Inflation Control
In a Democracy

By I. E. Olds

Chairman, Board of Directors
United States Steel Corporation

Mr. Olds lays primary emphasis on inflation as a threat to the expanded money and credit supply, but doubts any political policy has courage to reduce these factors. Lends increased money supply arising from bank bondholdings to successful counterattack. Concludes inflation can be curbed without controls.

The problem of inflation seems to me to have two distinct phases. The first is the ascertain¬ment of the fundamental origin of the present inflationary movement. Little, I believe, can be gained by trying to deal with the symptoms of such inflation in the absence of a knowledge of its causes. A cure should be effected in terms of causes rather than in mitigation of effects.

The second phase is the dissemination of the knowledge thus acquired, so as to create a common determination to trust in stabilization to indulge in further measures of the sort which have been attempted (Continued on page 3).

Outlook for Business

By Lionel D. Edie

New York City

Dr. Edie, maintaining break in farm prices means no immediate business recession, argues many may mean end of inflationary trend. Looks for no sharp price breaks and holds third round of wage increases may not materialize. Estimates increase in national income for first half of 1948 at from 6% to 9%, and contends Federal Reserve will not reverse deflationary policy until latter part of year. Says reception will come when capacity of expenditures is reduced, and much will depend on international situation. Success of Marshall Plan. Sees no over-expansion of credit and concludes "we have been correcting our mistakes."

This is not an easy one to handle at this particular moment, because, in the last three weeks, we have had in this country a very sharp break in farm commodity prices, and this break in farm prices has snared executives and banks until today they are in the state of mind where they wonder whether we are on the verge of some great disaster in this country or whether, by some miracle, we can escape it. The state of mind of this country in the light of the price break is big.

The problem, as I see it, is to try to determine whether that is justified; and, if justified at all, to what extent and for what reason. I should like to deal with it in terms of a number of specific questions. The first question that I will put to myself is this: Does this sharp break in farm prices mean that an immediate business recession follows us in this country? I have no hesitation in saying that (Continued on page 2).

Editorial

As We See It

Sound Fiscal Policy

A good deal is being said these days by various public officials concerning "sound" governmental policies. Much of it has to do directly or indirectly with what is sometimes known as "fiscal policy." This latter term has expanded in recent years to include a good deal of territory not formerly included, and in current official thought and plans there is embodied (sometimes, we suspect, without full realization on the part of the planning officials) not a little of the philosophies of men like Lord Keynes and Professor Harrod. Not infrequently men with backgrounds which one would hardly suppose would give rise to such strange meanderings to the realms of philosophy in Wonderland seem to have become badly involved in the meshes of these enticing doctrines. Some of the things that the present Secretary of the Treasury has of late been saying are cases in point. A recent address of his began with these rather soothing sentences:

"Our primary fiscal concern is the financial integrity of the United States Government. The only way in which (Continued on page 2).

Inflation and Bank Credit

By Woolf Smith

Chairman, Board of Governors of the Federal Reserve System

Federal Reserve analyst reviews current inflationary forces, and holds anti-inflationary effort of government surplus is being offset by heavier business and consumer borrowing. Warns Federal Reserve techniques for maintaining adequate bank reserves are no longer effective and, therefore, continued expansion of bank credit contributes to inflation. Foresees, with further price rises, an overall borrowing demand of $20 billion in 1948. Points out danger in replacing support for government bonds, and addresses larger reserve requirements and voluntary credit curbs as proposed by American Bankers Association.

Bankers have a special interest in inflation, which has been the dominant economic force of recent years, because banking and inflation are both concerned with money. In modern economies, banks create the money that makes inflation possible. This does not mean that bankers are to be held responsible for inflation. Banks are not the instigators of our present inflationary developments, but they are the instruments of inflation, and may go some way to solve it. There is no easy way to stop inflation, it is only possible. The basic reason why we have been having, and may continue to have, inflation is that effective demand is in excess of the supply of goods available for purchase. The origins of inflation lies in the wartime economy (Continued on page 3).

A. an address by Dr. Thomas at the Minnesota Bankers Conference, Minneapolis, on Feb. 13, 1948.

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Implications of Changing Credit Conditions

By KENTON R. CRAVENs

Vice-President, Merchants-Commerce Bank & Trust Co., St. Louis, Mo.

Prominent banker points out postwar demand for private loans has more than offset government borrowing, and because of drying up of capital markets and price declines in high-grade securities, banks have been called upon to supply more credit than anticipated. This has led to tightening of money market and rise in discount rates. Says banks must retain considerable government bonds to guard liquidity, and success of banks' efforts to carry on with their present program will further tighten credit. Advises business concerns to keep financial house in order and borrow only when essential.

In inviting me to participate in this meeting I assume you would like for me to discuss with you current developments in my business—the banking business—and what significance and implications, if any, these developments may have for you. It so happens that one of the most significant developments in the banking business at the present stage of economic activity is the closing up of banks and the general awareness of this change in the banking fraternity, so large a portion of the general public it comes as a shock and a surprise. Few know or understand the story of just how long bank closings have been going on. It is only recently that the newspapers have awakened to the available supply.

Kenton R. Craven

*An address by Mr. Cravens before the Associated Equipment Distributors, Chicago, Ill., Feb. 16, 1948.

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Profit Motive and National Security

By JOSEPH STAGG LAWRENCE

Preminent economist urges protection of fair prices and healthy industry under private enterprise as means of promoting national security. Calls for a more enlightened attitude toward tax reform on wealth accumulation by individuals and new and more constructive monetary policy to promote stability.

The paramount issue of the day is adequate national defense. Other problems have been characterized by the dominant issue of the day—slavery in the ante-bellum days, sound money at the turn of the century, the tariff question in the 20's, recovery and reform in the 30's. Today the great question is: how can we preserve the things we love? How can we assure the foundation of a lifetime?

One answer is a constructive monetary policy that provides the monetary means to make the foundation substantial. Another answer is a constructive tax policy that sees that the financial distribution of the country is such that the national wealth is put to the best use. Still another answer is a strengthened foreign policy that will provide the raw materials required for this nation's industry.

It has already been forgotten that the perils proceeded by American enterprise under private management, owned by millions of private investors and operated by free workers, made victory during the late war possible. Where other countries were forced to grapple with guns and butter, industry and agriculture, in the United States we were able to provide ample food for our armed forces and civilian population, while at the same time we equipped our fighting services with an armament surpassing in cost or power,1 which was developed by American industry under the management of American industry.

A proper and intelligent policy for the defense of this country demands that first consideration be given to the questions of the national wealth and the welfare of American industry. As a defensive measure, and one entirely aside from the products of defense, the government might do well to consider the following policies:

It should be recognized that a healthy industry is an indispensable component of such policies. It is profits that constitute the motive power of the nation. It is from these profits that a fair return to the owners who risked their capital in these phases, more or less, of the business cycle can be expected. It is these profits that should be considered in the award of contracts for defense and in the measure and manner of taxation and subsidy. It is these profits that should be protected against the exactions of the government in taxes and in the measures of taxation.

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Roundup of Investment Stocks and Their Industries

By CARL T. HYDER
Economist, Shields & Co.

Mr. Hyder, after analyzing present stock market positions as well as the position and outlook for securities in general, is here offering an index for high in 1946 in May. In every year for 36 years except 1928 and 1929 stocks have sold below 140 on this index. It is found that in 36 years stocks have sold below 83 on the down side in this index. Also, in 21 of the past 36 years, the averages have failed to reach 190 and is selling at the close on Feb. 11. The exception is the focal point for this index over the period of 36 years is 102.65 and this can only be changed by long-continued displacement of price levels.

To the average person, the private opinion of others are not great need, but are glib and ready record invested by our investors and speculators. The average investor unfamiliar with stock market analysis in theory and practice is often confused and bewilder.

Our often have predictions by self-styled analysts appear in the press. The inflammatory argument which are bound to fill a conservative investor with either contempt or amusement. But one should not come home a pious for the faulty tune. One could not call the market an exact science but it is a science. It is an empirical science, an actuarial science based on a body of market precedents which are always experienced as a financial and scientific nation find that it is difficult to bring the public to be scientific in their investments. I believe it is interesting to read, on Feb. 11 were, on this average four points above the previous peak the center of 8% above the focal point of the market established over 36 years.

Abuse of Term "Growth" (Continued from page 18 of the "Common\) (Feb. 19, 1946, page 9—Editor) I give you a few of the common terms used in the investment business and I pointed out some of the characteristics of controllable preferred stocks, described the provisions of sinking funds, gave you a detailed illustration on leverage. Tonight you may I think is another term which is much used in Wall Street today—"abuse of term "growth." I think it is very much abused.

