years, is being restored in many lines, and in many instances, the price-cutting has been in evidence.

If the American people, make up their minds really to go to work, our production will increase
rapidly, thereby reducing unit costs and increasing real
purchasing power of the people. The business will show a
recovery in the year this business year.

Unquestionably, the prices for many farm products in 1946 will be less by far than in 1945. If weather
conditions are favorable, the income of farmers generally will be good and may be sufficient to not affect seriously the purchasing power of the
people.

All factors considered, there seems reasonable assurance that 1947 will be a better year for business than the war year. 1946 was a year
marked by rising prices for raw materials, lumber and
services. In 1947, prices for these items will be lower and business
activity will increase.

1. The Department of Agriculture predicts that although
1941 food production may not reach the record 1945
level, the amount available for domestic consumption
will be approximately the same because of the
probable extent of the current crop and the
production of improved products. In general, the nation's food supply will be more
than adequate for the pre-war average.

2. Reductions in the production of sugar, owing to
restrictions that avert the need of retrenchment in
the movement of perishable food into retail channels are
indicated by speedier, more efficient distribution
methods. The recent movement of perishable food
is essential to avert the need of high costs, especially
for the use of new lightweight boxes, refrigerators
and other means of transportation. New developments
in the use of light freight cars, refrigerated cars
and other means of transportation are making it
possible to move perishable food more quickly.

From the long-range viewpoint A & P experiments
with Waynes University, in the field of air freight, indicate
the development of new and improved
methods.

3. Onlookers look for further experimentation in the sale of
food in consumer-size packages. The company will
continue its experiments in the development of a
preservation product for meat and fish. This line of
products, which is in the process of development,
will be introduced in a number of retail stores.

4. Availability of building supplies should expedite the
development of finer food stores during 1947. The
first super market chain was organized in the
practical purposes, not retail stores, but warehouse
operations. In the wholesale field, the new food
store of a volume greater than that of the old super market
and, also brings the customer every shopping ven
cation to reach all the stores. The new store's effects will be
possible. The company's new stores, for example, can be
described as a combination of the best of food not previously offered, where the consumer can
and the manufacturer have
attained all

5. Improved service to customers will result from a
better physical setup of food stores. This trend is further
accelerated by the fast-food stores that were first
introduced from the armed services. More than 27,000 A & P
employees and 7,000 store managers have attended this
training program in recent years and will further
improve service to consumers.

These new developments require the close cooperation
of all branches of the food industries and as a matter of
long-standing policy, the food store and food store
companies will collaborate and prove a growing
industry is

profitable to

HOLLIDAY
President, The Pittsburgh Plate Glass Company
Expansion of production facilities and the acquisition of
an industrial paint producing company and a brush
manufacturing firm, which will enable the company to
meet the needs of its customers, are the major
accomplishments for 1946.

In the world's largest paint division, the Pittsburgh Plate
Glass Company, a research plant was opened in January.

A new plant at Springdale, Pennsylvania, has been
constructed for the production of thermosetting
paints. The new plant is equipped with laboratories for
research and development and will produce a
new line of products. This new plant will be
operated upon a scale that will permit rapid delivery and
to the best of our knowledge, there is no other plant
operating on a scale that will permit the same rapid
delivery.

Newest product of the paint division is a recently
introduced single-coat oil base wall paint manufactured
by the Pittsburgh Plate Glass Company. In addition to the
"One-Coat Wallhite," the new paint attains greater
hiding power while maintaining its high
brightness in the paint composition.

With the nation's home builders and industrial con-

struction companies finding demand for the products of the

Pittsburgh Plate Glass Company, it may be anticipated that
the company's earnings will be higher in 1947 than in
1946.

W. T. HOLLIDAY
President, The Standard Oil Company (Ohio)
Demand for the oil industry's products during the past
year has been fairly steady and the outlook for the
coming year is for greater demand. Although the
company is not in a position to make a definite
statement, it is anticipated that demand for the
company's principal product, gasoline, will remain strong
and that the company will be able to operate at a
high level of production.

The company's current production is expected to be
higher than during the past year, and it is probable that
the company will be able to meet the demands for its
product at a reasonable price.

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Economic Interpretation

Of the Wagner Act

(Continued from page 430)

employer not to bargaining, but to coercion. If he does not concede to the lesser series of union demands, he may, because of this proviso by the courts, be charge of committing an unfair labor practice.

REPRESENTATIVES AND ELECTIONS

Sec. 9. (a) Representatives designated or selected for the purpose of collective bargaining by the majority of the employees in a unit appropriate for such purposes, shall be the exclusive representatives of all the employees in such unit in the purposes of collective bargaining in respect to rates of pay, wages, hours of employment, or other conditions of employment.

Comment—It is in this section that the rights of individual workers, and those who constitute minority groups, are drastically restricted. In the light of this provision, which compromises the individual worker’s freedom to sell his labor, it is ironical that the Wagner Act is sometimes referred to as the Magna Charta of labor.

Provided, That any individual employee or a group of employees shall have the right at any time to present grievances to their employer.

Comment—This provision has thus far proved quite ineffective in protecting the rights of individual workers that is in the negative effect of the preceding part of Section 9 (a).

(c) Whenever a question arises concerning the representation of employees, the Board may investigate such question.

... In such investigation, the Board shall provide for an appropriate hearing upon due notice, either in conjunction with a proceeding under section 10 or otherwise, and may take a secret ballot of employees, or utilize other suitable method to ascertain such representation.

Comment—It may be asked if the phrase “any other suitable method to ascertain such representatives” does not give to the Board a latitude of power too great to be economically desirable.

PREVENTION OF UNFAIR LABOR PRACTICES

(b) Whenever it is charged that any person has engaged in or is engaging in any such unfair labor practice, the Board, shall have power to issue and cease to be served upon such person an order requiring such person to cease and desist from such unfair labor practice, and to take such affirmative action, including reinstatement of employees with or without back pay, as will effectuate the policies of this Act.

Comment—Many workers have been encouraged to bring charges upon society, rather than to accept available employment, because of the phrase “and to take such affirmative action, including reinstatement of employees with or without back pay.”

No objection that has not been urged before the Board, its member, agent, or agency, shall be considered by the court, unless the failure or neglect to urge such objection shall be excused because of extraordinary circumstances.

Comment—This provision vests the Board with a substantial amount of bureaucratic power because it subjects employers to the preliminary preparation of legal counsel and the record by which the Board shall so dictate.

INVESTIGATORY POWERS

(1) The Board, or its duly authorized agents or agencies, shall at all reasonable times, have access to, examine any such unfair labor practices, and to such of the records of the Board as the Board shall so dictate.

(2) The Board, or its duly authorized agents or agencies, shall at all reasonable times, have access to, examine any such unfair labor practices, and to such of the records of the Board as the Board shall so dictate.

Comment—It may be asked whether the bureaucratic power vested in the Board by this provision is not inconsistent with the social and economic welfare of the people of the United States.

USES Booklet Analyzes 51 Industrial Films

The know-how of operations in 18 industries is explained in a series of 51 private industrial films analyzed by the United States Employment Service and described in a USES booklet “Industrial Films—A Source of Occupational Information.” The booklet, according to the Employment Service advice, evaluates the effectiveness of the films in presenting job and process information for such industries as abrasives, brushes, clocks, construction, cooperage, food products, furniture, lumber, mining, paper and pulp, petroleum, plastics, printing, railroads, rubber tires, shoes, steel and textiles. The advice also said in part:

“Many of the films have had nationwide circulation because of their popular appeal, but they have permanent value for vocational guidance counselors vocational training and engineering teachers and personnel directors. The titles included: "Steel—Man's Servant," produced by United States Steel Corp.; "Deep Horizon," produced by the Texaco Co.; "Trees and Loaves," produced by the Weyerhaeuser Lumber Corp. and "Green Giant," produced by the Minnesota Valley Canning Co.

The Industrial Films booklet was planned to acquaint those whose line of work requires that they know facts about jobs and industries with the value of films in presenting those facts.

"The major part of the publication is made up of the film descriptions and evaluations in which are included indications of the job most clearly shown and details on who distributes the films, rental and transportation charges, etc. The rating scale which was used in previewing the films and an audience response check list are shown in an appendix. Another appendix presents a list of periodicals and catalogs containing references to other industrial films. And for those new to handling films, there is information on ordering, caring for, and returning films.”

The publication is available through the Superintendent of Documents, United States Government Printing Office, Washington 25, D.C., at 20 cents per copy.

Cotton Crop Report

As of November 1

A United States cotton crop of 6,482,000 bales is estimated this year by the Crop Reporting Board of the Bureau of Agricultural Economics based upon information reported by ginners and farmers as of Dec. 1. The indicated 1946 crop is only 5,600 bales less than the Nov. 1 forecast, and 3.8% less than last year’s small crop of 6,916,000 bales. It is about one-third smaller than the 10-year average and only 577,000 bales more than the 1921 crop which was the smallest since 1895. The lint yield per acre, computed at 203.7 pounds, is lower than any year since 1936, and compares with 253.6 pounds harvested last year and the 10-year average of 252.5 pounds.

Mortgage-Cancellation Insurance is the new, extra service now offered by The Dime Savings Bank of Brooklyn to borrowers of mortgage money.

Assure your family a debt-free home through our new, low-cost life insurance plan.

For only $2.85 monthly (Age 35—$5,000 mortgage payable monthly over 20 years), you may add this insurance to your Dime mortgage, and know that your family will have a home, not a debt, in the event of your death.

If you now have an old-fashioned, fixed mortgage, or if you plan to buy or build a home, come in and discuss this New Mortgage-Cancellation Plan.

SEND FOR OUR FREE BOOKLET

"New Protection For Families of Home Owners and Home Buyers"
increase in sheet and strip facilities. Sheets are used extensively in our daily lives for the manufacture of such products as automobile bodies, and numerous other articles that the pressure for sheets has been extremely acute. This situation is being remedied as rapidly as possible, and we expect to be able to meet all demands that may be made for sheets. The demand for steel is evident, but the pent-up demand, the need for replacement and the desire for the consumer to purchase if we are going to continue to provide the large volume. In that respect, too, the prospects seem encouraging. In 1940 our total national income was $400 billion. If we produce as much this year as we did last year, our total national income will probably be $650 billion—more than double our last peak year. If we reconcile the price rise it is still the present next year's national income may reach approximately $775 billion.

We all know that as a whole manufacturers, wholesale and retail stock is reduced to a level that today is very low compared to a few years ago. Much expansion of refinery capacity will be undertaken, utilizing the technological developments of the war, and it appears that in the year ahead the trend will be toward higher quality of gasoline and other products, along with new capacities or come into operation. While the keen competition on quality will continue the industry's efforts in this direction should result in better and better products.

The greatest demand factors of the oil industries appear to indicate a continuation of the favorable operating results of the past year. Since the industry represents a large part of our national income and the consumption of natural gas and electricity is increasing at a considerable rate, it is evident that the final results for the year will depend on the level of general business activity and the economic health of the nation as a whole.

**Charles R. Hook**

President, The American Rolling Mill Company

American Steel Industry has produced more than the total production of steel made by all the other steel-producing countries of the world over the war and reconstruction period, and the demand which has been created during the war for all kinds of steel products, especially pipe and structural steel, has been met by the industry. This is the result of the tremendous expansion and increased purchasing power. The same holds true for a large variety of industrial and household products which are being manufactured here. The American Steel industry has done more than its share in making up our high standard of living in this country.

The American Steel industry has been working for industries using this product to meet their production needs, and this demand for steel and the products made of it in the channels of trade at the end of the year.

**H. M. Horn**

President, United Aircraft Corporation

The most difficult period ever faced by United Aircraft Corporation has been reported in the years behind us, and we hope that 1947 will show a substantial improvement not only in our own operating results but in the healthy condition of the industry as a whole.

Our war time employment of 75,000 slumped sharply to 16,000 even in February and has now climbed back to 25,000.

In the 16 months that have elapsed since V-J Day, the industry has converted back to civilian production at an estimated cost, including the liquidation of government programs and retraining of manpower, of $12 billion. This dramatic conversion was made possible by the encouragement of the government and the sound management of the war industries.

Our progress in 1947 will depend largely on three outside factors; in addition to our own efforts. One of these is the development and acceptance of the national security program that will govern the defense industries. The other is the level of our exports. The third is the degree to which we will be able to produce the necessary materials.

The American steel industry has the capacity to produce approximately 62 million tons of ingot a year with a creditable efficiency and cost. The American steel industry has the capacity to produce approximately 62 million tons of ingot a year with a creditable efficiency and cost. The American steel industry has the capacity to produce approximately 62 million tons of ingot a year with a creditable efficiency and cost.

**Charles R. Hook**

President, United States Steel Corporation

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An Economic Picture of Europe

(Continued from first page) the rubbish and so forth has been cleared away from these out of the way areas so that the result is more of a picture of a pleasant pursuit.

Peoples Morale Improving

Therefore, I say that the morale of the people as a whole through the countries of Europe that I visited certainly is tending definitely upward. Now, I think the best thing I can do is to discuss each country as I took them in order of visit beginning with the first one was Sweden, as I took a little sojourn—best this time (I have been traveling by plane many times)—and landed in Goteborg from the Swedish Liner Griplinholm.

Sweden is a lovely country to start, not only from the standpoint of the country itself but the air of prosperity that exists in Sweden. There is no question about it, they have an air of living very comparable to our own here. You get into a country where the level of living, modern factories of all sorts, fine highways, a beautiful and energetic group of people. That will kill you in a hurry.

Now there is, however, one trend. I am going to mention this now because this trend of cooperatives which exists in Sweden is also secondary in other European countries, mainly Switzerland and Denmark. I saw very few of the others. Swedish cooperatives have gained immensely. When I speak of cooperatives I am speaking of a group, a mass of the population that went into the venture of pooling their production and sales ideas here. But they carry it much further in Sweden. They are practically all walks of life there and automotive and as well, and they are very powerful to the extent now that the cooperatives throughout Sweden are building not one, but dozens of factories to produce goods that were formerly handled or imported or bought elsewhere by those cooperatives. And they enjoy this distinct advantage that they are a non-profit organization; so they are placed at a very undue advantage as compared to the private industries and it is something of concern to all Swedish industrialists.

American Cars Losing Out in Sweden

I thought I would bring that out now in Sweden because it applies to other countries as well over here. Now I am going back to our field of endeavor, namely the automotive picture. As you know, prior to the war I think automotive supplies, trucks and cars, particularly passenger cars, were close to 90% American-made in Sweden. That trend is going downward over there.

Now, I hope that it is only during the time that we are not able to get cars over there, but I think there is more than that, which underlies the picture. First of all, the taxation on the vehicles and gasoline in Sweden has been raised to tremendously since before the war. And the result is that a car in Sweden for the rank and file of the American citizen is going to be bought for business purposes only.

There is relatively a small percentage of the population that can afford a car for pleasure only, because today the gasoline prices in Sweden, I believe, is 48 cents a gallon—our gallon, speaking of the American gallon. I have tried to translate these approximately into our figures, 48 cents a gallon. The taxes and so forth to bring a vehicle in there, plus the greatly increased cost of fuel, tended to reduce the prospect of selling a vast number of American cars to a greater number of people. However, there is one favorable trend, namely that the English cars or the French cars cost about the same, I noticed, it was a rather odd situation—one large distributor there in Stockholm had a Ford 4-door sedan in the window and alongside it had one of these little Morris Cars, which I was looking puzzle jumpers to my friends over there. But the price of those two cars delivered in Sweden was relatively near the same price; so a person picking a car might say this for Ford car was much better. But the mileage factor—that the Morris was claiming 40 miles per gallon to the Ford's 18. That is a serious proposition to the Swedish market today and I think that is probably why we will see a number of cars—speaking particularly of the passenger cars—of English and French make.

Of course, something that aggravates that situation is the inability of American producers to supply. On the other hand, I checked into the number of orders that were placed for American cars up to October 1st in Sweden—I mean the first year after the war. They had delivered at least 25,000 American cars and up to November 1st they had received deliveries of 4,500. That is about 12 or 15% of what they ordered; so there is still a terrific demand despite these rather dial pictures, which is due to oil supplies and prices and other problems.

Now, in Sweden, you have today, there are only two important automotive vehicles. The Volvo Car—they are at the present time building only cars. They used to build a passenger car and they are going into production again this year. They build an excellent truck. There is also another truck there, the Scania and it is a Diesel truck. They have been very prominent around Stockholm, Goteborg and so forth. Now, I do not know just since the last much emphasis they place on operating costs. The Scania, a truck of about 7 tons capacity, sells in Sweden for 23,000 Swedish Kroner which is about $6,000.

Swedish Home Production

They can get a like capacity American truck for about 11,000 Kroner, or $6,000. But the Scania is still a D and that makes a very great difference. I thought that might be interesting to you. Now, there is also another firm building a factory over there to produce a smaller car. That is a four-cylinder car. But there is also a group planning to build a two-cylinder car. These cars are going to be about the size of an Austin and I do not think the American producers are going to be harmed, as they are ahead of the bicycle and motorcycle trade in Sweden. There has been over in Sweden know the number of registrations of bicycles and if you drive in Sweden you have 90% of them before and after that, plus a few other. One thing I would mention in behalf of the excellent traffic conditions in Stockholm. I spent, I think, over 14 days in Sweden and a majority of that time in Stockholm and I think I can truthfully say that I never heard a horn blowing in the streets of Stockholm. There is no law against blowing a horn, but the Government has requested the Swedish people not to blow their horns. I may order with the point that it smacks one. Of course, as you know, the highways of Sweden are excellent. They are mostly Macadam and they have their service shops along the way. I notice, for the benefit of the equipment people here, that there are quite a number of air compressors and so forth of Swedish make. But as to price, I find that they are somewhat higher than the American made compressors and there is still a preference from the people that I have talked to for the American air compressor. Of course, all the highways of Sweden coming back to the motorcycle and bicycle trade—have their separate lanes for bicycles throughout the country and everywhere. So, all in all, I was very favorably impressed with the situation in Sweden. The only thing that is of concern besides the cooperatives in my mind in Sweden, is the recent trade agreement made with Russia. That is a thing everyone that is going to involve a billion Swedish crowns, which is so much that the trade agreement is going to supply Rus—sia with automotive parts or small.

Information and Advice

Regarding Banks’ Investments

A timely service extended to correspondents by the Chase is the study and analysis of a bank’s portfolio of U. S. Government and other securities. Specific recommendations are made based upon the bank’s overall investment position and particular requirements. The experienced staff and specialized facilities long maintained by the Chase for reviewing investments have proved valuable to banks throughout the country.

Advice and information on investments is only one of the many helpful services that Chase National Bank offers to its correspondents.

In our 30th year

New Horizons

Want a gentleman’s collar reached his shoulders and a lady carried her weight in her hips. Savings banks, which was in quill pen and padlock era. In our 99th year we are more like a department store... as forward looking and alert to the needs of today and tomorrow as the ever—trendy, forward looking, young and old, in our five thriving neighborhoods in 20th century Manhattan.

EAST RIVERS SAVINGS BANK
Established 1848
26 Cortlandt Street 291 Broadway 60 Spring Street
41 Rockefeller Plaza 473 Amsterdam Avenue
NEW YORK
Member Federal Deposit Insurance Corporation

THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK
Member Federal Deposit Insurance Corporation.
which slowed our production at times to almost a standstill. We will adjust ourselves with a maximum effort on the part of all. To secure the best for our fellowmen, a belief in honesty and integrity to reap the utmost social and economic benefits of the war industries, has emerged from the outpouring of patriotism and the wholehearted cooperation of the workers. It is my opinion that this is the only way to bring about stability and prosperity in the world economy.

In conclusion, I believe that the postwar period will be a test year. We have been through periods of economic stress in the past and emerged to greater heights by hard work and effort. We should not be discouraged, but we must cooperate and work to achieve our goal.

Jack Kapp
President, Decca Records, Inc.

The outlook for the phonograph record industry in 1947 is highly favorable for two main reasons: first, during the past five years, production potential can be approached to bring about the improved production and demand. Plant capacity has increased, raw materials are more available, and the high cost of distribution outside the home is being reduced, resulting in increased demand for records. It is anticipated that the industry will be able to maintain the high production levels of the past few years. In addition to the favorable factors within the industry itself, a high level of public interest and the increasing number of phonographs being purchased as a desirable gift are expected to sustain the growth.

During 1946 makers of coin-operated record players reported high demand and increased production of "juke boxes" and this high rate is expected to continue in 1947. The demand for records created by the wide use of these machines has increased, and they listen to phonograph discs. Decca has been a pioneer in this expansion in the usefulness of recorded material.

During 1946 makers of coin-operated record players reported high demand and increased production of "juke boxes" and this high rate is expected to continue in 1947. The demand for records created by the wide use of these machines has increased, and they listen to phonograph discs. Decca has been a pioneer in this expansion in the usefulness of recorded material.

FRANK K. HOLBE
President, The United Electric Coal Companies

The coal industry has passed through the difficult and troublesome period of war production during the past 12 months. Strikes, government controls, extreme difficulties in maintaining machinery and equipment, and other problems have been met by the best ratio of profit to production and distribution. In spite of this, during the war years and the year following the war, the industry produced more coal than all of our Allies combined and half of the coal produced in the entire world. I think we in the industry can, therefore, face the next few years with a feeling of confidence. Labor relations have been one of our most serious problems. I feel confident, however, that the people through their government will cause all problems to be met by their responsibility as well as the privileges they enjoy under our American Way of Life.

The recent strike of the coal miners and the final decision to return to work indicates the beginning of a new era in coal labor and industry. No doubt the interruptions in production caused by strikes will mean more coal tonnage to our major competitors, natural gas and oil. This will be particularly true in areas where the delivered price of the coal is extremely high. In the large industrial centers, however, coal still remains the cheapest and most satisfactory source of power, and energy. This is also true in foreign countries and I believe the United States should continue far several years to be the chief source of supply for those nations purchasing coal outside their own countries. We should, therefore, look forward to a good market for most of the coal produced in the United States for the next few years.
An Economic Picture of Europe

(Continued from page 443) микелециские. Итак, сведение, что мы не всегда можем далее, как француз, ваем товары и в особенности носят качеством, доступные для," не включает в себя неприятности, как в OTHERS: N. S. U. To the right, is particularly beautiful. As also, other cars. But we all keep our cars as long as we can. But the cost of maintenance is high. The result is that there is a lot of money wasted in Switzerland. I hope that our government will undertake to do something about this. But there is a limit of $125 you cannot cash anywhere. I would like to see this and other countries. The story was the same everywhere. Distributors took me into their stores and showed me where to sell my car. I really looked for it. Then they showed me the stack of documents for automotive parts and equipment which they could not accept. When asked what the comparison was between the present business...

(Continued on page 447)
Business and Finance Speaks After the Turn of the Year

President, Government Mutual Life Insurance Co. of Philadelphia.
The year 1946 was a good one for the production of new, and the conservation of old, life insurance. New business increased 47% over 1945 to a new record high of $353,157, and outstanding insurance increased nearly 12% to another record high of $714,111,000. A record number of policyholders, standing in the neighborhood of 73 million. The many changes in the field of investments, where low interest rates have made it necessary to seek a different course.

M. ALBERT LINTON
President, Mutual Life Insurance Co. of Philadelphia.

Mr. Linton will be representing his company in the discussion of the financial and business aspects of the year 1946. He will be discussing the problems of the insurance industry, the impact of new technology on the industry, and the future outlook for the industry.

J. SPENCER LOVE
President, Burlington Mills Corporation.

More normal supply and demand conditions which are returning gradually to the rayon textile industry, coupled with rationalization of artificial and nonartificial costs, ensure a healthy basis for the further expansion which is inevitable.

S. L. CUMMINGS
Chairman of the Board, The Goodyear Tire & Rubber Co.

The rubber industry, in the year just closed, enjoyed many all-time records in production and sales. Consumption of rubber (naturally manufactured) reached an all-time high of slightly over 2,000,000,000, and a new record high of more than 500,000,000 tons, and a new record high of more than 500,000,000 tons, of which natural and manufactured rubber may be in about equal proportion.

P. W. LITCHFIELD
Chairman of the Board, The Goodyear Tire & Rubber Co.

The tire industry will be facing some difficult challenges in the coming year, including increased competition, changes in consumer preferences, and the impact of new technologies. The discussion will focus on the industry's strategies for addressing these challenges and maintaining its position in the market.

Of interest is the war-born synthetic or manufactured rubber contribution to our war and peace economy. Consumption of this industry is expected to increase by about 50% in 1947 over 1946.

The conference will also give the industry the opportunity to meet its financial needs and to provide the market with new products.

In addition, all usages made by all allied rubber-consuming industries.
The conference will be attended by representatives of all major rubber-consuming industries.

