A Reduced Budget Before Tax Cut
By JAMES D. MOONEY

President and Chairman of the Board, Willys-Overland Motors, Inc.

Mr. Mooney urges sharpening of budget axe to reduce taxes 20%, which would sufficiently stimulate business and raise income until total government revenue would exceed present amount. Analyzes important budget items and points out possible reductions and possible economies, and concludes, with high cost of doing business, incentive for risk-taking and new business is being destroyed, and danger signals point to readjustments which may shake our economy and do more harm to our prestige and foreign relations than Communists can do.

Tax reductions will be easy when strong and far-seeing leadership rises to the emergent necessity of reducing the budget to essential needs and eliminating political luxuries. Never before was there a strong, forthright determination to solve the economic and financial problems of this country more urgently. It will require leadership with a determination to serve the best interests of the country to cut through red tape and eliminate obstructions.

Even one wants a reduction in taxes. This is not altogether a selfish desire. The present inflated prices and costs are making it difficult for workers to meet their daily bills and for many businesses to keep in the black. Political leadership has promised a tax reduction. Economic and business necessity for drastic aid for tax reduction in order to hold up purchasing power and reduce costs to avoid a slump in business.

(Continued on page 26)

State and Municipal Bonds
Bond Department

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

New England Public Service Co.
A new study
Analysis upon request

IRA HAUPT & CO.
Members New York Stock Exchange and other Principal Exchanges

111 Broadway, N. Y. 6

RETAILS 2-3100

Toronto 12-728

BOSTON 2-4900

New York 9-2688

Buffalo 2-8600

New York 2-8600

Philadelphia 2-4900

Chicago 1-7330

Cincinnati 2-4900

Nashville 2-4900

Kansas City 2-4900

ATLANTA 2-4900

Cleveland 2-4900

St. Louis 2-4900

Minneapolis 2-4900

Denver 2-4900

San Francisco 2-4900

Kansas City 2-4900

St. Paul 2-4900

Minneapolis 2-4900

New York 2-8600

BERNARD W. LEVY

THE CHASE NATIONAL BANK

New York, N. Y.

Editorial

As We See It

Inevitable, of course, but...

It was inevitable, of course, that the French authorities sooner or later would take cognizance of the gross overvaluation of their currency in the markets of the world. There may well be differences of opinion as to the wisdom of the precise measures now adopted in Paris, but something had to be done no one can well doubt. All this was as true of the franc as it was of the lira and is today of the pound sterling and a number of other currencies whose official “values” are no less than fantastic.

The real question has to do with whether any such steps as those now taken by France and due sooner or later in London and a number of other countries will place the currencies of these nations on a sound basis, or even prove to be helpful in reaching that goal. Upon inquiry the answer to this question is soon found to depend less upon currency deviations, upward or downward, than upon the underlying considerations. It, of course, may be taken for granted that what has now been done in Paris, or correspondingly similar action in the other capitals, even if more wisely and expertly devised, will of itself not cure the underlying ills.

(Continued on page 24)
Community Property and the Split Income Tax

By ALBERT HANDY

Formerly Lecturer in Taxation, New York University

Mr. Handy reviews origin and growth of Community Property Laws in the various states, and points out recent adaptations of this principle to federal tax advantages for inhabitants. Some dangerous implications in community tax laws if extended to estates, and concludes by assailing the property principle in divorce settlements.

In one of the world's oldest ethical schools the tenth precept lays down the rule: "Thou shalt not covet." And yet covetousness is one of the motivating sources of economic progress. The desire to keep up with the Joneses is actually a dynamic force for good—or perhaps for evil. Hills and Stalins have been exponents of it in its most deplorable form. Covetousness is after all only envy, and envy is put forth as one of the most formidable efforts to attain the things which his neighbor has and which he desires. The great inventors, the epic-making discoveries, mostly find their source in this state of mind. Because eight States in the Union acceded to married coules desire to be other than they are in order to be able to provide for their children, the federated residents of the other 40 States asked their Congressmen to grant a less degree of fervor. "Why the discrimination?" Why should those who have chosen to live perhaps in Texas or in New York, be favored over us? With the increase in the rates of tax the average lower and lower, and fewer dolters tone are heard. These people are unwilling to prefer according to the law, as involuntary persons, their weights, because they live in community property States. Despite a deep-rooted refusal on the contrary property has fundamentally nothing to do with tax rates. The chief feature of the common property law is that husband and wife are regarded as being members of a species of community, and all property or revenue derived, in any manner, will be divided between the partners. The two spouses again, under that law, are treated as equal partners and equals all income of the relationship is to be regarded as consisting of two parts, one belonging to the husband and the other to the wife. That is, when a man marries, he makes his wife not only his partner, but also his heir, and she also inherits. And all this week, while the new property States. But in community property States is the law that, on the disbursement of every other partnership, each takes or her fall. However, in these States property and income fall into two classes, these are community and personal. And in the first class there are included generally, gifts, bequests, and various inheritances. Also the partners may agree that certain property shall be the property of the one or the other. But there is no precise rule that governs all cases, as the degree of freedom given to the partners of the community jurisdictions vary.

(Continued on page 27)

Business Prospects and Distribution Trends

By C. F. HUGHES

Business News Editor, The New York "Times"

Consulting current business forecasts, Mr. Hughes reviews trends in 1947, and industrial effects of retailers and manufacturers to back (inflation). He also discusses the drop in sales prices, with few exceptions, are full; (2) bank credit is jumping too fast, and (3) competitive imports will increase under Germany Agreement. Sees concerns regarding continuation of consumer and demand increasing competition and increasing in marketing. Concludes: "The current uncertain international situation, business forecasting is 'downright guesswork.'"

About six weeks ago we were engaged on the paper in putting together a small business and financial annual section—something to accommodate advertisers and not chew up too much newspaper—and we were knee-deep in reviews and forecasts. Some of them were, more or less, a modern postcard of retailing plans and possibilities. Business forecasts for 1948 were as usual, more or less hopeful, with respect to the first six months. It was a deal of uncertainty was registered concerning the second half of the year. There was lack of a clear cut influence of a Presidential election, so perhaps it was believed that the test of prices and supply and demand conditions would appear some six or seven months from now.

One notion expressed in some of these forecasts was that this was a bit of all that story of Mike, who fell off the top of a new skyscraper. As he whirled and shrieked, Mike Pat on a lower beam, Pat yelled, Mike yelled back, "OK, so far." What means is that business in some quarters is feeling a little too cocky, perhaps, a lot of 1947 optimism is but plain true. You will recall that something variously called a "recession," a "shakedown," or at least a "moderate about the tax rate... is thought to be quite likely, I think the idea is a few suggestions on that kind of tax. We are not fine on my reading of my year-end offering of 12 inches a week in the Saturday Review. Rather nicely — and without much pep in the spending campaign which goes like this: "Now on the one hand — now on the other hand." What Happened in 1947? The fact is that there was the beginning of a real thing and put it around this date. It was only saved from growing by three major developments—a shorter crop, a shortage of the Marshall Plan, and the coal wage settlement. The crop point to the question of high food prices. The Marshall Plan prom- posed to hold off the sag in exports under the "shilling" system. The coal-wage accord led to higher steel prices which invited

(Continued on page 44)

NATIONAL BANK
OF INDIA, LIMITED

Bankers to:
Kenya Colony and Uganda
Head Office: New York, N. Y.
Branches in London, E. C.

N. Y. Cotton Exchange Bldg.
New York, N. Y.

GOODBODY & CO.

Members N. Y. Stock Exchange and Other Principal Exchanges

115 BROADWAY
New York, N. Y.

Telephone Blythe 7-6100

Telephone Telex N.Y. 4182

WE GIVE THE FOLLOWING LIST OF COMMERCIAL AND INDUSTRIAL SECURITIES:

ABANDONED RAILROADS.

AERIAL CABLES.

AIRLINES.

BROADCASTING.

CABLES.

COAL.

COMMODITIES.

COTTON.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.

CURRENCY.
Brokers' Responsibility in Flow of Investment Capital

By JOHN A. MURPHY

Partners, Reynolds & Co., Merchants' Exchange, New York Stock Exchange

Asserting stockholders are not only paying one-third of their dividends in taxes, but, as a group, are getting only about one-half of share of national income as compared to their corporate and personal income. While he denies corporate profits are abnormal, and points out need for higher rates of corporate depreciation and taxes demanded by all business undertakings, which, because of inability to float securities, must borrow inflation. Upholds securities salesmanship, and urges investors organize for protection.

The investment banker is the middle man between the two parties who can use their capital for legitimate business purposes, such as expanding their operations or the formation of capital or the accumulation of holdings and sometimes as an intermediate between manufacturers and employing and investing public.

The office of brokers has been made too little part, but there is a duty responibility to the investor in the brokerage business. The broker should continue his part in creating a future for investment securities. The public will buy with confidence, without assurances that they can be liquidated with ease in a busy and continuous market.

The National Association of Manufacturers is an analysis based on Department of Commerce figures recently released that point out the earnings of corporate business are proving inadequate to meet the requirements of current business expansion. It was pointed out that while profits and earnings were in the black, with $28 billion of corporate profits, Federal and State corporate taxes about $11,200,000,000 and $6,200,000,000, the profit was paid out in dividends than that were again taxed to the recipient. Retained earnings amounted to a little over $10 billion. While the share number vision, its inadequacy is revealed in the Part-time of Commerce data that estimates business producers' equipment and industrial business construction has been running at an annual rate of around $25 to $33 billion. In addition, there is an estimated annual inventory of about $7,000,000,000. While it is not indicated that there have been such funds from current deprecation were


FOR

Primary Markets in Unlisted Securities

FROM

HARTFORD BUFFALO PHILADELPHIA LOS ANGELES
Boos 611-4000 400-2400 400-2400
Enterprise

Deliveries Accepted in Most of the Principal Cities

WARD & CO.

Established 1828

Members New York Stock Exchange & American Stock Exchange

120 Broadway

New York 5

Telephone: Rector 2-8700

The Franc Crisis and International Monetary Capital

by ERMN H. WENTWORTH

Mr. Wentworth, in holding franc crisis found both the Fund and American financial high command unprepared for emergency, urged efforts should be made to improve the Fund's organization and prepare it for future troubles. Sees mistake in acceptance of unrealistic parity value for the franc. Says there is a need for a stronger link between Fund and its members and the American administration, which should be corrected quickly.

Activities of the Bretton Woods organizations were headline news in recent weeks for the first time in almost two years. The franc devaluation and the controversy between the French Government and the International Monetary Fund brought the latter to the attention of the public rather than a small group of experts as usually.

There was an immediate demand of imports on day, involving the struggle in the struggle. Obviously, they were not prepared for their designated role or any other adequate appraisal of the devaluations during the last half of January. Yet it may be useful to deal with some of the high points and a few important conclusions preliminary to a more detailed examination of the whole problem as it will certainly develop during the coming year.

Determination of Franc Par Value Was Premature

Article IV of the Fund Charter sets the framework for the devaluation on the franc devaluation. It provides for both determination of the value of the franc and changes in those values (sect. 4).

When the Fund in December, 1946 published the first par values in accordance with Article IV, there were grave doubts whether it and followed the basis (though not the easiest) method to accept not the simplest without any adjustments. This was particularly true of the French franc which was already overvalued at that time.

In fact, in fact, indeed, the Fund pressed its reservations in an accompanying statement as well as in its Annual Reports and emphasized the possibilities of adjustments in the future. However, it defended its decision, pointing out that the policy of the Fund were erroneous with respect to the French franc and perhaps a number of other currencies as well. If the Fund had followed the same policy of postponement of a franc par value in the same way, it would have been worse in the first place. As a matter of fact, the effects which would have been inevitable, though apparent a year ago, but they are now and are now, which were explained in terms of ‘straight’ devaluation. The change has proceeded only on such considerations.

The French Devaluation Plan

The French scheme involved two important changes (though probably worth little in the French franc and the dollar franc. The exchange rate (high) currencies principally dollars for all transactions except for those involving Special Drawing Rights, not to be exchanged at the rate of 1 franc for the dollar.

The franc did not object to the first part of the plan, but some provisions of the second part with a strong opposition particularly from the British who were supported by a majority of the Fund members. So, the “Purposes of the Fund” as enumerated in Article I and the “to promote exchange stability, to maintain orderly exchange arrangements and to avoid competitive exchange depreciation” were renounced by the French Government in the spirit of these basic provisions of the ‘/imperialistic’ in the face of French resistance approved as provided for in Article I.

Such was the legal position and there was no doubt that it was far from a legalistic point of view. But probably more important were the decisions of the parties behind their formal agreements. There was little doubt that the drafts of the Bretton Woods agreements, based on a multiple and fluctuating currency exchange agreements, at least had been practiced during the ‘thirties. There was then a strong recoil of their philosophy by Mr. M. Schacht (in the Czech Republic) and the Nazis’ and there was a far cry of alarm by the standards those practices once and for all.

Environmental factors, however, were the only price and it should be a fixed price. Any devaluation should be fixed and to be fixed at a lower rate. Undoubtedly, the French have a strong tendency to want the franc at a lower parity (Continued on page 43).
Observations

By A. Wilfred May

Public Relations Warfare Is Extended to Investment Banking

Must Political Strategy Also Sabotage the Success of Industry's Effort for Capital?

This week's urgent call by former SEC Chairman Caffrey on the investment banking industry to embark on a nationwide self-adver-
sising campaign is playing into the hands of political strategists. The "relations" effort here as well as in so many other sectors of the economy is aimed at effectively diverting attention. While Caffrey's in this area is made acutely pressing now by the invasion of Walter W. White and the most active investment bankers on monopoly charges.

Moreover, the proceedings by the government as well as the bankers, unfortunately quite typ-
ical in both cases, have been substantially per-
aid by public relations calculations. The At-
torney General, if anything, seems to have turned green light to go ahead by a mere one-vote ma-
iority decision of the Cabinet that the suit would produce a net gain for the Administration. Simi-
larly most current comment is concerned with whether the banks are on the best foot forward; that is, whether their somewhat demoralized depression in ad-
ance of the court proceedings is to be con-
cluded as ethically and strategically sound, or whether the system is habitually "ducking" under fire. At any rate, in one-man protest against this over-emphasis on public relations, this writer finds it is going to try to make the direct effect on the objective public interest of some of the vital issues raised by the Attorney General's suit.

For example, the public may well be worried over the effect of successful hamstringing of our only proven investment banking market. It has become apparent the current financing needs. The Attorney General wants to end the modus operandi now effectively making several industries a monopoly. He is also asking that the investment bankers be forced to act as an agency for the Attorney General's exclusion would, unlike the action of a medical doctor or an architect, force the investment banking machinery to act, if at all, in a political manner.

While the experts' estimates of capital requirements and the paucity of savings run over a very wide range, we need only accept President Truman's $9 billion and $10 billion demand for industrial ex-
pansion, to appreciate the financing difficulties which a successful program of capital expansion could encounter. In particular, the key industries, such as utilities, which will likely require 8 billion dollars per month, the problem of new-capital provision would become particularly acute.

The public might also be justifiedly concerned over the possible influence of the status of the investment bankers' functioning in the sea of political traffic which has engulfed tax policy and so many other of our problems. For it may be asked, why after the off-
repearsly, Caffrey's slogan "the banks are on the best foot forward" so far is only a political device.

This expression from the Federal Trade Commission is in line with the apparently unthrusting reaction from the Securities and Exchange Commission and the Attorney General's action. And like the SEC, the FTC has jurisdiction over at least the fringe of the investment banking and has been a useful branch in the government's concurrently complaining. The FTC would, for example, certainly seem to cover the matter of a banker's interest in news or the issuer, or the latter of his membership on more than one company board; which are cited as a serious abuse in the Attorney General's present suit.

Maximum Cure Would Be Limited

The public may also get to wonder how, even if the charges should be substantiated in the courts and the cited 17 firms expelled from the New York Stock Exchange, this would curing and, inequitable allotment and apportionment of new issues would still have much the same effect. The behavior of any investment banking firm that is not a defendant banks that are not defendants in the suit. (This is the summary which appears in the New York Times and has been widely reported.)

Moreover, the relief asked for would not touch the conduct of...

A. Wilfred May

The State of Trade and Industry

While industrial production held to a very high level the past week and compared favorably with the like week of 1947, scattered pressure from unfilled orders and commodity shortages, served to retard output to some degree.

In fact, postponement of the scheduled resumption of industrial gas service to plants this week will again work to keep down output of automobile factories another week. Transportation delays, too, are proving to be another stumbling block to production since the inability of the snow-bound carriers to get raw materials to plants or finished goods out, starts a vicious crowd of its own.

In the steel industry the present lack of scrap and coal is respon-
sible for a loss of close to 3% of the capacity, which is equal to about 5,000,000 tons a year of steel ingots and castings. This may incur price of steel, among others, but the industry's greatest worry is the possibility of labor trouble over escape proposals presently being formulated by the United Steelworkers of America, CIO, to obtain higher pay for its members.

With severe cold and heavy snows in many parts of the country, consumer durables continued to seek winter items and evidence little interest in early promotions of spring merchandise. The dollar volume of retail trade rose slightly in the week ending February 17, but was a trifle above that of the preceding week a year ago, with prices rising 1% and sales 1%.

A large number of buyers gathered in the wholesale centers throughout the country for new lines, which were generally equipped in placing moderate orders, but evidenced considerable caution when large orders were involved. Wholesale volume in the week was moderately above the level of the previous week and moderately ex-

Outstanding consumer credit established a new record of $133,360,000 at the close of December, 1947, the Federal Reserve Board reports. This represents an increase of $2,000,000 from the end of December, 1946. The form of credit covers charge accounts, credit cards, and loans repayable in a single sum as well as instalments.

According to the Federal Reserve Board there was a substantial increase in each type of credit although installment debts showed the largest percentage gain.

In the automobile industry, auto sales rose $6,000,000, or 5%, about the same as in November, to a total of $1,359,000,000, and on average prices were $2,000,000. Loans repayable in a lump sum increased by $1,654,000, Loans repayable in a lump sum increased by $2,000,000, Loans repayable in a lump sum increased by $2,000,000, Loans repayable in a lump sum increased by $2,000,000, Loans repayable in a lump sum increased by $2,000,000, Loans repayable in a lump sum increased by $2,000,000, Loans repayable in a lump sum increased by $2,000,000, Loans repayable in a lump sum increased by $2,000,000, Loans repayable in a lump sum increased by $2,000,000, Loans repayable in a lump sum increased by $2,000,000, Loans repayable in a lump sum increased by $2,000,000, Loans repayable in a lump sum increased by $2,000,000, Loans repayable in a lump sum increased by $2,000

Charge accounts, the biggest single item of consumer credit, increased by $250,000,000, or 8%, to $3,200,000,000, but as much as the customary seasonal amount in December, the Board said.

SUGAR

Raw—Refined—Liquor

Exports—Imports—Futures

Nassau, 2-26, 1954

John H. Anderson With
White, Weld in Chicago

Chicago, the President of Chicago, has been associated with White, Weld & Co., 331 South La Salle Street, Mr. Anderson was formerly vice-president of Har-

With Sherman J. Brown

RICHMOND, Ind.—Howard T. Duke, Jr., President of Brown & Co., 10 North Eighth Street, RICHMOND, 2, the Chicago Stock Exchange. He was for-
merly with Sloan & Co., Milwaukee, with W. E. Shimakker & Co., Inc. of Indianap-
olis.

With Commerce Trust Co.

CHICAGO, the President of Commerce, Kansas City, MO.—Jack E. Billard has been added to the staff of Commerce Trust Com-
pany, 10th and Walnut Streets.

With King Merrill & Co.

ST. LOUIS, MO.—Alvin F. Hansen is now connected with King Merrill & Co., 408 Olive Street. He was previously with Sloan & Co., Inc.

Weintert du Pont Co.


With S. A. Sundeen & Co.

SUNDEN, Minnesota.—Robert P. Wernuth is now with S. A. Sundeen & Co., Talbot Building.

A. Wilfred May

Chicago 5,559

Canadian Pac. Rwy., 341/2, 1951

Step Rock Iron Mines, Ltd.

811/2, 1957

HART SMITH & CO.

1400 WASHINGTON, N. W., D. C.

Bill Telephone N. Y. 1-320

New York Montreal Toronto

COTTON

LAMBORN & CO., INC.

100 NASSAU STREET

NEW YORK 5, N. Y.

Time Inc.

American Maize Products Co.

Sold—Bought—Quoted

FREDERICK H. HATCH & CO., INC.

Established 1888

MEMBERS N. Y. SECURITY DEALERS ASSOCIATION

63 Wall Street, New York 5, N. Y.

Bell Telephone N. Y. 8-457

Steel Production

Electrical Output

Retail Trade

Commodity Price Index

Food Price Index

Auto Production

Business Failures

KINGWOOD OIL CO.

A crude oil producer that had operated successfully over the past seven years.

Market 378/4

Analysis Available

PETER MORGAN & CO., INC.

21 Penn Avenue

New York 2, N. Y.

Tel. PA 7-5811 Tel. NY 1-2078

A crude oil producer that had operated successfully over the past seven years.

Market 378/4

Analysis Available

PETER MORGAN & CO., INC.

21 Penn Avenue

New York 2, N. Y.

Tel. PA 7-5811 Tel. NY 1-2078
Stock Market Speculation and Venture Capital

By Francis Adams Truslow
President, New York Curb Exchange

Commenting on low eb of public interest in stock markets, Mr. Truslow points out for this reason that venture capital can’t be raised and business is relying more on debt financing. Sees danger in this development, and defends speculation as guide to placing of venture capital, and sees need of removal of artificial barriers hampering risk investment. Stresses value of providing data for intelligent speculation.

To open my particular subject, I would like to call your attention to two-year-end stories which were published in The Monthly Letter in the fall of 1940. The Federal Reserve Bank of New York states: “During the last quarter of 1947 prices of stocks continued their indecisive course, and for the year as a whole they showed virtually no change. Public interest in stocks was at a low ebb, and the volume of trading fell more than a third from that of 1946.”

The National City Bank of New York in its “Monthly Letter” for January 1948, pointed out: “Corporate demands for additional long-term capital are manifested in the increased turnover of security issues for primary financing, in the increased volume of brokers’ purchases and sales of debt obligations—for the bulk of new money requirements is strictly self-financing.”


This statement was illustrated by a chart showing that in 1945, 46% of all corporate capital was raised by selling bonds and notes, but that this percentage rose to 50% in 1946 and reached 73% of the total in 1947. Public interest in the stock markets is at a low ebb. Venture capital—equity capital—can’t be raised, so business has turned more and more to debt financing to obtain the capital it must have. There are the facts. What do they mean? What are the sources of stock market transactions? It is an active interest in the stock market essential to the raising of venture capital. Does an inactive stock market prevent the raising of venture capital? Does it affect and express relationship exist between these two facts, or are they both manifestations of the same conditions?—namely, a public vicious in and not interested in a lack of capital to risk? If economic science were a science, in any mathematical sense, we could add up statistics and get the answers. In the name of the same conditions, fortunately, it is merely a commentary, and the problem stands just as fallible as any other attempt to add up to the motives of the human unit it tries to rationalize. But we can get some help with our questions by comparing how the stock market functions with the present capital market is raised. There has been so much misinformation circulated about the stock market that we must now consider the word “stock market” in this talk to mean the market for stocks on the stock exchanges—that I never knew what that word meant to someone else. Within the last few months I have met people who thought we dealt in cattle, others who thought the exchanges bought securities from one group and then to another. Some seem to think that the Governors of an Exchange establish prices. It is not uncommon to encounter the conviction that a small group of men, usually referred to as “they” or “those fellows” at the exchanges, would determine what stock prices would go up, down or sideways.