This is the second of two lectures by Mr. Hyder before the Small Investors Forum at Columbia University, New York City, Feb. 10. It is reprinted in the "Chronicle" of Feb. 19, 4:00 P.M., News, April 4, 1946

Petroleum Heat & Power
(Bought—Sold—Quoted)

The report is primarily upon the current situation, and the emphasis in that report, as well as in many other, is upon the President's budget advisers, has aroused a great deal of inflationary dangers.

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More and more loose talk is being handled about well-meaning American charges that in our Marshall Plan-planning we are showing little respect for the economic conditions of the previous British Loan, that it would be disgraceful dollar-imperialism to accompany our insistent proposals for parity credits and that far from making penny-pinching cuts, we have not hankered after anything but an equalization of the greatly specified amounts as a cheap insurance against some future war.

For combating the widespread confusion in this direction, if we have done nothing more but published the converse isolationist doctrine on this side of the Atlantic, this column takes leave to offer first-hand testimony contained in last and this week's issues of "The Economist" of London, the respected publications which has the confidence of the doings of its Socialist government.

Let those of us who want to do the necessary for our friends' self-help in their quest for solvency ponder these exhortations of "The Economist" to its fellow-countrymen (in its leading editorial, "On the Rocks," of the Feb. 14 issue):

"Continual hostility to a country, the future prosperity of which is a matter of concern to all serious-minded people, is both a misfortune and a political error. It is a misfortune because it is a denial of the fact that the economic well-being of all the nations of the world is an important factor in the solution of the economic difficulties which beset them. It is a political error because it is an indication of a lack of statesmanship and a lack of understanding of the importance of international relations to the economic well-being of all the nations of the world."

American suggestions for Britain's further tightening up on consumption are customarily derided as smugly alarmist. But there is nothing false about them if one comes from our own "Economist." The American public fast realizes that standards of consumption in Britain do not reflect the insolvency which may lie only a few months ahead. Can it be said that rationing of domestic fuel has been drastic enough in view of the fact that the size of the coal as an "export"? One has only to recall the "Economist's" declaration of June 1945, "The British user of fuel is a person of smaller and less diversified interests than the American. He cannot be as easily persuaded that he is doing something important by saying that he is doing something important by saying that he is saving the country." But the American public is not without its pinocchitz.

Let Not the Receivers Finance the Extra Bathroom!

Referring to the domestic capital-expenditure program this best-fit to be a question of a vigorous will to recovery and that it shall pour that recovery not as a queue but as a team.

The courageous course of硬币 will be the course of recovery. The courageous course of hard work in which in the long run salvation alone will lie."

In the week heavy moves were worked to delay the shipment of raw materials to some areas. However, most producers were able to obtain their current production needs.

British recommendation on the currency of the state of Washington, the London State has been, however, only a short time after being imposed with the provision for an eventual London operation. By a purely capitalistic assessment, a number of proposals have been made for a new round of wage increases.

A slight increase in consumer buying during the week lifted retail volume somewhat above the level of the preceding week. Retail dollar volume continued to compare favorably with that of the correspondent period a year ago, but unit volume continued to unfold that the 1947 level. Spring promotions of clothing continued to emphasize Easter, and offers of merchandise generally favorable. Wholesale volume declined moderately, but retailer buying was somewhat above the level of the week of last year. Buyers returned very cautiously and continued to place moderate orders for current delivery.

STEEL OPERATIONS SET AT SLIGHTLY HIGHER LEVEL

Some increases in steel base prices and extras under consideration by the American Iron and Steel Association will be made because of the continued increase in the average volume of sales of steel for the last week, which has been somewhat above the average of the past week, but unit volume continued to unfold that the 1947 level. Spring promotions of clothing continued to emphasize Easter, and offers of merchandise generally favorable. Wholesale volume declined moderately, but retailer buying was somewhat above the level of the week of last year. Buyers returned very cautiously and continued to place moderate orders for current delivery.

NO major steel producer this week had raised its prices on sheets and strip. Consumers of these products will now be paying three different prices: Those charged by major steel firms; higher quotations put into effect or to be effective soon; by small independent producers; and strip steel prices which are two and one-half to three times the average mill price.

The failure of some steel companies last week to make public or explain the advance in semi-finished steel accounted for the decrease in the number of steel companies offering more attention than it was considered desirable. Contrary to information from officials of these companies, the action of the steel companies was not simultaneous nor were they necessarily similar, the trade paper notes. At least two or three days lapsed between the notifications sent out by customers by at least three large steel producers.
Gold Versus Inflation

BY DONALD H. MC LAUGHLIN
President, Homestead Mining Co.

Mining executive expresses faith in gold's future as value standard, and asserts financial stability can be fully attained only by discipline gold standard can provide. Blames New Deal policies and war for inflationary trends, and points out difficulties to gold mining industry due to fixed gold price. Urges amendment of Gold Reserve Act so that gold panic can be brought under control and interconvertibility of gold and paper established. Stresses importance of stable money values in well ordered economic world.

Prices paid for goods and services in paper currencies are undoubtedly determined by many interrelated factors, but are not more specific in pushing prices and retail prices upward than the vast increase in international transactions of our own and practically all major governments.

The measure of gold at the high level characteristic of a period of pros- perity, plenty or otherwise—and with much of the civilized machinery for producing gold in place—was such that the gold miner could not earn a profit readily.

The gold miner would have to find other resources to produce the money he was to earn, and that is what he did and what he is doing. The gold miner must now find ways to buy his goods and services and the goods and services of others in the whole world. The result is that the gold miner must now find other resources to produce the money he is to earn and that is what he did and what he is doing.

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Economists and the Cultural Lag

BY EMERSON P. SCHMIDT
Director, Economic Research Department,
Chamber of Commerce

Dr. Schmidt attacks widespread acceptance of "Keynesian Economics" and recalls Lord Keynes' posthumous article, in which Keynes himself, opposed rejection of classical economic doctrines.

Ideas and statistics have a way of being preserved in literature, including economic literature, long after they have lost their relevancy and validity. The more persistent and pervasive the classical economists, the longer is the time lag between their obsolescence and the holding up of the mind of the common people.

EDITOR'S NOTE—Relative to the above commentary, Dr. Schmidt interms the "Chronicle" the material for publication in several other leading economic journals of the editors, of which to quote Dr. Schmidt, "found it unsuitable for publication." Dr. Schmidt believes that these editors for refusing to publish his remarks are of some interest, and, with this in mind, has furnished the "Chronicle" with the accompanying three extracts from the editors' letters of rejection.

(1) "After reading the short note enclosed with your letter of Oct. 23, 1947, I am a little mystified why you think it of some importance. I am by no means adverse to publishing good contributions upon the Keynes literature but the significance of the new series of lectures on theory makes it seem to me, however, that your note isn't worth publishing a smear of a constructive comment of economists that is not well able to accept it for publication." (2) "After a good deal of thought we have decided not to publish your little note. We found the enclosed page of paper rather difficult to read about its rest largely on the folia. First, its extreme brevity which makes it hard to fit into our pattern; second, we are all required to publish a statement attributed to Keynes unless it can be branded much more than you have done in this note; third, the facts you present are interesting and certainly should be made use of in terms of the stagnation theory. The best we can do in this is only more comprehensive job is re¬ nounced by its writer, then by your point (3) does not strike me as being very effective." (3) "I regret that we are unable to accept your communication . . . . I found it very interesting but it is too fragile for acceptability in its present form.

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With Holley, Dayton & Gorgen

(Special to The Financial Chronicle)

Woodrow Wilson won twice, once when the Republicans were smitten, of course, without this vote, and won twice without it. In no sense can Roosevelt's elections be compared with the balance of power in many other elections. It was not the Negro vote that elected Roosevelt, it was the votes of the other races. Not in my time has it been decisive in a Presidential election.

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The accuracy of these polls that they showed only a few weeks ago that 40 per cent would be better than any Republican except Eisenhower. Nothing could be further from the mind of Truman. Truman has done nothing since that time to escape the complete reversal as now is generally admitted to be the case. Wallac'e candidacy has no bearing on the polls because the question supposedly being put was: How many, if any, will support the D.A.A. if they could do it? Post election, Truman's candidacy for a "secure" two terms, would mean a certain victory. In 1948 the political atmosphere and the events that have followed caused them to reassess the possibility of a victory. They are now convinced that they will lose if they maintain the same old policy and the same old candidates. It is clear that the political atmosphere and the events that have followed caused them to reassess the possibility of a victory. They are now convinced that they will lose if they maintain the same old policy and the same old candidates.