The conference will be held on the 19th of January, 1947, in the downtown area of the city. The conference will be open to the public and will be broadcast on a radio station.

The conference will feature discussions on the latest developments in the rubber industry, including new products, processes, and technologies. It will also provide opportunities for networking and building relationships within the industry.

The conference will be an opportunity to discuss the future of the rubber industry and to plan for the coming year. It is expected to be a productive and informative event for all those involved in the rubber industry.
An Economic Picture of Europe

(Continued from page 445)

The answers were usually the same: "more business." Now, however, the question is far more business. New orders, new employment, new suppliers. In fact, the expansion is much greater than the vacuum that was left during the war years. They are looking for new types of "merchandising and distribution, particularly in the United States, where the American merchantile

Belgium Prosperous

France: Confused

Going from Switzerland, into France, it is the same thing. There are few people in Switzerland that can afford an automobile and it is through their prosperous tourist centers in the country and the lack of confidence in the stability of the franc.

As you know, there exists a large black market operation on exchange dealings in France. However, it has been so prevalent that the people do not refer to it as a black market operation anymore. They refer to it as a "black market." You get 119 French francs for a dollar at the official rate in the banks, but anywhere you go in France, in particular Paris, you will have from five to six solicitors a day stopping you and wanting to know if you have dollars for sale.

When I was there, they were offering up to 329 francs for the dollar—nearly three times the official rate of exchange. I understand it has moved up since I left France, but I am not sure by how much. The situation exists in that country, especially in Paris.

Their automotive transportation is in a terrible state. When you see the busy and it is the same when you get to Paris and you see the streets, it is the same. The state of affairs in that country is not a good market for us, anywhere, at least in the majority of things, because local manufacturing look care of it.

But certainly until they do realize that it is very expensive and they will probably have to make the arrangements, then the difficulties are solved, which they have in France, England, and Germany. I do not see how the country can come back to where it belongs.

Belgium Prosperous

France, England, and Switzerland is enjoying a great era of prosperity. The problem that I have is that it is an inflationary basis. Prices have been very high, food shortages, and so forth are tremendously high, particularly food. The cost of an ordinary dinner today is $56.00 at all places. Everyone seems to have money.

There are all types of merchan-

Belgium, a country in which I believe, is probably the most advanced 1946 vehicles. Ford is developing in Belgium, for approximately $3,200. That is the official price. But I interviewed people who had paid around $4,200 for their Ford. But they seem to have money and their factories are going full blast again. Of course, the big industries of Belgium are glass and steel. They also have very large factories making asbestos cement products. They are the world's greatest producers of glass.

Here again the handicap is in the transportation field. Of course, destruction to docking facilities hit them hard. The Autopoeus, as you know, were pretty well blasted out. But they are quickly rebuilding them. In fact, I saw a lot of temporary slips and so forth at Autopoeus. I would say that I do not see any of the usual trouble that we would expect with the amount of exports they are doing today. The people were working as are the, the situation will level off without any worry about financial difficulties in the way of a depressed franc. I cannot say that for France.

Britain Struggle to Export

Now, moving over to England. It is not know how it is with the rest of you, but this has never been so much of an automobile market for our company. As you know, there are very few automobile industries there is all out for exports of their products. They are exporting in excess of 50% of their vehicles which are building. And in 1946, I think they just fell short of a half million units in manufacturing.

They are hoping to increase that this year, but I do not think they will reach that this year brings me up to subject probably which we are all concerned about and that is essentially the English loan that we made over to France for its purpose. As you know, there was an unfreezing clause in there that they were going to have to get it the best as possible, which should take place within 12 months.

However, on that basis, they had estimated that considering their exports, I think in 1938, as around 100, they were going to have their postwar exports around 175% of 1898. They actually ended

up in 1948 with 117%. I personally do not think they are going to exceed the 117% mark in 1947 because of the situation in their coal industry today.

However, there was over there they just put in a new restriction cut-down on the use of electricity. That is the condition all through England. Cutting down on the use of electrical power is reducing the productivity of England and their industries are going to approach the 15% level that they are almost at, and I am a little skeptical of the unemployment in the next 12-month period because we are going to fall short of their quotas for export necessary to get the amount at excise to do the unfreezing.

Furthermore, when made, they have that loan it was based on a lower level of prices in the United States and so that loan has depreciated due to the higher prices they must pay for the goods they are buying from us today. The nationalization program of England is very un-

popular with all business people and as you know, they are extending it into several industries.

My thought is that nationalization of the coal industry could not be any worse than the coal industry of England has been in private hands, because it has been a sick industry for many years. But despite that remark, I do not mean to imply that I, in favor of nationalization because I am not. But the English industries and the industrial people are very much concerned over this nationalization program and that is another thing that worries them in getting their exports up to honor the agreement or cease to do the unfreezing.

A. R. Black Resigns

Alfred R. Black has resigned as Manager of the Sales Department of America Securities Corporation, 23 Broad Street, New York City.
WALTER S. MACK, JR.
President, Pepo-Cola Company

The soft drink industry has, over the last period of years, had two major problems to contend with. The first has been limited demand, primarily to the restriction of rationing of sugar. The second has been lack of funds, both of sugar and materials.

The prospect for sugar in 1947 for all ready is much brighter and there are many who believe that within a short time sugar will be removed from rationing. This means that we will be able to allow manufacturers to again produce and market their soft drinks on a normal basis.

Sugar is such a critical commodity that it is conceivable that the amount of sugar which industrial users will receive will be larger than in 1946. In either event the prices of most sugar products will be lower.

However, the question of increasing costs will be important. We are now operating with the assumption that the ingenuity and ability of the management of each company will be taxed to the limit. Therefore, any increase in cost will reflect itself immediately on the price of our product.

The value of the product to be raised to the retail price will suffer considerably.

There are a number of companies who have not had the courage to adjust their price structure to date. For one reason or another, they have been afraid of the public judgment. As a result, their profits and their profit figures have already started to show the strain of increased costs. We expect a definite increase in 1947, the profits margin of such companies will be further depleted.

Pepo-Cola has long since adjusted their price schedules to these changed conditions so that they look forward with confidence to this period from the point of view of sales and profitable operations.

SIDNEY MAESTRE
President, Mississippi Valley Trust Company

The field of banking will, of course, be influenced by the trend of industrial activity in the coming year. Thus, if a high level of industrial activity is maintained, the volume of commercial loans is likely to expand still further. On the other hand, a decline in the level of industrial activity is likely to mean a smaller volume of commercial loans.

Since some decline in business is generally desirable at this time, we feel that the volume of commercial loans will decline somewhat. However, there will be an increase in the purchase of durable consumers' goods, and we do not expect anything that trend. Unless the durable goods industries can increase their sales to offset the decline in the automobile industry, we feel that there may be a slight increase in bank loans to consumers will increase.

Banks have contracted their loans last year as a result of the government's policy of utilizing balances in the form of Treasury certificates. In addition to the certificates, the government has also purchased national bank notes. The Federal Reserve Bank of New York has also purchased Treasury bills.

Federal Reserve Bank of St. Louis

President

Walter S. Mack, Jr.

President, Pepo-Cola Company

C

President, Mississippi Valley Trust Company
Contrasts of U.S. and European Economy

(Continued from page 496)

reactions to the business and social conditions for so-called "minorities."

We are in this country have only one problem, the search of chemical knowledge and its application—whether fertile or not, the people of Europe have each with a high barbed wire fence, and they are differing sharply from its neighboring conditions. The character of the people and the industries and the activities within the borders. Unlike the countries of the United States, they believe that chemistry and its utilization in very much different in the various sections of Europe.

We wish to emphasize that the differences in the characteristics of Europe are due almost entirely to the cause of the present organization of human affairs in Europe. In this review, we do not wish to cast aspersions on any group or individual. Any activities which do not meet with our approval must be considered in the light of the changes into consideration that they are due to the influence of foreign affairs. This human affairs differing greatly from those in our country, in the general situation, general conditions only will be outlined and in all cases excepted, the country in which the mob emphasis would tend toward a distortion of the overall picture.

European Raw Materials Situation

In no one country of Europe is there any country to which the availability of raw materials is not an all-pervading influence. In most of them, local markets and local conditions of production have low cast volume of competing goods. Every country in Europe is so far subject to the demand for the raw materials or manufactures. Although the demand for the needs of neighboring countries or foreign countries, the countries of the continent cannot find the extent and nature of its require¬
ments, and the efficiency of the imports for these imports must be provided mostly by exports. The fact that the country's business is obliged to export and import under the conditions of their own conditions (selves) in order to continue to exist, is due to the fact of any more concern than the fact that goods in the United States may be brought to the continent of Europe, and the country which has problems in the foreign exchange is national problems in the foreign nations. There is a no "wasteful" machinations of international political intrigue from which the last times, have been removed by the existence of the countries in which the no uniform ethical rules of business conducts the international trade on the Continent of Europe. European countries which have had a history which has led to this situation, in fact made it worse.

Why Germany Was Dominant

In Europe, the obstacles in the path of the development of industry was it an important factor in en¬
abling Germany to maintain its dominance in the export business. There were times when, in spite of individual efforts of European nations, their development which would have been impossible but for Germany's country were impossible. In the plans for expansion which some of the industrial leaders in such countries as Austria, Hungary, and Switzerland, the manufacture of security of interest greatly limited because of the competition in the United States. Their populations were so small that they could not justify capital investment in the manufacture of products in large volume because their success could only be as¬
sured by continued profitable export. The unpredictable machina¬
tions of power politics against the trade of this country, and also the destruction and instability of markets throughout. The products of the United States were greatly influenced ad¬
versely by the situation in Europe. As Europe is organized, the impor¬
tance and role of the raw materials and the interference of poli¬
tical conditions in the economy is emphasized by the ridiculous amount of planning for self-sufficiency. In Italy, the situation provided a unique example of the way to provide ample supplies in case of war. When the Italian government was able to secure a large amount of raw materials, it provided a unique example of a high position in an American business enterprise. He frankly discussed the effects of the raw materials that had to go ahead and build a plant. If asked what could be done if the war was not to be imported, he made it clear that the recent discussion was "No, no, no raw material!"

Position of Smaller Countries

In most of the smaller countries of Europe where the government is supreme, the post-war period in the development of power, industry and commerce, has been marked by a persistent manufacturing and development which has made the country's raw materials and products superior to the same raw materials and products. Even for the importation of essential basic raw materials, the smaller countries in the United States and the standard of living of a very large proportion of the country's people has been high, but not, however, as high as in the United States. The United States had a very large population with potentially high cost low mass produced products, these were greatly limited by the inequality of distribution of the market in the various countries.

As a result of the fact, there was a great confusion, international intrigue, in the world. As the result, the peoples of the predomin¬
ant agricultural countries have been very dependent on the leadership and opportunity as developed. Compared to the life of the world in general, the United States, the standard of living of a very large proportion of the country's people has been high, but not, however, as high as in the United States. They were very much dependent on the country's raw materials and products, except for a few countries, a few countries where they are not the subject of international pressure. In this respect, the smaller countries have, in general, been benefited to a greater extent than the larger countries. It is, for example, the case that the smaller countries have not been able to provide markets for competitive mass production of consumer goods so important in an economy.

Limited Markets

In those countries of Europe in which there has been no cause of availability of coal and other raw materials, the industrial activities were influenced by the competitive activities with the country, and the inactivity of export markets. In these countries there were no home markets to support the highly competitive export market. In the countries where mass production were made in the large scale, there were only small or none at all, and the large industries were usually confined to one company in each country which could support such activities. Naturally, each of these enterprises considered its export market as its own, and on meeting competition from similar enterprises in other countries, they would give no rules or refutes, chaotic competitive tactics resulted which could not justify the results of the new competition. To avoid this, the organization of cartels was felt to be the only practical solution. These organizations of internationally competing producers of raw material or manufactured goods were formed to establish rules for conducting the business in their particular field. As their primary interest was the sale of a particular commodity, it was natural that the rules and regulations which were established by every organization was of only minor consideration, of the general European economy or the country's economy. The advantage of this situation, the advantage of this situation was that the sales prices and the allocating of markets had been dominated by the power of a few important organizations naturally turned to the top spot in the sale market. The countries affected were the United States and Europe. The situation in Europe is thus greatly handicapped. On the other hand, large organizations in the United States and Europe, through the patenting of a large number of inventions, have been able to obtain patent protection throughout Europe, and, in this case, this right may involve suits in many countries with as many as a few exceptions to this generalization. It is, therefore, the problem of enabling Germany to maintain its dominating position in the market.

European and American Research

A very important difference in industrial activities in Europe and the United States was in the utilization and distribution of research and development effort. In the review of conditions in the United countries and the United States, it is possible that the research and development were completely eliminated by the fact that is not the case, but industrial progress was definitely not stimu¬

ated or as necessary as in this country.

Cartels

The urge to dominate and the necessity of being dominated, firmly established in Europe, stimulated large organizations necessary to the formation of competing firms of interest. The division of powers to form monopolies to protect their interests in cartels. The normal countries of Europe on a basis of quality which we have in this country was therefore not only non-ex¬
istent in international trade in Europe, but was non-existent in the individual countries. (Again, I must emphasize that there were many exceptions to this generalization.)

The benefits of the existence of one patent system and one uniform standard practice throughout the United States are not enjoyed in Europe. Each country has its own patent system and practices without any attempt at uniformity. What may be patentable in one country may not be in another. Procedure in infringing cases and the possibility of enforcement of patent rights vary from country to country. It is a matter of considerable expense and difficulty for a foreign inventor to obtain patent protection throughout Europe, and, in this respect, his force his rights may involve suits in many countries with as many as a few exceptions to this generalization. It may be said that the problem of enabling Germany to maintain its dominating position in the market.

(Continued on page 451)
Business and Finance Speaks After the Turn of the Year

M. LEE MARSHALL

Chairman of the Board, Continental Banking Co., Inc.

The demand in the commercial, industrial, and automobile fields has been so great that the industries are operating at or near capacity. This is the result of the increased demand for goods and services, which has been reflected in higher prices. The prices of many goods have increased significantly, leading to higher costs for businesses. The Federal Reserve Bank of St. Louis

TOMAS W. MARTIN

President, Alabama Power Company

The demand for power has been so high that the company is having to operate at full capacity. This is the result of the increased demand for energy, which has been reflected in higher prices. The prices of electricity have increased significantly, leading to higher costs for consumers. The Federal Reserve Bank of St. Louis

GEORGE W. MASON

President, Nash-Kelvinator Corporation

The demand for automobiles has been so high that the company is having to operate at full capacity. This is the result of the increased demand for cars, which has been reflected in higher prices. The prices of cars have increased significantly, leading to higher costs for consumers. The Federal Reserve Bank of St. Louis

ROBERT B. MCCOLL

President, American Locomotive Company

The demand for railroads has been so high that the company is having to operate at full capacity. This is the result of the increased demand for transportation, which has been reflected in higher prices. The prices of railroad services have increased significantly, leading to higher costs for consumers. The Federal Reserve Bank of St. Louis

(Continued on page 48)

The Commercial & Financial Chronicle

Thursday, January 23, 1947

590
Washington and You

(Continued from page 391)

...the crusade of liberal Board mem-
bers. The Federal Reserve Act of 1914 and
the Federal Reserve Act of 1933, both of
which would have ended the current
issue would be decided by Congres-

...Capitulation of the Board is in-
herent in dealing may elicit from
a broad invasion into the na-
tion's economy as affected
by great financial institutions of
credit. Chairman Woolcott of the
Board of Governors has planned
such a study, still feels it
is a good idea. Modifi-
cation of T and U devilized
Republican reformers to be a de-
... remaining for disposi-
tion in the Reserve Board's re-
quartet for permanent power to
... re-arrange consumer credit, dis-
cussing of which could easily
lead into the ramifications of
credit controls. There's a good
chance the House Committee
... in that direction.

... The Justice Department is "in-
vestigating reports that finan-
cial groups contribute to monopolistic
control by their in-
vestment and credit banks. From
this knot-hole peering, the De-
partment is forming facts on
what it claims is a freezing out
... newcomers in industry by invest-
gment banker pipeline of funds.
"No comment, we're just inves-
tigating," said a spokesperson for
a Department spokesman when
asked if a Department
... would shortly be filed
against the nation's biggest investment
bankers.

... No more Federal power proj-
et of "investigation of the Fed-
eral Reserve system by Con-
gress. This means two
... ings in Federal power
... is obviously an in-
tegral part of decen-
... (2) develop a
water
... vantages involving flood
control, navigation and power
production will be conser-
... Limited immunity for railroads
... proceeds for antitrust proceed-
... with Interstate Com-
... tion. Its way through Congress, Senate
Commerce Committee is now
holding hearings on this proposi-
... delaying tactics by south-
... early action can be predicted.

... Freight car production aim
... the 9,000 units
... but this compromise
... on both sides of the
... sition. Of Defense
... Transportation claims the out-
... stem keymen demand, insist the
... 9,000 plan is beyond prompt
... attainment. Probably is that
... production will build up gradu-
... the 3,120 December level to
... an optimum of 7,000
... cart wheels are seen as
... the major limiting factor.

... Don't expect any easy transfer
of SEC headquarters from Phil-
... office's space here
... remains too deeply in deficit.

... Congressional pruning sci-
... may be applied to Presi-
dent Truman's budget plan for a
... White House blank
... check. Mr. Truman wants the
... half million to spend as he
... pleasure, over and above appro-
... ing routine presiden-
tial expenses. During the
... month, Keohane spread this
... unbridled executive disbursing
... millions annually. It wouldn't
... surprising if Republican
... an itemized justification for the
... Truman.

... The shrug forceful upon in-
... rates by New Deal deficit
... financing is highlighted in latest
... bills, and the average
... rate of interest on debt out-
... December. This plan averaged
... the corresponding date following end of
... War I was 4.15%.

... Congress will soon
... Recon-
... Construction Finance Corpora-
... in modified form at least
... another year. Real decision
... stemming from debate on this
... the Federal Reserve board, but
... because, such is the sanctu-
... the social philosophy that a go-
... ernment corporation should
... be able to obtain funds elsewhere.
... first embarking on a theory un-
... former President Hoover.
... Republican leaders are not
... to desert it completely at this
time.

... Congressional investigation of
government propaganda and pub-
... licity activities is not far removed.
... Results will be constructive, at
... least in two number: (1) Propaga-
... ganda dispensation will be com-
... pressed; (2)贷 Names
... agents will be fired and the Fed-
... eral payroll correspondingly al-
... soved.

Treasury official claims real
... progress in maneuvering the
... Federal debt out of Federal
... Reserve and commercial banks.
... 80% of the debt in the
... from March to June, 1946,
... was in securities held by the
... banks. Of the billion dollar
... increase during fiscal 1946,
... that these figures do not
... the Secretary. New ventures
... which will be particularly vulnerable
... to a drop in business
... activity comprise 300,000 retail,
... 120,000 service, 60,000 construc-
... tion, 50,000 manufacturing,
... 100,000 miscellaneous establish-
... ments affected. In operation since
... the beginning of 1944. Reconciliation
... casualties would be particularly
... serious. This new report
... Commerce Department estimates
... that the number of U. S. business
... firms has reached a new top-

3,650,000, compared with 3,240,000
at the end of 1943.

... Attention all business men!
... The following gen was solemnly
... and officially released by the
... Commerce Department after a
... hour of book selling busi-
... ness: "It is more important to
... a search businessman that a
... bookworm if you are to
... a success of running a book store."

Congressman Crawford
Shifting From Banking Committee

WASHINGTON, Jan. 22 (Spe-
... 115 L..
... Crawford...

.... Crawford, a Republican,
... on the majority side of the
... Banking and Currency Committee,
... been outspoken only by
... Chairman, Mr. Woolcott.
... Crawford has always been a
... public interlocutor of with-
... names before the Banking and
... Committee. Last year Mr. Crawford,
... about thirty dozen countries as a
... member of a group of legislators
... concerned with illuslar affairs.

CHICAGO TITLE AND TRUST
COMPANY
69 West Washington Street • Chicago

CONDENSED BALANCE SHEET
As of December 31, 1945

<table>
<thead>
<tr>
<th></th>
<th>1946</th>
<th>1945</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
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</tr>
<tr>
<td>Cash</td>
<td>$4,588,208</td>
<td>$4,510,677</td>
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<tr>
<td>Investments</td>
<td></td>
<td></td>
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<tr>
<td>Mortgage Loans*</td>
<td>397,045</td>
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<tr>
<td>Accounts and Notes Receivable*</td>
<td>713,520</td>
<td>699,506</td>
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<tr>
<td>Mortgages, Real Estate and other Investments*</td>
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<td>2,935,059</td>
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<tr>
<td>Stocks of Associated Title Companies</td>
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<td>2,530,175</td>
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<tr>
<td>Guaranty Corporation</td>
<td>4,000,000</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Title Records and Indexes</td>
<td>1,500,000</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$35,915,225</td>
<td>$34,091,630</td>
</tr>
</tbody>
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*After Reserve Provisions

LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>1946</th>
<th>1945</th>
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</thead>
<tbody>
<tr>
<td>Federal Reserve Cash Balances</td>
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<tr>
<td>Cash Deposits as Indebtedness against Specific Title Guarantor Risks</td>
<td>$1,960,468</td>
<td>1,694,792</td>
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<tr>
<td>Discount Payable</td>
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</tr>
<tr>
<td>Accrued Payable, Taxes and Accruals</td>
<td>1,849,171</td>
<td>1,456,914</td>
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<tr>
<td>Provision for Employees Pension Trust</td>
<td>1,713,992</td>
<td>1,624,681</td>
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<tr>
<td>Receivables</td>
<td>2,757,559</td>
<td>2,430,277</td>
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<tr>
<td>Capital Stock</td>
<td>11,900,000</td>
<td>12,000,000</td>
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<tr>
<td>Unredeemed</td>
<td>8,000,000</td>
<td>8,000,000</td>
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<tr>
<td>Undivided Profits</td>
<td>2,870,445</td>
<td>2,105,725</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$31,953,225</td>
<td>$30,691,630</td>
</tr>
</tbody>
</table>

*As in the amounts provided by sources of Illinois have been pledged to qualify the Company to do business and to secure trust and cured purposes.

CARTER H. CORBREY & CO.
WHOLESALE DISTRIBUTORS
FOR
UNDERWRITERS
MIDWEST
PACIFIC COAST

SECONDARY MARKET DISTRIBUTION

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The Commercial and Financial Chronicle
Business and Finance Speaks After the Turn of the Year

(Continued from page 450)

...and improving problems in labor relations and government bureaucracy, the railroads can take comfort in the fact that they have achieved a successful experience in dealing with government supervision.

American Locomotive Co., of course, sees this future through the eyes of the creator of new and improved freight rolling stock. We have come through our modernization and expansion program to meet current and future needs, the company says. We are doing more than this. Contrary to historic industry practice, we are modernizing locomotives for the same kind of production to another. For a century, we have been a leader in the development of new and improved engines. In 1885, we introduced the nation's first electric-locamotive. Today, after the interruption of war, we are prepared to continue to meet the future's needs, using the motive power field through the production of electric-locomotive types.

While manufacture of steam locomotives will continue to be an important industry for both foreign and domestic, who prefer steam motive power, we have met squarely the trend to diesel with the same engineering skill and experience which fathered our leadership in steam. We have backed with $20,000,000 our faith in the railroad's future, which sum has been spent in research and development leading up to our new line of diesels. We have built the world's most modern dieselelectric plant at Schenectady and have introduced a series of new diesels, including the large and powerful dieselelectric engines. We have perpetrated a long-standing manufacturing association with the skills and reliability of which we are justly proud.

This modern diesel-electric manufacturing plant was built to meet the needs of the railroads themselves. In 1935, only 25% of locomotive orders were for diesels. In 1941, this proportion had grown to 79%. Today, it is said that every observed motive power field is that diesels will constitute 91% of our production and steam diesels will constitute 1%.

It is our intention, however, to observe and test continuously all ideas for the improvement and development of motive power. We are engaged in cooperation with the development of the high-speed electric-railloids. Some of our engineers are following closely the development of the high-speed dieselelectric, a new power type, and it is expected that such development will be to 40 years away.

We think the outlook for the railroads is bright. We are banking on that future with aggressive plans designed to match the progress of the railroad industry.

James A. McInoy
President, The Guardian Life Insurance Company

The year just closed was the best year in the history of the life insurance business. Total life insurance in force at the close of 1946 was $128,000,000,000, or 38% above 1945, which was up 40% since 1941. Averaged that mortality, 3.5% this year for the year.