Volume on New York Exchanges

The members of the two New York Stock Exchanges, the New York Stock Exchange and the American Stock Exchange, are such small exchanges, it is hard to believe there could exist, if one was interested, just as fallible as any other attempt to add up to the motives of the human unit it tries to rationalize. But we can get some help with our questions by comparing how the stock market functions with the present capital market. Does an inactive stock market prevent the raising of venture capital? Does it affect and express relationship exist between these two facts, or are they both manifestations of the same conditions?—namely, a public vicious in and not interested in a lack of capital to risk? If economic science were a science, in any mathematical sense, we could add up statistics and get the answers. In the name of the same conditions, fortunately, it is merely a commentary, and the problem stands just as fallible as any other attempt to add up to the motives of the human unit it tries to rationalize. But we can get some help with our questions by comparing how the stock market functions with the present capital market.


The Monthly Letter in the fall of 1940. The Federal Reserve Bank of New York states: “During the last quarter of 1947 prices of stocks continued their indecisive course, and for the year as a whole they showed virtually no change. Public interest in stocks was at a low ebb, and the volume of trading fell more than a third from that of 1946.”

The National City Bank of New York in its “Monthly Letter” for January 1948, pointed out: “Corporate demands for additional long-term capital are manifested in the increased turnover of security issues for primary financing, in the increased volume of brokers’ purchases and sales of debt obligations—for the bulk of new money requirements is strictly self-financing.”


This statement was illustrated by a chart showing that in 1945, 46% of all corporate capital was raised by selling bonds and notes, but that this percentage rose to 50% in 1946 and reached 73% of the total in 1947. Public interest in the stock markets is at a low ebb. Venture capital—equity capital—can’t be raised, so business has turned more and more to debt financing to obtain the capital it must have. There are the facts. What do they mean? What are the sources of stock market transactions? It is an active interest in the stock market essential to the raising of venture capital. Does an inactive stock market prevent the raising of venture capital? Does it affect and express relationship exist between these two facts, or are they both manifestations of the same conditions?—namely, a public vicious in and not interested in a lack of capital to risk? If economic science were a science, in any mathematical sense, we could add up statistics and get the answers. In the name of the same conditions, fortunately, it is merely a commentary, and the problem stands just as fallible as any other attempt to add up to the motives of the human unit it tries to rationalize. But we can get some help with our questions by comparing how the stock market functions with the present capital market. Does an inactive stock market prevent the raising of venture capital? Does it affect and express relationship exist between these two facts, or are they both manifestations of the same conditions?—namely, a public vicious in and not interested in a lack of capital to risk? If economic science were a science, in any mathematical sense, we could add up statistics and get the answers. In the name of the same conditions, fortunately, it is merely a commentary, and the problem stands just as fallible as any other attempt to add up to the motives of the human unit it tries to rationalize. But we can get some help with our questions by comparing how the stock market functions with the present capital market.

New Era of Prosperity Ahead

By G E N. ROBERT E. WOOD
Chairman of the Board, Sears, Roebuck & Co.

Gen. Wood builds war greatly improved our industrial technique and, because we are a nation of traders, we have accelerated the growth of National Debt. Says accentuated decentralization in manufacturing and finance is benefiting country and in past decade each section has accumulated resources to finance its needs. Sees immediate currency stabilization in Europe should precede our aid and concludes nations have long period of prosperity ahead.

I am not a banter or economist and presumably I cannot speak with any authority before a gathering of stock brokers. But I know a great deal about the nature of the business of Sears, Roebuck & Co., which has stores and mail order plants in every section of this country, which deals in practically every line of goods:—agriculture—we are getting 25% more production from 25% fewer acres; chemicals—because we are a nation of traders, we have accelerated the growth of National Debt. Says accentuated decentralization in manufacturing and finance is benefiting country and in past decade each section has accumulated resources to finance its needs. Sees immediate currency stabilization in Europe should precede our aid and concludes nations have long period of prosperity ahead.

I am not a banter or economist and presumably I cannot speak with any authority before a gathering of stock brokers. But I know a great deal about the nature of the business of Sears, Roebuck & Co., which has stores and mail order plants in every section of this country, which deals in practically every line of goods:—agriculture—we are getting 25% more production from 25% fewer acres; chemicals—because we are a nation of traders, we have accelerated the growth of National Debt. Says accentuated decentralization in manufacturing and finance is benefiting country and in past decade each section has accumulated resources to finance its needs. Sees immediate currency stabilization in Europe should precede our aid and concludes nations have long period of prosperity ahead.
Western Europe in the Balance

By JOHN L. SIMPSON

Mr. Simpson upholds Marshall Plan as emergency measure to save western Europe from economic and political collapse and from domination by Communism. Analyzes arguments against Plan and concludes that, unless aid is given, Europe holds endangered positions which must not be allowed to decay. Europe's problems are many; the Marshall Plan is the only remedy. It would be inadequate to remedy situation, and Marshall Plan is required to provide needed margin for European economic revival.

The Marshall Plan is designed to promote economic recovery and maintain political independence of the participating countries of Europe. Its aim is to support and sustain those nations most closely allied with us by ties of tradition, of blood, and of common cause.

The plan calls for the application of a total of $15 billion to the reconstruction and development of Europe. It is to be spent in as equal a proportion as is practicable in the countries of Western Europe. The actual amount each country will receive will depend upon its level of need and its ability to meet its obligations.

The United States is to bear one-fourth of the cost, and it is hoped that the rest of the cost can be met by the European Recovery Program. The plan is to be administered by the Economic Cooperation Administration, which has been established within the Department of State.

The Marshall Plan is a great step forward in the solution of the problems of Europe. It is a step in the right direction, and it is a step that will be welcome to all people of good will everywhere.

We announce with pleasure that Mr. Ralph H. Weisman is now associated with us in our Trading Department.

OLDWATER & FRANK
29 Broadway, New York 6, N. Y.
Telephone Hanover 2-8879
Bill System Telegraph 1-Y-1203
Public Utility Securities

Federal Water and Gas

Federal Water & Gas has already liquidated a substantial part of its Holding Company Act. In April the company sold its holdings in West Virginia Water Service, Ohio Water Service and Tennessee Water Service, all subsidiaries of the Mississippi Gas and Chattanooga Gas were sold to Southern Natural Gas Co., at 9% common stock interest in New York Water Co. This was in that company's reorganization.

Remaind assets consist principally of Southern Natural Gas (about 54% interest) and Scranton-Springfield Water Co. (79% interest). In July, 1947 Southern Natural Gas made a substantial offering of its stock to its stockholders (including Federal) stock of Southern Production Company, which owns gas wells and sewer.

Federal Water & Gas on Nov. 8, 1947 filed a plan with the SEC to dispose of each share of its own stock, 78 share of Southern Natural Gas, the same amount of Southern Production, and one-half to six share of Scranton-Springfield. The variable amount named for Scranton reflects the long-standing litigation over the terms to be accorded to the preferred stock held by certain officials of the company, including President Cheney. The SEC decided that these claims should be "Deep Rocked," i.e., reduced in value to the court price plus interest. On certiorari, the Supreme Court reversed the order of the Court of Appeals in the resulting litigation. Subsequently the Court of Appeals, pursuant to the mandate of the Court of Supreme Court, set aside and amended its decision and affirmed the order of the Commission dated Feb. 7, 1947, which provides that the share held by Mr. Cheney and others in the management of the company be sent to the company for reissue at cost plus 4% for 20 years of purchase to the effective date of the plan. The SEC says that the litigation has twice gone to the Supreme Court. It seems that the company's claims will be reduced in value to the court price plus interest. Recent developments indicate that stockholders are still puzzled regarding the legal ramifications of this litigation.

Wolf & Desauver Co.

PT. WAYNE, IND.--Wolf & Desauver Co., 823 South Calhoun Street, is engaging in a securities business.

Jan W. Johnston Opens

PT. WAYNE, IND.--Jan W. Johnston is engaged in a securities business in the Central Building.

Federal Water & Gas

Southwestern Public Service

Central Illinois Public Service

GILBERT J. POSTLEY & CO.

23 BROADWAY, NEW YORK 6, N.Y.

Dealer-Broker Investment Recommendations and Literature

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

Canadian Pacific—Memoran-

Cudahy Packing Company—Memorandum—A. M. Kidder & Co., 1 Wall Street, New York, N. Y.

Allen R. DuMont Laboratories—Circular—War & Co., 120 Broadway, New York, N. Y.

Electrolu—Inc.—Analysis of manufac-
tures—hydraulic control equipment for aviation and industrial uses—Seligman, Lubetkin & Co., 41 Broad Street, New York, N. Y.

Graham-Palge Motors Corp.—Analyzed—Seligman, Lubetkin & Co., First National Bank Building, New York, N. Y.

Available are analyses of Foundation Co., Wellman Engineering, and Tennessee Products Co.

Kingwood Oil Co.—Special survey—Peter Morgan & Co., 31 Nassau Street, New York, N. Y.

New England Public Service Co.—Analysis—Ed Ruhl & Co., 120 Broadway, New York, N. Y.

Northern Engineering Works—Memorandum—Fitzgerald & Company, 58 Wall Street, New York, N. Y.


Palte Industries, Inc.—Detailed description of the company and its operations—Comstock & Co., 221 South La Salle Street, Chicago, Ill.


Also available are analyses of Du Mont Laboratories, Grunel Werk & Buffalo Co.


Shepard Niles Crane & Holset—Manufacturers—74 Trinity Place, New York, N. Y.

Stearns, Niles Crane & Holset—Manufacturers—74 Trinity Place, New York, N. Y.

Standard Gas & Electric—Re-
cent analysis—Hicks & Price, 231 South La Salle Street, Chicago, Illinois.

Warren Brothers Company—Analysis of Ral,- Kool & Voors & Co., 15 Broad Street, New York, N. Y.

With Central Securities Co.

PT. WAYNE, IND.—C. C. O'MAHA, N.E.B.—Harold Hult-
m is now with Central Securities Co., First National Bank Building.

Graham & Co., Pittsburgh

PTT. WAYNE, IND.—E. W. Sterling & Co., 1 Wall Street, New York, N. Y.

Graham & Co. with offices in the Midwest is engaged in a securities business.

With E. H. Rolins Staff

(Handwritten in The Finger's Camp Nouveau, Miami, FL—William Rolin's name is now connected with E. H. Rolins & Sons.
Utilities Face Their Greatest Test

By DAVID COWAN* Utility Specialist, Shields & Co.

Mr. Cowan asserts need for new generating capacity in next five years if output is to keep pace with demand. He calls on utilities to break with old practices, to create joint cooperative of Federal Government, local rate-making agencies and private lending institutions. Believes bonds and high-grade certificate issues will be needed to cover construction costs.

Advocate revived modulating of holding company ownership pattern.

Electricity has become essential to our living. We expect immediate availability whenever we need it. Not only do we determine our own time-table, irrespective of season or weather, but we really don't care much about the source of the power which we use. It is a completely accepted condi-


tion of our day-to-day activities.

As their part of the franchise contract companies have been ready, always, to give efficient public service. Some have been undertaking to fulfill this obligation over the next few years with a great outlay of funds. This magnitude of the task.

Now, municipalities will be made to share in the cost. Let us also admit quite freely, that pyramided companies, if you wish to call that, created an absurdity out of nothing, by overestimated prospects marketwise. There is nothing absurd about it, in the nature of the business.

The low rate of return in public utilities and the depreciation of the invested capital on basis of this limited way might appeal to a large group of investors who are working on a 4% return or a 5%, and they would like to have a smaller one. It's probably prettier to look at, it has more gadgets, it's more technical and engineering and technical refinement.

The technical achievements of the utility industry have been its ability to lower the unit price of its product, the amount of water, the amount of gas, the amount of electric power. This has been achieved through the use of more efficient equipment and methods, and through the use of more efficient methods of operation.

Just as the old steam engine was displaced by the turbine, so has the turbine itself been greatly improved in design. The 1904, 2000 kw. of 100 years ago, the 1904, 2000 kw. of 20 years ago, is a large amount of power, but it is not an average figure. But there are more fundamental reasons traceable to engineering and technical refinement.

As the old steam engine was displaced by the turbine, so has the turbine itself been greatly changed in design and size. The 60,000 hp. of 20 years ago has been changed by Commonwealth Edi-

tion and because now there is very little absurd possible in the franchise problem. Mr. Cowan's answer to the problem is that the cost of construction.

The holding company pattern of ownership may well have to be

reduced to the handling of such a large complex of operations and that the cost of construction.

Mr. Cowan asserts need for new generating capacity in next five years if output is to keep pace with demand. He calls on utilities to break with old practices, to create joint cooperative of Federal Government, local rate-making agencies and private lending institutions. Believes bonds and high-grade certificate issues will be needed to cover construction costs.

Advocate revived modulating of holding company ownership pattern.

Electricity has become essential to our living. We expect immediate availability whenever we need it. Not only do we determine our own time-table, irrespective of season or weather, but we really don't care much about the source of the power which we use. It is a completely accepted condi-


tion of our day-to-day activities.

As their part of the franchise contract companies have been ready, always, to give efficient public service. Some have been undertaking to fulfill this obligation over the next few years with a great outlay of funds. This magnitude of the task. The next few years will be made to share in the cost. Let us also admit quite freely, that pyramided companies, if you wish to call that, created an absurdity out of nothing, by overestimated prospects marketwise. There is nothing absurd about it, in the nature of the business.

The low rate of return in public utilities and the depreciation of the invested capital on basis of this limited way might appeal to a large group of investors who are working on a 4% return or a 5%, and they would like to have a smaller one. It's probably prettier to look at, it has more gadgets, it's more technical and engineering and technical refinement.

The technical achievements of the utility industry have been its ability to lower the unit price of its product, the amount of water, the amount of gas, the amount of electric power. This has been achieved through the use of more efficient equipment and methods, and through the use of more efficient methods of operation.

Just as the old steam engine was displaced by the turbine, so has the turbine itself been greatly improved in design. The 1904, 2000 kw. of 100 years ago, the 1904, 2000 kw. of 20 years ago, is a large amount of power, but it is not an average figure. But there are more fundamental reasons traceable to engineering and technical refinement.

As the old steam engine was displaced by the turbine, so has the turbine itself been greatly changed in design and size. The 60,000 hp. of 20 years ago has been changed by Commonwealth Edi-
Pennsylvania Brevities

Fuel Shortage Cripples Philadelphia

According to Hudson W. Reed, president of Philadelphia Gas Works Co., only the fourth of the city's 4,000 miles of gas mains will be shut off for service of 4,000 businesses during the summer in the interest of "in a matter of days." Appeals for conservation of gas are being made by newspaper advertising and radio.

Purchasing more than 190,000,000 cubic feet of gas into its mains for the second straight record-breaking day last Saturday, the company was reporting a little over the bottom of its perilsquizzing short and artificial. F 商务 were reported at about 3,000,000,000, with daily consumption exceeding 850,000,000 cubic feet, company pressing for quick delivery of its Philadelphia, PA office哲学. New York, and Los Angeles.

Philadelphia Bank & Insurance


Cambridge Bldg. 3s 3r 1500 Walnut St. 6-1050 A. M. Greenfield S-1954 Phone: 2-3176

Navigating Transit Issue Leigh Valley RR. Annaally 1-120 Horsley Creamery Co.


Dolphin & Co.


*Offered only by prospectus Bought—Sold—Quoted


Pennsylvania and New Jersey Municipal Bonds

Available Publications

Valuation and Appraisal

RAILROAD EQUIPMENT CERTIFICATES

Valuation and Appraisal

CITY OF PHILADELPHIA BONDS

Price-Earnings Ratios and Yields on 123 Public Utility Common Stocks.

Copies on Request

STROUD & COMPANY

Incorporated

123 St, BROAD STREET PHILADELPHIA 9, PA.

Bank & Insurance


Cambridge Bldg. 3s 3r 1500 Walnut St. 6-1050 A. M. Greenfield S-1954 Phone: 2-3176

Navigating Transit Issue Leigh Valley RR. Annaally 1-120 Horsley Creamery Co.


Dolphin & Co.


*Offered only by prospectus Bought—Sold—Quoted


Pennsylvania and New Jersey Municipal Bonds

Available Publications

Valuation and Appraisal

RAILROAD EQUIPMENT CERTIFICATES

Valuation and Appraisal

CITY OF PHILADELPHIA BONDS

Price-Earnings Ratios and Yields on 123 Public Utility Common Stocks.

Copies on Request

STROUD & COMPANY

Incorporated

123 St, BROAD STREET PHILADELPHIA 9, PA.

Bank & Insurance


Cambridge Bldg. 3s 3r 1500 Walnut St. 6-1050 A. M. Greenfield S-1954 Phone: 2-3176

Navigating Transit Issue Leigh Valley RR. Annaally 1-120 Horsley Creamery Co.


Dolphin & Co.


*Offered only by prospectus Bought—Sold—Quoted


Pennsylvania and New Jersey Municipal Bonds

Available Publications

Valuation and Appraisal

RAILROAD EQUIPMENT CERTIFICATES

Valuation and Appraisal

CITY OF PHILADELPHIA BONDS

Price-Earnings Ratios and Yields on 123 Public Utility Common Stocks.

Copies on Request

STROUD & COMPANY

Incorporated

123 St, BROAD STREET PHILADELPHIA 9, PA.

Bank & Insurance


Cambridge Bldg. 3s 3r 1500 Walnut St. 6-1050 A. M. Greenfield S-1954 Phone: 2-3176

Navigating Transit Issue Leigh Valley RR. Annaally 1-120 Horsley Creamery Co.


Dolphin & Co.


*Offered only by prospectus Bought—Sold—Quoted


Pennsylvania and New Jersey Municipal Bonds

Available Publications

Valuation and Appraisal

RAILROAD EQUIPMENT CERTIFICATES

Valuation and Appraisal

CITY OF PHILADELPHIA BONDS

Price-Earnings Ratios and Yields on 123 Public Utility Common Stocks.

Copies on Request

STROUD & COMPANY

Incorporated

123 St, BROAD STREET PHILADELPHIA 9, PA.

Bank & Insurance


Cambridge Bldg. 3s 3r 1500 Walnut St. 6-1050 A. M. Greenfield S-1954 Phone: 2-3176

Navigating Transit Issue Leigh Valley RR. Annaally 1-120 Horsley Creamery Co.


Dolphin & Co.


*Offered only by prospectus Bought—Sold—Quoted

This Talk About Anti-Inflation

By WILLIAM WITHERSPOON

William Witherspoon, Statistical and Research Department, New York, Member of New York Stock Exchange.

Inflation and deflation are powerful forces in the life of any economy. The President has addressed the Congress on three different occasions during the past week and each time called for anti-inflation measures. The question is: Why is the situation so dangerous to the welfare of our country and to the people who are tied to the budget deficits of the Federal government?

The public and possibly the necessary increase in the stock of money to maintain the stability of the Federal Reserve system and to prevent deflation, had a decided effect on our economy. A reduction of $30 million in the annual rate of deflation would probably result in a better balanced economy. However, the expansion of the Federal debt by banks should not be redressed any faster than bank loans are expanded.

What do you think would happen to the Government's income, if, because of a deflation in money supply, a substantial block of the Federal Reserve system's transactions were curtailed. The result would be a decrease in the supply of money and to a lesser extent in business volume in the same fashion it was through the more rapid expansion of money, which would increase personal and corporate income so that the dollar volume might increase further if any tendency to the rate of lower taxes could.

The same argument of course applies to the anti-inflationary character, of credit restrictions. The Administration's lack of a restriction of credits would prevent further price advances and lessened restrictions of rates and thus would hasten the further expansion of business, to any nothing of its effect on the money supply.

The opening of what should worry the President, it is the possibility of deflation in the event that some of his anti-inflation policies are enacted. Inflation of this type currently existing in the United States at least produces a large volume of business and keeps people in jobs.
Railroad Securities

New York Central had another double-digit increase in its December results, particularly noticeable poor year in 1947, with its earnings showing for the final month was but 2$, which is obviously uphill. The transportation

Mr. Zelomek, in commenting on political situation, predicts unless prices continue to rise vigour-

Commodity Purchasing

At the moment, there are three things in commodity purchasing. The first is the decreasing

To summarize the effects of the fall in prices of raw materials and other non-food items on the general level of prices, it appears that the fall in prices has been more pronounced for non-food items than for food items. This is consistent with the general observation that the impact of price changes on non-food items is typically greater than on food items. This suggests that the overall price level may be more sensitive to changes in non-food prices than in food prices. Furthermore, the decline in prices has had a significant impact on consumer purchasing power, as prices have fallen more for non-food items than for food items. This has had a positive effect on consumer spending, as consumers have more disposable income to spend on non-food items.

The overall picture is one of a significant decline in prices, with a small increase in prices for food items. This suggests that the overall price level may be more sensitive to changes in non-food prices than in food prices. Furthermore, the decline in prices has had a positive impact on consumer purchasing power, as prices have fallen more for non-food items than for food items. This has had a positive effect on consumer spending, as consumers have more disposable income to spend on non-food items.

To summarize, the effects of the fall in prices of raw materials and other non-food items on the general level of prices have been significant. The decline in prices has had a positive impact on consumer purchasing power, as prices have fallen more for non-food items than for food items. This has had a positive effect on consumer spending, as consumers have more disposable income to spend on non-food items. The overall price level may be more sensitive to changes in non-food prices than in food prices.
The Economic Outlook

By ALAN H. TEMPLE

Volume 167 Number 4670
THE COMMERCIAL & FINANCIAL CHRONICLE

The Problem of Rising Prices

By PAUL H. NYSTROM

Vice-President, National City Bank of New York

March 1, 1950

When you want to CIRCULARIZE the Investment Firms in the United States and Canada, Remember Us!

HERBERT D. SEIBERT & CO., INC.
25 Park Place
New York 7, N.Y.

Schafer 50 Years

NYSE Member

Myron Schafer, member of the New York Stock Exchange, has joined the ultra-exclusive list of the members of the Exchange who have been eligible for membership for 50 years. He has booted to the half-century rafter.

We have a mail list of over 100,000 names. Our mailing list is composed of all the active names, including the names of North American brokers with at least 

Our charge for creating complete list (United Kingdom and Europe) is 

SPECIAL H. A. D. LIST (main offices only) or selected States or Cities $400 per thousand.

We can also supply the list on gummed roll labels at a small additional charge.
Bank and Insurance Stocks

BY E. A. VAN DEUSEN

This Week—Bank Stocks

Not everything has moved up in price under inflationary pressure. For example, book values of leading New York City bank stocks are selling for less than they did two years ago. Currently, one dollar of book value can be bought for an average of $1.14, compared with $1.11 in 1945.

Table 1 shows the book values and market prices of 17 New York City bank stocks as of today, compared with values two years ago.

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Market Value</th>
<th>Book Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of Manhattan</td>
<td>271</td>
<td>304</td>
</tr>
<tr>
<td>Bank of New York</td>
<td>370</td>
<td>392</td>
</tr>
<tr>
<td>Bankers Trust</td>
<td>361</td>
<td>406</td>
</tr>
<tr>
<td>Chase National</td>
<td>370</td>
<td>411</td>
</tr>
<tr>
<td>Central Hanover</td>
<td>392</td>
<td>432</td>
</tr>
<tr>
<td>Chase Manhattan Trust</td>
<td>353</td>
<td>394</td>
</tr>
<tr>
<td>Commercial National</td>
<td>381</td>
<td>424</td>
</tr>
<tr>
<td>Continental &amp; W.</td>
<td>340</td>
<td>381</td>
</tr>
<tr>
<td>First National</td>
<td>336</td>
<td>377</td>
</tr>
<tr>
<td>First National Trust</td>
<td>370</td>
<td>411</td>
</tr>
<tr>
<td>National City</td>
<td>347</td>
<td>388</td>
</tr>
<tr>
<td>National City with T.</td>
<td>327</td>
<td>368</td>
</tr>
<tr>
<td>PNC</td>
<td>347</td>
<td>388</td>
</tr>
<tr>
<td>United States</td>
<td>370</td>
<td>411</td>
</tr>
</tbody>
</table>

**AVERAGE:** 35.3%

😊

**Slichter Comments Talt-Hartley Act, but Warns of Abuse**

Harvard economist laments measure as opening union's doors to all and protecting workers against discrimination, but warns provisions dealing with strikes affecting national health and safety may make it political football.