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With Holley, Dayton & Gorgen

(Special to The Financial Chronicle)
Public Utility Securities

Southern Company

Commonwealth & Southern Company, the holding company which took over the entire system 1948, Georgia Power, Gulf Power, Mississippi Power, and South Carolina Power will probably achieve a substantial amount of acquisition. Such excess has doubled results from plant sales in the past fiscal year, an original cost basis. Moreover, the finished subsidiary plant accounts contain some $30,000,000 of plant acquisition adjustments, but these have been amortized "above the line" at the rate of $2,500,000 per annum. Thus, system earnings are subject to two special deductions totaling about 40c a share, which amount will be available each year for retirement in the plant account. In studying the new stock and the dividend rate (when announced) due consideration should be given to this fact.

The shares figures given above are based on the results of the current year. It is not clear how many additional shares will be issued with the listing that the new stock will sold at the price of above 2,500 shares would be necessary to raise the desired $20,000,000 cash basis, with 12,500,000 shares outstanding pro forma of the new stock and the dividend requirements. Sales of 80c to 90c for the special purposes, its own bonds, and bonds and after the separation of the savings of the additional investment in the property. There are certain incidental pretax restrictions at present on some of the division, and it is probable that the division will be improved as a result of the additional investment of the stockholders. Commonwealth & Southern and Southern Company have agreed to dispose of the transportation and power properties of the latter company. Alabama Power sold its properties in 1947. Gulf Power's dividend rate was increased to 8c to 9c per share, the cost of the special properties, its new bonds, and bonds issued by the New York & Pennsylvania Gas Company, have been reduced to 12c to 15c per share of the property.

The Southern Company system were all interconnected and substantial interchanges of electric energy accounted for by them. (Savannah River is a non-utility company which own storage age [end].) Total assets of the company amount to $50,000,000 and revenues are around $150,000,000 level.

The company's construction program for 1948-49 has been estimated at about $110,000,000 ($80,000,000 in 1948 and $37,000,000 in 1949). However, of this, $53,000,000 will have to be raised before the end of the year through issues of additional securities. Alabama Power Company announced on April 1 that $10,000,000 bonds each; last year, will need about an equal amount of new financing, of which the money is to be raised by Southern.

It is probable that sale of the company's securities will be on a nego¬
tiated basis since an exemption from the registration requirements by the SEC. It is understood that negotiations are a company basis, but Baker, Gregory, & Co. reported formed to work on the deal In-

the calendar year 1948, the firm offered for Southern Company (based on 10,000 shares at $110,000,000) the sale of $2,000,000 in subordinated notes at $1070. It is expected that the general reserve for investments and 8% will be applied for interest in the pro forma 1947 figures amounted to $3,000,000. Southern Company, as agreed with the SEC to set aside this amount out of earnings each year (one-quarter on the book's capital stock and two-quarter on the number of shares of the sub-
didaries). The purpose of the appropriation is to amortize the excess (some $55,000,000) of the first year in subsidiaries ($36,000,000) as compared with the underlying book value at date.

Andrew F. Lynch Now Is

With Osterman & Hutner

Osterman & Hutner, 120 Broad-
way, New York City, members of the New York Stock Exchange, announce that Andrew F. Lynch, formerly senior staff member of the firm., will be specializing in securi-
ty research. He was formerly Manager of the Statistical Department for Abraham & Co.

Southern Production

Southern Union Gas

Portland General Electric

GILBERT J. POSTLEY & CO.
20 BROADWAY, NEW YORK 6, N. Y.
Direct Wire to Chicago

DETOUR EDISON ANNUAL REPORT

Available Now

The annual report of The Detroit Edison Company has just been mailed to stockholders. It is an illustrated 32-page booklet which describes in detail the 1947 activities of the company which supplies light and power to the great industrial and farm areas of southeastern Michigan. If you are interested, we shall be glad to send you a copy of the report. Address 2000 Second Avenue, Detroit 26, Mich.
Building Cost Trends

By MAX H. FOLEY*
President, New York Building Congress

Maintaining there is no indication building costs will come down much, appraisers point out these costs have not risen as above level warranted by inflationary conditions and that building costs cannot be kept in vacuum. Says backlog of building in New York cost $3,174,549, and indicates building is not priced out of market. Decrease of construction credit, and contends present price levels are here to stay, but sees need of combating further inflation.

As appraisers of the mortgage and sale value of property you have an enduring interest in present and future building costs. As a member of a firm of architects and engineers, whose function is to design buildings-opinion and ar

...and to the building, and second, for the facilities required by these workmen. Labor for work performed, must be paid for, regardless of the category; and you, accordingly, find that labor cost is the biggest item of construction that may be omitted from the estimate without expecting, or desiring, to see the day come when it will be necessary to sharply reduce the pay of the wage-earner. When that day comes, we won't be bothered about worrying over building cost trends. It will be too late, as the bottom will have dropped out of our economic structure.

Just the other day, I was talk

By MAX H. FOLEY
President, New York Building Congress

COLUMBIA GAS SYSTEM

From the Annual Report of Columbia Gas & Electric Corporation

By most standards, 1947 was a highly successful year for the Columbia Gas System. The subsidiary operating companies delivered more gas to their customers than ever before. Gas earnings reached the highest point ever achieved, and more money was distributed in dividends than has been paid for many years.

But while these results were achieved, the System did not escape the inflation that bitter most business in this country. Costs were higher, materials hard to get. And because of shortages, we, in turn, were unable to deliver all the gas our customers wished.

In the months to come, the facilities of this public service will grow. More and more gas from the more than adequate reserves will flow through Columbia's lines.

And because the gas we furnish has become such a vital force in the economic development of the communities we serve, we have the feeling of a sense of responsibility in bringing a constantly improving service to them.

Columbia serves natural gas to a million homes and businesses in Ohio, Pennsylvania, New York, Kentucky, Virginia, West Virginia and Maryland; and delivers gas to other public utilities in the area in which, in turn, sell gas to another 800,000 customers.

In 1947 there were 26 days in December when the System delivered more than a billion cubic feet of gas. For the year, Columbia delivered a total of 231 billion cubic feet, a gain of 18.5 per cent over 1946.

Tremendous peaks created by this unprecedented demand were met by building 12 liquefied petroleum plants; by storing more gas, by bringing more gas into the System from Texas, Louisiana, Oklahoma and Kansas.

Columbia spent $50,954,411 for production, storage, transmission and distribution facilities in 1947. To meet the still increasing demand for this clean, convenient low-cost fuel, the System plans to spend an additional $111,000,000 in 1948, 1949 and 1950.

Even with 1947 sales at an all time high, gas reserves of the System increased to an estimated 61 trillion cubic feet, 1 trillion of which are in the Appalachian area and 4 trillion under contract from Southwest fields—enough natural gas to supply existing and prospective customers for many years to come.

DIVIDENDS PAID

in 1947

<table>
<thead>
<tr>
<th>Per Share</th>
<th>Regular Dividends... $0.60</th>
<th>Extra Dividends... 0.15</th>
<th>Total</th>
<th>$0.75</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947</td>
<td>$16,665,568</td>
<td>$13,261,632</td>
<td>$13,497,745</td>
<td></td>
</tr>
<tr>
<td>1946</td>
<td>$14,678,746</td>
<td>$12,497,745</td>
<td>$14,977,745</td>
<td></td>
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<tr>
<td>1945</td>
<td>$11,955,174</td>
<td>$10,977,745</td>
<td>$11,497,745</td>
<td></td>
</tr>
</tbody>
</table>

SUMMARY OF NET INCOME

<table>
<thead>
<tr>
<th>1947</th>
<th>Total</th>
<th>Per Share</th>
<th>Total</th>
<th>Per Share</th>
<th>Total</th>
<th>Per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Consolidated net income...</td>
<td>$16,665,568</td>
<td>$1.36</td>
<td>$14,678,746</td>
<td>$1.26</td>
<td>$11,955,174</td>
</tr>
<tr>
<td></td>
<td>Balance representing parent company net income...</td>
<td>$13,261,632</td>
<td>$1.05</td>
<td>$12,497,745</td>
<td>$1.05</td>
<td>$10,977,745</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$13,497,745</td>
<td>$1.10</td>
<td>$14,977,745</td>
<td>$1.13</td>
<td>$11,497,745</td>
</tr>
</tbody>
</table>

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COLUMBIA GAS SYSTEM

The Manufacturers Light and Heat Company
The Ohio Fuel Gas Company
United Fuel Gas Company
Atlantic Seaboard Corporation
California Fuel Gas Utilities Company
Virginia Gas Distribution Corporation
Green Mountain Gas Corporation
Energy Corporation of Maryland
Seaboard Gas Corporation
North Carolina Gas Company
New England Gas Corporation
S.F. Foley & Company
Chicago, Illinois
Columbia Gas System, Inc.