The increased amount of life insurance that can be obtained for each American family increased by about $10,000,000,000 for 1946, which was about 13% above 1945. In 1946, about 60% of all American families were covered by some form of life insurance. The number of policyholders exceeded 50,000,000. The number of beneficiaries in 1946 was over 35,000,000.

Increased amount of life insurance exceeded the previous year's record by over $10,000,000,000. Total cash surrender, to policyholders and their beneficiaries, but not reduced by loans outstanding, was about $1,000,000,000 for 1946. Dividends to policyholders making up $500 million of the total. Reserves to guarantee the payment of future benefits increased more than $3 billion, or 50% for the year. These reserves now total nearly $42 billion.

In a year clouded by industrial uncertainty and labor unrest, the increased amount of life insurance and increased living costs have made the record expansion of life insurance benefits for two reasons:

(1) Individual life insurance holdings, considered partly a few years ago, fell to 30% of 50% of the sum of 1946. Much of the new life insurance placed in 1946 was purchased to bring Individual living insurance up to date. The net result of this assumption, decided that $60,000,000 (about 97% in 1941) was distributed in 1946 to policyholders. A veteran who said that $10,000 of National Security Life Insurance was a solid investment that made a realistic analysis of his family responsibilities, which included the purchase of a home. The veteran concluded that he could not keep his Government policy, and applied for $10,000 of permanent insurance.

James A. McInoy
President, The Guardian Life Insurance Company

G. METZMAN
President, New York Central System

Any worthwhile appraisal of the outlook for the transportation business, whether for a nation or an industry, must necessarily be based on the outlook for industry generally. Unfortunately, that situation is too clear. Labor organizations are in a position to control the amount of work which can be done to the greatest benefit. The work, according to the agreement, can be done at a rate of 60% of the normal rate.

If the agreement is followed, it will be a matter of great importance to the nation's industries against which the transportation business is seeking to improve its position.

This country, thus far, has succeeded in the control of railroad companies, and the result of a giant defensive effort—effort which finds itself at a para
ticulous peak, and which calls for the organization of all the resources. The new transportation system is the battlefront of the labor movement.

Gustav Metzman
President, New York Central System

C. Bedell Monro
President, Capital Airlines

In this country industry operates on the principle of private enterprise—the profit and loss system, or, as it is sometimes called, the free enterprise system. This system is not perfect, but it is workable and it is practical. It has evolved as the free choice of the people and it can be improved by intelligent experimentation as the net residue of everything that has been tried. If there is any one thing that is useful to the nation, it is the global. Our basic necessities are the luxuries of others. Employment is relatively abundant, and the nation's government is constantly looking for ways to promote the national welfare and improve the standard of living of the people. The government is constantly looking for ways to promote the national welfare and improve the standard of living of the people.

We have reached a stage in our industrial life where labor wielders tremendous power. There should be a determination on its part as to how wisely it will use this power to determine the future. If we are to do so, we must be able to determine the future. If we are to do so, we must be able to determine the future. If we are to do so, we must be able to determine the future. If we are to do so, we must be able to determine the future.
Wages and Industrial Progress

(Continued from page 382) political dictum of the day, which is the heart of the industrial relations conflict.

In the search for wage stability and "fair competition" many new programs have been introduced to support wage increases. No longer is emphasis placed so heavily upon wage and salary differentiation as a factor for allocating to labor a "fair and equitable share" of the profit from sale of a joint product. Nor is there any recognition that the differences are a factor in the creation of labor mobility. Although the traditions are relatively simple functions of wage determination which are subject to change, others have been overshadowed by the desire to "take wages out of competition."

To prevent "unfair competition" by standardizing prices and differentials, to establish equal pay for equal work, to aid in securing job rights through seniority rather than performance are but a few of the goals of the labor movement which now have a vital bearing upon the wage determination process. They cannot be applied effectively without the sense that there is now a widespread labor standard which will not be exceeded. To that end, labor bargaining power was probably never higher. Relatively high wages and high increases in labor standards were to be and were achieved. The policies of unions which produced such notable improvements in the wages of employees were significant, however, only if they are related to the economic setting in which they were applied.

Since 1911, relative production costs have increased, but prices have held down. Little bearing upon whether or not in production at any given time is operated. Efficiency on the job has not been a critical factor in determining whether an employee kept his job or lost it. An inspection of the cost of production irrespective of the cost of living in which the work was carried on. The cost of production has been astronomically increased to make all this possible.

Consumer No Name Supplier

It was quite possible under the conditions prevailing to acquire all wages in a rigid application of any fixed standard of wage determination without affecting full employment and without forcing very much productive equipment out of operation. Wage determinations were made little effort to competitive relationships because competitive wages were maintained. We are now moving rapidly to the time when competitive wages will become a function of rejecting products of highest cost and poorest quality. Without some security of the employer's job nor security job nor security job will be possible unless management and employee turn in a pretty good job for the job. The essentials surrounding wage determination are about to change materially.

The labor cost consequence of making labor economies upon the influence of these policies upon the relative competitive position of businesses and industries have frequently been ignored. Such an argument is a vital part of developing wage policies to meet the needs of recovery. It cannot long be side-stepped by an employer who says, "all costs are under control."

If only wages generally are increased sufficiently to provide enough purchasing power to keep every factory running at capacity regardless of the ability of management and its employees are doing. It is easy using such an approach to overlook the elementary fact that costs and quality of the products vary widely between competing plants.

Perplexing Problem

During the war high cost operations had to be continued and obsolescence had to be deflected. In consequence, there was a tendency to increase production at the expense of efficiency in many industries. The industries are greater than they have ever been. The ratio of profits is also now. The decreasing ratio of profit which we long for so avidly will reduce the high prices of many companies all right, but they will also turn profits into losses for other concerns. The problems of maintaining full employment and a high level of production which will then arise have to be tackled by an anti-inflationary approach if economic progress is to be assured. Stabilizing wages through collective action may have been regarded as a remedy or of that sort of the all-consuming problems which must be solved. It is a brand of new problem for the United States in most of the mass production industries where employees have but recently been organized to what extent can inflexible wage standards be established for such industries without an excessive price in job insecurity and production losses.

II.

The degree to which wage levels or wage changes should be determined without regard to post war conditions, is costly and the competitive position of particular business enterprises or of particular industries is now at issue. Wide differences would be narrowed if it were arranged that one of the functions of collective bargaining is to stabilize wages throughout an area of competition. Any level of stabilization will presumably bear relatively heavy upon high cost concerns. There can be, you apply, have a great deal to do in determining the number of companies and the number of jobs which will be placed in jeopardy as a consequence of new wartime standards. The wage standards of those who are not on the edge of disaster. Such great risks are entailed in the establishment of any industry-wide wage standard that a great demand has arisen to require bargaining only on a plant-by-plant basis. This is an admission that it is impossible to attain any stability in wages despite the evil need for some such program which was made very clear in the early 30's. Most unions and many employers have disregarded the fundamentals of collective bargaining.

Industrial-Wide Bargaining

Who ever any price of industrial-wide collective bargaining.

CONDENSED STATEMENT

FIRST NATIONAL BANK

IN ST. LOUIS

At the Close of Business, December 31, 1946

* RESOURCES

Cash and Due from Banks

$117,741,608.58

U. S. Government Securities

149,152,811.07

Loans and Discounts

8,907,145.43

Stock in Federal Reserve Bank

$65,000.00

Banking House, Improvements, Furniture

335,603.50

Other Real Estate Owned

929,003.00

Promissory Notes, Acceptances, etc.

3,905,713.34

Accrued Interest Receivable

975,880.37

Overdrafts

11,124.24

Other Resources

4,012.43

$457,790,318.66

LIABILITIES

Capital Stock

10,150,000.00

Surplus

5,366,282.04

Unpaid Profits

6,869,282.04

Dividend Declared, Payable, February 24, 1947

500,000.00

Reserve for Taxes, Interest, etc.

1,901,710.92

Seized Discounts

$1,305,380.09

Liability & Letters of Credit, Acceptances, etc.

1,305,380.09

Demand Deposits

$355,922,361.68

Time Deposits

11,957,150.50

Total Deposits

425,479,512.92

$457,790,318.66

STATEMENT OF CONDITION

At the Close of Business, December 31, 1946

NOT INCLUDING TRUST FUNDS

CASH

On Hand and with Federal Reserve Bank

$100,953,745.14

Deposits

132,034,061.24

INVESTMENTS (at cost exceeding market value)

111,928,734.80

Other Bonds

12,079,584.12

Stocks and Other Securities

33,772,358.01

Including $400,000 stock in Jefferson National Bank & Trust Co. of St. L.

400,018.30

Liabilities

Less Loans and Discounts

55,356,523.35

Liabilities

49,938,182.40

Customers' Liabilities for Credits and Acceptances

8,474,223.44

Rents, Fees, Commissions

421,448.76

Other Liabilities

2,000,000.00

Real Estate Owned

43,524,210.19

Unpaid Profits

19,671,435.16

$652,780,037.43

In securities and $660,000.00 of other assets are pledged to secure Public and Trust Deposits and for other purposes as required or permitted by law.

STATE OF CALIFORNIA:

City and County of San Francisco

To Wells Fargo Bank & Trust Co.,

City and County of San Francisco, for being duly sworn, do solemnly make and swear the following testimony, to the best of his knowledge and belief.

R. L. Wallin,
Clerk.

Foreman,

San Francisco, California

Nancy Everett, Notary Public in and for the City and County of San Francisco.

OCTOBER 20, 1947

CORRECTED—Henry Rosenfield, W. P. Fuller, Jr., Henry D. Nichols

DIRECTORS

Edward H. Bell

Ralph P. Branson

Henry Rosenfield

George N. Bixler

W. P. Fuller, Jr.

Henry M. Humen

George N. Bixler

James W. Scott

W. L. Gaver

Ray V. Booth

Henry M. Humen

J. H. D. Zellweger

Henry M. Humen

Mr. Carol H. Smith

Mr. Carol H. Smith

Mr. Carol H. Smith

Wells Fargo Bank & Union Trust Co.

SAN FRANCISCO • 20

Market of Money at the Federal Reserve Bank.

Established 1852

Member Federal Deposit Insurance Corporation.
Business and Finance Speaks After the Turn of the Year

(Continued from page 432)

Many of the nation's airlines, including Capital, lost heavily during the year, but those losses paid off in the amount of know-how and were covered by many factors beyond our control. Unprece-
dented construction conditions, and the expenditures of transition and growth are circumstances and expenditures that cannot be directly attributed to reasons for financial losses.

In Philadelphia, Washington and the other cities, examples of uncertainties which added to our losses. The hotels were strikebound to the extent of $2 million. The volume of business was of approximately $20,000,000.
The volume of the 1946 picture was lightened by several factors.
We in the air transport industry, have much
mushed and discussed in the 12 months ending. We
know great strides have been made in all phases of air
transport and the whole industry has been adjusted to
will enable us to provide, speedier, more luxurious and
dependable services. We have introduced new procedures
to streamline the handling of passengers, both arriving
and departing, and the day of all-weather flying, with the aid
of electronic devices, is nearing reality.

It probably will see a vantage-point financial picture in the air industry although it is possible that some economic difficulties will continue until Spring.

In Capital Airlines' 20 years of operation, we have had our share of low points. It is not as bad as some of the others. We overcame them and went on with our business. We are working to increase our volume of business and will continue our efforts.

Without feeling that I am displaying the traditional "January 1st optimism," I can assure that our airlines are at a higher level than any time in the past and will continue to increase our volume of business.

The capital stock of airlines is a greatly increased volume when it materializes and we feel confident that it will be sold.

The financial business depends a great deal for its sales volume upon the sale of automobiles, refrigerators, electric and other consumer products. Generally these items have been made in reduced quantities and prices.

Although the same has not been the case for automobiles, the manufacturers of such items have been able to reduce the price. It is true that the many difficulties which the manufacturers of such items have experienced have been overcome.

The fact that the price of gasoline has increased, if so, is the possibility that the automobile industry may make as much as $5 million in 1945 for rifles. The increase in prices of products will not exceed 50% of 1945 sales volume for finance companies was not up to expectations.

Our company increased its branch-

The outlook for the food business in 1947 is more promising than it was in 1946. Following V-J Day the consumer market was released from the wartime ration prices, and present.
CHRONICLE
THE PLAINFIELD TRUST COMPANY
PLAINFIELD, NEW JERSEY
HARRY H. POND, Chairman
DEWITT HUBBELL, President
Statement of Condition, December 31, 1946

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
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<td>18,230,537.65</td>
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<td>Cash on Hand and due from Banks, etc.</td>
<td>56,773,819.18</td>
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<td>Loans</td>
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<tr>
<td>Other</td>
<td>$214,256,400.92</td>
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<td>$33,251,638.07</td>
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<td>CASH</td>
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<tr>
<td>U.S. GOVERNMENT SECURITIES</td>
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<td>OTHER BONDS AND SECURITIES</td>
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<tr>
<td>DEMAND AND TIME COLLATERAL LOANS</td>
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<td>BILLS OF EXCHANGE</td>
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<td>STOCK FEDERAL RESERVE BANK OF NEW YORK</td>
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<td>OTHER DEPOSITS</td>
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<tr>
<td>BONDS AND MORTGAGES</td>
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</tr>
<tr>
<td>TOTAL ASSETS</td>
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</tr>
</tbody>
</table>

The principle non-economic condition of wage determination in these postwar years is not so much a struggle between employer and employee for the loyalty of workmen, although this is not without importance, but the competition between labor organizations based upon magnified numbers of their denominated employer and upon the size of immediate wage fund. This has raised a serious doubt about the notion that wages can ever be stabilized through collective bargaining without seriously interfering with the rate of industrial progress.

The wage policies often centered about employer estimates of the amount necessary to keep the union out of the plant and then around union wages not that was necessary to keep itself in.

Inter-Union Rivalry

The relationship of the Wagner Act to the Wagner Act arises not merely about the right of employees to organize and to be members of a labor union without interference from the employer, but about the right of association among labor unions was no more a first step in the establishment of widespread collective bargaining.

The most critical labor problems during the period from 1935 to 1940 were about the signing up of union members and about providing the union with status as a certified bargaining representative. Organizing for collective bargaining is seldom completed even after this stage is over. Efforts are then undertaken to assure a strong and a permanent organization capable of attaining union objectives. The degree of strength which is deemed essential depends upon the objectives which are sought. Stabilization of collective bargaining and industry at a relatively high level implies complete control of the employer in the industry, and the formulation of wage policies for the industry as a whole. The actual possession of this degree of organizational strength by the industry is a complex one. (Continued on page 457)
Business and Finance Speaks After the Turn of the Year

We can make 1947 a year of great advancement only if we have real understanding and common effort toward progress and prosperity by all people in all walks of our national life.

HAYWARD NIEDRINGHAUS
President, Granite City Steel Company

In spite of widespread belief that a decline in general business activity is entirely possible in 1947, it nevertheless seems to me that the prospects for industry look forward to a reasonably good year barring major strikes in the steel industry. The steel industry faces 1947 unharassed by "excesses" built up in the previous year, in which, production in 1946 totaled 140,000,000 tons, short of 1945 due to crippling steel and coal strikes. As a result of the year with tremendous backlogs. Finished steel prices have risen only moderately since OPA decontrol and while greater prices, notably scrap for have gained disproportionately, it is to be hoped that they will stabilize and establish a more normal relationship to finished steel prices.

The steel industry faces 1947 with its facilities in a position to turn out record peacetime production and with new finishing facilities being added, with a quality and type of steel unprecedented in its history, with prices moderate and labor among the highest paid in the country. The ability to mold these factors into a prosperous year for all steelworkers is not likely to be unduly a new constraint in its role in our economic life, and to the extent that they are being provided, the companies will come on only from increased productivity. High levels of production and employment could continue for some time and this could be brought about if we can achieve in the field of productivity a more normal relationship to finished steel prices.

ERNEST E. NORRIS
President, Southern Railway System

The unsettled conditions which have plagued the nation since the end of the war are still difficult to forecast what's ahead in 1947 for either the railroads or for business generally.

However, it is obvious that industry, including the railroads, must make even an optimum "living wage"; it must be freed from unreasonable and unnecessary interference with full production; and it must be made the beneficiary of an adequate supply of resources, manpower and material. Everyone, of the vital part it plays in the economic and social progress and safety of the nation and its citizens. In brief, unless the attitude of the self-seekers, and the demagogues are restrained from continuing to be a monster--and the economic machine, the outcry for every industry and everybody in the gloomy in the extreme.

Being an optimist, I am inclined to believe that recent announcements by the rail industry and the public at large of the future of this nation in 1947 a year of business, industry, and prosperity is likely to be realized. It can be done if we are not too shortsighted and approach the problem in a stable manner.

The year 1947, of course, reflects the peacetime recovery of the railroads. After having not only recovered the losses of the war but also extended them to new high levels, it is expected that the railroads will continue to make substantial improvements during 1947 and the years beyond.

The Southern Railway System, through Chairman Charles R. Denny, has stated that "The Commission is convinced that the American people want television and that they need television. Television will not be able to meet the development of the potential of our industry and the population of this nation is unbounded. It is the most powerful communication tool of them all." The potential of television is yet to be realized fully. The railroads have a responsibility to provide television for the manufacture of television receivers. A number of manufacturers have scheduled production and plan to offer their products in time for the annual Christmas buying season. Industry must predicate its plan for the future on the sincere trust that work stoppages in our basic and key industries will not accumulate into a national disaster.

JAMES S. OGSBURY
President, Fairchild Camera and Instrument Corporation

Fairchild Camera & Instrument Corporation, Jamei, N. Y., until recently chiefly known as manufacturers of specialized metal photography, photographic equipment, enters 1947 with a new and diversified line of electronic products, the result of several years' planning and preparation.

New Fairchild products include special cameras for the medical profession, television cameras for the motion picture industries, and advanced amateur and professional cameras. Also being produced are electronic devices and mechanical electronic equipment for the graphics arts field; television electronic equipment and devices such as motors and precision switches.

At V-J Day, the Fairchild organization was named as the graphic arts production division of the company, and the first in a group of products, in being obliged to seek new outlets, related lines to capitalize on expanded manufacturing skills and techniques acquired in wartime production. The company's transition from wartime to peacetime manufacture is now well under way.

In 1946, shipments for the first nine months, totaled $4,177,000, and for that year are estimated at a total of $5,000,000. Although the 1946 shipments are accounted for by military aviation equipment, which will probably be our last year of military business, profits for 1947 are expected to be $6,000,000, one-third commercial and two-thirds military. On the remaining $8,000,000 in profits, 40% will go to dividends and 60% will be retained for expansion.

Although some shipments during the year of peak war production are expected to be reduced, and during the year of postwar projection, some comparison to the growth of Fairchild's peace-time business, the company expects to record a figure for 1950 when total shipments will be $20,000,000.

Our present manufacture of new commercial products is expected to bring increased sales and profits. We are confident to expect to be over the majority of postwar business downturns, which we fear, and are hoping that the demand for the type of precision products that Fairchild is offering industrial concerns, because industry is requiring increasingly complete information, and of course, the ease of electronic, electrical, and optical design to carry out its manufacture. Fairchild Corporation's product is the manufacture of precision products, Fairchild's outlook in this field is optimistic.

Fairchild is successfully cultivating the fields of radio broadcasting, medicine, photography, and other professions where the equipment is needed for the production of precision products; Fairchild's outlook in this field is therefore optimistic.

CLIFFORD E. PAIGE
President, The Brooklyn Union Gas Company

The prospects for the gas industry in the year 1947 are most promising. Retail gas sales, as viewed from the year 1946 has witnessed an expanding market for the consumption of gas and a substantial increase in light gas, both of which we believe, will continue to increase. The demand for gas in 1947 is expected to be 1946, of which the gas companies reach a new high of 20,800,000, an increase of 2.7% over 1945, and total industry sales are expected to increase 2.7% over 1946.

The year 1946, of course, reflects the ex post-war recovery of the gas companies. For the first time since the end of the war, the gas companies reached a new high of 20,800,000, an increase of 2.7% over 1945, and total industry sales are expected to increase 2.7% over 1945.

High maintenance expenditures including additional absorption of normal non-recurring maintenance expenses will continue in 1947. However, it is believed that if labor conditions do not change, maintenance expenditures will increase appreciably in 1947. To meet increased demand from consumers, rehabilitation, improvement and expansion of existing facilities head the list of challenging problems facing the gas industry in 1947.

The experience of The Brooklyn Union Gas Company, although it is not a gas company, is indicative of the problems of many of the utilities in the nation.
Wages and Industrial Progress

(Continued from page 455)

It is not possible genuinely to accede to collective bargaining without acquiescing in the idea that the parties to the agreement have been established for the purpose of stabilizing wages. That implies attention to standards throughout a collective system and particularly in an industry-wide basis. If the impact of competitive forces upon wages is to be maintained. Gearing collective bargaining to the needs of full employment and maximum production under the competitive system, however, means that the standards cannot result in unprofitable operation for any substantial number of companies. If there is a need for management to recognize the industry-wide stabilizing functions of collective bargaining there is an equally urgent need for labor organizations to recognize the importance of collectively bargaining an individual plant basis. No "either-or" proposition is involved. A combination of industrial and individual bargaining is indicated as a sound system of collective bargaining.

Labor organizations have not been willing to face up to the fact that, under a competitive economic system a large profit margin must accompany efficient plant operation while reasonable standards have been lost to accept the fact that small profits or losses must continue as a penalty for a good job for the consumer. Under collective bargaining, a break in reasonable wage standards in order to offset such penalties cannot be expected. Nor should management have to be anything but friendly to the profit picture which arises from good performance after payment of the standard wage. Such rewards and penalties have not typified the period of transition and reconversion which the industry has been struggling. They should be the expected results when reconversion is finally completed.

VI

The industrial and economic progress achieved in the United States under the private enterprise system and under our kind of democratic government has contributed to the incomparable production efficiency of men free to exercise their individual initiative. Standards of living have been steadily improved under our competitive system. Those who are called upon, however, to shoulder the heavy risks and untoward consequences of living in a competitive society find little solace in over-all, average results. Especially are they unpersuaded by a moving average that smooths out wide variations in general well-being. Self-interest has led them to introduce various kinds of interferences with competitive forces or "rules of the game" in order to try to bring more stability into the system. There is great doubt about the efficacy of these practices.

U. S. Progress Improving

Among the people of other lands, our successes have caused considerable wonder and some envy. Other competitive systems find it in some way we have been living and working together cause fear and produce a depreciating effect on progress made here. It would be much more impressive to people in other countries, and to ourselves, if periodic economic instability and mass unemployment did not appear to be an unavoidable part of the cost. At any event, there is probably a standard of living ever attained and a record of achievement.

Some of the principal differences among us are over the degree of interference with competitive forces which can be used to attain greater safety without unduly interfering with industrial progress or unduly interfering with individual freedom. In the general field of labor relations, particularly as respects collective bargaining and wage determination, the differences are particularly acute.

Congress Cannot Solve Problem

Most of the leaders of organized labor and of management expect that legislation that collective bargaining is the sound way for them to remove these differences. Substance will be found to this unanimity of view only when their concepts of collective bargaining can be reconciled. A reconciliation can be assured by any law which Congress may see fit to pass. In the past, and especially during the year of opportunity which we have just entered the great hope for progress lies in the negotiation of agreements which will be undertaken by representatives of management and labor. They are the "primary" responsibility for laying the groundwork for industrial peace. Theirs is the duty to develop wage policies which will work both with the concepts of government stabilization and industrial progress.

Walter P. Purcell 40 Yrs. With Coggeshall Hicks

Walter Purcell, golf champion, for the New York A. C. in 1940 and 1941, and for the Men's Staff in 1928, was also winner of several golf championships in the New York area. He is a member of the Lewis Club and the Swingway Country Club.

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THE COMMERCIAL & FINANCIAL CHRONICLE

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Gas sales volume, of gas plants in the area of interest, has been significant. The sales of new appliances through the Brooklyn Union Gas Company reached a new high with sales in 1946 totaling more than four and half a million dollars. For the most part, the increased demand for gas space heating was apparent. In the Brooklyn Union territory, for example, 80% of the new development types of homes specified gas heat. The demand for gas space heating became so great in our area that on April 1, 1947, the plant at Kew Gardens, New York, was expanded to meet the tremendous demand for gas space heating. Not only in the existing market but also in the new home field, a strong preference for gas heating was apparent. In the Brooklyn Union territory, for example, 80% of the new development types of homes specified gas heat.

Gas appliances today are available at credible levels of appliance production despite the limiting factors in 1946. In 1947 a new program was introduced by the company, the "Home Efficiency Program," which promised the company's potential to restrict the sale of gas for new space heating until April 1, 1947.