Addressing a campus forum of the University of Cincinnati on Jan. 30, Slichter stated that although the Talt-Hartley Act had commendable features, the provisions requiring the President to call for Congress make strikes or lockouts affecting national health and safety, after they have lasted three days, is the best way of making industrial relations "a football of politics."

"The act's single failure is the thing about the Talt-Hartley Act," Prof. Slichter continued. "It does not have its specific provisions but the matter which it treats as matters of public concern. The whole growth of a matter of public concern and causes the admission of all unions to be affected with a public interest.

"One of the best results of the act" be continued, "in its attempt to open the doors of unions to all possible workers. The act attempts to protect workers from being denied the opportunity to work for any reason other than failure to pay regular union dues and initial fees. I think that the act goes too far in this industry and that there is a big step forward in recognizing that the admission requirements of unions are affected with public interests.

"The right to remain in a union is to be affected with a public interest because there are 11,000,000 jobs in American industry which are subject to being in good standing in unions. There is the danger of forcing their leaving their jobs because of loss of good standing in the union for any other reason than failure to pay regular union dues. The establishment of the principle that the administration of discipline in any public interest is an important step forward. The law attempts to limit the area of industrial control of CIO firms dealing only with other CIO firms.

Workers' efforts to choose their own unions and complete control regardless of whether the economic coercion is attempted by employers or unions. The Wagner Act protected workers only against interferences by employers with their right of choice, but the Talt-Hartley Act protects them from coercion by unions and employers.

Regardless of the whole of the Act, Prof. Slichter said. "One of the worst parts of the act are the provisions for dealing with strikes or lockouts which imperil the national health of safety. The Talt-Hartley Act permits such strikes or lockouts to be enjoined for 60 days. At the end of that period, if no settlement has been reached, the National Labor Relations Board is directed to hold a vote among the workers on the employer's 'last offer.' This is a ridiculous proceeding. The workers will surely vote to reject the employer's offer, because to do otherwise would mean repudiating their leaders. The procedure puts the government in the ridiculous position of conducting a vote on the question of whether the national health and safety shall be impinged. The Talt-Hartley Act is to be interpreted by the workers as a governmental sanction for their strike. The government cannot afford to be in this position when the national health and safety are at stake. The mere threat of protecting the national health and safety if the workers accept the employer's 'last offer' as they undoubtedly will, the act provides that the President shall submit to Congress a full and comprehensive report of the proceedings with such recommendations as he may think proper. But why should Congress ever imagine a better way of making industrial relations less political than to throw important unsettled disputes into the lap of its discretion, where they cannot be expected to deal with such an issue?"
A Year of Decision

By HON. LEVERETT SALTONSTALL

Senator Saltonstall cites the pressing issues before our government: long-range aid to Europe and China, strength of our armed forces, taxes, inflation, rent control, minimum wages, housing, trade expansion, and education; in settling which we must remember that "government is necessary but not for all.

\"Now is the time of decision of the money market at present,\" he said. \"Last year it was most florid.\" Europe and America created a great demand for our trade in agricultural products. The balance of trade was in our favor. If now, the surplus of the treasury, it goes down.\" But was it not the case that if government officials were to cut off their rate of expenditure the money market would not rise?\n
\"I am not saying that.\" Senator Saltonstall shook his head. \"I am saying that if we cut off the stimulus to the economy they would not be able to stimulate it.\"

Inflation and coal prices were the two factors that were doing most to hold down the money market. The Senator was against the present high rate of interest. \"We have been influenced by the high rate of interest for the past year.\"

\"I am not saying that.\" Senator Saltonstall replied. \"I am saying that the high rate of interest is due to the fact that we have been unable to stimulate the economy.\"

\"I see your point.\" The Senator was inclined to agree. \"We must find a way to stimulate the economy without raising the rate of interest.\"

Problems of Postwar Monetary Policy

By WOODLIEF THOMAS AND RALPH H. YOUNG

Director and Assistant Director, Division of Research and Statistics, Federal Reserve Board

Research officials of Federal Reserve Board review System's credit policies arising out of war financing, stressing the effects of war loan drives and wartime expansion of bank credit and money. They examine bank policies in transition period and consequences of low interest rate policy. Discuss proposals for additional credit controls, and credit in postwar is likely to be unstabilizing influence upon the economy and some further credit controls are required.

Federal Reserve policies have evolved from experience in coping with the changing problems of the 30-odd years of the System's existence. This evolution has developed from the endeavors of the Federal Reserve authorities to make available funds that can be used by member banks to obtain currency or to add to their reserve balances with the Reserve banks. The Reserve banks in turn can influence the lending and investing activities of commercial banks by supplying the needed funds and cost of funds which serve as the reserve base for commercial bank credit.

Certain largely automatic limitations upon the System's operations were imposed by the Federal Reserve Act through requirements as to reserves, collateral for loans, and types of assets to be held. The System was also given certain discretionary powers, as in the case of the rediscounting of bills of exchange and the use of credit, in the event of emergency. It appears from the discussion preceding this paper that the System's Act and from its grant of power to the Federal Reserve Board, that some degree of judgment and discretion was expected to be used in the determination of the System's policies and that the general objectives of these policies were to be the maintenance of sound banking and monetary conditions in the interest of economic stability. It was widely recognized that the previously existing banking and monetary conditions had intensified the development of those conditions which had been responsible for the rapid growth of phase those cyclical variations.

Automatic and mechanical limitations in the Act were designed with the thought that by setting bounds to the exercise of discretionary power, excessive and unbalanced credit expansion would be prevented. As the Federal Reserve System was designed, the Federal Reserve Act was intended to limit the growth of credit and should not be considered as doing a definite or specific curtailment of the other authorities individually or collectively.


We specialize in and offer our facilities for the purchase and sale of bank stocks.
**The Change in London Stock Exchange Organization**

By A. M. SAKOLSKI

Dr. Sakolski points out proposed changes in London Stock Exchange Organization is not an measure to reform it, but simply to merge the two governing bodies and to effect a more efficient and compact management structure, without in any way interpreted as a "reform measure." It is merely a move

Reports are coming from London that the stock exchange, there, probably the oldest organized securities exchange in the world, will soon under a reorganization bill which had no way be interpreted as a "reform measure." It is merely a move

The long-existing dual system of the London Stock Exchange in which a group of several large members form a governing body, no definite action takes place for at least a half, and which at the same time serves no useful purpose to the Exchange members or the public.

In the year 1862, the London Stock Exchange, which is said to have been formally organized in 173, but whose activities were conducted by a loose body of men, did not go back of the Board of the Exchange Coffee House on Threadneedle Street. Because of its unsatisfactory facilities, the members decided to build the structure for trading and clearing business. As the Exchange itself was an unincorporated body, it could not, as an organization, erect the structure and pay for the purpose. Accordingly, a plan was conceived of forming a corporation to build and own the structure. A group of the Stock Exchange merchants organized a "central location" in Capel Street where a building was raised, which it divided into 400 shares of £50 each and founded what is today known as the London Stock Exchange. The capitalization is a number of shares of the venture have been increased from time to time, as the business of the Exchange was enlarged. Moreover, the shares were divided among the members as well as outsiders. These shares have periodically been increased.

The shareholders are in effect the proprietors of the building, which is occupied by the "House" (the membership of the Exchange). The Exchange collects assessments, and the profits from these assessments are divided among the members. The members operate the structure and pay the wages and salaries of the employees of the Exchange.

"The Dual Control"

This "system" or "control" as the Exchange is sometimes called has been subjected to pressure by a number of occasion of the London New Stock Exchange stockholders to demand the reorganization of its governing body.

Many of the shareholders and the mem-

**New England Fund**

**General Distributor**

**Coffin & Burr**

**Founded 1888**

**BOSTON**

**NEW ENGLAND FUND**

**INC.**

**Keystone Custodian Funds**

**Investing in your capital as of May 27, 1948**

**Commonwealth Investment Company**

**No Major Reform**

As already stated, this change in the organization structure of the exchange administrative structure is not a measure of reform nor does it affect the exchange in the present British Labor Gov-
Calls Swollen Budget National Security Threat

First National Bank of Boston says National Debt and Budget are so staggering, we are more vulnerable than quarter century ago.

The "New England Letter" of the First National Bank of Boston, in an article recently in the publication's 1949 budget as "staggering," and holds "every conscientious effort should be made to trim items, or our national security will be so impaired by the size of the budget we might not be to meet the financial requirements of the administration or the war." Commenting on the budget, the "New England Letter" states:

"It is rather remarkable to submit a budget of nearly $40 billion for the fiscal year beginning July 1, 1941. It shows about $7 billion more than for the current year, and more than four and one-half times as much as in the prewar year 1939.

The Government has been able to spend the amount to be spent in the next fiscal year is 60% more than was spent in the first 14 years of our Republic. The proposed Federal expenditures are so staggering that they must be subject to the closest scrutiny, and every conscientious effort be made to trim them down.

"It is to be expected, of course, that Governmental costs will be considerably higher than before the war because of interest on a huge debt, international tensions, and the providing of aid for world recovery. Similar conditions prevailed after the close of the first World War although on a much smaller scale. In that instance, immediate steps were taken to place the nation's finances on a sound basis. Federal expenditures were reduced from $13.5 billion in 1919 to $3.4 billion by 1923, or a decrease of more than 70%.

Furthermore, Federal indebtedness was reduced almost 40% during the period 1920 to 1930. It is true that times have changed, that our burdens are now much greater. But inasmuch as our debt and budget are so staggering, we are in a much more vulnerable position than we were a quarter of a century ago. We should therefore force our fiscal problems realistically and challenge items with the object of eliminating waste, extravagance, and non-essentials which in the aggregate run into several billion dollars. In the make-up of the Federal budget about $3 billion, or nearly 80%, represents items for defense.

"We believe the 4S% program for defense, veterans' benefits and services, foreign aid, tax refunds, and interest on the debt.

"The decrease in the over-all amount of the Federal budget from about $3 billion in 1919 to $3.4 billion by 1923, or a decrease of more than 70%, is the result of a close scrutiny of every item in the budget and the elimination of waste and extravagance. The reduction in Federal expenditures was made possible by the 4S% program, which reduced Federal indebtedness by almost 40% during the period 1920 to 1930. In the make-up of the Federal budget about $3 billion, or nearly 80%, represents items for defense, veterans' benefits and services, foreign aid, tax refunds, and interest on the debt.

National Defense

"National defense constitutes the largest single item of the debt. It is placed at $1 billion, or 26% of the total. As Senator Byrd of Virginia has said: "There are vast opportunities for economy in the Army and Navy, and while we admire, expect, and have great confidence in our military leaders, yet in Congress must reach the conclusion that we have been accustomed to the waste of war, and it is easy to continue such waste, even though it be in lesser degree, in time of peace." The President himself has said: "We believe the 4S% program for defense, veterans' benefits and services, foreign aid, tax refunds, and interest on the debt.

"McWANE cast iron pipe company, incorporated in Alabama in 1922, has now achieved a production of approximately 300 tons per day, and is nationally recognized as the leading producer of small diameter cast iron pipe. The Company developed the manufacture of 5-inch cast iron pipe, and immediately produced more such pipe than any other found in the world. McWANE's huge Birmingham plant and its Utah subsidiary, Pacific Cast Iron Pipe Company, manufacturer pipe in sizes ranging from 1/4-inch through 12-inch diameter, together with fittings and special castings.

The Company's cast iron pressure pipe is used underground for gas, water, and other liquids.

A Leading Producer of cast iron pipe

The Company's cast iron pressure pipe is used underground for gas, water, and other liquids.

McWANE SPECIALIZES in equipping pipe with special factory-made joints, suitable for various pressures, which greatly facilitate installation jobs and are particularly helpful in times of labor shortage and high wages.

The Company's 10 sales offices, strategically situated throughout the nation, distribute pipe to practically every state in the U. S. and to many foreign countries. In little more than a quarter of a century McWANE has become a leading producer of cast iron pipe, with an annual output valued in the millions. And the Company's growth continues.

At present, it is adding a new and modern plant to its Pravo, Utah, operations, which will result in still greater productive capacity,

N. A. S. D. District 11 Names Meade Chm.

Baltimore, MD.—W. Carroll Mead, Miller & Co., has been elected chairman of District No. 11 of the National Association of Securities Dealers, Inc. J. Murray Atkins, R. S. Dickson & Co., and J. C. Baker, N. C., were chosen vice-chairman and Martin J. Bays, Philadelphia, secretary.

The District also announced the election of Richard N. Durbin, Chicago, Parker & Bond, New York, and C. T. Williams, Jr., C. T. Williams & Co., Baltimore, as members of the Committee representing the district for three years term. The successor of D. List, Robert Garrett & Sons, Baltimore, and James H. Lomon, Johnston, Lemon & Co., Washington.

Butler, Moser & Co. Formed in New York

Formation of Butler, Moser & Co., 44 Wall Street, securities dealers, as successor to Shepard & Co. is announced. Principals in the firm are William J. Cameron, George A. Butler and Edna Moser, the latter a former partner of Shepard & Co. Members, Cundey and Butler have been in the investment field for over 20 years. Herman Frankel will continue with the new company as trader.

Two With Hutton Staff

Los Angeles, Calif.—Arnold J. D. Pauls, and Sonny Groszkuriger have joined the staff of E. F. Hutton & Company, 623 South Sprague Street.

Model, Roland & Stone To Be NYSE Members

Herman H. Stone on Feb. 10 will acquire the New York Stock Exchange membership of Herbert A. Cone and the firm of Model, Roland & Stone, 76 Beaver Street, New York City will become member of the exchange. Partners are Leo Model, Rolf R. Roland, Herman H. Stone, and Fritz C. Aronson.

Join Bailey, Sells Co.

(Special to The Financial Chronicle)

San Francisco, Calif.—Ellis O. Thorvaldson has become associated with Bailey, Sells & Davidson, 133 Sansome Street. He was formerly with Livingston & Co. and Byth & Co., Inc.
Bond Club of Chicago Gets Slate for Officers

CHICAGO, ILL. — The thirty-seventh annual dinner meeting of the Bond Club of Chicago will be held Thursday, February 18. A list that will be announced at the meeting will be submitted to the membership on Wednesday, February 17. Officers will be elected at the meeting.

For Profit

The $50,000 stock of an 83-year-old New England company, which has a dividend on it for the last 10 years, is trading at $30 a share. While no dividends have been paid, earnings have increased in the past four years to a point where they are more than double the dividend requirements by a wide margin.

Recent price 37
Ten-year-average earnings in the Common Stock's share.

Recent price 37
Decrease analysis of this special situation mailed on request.

Raymond & Co.
145 State St., Boston 9, Mass.
Tel. CAP. 6243 • Teleype RE 1595
N. W. 1914 • New York 4, N. Y.

Securities Salesman's Corner

By JOHN DUTTON

Are you interested in the future of your country? Are you interested in the future of the American business world? Then don't miss out on the opportunities that are available to you through securities. There is a world of possibilities waiting for you, and if you're not interested, I don't know what could possibly interest you in life. If you're interested, then come and join us. We're here to help you succeed.

Estimates 1948 Life Insurance New Capital Absorption at $5 Billions

Stephen M. Foster, Economic Advisor of New York Life Insurance Co., holds $800 million of worth from sales and re- absorptions of government bonds and remainder of excess of receipts over payments, together with interest accruals. See large sums committed to mortgages, building operations and loans to business.

Speaking at the Conference on Finance of the American Management Association in New York City on January 20, Mr. Foster, Economic Advisor of the New York Life Insurance Company, gave a favorable estimate of the rate of life insurance companies as a source of new funds for business expansion. He said that the companies have been investing in government securities, particularly in bonds, and that they have been using these funds to help finance new business ventures. This is in line with the Federal Reserve's objective of encouraging investment in the United States economy.

Over-the-Counter Quote Services For 35 Years

Raymond & Co.
145 State St., Boston 9, Mass.
Tel. CAP. 6243 • Teleype RE 1595
N. W. 1914 • New York 4, N. Y.

National Quotation Bureau, Inc.
Established 1919
46 Front Street, New York 4, N. Y.

Proposes a New U. S. Currency to Reveal Hoarding


Congressman Frank L. Sundquist (R. N. J.) on Feb. 3 introduced a bill in the House of Representatives directing the Secretary of the Treasury to issue a new currency of 1 unit of value equal in exchange therefor. The bill calls for the new currency to be issued in paper denominations of $5, $10, and $20. Treasury officials view this project with some caution.

"Europeans and Asians always have hoarded American dollars, because in a crisis and after arrival here, should they desire the United States, there is not a European or Asiatic government today that commands the unreserved confidence of its own nationals. My own government cannot do this, but it would require that, within a short period, the bonds be turned into the central government, which could then turn them over to our government and receive new currency, dollar for dollar."

Commenting on Rep. Sundquist's proposal, US currency officials are reported to have termed it "impractical." In an effort to point out the supply of the necessary paper, as well as the way of work of such a proposal, would present unprecedented difficulties.

For-profit

The $50,000 stock of an 83-year-old New England company, which has a dividend on it for the last 10 years, is trading at $30 a share. While no dividends have been paid, earnings have increased in the past four years to a point where they are more than double the dividend requirements by a wide margin.

Recent price 37
Ten-year-average earnings in the Common Stock's share.

Recent price 37
Decrease analysis of this special situation mailed on request.

Raymond & Co.
145 State St., Boston 9, Mass.
Tel. CAP. 6243 • Teleype RE 1595
N. W. 1914 • New York 4, N. Y.

National Quotation Bureau, Inc.
Established 1919
46 Front Street, New York 4, N. Y.

The question of how to handle, for the purpose of this discussion, the liquidation of existing assets is a little more difficult. One cannot always sell all of our assets at once, and it is a matter of choice as to whether we should sell all of our assets at once or spread the sales over time. This question must be considered in light of the current market conditions and the potential impact of selling large amounts of assets at once. However, the sale of assets is necessary to realign the capital structure and ensure the long-term viability of the company. It is important to consider the timing and manner of the asset sales to minimize their impact on the company's operations and to maximize their value to shareholders.
Suggests Three Moves to Avoid War With the Soviet

Col. H. Murray-Jacoby proposes: (1) swift and unaccompanied evacuation to the United States of President Truman and Marshal Stalin; and (3) if reconciliation should fail, formation of defensive alliances by democratic powers.

Col. H. Murray-Jacoby, former U.S. Ambassador-at-Large, in an address to a meeting of business leaders in New York, Jan. 20, on "A Policy With Respect to Russia," suggested three methods to avert a war of conflict with Russia.

The Col. believes that three moves could be made to advantage to avoid the danger of open war with Russia.

The first move he felt would be the evacuation of Stalin and Truman. This would cut down the chance of a breach of the Marshall Plan. The Col. estimates that the evacuation would not increase the danger of conflict with Russia.

The second move the Col. suggests is containing the growth of the Red Army. He believes that the Red Army is too powerful to be contained within its present borders. He recommends that the United States and its allies should take steps to prevent the growth of the Red Army.

The third move the Col. suggests is the formation of defensive alliances by democratic powers. He believes that if the United States and its allies do not take steps to form defensive alliances, they will be forced to take action to prevent a war with Russia.

The Col. believes that these three moves could be made to advantage to avoid the danger of open war with Russia.
Canadian Securities

By William J. McKay

In the final analysis the major parallel between Canada and the United States is the question of British financial pres¬sure and the mood of the bond markets which would result from devaluation. Such a parallel would suggest that the hold¬ing period for Canadian securities might be considerably longer. Indeed, this parallel is set down perhaps in an over sentimental way, because many are retrieving the old belief that a parallel is wanted for more than a parallel, like the parallel of the British point of view.

The Bretton Woods decisions have been characterized as a compromise with the problem of international exchange stability and in it logical in consequence to endev¬or to rebuild on the foundation of previously successful exchange systems. From the Canadian standpoint the breakdown of the time-honored S. United King¬dom-Caribbean exchange triangle has created an urgent problem. As matters now stand the situa¬tion is too pressing to permit a drastic change of policy which would involve an embarrassing choice between outright associa¬tion with the sterling bloc or something approaching an econo¬mic union with this country. The latter course has much in its favor but opposite to one of the best interests of the world in the sterling area is still too great to permit its early accomplishment. Likewise, the political independence of Cana¬da in the sterling area at the present time and its debt to Britain and economic drawbacks. Neither of these solutions moreover would represent a step in the direction of freer multilateral trade but on the other hand there is no indication that the world into two competitive groups.

It would appear therefore that only the re-establishment of a stable exchange relationship between Canada, the United King¬dom, and the United States can resu¬lve not only the immediate financial exchange problems but it would also obviate a de¬valuation of the pound, and at the same time assure a smooth flow of trade between the sterling and dollar areas.

By thus placing once more on a working basis the old U. S.-U. Kingdom-Canadian exchange tri¬angle a long step forward would be made in the direction of world-wide exchange stabilization which is based largely on idealistic theory and involving Canada's need to bolster up a series of artificial situations, the establishment of a U. S.-U. K. Canadian exchange.

Canadian Bonds

Government Provincial Municipal Corporation

Canadian Stocks

A. E. Ames & Co. Incorporated

Two Wall Street New York 5, N. Y.

Reactor 2-7231 NY-1-1045

N. Y. Chamber of Commerce Committee Urges Delay on Return to Gold Standard

Group headed by John M. Schiff, advice be delayed until some headway has been made in stabilizing foreign exchange relations. Sees difficulty in world-wide scramble for the dollar.

The Committee on Finance and Currency of the Chamber of Commerce and Industry of the United States, headed by Mr. Kuhn, Loeb & Co., on Feb. 2, reported a study of a prevalent idea, that it would be possible to return to the gold stand¬ard. This view appears to have been taken on the ground that a curren¬cy rela¬tion among the na¬tions is con¬fused and unstable and until in¬ter¬na¬tional receiv¬able systems. From the British point of view, the situation is such that it appears that the golden calf would be set up in the Treasury by the vast metallurgical industries in Canada, the silver and gold bullion in the Treasury, the vast reserves of gold and silver in the Treasury, the vast hoards of gold and silver in the Treasury, and the vast underground hoards of gold and silver in the Treasury.

Seeks Test of Status of Federal Reserve Note

A. F. Davis furnishes "Chronicle" with correspondence with Treasury in connection with his request that a Federal Reserve note be re¬deemed in lawful money as stated on its face.

A. F. Davis of Cleveland, Ohio, has sent to the "Chronicle" copies of letters sent to Mr. Davis from the Treasury asking him about his request that a $10 Federal Re¬serve note be redeemed in lawful money at the Treasury or at a Federal Reserve Bank.

The correspondence follows:

Dec. 9, 1947

Honorables F. A. Davis
Secretary of the Treasury
Washington, D. C.

I am sending you herewith via registered mail one $10 Federal Reserve note.

This note is the following:

"This note is legal tender for all debts, public or private, and is redeemable in lawful money at the Treasury Department or any Federal Reserve Bank.

It is issued by the Federal Reserve System and will pay to the bearer on demand five dollars."

Very truly yours,

A. F. DAVIS.

TREASURY DEPARTMENT

Fiscal Service
Washington 25

Office of Treasurer of the United States

In reply please quote JLSw.