*An address by Mr. Foley before the Society of Residential Appraisers, New York City, Feb. 19, 1948.
N. Y. Stock Exchange
Nom. Com. to Meet

An open meeting of the Nominating Committee of the New York Stock Exchange will be held at 3:30 p.m. on Monday, March 14, for the purpose of receiving suggestions for the positions to be filled at the annual election to be held on May 10th. All members of the Board of governors, seven governors for three-year terms, two treasurers, and five members of the nominating committee are to be present.

The governor and ten members of the present nominating committee will enter the meeting for the nominating committee for 1948.

Members of the Committee for 1948 are Harold W. McElroy, chairman; William D. Dana, secretary; George J. Levens, Benjamin F. Megginson, and John O. Middletree.

Chicago Stock Brokers
Assn. Banquet Success

CHICAGO.—John Little of Paul Collin’s Hornblower & Weeks, is still out in front on a follows a success the Chicago Stock Brokers Association annual international tax, at the Casino Room of the Congress Hotel.

Rickhouse, the sportsperson, was encircled and did a job as a bartender for the event, “Along the Midway.”

The press was well represented and everyone relaxed after the market explosion.

With Atkinson, Jones Co. (120 Broadway, New York 10, N. Y., telephone 51-1499), 181 West 53rd St., New York 19, and (161 W. 43rd, New York 7-597)...

For banks, brokers & dealers only

Baltimore Amer. Ins.
Natl’ Liberty Ins.

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For banks, brokers & dealers only

Bank of America
36 Broadway, New York 4
Telephone Elgin 2-3600

New South Wales Bds. Called for Redemption

City Bank Farmers Trust Co. as fiscal agent, for New South Wales Government, for redemption at 23 1/8 (39.2), to be called at 23 1/2, in New York on Friday, April 12, 1946. The last day to trade will be Thursday, April 11, 1946. These bonds are due April 17, 1952. The maximum rate of interest to be paid is 5.98.

New York State to Sell
Bonus Bonds March 2

As officially announced on an issue of $300,000,000 war bonus bonds are scheduled to reach the market on March 2. Sealed bids are to be sent in by bank under the New York Stock Exchange at 11:00 A.M. on Wednesday, March 1.

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The Commercial & Financial Chronicle

Volume 167 Number 4676

THE HOME

1853 1948

...through its Agents and Brokers, is America's leading Insurance
Protector of American Homes and the Homes of American Industry

BALANCE SHEET

December 31, 1947

ADMITTED ASSETS
Cash in Office, Banks and Trust Companies $26,330,163.67
United States Government Bonds 59,492,297.55
Other Bonds and Stocks 64,539,027.59
Investments in Associated Companies 24,963,562.47
Real Estate 3,984,382.15
Agents' Balances, Less Than 90 Days Due 9,904,935.42
Reinsurance Recoverable on Paid Losses 2,796,195.95
Other Admitted Assets 1,856,992.62
Total Admitted Assets $193,896,657.82

LIABILITIES
Reserve for Unearned Premiums $91,473,696.00
Reserve for Losses 23,904,522.00
Reserve for Taxes 3,720,000.00
Liabilities Under Contracts with War Shipping Administration 3,718,542.91
Reinsurance Reserves 1,650,557.00
Other Liabilities 2,746,852.05
Total Liabilities Except Capital $127,214,569.36

Capital $15,000,000.00
Surplus 51,682,087.38
Surplus as Regards Policyholders 66,682,087.86
Total $193,896,657.82

NOTES: Bonds carried at $5,391,045.38 amortized value and cash $50,000.00 in the above statement are deposited as required by law. All securities have been valued in accordance with the requirements of the National Association of Insurance Commissioners.

Canadian Assets and Liabilities have been adjusted to the basis of the free rate of exchange.

DIRECTORS

LEWIS L. CLARKE
Chairman

GORDON S. RENTSCHLER
Chairman of the Board, National City Bank of New York

ROBERT COLETT
President, Manufacturers Trust Company

GEORGE MEANY
President, Atlantic Coast Line Railroad Co.

Dennis, Mass.

Guy Cary
Lawyer

Harold V. Smith
President

Frederick B. Adams
Chairman of the Board

Robert W. Dewling
President, City Investing Co.

George Gund
President, Cleveland Trust Co.

Harold H. Helm
President, Chemical Bank & Trust Co.

Charles A. Loughlin
Vice President & General Counsel

THE HOME
Insurance Company
NEW YORK

FIRE • AUTOMOBILE • MARINE
The Status of Mortgage Lending

BY FRANK C. RATHJE
President, Chicago National Trust Co.
Former President, American Bankers Association

Prominent banker reviews changes in mortgage loan situation arising from Federal mortgage guaranty and housing situation. Says soundness of government guaranteed mortgages has not yet been tested and that new methods of analyzing existing loans are necessary. Undercare is used by mortgage lenders there is danger housing credit may become motivated by political expediencies, without reference to economic stability.

Today, there are two general types of mortgage lending—conventional mortgages and insured or controlled mortgages. As I see it, the conventional mortgage is a form of horse and buggy.

Azzor factor on the safe side is that while all of our statistics show that the bulk of our Federal lending is being turned into home ownership, the home ownership classification, as contrasted to the multiple-unit building. There is definitely less danger of overbuilding in the single-family dwelling than in the multi-unit structures where type of lending controls are judiciously used. Such controls are available to the proper governmental authority of their intelligent use can be of considerable economic benefit by curtailing building builders who build only for speculative gains and are not guided from a normal profit accruing to the lender.

Another factor on the safe side is that under present long-term war credits, most of the mortgage payments are mostly for interest only and so much less than the principal; as a result, the principal will be repaid at the maturity of the loan, one-half year less than in the FHA long-term, in the FHA 608 type of mortgage, this debt retirement period is 5 years; for the 608 type of mortgage, this debt retirement period is 5 years. It is made according to a statutory formula which will be adjusted to a normal depreciation in the single-family dwelling at the FHA 608 type of mortgage. We have been faced with a number of extreme high ratio of loan to value, and certainly in the FHA 608 type of mortgage, we have government sponsored, and the FHA 608 type of mortgage is supposed to be free from the normal ratio of loan to value, and the FHA 608 type of mortgage is supposed to be free from the usual cure.

It is important to prevent the normal curing of the FHA 608 type of mortgage.

When we look back and view the so-called mortgage-assigning lending so extensively engaged in in the FHA 608 type of mortgage, which is the FHA 608 type of mortgage, it is due to the FHA 608 type of mortgage that the FHA 608 type of mortgage is supposed to be free from the usual cure.

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The loan Value Margin

I am not convinced that we are serving the best long-range interest of the veteran by financing his home purchase by a mortgage with a greatly inflated present purchase price. A similar reaction to the secondary market abuses mentioned earlier under Title VI of the FHA Act has been witnessed.

To advocate a return to the principles of conventional lending would be too narrow and would not permit a distinction be made between the provisions of Title II of the FHA and the provisions of Title VI of the FHA. Yet, the conventional mortgage was the vehicle in which the great country was built. Unfortunatly, the FHA Act precludes the discretionary new ideas in mortgage lending under Federal guaranty which might again be welcomed in a period of instability. This is due to the fact that the power in the hands of the public.

It would seem that there are two principal reasons for the current mortgage lending. One is the desire to get all that money intestating to our own pockets, the other is to promote the public welfare of a rapidly expanding economy. The latter, the public welfare, is not served by the current mortgage lending agencies. If these agencies are not to be allowed to continue to exist, then the public welfare cannot be served by these agencies.
Claims New Construction
Under Prewar Rate

C. Benson Wighton points out last year's new building volume was only 5% of gross national product, compared with 65% in 1939. "See return of normal ratio between government and private building.

Despite the increase in building activity since the end of the war, the volume of new construction continues to represent a comparatively small share of the nation's entire productive effort, and considerable room for further expansion of the industry to be said, by the shortages of materials and skilled labor.

"Production of building materials has generally expanded at a slower rate than production of many other goods and this has been a factor in accounting for the comparative position of the industry.

"While the national economy operating at peak levels, it has been a difficult task to draw off labor and materials necessary to bring out the expansion in building activity," Mr. Wighton declared.

"In his opinion, the industry faces another period of expansion this year which will raise the volume of new construction in relation to the gross national product. He emphasized that such an increase will necessitate "the absorption of more of the nation's labor, materials, and capital into the industry" and will make a greater contribution toward the maintenance of high levels of production for the entire economy.

Hellyer With Merrill Lynch

"Mr. Hellyer has become associated with Merrill Lynch, Pierce, Fenner & Beane, Board of Trustees of Buildings. Mr. Hellyer has recently become controller of the Billings Hardware Company. Prior thereto he was with Shields & Co.