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The British Violation of the Loan Agreement

(The Continued from page 995)

India, Egypt and other countries as a result of goods and services supplied to the British during the war and which, because of the necessary system of exchange control, had not been convertible into other currencies. These balances, however, were available for the purchase of British goods and services obtainable.

One of the American conditions of granting credit to Britain was that the United Kingdom solve the problem of the "blocked sterling debt." Three methods of disposing of this debt were envisaged: cancellation of part, funding of part, and freeing of part for conversion into other currencies, such as the dollar.

The Argentine pact, which is complicated because it deals with leases, railways and the negotiation of a new trade treaty, is not a simple solution of the Argentine blocked sterling debt. As to the latter, it authorizes the use of part to repatriate outstanding Argentine sterling debt, to repatriate British investments in Argentina, and to transfer £10,000,000 to Brazil. The rest is to be funded, being made subject to interest at 7% per annum, and from this remainder (if any) is to be available to Argentina over a four-year period for current transactions anywhere.

Clause (B) (6), it is said, was included at the instance of Argentina, whose negotiators feared that Britain might not continue to maintain the volume of its purchases from Argentina on a scale commensurate with Argentine purchases from Britain. According to the interpretation offered for (B) (6), Argentina would then be free to pay for balances of payments difference out of other current balances.

Where a "technical violation" of the American loan agreement arises, then, in connection with the U.S.-UK loan provision making freely convertible into any currency such parts of the blocked sterling as may be freed as a result of British bilateral understanding with the owners of the blocked sterling. Under (B) (6) of the agreement, part of the Argentine blocked sterling would be freed only for use within the sterling area.

Another Interpretation

From another viewpoint, the language of (B) (6) may be regarded as holding forth an inducement to Argentina to buy more from the sterling area than it would otherwise buy. Given that interpretation, the provision becomes more understandable. Peru, however, for this reason Rep. Howard B. Tidball of Nebraska a few days ago referred to the matter in 81 percent of December's balance which he disclosed that he is seeking to obtain. The text of the agreement was exchanged by the Treasury Secretary and Chancellor of the Exchequer, Sir Stafford Cripps.

Rep. Emanuel Celler's speech on the same day on this subject is double-minded more by Pakistan than by trade considerations.

It may be noted in passing that (B) (6) is not the only feature of the Anglo-Argentina agreement which has been viewed critically in the American Government and other being the meat clauses. Whether there has been any exchange of correspondence between Washington and London on those clauses is not known. But Mr. Snyder has made it clear to the press that the Administration believes an agreement is an agreement and should be kept to the letter. Mr. Dalton's admission that the loan agreement has been technically violated double means that the violation, however technical, will not soon be repeated.

Is the Loan Condition Unreasonable?

Since it was made clear last year that the British could not even attempt to make blocked sterling convertible without substantial aid from the United States, and since the loan—except for provision for the British Government to make sterling available to the Argentine—would not be commensurate with the magnitude of the sterling problem, a question may be raised as to the reasonableness of American insistence on full convertibility of old blocked sterling such as the Argentine balances in question. Some American critics of clause (B) (6) of the Anglo-American agreement are also critics of the trade agreements program and the additional truce reductions now under consideration by the Committee on Reciprocity Information. These critics are in the position of demanding at one and the same time that the British convert blocked sterling into dollars for expenditure here by Argentina and other owners of sterling, and that the United Kingdom send less goods into the American market and hence acquire fewer dollars with which to redeem the blocked sterling. It is a case of wanting to have our cake and eat it, too, a chronic American afflication.

Early Criticism Answered

Later the British may be asked: "Suppose Argentina shifts purchases not only to England but to other members of the sterling bloc and thus manages to create an unfavorable balance of trade and a chance to cash its sterling?" To this the British reply that this possibility is extremely remote. For instance, in 1940 of Argentine exports in the whole sterling area only about 18% was in countries other than the U.K. The type of products supplied by the sterling area countries, apart from the U.K., are not of the kind required on a large scale by the Argentine, and there is not the slightest possibility of the Argentine expanding her imports from the rest of the sterling area to the extent of converting her favorable balance with the U.K. into a deficit, the British say.

"PM" also asked: "Suppose this provision sets a precedent for future sterling bloc agreements thus undercutting one of the main purposes of the Anglo-U.S. loan agreement?"

The British official view is that:

(a) The Argentine is outside the sterling area and the terms of settlement made with her are most unlikely to set a precedent for settlement with countries within the sterling area.

(b) Each large sterling balance differs from the others in character, according to the way it grew, the way in which it has been held, and its size. It would be quite impossible to settle for all sterling balances in a uniform manner. Each of the main sterling balances will have to be dealt with on its merits, and in the light of local and other conditions particularly affecting it.

John B. Huhn Joins Staff of Bache & Co.

Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange, announce that John B. Huhn, formerly Commander, U.S. Navy, and previously partner, Post & Fling, is now associated with the firm in its main office.

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Business and Finance Speaks After the Turn of the Year

I. S. V. PATVEChT

President, The Conde Nast Publications Inc.

1946 has been an important year for the magazine publishing industry. Both circulation and advertising for most publications have set new national records and show no signs of slackening. The prospects for 1947 are generally good.

Assuming a reasonable solution to the major problem of recession-labor-management relations—which may be faced optimistically by the periodical field, the year 1947 should prove to be another year of increased advertising activity. The advertising expenditure of new magazines and of longtime advertisers has been increasing during the past two years, and the advertising editors of the leading magazines believe that this trend will continue in 1947.

The proposed new Federal Reserve Act will undoubtedly be of great benefit to the periodical industry. The Act provides for a Federal Reserve Board, which will be comprised of seven members, appointed by the President, with the consent of the Senate, for a term of seven years. The Board will have the power to issue currency, to regulate the volume of loans, and to control the credit of the country.

Y. W. PRAYt

President, The Tobacco Institute

The tobacco industry has been growing steadily during the past year, and the outlook for 1947 is equally promising. The increase in the consumption of cigarettes and cigars has been tremendous, and the industry is well on its way to becoming the leading consumer of tobacco in the world.

The outlook for 1947 is equally promising. The increase in the consumption of cigarettes and cigars has been tremendous, and the industry is well on its way to becoming the leading consumer of tobacco in the world.

HARRY R. PONQ

Chairman, The Plainfield Trust Company

As an optimist, I am trying to look forward to 1947 with a sense of confidence. I believe that the country is on the right track, and that we will see a continuation of the prosperity that has characterized the past year.

The problem of labor and management relations will continue to be a major issue in 1947. The union movement has grown tremendously in recent years, and there is a great deal of uncertainty as to how these movements will develop.

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The Outlook for Interest Rates

(Continued from page 390)

The total volume of $23 billion dollars, 1945, and subsequently these war loan deposits have declined in amount to $3 billion which reflect reduction in the Government's working balance, an approximate minimum. From an overall resources standpoint, this decrease, perhaps is the most striking comparison, the huge surplus during the war began the war with something less than $80 billions. At the peak this figure had increased by several billions to $100 billions and subsequent decline from March, 1945, is equal to approximately $160 billions.

Increase in Liquid Assets

With the increase in the debt, liquid assets in the economy, as represented by demand, time and savings deposits, holdings of Government securities and volume of outstanding currency, have increased tremendously. Individuals, including unincorporated business operators and trust funds, added $5 billions to their holdings of Government securities from the end of 1939 to the end of 1945. During the same period demand deposits in this category increased from less than $12 billions to $38 billions. Time deposits from less than $28 billions to $105 billions. And currency from $5 billions to almost $26 billions. The total of total currency in circulation increased from $10 billions in December, 1939, to $50 billions in March of 1946, or a little over $29 billions in 1946. This increase was not distributed very moderately.

These figures are cited for the purpose of emphasizing the magnitude of the increase in the public debt that have taken place during the past seven years and to provide us with a background for the discussion of the future.

The increase in the public debt by six times the amount outstanding in 1939 was accomplished at a declining interest rate. The upper demonstration of the effectiveness of Federal Reserve and debt management policies. As you know, the annual interest rate on the public debt was little over 2½%; at the end of February last year it had declined to less than 1½% and, at present the cost of the debt is expected to be in excess of 2½%. The rise that has taken place since last February was also a direct result of efforts of the Federal Reserve and Federal Reserve policies.

The credit system was slow to grasp the significance of the debt repayment that began last March from the overborrowing that had taken place in the Victory Loan drives. Retirement of commercial bank and Federal government holdings of Government securities, the elimination of the wartime

preferential borrowing rate of 1½% on pressure on banks to liquidate loans made against Government securities, and the sale of about $5 billion of the Government security holdings of the National City Bank and the Bankers Trust Company, altogether, the amount of Government deposits in the market, all combined to bring about an increase of $5 billion that took place in the Government market from March 1, 1945, to the end of last year. Con¬ sidering these operations, accomplished as they were against a declining interest rate, their effect on the Markekte was relatively slight, the rate of change being from level of Government bond prices today is very little lower on the average, than the level of three years ago. But before the last war bond drive in December, 1945. About all that has happened is that the speculative grade, the early part of 1946 has been eliminated.

Factors Influencing Interest Rates

So much for what has taken place in the past. In seeking the solution to what is likely to happen in the future, we come to an examination of the factors influencing interest rates. These fall into two broad general categories: (1) debt management and Federal Reserve policy, constituting the more potent force; and (2) the natural or economic forces. We have already noted the effectiveness of the easy money policy on the monetary institutions in the open market and of the slight tightening process which has been engaged in from March of last year to the present.

Debt management and the Federal Reserve policy cannot and should not be directed solely toward the maintenance of interest rates at any specific level. Rather, they should be used for the primary purpose of influencing the general level of the economy; as a stimulus to business during periods of deflationary inflationary trends in periods of active business. In neither of these cases have debt management and Federal Reserve policy been immediately or wholly effective in the past. Taken alone there is no place in the fact that will be in the future. The high interest rate policy of the late 30's had little effect on the monetary speculation in securities. The opposition to tampering with the monetary policy, certainly did little to stimulate the economy in the early 30's. While these controls needed to be used in conjunction with other policies, to be discussed later, it should be emphasized that a great deal of experience in money management has been gained in recent years, and that the powers and resources available to the Treasury and the Federal Reserve banks today are

far greater than they have been at any previous periods in history.

Controls Justified

In theory, I think we are all opposed to all controls. On the other hand, those controls now lodged with the monetary authorities, in my opinion, are justified on the basis of the necessity to deal properly with the complic¬ ated machinery of today's economy.

At the same time I have an even stronger conviction that the present controls are entirely adequate and that it would be un¬ wise to consider extending or ex¬ tension them until such time as it can be clearly demonstrated that additional powers are in the public interest.

If, as I have suggested, debt management and Federal Reserve policies should be directed primarily toward improving the general welfare of the economy, I can see no compelling reason at present for the monetary manag¬ er voluntarily to embark upon a policy of bringing about a materially higher level of interest rates for government securities than that which exists today. Con¬ versely, a materially lower in¬ terest rate pattern certainly would not be proven to be in the public interest. What I would like to suggest, however, is that some flexibility is desirable, and in this view I am wholeheartedly in sym¬ pathy with the remarks that Mr. Snyder has made in his address before the New Jersey bankers. To be sure, the Federal Reserve was not on the foot of the Treasury bills and the put and take privilege attaching to bills no longer serve a useful purpose. Of the $17 billion of bills outstanding, $15 billion are held by the Federal Reserve Banks and only $2 billion by all other investors, including the banking sys¬ tem.

In addition to squeezing bills, the time has come to give serious thought to the fixed buying rate on certificates of indebtedness. The annual interest rate of this fee takes several drawbacks: (1) it effectively

removes control of the volume of credit in the banking system from the hands of the Federal Reserve Board, and (2) if the government continues indefinitely to pursue a policy of refunding maturing issues solely into certificates of in¬ debtedness, the floating debt soon would be built up to a dispropor¬ tionate and unhealthy per¬ centage of the total. Until debt retirement at a much more rapid rate than has been indicated by the new budget can be effected, this refunding policy prohibits a proper naturally distribution for the debt. Over the next few years some $77 billion of government marketable issues become due or callable. Of this amount $30 billion are represented by certifi¬ cates and the balance of $47 bil¬ lion, by Treasury bills, of which coupons ranging from 1½% to 4½%.

Refunding Into Longer Maturities

Secretary Snyder frequently has stated that government securities should be tailored to meet the needs of investors. A step in this

direction could be made by re¬ funding some of the certificates or other issues as they mature with a security of longer maturity, and beyond that to spread maturities on refundings in the maturity category most suited to the needs of the market at the time.

This is not to suggest that the Treasury necessarily refund with long term bonds. Perhaps at the outset an 18-months or two-year note would serve the purpose. What I am suggesting is that the time has arrived to unfixed the short rates which are meaning¬ ful and to restore to the Federal Reserve Board the power to control the volume of credit in the banking system. The principal objections that have been raised to this program is that the cost of carrying the debt would be increased and that the entire level of the government bond market would be disturbed. These con¬ clusions do not necessarily follow. Admittedly, unfixed of the short rate and adoption of a flex¬ ible refunding policy could cause

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BUFFALO
Business and Finance Speaks After the Turn of the Year

(Continued from page 460)
right and the same as the traditions, people who share a "common economic interest.

Business—and I mean everyone who works in industry or commerce—must be willing to accept a higher standard of living and only, like charity, begin at home. We cannot have national unity or world unity without unity on a local level. And the plans of the business must be in the individual business, in the development of confidence and trust between the individual and the individual. Only such a spirit should be no conflict of interest between two members of the same economic interest.

The year 1946 has been a difficult year for Westinghouse. We have had a long costly strike, shortages of raw materials, and a great number of factors combined to slow our progress. As a result, Westinghouse's operating performance in 1946 was much lower than in 1945, in spite of the fact that its dollar volume of production has been greater than in any peacetime year prior to 1947.

Even after giving effect to the carry-back provisions of the wartime tax law, our net income on more than a quarter billion dollars of sales in the first 11 months of 1946 was but little more than $4,000,000. Westinghouse cannot carry a heavy carry-back in process against such losses in 1947. No tax law has ever been made that can assure a profit or losses. These come only from the ability to make a good product and sell it competitively.

I have had the privilege of deriving the picture first and certainly do not wish to dwell upon it, because there is a bright side too. Nobody knows for certain what $4,000,000 means, but we do have a reason for encouraging. For example, Westinghouse approaches the net operating losses of last year with the greatest tractors on its books. This is the greatest backlog in the peacetime history of the company. Furthermore, I doubt if any other company can say that its output in 1947 can more than be equal to 1946. We can make the use of this backlog and go forward.
The Outlook for Interest Rates

(Continued from page 461) a level for several years, than the rate on the 6% bond has remained about that level for years, and the rate on the 6.5% bond has not been that high for several years.

Thus, the current low rate of interest is not due to any temporary factors, but rather to the long-term trend of low interest rates. It is not likely that this trend will reverse itself in the near future.

The Treasury will be able to issue new bonds at a rate below the current rate, and it is expected that the market will accept these bonds at the current rate. The rate on the 6% bond is expected to remain low for several years, and it is likely that the rate on the 6.5% bond will also remain low for several years.

Cost of Borrowing Not Increased

The overall borrowing cost has not increased with a policy of flexible refinancing, although the rate on the 6% bond has remained about that level for years, and the rate on the 6.5% bond has not been that high for several years.

This is due to the fact that the Treasury has been able to issue new bonds at a rate below the current rate, and the market has accepted these bonds at the current rate. The rate on the 6% bond is expected to remain low for several years, and it is likely that the rate on the 6.5% bond will also remain low for several years.

It is important to note that the cost of borrowing has not increased with a policy of flexible refinancing, although the rate on the 6% bond has remained about that level for years, and the rate on the 6.5% bond has not been that high for several years.

We are assuming that the combination of the three factors—higher labor productivity and mass production—will continue to influence the level of interest rates for several years. The Treasury will be able to issue new bonds at a rate below the current rate, and the market will accept these bonds at the current rate. The rate on the 6% bond is expected to remain low for several years, and it is likely that the rate on the 6.5% bond will also remain low for several years.

The Budget and Taxes

The budget and taxes remain important factors in the determination of interest rates. The Treasury will continue to borrow money at a rate below the current rate, and the market will accept these bonds at the current rate. The rate on the 6% bond is expected to remain low for several years, and it is likely that the rate on the 6.5% bond will also remain low for several years.

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In this budget year, the Treasury will be able to issue new bonds at a rate below the current rate, and the market will accept these bonds at the current rate. The rate on the 6% bond is expected to remain low for several years, and it is likely that the rate on the 6.5% bond will also remain low for several years.

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This is due to the fact that the Treasury has been able to issue new bonds at a rate below the current rate, and the market has accepted these bonds at the current rate. The rate on the 6% bond is expected to remain low for several years, and it is likely that the rate on the 6.5% bond will also remain low for several years.

However, the rate on the 6% bond is expected to remain low for several years, and it is likely that the rate on the 6.5% bond will also remain low for several years. The Treasury will continue to borrow money at a rate below the current rate, and the market will accept these bonds at the current rate. The rate on the 6% bond is expected to remain low for several years, and it is likely that the rate on the 6.5% bond will also remain low for several years.

The marginal cost of borrowing has not increased with a policy of flexible refinancing, although the rate on the 6% bond has remained about that level for years, and the rate on the 6.5% bond has not been that high for several years.

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Business and Finance Speaks After the Turn of the Year

(Continued from page 462)

R. L. REDHEFFER
Chairman of the Board, Director, Merchandise National Bank of Chicago

What will be the government and business trends for 1947? Let's consider some steps toward survival or extinction of our free society. We hang precariously in the balance though neither space nor time is ever a factor in this area. On the road to mortalities concerning the causes of government control of economy and our centralized controlled economy is at mortal grips with the world. Throughout the world and we have engaged in the battle as a token of "keeping up with the Jones".

The hallmark of private economy is the balance of individual dominance or subservience in relation to the State. If we still believe the individual is the important ingredient in our economy, we must do our power in the power to serve the strength and integrity, and to the beam, he becomes a mere cog in the vast machine of government, and this is the price we pay for the wages of freedom.

We serve and we are done for, whether we continue to call ourselves "free" or not.

1947 offers the first opportunity in 15 years for the individual to return unto his own. As government controls are gradually lifted and we return to free enterprise, business will be subjected to its chrysalis of government-regulated prices and fly again in the strong winds of the marketplace as forces which have shaped business life for the past 15 years can be entirely eradicated or whether they have become too firmly imbedded. Whether we allow ourselves to get back to free enterprise is yet to be seen. Obviously, only those who are prepared will we accept the challenge and make the grade or not.

Government policies have always drastic effects on business. First consideration in our preparation for the new is to reform our fiscal policy on which all else depends. We must cease to follow the will-o'-the-wisp of "spending ourselves into prosperity." We must balance our budget, let the public know where we are going. We must preserve our healthy concern for posterity by revising our attitude toward our national debt. It is disturbing to observe how carelessly we are laying out up debt and taxes for the next generation.

Our secondary consideration is government's attitude toward labor and labor's attitude toward the public. If we concede labor's right to a fair profit for services, we must concede employers' right to some profit for goods; if management can not hold not the prospect of profit to investment capital, the rehabilitation of our industrial foods will be impossible except in State ownership. Perhaps the single most important individual is the unknown stockholder.

Let us hope that in 1947 all wage earners will realize that greater productivity will increase the price of goods; if management can not hold not the prospect of profit to investment capital, the rehabilitation of our industrial foods will be impossible except in State ownership.

We are optimistic concerning the outlook for the industries in 1947 and unless unforeseen events again interfere with the trend, we feel that the next twelve months will witness a period of stability and production for the entire industries.

Construction and plumbing and heating work will continue at the Department of Commerce, preliminary indication in 1946 was valued at $10,131,000,000, which includes $909,000,000 for December, 1946, total was two and one-half times greater than 1945; while that of December, 1946, was valued at $3,101,000,000, a month of the year.

Total amount for 1946 was $7,968,000,000.

Construction aggregate $2,368,000,000.

Total amount for December, 1946, was valued at $3,301,000,000; private industrial $1,699,000,000; and public utilities $551,000,000.

There was a 20% increase in private construction of warehouses, office and loft buildings. Compared with 1945, public residential construction was up 43.5%; private residential construction, excluding farm, was up 39%; and public residential construction, excluding farm, was up 21.4%.

These are the figures we must surpass in 1947, with stepped-up schedules, particularly for vitally needed cast iron enameled ware, vitreous china, plumbing fixtures, bathtubs, radiators, and plumbing brass for essential needs. We foresee crowds of a considerable portion of the huge postwar backlog of demand this year.

During 1946, despite nation-wide material shortages and labor problems, American-Standard production steadily increased and by the end of the year we had attained a nearly normal prewar production volume. Our goals for 1947 call for fuller utilization of our productive capacity over and above output of any previous year, both in plumbing and heating products.

Our own company's contribution to help supply the demand and prepare for increased future demand, is the erection of a new Vitreous China plant in Southern California, located at Torrance, California, in the Los Angeles area, and a new Vitreous China plant at Richmond, California, in the San Francisco area; as well as contemplated increases in present factories.

ARTHUR M. REIS
President, Robert Reis & Co.

During the year 1947 there will undoubtedly be a change from a seller's to a buyer's market and while output will be large, the public, on the other hand, will be unable to come up with sufficient "money" to spear this increase. The current national income will be great and sales should remain at a high level. The standard of living of the average American family is substantially higher than before the war. This, in itself, assures a good market for quality merchandise. Unless the attitude of the mass of the people becomes one which witnesses continual strikes, production will be maintained at a high level and prices of commodities will show no material difference over the present level.

R. S. REYNOLDS
President, Reynolds Metals Company

Aluminum has always had the weight strength factor and now, with its lowering of a thousand new uses. The field is so large that already we are considering the best way to conserve the material of aluminum for the most strategic requirements of peace.

You may have heard the wild tales of how aluminum will usurp the place of use of wood and of fiber. Take my word for it—aluminum comes not as a thief in the night. It is the "newfangled" material of tomorrow. In the spirit of the new age that is dawning, we are trying to form a new magic of protection that will make us better citizens of the world, whether of wood, of steel, and of fiber.

R. S. Reynolds

After the war I moved into the office of Mr. Eugene Grace, two small sheets of Bethlehem sheet as it came from his mill and the other we had armor-plated with a thin coating of aluminum placed both sheets on an open-flamed toaster on his desk. The two sheets faced each other across the flame; arrayed for battle. I challenged the great Steel Executive to place his finger on the unprotected sheet of Bethlehem steel while I placed my finger on the sheet of steel clad with Reynolds' aluminum. In less than one minute, Mr. Grace surrendered, exclaimed, "I am not true! It is not steel!" I still held my finger against the sheet of steel plated with the magic metal of Victory. After a few minutes, I removed the cool sheet from its long exposure to the intense heat rays impressed itself to Mr. Grace, who once again exclaimed, "I am not true! It cannot be true!"

It is true. A thin coating of aluminum reflects 90% of the light and operates as a super insulator for steel, for wood and for fiber, such as the world has never known before. This is but one of a thousand new uses for this magic metal which has saved the freedom of the United States and stands ready and eager to save the peace of the world.

Some time ago I traveled with an executive of one of our great transcontinental railroads. We decided to test the efficiency of our car compared with steel in refrigerator cars. The results of this calculation indicated that this one railroad could save $10 million a year by the substitution of aluminum for the super-structure of refrigerator cars and enable each train, without additional cost, to carry fifteen extra cars.

E. J. RIES
President, Bitter Company Inc.

We are entering into the spirit of optimism, which we believe is well-founded within the dental and medical field, and we are confident that demand the world over, evidenced by the large accumulation of orders we have on file. During the latter part of 1946 we received all of our orders in hand and with the cooperation of our employees we will be able to eliminate all orders that were fictitious in character in order to maintain our authentic and actual basis as far as possible. We are fully prepared for this year's business and we are confident that we will show a very large backlog to business that will permit us to operate our plant at full capacity throughout the year.

E. J. Ries

The year 1946 has further encouraged by the fact that business has recently emerged from some of the many ills by which it had been harrassed during the years of the war. Many of the firms that we were forced to discontinue, and which we were forced to discontinue, and which we are very hopeful that legislation will be enacted that will turn relieve it of many of the unfair restrictions with which it has had to contend during recent years.

F. L. RIGGIN
President, Mueller Brass Co.

I can't be too optimistic about the future of the United States and for business in 1947. Our greatest need is understanding of labor management and labor that will permit cooperation and working in harmony. There is evidence that a great deal of misunderstanding is going on. The thinking is being done by both the employees and who are more important, by management. The employer to do as much as he might otherwise have been able to do for his employees.