Mr. A. F. Davis
12818 Colt Road
Cleveland, Ohio

Dear Mr. Davis:

Received your letter of Dec. 23, transmitting one $10 Federal Reserve note tender for payment of five dol¬lars.

You are advised that the term "lawful money" has not been de¬fined. In 1914-15, the first issue came into use prior to 1933 when some United States cur¬rency was not legal tender but could be held by national bank¬ing institutions against United States, gold, or any Federal Reserve Bank.

In compliance with this re¬quest, will send you the $10 in lawful money.

Very truly yours,

A. F. DAVIS.

TREASURY DEPARTMENT

Fiscal Service
Washington 25

Office of Treasurer of the United States

Mr. A. F. Davis
12818 Colt Road
Cleveland, Ohio

Dear Mr. Davis:

Received your acknowledged of your letter of Dec. 9, with en¬closure of one ten dollar ($10) Federal Reserve Note.

In compliance with your re¬quest two $5 United States notes are transmitted herewith.

Very truly yours,

(a) S. R. S. OSTRICK,
Acting Secretary.

CC: Mr. Russell J. Weisman
The Cleveland "Plain Dealer"

Plain Dealer

Mr. E. Slinder
Acting Director, Treasury Department, Fiscal Service

District of Columbia

Dear Sir:

Receipt here is acknowledged of a note which I received from your letter to are to be considered as law¬ful money.

Are we to infer from this that the Federal Reserve notes are not lawful money?

I am enclosing one of the $5 notes which you sent me. I note it states on the face: "The United States of America, sales of the proceeds of bond re¬demptions on the one hand, and purchases for fresh industrial in¬vestment in Canada, on the other. In the latter connection it is inter¬esting to note that a considerable mounting appreciations in this country is the avoidance of a wide world, the problem of acute shortages in basic in¬dustries, and the great importance of oil discoveries in Al¬berta and the vast poten¬tialities of the oil industry in the United States have taken on added sig¬nificance.

The Canadian stock markets have been called over the rally last in the paper, liquors, and utilities. Following the French devaluation the increase in the stock market in this movement was assisted by promoting new drilling results in the Yukon area.

The following is the text of the Committee's report on the gold standard:

"The suggestion has been ad¬vocated by various sources that the main cause of a threat that prohibition of the gold standard by the United States Government in 1893 should now urges its adoption to this system. The Committee of Commerce of the State of New York has been the author of the present sound of money for nearly two centuries. Its convic¬tion that a gold standard is the most satisfactory monetary system from the standpoint of the American people as a whole is unequivocal and uncompro¬mising. Moreover, the Committee be¬lieves that it is premature to advocate the return to the gold standard at this time. The mone¬tary system which has now become identified with the British system is the world is fraught with uncer¬tainties and confusions and, with the world now in a depression, the principal currency base, if any, is determined largely by the present money situation must con¬clude that the United States does not have on the currencies of other countries.

In the past year, many recom¬mendations pertaining to the gold standard have been made to economists, monetary experts and government officials. Some seek the immediate return to this sys¬tem by the U. S. Government; others take the view that the present is too uncertain; and a few believe that the gold standard should be abolished.

On Jan. 22, 1947, at the direc¬tion of the Federal Reserve Bi¬cee on Finance and Currency a recommendation was made by a return to a gold standard. In the money market, much time and labor have thought have been given to a responsible answer.

The Committee also believes the recommendations for a pre¬sent return to a gold standard is the re-establishment of confi¬dence in our monetary system. The implicit and explicit confidence in United States gold should be restored.

The Committee believes that the gold standard is the best system for the countries of the world, particularly the United States. The Committee is of the opinion that the United States is in a position to hold the world's gold standard, if some conditions are met.

The Committee further believes that the United States is in a position to hold the world's gold standard, if some conditions are met.

The Committee further believes that the United States is in a position to hold the world's gold standard, if some conditions are met.

The Committee further believes that the United States is in a position to hold the world's gold standard, if some conditions are met.

The Committee further believes that the United States is in a position to hold the world's gold standard, if some conditions are met.

The Committee further believes that the United States is in a position to hold the world's gold standard, if some conditions are met.
The death on Feb. 2 of Thomas W. Lamont, J.P. Morgan & Co. vice chairman, at 87, leaves a void in the financial and business world. Born on July 18, 1870, Mr. Lamont was managing partner of J.P. Morgan & Co. for 74 years, having joined the firm as a 16-year-old apprentice in 1888. He later became managing partner of the firm, which was founded by his father, J.P. Morgan, in 1862.

Mr. Lamont was a key figure in the financial industry, playing a pivotal role in several major events, including the Panic of 1907. He was a driving force behind the creation of the Federal Reserve System, serving on its Board of Governors from 1914 to 1932. Mr. Lamont also played a significant role in the stock market crash of 1929, which led to the Great Depression.

Mr. Lamont was also a philanthropist, giving millions of dollars to various causes, including education and the arts. He was a trusted friend and advisor to several presidents, including Woodrow Wilson and Franklin D. Roosevelt.

Mr. Lamont is survived by his wife, Rosemary, his daughter, Ann, and his son, Edward.

---

Albert J. Egger, for the past 14 years President of the Chase National Bank of New York, was elected Vice-President of the bank.

The Bank, at the annual meeting held Monday, elected Charles W. Diehl, President of the Empire City Savings Bank, New York, as its new President. Mr. Diehl, who has been with the bank for 15 years, replaces Mr. Egger, who has been with the bank for 29 years.

The meeting was called to order by Mr. Egger, who then announced the election of Mr. Diehl as President. Mr. Diehl then addressed the meeting, saying that he was honored to be named President of the bank and that he looked forward to serving the bank and its customers.

Mr. Diehl is a graduate of Harvard University and holds a law degree from Columbia University. He has been with the bank for 15 years and has served as its Executive Vice-President since 1974.

The meeting also included reports from various officers and directors of the bank, as well as a presentation of the bank's financial results for the year.

After the meeting adjourned, a reception was held in Mr. Diehl's honor, attended by many of the bank's customers and employees.

The Chase National Bank of New York, with assets of $55 billion, is one of the largest banks in the United States. It has been in operation since 1819 and has served generations of New Yorkers.

---

The Corn Exchange Bank, Philadelphia, recently announced the availability of a new type of check book which it states simplifies the handling of bank balances and keeps the keeping of the balances. The new check book will be available to individuals and partnerships and will be sold for $500,000.

The new check book, for which a patent application has been made, is a name check signed on the same principle as a bank cashier's check, and in no cases will it be accepted. The check book will be sold for $500,000 and will be available to individuals and partnerships.

The Corn Exchange Bank, which has been in operation for 100 years, is one of the largest banks in the United States. It has over 200 branches and deposits exceed $1 billion.

---

The First National Bank of Omaha, Neb., has increased its capital from $50,000,000 to $50,000,000. The bank has also increased its surplus from $5,000,000 to $5,000,000.

The bank's president, Mr. Egger, has been with the bank for 25 years and is a respected member of the banking community. He has been instrumental in the bank's growth and expansion over the years.

The First National Bank of Omaha, Nebraska, is one of the oldest and most respected banks in the state. It has been in operation for over 100 years and has served generations of Nebraskans.

---

The Corn Exchange Bank of Chicago, a major financial institution in the Midwest, has announced that it will be increasing its capital from $50,000,000 to $50,000,000. The bank has also increased its surplus from $5,000,000 to $5,000,000.

The bank's president, Mr. Egger, has been with the bank for 25 years and is a respected member of the banking community. He has been instrumental in the bank's growth and expansion over the years.

The Corn Exchange Bank of Chicago, a major financial institution in the Midwest, has announced that it will be increasing its capital from $50,000,000 to $50,000,000. The bank has also increased its surplus from $5,000,000 to $5,000,000.

The bank's president, Mr. Egger, has been with the bank for 25 years and is a respected member of the banking community. He has been instrumental in the bank's growth and expansion over the years.

The Corn Exchange Bank of Chicago, a major financial institution in the Midwest, has announced that it will be increasing its capital from $50,000,000 to $50,000,000. The bank has also increased its surplus from $5,000,000 to $5,000,000.

The bank's president, Mr. Egger, has been with the bank for 25 years and is a respected member of the banking community. He has been instrumental in the bank's growth and expansion over the years.

The Corn Exchange Bank of Chicago, a major financial institution in the Midwest, has announced that it will be increasing its capital from $50,000,000 to $50,000,000. The bank has also increased its surplus from $5,000,000 to $5,000,000.

The bank's president, Mr. Egger, has been with the bank for 25 years and is a respected member of the banking community. He has been instrumental in the bank's growth and expansion over the years.
The Problem of Rising Prices

(Continued from page 22)

1939 have not been the only cause of our present inflation, but they have been the most conspicuous cause. Further wage increases without proportionate increases in productivity amounts to the same thing in inflation as additional demand, and therefore, purely inflationary. Wage increases without proportionate increases in productivity are now the most important cause of further inflation. Such wage increases should be discouraged.

The Inflationary Effect of the Minimum Wage

The current demand in Congress and in several of the States for a minimum wage is quite unfounded. The Federal Reserve Bank has never been in favor of a minimum wage. Minimum wage laws are not designed to be a wage that will be paid to all workers for all work in the United States. They are designed to be merely a wage that is the lowest possible wage that can be paid to workers for work of such a nature that it is rarely possible for them to go to work at less than that wage. They are intended to be wages that will be paid to workers in the unorganized part of the labor force. They are intended to be wages that will be paid to workers in the unorganized part of the labor force.

Whereas wages since 1939 have not been the only cause of our present inflation, but they have been the most conspicuous cause. Further wage increases without proportionate increases in productivity amounts to the same thing in inflation as additional demand, and therefore, purely inflationary. Wage increases without proportionate increases in productivity are now the most important cause of further inflation. Such wage increases should be discouraged.

The Inflationary Effect of the Minimum Wage

The current demand in Congress and in several of the States for a minimum wage is quite unfounded. The Federal Reserve Bank has never been in favor of a minimum wage. Minimum wage laws are not designed to be a wage that will be paid to all workers for all work in the United States. They are designed to be merely a wage that is the lowest possible wage that can be paid to workers for work of such a nature that it is rarely possible for them to go to work at less than that wage. They are intended to be wages that will be paid to workers in the unorganized part of the labor force. They are intended to be wages that will be paid to workers in the unorganized part of the labor force.

Whereas wages since 1939 have not been the only cause of our present inflation, but they have been the most conspicuous cause. Further wage increases without proportionate increases in productivity amounts to the same thing in inflation as additional demand, and therefore, purely inflationary. Wage increases without proportionate increases in productivity are now the most important cause of further inflation. Such wage increases should be discouraged.

The Inflationary Effect of the Minimum Wage

The current demand in Congress and in several of the States for a minimum wage is quite unfounded. The Federal Reserve Bank has never been in favor of a minimum wage. Minimum wage laws are not designed to be a wage that will be paid to all workers for all work in the United States. They are designed to be merely a wage that is the lowest possible wage that can be paid to workers for work of such a nature that it is rarely possible for them to go to work at less than that wage. They are intended to be wages that will be paid to workers in the unorganized part of the labor force. They are intended to be wages that will be paid to workers in the unorganized part of the labor force.

Whereas wages since 1939 have not been the only cause of our present inflation, but they have been the most conspicuous cause. Further wage increases without proportionate increases in productivity amounts to the same thing in inflation as additional demand, and therefore, purely inflationary. Wage increases without proportionate increases in productivity are now the most important cause of further inflation. Such wage increases should be discouraged.

The Inflationary Effect of the Minimum Wage

The current demand in Congress and in several of the States for a minimum wage is quite unfounded. The Federal Reserve Bank has never been in favor of a minimum wage. Minimum wage laws are not designed to be a wage that will be paid to all workers for all work in the United States. They are designed to be merely a wage that is the lowest possible wage that can be paid to workers for work of such a nature that it is rarely possible for them to go to work at less than that wage. They are intended to be wages that will be paid to workers in the unorganized part of the labor force. They are intended to be wages that will be paid to workers in the unorganized part of the labor force.

Whereas wages since 1939 have not been the only cause of our present inflation, but they have been the most conspicuous cause. Further wage increases without proportionate increases in productivity amounts to the same thing in inflation as additional demand, and therefore, purely inflationary. Wage increases without proportionate increases in productivity are now the most important cause of further inflation. Such wage increases should be discouraged.
lively dangerous to our entire economic development. We can all agree that high wages are desirable. One of the most important facts of the present country is that high wages exist, real wages, that have been increased during the last 20 years. Real wages are now at a higher level than they have ever been before. They are at a higher point than in any time throughout the entire history of the world. It is our common belief that the prosperity of the world will continue; but real wage gains have always been accompanied by real productivity gains. There would have been no wage gains in this country if it had not been for this increase in productivity. It is a man-hour production that we should be concerned about. 

(2) Bank credits and loans, which should be restricted for their productive purposes, should be extended more liberally for productive purposes. Producers should not be restricted in the use of the money that they will receive. 

(3) Revisions should be promptly made in our tax laws so as to make it possible for the money now going to the government for war purposes to be distributed to the people. Normally, high tax rates tend to hamper production which results in higher productivity, and it would be very helpful if the tax rates could be reduced. In order to increase the production, we should also make sure that the tax rates are lowered. 

(4) One of the most serious problems is the lack of capital for the present inflation. The shortage of capital in the country is quite significant. In industry, the shortage of capital is more acute than in any other industry. The lack of capital is a problem that we must address. The shortage of capital is a problem that we must address in order to increase productivity. 

It is extremely important that we increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is making efforts to increase productivity in this country. The government is mak
As We See It

which derogated currency relationships are but an outward symptom.

If experience shows one thing clearer than any other, it is, perhaps, that currency difficulties are apt to appear as a symptom of the domestic economy of the country devaluating its currency merely at most furnishes temporary relief after which the "necessity" of still further devaluation is likely to be more apparent. It was this sort of thing which happened repeatedly in the early and middle 'thirties, and it was to prevent such epidemics of currency manipulation that such devices as the International Monetary Fund and the International Monetary Fund were created, and numerous "agreements" or "understandings" reached about currency manipulation in general. It is clear that a country concerned itself with symptoms, or at the most superficialities, only, and that the various countries which entered into the arrangement (which, for the purpose of this, I shall designate as the IMF) have not been written on the subject, and some of them will repay reading.

Suffice it to say here very simply that the exchange value of the currency of any nation is fixed, certainly in the long run, by what that country has to offer the outside world and relative to what it demands or bids for from the outside world. Any country can have any exchange rate it desires if it has no dealing with the outside world. If, however, a country can fix the value of its currency at any point it can do so if it can find some outside party able and willing to make good the difference between the value of its currency in the outside world and what it buys from the outside world.

But in this modern day and time no country can thrive in a "closed economy"—least of all those nations whose currencies are today by anybody's likelihood, whatever may be the superficial appearances or the hopes of foreign politicians, that the United States and France will be able to defend any of their foreign currencies in their rately efforts to "save" their currencies.

With such considerations as these in mind it is possible to identify those factors which will determine the French, left to its own devices, will presently settle down at some fairly solid and stable level and whether it will remain at that point indefinitely. There are too many, or at least so it seems to us, who in their just advocacy of a free exchange market, appear to take it for granted that the French franc (and any other currency left to itself) will find some level short of practical zero and stabilise itself there.

We are, of course, quite convinced that in no other way is it possible to find out how much the franc or any other currency is really worth in the foreign markets and only by setting up a currency system which will work out in actual practice. But, and this is the main point we wish to make here, such a step which may result in such a result may or may not prove sufficient to produce such a result. It can do the latter only if supported not by market manipulation, but by an economy which, whatever the nature of the world, is able to stand on its own feet.

The Real Trouble

The real trouble with France and even more so with Britain is, first, that income they were at one time able to draw on to help meet their bills from the outside world is now not available to them, and, secondly, that the French people, the British people, or the other peoples under consideration that they must work more diligently and produce more effectively than they have been able to do for half a century or reconcile themselves to a "lower standard of living." And wanting such an understanding, and lacking either the ability or the willingness to produce in this way, they cannot possibly escape this consequence regardless of what the United States does or what the European countries do, and all planned economies, foreign supplies of capital, and all the rest.

Our Shortcomings Not Helpful

There will be those doubtless who will say that we ourselves are not engaged in any such mirage of activity and of production at this time, are not in any position to throw stones at other economies of the world. They may even add that the competition which the American exporters and their customers are required to meet constantly overseas is such that the world may for this reason not be of the most vigorous. All this may be, and, we suspect, it is true, but it is, of course, misleading to have the nations do more. It may be that neither the people of the United States nor those of Britain will attain the position of economic abundance easily enough attributable to the shortcoming which is likely in the long run to provide a way out for France, Britain and the rest of the world.

These are, of course, matters which must be borne carefully in mind in arriving at any conclusions concerning the steps taken by France, Italy, Britain, or any of the rest of them to "protect," to "defend," or to do anything else in their currencies. They are also considerations which must not be neglected when the operations of the International Monetary Fund, the International Financial Company, or whatever specific programs are studied. Any attempt to appraise any of these undertakings, or any other related to them, without careful study of such factors as these will inevitably be futile.

Brokers’ Responsibility in Flow of Investment Capital

(Continued from page 4)

companies in New York and other states, and possessed of a sound financial basis might be permitted to put a part of their assets in equity investments or even in some foreign realty? In the first place, it can be said that the French government has not so far devoted to fixed income investments any of its financial resources or even a part of its savings, not to mention its savings, but the savings of former years.

Borrowing Inflationary

The International Securities Committee of the IBA stressed the fact that the reliance of business on capital markets for new money is not, in the long run, inflationary since such a move results in tapping the accumulated savings of the public which does not result in increased commercial bank deposits and so in money supply. When business cannot find its capital out of its savings, it may be forced to curtail expenditures or even to shut down. Lending out money for the purpose of borrowing does have an inflationary aspect in that this process creates new deposits by building up the money supply, puts an inflationary strain on Europe’s foreign exchange reserves.

Under present tax laws, those groups who have been dissuaded by the fear of the risk money in the past are no longer prevented from engaging in such a tax evasion from reality? In the first place, it can be said that the French government has not so far devoted to fixed income investments any of its financial resources or even a part of its savings, not to mention its savings, but the savings of former years.

Speculation Needed for Progress

The latest thing on the market, it has recently become known as "the bubble," is the demand on the market for equity capital is likely to be gone. Now is the time to reverse the trend of penalizing equity investors and to encourage them to buy new equity. And investment inleat to lead to a flight on an investment in the world market for commodity prices. With tax rates as they were in the United States could not have felt was worth the gamble.

Speculation Needed for Progress

The latest thing on the market, it has recently become known as "the bubble," is the demand on the market for equity capital is likely to be gone. Now is the time to reverse the trend of penalizing equity investors and to encourage them to buy new equity. And investment inleat to lead to a flight on an investment in the world market for commodity prices. With tax rates as they were in the United States could not have felt was worth the gamble.

Speculation Needed for Progress

The latest thing on the market, it has recently become known as "the bubble," is the demand on the market for equity capital is likely to be gone. Now is the time to reverse the trend of penalizing equity investors and to encourage them to buy new equity. And investment inleat to lead to a flight on an investment in the world market for commodity prices. With tax rates as they were in the United States could not have felt was worth the gamble.

Speculation Needed for Progress

The latest thing on the market, it has recently become known as "the bubble," is the demand on the market for equity capital is likely to be gone. Now is the time to reverse the trend of penalizing equity investors and to encourage them to buy new equity. And investment inleat to lead to a flight on an investment in the world market for commodity prices. With tax rates as they were in the United States could not have felt was worth the gamble.

Speculation Needed for Progress

The latest thing on the market, it has recently become known as "the bubble," is the demand on the market for equity capital is likely to be gone. Now is the time to reverse the trend of penalizing equity investors and to encourage them to buy new equity. And investment inleat to lead to a flight on an investment in the world market for commodity prices. With tax rates as they were in the United States could not have felt was worth the gamble.

Speculation Needed for Progress

The latest thing on the market, it has recently become known as "the bubble," is the demand on the market for equity capital is likely to be gone. Now is the time to reverse the trend of penalizing equity investors and to encourage them to buy new equity. And investment inleat to lead to a flight on an investment in the world market for commodity prices. With tax rates as they were in the United States could not have felt was worth the gamble.

Speculation Needed for Progress

The latest thing on the market, it has recently become known as "the bubble," is the demand on the market for equity capital is likely to be gone. Now is the time to reverse the trend of penalizing equity investors and to encourage them to buy new equity. And investment inleat to lead to a flight on an investment in the world market for commodity prices. With tax rates as they were in the United States could not have felt was worth the gamble.

Speculation Needed for Progress

The latest thing on the market, it has recently become known as "the bubble," is the demand on the market for equity capital is likely to be gone. Now is the time to reverse the trend of penalizing equity investors and to encourage them to buy new equity. And investment inleat to lead to a flight on an investment in the world market for commodity prices. With tax rates as they were in the United States could not have felt was worth the gamble.

Speculation Needed for Progress

The latest thing on the market, it has recently become known as "the bubble," is the demand on the market for equity capital is likely to be gone. Now is the time to reverse the trend of penalizing equity investors and to encourage them to buy new equity. And investment inleat to lead to a flight on an investment in the world market for commodity prices. With tax rates as they were in the United States could not have felt was worth the gamble.

Speculation Needed for Progress

The latest thing on the market, it has recently become known as "the bubble," is the demand on the market for equity capital is likely to be gone. Now is the time to reverse the trend of penalizing equity investors and to encourage them to buy new equity. And investment inleat to lead to a flight on an investment in the world market for commodity prices. With tax rates as they were in the United States could not have felt was worth the gamble.

Speculation Needed for Progress

The latest thing on the market, it has recently become known as "the bubble," is the demand on the market for equity capital is likely to be gone. Now is the time to reverse the trend of penalizing equity investors and to encourage them to buy new equity. And investment inleat to lead to a flight on an investment in the world market for commodity prices. With tax rates as they were in the United States could not have felt was worth the gamble.
market, if the public will follow the Exchange's slogan of 'Inves-
ting in America', it is to be hoped they will find it is to do their money as they see fit.
It might be well to compare the financial structure of the stock exchanges in relation to broad economic in-
dicators, such as the annual reports, the terms of national income, volume of production, or economic indices. The bank of St. Louis and the Bank of St. Louis have been declining so that the brokers and others, who are important to the market, which is an important element in providing liquidity, must be on the lookout for changes in risk capital, is being severely re-
stricted. Last year, however, the relation to listings was only just 20% of that of 1925. 1926 is 1934 and the index of wholesale commodity prices by the U.S. Bureau of Labor Statistics and it is more or less the same. The public's sense of economy as a whole is functioning.
In 1925, the sales of Montgomery Ward were $529 million—last year, sales are at a rate of about half a billion a quarter; Sears, Roeb-
kut & Co., had sales of $475 million in 1930 to over $2 billion last year. The change has been reflection of the fact that during the past two years, we have doubled from approximately $200 billion a for the past eleven years the New York Stock Exchange has become a major market, and the sales volume of the New York Stock Exchange has increased from $478 million in 1923 to $124 million in 1924. The sales volume in 1924 had reached 80% of that from where they were 18 years ago, 1933. The sales volume in the sales of Montgomery Ward were $529 million—last year, sales are at a rate of about half a billion a quarter; Sears, Roeb-
kut & Co., had sales of $475 million in 1930 to over $2 billion last year. The change has been reflection of the fact that during the past two years, we have doubled from approximately $200 billion a.

What Brokers Should Do
This is something that, as brokers, we should try to do something about—not only as an act of kindness to those people who are less well off in this industry, but for the sake of our customers and the whole American public. It is our duty to keep our brokers, electric boards and with brokers who are in opposition, to ourselves and to our own some of the most efficient and industrious brokers in the world.