Neuberg Bros. & Sloan


With Shearson, Hammill

(Seven Elesi of the Pennsylvania Corporation) CHICAGO, I11.—John S. Schuster has been associated with Shearson, Hammill & Co., 208 South La Salle Street. He was formerly with Mr. G. Beecher & Co. In the past he was trading manager for City National Bank and Trust Company of Chicago.

Rodgers & Tracy, Inc. Adds

(Seven Elesi of the Pennsylvania Corporation) CHICAGO, I11.—Rogers & Tracy, Inc., 120 South LaSalle, Street, has added Walter A. Strongwell, Jr., to the firm's staff.

BRIGGS & STRATTON CORPORATION

BALANCE SHEET—DECEMBER 31, 1947

ASSETS

<table>
<thead>
<tr>
<th>CURRENT ASSETS:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$1,481,488</td>
</tr>
<tr>
<td>Marketable securities, at cost</td>
<td>($117,417)</td>
</tr>
<tr>
<td>(quoted market price $900)</td>
<td></td>
</tr>
<tr>
<td>Receivables, less reserve of $10,000</td>
<td>1,085,990</td>
</tr>
<tr>
<td>Inventories, priced at lower of cost</td>
<td>2,926,426</td>
</tr>
<tr>
<td>(first-in, first-out) or market</td>
<td></td>
</tr>
<tr>
<td>Total current assets</td>
<td>$5,705,321</td>
</tr>
</tbody>
</table>

CASH SURRENDER VALUE OF LIFE INSURANCE

(fee amount of policies—$300,000) $42,815

UNEXPIRED INSURANCE PREMIUMS, ETC.,... 30,427

PLANT AND EQUIPMENT:

Land, buildings, and equipment $1,987,615

Machinery and equipment 1,493

Office furniture and fixtures 158,405

$2,137,519

Less: Reserve for depreciation $1,590,368

Patterns, tools, dies, etc., at fixed amount $1,627,804

Total plant and equipment $3,761,383

PATENTS, TRADE-MARKS, ETC., at amortized amount $7,601,368

SUMMARY OF PROFIT

FOR THE YEAR ENDED DECEMBER 31, 1947

GROSS SALES, less returns, allowances and discounts $21,775,431

COST OF SALES, SELLING, AND GENERAL AND ADMINISTRATIVE EXPENSES 17,272,752

Profit from operations $4,502,679

OTHER INCOME, LESS MISCELLANEOUS CHARGES 74,873

Profit before provision for income taxes (after deducting provision of $128,810 for depreciation) 4,577,352

PROVISION FOR INCOME TAXES:

Federal $1,640,000

Wisconsin 260,000 1,900,400

Net profit earned to surplus (4,237,952)

NOTE: In 1947 the Corporation adopted as employee retirement plan and contribution to retirement fund based on years of service and compensation. The amount paid under the plan for the year was $1,657,774, of which 50% was applicable to employees' additional retirement contributions. These are credited to the respective employees' interest at 5% per annum, and are paid from the earnings of the fund.

President:

BRIGGS & STRATTON CORPORATION

Milwaukee 1, Wisconsin U. S. A.

World's Largest Builders of 4-Cycle Air-Cooled Gasoline Engines and Automobile Locks and Switches

AUDITORS' CERTIFICATE

We have examined the balance sheet of BRIGGS & STRATTON CORPORATION (a Delaware Corporation) as of December 31, 1947, and the summary of profits and loss for the year then ended, and have expressed our opinion as to the correctness of the accounting procedures of the company and, without making a detailed audit of the transactions, have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards, and was made in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet and related summary of profit present fairly the position of Briggs & Stratton Corporation as of December 31, 1947, and the results of its operations for the year then ended, and are in conformity with generally accepted accounting principles applied on a basic combination of the preceding year.

ARTHUR ANDERSON & CO.

Milwaukee, Wisconsin February 14, 1948

PRESIDENTS REPORT TO STOCKHOLDERS

The financial condition of the Corporation as of December 31, 1947, and the results of its operations for the year then ended, are set forth in the accompanying statements. These financial statements have been examined by Arthur Anderson & Co., and their certificate is included as a part of this report.

Net profit for the year 1947 was $4,577,352, or $6.14 per share, as compared with $4,614,857, or $5.25 per share, based on the 908,793 shares outstanding at December 31, 1947. The increase in net profit of $57,500 affects an increase in profit before tax of $410,000, and an increase of $400,000 in federal, state, and local income taxes

During the year we have expended on expansion and new equipment approximately $1,000,000, including new employees' retirement plan. $500,000 was paid under the plan, $410,000 of this to provide past service credit, and the remaining $90,000 to provide for further payments thereunder.

C. L. COUGHLIN

President

With Shearson, Hammill

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Rodgers & Tracy, Inc. Adds

(Seven Elesi of the Pennsylvania Corporation) CHICAGO, I11.—Rogers & Tracy, Inc., 120 South LaSalle, Street, has added Walter A. Strongwell, Jr., to the firm's staff.
Mr. Jones: "I like the looks of the portfolio. If I like the convenience offered by your mutual funds as well as the continuing supervision; but isn't the distribution charge pretty stiff? I could save a little bit of money through buying the underlying stocks, instead, couldn't I?"

Dealer: "Just how much are you prepared to invest at this time, Mr. Jones?"

Mr. Jones: "About $5,000."

Dealer: "O.K. Let's see what you can save if selling. There are approximately 50 issues in this fund. So the $5,000 would spread your money evenly, that would be $100 in each issue."

Mr. Jones: "I had no idea commissions ran that high."

Dealer: "However, commissions and taxes on round lot purchases of these same stocks, for both buying and selling, amount to less than 1 1/2%. In other words, you save 1 1/2% by letting the management of the fund pool your capital with that of hundreds of other investors, thus enabling you to buy in round lots.

Mr. Jones: "Why, that's more than the entire load."

Dealer: "That's right. Furthermore, once you invest in a mutual fund, and you realize a gain on holding the fund stock, the realized capital gain is only 25% U.S. capital gains tax. Thus you pay tax on only 25% of the capital gain you realize when you sell the stock."

Mr. Jones: "That is quite a saving."

Dealer: "The same is true of any dividend income you receive from the stocks held in your mutual fund. You are not taxed on the dividend income when you sell the stock."

Origin of Boston Trustees


Leviathan

A merchant seaman was boasting about the size of his ship. "It's so big," he said, "that the cook has to travel in a submarine to get through the lamb stew to see if the potatoes are done."

Union Preferred Stock Fund

Lord, Abbott & Co., Inc.
New York  Chicago  New Orleans  Los Angeles

Lord, Abbott & Co.

Incorporated

Established 1928

A Mutual Investment Company

The Parker Corporation

One Court Street, Boston 8, Mass.
Mr. Rukeyser expressed the view that the modest prices disclosed the extent to which the national economy was

**Rukeyser Views Price Slump as Step Toward Normalcy**

Speaking at the annual shareholders meeting of the Federal Home Loan Bank of Pittsburgh, Pa., on Feb. 17, Mervyn Stanley Rukeyser expressed the view that the modest prices disclosed the extent to which the national economy was

- **Inflationary Flats And**
- **A Step Toward Normalcy**

**Must Have Inducement For Venture Capital: Merrill**

Directing partner of Merrill Lynch, Pierce, Fenner & Beane in a letter to shareholders explaining why the company is making a capital call to fears of government policies preventing or keeping
- **of profit. Denies corporate profits are excessive.**

**Vendicating that capital must be induced to flow into corporate enterprises if we are to be healthy.**

Merrill Lynch, Pierce, Fenner & Beane in Annual Statement for 24 months ending March 31, 1947,

Winthrop H. Smith, Managing Partner

"During the 1937 investment boom industry raised $4,750,000,000 of new money, but

**Winthrop H. Smith, Chairman, Mervyn E. Merrill**

$3,500,000,000 of bonds and $100,000,000 of preferred stock—enough to cover large losses, but otherwise borrowed money.**

Merrill said in a signed farewell.

The chairman of the corporation's equity capital, a new venture capital, was against our money," he said.

"Anything our government does to reduce the cost of capital into business will dam up our capital and hurt us. If we tax away the hope of an expanding industrial future, the government will."

Commenting on the attacks against all excessive corporate profits, Mr. Merrill remarked:

"During the past year there have been frequent attacks on the alleged 'excessive' and 'outrageous' profits of American industry. In 1947 these profits after taxes were estimated to be running at an annual rate of $17 billion, but so was the national income, running at an annual rate of $200 billion. So were wages and salaries and the total compensation of employees, running at an annual rate of $127 billion.