I can see a continuous large demand for most kinds of valve and as we increase production, the cost of living will be materially reduced during the year, and that government regulations have been removed, business is being given the opportunity to function more nearly normal, and we ant very hopeful that legislation will be passed which will turn relieve it of many of the unfair restrictions with which it has had to contend during recent years.

CHARLES R. ROBBINS
President, A. W. Spalding & Bros. Inc.

All indications point to a strong market for athletic goods in 1947—and very probably for several years in the future. Spectator sports are at an all-time high, as is shown by the reports of record-breaking attendance at all sports events—golf, tennis, baseball, football, hockey and basketball. More important to the athletic goods industry is the participation of individuals in individual sports. Here again the interest is greater than in any previous year in the past five years. In fact, we see more active play than we have seen in the school and college, baseball, softball, football and basketball are appealing to a greater number of players and girls than in many years before the war.

Charles F. Robbins

My feeling is that there are great many fundamental truths that must be recognized and accepted by both management and labor unions, and when accepted will give every confidence to the employers of the industry to accomplish the greatest era of prosperity this country has ever known.

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The Outlook for Interest Rates

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Business and Finance Speaks After the Turn of the Year

(Continued from page 466)

that it is greatly to be hoped that they will be vigorously continued and expanded.

Difficulties in obtaining raw materials, work stoppages caused by strikes and slowdowns in transportation, which are the obstacles to the production of automobiles, retarded the manufacture of athletic goods in 1949. The decontrol of prices and wages has not corrected this situation. Legislation has been enacted to control the situation in materials. If serious stoppages caused by strikes and transportation can be eliminated, the production of athletic goods in 1949 may be confidently expected.

E. A. ROBERTS

President, The Fidelity Mutual Life Insurance Company

The smooth transition from the events of 1946 should make one many ways to express views on the business for 1947. The dismal and the optimistic forecasters alike were

The volume of new life insurance and the annual dividend is due to the fact that the events of 1946 depends absolutely upon the economy of our nation. There may be time enough to weight of curve either way, but in essence they are not completely. Similarly, our opportunities, for investment, both to the needs of our national and the needs of our governmental and business structures.

E. A. Roberts

Some governments, with the same government tax reduction should help the average man who finds himself the victim of the depression. There is still more inflation to come in some areas but offset by some deflation, the earliest evidences of which have already appeared. At this point in the depression, with the deflation problems both desirable and helpful. If it is not too abrupt and if it is not permitted "those at the top" to carry at better rates.

In fact the steps to control the forms of transportation are brighter. Public utilities should do as well or better—many industrially markedly better.

In 1947 the American industry, through a combination of enlightened management and productive labor, can produce five million units, the American people will absorb them by a change in the building, construction, in automobiles and other manufactures. This year may possibly be better than any other year they carry at better rates.

DR. GENERAL DAVID SARNOFF

President, Radio Corporation of America

Progress and prosperity in 1947 depend upon greater international cooperation for world peace and accelerated industrial production. In this regard, the American objectives, it is imperative that a steady increase in sales will be a necessary condition of tomorrow. It is also vital that scientific research be expanded in communication equipment and in production processes that continually will lead to more desirable forms and to increasing standards of living.

The uncertainties, largely related to the use of foreign materials and other industrial deliriums, which have characterized the New Year, must be cleared to avoid economic disaster. If industrial unrest is ended and the flow of production is increased, 1947 holds promise of a good year.

Gen. David Sarnoff

Amer. R.C.A. Adm. and Chief Exec. Officer

Radio Television

Radio on the world stage, the most important pictures of baseball, football, prizes and panamas, the electric billions—another triumph of radio science—continues to peer deeper into the unseen world of the invisible. In 1946, at RCA Laboratories, this powerful aid to man's eyes carried his vision into the submicroscopic domain, where tiny cells grow, where bacteria develop and where we learn that even the tiniest particles now can be magnified 200,000 diameters, that our own eyes can appear larger than the biggest atom and be the creator of a new microcosm.

Thus, man through science in 1946 extended the range of his vision. The same radio science, which brought the world into instantaneous focus, was able to telephone these new products to people everywhere—new scientific education; new services in the war against disease; new services in international war and peace.

New Frontiers in Outer Space

There are countless and unbounded frontiers of radio research and space travel. The earth and the sphere far beyond the orbit of the moon. As radio, second only to the outer space, it will bring back new knowledge that will add much understanding to our view of science and branches of science. The scientists of this planet, who now are working with the earth and moon and the stars, are personalities of the earth. They are personalities of the stars, the men who understand the universe.

The Magic of Electronics

Electronics has become a vitalizing force in American life. This new science of the future, that creates new instrumentalities, but brings old devices and practices to a new alignment, has made the phonograph in combination with radio more popular than ever. In 1946, RCA Victorproved the phonograph disk, and 1947 promises to quickly the pace on the evolution of the phonograph disk.

The modern magic of electronics goes far ahead of the past. By radio ships are navigating far-hidden channels and rivers, as if in the clear sunlight. Aviation too is taking off, that of the world more and more within their spheres of influence. In 1946, RCA Victor proved the phonograph disk, and 1947 promises to give phonograph disk to the people the power of the earth and the sea.

The world-wide transmission services operated by RCA were mechanized and speeded in 1946, enabling us to enjoy the live telecast of the Olympics and the Olympic Games.

In 1946, RCA handled more than 245 million words. This year, because of the condition of many countries during the war were restored, and RCA Corporation has now operates direct radio circuits to more than 51 foreign centers, and sent the world’s news by radio waves across the hemispheres to a longer list of cities.

In 1946 RCA proved the first all-electronic television systems of the future, the second generation. RCA is using the technology of the future, the super-electronic FM-FM, to develop the second generation of television systems. RCA is proving that an all-electronic television will be faster, easier to use, and more reliable.

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The Outlook for Interest Rates

(Continued from page 465)

Individuals and savings notes and short-term holdings of corpora-
tions are the result of the lack of amount that the government has available for redemption, which is bound to be necessary for the government to provide for the necessary funds for the commercial banking system. This is unlikely. In the event that cor-
porate individuals and savings notes are insufficient to cover the needs of the banking system, and in either case the result would be inflationary and would result in increased deposits.

With this background of the probable trend of money, let us attempt to gauge the effect of these factors on the rate at which money will be made available to the various commercial and industrial borrowers.

We conclude that there is not much prospect for expectation of other than a nominal, if any, change in the rate of interest in the near sec-
tures, at least for the time being. This is especially true in the hands of authorities than the President of the United States and the Treasury of the Treasury. Further, we concluded that the rate for govern-
mental bonds is about as much as the rate this government is paying for deposits in the period under question and that it is possible to conclude that other rates cannot be expected to undergo much change.

On the other hand, the non-
governmental bonds and interest rates today are more forcefully than at any time in the past decades. Even these in-
fiduous factors have already brought about a marked widening spread between government rates and rates in the other categories, as the volume of demand has in-
creased.

It is likely that the best grade corporates and government bonds have spread out moderately in the past nine months. Likewise, rates on bank lend-
ings are still on the move from the wartime level, and municipal bonds have been subject to the same influence. The yield was evidently considerably less than Government bonds after taxes.

If we are entering a temporary period of recession, it may be that the rate adjustment has gone far enough for the present, but look-
ing further ahead, increased busi-
ness activity will be accompanied by increased borrowing demands. In this context the rate spread between Governments and other forms of investments and loans should continue to widen. The more active the period ahead, the greater will be the borrow-
demands in all categories, aside from Government, and as bank lend-
ings are increased, it is expected that banks will be able to obtain loans and investments in a ratio they regard as more normal then the one that has existed for the past this year, and thereby borrowers can be expected to in-
crease. If the business situation begins to assume boom propor-
tions, definite must be the Fed-
eral Reserve policy also. It must be expected to be of a more restric-
tive nature rather than the result of the recent tightening effects on the mortgage market.

On the other hand, should the expected setbacks in business ac-
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Business and Finance Speaks After the Turn of the Year

(Continued from page 668)

Ishing will be reversed towards eating of peace, American labor and management are now giving up the idea that their labor-management team will be able to control production in the normal way that it was possible before the war. This is a real challenge which no American—either employer or employee—can ignore.

1947 should see the solving of many of our labor difficulties. When American labor and management are again on a friendly basis, there will be no limit to our progress. Every imaginable element of production will be geared to the greatest possible use of atomic energy. Labor-management team work will be the signal to go. This teamwork will spill higher production with lower costs, increased efficiency, and savings in material and electricity and gas.

That is the American way. That is why I am confident.

WILLIAM SCHMIDT, JR.
President, Consolidated Gas Electric Light and Power Company of Baltimore

The electric and gas industries should experience unprecedented demands for their services in 1947. As materials in short supply become more plentiful, production generally should move toward full capacity. Modifications in government controls on construction should result in expanded activity. With these factors, industries can expand their operation, more housing facilities can be built, and larger quantities of electric and gas appliances can be made available for use. An increase in the use of electricity and gas is expected.

For the first time in a long time, those greater demands for service are going forward. Production capacity is being increased and expanded, and the distribution systems are being enlarged and expanded. These are the times of a rising tide, and we are being encountered in obtaining new facilities. It is true that, just as in the past, the electric and gas industries will be ready to meet the greater demands for service that they develop.

As in other industries, operating expenses have risen during the war. The extreme pressure of these developments has forced the electric and gas industries to increase production costs. The cost of materials in short supply, the increased wages for labor, and other supplies that will end the war quickly. Prices are still high, but there is strong evidence of a market in which demand for commodities has increased in recent months. This will result in good net earnings for all.

I feel that so many things will not yet try to destroy our well-being by recklessly calling strikes, and so I look forward with confidence to the year 1947.

There has been some business recession after most wars, but I suppose the recession after World War I is the one that might be a pattern for a short recession in the latter part of 1947. The depression of 1920-1921, and the long decline of World War I was very short and then came very great prosperity for a long time. We may have a continuation of this.

Now, as after World War I, we have escaped any material damage to our own country and our losses in property do not compare with the losses of other countries. The cost of our war was very small, and we came very greatly for a long time.

We may have a continuation of this.
Observations

(Continued from page 308)

into misconceptions of causes and effects, similar to his consumer-crediting folly. Here again, for example, he says the Board should “curb inflationary developments brought about by the boom in the stock markets.” But that also: “It is a mistake to talk of a stock market boom, as if it were largely run its course, assuming that period of panic.” So the Board’s policies, such as I have indicated, are purged. Accordingly some remedial action in market conditions is appropriate at this time.”

In this respect, the Reciprocal Order of Stock Creditors, which for the first time since 1931, except in periods of a stock market bull market, has started to regulate the degree of inflation by “managing” stock prices is merely like a temperance movement by tapping with the thermometer.

The only possible defense of such logic that can be made is that a bull market may psychologically make people feel more inflation-prone, and that hence the government should try to change such psychology when it thinks the time is ripe. But even this relatively unimportant directive was not worked in past practice (which will be demonstrated hereinafter).

A major spending, far from adding to inflation in the general economy, a rise on the level stock prices and in the purchase of new securities, actually reduces the inflationary consumption pressure on the supply of goods, by allowing the price of the chasing price into the purchase of new securities price, which is a part of which go mainly into capital expenditures on the average, a real consumption until much later).

But the greatest objection to the Board’s policy of selective credit management in the past has been its impracticality —not only as far as the general economy is concerned, but even in its own particular spheres.

The Necessary Vast Commissions

As Mr. Eccles himself states, the ending of inflation “assumes that fiscal, labor and management policies, such as I have indicated, are pursued.” These he specifies as: “credit management.” And credit management is involved in trying to manage the general economy. In explaining to Congressmen Philipin how it would proceed to determine and vary its regulations of credit terms, the Board said it would take a number of factors into account, including the general level of economic activity, the distribution of activity between durable and non-durable goods, the price level and its movement; the volume of credit and the rate and direction of movement in that volume; public holdings of liquid assets; and other similar matters.”

Sure enough, we have a flurry of economic phenomena, the mis-appraisal of which, is the “selective” action here, is undermining other government policies. For in aiming at off families who do not possess the higher savings and incomes sufficient to meet the raised payment requirements, it is lowering the standard of living of the underprivileged—in direct contradiction to the OPA aims and of its general desires for social justice.

Many consumers can add to their inventory of durable equipment only during periods of business cycle advance. The present philosophy indicated by the government would prevent these relatively underprivileged people from buying at those times, when they can afford it, and at the cycle’s downward, general economic conditions also would shut them from such goods. Should their subjective personal interests be sacrificed to the principles of over-all business policy?

The Present Legislative Situation

The present Congress legislation may bring an end to Regulation W, if special legislation or action by the Federal Reserve Board does not.

In addition to bills which are coursing in House and Senate to eliminate this control, attention should be directed to the following: Senate Resolution 89 (Sen. Carl Lewis, Ohio, R.) and Senate Resolution 35 (Senator Weyer, Montana, R.). The Lewis bill, endorsed by House leadership, calls for prompt end of all regulations and controls derived from grants of power to the executive, and contained in the Limited and Unlimited Emergency Proclamation and state emergency declaration; except for those financial institutions and agencies, the Board and the Department of Housing and Federal

NasD District No. 13

Elects New Officers

At a meeting of the District No. 13 Committee of the National Association of Securities Dealers, Inc., the following officers were elected:

Frank Kernan, White, Weld & Co., Chairman; R. Parker Kuhn, First Boston Corporation, Vice-Chairman; John L. Steffey, Executive Secretary; George E. Rieker, Assistant Secretary.

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the opponents of the regulation may sue and presumably will, also marshal leading economists on their side, perhaps Congress. Legislative action should include an extended Economic Forum on the topic.

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President, The North American Company

A year that is looked back upon with pride by the customers of North American's operating companies indicates a continuing high level of activity in the great industrial areas radiating from Cleveland, Indianapolis, Milwaukee, Kansas City, Dallas, and St. Louis.

The demand for manufactured materials increasing and with labor and material prices all rising, a shortage of some materials has been reported by many companies, which have had to place orders long in advance. The materials are needed for the manufacture of the new lines of products being introduced, as well as for the modernization of the existing lines, and the activity is eagerly awaited by the many thousands of men and women who have been directly or indirectly affected by such changes in industrial requirements.

The combined efforts of the operating companies and the parent company to provide a first-class service to low-priced customers, and the keen sense of competition among them, have resulted in a steady increase in output, which is expected to continue during the year 1947.

The major problem facing the country in 1947 is the readjustment of the present production levels to the demands of the postwar period. This readjustment will require a long time, but the steps taken so far are evidence of the willingness of the people to work together for the common good.

HURRBUT W. SMITH
President, L. C. Smith & Corona Typewriters Inc.

It is expected that additional manufacturing facilities will continue to be expanded. The trend is toward greater automation, and it is possible that many companies will be forced to expand their operations to meet the growing demand for their products.

The demand for skilled labor continues to be high, and the companies are working hard to attract and retain qualified workers.

WALTER W. SMITH
President, First National Bank in St. Louis

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Instalment Credit Should Be Decontrolled

(Continued from page 385)

2. In the face of the $100 billion commercial credit as opposed to the $60 billion in the late 1930's, the added burden on consumers to the government would be far greater, and the added cost of the credit would be far greater than has been the case in the past.

3. As contrasted to prewar consumers, we have the economic and psychological conditions today far different than those of the past. The psychological conditions are similar because consumers are more careful with their money and are more likely to buy now if they can. Also, the economic conditions are not different than those of the past.

4. As compared to the present situation, consumers are in a better position to handle the added burden that credit will bring.

5. For the Federal Reserve System to meet the needs of the public, they must continue to meet the added burden of credit.

6. The Federal Reserve System should not be decontrolled, as it is not in the public interest, and would be a burden on the public for many years to come.

7. The Federal Reserve System should continue to meet the needs of the public and should not be decontrolled.

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Business and Finance Speaks After the Turn of the Year

ROBERT C. STANLEY
Chairman and President, The International Nickel Company of Canada, Limited

World-wide production operations for nickel in 1946 will compare favorably with those of 1945, despite readjustment conditions and labor shortages. During the year nickel has been expanding in the past few months and demand for the fourth quarter is expected to be substantially above the corresponding period last year.

In line with improvement noted in the general industrial situation nickel has shown improvement. The price of nickel has recently risen considerably and is expected to remain fairly firm this year. Operations are now running at about 75% of capacity, which rate is maintained by the sluggish situation and the higher price.

The United States subsidiary increased its prices for nickel this year, bringing them into line with those prevailing in the world market. Canadian and United Kingdom prices remain at the same level as in 1945.

Robert C. Stanley
The International Nickel Company of Canada, Limited

HERMAN W. STEINKRAUS
President and Chairman of the Board, Bridgeport Brass Company

There is a great deal of interest and writing about what the future of business will be in 1947. In much of this writing and broadcasting one would assume that business in general will repeat the course of 1946. This may be true in part. But there are some indications that the American people really want. If we are to have a recovery in wages and improved purchasing power we can have a good 1947 only if major segment of the population will have to do its share. Management will have to fight to keep prices down as low as possible and to reduce them as fast as improvement in their profits will permit. Organized labor must get away from the idea of constantly demanding more and more, and, in some cases, with the idea of less and less work. The general public must make its influence felt in refusing to purchase materials that are overpriced, and should also vigorously insist that the materials be of high quality.

We all know that if these things are done the prospects for the American economy will be great; for only as the over-all picture is good can we expect the results to be successful in the long run. I would like to suggest that we all do our bit. We are all in this together.

Lawrence F. Stern
President, American National Bank and Trust Company of Chicago

At the beginning of 1947 many of the uncertainties which were present in the economy of a year ago are still with us. The most serious threat to business for the year, now as then, is the possibility of a more-than-normal increase in the rate of inflation and its ramifications.

The labor situation will be the most serious factor to be faced during this year. There are some reasons to believe that strikes this year will not be as numerous or as objectionable as the strikes of living should fall or at worst not increase the level of living that has already been achieved.

Lawrence F. Stern
President, American National Bank and Trust Company of Chicago

(Continued from page 470)
Van Alstyne, Noel
Offers Pantasote Stock

An underwriting group headed by Van Alstyne, Noel & Co. on Jan. 31 offered 50,000 shares of $1 par value common stock, priced to the public at $11.25 a share. The company, a manufacturer and seller of artificial leather in Piscataway, N. J., will use the proceeds in purchasing new equipment and constructing a warehouse. Upon completion of the offering, Pantasote’s outstanding capitalization will include 60,000 shares of 5% cumulative convertible preferred stock, par value $15, and 432,130 shares of common stock.

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Marx & Co. To Admit Two New Partners

Marx & Co., members of the New York Stock Exchange, will admit John S. Jenison, Jr. and Abram J. Feuer to partnership as of Feb. 1. Mr. Jenison will make his headquarters at the firm’s Birmingham office, Brown-Marc Building. Mr. Feuer will be at the New York office, 57 Wall Street, with which he has been associated for some time.

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Business and Finance Speaks After the Turn of the Year

(Continued from page 472)

these fields will be overcome to any great extent. In all
business and industry, prices will continue to rise.
Weaknesses in agricultural prices and a slowing down in
the building trade and other similar fields may well
affect the automobile industry and building and
construction fields, but there will be no real
depression for automobiles and building, are examples of the
un-relaxed situation which will be with us this year. Con-
dditions such as these may produce shortages of employ-
ment in some industries while there is unemployment
in others. There seems to be enough confidence on the part
of labor to hold the elements of strength in the situation. The construc-
tive industrial policies and the need of more consumers for
goods in general should provide the country as a whole
with another year in which the gross national income will
probably reach another record high.

JOHN A. STEVENSON

President, The Penn Mutual Life Insurance Company

In 1946 life insurance had the greatest year in its history. New
policies written in the volume of insurance in force $174,000,000,000,
in total owned assets $84,000,000,000, in net addi-
tion to assets $35,000,000,000, and in number of policyholders
at 72 million. On the whole, every one of these millions, in the United
States, made a decision to protect the institution of life insurance.
The average coverage per person was $2,375.

One of the life insurance industries is this year's foremost
future is that which is making plans for the future. The
figure approaches what is adequate, but the future of each
company which has been made is indicated by the changing of
the number of policies in force. There was one only person in three was
inforce for an average of 1946.

John A. Stevenson

According to recent studies 90% of the national income is accounted
for by the Federal Reserve system itself. Should recurring increases in the costs of
living sharply higher prices, it is entirely likely that the
credibility of the system will slope to the national effort to sustain a high national in-
come. Washington will do its work at this time, and control prices.

It is the interest of both management and labor to
maintain the national economy at its present high level.

This requires teamwork to keep prices down so that
businessmen can keep their work force employed.

We can play our part by maintaining a high individual work
ethic in the face of the demands that may occur.

The encouragement of this sorely-needed American brand teamwork in 1947.

MARTIN L. STRAUS, II

President, Eversharp, Inc.

Demand for high-grade premium pens and pencils, at least for
those which are branded, strongly advertised, precision-
made and which represent the highest quality attainable.
This is the premium upon which eversharp is priced and has always been
attempts for sales peaks surpassing those of 1946.

It is perhaps natural for these people
which we believe, are the true fountain of the old
Wahl Company. fountain pens were looked upon as something which would always have a comparatively slow
percent of the total volume of retail writing instruments. Many
of the big retail stores were often relegated to undesirable
locations within the stores.

Jack L. Straus

In the first half of 1947, business will be
reached unprecedented levels. While there was some recession in the second quarter of the
year, reasonable caution indicates the wisdom of
placing new business on a lower rate of guaranteed
reserve. A more important factor is that the rate of premiums
on new contracts but we are sure that present
rates are adequate and that the proportional re-
stitution of the old life insurance contracts. This tendency is largely a return to pre-war conditions and the rate of surrender is still
low.

Looking back on the best year in its history, the life
insurance industry at the same time looks forward with
assurance to even better years ahead. It stands with
unprecedented confidence in the future of the country
and in its own ability to contribute to personal security through
individual thrift.

Jack L. Straus

President, E. H. Macy & Co., Inc.

The outlook for retail business is very bright for
1947 is good. Department store sales during the first half will continue
somewhere near record levels. It appears, however, that the period of un-
restricted buying is over. Customers are growing more careful with their
money, and are not paying excessive prices for merchandise simply because
it is available again. As merchandise be-
comes scarce, merchants will be in a position to hold down
wholesale price changes.

When the government took over the grazing land, the obligation was thrust
squarly upon manufacturers and restock the land. There was a
reduction of holding down the cost of living. It was
evident that there was a competition of prices, wages, profits, and production would depend the health of the national economy. There
have been considerable improvement in living standards which
will be improved.

Jack L. Straus

Many wartime technological developments have not
yet found their way into business and are widely-
gained for widespread public use. Out of these developments thousands of
new products have been created and they will play their part in creating, jobs, and in-
comes. This is one of the greatest of the developments and
will aid in assisting us in speeding up this delayed process. They are
in daily contact with the buying public. They know what the
cer that the policies of our government—labor and management alike—for a high national
income based on full production. This means a steady
increasing purchase of goods of all kinds by the public.

D. J. STROUSE

President, Twin City Rapid Transit Co.

The mass transportation business so accurately
reflects the business and general employment conditions that to
anybody looking at the newsstand, it is easy to
furnish a guide to future trends. As we look to
the future, we note the continued rise in the
level of prices.

Labor plays a very important part in this price sit-
uation and has an equal responsibility with management in
keeping prices down. The hope of everyone in business
labor—and management alike—is for a high national
income based on full production. This means a steady
increasing purchase of goods of all kinds by the public.

WILFRED SYKES

President, Inland Steel Company

We approach the year 1947 under the assumption that the absence of severe work stoppages caused by strikes and to the
extent that certain economic readjustments can be expected without imposing
disturbances of the public interest. We are confident that it is our belief that production may
well continue in high volume during the year. We believe that a wave of crippling strikes
and work slowdowns which have been experienced in 1946 should further dis-
teach the public what is expected of it in
relationship, corrective action will be greatly
accelerated in the months ahead.

The steel industry has been reorganized in
excess of the ability of the indus-
tory to absorb. Under the terms of the
new contract, wages and new orders within the
industry are expected to proceed at a very
adequate volume.

In liquidation remains—difficult, but Inland,
through the operation of plant furnaces and coke ovens
recently acquired a new policy, "What's Good for the
Administration will be able to lessen the need for scrap by the produc-
tion of a ton of pig iron and at the same time
cooperate with the government in the production of
pig iron essential to the construction industry. The
policies of Inland Steel are aimed at the development of the
whole-hearted cooperation of labor is essential. The
industry shows no reason to doubt the success of the
imported and cooperation is imperative if efficiency is to be
reached. Cost levels are inadequate price levels of
the in
ability of the consumer to pay for goods, if adequate
level of wages, in price levels which have been available)

EARL S. THOMPSON

President, American Water Works and Electric Co.