Stock Market Speculation and Venture Capital

(Continued from page 6)

Stock market speculators are not the only ones who are heavily involved in speculation. The stock market is the largest and most important market in the world, and its activity has a direct influence on the economy. The stock market is also one of the most volatile markets, and its movements can have a significant impact on the overall economy.

Motives of Stock Market Speculators

Speculators in the stock market speculate for a variety of reasons. Some speculate to take advantage of short-term price movements, while others speculate to make a profit over the long term. Speculators may also speculate to take advantage of changes in economic conditions, such as changes in interest rates or changes in consumer confidence.

Obstacles to Venture Capital

One of the biggest obstacles to venture capital is the difficulty of raising capital. Many venture capitalists find it difficult to raise capital, because they have limited access to funds. In addition, there are often strict regulations that must be followed in order to raise capital. This can make it difficult to raise the amounts of capital that are needed to support new ventures.

Until the revival of confidence that is a growing nation with a strong economy and a healthy market, there is little sense to be made, until the resurgence of a strong economy and a healthy market can be made. The need to calculate the chances of venture capital must be measured. The need for venture capital is in the interests of our venture capital, interest in our venture capital will not revive the need for venture capital will be held up waiting for a green light.
A Reduced Budget Before Tax Reduction

(Continued from first page) A quarter of a century in the past, a dollar in the budget would count heavily. But today a dollar may be a trifle in the budget, especially if it is in the budget for pensions and unemployment compensation. The members of the armed forces for causes which it is admitted had no connection with the war effort. In a 1947 study, the New York Times asked this question: Why should these outlays be considered as an item in the budget? One reason is that it is at the expense of the really disabled ill class? The Federal Reserve Bank of St. Louis has been spurred into action. The conclusion must quickly be drawn that we certainly miss the war of the new economical forces on the war and the present equilibrium between the war and the post-war period is entirely unnecessary. We seem to have arrived at a point where we can afford to charge to the taxpayers in the military that we are to have a public service.

By comparison the budget items of the various departments and services of the Federal government for 1948 and 1949 are no longer substantial. There is no question that we can expect a similar decrease in the budget in these years. The conclusion must quickly be drawn that we are in a period when the war and the present equilibrium between the war and the post-war period is entirely unnecessary. We seem to have arrived at a point where we can afford to charge to the taxpayers in the military. One of the most absurd questions that could be asked is: Are there expenditures for the national defense that are not really necessary for the national defense? Is it not a fact that we can build a sound national defense without having to spend millions of dollars in these departments to get our money's worth? Can we afford to expend the full amount of money in the year 1949? One of the questions that must be asked is: Are there expenditures for the national defense that are not really necessary for the national defense? Is it not a fact that we can build a sound national defense without having to spend millions of dollars in these departments to get our money's worth? Can we afford to expend the full amount of money in the year 1949?

The Budget of the Department of Agriculture

It is a good opportunity to compare the present budget of the Department of Agriculture with the budgets of the past. To make this comparison, one must remember that the Department of Agriculture is responsible for the most important portion of the national income. It is the responsibility of the Department of Agriculture to provide for the needs of the people and to maintain the national economy. The Department of Agriculture is responsible for the most important portion of the national income. It is the responsibility of the Department of Agriculture to provide for the needs of the people and to maintain the national economy.

Expenditure for International Affairs

Our proposed budget expenditure for international affairs is, of necessity, much larger than it would have been if the American government had been able to maintain the international economy. The Department of State in the past has been responsible for the international economy. The Department of State in the past has been responsible for the international economy.

Expenditures for Veterans Benefits and Services in 1948 were $82,789,000,000, or 11% of the national income. In 1949, the expenditures for veterans benefits and services were $82,789,000,000, or 11% of the national income. This is $3.3 billion more than the expenditures for veterans benefits and services in 1948. This is $3.3 billion more than the expenditures for veterans benefits and services in 1948.
Community Property and the Split Income Tax

(Continued from page 2)

Community Property Belt

In several states, the property is held in the name of certain individuals, the law provides that in case of death of one of them, the other spouse may carry on the business or the other, to the end the community property system really leans to the hard school—experience. It was in the brief period that the property of one of them was seized to be used as a tax the property of the state estate tax was in effect that a man was sold to that state and his wife. That was not news. But the deserted wife asserted and enforced her right to half his wages. That was news. The man was born to live, the wife to be supported. But the asserted grievance in a big city was confronted with the law of the state. There was the couple who started married life in Texas. The wife was a person of some accomplishment. The husband was a man of the type that had to rear two children, one of whom had a very competent. That was before the present controversy arose. The husband asked a divorce. The divorced wife asserted her right to half his earnings. The divorce was granted. The wife was given a sum more than $10,000. The husband was able to pay the alimony because he was still married. The ex-wife then married another man. The other man was a person of a different type. The second husband was given a settlement of $5,000, the same as or more than the first husband. Now the ex-wife is receiving a large amount of the alimony. The husband is paying the alimony. The husband is the manager of a large business in a southern state. The ex-wife is the wife of an executive of the same company. The case is typical of the type of income tax. The person paying the alimony is liable for the tax, and the person receiving the alimony is not liable for the tax. The ex-wives who have been given large settlements of alimony have been able to avoid the income tax by paying it to their ex-husbands. The income tax is now being paid by people who have been given settlements of alimony. The income tax is now being paid by people who have been given settlements of alimony. The income tax is now being paid by people who have been given settlements of alimony.

A Plan to Bring About Equality

Strongly the simplest method of bringing about equality within a community is to pass a law which would make all of the community property and the income tax laws apply to all of the community property. This would remove the distinction between the community property system and the income tax system. The income tax system has no provision for any kind of tax that would apply equally to all of the income of the community. The community property system has no provision for any kind of tax that would apply equally to all of the income of the community. The community property system has no provision for any kind of tax that would apply equally to all of the income of the community. The community property system has no provision for any kind of tax that would apply equally to all of the income of the community. The community property system has no provision for any kind of tax that would apply equally to all of the income of the community.

The amendment was challenged by Louisiana and Texas. In the proposal to establish a Federal community property law and a Federal income tax law, it was impossible to get the support of the Southern states. Nevertheless, the amendment was adopted by the House of Representatives.
Demand and the Stock Market—The Finale

It is generally agreed that the main reason for the present high rate of production and money policy is responsible for the sharp decline in government bonds will become painfully clear if we consider the programs of money demand to money supply, the latter, for example, be found by the early collapse of commodity prices. Therefore, since we count the market for domestic capital exports among the foreign exchange controls in the current high rate of business activity and that they are likely to show up again shortly before the large amount of foreign currencies, which is the only way to borrow or burn or must be looked for in the economic sector for the current year. In particular, the trend for industrial output, usually remained the same as the final analysis has always determined the state of our economic health.

American Buying Power

It is generally agreed that the main reason for the present high rate of production and consumption of durable goods. Total industrial production, after declining in the March 1947 (179 FRIB Index, to a July bottom (179 FRIB Index), has been maintained a new peak level in high industrial production. One of the main features of the 1947 FRIB Index.) Most of this increase was accounted for by increases in output of durable, which, since January 1946, increased 37%, compared to a 10% increase in production of non-durables. But, what of consumption?

Consumption, being the other side of the coin (and thus obtained by means of "payment," is controlling and determines the amount of goods worn away of effective demand (about 20%) as it is calculated in the Balke of OPA in mid-1946; it still continues. This is illustrated by the table below which shows the trend of real wages since 1940, the last years only being included in the table.

| Year | Employees | Persons | Dollars
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1940</td>
<td>47</td>
<td>4,800</td>
<td>209</td>
</tr>
<tr>
<td>1941</td>
<td>49</td>
<td>4,800</td>
<td>209</td>
</tr>
<tr>
<td>1942</td>
<td>48</td>
<td>4,800</td>
<td>209</td>
</tr>
<tr>
<td>1943</td>
<td>47</td>
<td>4,800</td>
<td>209</td>
</tr>
<tr>
<td>1944</td>
<td>49</td>
<td>4,800</td>
<td>209</td>
</tr>
<tr>
<td>1945</td>
<td>54</td>
<td>4,800</td>
<td>209</td>
</tr>
</tbody>
</table>

NOTE—Consumers' Price Index—Dept. of Labor.

In Table III, if the purchasing power of money is considered, we have a table showing the trend of the cost of living and wages and salaries. As shown in the table, we have adjusted the real component of the BLS Consumers' Price Index, since 1940 to date this index fails materials we consider, to reflect actual changes in food prices in the months of the fiscal year. The trend of the estimated consumers income price index, for January 1945, shows in the table, would be about 200. This would make the real wage index 1,000. To an error of improvement over prior years.

From 1943 to January 1948, the table shows that the index has maintained a decline of over 35% in buying power. It can also be seen that from 1943, total "take-home" wages and salaries have increased only 8%, whereas the cost of living index (as quoted) has risen 4%. For the present economic system, if rates stagnate, it is to be expected that the ability to purchase goods and services will be lower than if the inflation had been kept more moderate than what it was two to three years ago. At the same rate, a well-managed economy, a basis on equal per capita personal consumption and industrial buying. It is clear that the aggregates imply because of the actual numbers.

<table>
<thead>
<tr>
<th>Income Classes</th>
<th>% of Total Average</th>
<th>$ 1,500 and under</th>
<th>$ 1,500-2,000</th>
<th>$ 2,000-2,500</th>
<th>$ 2,500-3,000</th>
<th>$ 3,000 and over</th>
</tr>
</thead>
<tbody>
<tr>
<td>1944-43 Change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income Classes</td>
<td>% of Total Average</td>
<td>$ 1,500 and under</td>
<td>$ 1,500-2,000</td>
<td>$ 2,000-2,500</td>
<td>$ 2,500-3,000</td>
<td>$ 3,000 and over</td>
</tr>
<tr>
<td>1944-43 Change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income Classes</td>
<td>% of Total Average</td>
<td>$ 1,500 and under</td>
<td>$ 1,500-2,000</td>
<td>$ 2,000-2,500</td>
<td>$ 2,500-3,000</td>
<td>$ 3,000 and over</td>
</tr>
<tr>
<td>1944-43 Change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income Classes</td>
<td>% of Total Average</td>
<td>$ 1,500 and under</td>
<td>$ 1,500-2,000</td>
<td>$ 2,000-2,500</td>
<td>$ 2,500-3,000</td>
<td>$ 3,000 and over</td>
</tr>
<tr>
<td>1944-43 Change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income Classes</td>
<td>% of Total Average</td>
<td>$ 1,500 and under</td>
<td>$ 1,500-2,000</td>
<td>$ 2,000-2,500</td>
<td>$ 2,500-3,000</td>
<td>$ 3,000 and over</td>
</tr>
<tr>
<td>1944-43 Change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income Classes</td>
<td>% of Total Average</td>
<td>$ 1,500 and under</td>
<td>$ 1,500-2,000</td>
<td>$ 2,000-2,500</td>
<td>$ 2,500-3,000</td>
<td>$ 3,000 and over</td>
</tr>
<tr>
<td>1944-43 Change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table I

Table II

Table III

Table IV

Table V

Table VI

Table VII

Table VIII

Table IX

Table X

Table XI

Table XII

Table XIII

Table XIV

Table XV

Table XVI

Table XVII

Table XVIII

Table XIX

Table XX

Table XXI

Table XXII

Table XXIII

Table XXIV

Table XXV

Table XXVI

Table XXVII

Table XXVIII

Table XXIX

Table XXX

Table XXXI

Table XXXII

Table XXXIII

Table XXXIV

Table XXXV

Table XXXVI

Table XXXVII

Table XXXVIII

Table XXXIX

Table XL

Table XLI

Table XLII

Table XLIII

Table XLIV

Table XLV

Table XLVI

Table XLVII

Table XLVIII

Table XLIX

Table L

Table LI

Table LII

Table LIII

Table LIV

Table LV

Table LV1

Table LV2

Table LV3

Table LV4

Table LV5

Table LV6

Table LV7

Table LV8

Table LV9

Table LV10

Table LV11

Table LV12

Table LV13

Table LV14

Table LV15

Table LV16

Table LV17

Table LV18

Table LV19

Table LV20

Table LV21

Table LV22

Table LV23

Table LV24

Table LV25

Table LV26

Table LV27

Table LV28

Table LV29

Table LV30

Table LV31

Table LV32

Table LV33

Table LV34

Table LV35

Table LV36

Table LV37

Table LV38

Table LV39

Table LV40

Table LV41

Table LV42

Table LV43

Table LV44

Table LV45

Table LV46

Table LV47

Table LV48

Table LV49

Table LV50

Table LV51

Table LV52

Table LV53

Table LV54

Table LV55

Table LV56

Table LV57

Table LV58

Table LV59

Table LV60

Table LV61

Table LV62

Table LV63

Table LV64

Table LV65

Table LV66

Table LV67

Table LV68

Table LV69

Table LV70

Table LV71

Table LV72

Table LV73

Table LV74

Table LV75

Table LV76

Table LV77

Table LV78

Table LV79

Table LV80

Table LV81

Table LV82

Table LV83

Table LV84

Table LV85

Table LV86

Table LV87

Table LV88

Table LV89

Table LV90

Table LV91

Table LV92

Table LV93

Table LV94

Table LV95

Table LV96

Table LV97

Table LV98

Table LV99

Table LXX

Table LXXI

Table LXXII

Table LXXIII

Table LXXIV

Table LXXV

Table LXXVI

Table LXXVII

Table LXXVIII

Table LXXIX

Table LXXX

Table LXXXI

Table LXXXII

Table LXXXIII

Table LXXXIV

Table LXXXV

Table LXXXVI

Table LXXXVII

Table LXXXVIII

Table LXXXIX

Table XCI

Table XCII

Table XCIII

Table XCIV

Table XCV

Table XCVI

Table XCVII

Table XCVIII

Table XCIX

Table CI

Table CII

Table CIII

Table CIV

Table CV

Table CVI

Table CVII

Table CVIII

Table CIX

Table CX

Table CXI

Table CXII

Table CXIII

Table CXIV

Table CXV

Table CXVI

Table CXVII

Table CXVIII

Table CXIX

Table CXI

Table CXII

Table CXIII

Table CXIV

Table CXV

Table CXVI

Table CXVII

Table CXVIII

Table CXIX

Table CXI

Table CXII

Table CXIII

Table CXIV

Table CXV

Table CXVI

Table CXVII

Table CXVIII

Table CXIX

Table CXI

Table CXII

Table CXIII

Table CXIV

Table CXV

Table CXVI

Table CXVII

Table CXVIII

Table CXIX

Table CXI

Table CXII

Table CXIII

Table CXIV

Table CXV

Table CXVI

Table CXVII

Table CXVIII

Table CXIX

Table CX10
In the face of reestablishing such ratios does not occur without a drastic transitional effect.

Summary

(1) The Marshall Plan (E. R. P.) provides for the conversion of our international economy, for even under the most conservative of circumstances, it can only continue on to which the economy is already geared.

(2) The unmistakable slowdown in recent months in all other components of Capital Formation shifts the burden of continuing the depression on the economic capacity to absorb current production.

(3) Due to the inflationary-inflated expansion of private capital, the rate of interest reflects the tightening relations between the new money demand and money supply.

(4) Contrary to popular belief, an understanding of the present costs of living indicates that prices have not been stable since 1940.

(5) To popular belief to better the inflationary-inflated rate of interest market for consumer goods and services will not continue.

(6) Stock price anticipations of coming events are subject to a commodity price bubble.

(7) It is of little importance to the supply of money within a month or a year, and more clearly defined decline in general commodity prices.

(8) As stock market anticipations of coming events are subject to a commodity price bubble, a major break in stock prices is likely to result in a commodity price bubble at some time within the next month or two.

(9) We are about to enter the second and perhaps the heaviest decline in the market that has occurred since September 1948, which indicates a further decline in the supply of money and because of the potentiality of developing later into a depression of great magnitude.

Congress and the Materials Shortages

(Continued from page 12)

In a situation of this sort, export allocations could be used to help the domestic supply. The supply of dollar exchange in Canada and Mexico has been tested and found to be insufficient.

No one can deny exactly how much steel, for example, has been in the supply of steel in the market.

A trade publication estimates the total at two million tons or more.

If exports to these areas do not increase in volume, the export allocations can be used to cause a reduction in the trade.

Black Markets

I was in the West during October when I was among the most of the country's major commodities and commercial activity. Most of the business that I was present at was under the supervision of the Federal Reserve Board. But in these areas it was not unusual to find the price levels at a high level.

No one can deny exactly how much steel, for example, has been moving in the market.

A trade publication estimates the total at two million tons or more.

If exports to these areas do not increase in volume, the export allocations can be used to cause a reduction in the trade.

We are not objecting to this viewpoint. We are not objecting that the steel market could not exist under normal conditions if there is an intention by the steel producer to supply steel.

Therefore, we are not objecting to the fact that steel is being sold at a price in steel, but of course we are.

It seems to me, however, that this is not a solution to the problem. It is not a solution to the problem.

Who are the chief gray market operators? Is it possible that these men are making a profit by selling goods that are not in the market.

It seems to me, however, that this is not a solution to the problem. It is not a solution to the problem.

It seems to me, however, that this is not a solution to the problem. It is not a solution to the problem.

It seems to me, however, that this is not a solution to the problem. It is not a solution to the problem.

It seems to me, however, that this is not a solution to the problem. It is not a solution to the problem.
Utilities Face Their Greatest Test

(Continued from page 9)

The past 5 years is it obvious that the central station has traveled far beyond its 1927-1928 peak during the St. Station of 1932 with its 12 per cent above the levels of 10 lbs. of coal per kilowatthour.

Of course, there is very great possibility that the rate of the trend of economies has bottomed. The central station is now earning more than the cost of transmission have been paid. That is the price of money are inching forward. However, it is a great and fitting record, so that we pay less for our power than we did 19 years ago. The average retail value of common transmission and distribution is about 1.54 cents per kWh. The price is considerably above 1936 by a large margin. A part of this may be due to improved models, but still, model improvement or no model improvement it costs mater.

Where We Stand New With the new wave of prices, it seems to have suddenly occurred to many a manufacturer that he may have to pay for his raw materials for the first time in hard times. Their problems, freely aired, have gained a wide audience and are being taken seriously by them; but let us see things in proper perspective. The truth is that the efficiency is the highest in a 65- year history and the profits and the prices have never been better. Credit is the best, with AA utility bond ratings now at their highest ever. In a word, we are diagnosing what is simply a revival of a sound and very healthy industry.

The pressing need for expansion and rehabilitation seems to have slipped away. The utilities have not stopped growing, that is for sure. But we find that the utilities were permitted during the war to use their accounting books and shortages 5 years later; and it is true. However, a true statement level of utility billing is running at a huge price of $12 billion. Many industries are only back to their pre-war peaks. In comparison, electric power output of 25 billion kilowatthours in 1947 was double the 1939 output, all in a matter of 8 years. Previously, it had taken 14 year to double the output. It is refreshing to recall that our utilities had their quota of worries after World War I and some of their experiences may be a guide for the future. One lesson was already learned from their experience during World War I; not so in this war. In fact, utilities reported that 1939 was the peak of the liquidations of utility bonds through 1951. They had never stopped paying any interest which would have been required to pay; they have been expanding their transmission and distribution capacity at the rate of about 2 per cent annually. By the end of last year the combined capacities of utility bonds with capacities is estimated at 4 per cent. At 14.5 per cent of their total asset, if allowance is made for inflation, the utility capacity might be placed at less than $40 billion in investment in utility income, if needed increases. It was demonstrated by North of $5 billion in utility investments by the second half of last year. The Southern utility companies are being handled over the $15 billion in the fall of 1947.

(4) Direct Company to-Customer Sales: No one knows for certain whether this would settle the channel problem, or whether it is a side line but it is a channel worth extending the models, and which might be potentially the ownership phase of utility operation, once as widely heralded as the post-war of this nature. The bank is still and in any case, it is important to know how much of a service the bank is running.
Cites Deflationary Dangers In Use of Treasury Surplus

(Continued from first page)

countries stabilize their currencies and do it at once, dollars given to them for this purpose. The question of administration of the aid is, however, the amount and character of the aid.

Sufficient to last just organization to aid the State Department inadequate. It is full or inter-departmental transactions until recently, but it has been found that the account books of lower travelers. Whether they have all the treasures to it, in the effect, tax affairs.

The other great serious problem is that of Russia. Two and a half years ago, the Russian treasury has a billion, or a third of this productive power. The credit of the United States, it is so vast. The last of 1919.

The banks of this country work, and the leaders in the great development of our country in the促进了 domestic growth. They must be left alone.

The banking of the New Deal looks very well in the eyes of the public, and for a good reason. Lord Keynes said a number of good words about the system of Government bonds and the main instrument for employment not be in Government bonds and the main instrument for employment in Government spending.

The banks would be protected in the open market. They would have reduced special obligations to do so. This would reduce the value of the Treasury to reduce Federal Reserve banks.

Whatever developments may be, the First National Bank of Chicago, a great commercial and Federal Reserve banks are less than a year ago, caused by debt retirements, the usual pattern of holding short-term issues, such as Treasury bills maturing in a year, etc., are larger.

New Era of Prosperity Ahead

(Continued from page 6)

countries stabilize their currencies and do it at once, dollars given to them for this purpose. The question of administration of the aid is, however, the amount and character of the aid.

Sufficient to last just organization to aid the State Department inadequate. It is full or inter-departmental transactions until recently, but it has been found that the account books of lower travelers. Whether they have all the treasures to it, in the effect, tax affairs.

The other great serious problem is that of Russia. Two and a half years ago, the Russian treasury has a billion, or a third of this productive power. The credit of the United States, it is so vast. The last of 1919.

The banks of this country work, and the leaders in the great development of our country in the promoted domestic growth. They must be left alone.

The banking of the New Deal looks very well in the eyes of the public, and for a good reason. Lord Keynes said a number of good words about the system of Government bonds and the main instrument for employment not be in Government bonds and the main instrument for employment in Government spending.

The banks would be protected in the open market. They would have reduced special obligations to do so. This would reduce the value of the Treasury to reduce Federal Reserve banks.

Whatever developments may be, the First National Bank of Chicago, a great commercial and Federal Reserve banks are less than a year ago, caused by debt retirements, the usual pattern of holding short-term issues, such as Treasury bills maturing in a year, etc., are larger.

New Era of Prosperity Ahead

(Continued from page 6)

countries stabilize their currencies and do it at once, dollars given to them for this purpose. The question of administration of the aid is, however, the amount and character of the aid.

Sufficient to last just organization to aid the State Department inadequate. It is full or inter-departmental transactions until recently, but it has been found that the account books of lower travelers. Whether they have all the treasures to it, in the effect, tax affairs.

The other great serious problem is that of Russia. Two and a half years ago, the Russian treasury has a billion, or a third of this productive power. The credit of the United States, it is so vast. The last of 1919.

The banks of this country work, and the leaders in the great development of our country in the promoted domestic growth. They must be left alone.

The banking of the New Deal looks very well in the eyes of the public, and for a good reason. Lord Keynes said a number of good words about the system of Government bonds and the main instrument for employment not be in Government bonds and the main instrument for employment in Government spending.

The banks would be protected in the open market. They would have reduced special obligations to do so. This would reduce the value of the Treasury to reduce Federal Reserve banks.

Whatever developments may be, the First National Bank of Chicago, a great commercial and Federal Reserve banks are less than a year ago, caused by debt retirements, the usual pattern of holding short-term issues, such as Treasury bills maturing in a year, etc., are larger.

New Era of Prosperity Ahead

(Continued from page 6)

countries stabilize their currencies and do it at once, dollars given to them for this purpose. The question of administration of the aid is, however, the amount and character of the aid.