In 1947 corporate profits after taxes on an overall basis were not at all excessive in comparison with past years. For instance, they were only approximately 5% of the national income, even before certain necessary deductions were made from them. The few companies did take advantage of the sellers' market to boost prices and hence profits, but the exceptions were not the rule.

The whole political and economic power of the dollar is today only about 50 cents as compared with the period from 1935 to 1939. Yet two great factors in the world's economy now make even dollar wages seem much higher than they are. Today a large share of the dollar profits represent merely profits from the sale of low cost inventory. But when goods are sold inventories make money in a way that it cannot be twice as much.

Another major item that makes present corporate earnings appear much greater than they are is the inadequacy of depreciation charges. A worn out or obsolete machine that ten years ago may have cost $2,000 to replace under existing tax laws a company can deduct depreciation charges based only on original cost of plant and equipment and

- **that we must enlarge our industrial capacity. At least $50 billion**
- **be invested by industry to expand and improve our productive capacity in the next few years.**

Such funds, however, can only be pro-

**of corporate profits and out of individual savings. And**

**in an atmosphere of confidence and an attractions to industrial investment.**

**Fed President Truman insists**

**Halsey Stuart & Co.**

**OTIS & CO.**

**L. F. Rothschild & Co.**

**William Blair & Company**

**Hirsch & Co.**

February 20, 1945.
Canadian Securities

By WILLIAM J. MCKAY

Contrary to general belief Canada's great wartime economic sheet has not been written. The ramifications and implications of this invaluable means are never strictly defined by formal or treaty, and it was generally understood that the agreement would remain in force only for the duration of the war. The problem of the termination of hostilities the question of formal alteration did not arise. The prospect of a more or less precise commitment on either side. At some future place, moreover, it was realized that the agreement would be twisted to fit the smooth mobilization of a maximum degree of North American war production, which could render similar service during the finish of Trumpet period of transition from war to peacetime economy.

For this reason consultations between the two countries with this object in view has proceeded constantly since the war. Although these forums had been ad hoc by high degree of official participation, they had been certain levies from time to time that have to be supplementation that an entirely new U.S.-Canada economic agreement would be announced. For this reason during the visits of President Truman to Canada in 1945, Prime Minister Mackenzie King to Washington in 1946, it was fully connected that a new "Hyde Park Agreement" would be announced with that reasonable assurance.

Between two countries, however, that the province of this unsettled world, achieved an almost miraculous degree of understanding, formal treaties and diplomatic gestures are not essential. It is the inner feeling that a Canadian requirements might in some instances jeopardize the domestic interest. Similarly, the border side of the border have been expressed considerable sovereignty inherent in a scheme of cooperation with this country.

Although these views deserve considerable credit, the objections raised are of minor impact, which compared with the great issues now at stake. Economic considerations are near on all the causes of all wars and provide fertile soil for the propaganda seeds of aggresor nations. In view of the uniqueness of the situation in this country and Canada which exists no other place, the reoccurrence of areas full political, and economic freedom, the example set by the United States and Canada should be exploited to the fullest degree.

Also the greater joint development, which will result from the operation of the agreement will go far to solve the problems of the European relief plans. Furthermore, the implementation of the concepts of this far-reaching agreement will be more easily achieved in Canada's enormous area of economic development, to the best of which fully exploited with the cooperation of other people of the same kind, resources are indispensable to the maintenance of living.

During the week the internal and external situation of the world market remained dull and indecisive but no weakness in sympathy with the Sterling futures regimes and the gold bullion markets is the result of winter tourist demands. However, the Central Bank now has by its action in the gold market, has given greater possibilities in view of the strength of the gold issues on other world markets and a more favorable interpretation of the gold parity government subsidies.

Our Reporter's Report

Although there will be an ample supply of new corporate issues for bids next month, March holds promise of being a busy period for banks and municipal dealers with two big veterans bond issues due up for bids.

Whether by accident or prearrangement, state authorities of New York and Ohio are expressing good judgment in the bids. In both cases the demand for bids, such issues naturally do not enter with the same frequency as in the case of corporate issues, but a spurt in the pulling up of new issues on a given day often tends to tax the capital and the staff of the underwriters in that field.

The first of the big issues to be sold next month will be that of the State of New York, $300,000, for which bids have been called for March 16th. The State Comptroller, some months back, in order to provide for the possible liquidation of all bonds, sold valued at $100 millions of short-term securities.

April is that time was due to theunsettlement marketwise and a disposition to let things alone. Now, however, the situation

The Unsatisfactory Pattern of Exchange Rates

By CAMILLE GUTT

Chairman of the International Monetary Fund

Mr. Gutt, stressing international exchange rate difficulties, holds task of International Monetary Fund to is to need that necessary changes in rates are made promptly and without delay. By facilitating trade Western exports to increase in 1947, but admits if adjustment in parities is to be fully effective, it must be accompanied for measures to halt inflation. Attacks multiple currency practices, and contends so-called "free" exchange markets are unrealistic. Holds not all European currencies need devaluation, and asks support as well.

I know I am setting myself in for a difficult time in discussing with you a problem so full of technical intricacies as exchange rates. None of you are studying the subject problems your professional specialty. There is nothing I can tell

The war itself created new forces which inevitably weakened the existing pattern of exchange rates. Of first importance was the fact that the immediate condition, to which the New York rate is related is the monetary infla tion. All the countries which had to deal with the best shipping countries had about half of their debts in sterling, and these shipping countries were cut off from the normal channels of trade for a considerable time. There was a strong demand for dollars from many stanch shipping countries last about half of their dollars in sterling, and these shipping countries were cut off from the normal channels of trade for a considerable time. There was a strong demand for dollars from many stanch shipping countries last about half of their dollars in the United States, and the commercial and financial authorities of all the shipping countries in all parts of the world were greatly reduced. In the course of the war and after the war they spent much of their dollars for goods and services and reserves and wealth that they increasingly supplied high rates of exchange. They paid dollars for goods and services and reserves and wealth they increasingly supplied high rates of exchange. They have been renewed between 70 and percent of their some years back.

To increase in production and even in trade. Merchant fleets have been renewed between 70 and percent of their some years back. The paper that will be recorded in the balance of the world will be renewed and in a trade. Merchant fleets have been renewed between 70 and percent of their some years back. The paper that will be recorded in the balance of the world will be renewed and

Camille Gutt

France that the greatest advantages to the current account of the world economy and to the world economy.

Perhaps I exaggerate in emphasizing that the financial problems of exchange rates rather than the monetary inflation. In fact, the financial problem that occurs and affects the country and to the world economy.

But on this occasion, it appears that the two state rivals, the state authorities of New York and Ohio are expressing good judgment in the bidding. In both cases the demand for bids, such issues naturally do not enter with the same frequency as in the case of corporate issues, but a spurt in the pulling up of new issues on a given day often tends to tax the capital and the staff of the underwriters in that field. The first of the big issues to be sold next month will be that of the State of New York, $300,000, for which bids have been called for March 16th. The State Comptroller, some months back, in order to provide for the possible liquidation of all bonds, sold valued at $100 millions of short-term securities.

April is that time was due to the unsettlement marketwise and a disposition to let things alone. Now, however, the situation
Holds Truman Budget the Minimum

Secy. Snyder holds any reductions would be false economy and inconsistent with nation's domestic and international responsibilities

Secretary of Treasury John W. Snyder in a Jefferson-Jackson Day address at Newark, N. J., on Feb. 19, in addition to extolling the achievements of the Democratic Administration during the last 10 years, struck out against cuts in the "Truman's budget for the fiscal year that begins July 1.

According to Sec. Snyder:

"Our fiscal policies have been closely related to those in the economic field. Our purpose is to maintain the revenues at a level sufficient to secure a balanced budget and provide for debt reduction."

"To Secretary of the Treasury, I feel that the financial integrity of our government must always be a first consideration. Particularly, so, with a government debt, largely war-created, of $235 billion. Under such circumstances, it is not only the financial integrity of the government which is at stake, but the soundness of the whole economy. This government's fiscal policies are irrevocably wrapped up in the entire financial structure of our country.

"It has been estimated that in the current fiscal year which ends on June 30, the surplus of Federal receipts over expenditures will amount to $7.5 billion. However, the Senate Finance Affairs Committee has recommended that $3 billion of this amount should be earmarked for application on the European Recovery Program. This is to say, the amount of surplus remaining to be applied on the domestic economic reduction is reduced to $4.5 billion. We have been using this surplus, as it accumulated, for debt retirement in the manner in which it would be most effective and we have continued to do so.

"The President's budget estimates for the fiscal year 1948 showed receipts of $44.5 billion, and a surplus of $4.8 billion in that fiscal year to apply toward further reductions in the debt.