Our industry is distinguished by being very large em-
ployers of capital and relatively small employers of labor.

If, on the other hand, a new wave of wage
increase is generated, labor leaders must be prepared
to assume full responsibility for the more drastic reaction
which results.

Earl S. Thompson

At the termination of hostilities, production of
new electrical appliances, the domestic consumption per customer has in-
declined to the rate of 25% because of the
consumers. Our commercial busi-
ness is rapidly expanding, This
result, that a substantial amount of the new
power stations for completion in 1948 and 1949. We have
a third new power station under consideration. We are
facing the problem of the expansion of
facilities.

Earl S. Thompson

But, with the war the lack of labor and materials
prevented us from accomplishing many improvements to our
facilities which are now under way. Unfortunately
electricity in all industry to eliminate so far as possible their own
needs, and further to mechanize their processes
through the construction of new power stations. We are
ble to improve the performance of our existing
capacity.

We have been able to overcome these mounting expenses by lower
unit costs due to increased volume of sales and improved efficiency. It is now time to
be concentrated in this direction.

(Continued on page 476)
A shift, temporarily at least, to industrial financing is scheduled for early next week when investors will have the opportunity of subscribing to new issues of two such concerns.

Large of these will be the $25,000,000 of new 23-year debentures, to carry 4 1/4% coupon, being issued by the Firestone Tire & Rubber Co. with the proceeds earmarked for the retirement of part of its outstanding 4 1/2% preferred stock.

The second offering, partly in the form of a secondary underwriting, involves the overall offering to the public of 207,007 shares of $1 par common stock of B. T. Babbitt Inc.

Of the total stock involved here 60,000 shares is for the account of the company with the proceeds destined to reimburse the treasury for construction expenditures, and the balance for the account of a group of selling shareholders.

Since both issues are of the negotiated variety, that is not subject to the competitive bidding rules of the Securities and Exchange Commission, and since the preliminary prospectuses are now available for broad use, subject to certain requirements, bankers undoubtedly will be able to work up broad advance interest in their wares.

Aside from the foregoing issues, however, the approaching week has little more to offer in the way of new undertakings.

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The capitalization recently was changed from 10,000 shares of no par value to 500,000 shares of the new $5 par of which 300,-

000 shares were issued.

A sizable syndicate of under-

writing firms handled the marketing and oversubscription was re-

ported several hours after the books were opened.

Interest Rates

The gilt-edge bond market did not appear to be visibly disturbed

by the latest warning that short-

term lending rates must be ex-

pected to stiffen over a period of time.

Even Treasury issues were relatively steady in face of pre-

dictions by Allan Sprad, Presi-

dent of the Federal Reserve

Bank of New York that interest

rates on such securities could be expected to increase. His predictions, however, were qualified to the extent that he said he thought the time would come when there will be a "moder-

ate" increase in short-term rates.

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Business and Finance Speaks After the Turn of the Year

(Continued from page 474)
It is interesting to note that the investment in our total plant and property increased approximately $80,000 per water works employee and to over $30,000 per elec-
tric employee; against approximately $7,000 for this pur-
pose for manufacturing employees. The demand for labor,
therefore, depends not only on an adequate supply of
labor but a large investment in plant and property.
We have in the past proved our ability to attract cap-
ital to our industry at extremely low interest rates. It is
important that Government competition does not destroy
our industry's standing in the highly competitive cap-
ital market. In order to continue to meet our requirements
for necessary plant expansion.
Our industry is in a good position to operate in an upward
rate and it should be noted that charges for utility service are
almost always charged at an increase of 10 to 15 per cent
in cost levels. We hope that we will be able to continue
this situation, as the expected expenses will reach the
point where we are permitted to produce without an-
other series of water rate increases, which will lead to
future controversies, with the amount of the proposed bill.
We are in the process of preparing a report concerning
our present outlook for 1947. While the outlook for our
business for the year 1947 is not too promising, there is still
great in cost levels. We hope that we will be able to
continue this situation, as the expected expenses will reach
the point where we are permitted to produce without an-
other series of water rate increases, which will lead to
future controversies, with the amount of the proposed bill.
We believe that the production per man hour in our plants
will be substantially lower in 1946 than in 1945 and the
years before, and we are confident that we will meet the
test of the year 1947. The high unemployment, however,
course, the restoration of full pro-
duction in industry. The real wealth
of any nation is the wealth created
of its resources. There are hundreds
of new products born out of wartime
search to be introduced to the con-
sumer in 1947. Radio will play a major
role in the creation of new markets
for these new products and will increase rapidly.

NILES TRAMMELL
President, National Broadcasting Company

Big jobs lie ahead of radio broadcasting as we enter 1947. Looking back over the past six years and the
years before, I am confident we will meet the challenge
of this year. The high employment of the past means
1947. Radio will play a major
role in the creation of new markets
for these new products and will increase rapidly.

The development of television broadcasting has been so rapid and spectacular that it is hard to believe
1946 that it is difficult to predict accurately the progress it can make in 1947. It is the opinion of many
experts that television is the first really large scale production
of high quality television sets, which will
open the road to the consumer.
The television network will begin to form in 1947 with
extension to new stations across the country.

Television in 1947 will bring for the first time to hun-
dreds of thousands of American homes and meeting places
in all parts of the country a new form of entertainment which
open the road to the consumer.
The television network will begin to form in 1947 with
extension to new stations across the country.

Television in 1947 will bring for the first time to hun-
dreds of thousands of American homes and meeting places
in all parts of the country a new form of entertainment which
will be enjoyed by the whole family. To the familiar voice
of sound radio will be added eyes that will bring into
view images from all parts of the world. As television
passes through the whole, the stimulus of education and
the entertainment value it offers will widen the sphere of
the art gallery and the advances of scientific experi-
ments, the pleasure of good entertainment and the com-
fort of reliable communications.

The year 1947 will be a year of decision for several
important matters, the greatest of which is the continu-
ance of production. By short-sightedness or selfishness they can
be turned to fruitless and wasteful ends. We believe
the promise of new jobs and the expenditure of
millions in its development. The spectacular develop-
ment of television broadcasting by the Radio Cor-
poration of America in 1946 has rendered academic tech-
nical and economic considerations of little importance.
In 1947 there is literally nothing except a lack of
colleges of radio and television colleges.
Radio's great progress in the past century has been
made possible because of its listeners and its advertisers.
As we enter 1947, our listeners understand
the importance of radio and our advertisers know what is
broadcasting is the world's best. They will resist with
all their might the attempts to destroy it. Our
advertisers who have with each passing year ascended
us still greater support are more anxious than ever to
meet the increasing competition of television and
their new products. There can be no products
marketed without a well-flushed and well-equipped
new. This is 1947's greatest need and our greatest hope.

W. G. VOLLMER
President, The Texas and Pacific Railway Company

Freight car loadings have always been a reliable barometer of the general business
situation and today they are of particular interest. The final analysis, is a service institution, a
functioning of the government of commerce in the
industry. The services in commerce and industry can be
increased or decreased as the demands of organizations providing the
services are reflected in the balance of
relations of the various government and private
organizations.

Last year for the railroad industry
in the past several years, freight car loadings increased on the
general tempo of American business. A number of
projects involving the modernization of the
industry, and on a high tempo of traffic, yet
the railroad executive is anxious to local conditions.

The indications are that the mining and excavating industries will continue
along the lines of previous years. Mining operations,
which may be stimulated by a stronger economy, will increase in volume
in the future. The demand for gray iron castings will increase during the war years. Hundreds of millions of
dollars have been committed for the purchase of passenger equipment, and
so on, and travel by important standards of travel, comfort and luxury.
Freight equipment, including more powerful locomotives, special purpose cars, railroads
with new rolling stock, will give shippers better and faster service, and will
increase the volume of traffic handled by our railroads.

Labor-management peace must be achieved in 1947 if
industry is to be profitable. The price of foreign raw materials and the cost of
living is to be placed upon a safe and sound footing. Even the United States, with all its vast
productive capacity and general prosperity, has passed the peak of last year's unrest.

The world is looking to America for leadership in this situation. It is as much
for our reputation in respect to free enterprise, democracy and the free enterprise
system as it is for the material interests of the people. If we
succeed, our actions will be noticed by justice and tolerance, and have as their goal an economic
order based on mutual understanding and trust.

If these things can be accomplished, and I have faith that
they will, then we shall be able to make progress in that important direction, thereby
helping millions of heavy traffic volume and
moderate net revenue, for it seems obvious that the increase in freight rates will not be sufficient to pro-
vide the normal relationship between traffic volume and net revenue.

LOWELL P. WEICHER
President, Continental Airlines Inc.

Leaders in the ethical drug manufacturing field know
that despite the essential nature of their business, the normal
attitudes to prices and margins on
bright prospects in the export markets, continued long-
term policies of the business may be very
important for the health of the industry. A high rate of industrial activity, with
large disbursements in wages and salaries, and a
rise to an all-time high in the loss of
products, is likely to be achieved by a relatively heavy demand for our products.

We believe that the golden age of industrial activity
can only be accomplished through the development and
introduction of new products, and in the confidence and sponsorship of the medical profession followed by
acceptance by the general public. It is in this way that the health of the nation, the stability of the
industrial and the country's economy, is assured.

The "drugs and/or medicines which have been most
profitable for us after the war were
not necessarily the treating of colds and flu outside the public
office, but the treatment of acute and chronic infec-
tion. This is true because the intrinsic merit of the
products have been so pronounced that no artifi-
cial ballyhoo has been unnecessary.

The cornerstone of our business will continue to be
the development and production of uniform, efficacious
and new products. Our outlook for the coming year is conditioned by the dollar annually in research and development of
products of this character. It is by rendering these products
in the confidence and high regard of the entire community
and thus ensure growth, stability and future.

C. C. WEST, JR.
Vice-President, Continental Airlines Inc.

Regardless of the severe transitional period the air-
lines have recently undergone—from peak war-time
prices and profitability to the necessity to meet the
quests for demand for passenger travel, air freight, and even the cost of
air travel increased in operating with concurrent
increase in revenue in the public
service.

Continental Air Lines could afford a
load factor of 47.53% but steadily incre-
ses in revenues in the public
service. Continental Air Lines now require a load factor of 87.91%
meet the operating expenses.

The airlines have been experiencing financial difficulties, good management, restraint, and
reduction of service to assure their continued operation. Continental Air Lines, has suspended all operations for all
services—except a very small part of the
enriching, June 30, 1941) Continental Air Lines could afford a
load factor of 47.53% but steadily incre-
ses in revenues in the public
service. Continental Air Lines now require a load factor of 87.91%
meet the operating expenses.

The current period is a return to a wartime to a peacetime economy, and the airlines were able to reduce the load
factor from 78% to 50% in 1946 or the year of
air travel increased along with the gradual recovery of the national economy.

The present airline fares are already competitive with other forms of transportation, and the test of the airlines
is the demand. If demand justifies the existence of these
airlines, then the airlines will continue to
return to these services in this postwar period.

The safety record of the airlines in 1946 was better

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(Continued from page 456) the number of times you can enjoy hearing the same musical selection.

Also to consider television, something entirely new has cropped up, as the industry has launched it as a new commercial reality at least four times in the past three years. Yet, with most publicity and greater public response than in New York, any comparable innovation. For fifteen years we have been told television will follow Edison's assumption to real development. Many people have had an idea of television for the same fifteen years, a vast fortune of time has been spent on the development of television. Yet, each attempt to launch it has been a noteworthy commercial failure.

Various reasons have been advanced to explain these failures. Business cycles, technical changes, The Federal Communications Commission and the war have all been successive whipping boys, and it is probable that now some are preparing to put the blame on James C. Petrillo. The reason is that the industry has come up with an air of illusion instead of studying and finding solutions for the full scope of television problems.

Television is at once a science, an art form, and a business. As a science its development has been marked by brilliant achievement. Technically, it has been acceptable for many years. The recent development of high-definition, full-color television has lifted it to a far higher state of technical excellence than that enjoyed by radio during its years of greatest expansion. So far as purely scientific development is concerned, there is no barrier to television's expanding at a rate comparable to radio.

The Business Aspect of Television—Unfortunately, the economic or business side of television, and its result the artistic side, has been poorly treated. Because it is possible to send pictures through the air by radio waves, there has been an overwhelming tendency to think of television as just another form of radio, and to assume, that its problems are identical with those of radio.

The misconception of television's problems has caused the same confusion that would result if the airplane industry tried to its business like the automotive industry because both vehicles are propelled by gasoline engines. As an art form and a business, television has no more similarity to radio than radio has to phonograph records or to the production of Broadway plays. Had the same type of misconception prevailed continuously in the movie industry, we would still see movies only in nickelodeons.

As a matter of fact, there is a striking parallel between the development of motion pictures and television. Both tell the story of a new invention brought to the point of technical acceptability; of attempts to alleviate financial pain by the sale of advertising. Birth of each industry took motion pictures twenty years to achieve spectacular success.

The commercial history of the movies began in 1895 when Edison's new "Kinetoscope" was pathetically exhibited in New York. Filming of the Passion Play in 1896 attracted little attention, but pictures of the Corbett-Fitzsimmons fight were just as popular as are prize fights today over television.

Then came the period of movie shorts: vaudeville; accompaniments of nickelodeons, and bar-storming exhibitors, "with a few attempts at more spectacular production. In 1913, D. W. Griffith raised and spent a fortune on the colossal production, "The Birth of a Nation." The returns were spectacular. The public had paid ten admissions for poor movies and left many seats unoccupied; people stood in line to buy reserved seats for "The Birth of a Nation." The point is that the movies found it necessary to spend vast sums in order to provide entertainment that would continue to please a large section of the public, and to find some method of financing these costly productions. Once the public was learned, movies swiftly became a great industry.

What happened was very simple. Instead of merely putting vaudeville acts and stage plays on film, with all of the limitations that the stage imposes, motion picture producers developed a new art form that used the camera's potentials. They brought scenes from all over the world, changed settings constantly as the action indicated, and produced a form of entertainment that was different from anything ever known before. Television faces the same problem of providing adequate entertainment and of finding some method of paying its way. Before deciding off-hand that it can be done by advertising, we should consider, not only the lessons offered by the early years of motion pictures, but also the prime maxim that each new business will look at its competition. Since television can provide news, education and entertainment in the same building, it can compete with not only radio, but newspapers, magazines, motion pictures and the legitimate stage.

There are some significant figures:

- There is no way of determining accurately the number of people who listen to radio every day, but it seems conservative to estimate the audience at least 100,000,000 people. Radio is supported entirely by advertising, at a cost to advertisers of about $400,000 per year.

- Magazines, weekly and monthly, have a circulation of about 112,000,000 and account for about $600,000,000 of the nation's annual advertising bill. In addition, the public pays $110,000,000 a year to purchase magazines to make the total cost about $780,000,000.

- Daily newspapers have a circulation of about 48,000,000, Sunday newspapers, about 60,000,000.

- Cost to advertisers who use these papers is about $650,000,000 a year and the public spends $766,000,000 in an attempt to buy these papers for a total of $1,420,000,000.

- Movies have a total of $4,000,000,000 (Continued on page 470)
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than any previous year, and it is predicted that in 1947 air travel will be made even safer. More than $1,000,000 will be spent in 1947 studying and effecting

<insert text here>

Earth. Moreover, it is not to be expected that the public will long tolerate the economic performance of rail

A appraisal of the future cannot dismiss the existence of tremendous needs, both long term and short

<insert text here>

As a result of this narrow spread between income and ex-

<insert text here>

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for the serial stories to which they listen while they eat? Not so long after the living room needs re-upholstering, or until the new refrigerator and washing machine have been bought and paid for. Every family has, consciously or otherwise, what might be called a "Buy List." On it are the items which that family intends to purchase in the immediate future and in the more limited future. It includes the new home, the new electric kitchen, the car, a new radio, and other heavy family investments, lined up roughly in order of purchases. Where will a costly item of such limited usefulness as a television receiver be placed on the buying lists of the millions who make up radio's mass market? And how can advertising-sponsored television live without a mass market?

Many dealers have told us that sound is missing a bet on television, and back up their statements by pointing to the way television receivers are being snapped up today. I grant you that for the present and for the immediate future, companies producing such sets will do a thriving business. There are in every city a number of gadget buyers, people who want to be "up to date." Many of these people have the price to buy television receivers just as they and others with

slightly divergent tastes can purchase costly cameras, rare first editions, or expensive paintings.

These fine people make excellent circulation; the only trouble is that their number is strictly limited. Even if we grant that television is a more effective advertising medium than radio, that some method will be discovered to keep the viewer from turning his eyes away from the commercial, should he dislike it as much as many radio listeners abhor radio's inexorable commercials, how great an audience will television furnish in order to afford entertainment even as costly as that now employed by radio?

Radio has succeeded with its present commercial set-up because it is cheap. Advertisers can reach an enormous audience at a very low cost per person. There is no indication that television will be the same. The eye is much more fickle than the ear. People can listen to radio with half an ear, can enjoy the same music played over and over again, are even free to do other things while listening to the inexpensive plays presented by radio. They can lay down a newspaper or magazine, pick it up later, and continue reading, and when the volume is too loud they may even see the same ad four or five times while listening.

But television, to hold interest at all, must present such superlative quality that it will draw the viewer from all other activity with never an inattentive pause. There can be no backtracking to pick up loose ends. Television producers who have already learned that once a viewer's attention wavers, he is lost for that particular show, which means that the advertiser can count him out when the carefully planned commercial is presented.

Television Entertainment Costly

Producing television entertainment of the kind that will gain and hold a mass audience is going to be very costly. We can discuss in advance the features about which we hear the most: namely, spot news, sports events, etc. All these will be too costly.

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704 UNION CENTRAL BUILDING

Cincinnati, Ohio

Wm. J. Mericka & Co.

Members Cleveland Stock Exchange

INCORPORATED

The Cleveland Commercial Chronicle

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request an additional increase in freight rates in order to offset some of today's increasing labor costs. The Erie is optimistic about its prospects for 1947 and plans to build a new fleet of electric locomotives. It is estimated that freight business in 1947 will be in about the same volume as in 1946 although the revenue will be lower because of the increase in fuel costs. As a result of the anticipated increase, the Erie is planning to invest about $400 million which it hopes to have in service by the end of 1947. A strong bid will be made to capture a greater share of the freight market by inaugurating diesel-electric and electric passenger locomotives with streamlined passenger cars. Railroads on all the passenger trains operating between New York (Nashawanda) and Chicago will have electric locomotives, 25,000 freight cars and 750 passenger cars. The new locomotives were designed to run at a top speed of 120 miles per hour.

The year 1946 saw many interruptions to industrial production because of the series of strikes in almost every industry. However, the year 1947, the Erie looks forward to a steady flow of business which will result from the planned employment for the 24,000 employees on its payroll.

EVANS WOOLLEN, JR.
President, Fletcher Trust Company

The outlook for 1947 appears to be a continuation of the trends which have been operating in the economy for several years. It would seem that the most urgent problem in 1947, as in 1946, will be one of inflation reflected in balance sheets, the personnel problems of the companies, and the adjustment to modern personnel standards. Such a policy seems important if a great variety of present staff, and also by way of attraction, to increase the efficiency and ability into this field of work.

It would seem that there is a large volume of defaults on the Federal Government in bank and other institutions which there is nothing to suggest that the Federal Government in bank and other institutions which will in the future make a change in procedures. The change in total amount may be anticipated in the early future while the magnitude and ownership of the public debt remains.

There should be a further enlargement of lending, a further enlargement of direct or indirect taxation of bank institutions. This should be particularly pronounced in the case of mortgage bonds. The Federal Reserve is not only able to do a large volume of scale spending and with a reduction of Regulation Q, it is believed that the Federal Reserve could hope that it will not go too far or too fast.

There may also be somewhat more tendency to risk taking in the investment portfolio. If there continues to develop a wider range of yield between securities of the Federal Government and other types of securities, there will be a tendency to buy more short term securities in proportion.

Such better prospects as there may be for lending and investing are expected to bring a further increase in the volume of goods such as automobiles, refrigerators, washers, machines, and cars. The result of this increased demand will be a sharper demand for credit by car dealers, again the result primarily of a series of strikes. It was estimated that in 1946 there were ten on railroads in the United States—there was actually produced approximately 2,500,000 cars and 80,000 trucks. It was also estimated that in the beginning of 1946 there would be a minimum of 3,000,000 refrigerator- freezers manufactured, and the final figures will not show a production of more than 3,200,000.

It is hoped that the situation of this year, that agree the same situation existed in connection with the manufacture and distribution of other durable goods. It is good enough to look forward to the production of 4% to 5 million passenger cars and 80,000 railroad cars. The production of these goods in 1947, in the United States, would have been on an even keel and the labor disturbances are held to a minimum. It is also with the growth of the situation that the production of durable goods can be reached in 1947 that the ultimate retail price of these goods can be reduced from present levels.

It is likely that the much criticized Regulation W, which they have discontinued, which provides for credit and which comes under the jurisdiction of the Federal Reserve Board, is likely to be discontinued. The Board, or abolished by Congressional action. This would make it possible for a large segment of American families to purchase automobiles in the near future simply by using the money which they have been able to save and to invest the advances which they have in management of banks.

In our other finance activities in 1947, we have evaporated, such as the factoring business, the financing of open accounts and heavy industrial purchases. We think such an activity will continue to grow in 1947 as it has expanded in the past. The situation is little like normal conditions, will show a week while increase. It is expected that in 1947 the volume of volume of consumer credit paper must be handled in the finance department to make the same gross and the same business. The fact that we expanded in 1946 encourages this fact. It is, in fact, with our progressive policy to the expansion of our savings and loan department, the purchase of additional local offices to handle a much larger volume of consumer credit paper than we did in the war. We expect to "cash in" on these additional facilities in the year 1947 as more durable goods are made available for public consumption.

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will be helpful, but their mass appeal for long-term use will be strictly limited. All of the companies are smartly competing with one another in the lucrative television market. The world, produce only about two hours of television each week, so the audience is limited. The successful half hour, and this is cut to one hour in a couple of special newsworthy events.

A fight or two a week, with an audience size of about two million, is all that the average person can do to watch. Football, baseball, and basketball games are available only as other shows, available in sufficient quantity, could keep an audience indefinitely.

Preference polls without end, that people who want drama, want action, want adventure, want to see what is happening, but they would like to see new movies and plays, that they expect to re-

Evan Woonen, Jr.

Herbert J. Yates

President, Yates, Inc.

The beginning of a new year is traditionally a season for optimism, and I share the optimism of many others in the field of television. I think that the coming year is rich in prom-
in a position to discuss this subject carefully with a union and have full facts and figures if the subject comes up during a collective bargaining session.

One of the weaknesses on the part of management which I have observed is that when they face certain demands of this type, instead of calmly discussing the subject with their union committee, they fly off the handle and become excited, thereby destroying the possibility of calm negotiation. Businesses are accustomed to thinking about costs and balance sheets, and they are apt to act for granted that their union representatives also know all about how a business is run, but unions think more in terms of strategy, of the demands of the workers, and of the politics in handling their membership. That is one of the reasons why union leaders can sometimes influence workers in a factory much more than management can influence the same people. So it is important that management learn to handle the art of negotiation as well as the union representatives know it, or they will fail to work out a sound proposition for their companies as is possible.

As many of you know, one of the new programs in industry during the war was the so-called Training Within Industry program.

When the war ended, this program was dropped by the government. However, the original group of businessmen who set up this program for the government and who were loaned to the government without pay have set up a Training Within Industry program foundation in New Jersey, to which any industrial company can join by paying regular fees, and which would cover actual cost. Here is another proven way of helping to make management more efficient, and especially in helping foremen who are at that important point of contact between workers and management, on how to handle the problems of human relations more effectively.

I sincerely hope that this organization will succeed in getting the necessary support from the industrial relations and industrial production program for pensions as it did so effectively during the five years of war.

Many men in industry and labor have not even learned how to con-
Prospects of Recession in 1947

(Continued from page 302) at the time to believe that the boom could possibly come to an end soon. In boom periods, the future has always looked rosy, sales were increasing, demands seem unlimited, utilities were large, business was profitable, and elaborate plans for future business expansion were under way.

One episode, namely, the boom of 1919-20, provides an especially pertinent warning. The parallels between events then and now are striking enough to be seen in all details. We well know that the boom of 1919 ended in a seed market correction but not in a major depression lasting two years. At the low point, production was off one-third and at least six million persons were out of work. And all this happened in style, as was demonstrated by later events, that there was a large backlog of demand for houses, cars, radios, plants, office buildings, and other durable goods.