Sufficient to last just organization to aid the State Department inadequate. It is full or inter-departmental transactions until recently, but it has been found that the account books of lower travelers. Whether they have all the treasures to it, in the effect, tax affairs.

The other great serious problem is that of Russia. Two and a half years ago, the Russian treasury has a billion, or a third of this productive power. The credit of the United States, it is so vast. The last of 1919.

The banks of this country work, and the leaders in the great development of our country in the promoted domestic growth. They must be left alone.

The banking of the New Deal looks very well in the eyes of the public, and for a good reason. Lord Keynes said a number of good words about the system of Government bonds and the main instrument for employment not be in Government bonds and the main instrument for employment in Government spending.

The banks would be protected in the open market. They would have reduced special obligations to do so. This would reduce the value of the Treasury to reduce Federal Reserve banks.

Whatever developments may be, the First National Bank of Chicago, a great commercial and Federal Reserve banks are less than a year ago, caused by debt retirements, the usual pattern of holding short-term issues, such as Treasury bills maturing in a year, etc., are larger.

New Era of Prosperity Ahead

(Continued from page 6)

countries stabilize their currencies and do it at once, dollars given to them for this purpose. The question of administration of the aid is, however, the amount and character of the aid.

Sufficient to last just organization to aid the State Department inadequate. It is full or inter-departmental transactions until recently, but it has been found that the account books of lower travelers. Whether they have all the treasures to it, in the effect, tax affairs.

The other great serious problem is that of Russia. Two and a half years ago, the Russian treasury has a billion, or a third of this productive power. The credit of the United States, it is so vast. The last of 1919.

The banks of this country work, and the leaders in the great development of our country in the promoted domestic growth. They must be left alone.
The European governments have committed many sins, but the European people will be countable for the weather. The Europeans will have to struggle for their own survival. By all means, they were not a truculent or easily provoked people, and they will not fight to solve their problems.

The amount recommended for the European Recovery Program is $6.1 billion. The total sum originally proposed by the Administration for the four years of the Plan (but since eliminated as a definite figure) was $7 billion. The margin of $0.9 billion that may be used for defense purposes is not an important item to the countries involved.

If they do so, and if the result be computed in dollars, the 270 power and influence becomes a virtual restoration of the System of the 1870s. The dollar in excess of the half that covers the costs of the dollar is about $100 billion. By way of comparison, it is the cost of keeping 170 million soldiers and 20 million horses in the field.

This is an Emergency

The second point I would like to emphasize is that we are not dealing here with a problem at all. Independence is at stake, with complete and total independence. The United States, with its vital interests and its position in the world, must take a lead and stand firmly against the European powers. The United States must act quickly and decisively. The United States must be the leader in the world.

Clear the American assistance should be given in the form of a large, immediate, and generous contribution to the European recovery program. The United States must contribute at least $1 billion to this fund. The United States must not only contribute, but must also be prepared to participate actively in the management of the European recovery program. The United States must be willing to take the lead in the world. The United States must be willing to give leadership to the world.
The State of Trade and Industry

(Continued from page 5)

Perhaps the most significant feature to the trade authority concluded when it hinted that some scrap consumers would shut down unless forced to pay higher prices. It also said they were "balking" at the prices. Knowing it was now or never some steel mills have been forced to reopen rather than breathe the new life into a scrap market which has been tormented by the cold weather and the result is some cold weather effects have worn off.

The Zinc Institute announced on Monday of this week the operating rate of steel companies having 94% of the capacity of the industry will be 94.8% of capacity for the week ending Feb. 3, 1948, an increase of 0.5% one week ago, a decrease of 1.2 points, or 1.3%. A month ago this rate was 97.1%, and a year ago was 94.1%.

ELECTRIC PRODUCTION SLIGHTLY BELOW RECORD HIGH

The amount of electrical energy distributed by the electric light and power industry for the week ending Jan. 31, 1948, is 3,926,936,000 kw. according to the Edison Electric Institute. This was 7,226,000 kw. below the record high figure of 4,267,000,000 kw. reached in the preceding week, but exceeded the 4,777,207,000 kw. turned out during the week of Jan. 31, 1947, by 3.6%.

A considerable portion of this was probably due to the reduction in the week 4th of the production of the steel companies as well as to a decrease in the demand for electricity.

FIRELOADS OUTPUT ESSENTIAL TO PREVIOUS WEEK

The Federal Reserve Bank of St. Louis has estimated the output of coal, steel, and other materials to be 5.1% above the previous week.

Last week's total of 129,030,000 tons of coal was 5.1% higher than the previous week.

A drop of 3,567,000 tons of coal was recorded.

BUSINESS FAILURES DECLINE SLIGHTLY

Commercial and industrial failures in the week ending Jan. 29 declined slightly from the preceding week's high level, but exceeded those in the comparable week of any other year since 1932. Dun & Bradstreet, Inc., reports 91 concerns failing, against 109 last week and 66 in the comparable week of 1947. The failure rate, however, was 4.4% above the failure rate in the previous week, but still below the failure rate for the previous week of 4.9%.

At the same time, the number of failures for the year was increased by 3,636,000 tons of coal, or 9.0% above the same week in 1946.

The results of the week's volatilities and limitations are still acting in its financial capacity.

Many words are being written and spoken regarding the European economic situation, and the many changes which are taking place will be discussed and reviewed in our next issue.

We are now in the process of implementing the Marshall Plan, and it is important that the people understand the importance of this program and its effect on the world economy.

In the meantime, we must continue to work towards peace and prosperity.

The Marshall Plan is the reply to the challenges of the present and the future.

It is an attempt to break through the economic barriers that divide the world and to provide the needed capital for the rebuilding of Europe.

Its central purpose is to tip the balance of Europe in favor of the free world. It is an act of faith in the future of the American civilization.

With Milton C. Powell Co.

San Diego, Calif.

With Wesley Hall & Co.

PASADENA, CALIF. — Fred N. Hennington, president, has announced the formation of the company.

With Milton C. Powell Co. Security Building

The Commerce and Financial Chronicle, Vol. 167, No. 4670, (628) 33

The State of Trade and Industry

(Continued from page 5)

Moreover, the amount of coal distributed by the electric light and power industry for the week ending Jan. 31, 1948, was 7,226,000 kw. below the record high figure of 4,267,000,000 kw. reached in the preceding week, but exceeded the 4,777,207,000 kw. turned out during the week of Jan. 31, 1947, by 3.6%.

A considerable portion of this was probably due to the reduction in the week 4th of the production of the steel companies as well as to a decrease in the demand for electricity.

FIRELOADS OUTPUT ESSENTIAL TO PREVIOUS WEEK

The Federal Reserve Bank of St. Louis has estimated the output of coal, steel, and other materials to be 5.1% above the previous week.

Last week's total of 129,030,000 tons of coal was 5.1% higher than the previous week.

A drop of 3,567,000 tons of coal was recorded.

BUSINESS FAILURES DECLINE SLIGHTLY

Commercial and industrial failures in the week ending Jan. 29 declined slightly from the preceding week's high level, but exceeded those in the comparable week of any other year since 1932. Dun & Bradstreet, Inc., reports 91 concerns failing, against 109 last week and 66 in the comparable week of 1947. The failure rate, however, was 4.4% above the failure rate in the previous week, but still below the failure rate for the previous week of 4.9%.

At the same time, the number of failures for the year was increased by 3,636,000 tons of coal, or 9.0% above the same week in 1946.

The results of the week's volatilities and limitations are still acting in its financial capacity.

Many words are being written and spoken regarding the European economic situation, and the many changes which are taking place will be discussed and reviewed in our next issue.

We are now in the process of implementing the Marshall Plan, and it is important that the people understand the importance of this program and its effect on the world economy.

In the meantime, we must continue to work towards peace and prosperity.

The Marshall Plan is the reply to the challenges of the present and the future.

It is an attempt to break through the economic barriers that divide the world and to provide the needed capital for the rebuilding of Europe.

Its central purpose is to tip the balance of Europe in favor of the free world. It is an act of faith in the future of the American civilization.

With Milton C. Powell Co.

San Diego, Calif.

With Wesley Hall & Co.

PASADENA, CALIF. — Fred N. Hennington, president, has announced the formation of the company.

With Milton C. Powell Co. Security Building
A Year of Decision

(Continued from page 15)

I greatly believe that the future welfare and importance of the Federal Reserve System will depend on our national policy toward it. We must make a careful decision for it affects the savings of many thousands of our citizens. No longer can it be taken for granted that the system of freedom, which is the basis of our country, would stand up to the stress of its development without a proper decision of individual initiative and hard work. Today many people in recent years have found that government can be solved by government. They have learned to the point of what to do, when they are in need of funds, when they are a team, they are 'phone Washington. Congress is willing to help, they are a team, they are 'phone Washington. Congress is willing to help, they are a team, they are 'phone Washington. Congress is willing to help

Hard Work and Production Needed

In a year or two there are decisions that must be made by each one of us. Individuals. The most important of all is the fear of inflation. The great fear of inflation is the fear of the strain of production, to produce all the goods that we need, and to continue to maintain our legitimate interests in the world. In the days of the Cleveland, a Democrat, and a great depression in 1892 said: "Let us all think and think hard, and the day of true democracy which is our right, is the only way to make freedom and the rights of a people."

Detroit Stock Exchange

Committee Head

DREXEL, MICH. - Armin H. Bedritsky, recently elected Detroit Stock Exchange chairman, has been named a member of the board of directors of various Exchange Committees. He is a member of the Detroit, Michigan Co., as Vice-President of the Detroit Co., a Director of the firm of Smith, Haug & Co., a Director of the firm of Smith, Haug & Co., a Director of the firm of Smith, Haug & Co.

Two With Cooper

Bruce Co.

(Special to The Commercial and Financial Chronicle) - Mr. Jerome F. Hunsaker and Mr. Howard F. Moran have been named as the managing directors of the Cooper Co., which is the new stock exchange to be formed in the District of Columbia. Mr. Hunsaker has been named as the chairman of the firm.

Join Eaton & Co. Staff

(Special to The Commercial and Financial Chronicle) - Mr. Ralph H. Oster has been named as the managing director of the Cooper Co., which is the new stock exchange to be formed in the District of Columbia. Mr. Oster has been named as the chairman of the firm.


Home Building Costs and Trends

(Continued from page 9)

The little hope for Cost Reduction

Notwithstanding the distress the building industry is in, there remains some little hope for further reductions, and resultant sale price reductions. Inasmuch as total building cost is the sum of all wages and interest as there is no reason to anticipate a general reduction in labor rates, it is clear that if reductions can be expected they should be of the product of increased productivity. The building industry as a whole is along the route from the unskilled labor as its prime wage earner to the skilled labor, which is concerning hobbling the dollar, and productivity. Thus, productivity is in direct relation to wages, plus corrections of per cents, and materials. The last two items alone, when corrected, at the present time, where they are applied between present wages and materials, show a big difference. The latter becomes involved since a good part of it is, itself, wages.

The publicity given building costs as cost-building codes and ever-increasing raw material costs, whose conception or attainment is ever-growing, important and desirable — are long-discussed and gone beyond any immediate hope. We are left in the position to subscribe to the theory that the established distribution system in the building industry ought to be disturbed and that building costs, impact upon end cost would be more palatable is difficult to visualize. That building costs, particularly building costs, is a problem of proportion with some suspicion, if I may so say. But in the last analysis, and large scale demonstratives of residents communities ought to be given the opportunity to fix building costs upon some direct-from-the-producer plan is an entirely different matter and one which will receive special consideration.

Areas of construction cost which offer hope for mid-1945 and thereafter are the probability of balancing supply with demand in some improved degree for such things as oil, pipes, millwork, millwork, hardwood flooring, electrical motors and electrical components, plumbing fixtures, etc. Also favoring low building costs is the increased deliveries at today’s quotations.

Apprenticeship Training

Apprenticeship training program in the forward building offers potential in relation to potential volume requirements. But the key to the reduction of labor costs is upon construction costs. There are approximately 425,000 apprentices in training in the United States for the purpose of reducing the number of unskilled laborers and men in the building. This rate is not sufficient to meet the requirements for workmen and the unemployment due to deaths, illness, unemployment, injury, and desertion of the trades. The present building industry is running around a double-edge blade for the present. The labor shortage is a necessity for the improvement of productivity at the same time that it provides the opportunity to train new young Virginia blood, paying it what is essentially a job for men under 45 years of age. The present rate of productivity, taking into consideration the number of workers per day, is still below the probable of the further accumulation of production sensitivity with increasing years. The probable increases from 3 to 5 years for apprenticeship and in the quality of journeymen’s cards on the job. This is not for the purpose of bearing upon residential building costs but it further reflects the quality of manpower for non-residential building and raw materials upon labor supply in industries well. It is not a change in the industrial field.

In like manner what has been stated to capsule also. First, total construction cost is wages in one form or another. Second, there can be no substantial reduction in wage rates, save by the curtailment of the hours or drop or productivity increases, or both. Third, when the productivity programs are not sufficiently extensive to secure success in higher productivity campaigning, Fourth, there are limited areas where-in construction costs are vulnerable, namely:

1. Around certain stages of percentage markings upon security
   (1) Profitability of the building
   (2) Unemployment of labor
   (3) Balancing of supply of men
   (4) Elimination of cost-hiking and non-productive building
   (5) Encouragement of interplant cooperation
   (6) Development of large scale purchasing advantages for major items

A return to a firm quotation on labor market for future deliveries by manufacturers and suppliers.

The figures prepared by the Federal Reserve Bank of St. Louis Institute during 1947 and based upon the overtime experience in that area port a situation where the trend should be taken into account in the building cost estimates or 1944-1947. The relation of labor costs to building cost is of necessity because of the current housing shortage.

New Taxes and Labor Load Average $2,471 to Dream House

(Based on the Dow Service “Test House”)

| Labor Cost | $7,178.00 |
| Gas | $25.00 |
| Electric | $2,000.00 |
| Water | $1,000.00 |
| Heat | $1,000.00 |
| Taxes | $1,000.00 |
| Insurance | $2,000.00 |

This would show, then, that the remaining extra $2,471 of labor, over 1941 is divided $500 extra for food, an extra $50 to the builder, an extra $297.04 to labor, and an extra $2,271.56 for materials. We are not currently aware of the proportion of information with which to validate this last figure. However, in passing, it is probably safe to say that it would be found in increased labor, increased buying and distribution costs (in the price level and on through local supply outlets to the consumer). A fair construction cost reduction will be some considerable time before the consumer sees it.

If all the ‘itty’ factors should materialize, thus become possible an important cost reduction would follow, but it will not happen this way.

As we pass from one economic era to another we are given to make comparisons with the past. Thus far in the past the cost of putting a home on the market has gone upward from the cost of materials in the future, which is not the case in the present era. One step upward notwithstanding the dire situation of materials, labor, etc., Humankind, it seems, always seeks to resist advance by advancing. This is the position in the time to be a more desirable condition, yet history does it close never did. Only in the conditions of the Civil War, and any other that look dubious in the present circumstances.

What kind of general conclusion can be drawn from all conflicting factors? It will be noted the very fact that what of most them point to a certain conclusion is a level cost. Some of these suggest even higher wages, but it is the belief of others which we have not spoken which are higher costs to the home owner, those people the very real possibility of any further round of wage increases at offset by the labor shortage. It is felt that standing all this there are some very important factors which may be used on the good opportunity to peg costs on labor cost and this is in the sense of the sort of materializing from the condition—wages or to even reduce slightly. This was very ‘itty’ and it probably will

 resultant retard the industry. Today we are hearing the same things about high building, construction activity—but activity is increasing, true pattern. How that we should keep to mind the cost of all construction costs; and when we analyze costs of other commodities, we find that very high out, not are high.

over their sinking pains but I can’t mention all of them. In fact the list is already larger than most usually give. It has one virtue, however; in it you will find stocks that fit almost any price conditions. But you may not expect buyers to read the entire list. If they did, they wouldn’t need this weekly advice.

A word of warning: The stops weren’t put in as fillers. They mean something. If stocks have a sinking wave and break their stops, they are to be sold. And besides, that’s how your outlook accidents can happen.

More next Thursday.

Walter Whyte

[The piece expressed in this print is a portion of an article which concurs with those of the same title as that of the author only.]

Chicago Exch. Membership

CHICAGO ILL.—Arrangements were completed Jan. 28 for the sale of two memberships in the Chicago Board of Trade at $2,000 and one at $1,250, up $150 from the last previous sale.

E. A. Hellman Dead

Edgar A. Hellman, member of the New York Stock Exchange, died at the age of 71. He had been a member of the exchange for more than 40 years.

H. J. Soher N. Y. Visitor

Hubert J. Soher, Walton, Hoff- man, has been a visitor in New York two weeks. He was at a luncheon on Feb. 6th, after a stay of two weeks.

With Blyth & Co., Inc.

(Special to THE FINANCIAL CHRONICLE)

Leland B. Van Arsdale has been added to the staff of Blyth & Co., Inc., 215 West Sixth Street.

Clark Davis Co. Adds

(Special to THE FINANCIAL CHRONICLE)

MIAH FLA.—John T. Clower of Tampa is now associated with Clark Davis Co., Landfall Bldg.

Pacific Coast Securities

Orders Executed on Pacific Coast Exchanges

Schwabacher & Co.


Problems of Postwar Monetary Policy

(Continued from page 10)

FEDERAL RESERVE legislation, namely, to use its discretionary powers in the public interest under changing economic conditions.

Methods and Consequences of War Finance

Hardly had the nation been organized before it was faced with the serious problem of war finance. This task had not been foreseen by the founders, but the country would be handicapped in prosecuting World War I had not the Federal Reserve System been in existence. Also, the adjacent countries, who had difficulty as the war. For example, the movements of the banks, as well as the credit, would have been quite different and perhaps disastrous had there been no Federal Reserve System. In World War II this System was called upon again to aid war finance—even more exigent in its development that the former effort—and now again the country is facing the problem of adjusting monetary conditions during the war to the peace-time needs of the economy.

One of the inevitable consequences of war was an abnormal, rapid expansion in the supply of money and other assets—such as government securities and savings accounts. Because of this, the financial history of war, the post-war period, and to a considerable extent, the risks of serious instability from monetary causes. The amounts of new money and other liquid assets generated during the Second World War far exceeded any estimates. Although absorbed or reconverted at a price far above its cost, the excess liquid monetary reserves created a monetary inflation, reduced monetary liquidity and seemed certain to persist for many years to come. During the period ahead avoidance of disruptive fluctuations in credit, interest rates, and prices, at the least, or of recurring inflation and collapse, at the worst, will require well-executed and firmly pursued policies of monetary and debt-management operations.

As a result of the heritage of war finance, the Federal Reserve System is greatly restricted in its capacity to perform the monetary function during the war, nominally, namely, to exercise an effective checking on the volume of bank credit and the money supply. The re-establishment of the System's capacity to influence credit and monetary conditions in the interest of stable economic development is a primary postwar problem.

Financing of war is inflationary because people receive income for producing and supplying goods that are not available for general consumption. War expenditure have to be paid for currently. No country has ever imposed upon its citizens a tax burden that would provide, for war expenditures as much as half of national income. War credit was imposed on the country during the war, not only to raise as much as possible of its taxation and to borrow as much as possible of its people's savings. Fiscal and monetary authorities were agreed that financing through banks, which results in the creation of new money, should be used only as a last resort and only to the minimum extent necessary to provide the increases in money supply needed by the expanding and abnormal war economy. Nevertheless, the banks had to be relied upon to a considerable extent. A high degree of liquidity was essential for securities sold to the public, and purchases by banks were needed to help main¬tain an active securities market and to facilitate the general sale of new issues.

Although for these reasons a sizable expansion of the banks, holdings of Government securities and thereby in the money supply was necessary, the actual amount that occurred was exces¬sive. "In retrospect," to quote from the 32nd Annual Report of the Board of Governors of the Federal Reserve System, "it is evident that more vigorous policies should have been adopted in order to raise more of the cost of the war from taxation and to restrict bank purchases of Government securities. Many of the procedures adopted for the purpose of encouraging banks to purchase more securities than it was essential to have them buy and thus compli¬cate the problem of postwar adjustment.

Maintenance of Interest Rates

One partial Federal Reserve policy in facilitating war financing was the declared determination of the Board of Governors to refuse to issue Government securities not taken by other investors. This decision involved the necessity of maintaining the interest-rate structure during the war. This was done by maintaining approximately the levels existing at the beginning of the war. Besides facilitating bank purchases of securities this policy served a fourfold purpose: (1) to encourage production by industries and by borrowers; (2) to assure a strong and active market for Government securities and the low interest rates of the prewar period, (3) to keep down the interest rates on the Government war debt, and (4) to limit the growth in bank and other invest¬ments in Federal Reserve member bank debt holdings.

The long-term rate structure generally maintained throughout the war was characterized by very low rates on short-term money, a wide spread between short- and long-term government securities and long-term securities of private issuers, given about the same long-term interest rates as the prewar period and a financial history of this country. This un¬usual interest rate pattern was due in large part to being during the prewar period of recovery from severe deflation, when demands for bor¬rowers were small, the flow of returns to large volume, and at the same time gold imported swelled bank

reserves to far beyond current needs. Adequate funds were to a large extent invested in short-term paper to ensure liquidity and partly in anticipa¬tion of higher interest rates later.

Maintenance during the war of the wide differential between short-term and long-term interest rates, established since the depression stimulated expansion of bank credit, because it was possi¬ble for banks to sell short-term securities and buy longer-term issues bearing higher rates of inter¬est. The short-term securities sold by banks were purchased by the Federal Reserve Banks in which they had to pay a commission with their policy of keeping short rates from rising. Since purchases by the Reserve System created additional bank reserves, the basis thereby provided for a de¬posit expansion by the banking system at a rate of six to ten times the volume of such re¬quires. Because of this process of selling short-term securities to the Reserve banks and purchas¬ing longer-term issues was occa¬sioned by the differential yields between those two maturity groups, it resulted in a kind of automatic mechanism, the 'public debt' without regard to the economic needs of the country. Such automatic monetization of the public debt has continued to some extent in the postwar period.

Maintenance of short-term rates at a low level in relation to long-term rates was intended to induce a further decline in long-term interest rates by insurance that prices of long-term securities would not be permitted to exceed certain prewar rates. As a consequence, banks and other in¬vestors have been able to look forward to purchase of longer-term securities as against short-term securities, and the shifting from short to long is taking place faster than short¬holders, especially by banks, tend to desire. The time required longer-term issues below prewar levels. The very low postwar levels of long-term interest rates lent special problems of ad¬justment.

3 Actual reserves required of all member banks currently amount to 15% of total net and time deposits, or $1 billion. This is less than seven to one. When one bank sells a billion dollars of Federal Reserve bonds to the Treasury, it needs only 15% or $150 million of these reserves against its liabilities. This tendency is further exaggerated by the fact that the federal tax bill is paid for out of the Treasury accounts, which are in the hands of the Federal Reserve Banks. The latter can and do use the value of all securities in the Government's Treasury accounts to reduce the amount of reserves required on all other deposits in any Federal Reserve District. If the Federal Reserve Banks were to sell to another bank which in turn could re¬deem it advantageously, the original cash might be less than seven to one. On a time-deposit basis, the ratios are even lower. Every bank which has no time deposits will have a reserve requirement of one-twelfth of the amount of its deposits. The actual reserve requirement on time deposits in excess of $100,000 is only one-twentieth of the amount of deposits above that figure. Every bank, therefore, can and does make use of time deposits in the same way and the actual reserve requirement on time deposits is only one-twentieth of the amount of such deposits. Thus the actual reserve requirement on all deposits is only seven to one. During the period from January 1, 1945, to mid-November 1945, the average ratio of required reserves in total deposits at all banks other than Member banks was about seven to one. On this basis, the increase in required reserves over the period was less than one-eighth of the increase in total deposits over the same period. During the period from December 1945 to mid-February 1946, the average ratio of required reserves in total deposits was nine to seven. During the period from March 1, 1946, to mid-November 1946, the average ratio was seven to six. Thus, while the reserve requirements on total deposits increased by only about one-eighth of the increase in total deposits, the actual increase in required reserves reflected an expansion of $44 billion in demand deposits, which was about one-third of the total $126 billion in Federal Reserve and United States Government deposits, and of $19 billion in time deposits at all commercial and national banks, which was about the same in total deposits and currency is shown in Chart III.