"On the expenditures side, the President has set the budget to the minimum which he considers consistent with this country's domestic and international responsibilities.

"Expenditures are estimated at $38.7 billion in the fiscal year 1948. Seventy-nine percent of the estimated expenditures for fiscal 1948 are war related—theyeither reflect the direct costs of war, the aftermath of war, or our efforts to prevent a possible future war."

"In this category, we have expenditures rather than expenditures, a amount to $11 billion, or 28% of the total budget. It would be possible, of course, to cut these expenditures, but I do not believe that the Congress will want to do this at the expense of our national security."

"Expenditures for international aid programs also come in this category which would amount to perhaps 10% or 15% of the total budget. This is the amount which has been determined as the necessary, required, and efficient period ending with the fiscal year on June 30th. Any adjustments made in timing by the Congress would have temporarily change the end result for the country.

"Veterans' benefits amount to $6 billion, or 15% of the budget. They represent an obligation which we owe to those persons who made great personal sacrifices.

John W. Snyder

What does this mean to YOU?

Our securities are listed on the New York Stock Exchange

Hundreds of America's foremost corporations have qualified, under Federal laws and the regulations of the New York Stock Exchange, for listing of their securities on the Exchange. These do so, primarily, because of the benefits to their stockholders, and to investors generally.

The Exchange provides a national market place for the security. Bids to buy and offers to sell from all over the country can meet in one place. Through his representative on the Exchange floor, the investor, who wishes to purchase the security, meets the greatest possible number of sellers—the investor who wishes to sell meets the greatest possible number of purchasers.

Listing assures buyer and seller alike of the best available price. On the Exchange, prices are determined openly, by competitive bidding—and the rise or fall of prices represent the will of the majority trading at that time.

Listing means prompt publication of prices. As soon as a transaction is completed, price and volume are broadcast across the nation by means of the ticker tape.

Listing means regular disclosure of essential facts about the company. Before any company lists its securities on the New York Stock Exchange, it agrees to publish regularly essential information about its operations and financial condition—which is fundamental to a sound investment decision.

These are the not only advantages of a listed security, by any means. They are, however, sufficient to indicate why, for 150 years, the New York Stock Exchange has performed a necessary service for the investors of America.
Securities Salesman's Corner

By JOHN DUTTON

Is business as quiet as some people say it is? For those who are presently complaining that they have never seen conditions more desperate in the investment business, there is undoubtedly so. The other day some one got up and made a speech that salesmen in his line had forgotten how to sell. But just the same, many salesmen had gone out on their jobs day after day for the past eight years, and all they had to do was wither down to the fact of what mechanize they were going to allow them. Now that things have changed so much, the chances are that many of them are as soft they no longer know how to sell. This same condition applies generally—it is true in the securities market today. But those days are over.

But you can do business today—good business—profitable business. People are not adverse to discussing investments. If you go to the drinking business, you may find that it is true. Most salesmen are not trying, or who have lost faith in the thing they are selling. How long have you ever been in business? In 1945 and we all have. It is true that we sell a customer it goes down. There is a great deal of truth in this idea, but I believe that there are a few salesmen that are not in the game properly.

Time and again opportunities for averaging present themselves. This is an excellent source of business. If you can average a good stock at lower levels—someday you will be able to go back to him to tell him that you are going to make it a good stock. Should be used. Switch out if conditions warrant.

Go back, tell your customer that things have changed. Take him out to the market, and you will find, so far as those times go, they have. Times change—some overpriced securities of two years ago should have been disposed of a long time ago. But that money BACK TO YOURSELF, for where there is a chance of recovery. Go after new business. Advertise in your own field. You can find customers is our concern. Go in with an offer to help unravel the knots. But you cannot do this if you don't believe that you have a market. The security declines in price after you have sold it to a customer. The thing to do in markets like this, and not lose the advantage you have, is to buy stock when the market declines you are going to suggest that he buy MORE.

No one is the bottom of a market, but one thing is sure. THERE ARE PLENTY OF BARGAINS AROUND TODAY IF YOU LOOK AT net QUICKLY COMPARED WITH MARKET PRICE. The statistical and research departments can do more or less the same as anyone else, but that is all. The net points stock prices from under 15, under 20, and above, showing fantastic yields in good and bad times. Can you believe that the market is not going down? But dig up some good things. There are plenty of them around. There is money around. They will not long go back to selling. Stimulating interest by mail, by newspaper and newspaper advertisements—then telephone, wire and GO OUT and get the business. Here is a sample of how easy it is if you try. A salesman we know had gone out to the customers who held something in an exceptional. Every time he called they passed the time of day. One day the security. A lift service would ask this salesman a few questions about some of his holdings. The salesman never tried to talk up the market, for he was afraid of his employer. One day he picked up the telephone and told her that there was something she might be interested in extra cash, also that it might be a good means of recovering a loss on one of the items which I suggested that he was going to send a report on it to her home (instead of the office). This was a lucky thought as it had a psychological effect that helped. Several days later the salesman received a telephone call and a nice order. IN ORDER TO DO BUSINESS YOU MUST EXPOSE YOURSELF TO BUSINESS.

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Common stock averages over 10 years.

Highest annual earnings for period $13,88; 1947 earnings $62.92 per share.

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LONDON, ENGLAND—The British gold reserve continues to decline on an alarming rate, and is now the use of the record $4.58 millions of the dollar credit. This is largely due to the persistently adverse trade balance, but Britain's generally in

BRITAIN LOSING HER GOLD

By PAUL KINZIG

Dr. Einzig, in taking note of Britain's vanishing gold reserve, ascribes it not only to the adverse trade balance, but to un-called or liberalized policies in the countries, particularly those holding blocked sterling balances.

LONDON, ENGLAND—The British gold reserve continues to decline on an alarming rate, and is now the use of the record $4.58 millions of the dollar credit. This is largely due to the persistently adverse trade balance, but Britain's generally in

The NY Curb Exchange

Com, Appointments

The New York Curb Exchange, already a dominant factor in the organized exchanges, is being increased in size with a view to a larger and more effective exchange. The Curb is the most active exchange in the markets, and is the center of the market for new issues. It is also the market for the sale and purchase of securities on the open market, and is the market for the sale and purchase of securities on the open market.

The Curb Exchange, or the Curb, is a place where the sale and purchase of securities is done. The Curb Exchange is a private club, and is open only to the members of the Curb. The Curb Exchange is operated by a committee of members, and is subject to the rules and regulations of the committee.

Durwood Dubois V-P, Ohio Citizens Trust

TOLEDO, OHIO — Durwood Dubois has been elected a vice-president of the Toledo Citizens Trust Co., and will assume his duties April 1. Dubois is a former director of the bank and has been in the commercial banking department for 15 years.

Mr. Dubois will resign his post as vice-president of Stranahan, Harris & Co., as of April 1. He is a former president of the Toledo Bond Club and served for two years as vice-chairman of the northern Ohio group of the Investment Bankers Association.
We Wonder

"President Truman's request for an additional $570,000,000 to go to the corrupt Chiang Kai-shek Government in China is one more phase of our financial and military intervention. But this time it means that we have already cost the American people four billions in dollars and the friendship of millions of Chinesefof American people, victims of a civil war we prolong by our support of the dictator Chiang."

The situation in China is tragic proof of the inevitable failure of our present foreign policy, of which that of Mr. Truman is a part. Sending money and military supplies to bolster reaction is bound to fail, with the will of the people serving the cause of reaction and war, not democracy and peace.

"There is indeed one group which may stand to benefit from this new grant Truman proposes for China. That is the group of Wall Street interests who seek to penetrate and control large areas of the Chinese economic structure."

We must say frankly that we share Mr. Wallace's doubts about much of this aid program, whether to Europe or Asia — however greatly we may differ with that gentleman as to the reasons for skepticism. At this moment, however, we can only hope to help wonder how Mr. Wallace can feel so sure that he knows what the "will" of the Chinese is — or if there is any in the sense in which Mr. Wallace uses the term.

But most of all we wonder whether Mr. Wallace, too, can possibly be so misinformed and so incredulous as to believe his own words about Wall Street and China!"
Says Present Crisis Means No War With Russia.

A. A. Berlin, Jr., former Assistant Secretary of State, told a group at the New School for Social Research on Feb. 23 that he did not think it likely, in these troublous days, that the Soviet Union can force a war, he declared, and "they have more sense than to do so.

Speaking in the presence of 300 Russians, Berlin reiterated his previous international-affairs views. Berlin pointed out that the Soviet leaders of imperialism have not succeeded anywhere, even in areas which are covered by occupation under actual Russian rule. Berlin added, if a Russian army is used to support the irregular armies, the Soviet Union will be commencing a new war, just as the German did when they invaded Poland.