So it seems to me that past experience should put us on our guard against the comfortable view, all too easy to acquire in a boom period, that the new era of business prosperity and only mild and brief "corrective recessions" lie ahead.

Specific Factors

Now it should be pointed out that the specific factors that are likely to bring about the demise of the business of 1947 are:

1. Federal Reserve policy changes that may affect both money and the price level of the dollar. This has been a source of worry in the past, and it is again worrying people today.

2. Local and state government estimates that are based on a projection of the recent trend rising.

3. Consumer expenditures for non-durables are at an all-time high, and future consumption by the consumer is likely to be sufficiently high to cause an increase in the level of activity. This is likely to occur as soon as the consumer's purchases of non-durables will fall within the next six months to somewhere near the normal level, when the demand is expected to be high, and when the consumer's purchases of non-durables will be at the level of 1.3% of their current levels.

4. Estimates of Expenditures

One of the reasons cited for the decline in business activity is the decreasing rate of consumption. This is due to a number of factors, including:

a. The rate of interest is likely to be higher than estimated and will remain high.

b. The rate of inflation is likely to be lower than estimated and will remain low.

5. Expenditures for durable goods are likely to be lower than estimated and will remain lower.

6. Expenditures for non-durable goods are likely to be higher than estimated and will remain higher.

7. Expenditures for services are likely to be higher than estimated and will remain higher.

8. Expenditures for durables are likely to be lower than estimated and will remain lower.

9. Expenditures for non-durables are likely to be higher than estimated and will remain higher.

10. Expenditures for services are likely to be lower than estimated and will remain lower.

By NOW, the world economy is likely to be entering into a new phase of development, characterized by a period of economic growth and stability. This is likely to occur as soon as the consumer's purchases of non-durables will fall within the next six months to somewhere near the normal level, when the demand is expected to be high, and when the consumer's purchases of non-durables will be at the level of 1.3% of their current levels.
boom seems to be subsiding. I think that these maladjustments are being corrected. Now for certain qualifications:

1. The three strategic factors I have mentioned may not become effective at the same time and as suddenly as I have indicated. In this case the decline could be less precipitous than has been shown in Table 2.

2. I am much less definite about the timing of the recession than is suggested by my figures. The decline might come this spring, or it might be delayed until 1919.

3. There is a possibility that the production of durable consumer goods and capital goods will rise rapidly enough to offset the effects of the decline in spending for government, for consumer non-goods, and for inventories.

4. We now have a number of important factors that would tend to cushion any decline in business—factors not present in previous comparable situations. These may not have been given sufficient weight in Table 2. Among such possible cushioning factors are:
   a. The liquid savings of individuals which might be used on a large scale during a period of unemployment.
   b. Unemployment compensation.
   c. Resistance of organized labor to wage cuts which may help to maintain more purchasing power.
   d. Government support of agricultural prices.
   e. Credit and fiscal policy by the Federal Government including tax reduction and increased spending.
   f. Stimulation of both foreign and domestic buying following a decline in prices.

5. In comparing the present outlook with that in 1918-20, certain important differences should be considered.
   a. The rise in the price level has been substantially less than in 1918-20.
   b. Inventory speculation, duplicative buying, etc., are less rampant now.
   c. Interest rates are lower today and there is no foreseeable credit stringency ahead.
   d. Individuals and businesses are in a stronger liquidation position and less vulnerable financially than in 1918-20.
   e. We are profiting from the experience of 1918-20. We are more conscious of the dangers. Government, business, and consumers are all acting more prudently than they were in 1918-20.

Conclusion
To conclude, it seems to me that the indications of an approaching turning point in business, though by no means absolutely conclusive, are sufficient to justify considerable caution and a sharp lookout for additional evidence.

You have no doubt heard this same warning from many other sources. For some months economists have agreed with only a few dissenting voices, on the strong possibility of a recession in 1947. This unanimity tends to be somewhat surprising. Things seldom work out as everyone expects them to. Indeed, should this predicted recession occur, it would be the best-advertised one in history. Its occurrence on schedule would lend to the dubious art of business forecasting a new aura of respectability.

Nevertheless, I still think that these indications are present in the situation. If the predictions of the economists will have helped business to prepare for these dangers, and perhaps to ward them off, I should say that the predictions have been worthwhile even though they may not come true.
Fallacies of the "Nation Report"

(Continued from page 309) For the next. Believing that only more powerful industries—where the potential barriers to entry are low—are often taken into consideration, the figures below show two mutually excellent years, 1941 and 1945, and apply them to some of the largest companies in some of the main categories of business. These indicate, even in the earlier years, that the effects of a 21% increase in their labor costs would reduce earnings to a very dangerous point, if not entirely, if they were not to raise the prices of their products.

Even a cursory glance at these figures will prove that companies manufacturing the basic materials in industry must raise prices if their labor costs rise to any appreciable extent, unless these companies are willing to file petitions in bankruptcy when poorer years come along. Basic economic groups do not change since the time of the Pharaohs in Egypt, and the Pharaohs in their various forms only can be avoided in good years enough to take care of the few years of poor years. Of course, it is not that, in our economy as presently constituted, companies must operate at a profit or go out, but it is inevitable competition. The public wins a strike, both management and labor lose time and money.

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NOTICE OF REDEMPTION

$42,300,000 COMMONWEALTH OF PENNSYLVANIA TURNPIKE REVENUE 3 1/2% BONDS

Notice is hereby given that pursuant to the terms of the Trust Indenture dated August 1, 1938 between the Pennsylvania Turnpike Commission and Fidelity-Philadelphia Trust Company as Trustee, Pennsylvania Turnpike Commission hereby gives notice of its intention to redeem such of the outstanding bonds of $42,300,000 principal amount of the Commonwealth of Pennsylvania’s Turnpike Revenue 3 1/2% Bonds, dated August 1, 1938, due August 1, 1945, at the rate of $107.50 per $100 of principal amount thereof and accrued interest to August 1, 1945, at 4.5% per annum of the principal amount thereof.

On August 1, 1945 there will become due and payable at and in the City of Philadelphia, 155 South Broad Street, in the City of Philadelphia, Pennsylvania, or at the option of the holder, or registered owner at the principal office of Bankers Trust Company, 16 Wall Street in the Borough of Manhattan, the City of New York, the principal amount of said bonds and accrued interest thereon together with the interest thereon accrued and after August 1, 1945, said bonds shall cease to accrue and interest coupons maturing after said date shall become void. Notice is hereby given that said bonds may be presented at either of said offices for redemption and payment.

Coupon bonds shall be accompanied by all coupons attaching thereto and matured subsequent to August 1, 1945. Coupons maturing August 1, 1945 or prior thereto should be presented in the usual manner. Fully registered bonds or bonds registered as to principal amount should be presented in the usual manner. Fully registered bonds or bonds registered as to principal amount should be presented in the usual manner. Fully registered bonds or bonds registered as to principal amount should be presented in the usual manner.

PENNSYLVANIA TURNPIKE COMMISSION

JAMES P. TORDANCE, Secretary and Treasurer

Dated: January 14, 1945.

PRIVILEGE OF IMMEDIATE PAYMENT

Holders and registered owners of said bonds may at their option surrender the same as aforesaid at any time prior to the redemption or maturity of the principal thereof and the premium of 4%. Commissions, dated August 1, 1947, will also be paid immediately at their face amount if surrendered with said bonds, or they may be detached and presented for payment in the usual manner.

Wednesday, January 23, 1947

Simple and direct terms, with an explanation of each component. In this way, we can start to understand the problems that are facing companies and how they are entitled to a better understanding of the business. Sometimes they do not see the need to be headstrong in one direction or another, and strikes are the result. This approach and method of approach might be put into a sound box. There is must be a better understanding of the situation. The better the understanding, the easier it will be to answer questions of this type.

The fallacy is that there is no panacea in any formula which would work for every company, and management must recognize that there must be a definite problem which the company can take into one house or another and convince themselves that they are irreversibly interdependent.

Permissive Incorp. Issue Seen Factor in NYSE Elections

(Continued from page 309) to the Board that qualifications for the offices may hold on the subject of permissive incorporation. The Board of Directors of Kidder, Peabody & Co., Chairman of the Board and President of the May elections of Governors of the New York Stock Exchange, has been given to the Board that qualifications for the offices of permissive incorporation through the Board. It is predicted, more than that permissive incorporation would be up for the Board again, that it is, that there is no real possibility of the Board reverses to turn the in fight—be a more important that directors and members of the Exchange.

Nine vacancies are to occur on the Board of Governors this spring, and the Board of Directors, which was chosen by ballot at the annual elections, will have to draw up in March a slate of officers to fill these positions. A member of the Board may be reelected for a second consecutive term, whereas a director must not run again after serving these two years. The normal term of a member is a year and a half after his election. There are no vacancies in the slate of officers for the May elections that, may they what they may expect to be hopeful, elections of Governors of the New York Stock Exchange may be more strongly opposed to government for a few years that is too late on the present one.

It is of course a simple matter for the Amex Committee to continue its existence since it is made up of individuals who are possessed of the Exchange that does not need to be sanctioned by the firms that are members. Everyone on the Maynard Committee has been reelected to continue his participation in the Maynard Committee, it is understood, does not the exchange to whom the Committee have been appointed. The exchange to whom the Committee have been appointed. The exchange to whom the Committee have been appointed. The exchange to whom the Committee have been appointed. The exchange to whom the Committee have been appointed. The exchange to whom the Committee have been appointed. The exchange to whom the Committee have been appointed.
Securities Now in Registration

**INDICATIONS ADDITIONS SINCE PREVIOUS ISSUE**

**Acme Electric Corp., Cuba, N. Y.**
June 26 filed 132,740 shares ($1 par) common stock.

**Underwriters—Berbiglia, Feld & Co., Inc., and First Colony Corp.** Offering—to be offered publicly at 5 cents a share. The proceeds from the sale of 88,880 shares and four selling stockholders the proceeds from the sale of 63,860 shares. Company also will receive proceeds from the sale of 20,000 warrants for common stock to underwriters at an aggregate price of $2,450. The net proceeds ($202,940) will be used to pay current bank loans; about $20,000 will be used for working capital equipment, and the remainder for working capital.

**Aerovox Corp., Bedford, Mass.**
Aug. 22 filed 1,500,000 of 5% sinking fund debentures, due 1981, and 2,000,000 of 4% sinking fund common stock. Underwriter—Annis, Emerich & Co., Inc., and Dempsey & Co., Chicago. Offering—the debentures will be offered publicly. The common shares will be issuable upon the exercise of stock purchase warrants for purchase of common stock at a $3 a share above the bid price of such common on the effective date of the registration. Company will issue 2,000,000 warrants for 25,000 common shares to the underwriters at 10 cents a warrant. The remaining warrants will be sold to officers and employees of the company. Price—Debentures at $9. Proceeds—Company will receive $1,025,000 of proceeds of debentures, for payment of an indebtedness to Bankers Trust Co., New York. Balance will be added to working capital. Offering postponed.

**Air Lanes, Inc., Portland, Me.**
Oct. 17, 10,000 shares of $5 par common stock, each $10 preferred and common. Offering price—$10 preferred share and $1 common share. If offerings are made in the states of New York and Massachusetts, the offering price will be $9 and $1 for preferred and common, respectively. Underwriters—Benjamin, A. B., Rollins & Sons Inc. Offering—Stock will be offered to public for acquisition of capital. Shares are being sold by six stockholders.

**All-American Drunks Corp., New York**

**American Broadcasting Co., Inc., N. Y.**
June 27 filed 959,000 shares ($1 par) common stock.

**Underwriter—Dillon, Read & Co., New York. Offering**—For acquisition of capital. Shares may be sold to individuals, firms or corporations with whom the company has an existing or prospective agreement. Underwriters will be paid an amount to acquire radio station WXYZ, to construct broadcast transmitter for station XGO at San Francisco and for working capital.

**American Building Corp., Dover, Del.**
Nov. 5 (letter of notification) 20,000 shares each ($10 par) 5% cumulative preferred and no par preferred. Price—$10 a unit minimum of 500 shares may be sold by company to persons, firms or corporations with whom the company has an existing or prospective agreement. Underwriters are to be paid an amount to purchase 5% preferred stock at the rate of $14.50 a share, each 1,000,000 shares held. The remaining will be offered publicly. Price by amendment. Proceeds—Net proceeds will be used to raise additional working capital for purchase of equipment and for working capital for the company.

**American Colorotype, Clifton, N. J.**
Aug. 12 filed 30,000 shares ($100 par) cumulative preferred stock. Underwriter—White, Wool & Co., Price by amendment. Proceeds—Net proceeds initially will be used to repay a bank loan, and the company anticipates it will use the funds for its building and expansion program. Offering date indefinite.

**American Gas & Electric Co., New York**
Jan. 13 filed 840,007 shares ($10 par) common, owned by Electric Bond & Share Co., parent concern. None. Underwriters are to be offered 17,000 underwritten shares at $12.50 a share and 25,000 of the underwritten 10% convertible preferred shares. Proceeds—Proceeds go to the selling stockholder.

**American Locomotive Co., New York**
July 18 filed 100,000 shares each of $10 par preferred stock and $100 par convertible preferred stock. Underwriter—White, Wool & Co., Price by amendment. None. Offering—the shares will be offered for subscription for sale at public sale at the price of $100 a share. The conversion privilege will be issuable upon conversion of preferred stock. Underwriters will be paid an amount to cover issuance of the preferred stock. Underwriters will be paid a commission of 6% of the price of the preferred stock and 5% of the price of the convertible preferred stock for each share issued. Proceeds—Proceeds will be used for working capital. Price by amendment.

**Atlantic Refining Co., Philadelphia**
Oct. 20 filed 291,000 shares ($100 par) cumulative preferred stock. Underwriter—Berbiglia, Feld & Co., New York. Offering—Stock will be offered for subscription to public at premium of $110 a share. The conversion privilege will be issuable upon conversion of preferred stock for each share held. Underwriters pay the company 6% of the premium the underwriters will receive to the public. Price by amendment. Proceeds—A maximum of $15,600 of the net proceeds will be applied to redemption of 500,000 shares of cumulative convertible preferred stock, convertible 4% Series A at $105 a share. The balance will be added to general funds for corporate purposes including repayment of obligations, acquisition of additional production, and expansion of refining, transportation and marketing facilities. Offering temporarily postponed.

**Austin Brothers, Dallas, Tex.**
Jan. 15 (letter of notification) 500 shares ($100 par) common stock. Price—$10 a share. No underwriting. The offering is made to employees of the company and proceeds will be added to capital.

**Beaumont-Utah Worsted Corp., New York**
Nov. 27 filed 1,500,000 shares ($100 par) and 200,000 shares of common stock (par $1). Underwriter—White, Wool & Co., New York. Proceeds—Will go to stockholders. Price by amendment. Proceeds—Offered preferred at end of January. Common may be withdrawn.

**Basic Food Materials, Inc., Cleveland, Ohio**
Nov. 26 (letter of notification) 5,000 shares (no par) common. Price—$15 a share. Underwriter—Kahn, Snyder & Co., Topkap. Offering—For acquisition of capital. Shares are being sold by the company. Proceeds—Offered at end of February. Average price of common stock to stockholders $15 per common share to public, $10 per preferred share and $.50 par value. No underwriting. To increase working capital.

**Beaunit Mills, Inc., New York**
Nov. 26 filed 40,000 shares ($100 par) common. Underwriter—White, Wool & Co., New York. Price—By amendment. Proceeds—Of the total, 140,000 shares are to be sold by St. Regis Paper Co., New York, and the remaining 40,000 shares are being sold by L. Roseto, President of Beaunit Mills, Inc.

**Berbiglia, Inc., Kansas City, Mo.**
Sept. 12 (letter of notification) 41,000 shares of 5% cumulative convertible stock $6 preferred offering price, $15 a share. Offering price—$1 a share. Underwriter—Kahn, Snyder & Co., Topkap. Offering—For acquisition of capital. Stockholders; $15 per common share to public, $5 per preferred share. Proceeds—Offered at end of January. Common may be withdrawn.

**Berg Plastics & Die Casting Co., Inc. (1/3)**

**Blumenthal (Sidney) & Co., Inc., New York**
Aug. 30 filed 119,706 shares (no par) common and subscription warrants relating to 30,000 shares thereof. common and $5,000,000 5% convertible debt, 7% cumulative preferred shares of company's treasury for funds expended in re- acquisition of capital. Underwriters—Berbiglia, Feld & Co., Inc. Proceeds—For acquisition of capital. Shares are being sold by company. Proceeds—Offered at end of January. Common may be withdrawn.

**Book-of-the-month Club, Inc., New York**
Oct. 28 filed 300,000 shares ($1.25 par) capital stock. Underwriter—White, Wool & Co., New York. Offering—Of the total, the company is offering 100,000 shares to underwriters and six stockholders, including Harry Scherman, President, and President of the company, are selling the remaining 200,000 shares. Price by amendment. Proceeds—Offered for acquisition of capital. Proceeds to be used for expansion of inventories of books and other raw materials and book inventories. Offering date indefinite.

**Boston Store of Chicago, Inc.**
Sept. 10 filed 30,000 shares ($50 par) 5% cumulative preferred and $5 par value (1 share) common. Underwriters—Paul H. Davis & Co. and Strout & Co., Inc. Offering—Preferred will have non-detachable stock purchase warrants for purchase of 30,000 shares of common stock of the total 375,000 shares will be offered for sale for cash. 30,000 shares are reserved for issuance upon exercise of warrants attached to preferred stock and for assumption upon exercise of outstanding warrants. Price—By amendment. Proceeds—Net proceeds together with other funds, will (Continued on page 48)
CARNEY Fasteners, Inc., Columbus, S. C.

Caspar Porcupine Gold Mines, Ltd., of Toronto, Ont.
June 24 filed 400,000 shares of common stock. Underwriters—No underwriters. Offering—To the public at $1 a share (registration statement is a variation of purpose in connection with exploration, sinking of shafts, diamond drilling and working capital.

Central & South West Corp. (1/27)

Central Soya Co., Inc., Fort Wayne, Ind.
Aug. 21 filed 500,000 shares (par $1) common stock. Underwriters—First Boston Corp., New York. Price by amendment. Proceeds—Net proceeds will be used for paying off a $250,000 loan and for a working capital of New York; purchase equipment and development expenses of $100,000. The balance will be used to increase working capital.

Colonial Airlines, Inc., New York
Oct. 23 filed 150,000 shares ($1 par) capital stock. Underwriters—Andover & Carlton Co., New York. Price—By amendment. Proceeds—Net proceeds will be used for the redemption of $70,920 of 7% shares of preferred stock and for purchase of new equipment, buildings, etc. as part of its modernization and expansion program.

DeLuxe Check Printers, Inc., St. Paul, Minn.
Jan. 14 (letter of notification) 1,500 shares ($10 par) common stock. Underwriters—No underwriters. Offering—Will be limited to shareholders and employees. Proceeds—Will be used for replacement of present machinery, purchase of additional machinery and for expansion of plants.

Detroit Typewriter Co., Detroit, Mich.
Sept. 26 filed 40,000 shares (par $1) convertible preferred stock. Underwriters—Names to be supplied by issuing company. Price—By amendment. Proceeds—To be used as working capital, purchase of additional equipment, plant expansion and plant renovation and working capital. Offering date indefinite.

Edelbrew Brewery, Inc., Brooklyn, N. Y.
Dec. 31 filed 5,000 shares ($100 par) 5% cumulative non-participating preferred. Underwriters—None. Offering—To be offered at par to customers, officers and employees of the company. Proceeds—For corporate purposes including the expansion of manufacturing plant and plant equipment. Offering date indefinite.

Empire Millwork Corp., New York (1/30/31)
Aug. 28 filed 50,000 shares of $1.25 convertible preferred stock. Underwriters—Van Alstyne, Ouellette & Co., New York. Price—By amendment. Proceeds—To be used for modernization and expansion of the company's equipment, to purchase new machinery and for working capital.

Falk Mercantile Co., Ltd., Boise, Idaho.
Oct. 27 filed 15,000 shares (par $100) 1% preferred stock. Underwriters—Paine Webber, Jackson & Curtis of New York. Proceeds to retire debentures and for expansion purposes.
Glen Industries Inc., Milwaukee, Wis.
July 31 filed 50,000 shares of $1.25 cumulative convertible preferred (10c par) common, all issued and outstanding and being sold by eight selling stockholders. Underwriters—Van Alstyne, Noel & Co., New York. Proceeds—To selling stockholders. Offering temporarily postponed.

July 14 filed plans to issue $950,000 of 5% first mortgage bonds. Proceeds—For working films. Underwriters—Johnston, Lemon & Co., Washington, D. C., and Allen & Co., New York, are principal underwriters. Offering proceeds will be used to retire a portion of the company's indebtedness and to acquire additional equipment. Proceeds—To be used in the ordinary course of business. Underwriting—Yes. Offering—For sale by public subscription directly. Subscriptions may be withdrawn at any time prior to consummation of the sale. Underwriters agree to purchase the entire issue at $950,000 if not sold. Underwriting.—None. Proceeds—To be added to general corporate funds.

July 29 filed 18,500 shares at $4.25 cumulative preferred stock ($100 par), with non-cumulative preferred stock, and 50,000 shares of common stock (par $1). Underwriter, none. Price—$100 a share. Proceeds—For additional working capital.

Firestone Tire & Rubber Co., (1/28)
Jan. 7 filed $30,000,000 25% 5-year debentures due 1972. Underwriters—Harriman & Co.; New York, and Oitis & Co., Cleveland. Price—By announcement. Proceeds—To retire $5,000,000 51/2% bond debentures due Dec. 15, 1957, issued at $108.50 a unity consisting of one share A and two shares of common stock. Proceeds—$30,000,000 for retirement of 5,000 shares ($100 par) preferred stock at $100 a share; remaining proceeds, together with other funds, will be used for production of educational films.

Florida National Corp., (1/27)

Food Fair Stores, Inc., Philadelphia
Aug. 14 filed plan to issue 30,000 shares of cumulative preferred stock. Underwriters—Eastman Dillon & Co. Price by announcement. Proceeds—To finance capital expansion and redeem 15,514 31/4% bond debentures due 1989, issued at $98.50: 17,500 outstanding shares of 4% preferred (cumulative) at $105 a share plus accrued dividends.

Fox Brothers Manufacturing Co., St. Louis, Mo.
Jan. 13 (letter of notification) $50,000,000 of 4% convertible subordinated debentures due 1967. Underwriters—Barron, Jackson & Curtis, Boston. Price by announcement. Proceeds—To redeem $32,000,000 of additional 41/2% debentures due 1969, issued at $99.75 and to provide working capital. Offering date indefinite.

Foreman & Carlson Corp., New York
July 29 filed 110,000 shares ($1 par) common stock, all outstanding. Underwriters—Cohu & Torrey. Price by announcement.

Fox Film Corp., New York

Fred Fresh Foods, Inc., Columbus, S. C.
Aug. 30 filed 450,000 shares (10c par) common. Underwriters—Hillard & Co., New York. Proceeds—To bring company's outstanding stock to 25,000,000 shares, sold to Robert E. Fulmer and Louis H. Newirk, Jr., are selling the balance. Proceeds—For purchase of sweet potatoes, plant expansion, additions to the plant, buildings and equipment, and for general welfare of the company and working capital. Offering date indefinite.

Glenclair Mining Co., Ireland, Mass.
Aug. 2 filed 5,000,000 shares ($1 par) stock. Underwriter—Mark Daniel & Co., Toronto. Price—40 cents a share (New York), no offering date.

Glensden Textile Corp., New York
Aug. 28 filed 335,000 shares ($1 par) common, of which 55,000 shares are reserved for issuance upon the exercise of outstanding warrants. Underwriter—Van Alstyne, Noel & Co., New York. Proceeds—To purchase 25,000 additional shares of $5 par preferred stock at $10 each, of the Stuyvesant Insurance Co., a subsidiary. Proceeds—To be added to general funds.

Oct. 2 filed 500,000 shares ($1 par) stock. Underwriter—Mark Daniel & Co., Toronto. Price—40 cents a share (New York), no offering date.

Glennex Textile Corp., New York
Aug. 28 filed 335,000 shares ($1 par) common, of which 55,000 shares are reserved for issuance upon the exercise of outstanding warrants. Underwriter—Van Alstyne, Noel & Co., New York. Proceeds—To purchase 25,000 additional shares of $5 par preferred stock at $10 each, of the Stuyvesant Insurance Co., a subsidiary. Proceeds—To be added to general funds.

Glenwood Motor and Investment Co., Los Angeles
July 17 (letter of notification) $297,000 of 6% unsecured installment notes. Price—$100 a unit. No underwriting. For general corporate purposes.

Health Institute Inc., Hot Springs, N. Mex.