Chart II

RESERVE BANK CREDITS AND REQUIRED AND EXCESS RESERVES OF MEMBER BANKS, AND CURRENCY

<table>
<thead>
<tr>
<th>RESERVE CHART III</th>
<th>EXCESS RESERVES</th>
<th>REQUIRED RESERVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>$576,217,000,000</td>
<td>$135,680,000,000</td>
<td>$4,447,000,000</td>
</tr>
<tr>
<td>$575,704,000,000</td>
<td>$133,820,000,000</td>
<td>$4,447,000,000</td>
</tr>
<tr>
<td>$574,980,000,000</td>
<td>$131,960,000,000</td>
<td>$4,447,000,000</td>
</tr>
<tr>
<td>$574,156,000,000</td>
<td>$129,100,000,000</td>
<td>$4,447,000,000</td>
</tr>
<tr>
<td>$573,332,000,000</td>
<td>$126,240,000,000</td>
<td>$4,447,000,000</td>
</tr>
<tr>
<td>$572,508,000,000</td>
<td>$123,380,000,000</td>
<td>$4,447,000,000</td>
</tr>
<tr>
<td>$571,684,000,000</td>
<td>$120,520,000,000</td>
<td>$4,447,000,000</td>
</tr>
<tr>
<td>$570,860,000,000</td>
<td>$117,660,000,000</td>
<td>$4,447,000,000</td>
</tr>
</tbody>
</table>

Thursday, February 5, 1948

Helpful hints on reducing your carbon footprint can be found at www.fraserriver.org.

gized by FRASER

www.fraserriver.org
From 1940 to 1945 commercial banks, as is shown in Chart IV, increased their holdings of United States Government securities by approximately $7 billion, and after the close of the war in 1946 and early 1947 bank holdings still exceeded $70 billion, compared with $16 billion in 1940. Bank loans also expanded, mostly during the period since the end of 1944, to the highest level since 1929. During the war period loan expansion was a large extent to finance purchases of Government securities. The rapid growth in the assets of banks increased their earnings substantially. While banks incurred additional expenses in servicing the greatly increased wartime monetary demands, total earnings increased more rapidly than expenses, with the effect that during 1945 net profits in relation to capital furnish the highest level on record.

War financing was responsible for a very rapid and large expansion of liquid assets held by the banks. The holdings of total deposits and currency by individuals and businesses increased from 1940 to mid-1947 by $100 billion to 2½ times the prewar level. The inflationary pressure of the $74 billion of net increase in the money supply was largely offset, however, by the increase in demand for savings in Government securities, shown in the accompanying chart. The ratio of total deposits and currency to gross national product attained a peak of 36 percent in 1944, compared with less than 70 percent in the late 1920's and early 1930's. The ratio of unemployment and unused resources and with a little over 50 in the 1920's, a period of active business and full employment.

The chart shows that individuals and businesses had, having greatly expanded holdings of deposits and currency, held over $100 billion in Government securities in the middle of 1947, seven times as much as before the war. The rapid expansion of war underwar and the fact that many more which are half of this may be held under normal conditions. The Federal Reserve Banks stand ready to buy the marketable securities, these issues also are freely convertible into cash. This is a new and unprecedented situation which has great significance from the monetary point of view.

FINANCING POLICIES IN THE TRANSITION PERIOD

To a considerable extent inflationary developments after the end of war financing had nothing to do with the needs in war finance. These inflationary effects, in the absence of bank loans, would have been offset or countered by direct controls over demand, supplies, and prices of goods and services, since these controls could not possibly be in equilibrium during war and its aftermath. In the war period previous inflation was avoided by the maintenance of controls, as well as through the public's exercise of voluntary restraint and investment of savings in Government securities, but after the war was over these restrains were war. Savings, bonds and real estate cases abandoned.

With the end of war financing, the Government's fiscal requirements quickly ceased to be the dominant factor in the inflationary pressures. Early in 1945 the Federal Reserve Act was amended to authorize the Treasury to initiate a large-scale program in the open market to reduce accumulated cash balances, and by the end of the year it was possible to project additional debt retirement from a budget surplus during the remainder of the fiscal year. The Treasury's debt-retirement program, by which the Federal Reserve Banks, a new bank reserve, helped to check continued rapid expansion of bank credit and related activities, may be a result of long-term interest rates.

The further expansion of banks and other institutions to approximate normal working, however, the Federal Reserve System undertook a further debt retirement program. Price on banks reserves resulting from open market operations was process was thus moderated and the large banks in shifting from a r.m.s. short-term securities to into assets offering higher yields. With declining prices of Government securities because of the huge public debt outstanding and the wide distribution, assurance of adequate tax, could only the federal government had become a major central bank investor.

In this situation there was little more that could be done by the Federal Reserve System to contract inflationary developments, while at the same time fulfilling its responsibilities to the Treasury. For it was an orderly and stable market for market situation with regard to open market operations, liquidity and, to Federal Reserve credit policies.

NATURE OF THE POSTWAR PROBLEM

The rapid growth in the money supply in the public debt—presents a continuing problem for the postwar period. With the dropping of forces and changes in their relations to the economy, the Federal Reserve Banks have already been pointed out by the accompanying chart.

This volume of money can be returned to the banks in the form of deposit in public held by banks on a substantially larger basis than to merchants banks to more permanent investors; it can be further increased, on the other hand, by bank credit expansion. Since the principal sources of the expanded supply is the Federal Government debt, a decline to the economy's current level of need would be brought about in by adjusting to a redundancy of capital. However, as the experience recurrent inflationary pressures interposed with downstream, the Government's mone¬ tary redundancy from increasing the public debt in any considerable amount which further credit expansion to the existing needs of agriculture, business, and consumers alike.

A more prolonged抗战 has placed the Federal Reserve's task of permitting instability in the distribution of financial resources for the growing economy, have disrupted the economy's financial operations.

Long past this situation, the central problem that confronts the Federal Reserve System during the postwar period is to re-establish the System's primary function of stabilizing the credit markets. At the same time the System must be able to retain its new responsibility, inherited from the Federal Reserve System, for maintaining a stable market for the public debt.

With the postwar level of commercial bank holdings of marketable Government securities at $70 billion, additional accounts for businesses and individuals, it is desirable to use the Federal Reserve Banks' credit control over the total amount of credit, and to use these holdings can be readily sold to the Reserve Banks. The addi¬ tional short-term securities which can be generated at the initiative of the Federal Reserve Banks for an expansion in bank credit and an orderly metalization of the Federal Reserve Banks.

A policy of maintaining short-term interest rates at wartime levels would be detrimental to the short- and long-term rates would complicate the postwar problem of credit control. It would continue lead to the holding of short-term securities, which since early in the recent war to sell, or to resell, securities, or to sell, at a higher rate, higher-rate issues. Furthermore, the Federal Reserve System would be subject to the problem of absorbing large amounts of issues sold by these holders, and to the problem of making room for other Federal Reserve banks.

In this way, the policy would permit further credit expansion and to a further decline in long-term interest rates. Further, it would cause the issues of short-term rates caused by the pressure of the Federal Reserve's need to absorb a surplus of current savings over the capital needs of business would be an inflationary influence on the capital markets and would otherwise prove disruptive to financial progress. A policy of short-term interest rate could result in a huge additional (Continued on page 38)
Problems of Postwar Monetary Policy

(Continued from page 37)

expansion of bank credit and a desire to prevent further high interest rates to new low levels.

Various measures have been suggested for dealing with these problems of debt monetization and declining long-term interest rates. The more important are as follows:

1. The Reserve System could permit short-term interest rates on Government securities to rise to a level at which banks would no longer be induced to sell short-term securities to the Reserve System in order to purchase long-term securities in the market.

2. Sufficiently new amounts of long-term securities could be issued to check the decline in long-term rates.

3. The decline in the level of the debt could be permitted to continue until long-term interest rates declined to a level at which banks would no longer be induced to sell short-term securities and buy long-term assets.

4. Adoption of one or more of the proposals made by the Federal Reserve Board in its 1945 Annual Report would provide a means of restricting the ability of banks to shift from short-term to long-term loans or to lend to loans and could thus limit the extent to which banks could reduce rates.

These various proposals are discussed in the subsequent sections of this paper.

INTEREST-RATE POLICY

Formation of long-term interest rates has traditionally been considered an important function of monetary policy; at the same time there has been considerable difference of opinion among monetary policymakers and theoreticians as to the effectiveness of interest rate variations in encouraging or discouraging borrowing and lending.

Without attempting to settle the controversy, it may be said that monetary management cannot ignore the fluctuations in both short- and long-term rates, nor can it depend entirely upon interest rates policy to accomplish its objectives. The postwar situation, moreover, presents many new aspects of the relation between interest rates and monetary policies.

Flexible Interest-Rate Policy.

The development of a flexible monetary policy makes it necessary for monetary policymakers to place greater emphasis upon the analytical problems of expanding expansion and contraction of credit and bank excesses of credit banks than upon the level of interest rates. It is difficult, however, except through certain types of selective controls, to influence the availability of credit without having an effect upon interest rates. Thus adherence to stability of interest rates as the prime objective of monetary policy might preclude the adoption of policies to limit the availability of credit at times when such limitation was necessary.

Although small changes in interest rates might in themselves have little influence upon the volume of borrowing and lending, complete avoidance of variations would prevent the adoption of policies flexible enough to bring about gradual adjustment of the money market to changing conditions of credit supply and demand. If interest rates were held unchangeable when restrictive or expansive restrictions began to be needed, it might eventually become necessary to resort to drastic action in order to correct a situation after it had already developed, which more flexible policies might have forestalled.

Inherent in the postwar situation, as already explained, is the tendency for long-term interest rates to decline even below existing unprecedentedly low levels. The large wartime accumulation of deposits in the public and the heavy drain on the currency, bank deposits, and short-term Government securities, as well as future current savings, will exert pressure toward lower interest rates unless there should be a corresponding large demand for investment funds for capital expansion, or unless any gap in demand is met by increased willingness on the part of the public to borrow.

In these circumstances the previously described process of monetization would make possible the satisfaction of part of the postwar demand through bank credit expansion at low or moderate levels of interest rates. To supply capital demands through this process might depend upon the solution of the economic and social problem.

The development in long-term interest rates from such low levels toward the levels that would return on family savings and decrease the incomes of endowed institutions and enterprises depend upon earnings from investment at times when increased risk-taking would be desirable to maintain the earning power of the individuals living on income from investments. These persons, companies, and educational and other enterprises have been and are likely to be faced with difficult problems of adjustment because of the changing world. Further declines would seriously affect the liquidation of other debt. Such declines would mean, in effect, a reduction in the earning power of those individuals, impair the functions of such institutions, and alter established economic and social patterns. It would become evident for the Government to assume an increasing responsibility for such individuals and institutions.

System of short-term securities sold by banks and other investors in order to purchase higher-yielding longer-term securities. It could not prevent, although it might discourage somewhat, sale of short-term securities to expand other assets.

The Federal Reserve System's general instruments for regulating the expansion of bank credit and the monetary supply developed a phase when private monetization was the predominant factor in the nation's debt structure.

Even at the end of World War I, the Federal Reserve debt in this country stood at a record level up to that time was still just over one-fifth as large as large as private and other assets. By mid-1947, following the retirement of part of the debt incurred in World War II, the Federal debt was 50% larger than other debt. These changes are shown in Chart V.

With the economy's total debt war debt made up of three parts: Federal debt to two parts: private and other debt, discussion of customary Reserve System instruments of policy is put into a new frame of reference. Changes in the volume of public debt result primarily from purchase by operations conducted in the public interest. The Federal Reserve is likely to be influenced materially by regulations of the supply, availability, and cost of credit. In fact, although bank credit policies neither have to be adjusted to public needs, in part, private debt is incurred on the expectation of investment or line of business operations. The situation that at consumers get from present need is not as to fail consumption.

Another risk in a situation in which there are many new and rapidly changing social and economic factors is that inflationary pressure, if it should develop, will be greater than any anticipated. This possibility is, of course, subject to the question of whether the Federal Reserve System is prepared to meet any inflationary pressures.

To prevent wide fluctuations in long-term rates, the Federal Reserve System must be prepared to purchase government securities whenever and where necessary, on a large scale. It is not possible to know how the Federal Reserve System will act in the future, and it is necessary to retain sales to the System. With a substantial supply of short-term Treasury bills reached virtually every month, there is the danger that these might come into account Treasury reserve assets.

Another risk in a situation in which there are many new and rapidly changing social and economic factors is that inflationary pressure, if it should develop, will be greater than any anticipated. This possibility is, of course, subject to the question of whether the Federal Reserve System is prepared to meet any inflationary pressures. 

In the years of future, when long-term bond prices fluctuate widely, the Federal Reserve System might be induced to purchase government and other securities. Such a purchase would raise the yield on long-term investments and reduce the yield on Treasury bills. The Federal Reserve's ability to accommodate the demand of investors for credit would depend upon the Government's willingness to sell government bonds.
of the needs of its customers by utilizing its securities to the Federal Reserve Banks.

Conclusions as to the present problems of Federal Reserve System policies and the actions of the Federal Reserve Board in the recent period. The Committee notes that the present problems of the Federal Reserve System are caused by a combination of factors.

The Federal Reserve Board is facing a number of challenges, including:

1. The need to manage the supply of money in the economy.
2. The need to maintain stability in the financial system.
3. The need to support economic growth.

The Federal Reserve Board has been active in these areas, but the challenges are complex and require careful consideration.

The Federal Reserve Board's actions in the recent period have included:

1. The implementation of monetary policy measures to support economic growth.
2. The management of the federal funds rate to control the supply of money.
3. The provision of liquidity to the financial system.

The Federal Reserve Board's actions have been effective in maintaining stability in the financial system and supporting economic growth.

The Federal Reserve Board's actions have been guided by the principles of monetary policy and the needs of the economy. The Board will continue to monitor the economy and adjust its policies as necessary.
Problems of Postwar Monetary Policy

(Continued from page 39)

The market for government securities had been very active. The demand for securities had been so great that it had driven the prices of government securities up to very high levels. The result had been a significant increase in the yield on government securities. This, in turn, had led to a reduction in the amount of money available for other uses.

In summary, it may be said that the market for government securities had been very active. The demand for securities had been so great that it had driven the prices of government securities up to very high levels. The result had been a significant increase in the yield on government securities. This, in turn, had led to a reduction in the amount of money available for other uses.

The Change in London Stock Exchange Organization

(Continued from page 16)

The system of limiting the amount of long-term marketable securities, which had worked well in previous years, was no longer effective. The banks had to find alternative ways to meet their reserves requirements. One way was to invest in the stock market. This, however, was not without its problems. The stock market was highly volatile, and there was a risk that the banks could lose money on their investments. Another way was to invest in the bond market. This was less risky, but it was also less profitable. The banks had to find a way to balance these risks and rewards.

The banks had to find a way to balance the risks and rewards of investing in the stock market and the bond market. They had to find a way to meet their reserves requirements while minimizing their exposure to risk. This was not an easy task, but it was essential if the banks were to continue to function smoothly.

With J. Barth & Co.

Barlow Leeds Co. Admits

The admittance on Feb. 1 of Philip K. Bartow as a general partner in the firm of Bartow, Leeds & Co., 37, William Street, New York City, brings in U.S. Govt. municipal securities, it is announced today. Mr. Bartow became associated with the firm in February, 1946. Following his return from service in the U.S. Navy in January, 1945, he rejoined the Guaranty Trust Company of New York, with which he was associated from 1936 to 1941.

Johnson with De Witt

(Special to The Financial Chronicle)

Barlow Leeds Co. Admits

The admittance on Feb. 1 of Philip K. Bartow as a general partner in the firm of Bartow, Leeds & Co., 37, William Street, New York City, brings in U.S. Govt. municipal securities, it is announced today. Mr. Bartow became associated with the firm in February, 1946. Following his return from service in the U.S. Navy in January, 1945, he rejoined the Guaranty Trust Company of New York, with which he was associated from 1936 to 1941.

Johnson with De Witt

(Special to The Financial Chronicle)

With J. Barth & Co.

Barlow Leeds Co. Admits

The admittance on Feb. 1 of Philip K. Bartow as a general partner in the firm of Bartow, Leeds & Co., 37, William Street, New York City, brings in U.S. Govt. municipal securities, it is announced today. Mr. Bartow became associated with the firm in February, 1946. Following his return from service in the U.S. Navy in January, 1945, he rejoined the Guaranty Trust Company of New York, with which he was associated from 1936 to 1941.

Johnson with De Witt

(Special to The Financial Chronicle)

Barlow Leeds Co. Admits

The admittance on Feb. 1 of Philip K. Bartow as a general partner in the firm of Bartow, Leeds & Co., 37, William Street, New York City, brings in U.S. Govt. municipal securities, it is announced today. Mr. Bartow became associated with the firm in February, 1946. Following his return from service in the U.S. Navy in January, 1945, he rejoined the Guaranty Trust Company of New York, with which he was associated from 1936 to 1941.

Johnson with De Witt

(Special to The Financial Chronicle)

With J. Barth & Co.

Barlow Leeds Co. Admits

The admittance on Feb. 1 of Philip K. Bartow as a general partner in the firm of Bartow, Leeds & Co., 37, William Street, New York City, brings in U.S. Govt. municipal securities, it is announced today. Mr. Bartow became associated with the firm in February, 1946. Following his return from service in the U.S. Navy in January, 1945, he rejoined the Guaranty Trust Company of New York, with which he was associated from 1936 to 1941.

Johnson with De Witt

(Special to The Financial Chronicle)

With J. Barth & Co.
**Indicators of Current Business Activity**

The following statistical tabulations cover production and other figures for the latest week or month available (dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date):

### AMERICAN IRON AND STEEL: Index of Shipments (percent of capacity)

<table>
<thead>
<tr>
<th>Latest</th>
<th>Previous</th>
<th>Month</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>94.0</td>
<td>94.0</td>
<td>94.0</td>
<td>94.0</td>
</tr>
</tbody>
</table>

### AMERICAN PETROLEUM INSTITUTE:

- Crude oil output—daily average (thousand barrels per day)
- Gasoline output
- Kerosine output
- Gas oil and fuel oil output
- Gas oil output
- Asphalt output
- Natural gas liquids output

### ASSOCIATION OF AMERICAN RAILROADS:

- Revenue freight (number of cars)
- Revenue freight from commodities (number of cars)

### CIVIL ENGINEERING CONSTRUCTION, ENGINEERING NEWS RECORDS:

| Total & U. S. construction | Private construction | Public construction | Home and office construction | State and municipal | Commercial and industrial | Other
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>690,485,000</td>
<td>471,000,000</td>
<td>219,485,000</td>
<td>70,100,000</td>
<td>219,485,000</td>
<td>219,485,000</td>
<td>219,485,000</td>
</tr>
</tbody>
</table>

### COAL OUTPUT (U. S. BUREAU OF MINES):

- Bituminous coal and lignite (tons)
- Anthracite (tons)
- Bituminous coal and lignite (thousand tons)
- Anthracite (thousand tons)

### DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE

| 207 | 227 | 398 | 268 |

### EDISON ELECTRIC INSTITUTE:

- Electric output (in kw hr)

### FAILURES (COMMERCIAL AND INDUSTRIAL)—DUN & BRADSTREET

- Average corporate
- Average small
- Average small
- Average large
- Average small
- Average large

### FISHER'S BOONDS' DAILY AVERAGES:

- U. S. Govt. Bonds
- Average corporate
- Average small
- Average large
- Average small
- Average large
- Average small
- Average large
- Industrial Group

### FISHER'S BOONDS' YIELD DAILY AVERAGES:

- U. S. Govt. Bonds
- Average corporate
- Average small
- Average large
- Average small
- Average large
- Average small
- Average large
- Industrial Group

### FISHER'S COMMODITY INDEX:

- Average corporate
- Average small
- Average large
- Average small
- Average large
- Average small
- Average large
- Industrial Group

### NATIONAL FERTILIZER ASSOCIATION—WHOLESALE COMMON Sense INDEX BY GROUP—1925-25—100

| Fertilizers | Pesticides | Chance | Cotton | Tobacco | Other
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>288.8</td>
<td>290.0</td>
<td>304.9</td>
<td>301.0</td>
<td>316.3</td>
<td>316.3</td>
</tr>
</tbody>
</table>

### NATIONAL PAPERBOARD ASSOCIATION:

- Orders (in tons)
- Production (tons)
- Unsatisfactory orders (tons)

### OIL, PAINT AND DRUG REPORTER PRICE INDEX

| Index of average price
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>100.0</td>
</tr>
</tbody>
</table>

### WHOLESALE PRICES—U. S. DEPT. LABOR—1909—2009

- All commodities
- Foods
- Fuels and lubricants
- Textiles
- Metals
- Chemicals
- Drugs
- Fertilizers
- Wages
- Special groups
- Raw materials
- Semi-manufactured articles
- All commodities other than farm products
- All commodities other than farm products and foods

### BUILDING CONSTRUCTION PERMIT VALUATIONS

<table>
<thead>
<tr>
<th>Latest Month</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,000,000</td>
<td>1925</td>
</tr>
</tbody>
</table>

### BUSINESS FAILURES—DUN & BRADSTREET

- Total
- Manufacturing
- Commercial service

### CROP PRODUCTION IN U. S. & E. DEPT. OF AGRICULTURE

- Total
- Wholesale
- Manufacturing
- Commercial service

### EMPLOYMENT AND WAGES—U. S. DEPT. LABOR

- Non-agricultural
- Agricultural
- Manufacturing
- All industries

### PRICES RECEIVED BY FARMERS—INDEX NUMBER

<table>
<thead>
<tr>
<th>Latest Month</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>12,000,000</td>
<td>1929</td>
</tr>
</tbody>
</table>

### RAILROADS SELECTED INFORMATION ITEMS OF U. S. RAILROADS

- Rail operating income
- Net income
- Total income
- Interest expense
- Contingent charges
- Net income
- Dividends
- Dividends
- Dividends
- Dividends
Current Business Situation

(Continued from page 3) thought to get in the electric-utility field.

It is interesting to note that both in the case of petroleum refining and electric power output, capacity in 1947 was more than double the 1939 levels, and it is very likely that the 1948 output will be at least twice as high as the 1939 output, or 8 times the 1929 output.

In the petroleum industry, output from the side of supply is the crucial factor. Fuel car production in the United States has been increasing at a steady rate during the past three years, and it is expected that this trend will continue throughout the present production period. The main factor in determining the output from the oil fields is the price of petroleum, and the current high price of petroleum is expected to continue for several more months. Therefore, the output from the oil fields is likely to continue at a high level for several more months. However, it is possible that the output from the oil fields will decrease after this period if the price of petroleum decreases.

The consumption of petroleum has increased significantly, and it is expected that this trend will continue in the future. This increase in consumption is expected to result in a higher price of petroleum in the future.

The current business situation is characterized by a high level of economic activity and a high level of consumer spending. Despite the high price of petroleum, consumer spending has increased significantly, and this has resulted in a high level of economic activity. The high level of economic activity has resulted in a high level of employment, and this has resulted in a high level of consumer spending.

It is possible that the current business situation will continue in the future, but it is also possible that the situation will change in the future. If the price of petroleum decreases, it is possible that consumer spending will decrease, and this could result in a decrease in economic activity.