Herbert Smith Steel Corp., New York
Jan. 16 filed 100,000 shares (10c par) common. Underwriters—By public subscription. Proceeds—To be added to general corporate funds.

Hercules Steel Products Corp., New York
Dec. 6 filed 60,000 shares ($5 par) common stock. Proceeds—To be used to build and equip hotel and health facilities to accommodate customers. Underwriters—Simons, Libbun & Co. Offering—No commission. Proceeds—To be used to build and equip hotel and health facilities to accommodate customers.

Helene Curtis Industries, Inc. (1/28)
Dec. 8 filed 60,000 shares ($5 par) common stock. Proceeds—For working films. Underwriters—Sidco Capital Co., Inc. Proceeds—To be used to build and equip hotel and health facilities to accommodate customers. Underwriter—Simons, Libbun & Co. Offering—Commissions: Underwriters, 10% on first $10,000, 5% on the next $40,000 and 21/2% on the balance. Proceeds—To be used to build and equip hotel and health facilities to accommodate customers.

Heyden Chemical Corp. (1/24)

High Grade Supply Co., Oklahoma City
Dec. 3 (letter of notification) $4,800 shares of cum. Preferred stock, $100 par value, callable. Price—$52 a preferred share and 2 a common share. Underwriters—H. L. Price & Sons, Tulsas, Okla. Proceeds—To issue 125,000 shares of convertible preferred stock and 53,000 shares of common stock. Proceeds—For purchase of five variety stores, to retire notes and for working capital.

Idle Hour Country Club, Lexington, Ky.
Aug. 16 filed 100,000 shares ($5 par) common stock. Proceeds—To be used in the ordinary course of business. Underwriters—By competitive bidding. Probable bidders include Blyth & Co., Inc; The First Boston Corp., W. E. Hutton & Co. Proceeds—Neet proceeds from the sale of preferred will be used to reimburse the company for $50,000 of cash advances made for year's interest. Proceeds from the sale of the common will be applied for repayment of $325,000 of mortgage debt and $800,000 of capital stock not converted into common prior to the redemption date. The balance will be added to treasury funds, which are expected to be used for future expansion of the financial program because of present market conditions.

Inland Airways Inc., Walla Walla, Wash.
Aug. 16 filed 12,000 shares ($1 par) common stock. Price—$10 a share. No underwriting. For operation of business as passenger and freight air carrier.

International Dress Co., Inc., New York
Aug. 28 filed 140,000 shares of common stock ($1 par). Underwriter—Oitis & Co. Offering—Price $10 per share. Proceeds—To be used in the ordinary course of business. Offering date indefinite.

Inter-Mountain Telephone Co., Bristol, Tenn.
Dec. 19 filed 47,500 shares ($10 par) common. Underwriters—Van Alstyne, Noel & Co., New York. Proceeds—To be used in the ordinary course of business. Underwriters—By competitive bidding. Probable bidders include Blyth & Co., Inc; The First Boston Corp., W. E. Hutton & Co. Proceeds—The shares will be offered for subscription to common stockholders at a price of $10 a share in the ratio of one new share for every one of the company's outstanding shares. Share holders will be mailed to stockholders Jan. 28. Unsubscribed shares will be sold to underwriters. Proceeds will be used to pay off $250,000 bank loan and for property additions and improvements.

Jan. 11 filed plans to issue 25,000,000 shares of $1 par common. Offering—Exchange of voting trust certificates for outstanding common. The trustees under an agreement to be dated Feb. 10 and to expire Aug. 10, 1950, are to be administered by J. Kaiser.

Kingfisher Water Co., Chicago
Jan. 7 (letter of notification) $85,000 first mortgage 4% bonds. Price—$1,000 and $500 per unit. Underwriters—Hilliard & Co., New York. Proceeds—To be used for acquisition of 200,000 shares of stock in Utilities, Inc., and the payment of $55,000 note and for property additions and improvements.
Montague (Louis A.), Washington, D. C., Jan. 13. (letter of notification) $50,000 and $150,000, of promissory notes both at $6.75. Price—At face amounts of $600 and $2,000, respectively. To finance construction of hotel building.


Mountain States Power Co., June 6. Filed declaration of public stock (no par). Underwriters—To be determined by competitive bidding. Probable brokers include Blyth & Co., Inc.; Kuhn, Loeb & Co., Inc.; Harriman, Ripley & Co.; The First Boston Corp. Offering—Shares, if offered, for sale at par plus 7 1/8% of the par value. Price—$1,000 per share for each five shares sold. The underwriters will advance the bids for the purchase of the stock on Sept. 4, but the sale has been temporarily postponed.


National Aluminate Corp., Chicago, Sept. 27. Filed an unspecified number ($2.50 par) common stock. Underwriters—Brown & Co., Inc., and Lee Higginson Corp., Chicago. Price—By amendment. Proceeds are to be paid to shareholders. The stock is being sold by shareholders. Names of the selling shareholders will be disclosed in a registration statement to be filed with the Commission.


New England Gas and Electric Association, July 11. Filed $22,500,000 20-year collateralized trust funding Series A bonds, and a maximum of 1,568,080 common shares. Offerings—Common shares. By amendment. Bidders may include Halsey, Stuart & Co. Inc. (bonds only); First Boston Corp.; White, Weed & Co.; Kidder, Peabody & Co. (jointly). Offering—Bonds and common stock are being offered in connection with a compromise rehabilitation plan approved by the SEC on June 24, 1946, which among other things, established a maximum price for each bond to be $27.75. Interest is due July 1, 1946, and Halsey, Stuart & Co. Inc., has received $2,000,000 in trust funds. Michigan—Will use net proceeds from bonds to redeem $3,000,000 of Series A bonds, and to acquire 35,000 shares of common stock.


Northern Encouraging & Mfg. Co., La Crosse, Wis., Aug. 29. Filed application for 20,000 shares of common stock. Underwriters—Cruttenden & Co.; Offerings—All shares are issued and outstanding and being sold for the account of present holders. Price—$10 a share. Proceeds—to loan company to meet obligations.


Northwestern Public Service Co., Dec. 30. Filed 50,000 shares (50 par) cumulative preferred and 410,000 shares ($3 par) common. Underwriters—The First Boston Corp. Offering—New preferred stock at par plus 7 1/8% of the par value; no common stock. Price—$100 per share. Results of competitive bidding to be offered in exchange for old preferred and common stock. Proceeds—The company will use its proceeds to redeem old preferred and common stockholders. No underwriters.

Ogden's National Stores, Inc., New York, June 21. Filed 8,000 shares ($1 par) common stock. Underwriters—Smith, Barney & Co., Inc., Price—$6.75 a share. Proceeds—Net proceeds to the company from $2,500,000, estimated capitalization, will be used for the retirement of outstanding preferred stock; $41,640 to purchase 4,000 shares of common stock; $3,500 to pay costs of organization and $187,000 for other corporate purposes. The proceeds will be used for the redemption of outstanding preferred stockholders. Offering temporarily postponed.

Ohio Gas and Electric Co., Dec. 23. Filed 950,000 shares ($20 par) common stock. Underwriters—to be determined by competitive bidding. Probable brokers will include The First Boston Corp.; White, Weed & Co.; Lehman Brothers & Blyth, Smith, Barney & Co., Inc. (jointly); Harriman, Ripley & Co.; Kuhn, Loeb & Co., and Smith, Barney & Co. (jointly). Offering—Common stock. Price—$30 per share. Proceeds—By amendment, the company will file with the SEC for Dec. 23 a registration statement for the sale of 1,000,000 additional shares of common stock in the State of Ohio. The proceeds will be used to repay a portion of the outstanding debt of the company.


Pacific Power & Light Co., Portland, Ore. July 8. Filed 100,000 additional shares ($5 par) capital stock. Underwriters—By amendment. Probable brokers include Blyth & Co., Inc., White, Weed & Co. and Smith, Barney & Co., Inc.; The First Boston Corp. W. C. Langley & Co. and Harriman, Ripley & Co. Offering—Common stock. Price—$10 per share. Proceeds—The company proposes to use its net proceeds to refinance existing debt obligations and to pay off notes at the maturity of Northern Electric Co., in connection with the proposed merger of Northwestern into Pacific. In connection with the merger, the outstanding preferred and common stock of Pacific and Northwestern will be exchanged for shares in the company, and cash adjustments, for the newly-issued preferred stock of Pacific, the surviving corporation. Offering price—To be supplied by an amendment.

Pat Blade Co., Inc., New York June 1. Filed application for 1,000,000 shares ($5 par) common stock. Underwriters—F. Eberstadt & Co., Inc. Offering—All shares are common stock. Underwriters may exercise the option to purchase 15,000 additional shares of common stock. Underwriters may also exercise the option to purchase 25,000 additional shares of common stock. The company will issue 2,500,000 shares of 6% debentures due 1975. Interest is 6% per annum and the proceeds will be used for working capital, expansion and acquisition of new equipment.

Pennsalt Chemical Co., Aug. 9. Filed 2,000,000 shares ($1 par) common stock. Underwriters—E. F. Hutton & Co., Inc. Price—$10 per share. Proceeds will be used to retire common stockholders and, 2,500 shares are being sold by A. L. Harriman to all salaried employees. Issue may be withdrawn.

Pennsalt Fibre Corp., Washington, D. C. August 16. Filed 4,000,000 shares ($10 par) preference stock. Underwriters—Tellier & Co., New York. Price—$30 per share. Proceeds will be used to retire common stockholders and for payment of debt due to the United States. The present plan does not affect the status of original plan, but determination as to which will be used will be left to the SEC and the court. Hearings on the alternate plan are scheduled by the SEC for Dec. 19.

Pennsylvania Power & Light Co., Allentown, Pa. Jan. 13. Filed 1,050,072 shares ($10 par) common stock. Underwriters—P. Schiff & Co., Inc. Offering—150,000 shares of common stock and 25,000 shares of preferred stock to be purchased for a new group of writers. Proceeds—$52,658,525. It will set aside $150,000 for research and development purposes and the balance will be used as operating capital.

Pekskill (N. Y.) Baseball Club, Inc., Jan. 14. (letter of notification) 2,400 shares ($10 par) Class A common. Price—$100 per share. Proceeds—to pay for work on the building of the park, including the purchase of new equipment and for the payment of debt due to the United States. The present plan does not affect the status of original plan, but determination as to which will be used will be left to the SEC and the court. Hearings on the alternate plan are scheduled by the SEC for Dec. 19.

Pensilvania Oil Corp., Ltd., Montreal, Canada Sept. 3. Filed 600,000 shares of common stock ($1 par). Underwriters—Sabin Buffalo, Ltd., Toronto, Canada. Price—$30 per share. Proceeds will be used to purchase drilling machinery and other equipment.

Pennsylvania Power & Light Co., New York. Jan. 28. Filed 500,000 shares ($10 par) common stock. Underwriters—J. R. Utterback & Co., Inc. Offering—For sale to the public. Price—$30 per share. Proceeds will be used to retire common stockholders and, 2,500 shares are being sold by A. L. Harriman to all salaried employees. Issue may be withdrawn.


(Continued from page 487)
firing Co., consisting of 8,948 shares (no par) common, will  be sold at par book value of $2,450,244 as of last Sept. 30. At a meeting of stockholders, Dec. 23 company authorized the $35,000 additional working capital. A proportion of the proceeds, up to the total of approximately 70.9% of the common stock is held under a voting trust arrangement of Aug. 15, 1940, with excess expected to be terminated upon the acquisition of the Taylor stock.


Pic-n-Whirl Corp., San Francisco Dec. 25 filed 50,000 shares ($7.50) cumulative convertible preferred stock, par ($1) preferred. Price by amendment. Proceeds—To provide for capital improvements in the Pic-n-Whirl Corp. and to purchase the Pic-n-Whirl Corp. and to purchase for working capital expended in purchase of building from RFC and to complete construction of a building.

Plastic Molded Arts, Inc., New York Aug. 27 filed 60,000 shares of preferred stock ($10 par) and 15,000 shares of common (par $0.05). Underwriters—Lee & Ricketts, Chicago. Price—$10 a share. Proceeds—For general business purposes. Price by amendment. Proceeds—To provide for capital improvements in the Pic-n-Whirl Corp. and to purchase the Pic-n-Whirl Corp. and to purchase for working capital expended in purchase of building from RFC and to complete construction of a building.

Potomac Broadcasting Cooperative, Inc., Washington, D. C. Jan. 17 (letter of notification) 492 shares ($100 par) cumulative convertible preferred stock, par ($1) preferred. Proceeds—To provide additional working capital for franchise of radio station and for operating capital.


Realmond Red Lake Gold Mines, Ltd., Toronto, Canada Nov. 9 filed 5,000,000 shares of common stock ($1 par). Offering Price—$0.50 a share. Proceeds—For exploration and development of mining property.


Republic Indemnity Co. of America, Tucson, Ariz. Dec. 12 filed 20,000 shares ($10 par) common and 50,000 shares ($2 par) 5% cumulative preferred. Underwriter—If company finds it necessary to enter an automobile insurance agreement in the future, the filing will be by amendment. Underwriters—The company will be used for insurance purposes. Price by amendment. Proceeds—The shares will be used for insurance purposes. Price $30 a common share and $10 a preferred share. Proceeds—Proceeds will be used to augment the capital by an additional $500,000 for business expansion purposes.

Republic Pictures Corp., New York Registration originally filed July 31 covered 184,821 shares of 1 cumulative convertible preferred ($10 par)

and 277,521 shares ($50 par) common stock, with Sterling, Grace & Co. as underwriters. Company has decided to issue 454,465 shares of common stock only, which will be sold at a price of $215 per share. Underwriters—The offering is expected to be for the benefit of 15 of the present stockholders, indefinitely postponed.

Sween & Crorn, Trenton, N. J. Aug. 23 filed 100,000 shares common stock (par $1). Underwriter—C. K. Platell & Co., Inc. Offering—Com¬ pany is offering 40,000 shares of common stock, the sale of which will be in the hands of the underwriters. Proceeds—The proceeds are to be used for the benefit of 15 of the present stockholders, indefinitely postponed.

Taylor-Graves, Inc., Saybrook, Conn. July 22 (letter of notification) 44,000 cumulative convertible preferred stock, common ($20 par), stock ($50 par). Offering—Price $8 a share for preferred and 75¢ a share for common. Proceeds—Proceeds are to be used for the benefit of 15 of the present stockholders, indefinitely postponed.

Tele-Tone Radio Corp., New York Aug. 1 filed 210,000 shares of common stock (par 50 cents). Underwriters—Hirsh & Co. Offering—Company is offering 75,000 shares of the stock registered. Proceeds—Proceeds are to be used for the benefit of 15 of the present stockholders, indefinitely postponed.

Tested Papers of America, Inc., Chicago Jan. 13 (letter of notification) $25,000 of negotiable debentures. In units of $100, $500 and $1,000. No underwriting. For company operations.

Toro (D.) Edison Co. Oct. 9 filed 1,000,000 shares mortgage bonds, due 1976, and 150,000 shares of ($100 par) cumulative preferred. Underwriters—To be determined by competitive bidding. Proceeds—For working capital. Underwriters—Alstom & Brugg, Inc. (bonds only); Blifly & Co., Inc., and England & Co., Inc. Proceeds—For working capital.

Tullahoma, Tenn. Jan. 13 (letter of notification) 32,000 shares (par $1) common stock, with Bay State Trust Co., New York. Proceeds—Proceeds are to be used for the benefit of 15 of the present stockholders, indefinitely postponed.

Trans Gulf Corp., Chicago Dec. 24 filed 100,000 shares ($100 par) common stock, par ($5) preferred. Proceeds—For operating capital. Price by amendment. Proceeds—Proceeds are to be used for the benefit of 15 of the present stockholders, indefinitely postponed.


United States Aircraft Corp., New York Nov. 4 filed 200,000 shares (par $1) 25% cumulative convertible preferred and 250,000 shares of common (par $0.05). Proceeds—Proceeds are to be used for the benefit of 15 of the present stockholders, indefinitely postponed.

Western Southwestern Telephone Co., Dallas, Texas Jan. 13, 350,000 shares (no par) cumulative preferred. Underwriter—Palme, Webster, Jackson & Curtis, New York. Price by amendment. Proceeds—Proceeds are to be used for the benefit of 15 of the present stockholders, indefinitely postponed.


Stone Container Corp., Chicago Oct. 24 filed 300,000 shares of ($31 par) common. Underwriter—Hall & Co., Inc. Offering—Of the total, company is selling 200,000 shares of common and stockholders are selling the remaining 100,000 shares. Proceeds will be underwritten. Of net proceeds, company will use $2,250,000, plus a premium of 5% commission for accrued interest, for payment of a bank loan, and $400,000, together with accrued interest, for discharge of its debts to the extent of 6% increases. Any balance will be added to working capital.

Street & Smith Publications, Inc. Jan. 13 filed 150,000 shares common stock, Underwriters—Gloer, Forgan & Co. Offering—The offering is expected to be for the benefit of 15 of the present stockholders, indefinitely postponed.

Utah Chemical & Carbonic Co., Salt Lake City Dec. 20 filed $700,000 15-year convertible debentures, with 15 of the present stockholders, indefinitely postponed.

The statement also covers 105,000 shares of common reserved for conversion of the debentures. Underwriter—Carver & Co., Inc.

(Continued from page 49)
**Prospective Security Offerings**

(Not Yet in Registration)

**Indicates Announcements Since Previous Issue**

(Only “prospectives” reported during the past week are given herewith. Items previously noted are not repeated)

- **West Coast Airlines, Inc., Seattle, Wash.**
  - Sept. 2, the company will sell 121 shares ($1 par) common, Underwriter—Phillips, Rhoads & Company, Washington, D.C. The issue is offered for payment of various expenses, repayment of bank loans, purchase of equipment and for working capital.

- **Western Air Lines, Inc.**
  - Nov. 27 filed 1,500,000 shares ($1 par) capital stock.
  - Underwriters—The Ohio Co., Cleveland. Proceeds will be used to enter the market of the United States and to finance the development of the company.

- **Victory Gold Mines Ltd., Montreal, Canada**
  - Nov. 13 filed 400,000 shares ($1 par) capital stock. Underwriters—New as yet. Price—$20 a share. Proceeds—For developing mining properties.

  - Jan. 21 (letter of notification) $300,000 15-year 8% sinking fund unsecured debentures due 1964. Price—$98. Underwriters—The Ohio Co., Cleveland, Ohio. Proceeds—For the purpose of acquiring and developing mining properties.

- **Warren-Teed Products Co., Columbus, Ohio**

- **Watson (H. S.), Co., San Francisco**
  - Jan. 17 (letter of notification) sale of 2,000 shares ($50 par) capital stock. Price—$50 a share. No underwriting. To increase working capital.

- **AeroVox Corp., Bedford, Mass.**
  - Jan. 21 company reported planning the withdrawal of $1,500,000 debentures now in registration, having obtained a loan of $1,000,000 from an insurance company. Reported planning the filing of $500,000 new preferred stock with the Granberry, Masarco & Lee as underwriters.

- **Alabama Great Southern R. R., (1/23)**
  - Bids will be received at the company's office Room 2018, 70 Pine St., New York, N.Y., until 3 p.m. EST Jan. 22 for the sale of $1,500,000 equipment trust certificates series J, due 1965, at 100 plus accrued interest. Proceeds will be used to refinance a part of the company's debt.

- **Chesapeake & Ohio Ry. (1/23)**
  - The company is inviting bids for the sale of $2,300,000 equipment trust certificates. Bids will be received at the company's office, 440 Terminal Tower, Cleveland, Ohio, or before noon (EST) Jan. 23. The certificates are to be matured Feb. 15, 1965 at 101% of par value. Proceeds will be used to acquire $1,150,000 of Delaware & Ohio Ry. common stock.

- **Cincinnati, New Orleans & Texas Pacific Ry. (1/23)**
  - Bids will be received at the company's office room 2011, 70 Pine St., New York, N.Y., until 3 p.m. EST Jan. 22 for the sale of $1,700,000 equipment trust certificates series K. Dated Feb. 15, 1947 certificates will mature in 10 equal annual installments 1947-1957. Dividend rate to be specified in the bids. Proceeds will be used to acquire $2,300,000 common stock.

- **Connecticut Power Co.**
  - Jan. 22 company announced it has in view an expansion program which will cost about $5,000,000 and take three years to complete. The cost, it said, will be financed by an issue of debentures, which may be placed privately.

- **Detroit Edison Co.**
  - Jan. 22 directors announced that they are studying a proposal for an additional financing which will be required to take care of the company's construction budget in next calendar year. Proceeds will be used to retire debentures. Probable biders for new securities: The First Boston Corp.; Halsey, Stuart & Co.; Co.; Cofn & Burr; Spencer Trask & Co.; etc.

- **Dresser Industries, Inc.**
  - March 17 stockholders will vote on increasing long-term indebtedness to $7,500,000. Company proposes to retire an issue of debentures (due 1947) with new serial notes maturing $375,500 each Dec. 1, 1947-55, and $4,125,000 Dec. 1, 1956, with interest ranging from 1 1/2 to 2 1/2%.

- **Federal Electric Products Co.**
  - Jan. 22 reported company contemplated some new financing with B. E. Gillett & Co. as underwriters.

- **Frederick Grin & Malting Co., Inc.**
  - Jan. 22 in connection with proposed merger of Frederick Grin & Malting Co., Inc. and Rockwood & Company, New York company will issue about 40,000 20-year 3% sinking fund debentures to retire existing debentures and preferred stock. Proceeds will be used to acquire Schroder, Rockeiser & Co., Inc. and Loewi & Co.

- **Interstate Power Co.**
  - Jan. 21 the SEC (subject to minor particulars) approved an amended registration statement which the company has offered for issuance at a competitive bidding of $1,160,000, proceeds to be used to retire debentures at 95% and $21,000,000 common stock (par $3.50) the latter to net $21,000,000. Probable bidders for the First Boston Corp.; Halsey, Stuart & Co.; Co.; and Dillon, Read & Co. Inc. (stock only).

- **Missouri-Kansas-Texas R. R.**
  - Jan. 24 company will open bids on a $5,000,000 loan to be secured by its line from Canton to Forde. Proceeds will be used to repay 5% bonds of 1896. Proceeds will be used to acquire Missouri-Kansas-Texas R. R. first of 1913 and 1914, Kansas-Hill, 1925, 1915, 1916, 1917, 1933, 1935, and 1936.

- **New York Chicago & St. Louis R. R. (2/4)**
  - Company has announced that its board of directors considered Feb. 4 for $3,000,000 of equipment trust certificates. The certificates will be dated Feb. 15, 1947, and mature in 10 equal annual installments Feb. 15, 1947-57. Probable bidders include, Halsey, Stuart & Co.; Co.; Salomon Bros. & Co., and National Bank.

- **Norwich & Worcester R. R. (2/5)**
  - The company, a leased line unit in the New York, New York & Erie Railroad system, will receive bids up to

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Thursday, January 21, 1947
Ralsey, Stuart Offers $13,000,000 Bonds

Ralsey, Stuart & Co. Inc. and associates are offering publicly $13,000 New York State Electric & Gas Corp. first mortgage bonds, 4%, series due 1977, at 101% of the face value of the bonds. Emery, General Public Utilities Corp. parent of the company, will contribute to the company's out-of-pocket costs in cash. Redemption premium and interest on the bonds will be paid from cash contributions referred to above.

Frontier Power Stock Sold off at $10 Per Share

Public offering of $5 par value common stock of Frontier Power Co., operating in Colorado and New Mexico, was made by a group of underwriters. The price to the public was $10 per share.

DIVIDEND NOTICES

Burridges

Burridges CONSOLIDATED CASH DIVIDEND A dividend of fifteen cents ($0.15) per share on the stock of BURRIDGE'S ADDING CHINESE COMPANY, payable March 30. The stock will be in the hands of record at the close of business January 31, 1947.

INTERNATIONAL HARVESTER COMPANY

Quoted, dividend no. 114, of one dollar ($1.00) per share, on the stock of the International Harvester Company, payable March 30th. This stock will be in the hands of record at the close of business January 31, 1947.

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Labor Relations Crucial in 1947

By MARCUS NADLER*
Professor of Finance, New York University

Dr. Nadler, after reconning errors and lost opportunities of past years, holds business activity during 1947 will be determined largely by labor relations. Says it is fairly certain that depression during year and a high level of production will be maintained for several years thereafter. Warns, however, that there must be satisfactory wage-price relationship and ability of workers to obtain them.

The past year was one of lost opportunities and the mistakes made by the government, labor, and management have cost billions of dollars.

Dr. Marcus Nadler

*Remarks by Dr. Nadler before the National Retail Merchants' Ass'n, Detroit, Mich., Jan. 23, 1947.

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