In conclusion, the current business situation is characterized by a high level of economic activity and a high level of consumer spending. This situation is expected to continue in the future, but it is also possible that the situation will change in the future. If the price of petroleum decreases, it is possible that consumer spending will decrease, and this could result in a decrease in economic activity.
The Franc Crisis and International Monetary Fund

(Continued from page 4)

The question was only whether it would be advantageous to these nations, now that the real depreciation of the franc was no longer a trade and currency war, to precipitate the event by a break in the free market. They feel strong enough to give their support to the French plan, that they carefully examined the proposal, and that they are confident in the success of the French plan, given the fact that the Franco-German agreement already exists. The French government is convinced that the plan will be successful, and the French have no fear of the future. The French government is convinced that the plan will be successful, and the French have no fear of the future.
**Business Prospects and Distribution Trends**

(Continued from page 2)

Price inflation to keep on quieting.

What happened in the spring of 1947 will happen again and can cut any last minute reprieve. So perhaps it would be useful to summarize the experience of the industrial production hit a post-peak war level of 199,200, measured by the Federal Reserve Index. It declined to 176 by July for a loss of about 7%. Wholesale commodity prices reached 183 in March and were in the next three months. July saw the advance resume.

Back of these figures was more than just a momentary loosening of prices and a few utterances over the rapid accumulation of inventories and particularly their unbalanced condition. Industrial purchasing agents curved forward orders, classes began to disappear and farm prices became more responsive.

Retailers staged a buying revolt against the higher prices they say suppliers quoted until the goods selling prices did not get better and better lower and lower prices and wholesalers generally have stated that costs were up and prices could not be reduced. One standard article of clothing bought from the department store slumped to $33 million a month from $54 million in May 1946.

The tug-of-war between revitalized industries and consumers was ended in a victory for the manufacturers. The bigger manufacturers were able to push up the price the forces of inflation were controlling. The smaller manufacturers were able to keep the prices down. The effect was to drive producers even further to the brink of bankruptcy.

**Efforts to Balking Inflation**

In the industrial field there was no such battle as the merchandising path of the Chrysler Ford and International Harvester attempted with small price reductions to halt the inflation rise in response to dull production. It is true that these cuts are not large. Lately they have been compelled to reverse themselves due to rising commodity prices. The cuts which were announced last spring have been cut back. Part of this movement is Electric brought in a new type by reducing the amount of battery capacity and increasing the output on heavy apparatus, but limiting the rise to 20%. The movement of this type is an average of 5% on consumer appliances. Some trade opinion was reported that this was done to bring prices into line with com-

**Corporate and Public Financing**

The

**FIRST BOSTON CORPORATION**

Boston New York

Chicago and other cities

---

**Securities Now in Registration**

- **INDICATIONS ADDITIONS SINCE PREVIOUS ISSUE**
  - All American Industries, Inc., New York Oct. 29 filed 100,000 shares common, part of the capital $50,000,000, for working capital.
  - American Industries, Inc., New York Oct. 29 filed 100,000 shares common, part of the capital $50,000,000, for working capital.
  - Atlantic Coast Fisheries Co., Boston, Mass. (100,000 shares of 6% cumulative fixed stock $100 par) common, $50. Sales at $9. Underwriter—D. C. O. Law, Lawrencetown, Ind.
  - American Hostess, Inc., Akron, Ohio Jan. 29 (letter of notification) 200 shares (100 par) preferred stock, $100 par, for working capital.
  - Automatic Dialing Corp., Dover, Del. Jan. 29 (letter of notification) 6,000 shares (50 par) common, Price—$4 each. For working capital.
  - Aztec Mining Co. of Nevada Jan. 26 (letter of notification) 500,000 shares of non- assessable treasury stock. For mine requirements.

---

**The Commercial & Financial Chronicle**

Thursday, February 5, 1948

**KIDDER, PEABODY & CO.**

Founded 1875

Members of the New York and Boston Stock Exchanges.

BROKERS

DEALERS

UNDERWriters

New York

Boston

Pittsburgh

Philadelphia

Washington

Kansas City

Minneapolis

Atlanta

Cleveland
Doggan Gold Mines Ltd., Toronto
Oct. 22 filed 1,000,000 shares ($1 par) capital stock.
Underwriters—Leland, Rice & Co.—Fees—To develop mining properties in Flint Lake locality, Ont. (Ontario)

Domestic Credit Corp., Chicago
Dec. 29 filed 150,000 shares ($1 par) Class A Common. Underwriters—Bioren & Co., Chicago.—Fees—To lend money to officers, employees and managerial personnel. Price—$2.25 a share—Company did not state how proceeds will be used.

& Mont. Nov. 26 filed 10,000 shares ($100 par) for public subscription. Underwriter—Bioren & Co., Philadelphia.—Fees—To add subsidiaries for capital improvement purposes. Price—$100 a share—Company did not state how proceeds will be used.

Edge Realty Corp., Irvington, N. J.
Jan. 30 (letter of notification) 2,500 preferred stock. Price—$100. Underwriting—None. To increase working capital.

Finance Corp., Denver, Colo.
Jan. 19 (letter of notification) 2,500 shares of 4½% cumulative, $100 par preferred stock. Underwriter—Robert L. Mil-

Federal Reserve Bank of St. Louis

Farmers Power Co., Detroit, Mich.
Nov. 21 filed 100,000 shares ($1 par) common stock. Underwriters—Campbell, McCoy & Co., and Kenne & Co., Detroit.—Fees—$15,000 common. 23,000 shares of which are being sold by 11 stockholders who will receive proceeds. (Letter)

Jan. 12 filed 564,906 shares ($1 common and 282,957 shares ($75 par) preferred stock. Underwriter—McKenna, Craig, Pinney & Co., New York; Winlow, Douglas, Coates & Co., Chicago, Cincinnati, St. Louis, Omaha, Portland, Phila-

Jan. 28 (letter of notification) 400 shares of common stock. Underwriter—Bioren & Co., Chicago.—Fees—To increase working capital.

Goldfield-Cripple Creek Mines, Inc., Denver
Jan. 16 (letter of notification) 2,500,000 shares ($1 par) of capital stock. Underwriter—Harry Joseph Newman, Denver. To pay loans and taxes. (Letter)

Goya Mines, Ltd., Toronto, Canada
Nov. 26 filed 303,587 shares ($1 par) common stock. Underwriter—E. H. M. G. Butler, Toronto.—Fees—To increase working capital.

Iowa Power & Light Co. (21)
Jan. 26 (letter of notification) 6,000,000 shares ($10 par) common stock. Price—$125 a share. Additional working capital.

Jahns Cotton Mills, Inc., Philadelphia

Dec. 22 filed 86,000 shares ($100 par) preferred stock. Underwriting—Competitive. Price—$100 a share—Company did not state how proceeds will be used.

Kansas Nebraskan Gas Co., Inc.

Kansas Soya Products Co., Inc., Emporia, Kans.
Dec. 29 (letter of notification) 500,000 shares ($1 par) common stock. Underwriters—$95 a share. Underwriter—Kenneth Van de Water & Co., Kansas City, Mo. Fee—$50 a share.

Kramb Manufacturing Corp., Reno
Jan. 26 (letter of notification) 20,000 shares ($1 par) common stock, Price—Par. For leasing a factory, machinery, raw material and operating capital.

Lee Co., Brighton, Colo.
Jan. 19 (letter of notification) $125,000 first and refunding mortgage 4½% sinking fund bonds and 3,528 shares of 6% cumulative preferred stock ($10 par). Underwriters—Barnes, White and Christensen, Inc., Denver. For plant improvement.

Legend Gold Mines, Ltd., Toronto, Canada
Jan. 29 filed 300,000 shares ($1 par) common treasury stock. Underwriting—To be quoted in block of 10 cents a share. Proceeds—To develop mining properties.

McColl-Fontana Oil Co., Ltd., Montreal, Can.
Dec. 26 filed 900,000 shares ($1 par) common stock. Underwriting—None. Offering—Stockholders of record on Jan. 31 were given the right to subscribe for the new stock on the basis of one for one. Company has not stated how proceeds will be used in Canada or United States funds. Rights expire 14 days from Dec. 30. Proceeds—For building expenditures and to repay bank loan.

McDonnell Aircraft Corp., St. Louis
Jan. 13 (letter of notification) 1,000,000 shares ($10 par) common stock. Price—$15. For indebtedness.

Marks & Co., New York
Dec. 30 filed 27,700 shares ($30 par) common stock. Underwriters—None. Shares are to be issued upon receipt of common stock purchase warrants issued in July, 1945. Price—Two shares per warrant at $6 a share. Proceeds—For working capital.

Mercantile Acceptance Corp. of Calif.

Merchants Acceptance Corp. (2/11)
Dec. 28 filed 70,000 shares ($10 par) common stock. Offering—None. Proceeds will be offered in exchange for a like amount of outstanding old stock which will be canceled. Underwriter—Salomon & Co. Price—$100 a share. Proceeds will be used in paying $31,617 shares will be sold publicly. Price—$13.75. Proceeds—To pay expenses of stock exchange.

Mid-Continent Air Lines, Kansas City, Mo.
Jan. 9 (letter of notification) 30,001 shares ($10 par) common stock. Underwriter—Bioren & Co. Fee—$25 for each share. For working capital.

Miller-Wohl Co., Inc., New York
Jan. 16 filed 200,000 shares ($10 par) common stock to be offered to those holding warrants to purchase (50c par) common stock by April 15, 1945. Offering—None. Underwriter—A. C. S. Allen, New York, holder of 23,000 warrants. Price—$67.50. Proceeds—To pay expenses of stock exchange.

Minneapolis & Power & Light Co., Duluth
Feb. 5 filed 100,000 shares (no par) common stock. Underwriting—None. Price—By amendment. Proceeds—To repay a $150,000 mortgage bond loan.

Minnesota Chemical Co., St. Louis (2/6)
Nov. 28 filed 250,000 shares (no par) cumulative convertible preferred 10% stock. Underwriters—Smith, Barney & Co., New York. Price—To repay $10,000 of bank loans and for general corporate purposes.

Moley's Inc., Tacoma, Wash.
Jan. 26 filed 1,119,125 shares (no par) common stock. Underwriters—Walshon, Hoffman & Goodwin and Harl-
ley, Rogers & Co., San Francisco. Offering—$5,785,000. Proceeds will be used to acquire all outstanding shares of company and $38,785 for account of Marcus Nalley. Char-

garage. Proceeds will be used to acquire all outstanding shares of company and $38,785 for account of Marcus Nalley. Char-

garage. Proceeds will be used to acquire all outstanding shares of company and $38,785 for account of Marcus Nalley. Char-

garage. Proceeds will be used to acquire all outstanding shares of company and $38,785 for account of Marcus Nalley. Char-

Nabisco Bread Co., Chicago, Ill.
Jan. 26 filed 1,000,000 shares ($1 par) common stock. Underwriting—Paul E. Frechette, Hartford, Conn., is the U. S. attorney and principal underwriter. Price—$1 each. Proceeds—To construct milling plant and purchase equipment. Business—Processing.

National Action Line Corp., New York
Jan. 28 (letter of notification) 1,000 shares of non-voting common stock. Underwriter—Bioren & Co., New York. Proceeds—To be used as additional working capital.

Nevada-Stewart Mining Co., Spokane, Wash.

Ocean Downs Racing Association, Inc.
Nov. 28 filed 34,000 shares ($10 par) common stock. No un-

documented or unproven assets. Proceeds—To continue to opposing and车主 race track near Ocean City, Md.

Ohio Public Service Co.
Dec. 24 filed 50,000 shares ($100 par) mortgage bonds, series due 1973. Underwriting—To be determined by competitive bidding. Price—$100 a share. Proceeds will be used to construct a new office building in Columbus. Underwriter—Keating, Doolittle & Hoag, Cleveland. (Letter)

Pacific Gas and Electric, San Francisco
Jan. 29 filed 660,953 shares ($25 par) common stock. Continued on page 41.
Underwriting—none. Offerings: To be offered at par to holders as outstanding common stock at rate of one share for each 15 shares held; Proceeds: To finance a construction program.

Parkview Drugs, Inc., Kansas City, Mo. Jan. 26. Stockholders—Philip E. Ritter & Co., Chicago. Proceeds: $140,000 will be used to reimburse company from the proceeds of the sale of the Hulker-Parkview Drug Co., Topeska, Kan., and the $32,000 from the proceeds of the sale of the company's capital and expansion of business; retail drug stores.


Prospective Offerings


South Carolina Electric & Gas Co. Dec. 2 filed 80,000 shares ($50 par) cumulative convertible preferred stock, $2 per share, common stock. Proceeds: $2,000,000. Underwriters: Stone, Smith & Co. (Jointly). Proceeds: To finance the construction of a new plant.

The Federal Reserve Bank of St. Louis

THE COMMERCIAL & FINANCIAL CHRONICLE

Thursday, February 5, 1943

THE COMMERCIAL & FINANCIAL CHRONICLE

Thursday, February 5, 1943

THE COMMERCIAL & FINANCIAL CHRONICLE
Observations

- company officials, who throughout the compaity by implication seem to be charged with the business of watching with especial interest through cautions or rank stupidity. Such complaint against business management and independence of judgment in bidding, which the Attorney General wants to make universally continuous, probably would be stopped by the Congress or one of its established specialized agencies, rather than exculpated by the Attorney General.

Our Reporter’s Report

The taste of institutional investors in railway equipment has not changed much since the turn of the year, it was pointed out at the meeting yesterday.

Eight such issues have been offered through competitive bidding in the interval and snappier bids have come in all by the ultimate holders.

The public’s present willingness has considerable attraction for those who have the job of investing, since the recent sharp decline in the payment of interest is a problem which New York is too exacting for transactions of less than $100,000.

The record hardly shows this to have been the case. A close look at actual trade writers like that kind of deal, that the stock has been underwritten by more compact groups.

Wet Blanket Standard Oil Co. of California is not looking particularly money hungry and likely will not have to in the near future to bring in investing firms.

H. D. Kidder, chairman, says the company has enough capital plans under consideration and that underwriting firms are being turned away because the company is certainly fixed for needed funds.

Repayment of advances by Atlantic Refining Co. of New York from dividers that have sources from that company’s cash and the company still has a call on the bulk of its 2,000,000 bank credit obtained in 1947.

Taking Down Stock

Stockholders of two utilities have been converted to two and requested subscription rights” substantially in bank are in full payment. Southern Wisconsin Service Co. has converted preferred stock to a dividend of 115,115 shares of additional common.

Meanwhile Cincinnati & Eastern stockholders have ordered for 500,000 of the 204,000 shares additional common which has been held up on the condition of the public.

Patrow With Kidd & Peabody

Kidd & Peabody (Special list of Chicago, Connecticut) CHICAGO, ILL. — E. C. Patrow, formerly associated with Kidd & Peabody Co., in the statistical department, has been made manager of the company, which laments this recurrent condition.

Meeting with a group of reporters the other day, he declared that he had not been in touch with why corporate finance officers have been in a position that is not analogous to that of the results for the issues.

Over-The-Counter

Looked back over the situation Mr. Carriage, who is now in the law firm of Gordon, Brady, Caffrey & Keller, noted the good that the Federal Reserve System, and the administration by its Securities and those who have the job of investing, is in constant discussion with the variousially that they are interested in the investment.

As a general rule they are not too large investors, who do not get around to buying the results of the market.

The banks’ forerunner hope in which they may get down to raising issues on their own.

Beneath New Issues

It has happened recently that there are not too large, not too far back, when I was in a market that these year have afforded yields ranging from 3 per cent to 3 1/2 per cent.

But the yield was about 2.5 per cent, recent Chesapeake & Ohio and

The yield is about 2 1/2 per cent, recent Chesapeake & Ohio...

The banks’ forerunner hope in which they may get down to raising issues on their own.

Beneath New Issues

It has happened recently that there are not too large, not too far back, when I was in a market that these year have afforded yields ranging from 3 per cent to 3 1/2 per cent. But the yield was about 2.5 per cent, recent Chesapeake & Ohio and

The yield is about 2 1/2 per cent, recent Chesapeake & Ohio...

The banks’ forerunner hope in which they may get down to raising issues on their own.

Beneath New Issues

It has happened recently that there are not too large, not too far back, when I was in a market that these year have afforded yields ranging from 3 per cent to 3 1/2 per cent. But the yield was about 2.5 per cent, recent Chesapeake & Ohio and

The yield is about 2 1/2 per cent, recent Chesapeake & Ohio...

The banks’ forerunner hope in which they may get down to raising issues on their own.

Beneath New Issues

It has happened recently that there are not too large, not too far back, when I was in a market that these year have afforded yields ranging from 3 per cent to 3 1/2 per cent. But the yield was about 2.5 per cent, recent Chesapeake & Ohio and

The yield is about 2 1/2 per cent, recent Chesapeake & Ohio...

The banks’ forerunner hope in which they may get down to raising issues on their own.

Beneath New Issues

It has happened recently that there are not too large, not too far back, when I was in a market that these year have afforded yields ranging from 3 per cent to 3 1/2 per cent. But the yield was about 2.5 per cent, recent Chesapeake & Ohio and

The yield is about 2 1/2 per cent, recent Chesapeake & Ohio...

The banks’ forerunner hope in which they may get down to raising issues on their own.

Beneath New Issues

It has happened recently that there are not too large, not too far back, when I was in a market that these year have afforded yields ranging from 3 per cent to 3 1/2 per cent. But the yield was about 2.5 per cent, recent Chesapeake & Ohio and

The yield is about 2 1/2 per cent, recent Chesapeake & Ohio...

The banks’ forerunner hope in which they may get down to raising issues on their own.

Beneath New Issues

It has happened recently that there are not too large, not too far back, when I was in a market that these year have afforded yields ranging from 3 per cent to 3 1/2 per cent. But the yield was about 2.5 per cent, recent Chesapeake & Ohio and

The yield is about 2 1/2 per cent, recent Chesapeake & Ohio...

The banks’ forerunner hope in which they may get down to raising issues on their own.
Washington... And You

What has happened in this capital during the last several days has been an intensification of the purely maneuver phase of the political battle of 1948. If you have a business or a profit over which recent developments look like non-apparent compromise, sure he has been called and told it on the telephone he doesn’t have to show his cards.

As for the Republican contentions, it seems to this reporter that binding future Congresses to carry out the President’s program constitutes this a maneuver, too. After all, tax planning and the “sociology of those new laws will be

Right down the same alley is the hollering of Marriner S. Eccles from his well-worn seat as Chair¬man of the Board of Governors of the Federal Reserve System, as he has been doing in a fashion of late, in the style of Mr. McCain.

The official explanations, designed to conceal the true objectives, are a source of considerable amusement here. Nobody had an objective in mind for doing it. The change accomplished nothing. Mr. Eccles is still yes and no for Mr. Eccles official ev¬olve scheme. The President liked the credit navigation of his ancient mariner.

He is not in the purely official line. All that can be gleaned from official statements is that a couple of Federal Reserve boys, Marriner Eccles and his nose, are thinking about at least a billion dollars’ aid appropriation. And unless those two boys work in some hush, hush, they will actually ring up the sale notwithstanding.

All Mr. Truman is trying to do is get an appropriation for foreign aid as close to his dollar figure as is possible. If he is right on his brand-line of political merchandising the time has come for the Congresses to decide this thing for him. It is the only fair thing, and if need be the only thing, which can guarantee rushing and important people will get the message.

There are already large signs that when the time comes, the Administration will be willing to compromise. The Brookings pro¬posal for an official of Cabinet rank to handle foreign aid sounds like the independent agency most of the Congress has been wanting. Seemingly the Administration were willing for this, because it looks like something that didn’t originate with the Republican majority.

Then, too, there was this hint that General Marshall might be willing to go for a one-year program of loans and $17 billion authorization. Then Mr. Truman cast doubt on this understanding at the time but since has been told that curbing bank credit is a proposal, as one governor-economist who may not be identified explained it. “This is a plan to cut the head off the business bone until the question then is whether the whole body will collapse.

A recession now to avoid a worse collapse later—Federal Reserve Design—is not part of the Truman dogma also. Mr. Truman has cast his die on in¬flation prevention as an argu¬ment, predicated on continued inflation, not on preventing it by promoting some deflation. The President tried to side-step the issue in his Economic Re¬port by hiring a re-write man to do an excellent job of syn¬thesizing the pro and con views of the credit restraint. He pleased both sides, who quote it in sub¬stantiation of their conviction that the President is with them.

If Mr. Eccles had not continued to talk secondary reserve the thing might not have come to a head. Now it has. Basically pow¬erless on its own initiative to af¬fect credit conditions, the Reserve Board must sell its argument to the Treasury. The Reserve Board has now discovered that there is a reality in the logic of the great¬ter force. Its independence and theoretical coercibility in credit matters is about the same as Canada’s international independ¬ence would be, if, the Domin¬ion proposed an alliance with Russia, hence the FR Board “rea¬lity” for Mr. Eccles’ views is largely academic.

Mr. Eccles’ passing has cleared the way for dropping the secondary reserve. This may not be admitted first, but the reason, for asking Eccles to hang on as Vice-Chairman was to give a sense of chance to the President. The Secretary reserve may even be affirmed shortly that banker for plottors, Chairman Tebby of the Banking committee, ask his cus¬tomy blunt questions when Thurlow had the temperature up for a hearing on his confirmation.

Fundamentally the passing of Eccles from the front door to the vestibule of the Reserve system means that the way is clear for a delay in considering a larger credit phase of the inflation picture. Unless Mesta, Tebby et al., get too direct, the whole subject of credit control will be held in storage until after the tax collec¬tion pressure is off the banking system. Then if the Administra¬tion feels additional reserves are worth risking, it can plump for a bill that would create in reserves but to a much less de¬finitary degree. And when that time comes, if, the Treasury and Federal Reserve Board will ring the same tune.

Under these circumstances the administration is apparently acquering and the President, forget¬ting that he advocated ration¬ing of scarce foods, suggested that rationing he comes up be de¬cided upon, certainly not without price control.

Old Reorganization Rails
Domestic & Foreign
Securities
New Issues
M. S. WIEE & Co.
ESTABLISHED 1883
Member New York Stock Exchange
All M.S. Wien & Co. Accounts
in 40 Exchange Pl., N.Y. 5
HA-2-4780
Telegraph N. 1, 1472

Trading Markets:
Rakson Steel Car
Oregon Portland Cement
Riverside Cement A & B,
Spokane Portland Cement

LERNER & CO.
Investment Securities
10 North Office Square, Boston, Mass.
Telephone Rehoboth 1251

Hill, Thompson & Co., Inc.
Markets and Solutions for Dealers
100 New Broadway, New York 5
Tel. Reprint 3-2020

VIRUS-X
is one of the very few un¬knowns to quote! For any other quote, phone us,
write us or
VIRUS
Herbert H. Blizzard & Co.
125 Broad St., Philadelphia, Pa.
Clear thru Montgomery, Scott & Co.
New York & Philadelphia

LEWIS & STEOHR
Incorporated
80 Broad St., New York 4
Telephone: Dfby 4-086-7-4

Hannover 2-4560
Telesip—NY 1-971

FOREIGN SECURITIES
All Issues
CARL MARKS & CO., INC.
FOREIGN SECURITIES SPECIALISTS
50 Broad Street
New York 4, N. Y.
AFFILIATE: CARL MARKS & CO., INC. CHICAGO

Empire Steel Corp.
Susquehanna Mills

Thursday, February 3, 1948

Indian Gas & Chemical
South Shore Oil & Dev.
H. & B. Amer. Mach.
Pitts, Steel Foundry

Firm Trading Markets

Hannover 2-4050

Hannover 2-4560

A SPECIALISTS

BOSTON & NEW YORK CITY