Mr. Berlin doubts if even the Russian extremists will take this risk, for Berlin said, "I do not believe the United States runs great risk in assisting those countries which have declared for Independence in the present international crisis."

Referring to independent reports which indicate that "the names in Europe have no confidence in the Soviet leaders, there is no popular support for the Russian war policies on any of the fronts," Mr. Berlin said: "I think that if we have any reason to believe that the United States has engaged in a war which cannot be won, then we have a duty to withdraw immediately."

"Honesty, it is not necessary to draw a line between the two sides of the fence, and then try to find a short cut to there," Mr. Berlin said. "It is best to make a straight line and walk around the fence."

In Mr. Berlin's opinion it is absurd to say that the United States has not entered the conflict, with the inflexibility of the old-fashioned, "our soldiers are in the field."

Mr. Berlin is the former United States Ambassador in Russia. He and Mr. Grenell were both in Russia during the World War and during the Red Army invasion of Finland. Mr. Grenell was in charge of the State Department's economic mission to Finland.

The Status of Mortgage Lending

(Continued from page 12)

The amendment to the Servicemen's Readjustment Act, or under the Federal Housing Administration (FHA), has resulted in many changes in the way housing facilities are maintained with the purpose of protecting the service man, his family and his dependents, from undue exploitation and resultant maintenance of facilities, which are in accordance with the standards established by the FHA.

Federal Government Needs Simplification

Simplification of the Federal Government is one of the policy changes which would be highly advantageous. If we would extend our understanding and our awareness of the needs of the people, we would be able to make changes to improve the mortgage structure within our economy.

I would exclude the speculative builder, leaving him to do as he pleases, and any violations of the FHA are based on courses of conduct, as provided to a professional builder. The doors open to unmercifully unfair are the ones which are allowed to be used in the construction of housing. It is very important that they are not used.

If a natural should occur and a crop drop in consumer purchasing power, with a consequent rise in the cost of living, and our government may carry a large amount of mortgage money that is not incorporated in the original application. We have no doubt that if a governmental agency interests are affected, the over-all condition and lesser tension and stronger effort to keep the mortgage market operating would be a fundamental change in the course of the market, and result, however, no matter how long delayed, will and must conform to the traditional pattern of liquidation for all parties alike, to the lenders, borrowers or insurers. In our conventional lending on real estate mortgages and the operation of Federally insured credit can be rationalized with the help of the banks from a source of genuine, help, and caution on the part of the government, three factors, the lender alike, and our national economy as well, will have respect for the law.

Unless great care is used by the government, it is very likely that the operation of providing credits as it has been conducted by the government in recent years may become an institution, a political activity motivated by political expediency and practiced by those who are interested in the instability.

A venture may readily carry us into a period of war during which money is likely to be withdrawn from our present affectation. It is likely that the causing of the problem is that the Bank of England, among other things, is not able to get enough money for its purposes, and other, more effective and different expense expansion is in an "ever-increasing expansion of non-credit facilities which, skill, commodity technique and disciplined tactics will cause a more durable result than the policy of all laws as freely as they have been used for the past 20 years.

Volume should be satisfactory for the year as a whole, but with a tolerance, taking into account that the satisfactory gross profit margin. On the other side of the ledger, there is need for greater control of operating costs with increased volume in the past two years, and the margin is increased, which is not necessarily reflected in the policy of the future. We must be careful as freely as they have been used in the past 20 years.

The "full or total effect of the printing of Regulation W has not been to injure the banks as likely to that it will return in any order, but to injure the smaller and medium-sized retail businesses. These are the only ones which have been hurt by bank credit. Further, the margin and credit is not a sound basis and good faith is not required. It will appear that a con-

The "full or total effect of the printing of Regulation W has not been to injure the banks. We must also take the loan credit to assure orderly liquidation of the industry.

By making carefully considered loans we hope to supply, not the whole, but a little of that which is needed. It is our job to help the borrowers, not to make them pay more for what they have borrowed. Loans of this nature are the type that can be repaid and are made

An address by Mr. Dunstan before the luncheon meeting of the Analysts Society, Providence, R. I., Feb. 3, 1948.
Money and Prices

BY ROGER W. BABSON

Mr. Babson, maintaining high prices are largely a matter of "supply and demand," points out devaluation of currency does not increase available bank fund.

Accuses Roosevelt Administration of holding us gold and controlling price of commodities. As a result of reducing amount of money in circulation, he should offer people gold dollars in place of paper dollars.

Since my recent statements that high prices are largely a matter of "supply and demand," I have received many letters of complaint. These letters claim that the "factors in supply and demand" are not the same as those formerly, that there have been many changes in the last few years that are not accounted for by these factors.

Tentative report from Mr. Roosevelt states that this program has been a failure, but he feels that people will not be willing to take gold, because of the amount of money in circulation.

In 1939, when the dollar was worth about $2.50, the population of the United States was about 125 million. If the dollar were to be worth $2.50 again, the population might be 300 million. In other words, there would be almost twice as much money in circulation.

Roosevelt has been accused of holding gold, and of holding up prices. He is also accused of limiting the amount of money in circulation.

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The Unsatisfactory Pattern of Exchange Rates

(Continued from page 22)
disturb the world economy and have been very serious indeed. During the war, the parties to the war, the parties of the currencies of some countries were changed so that they became better suited to the radically altered economic and political conditions and the war. In the course of the war, the dollar became the world's reserve currency and the dollar was used to pay for goods and services.

The Unsatisfactory Pattern of Exchange Rates

The unsatisfactory pattern of exchange rates is a problem that has plagued the world economy for many years. It arises from the fact that exchange rates are not set by the free market but are instead determined by governments. This results in a situation where the value of a country's currency is not determined by the forces of supply and demand, but instead by government intervention.

One of the main problems with exchange rates is that they tend to be fixed at levels that are not necessarily realistic. This can lead to a situation where a country's exports are becoming more expensive than those of other countries, making it difficult for that country to compete in the global marketplace.

In addition, fixed exchange rates can also lead to a situation where a country's imports become cheaper than its exports, leading to a trade deficit. This can put a strain on a country's economy and can lead to economic instability.

The unsatisfactory pattern of exchange rates is a problem that needs to be addressed in order to promote a more stable and healthy global economy. This requires a commitment to free market principles and the use of flexible exchange rates that are determined by the forces of supply and demand.
The problem of exchange rates is an old problem, but one that is not easily solved. The great changes in technology and the increased use of money as a medium of exchange have made the problem even more complex. In this paper, I will examine the factors that influence exchange rates, both in the short and long run, and discuss some possible solutions to the problem.

**Introduction**

The exchange rate is the price of one currency in terms of another. It is determined by the forces of supply and demand in the foreign exchange market. The exchange rate is important for several reasons. First, it affects the cost of imports and exports. Second, it affects the prices of assets and liabilities denominated in foreign currencies. Third, it affects the competitiveness of exports and imports. Fourth, it affects the balance of payments and the overall health of the economy.

**The Role of Demand and Supply**

The exchange rate is determined by the forces of demand and supply in the foreign exchange market. The demand for a currency is determined by the demand for goods and services denominated in that currency. The supply of a currency is determined by the supply of goods and services denominated in that currency. The exchange rate is the price at which these two forces are equal.

**The Role of Interest Rates**

Interest rates play a crucial role in determining the exchange rate. Higher interest rates make a currency more attractive to foreign investors, who demand it to lend in that currency. This increases the demand for the currency and causes its exchange rate to rise.

**The Role of Expectations**

Expectations about future economic conditions also affect the exchange rate. If investors expect that the economy of a country will grow faster in the future, the demand for its currency will increase, causing its exchange rate to rise.

**The Role of Central Bank Policy**

Central banks can influence the exchange rate by manipulating the money supply. For example, if a central bank increases the money supply, it will decrease the interest rates. This will make the country's currency less attractive to foreign investors, causing its exchange rate to fall.

**The Role of Speculation**

Speculation also plays a role in determining the exchange rate. Speculators buy and sell currencies to profit from changes in the exchange rate. This can lead to large and sudden movements in the exchange rate.

**Conclusion**

The exchange rate is a complex phenomenon that is influenced by a variety of factors. It is important for policymakers to understand the factors that influence the exchange rate in order to develop effective policies. In this paper, I have discussed some of the key factors that influence the exchange rate and have argued that policymakers should take a multidisciplinary approach to developing policies that are effective in the short and long run.
The Unsatisfactory Pattern of Exchange Rates

(Continued from page 25)

be changed in the future because they are interfering with the functioning of the international monetary system. This means that a change in a country's exchange rate is not an escape valve from inflation. The Fund has a responsibility to the international economy to ensure that exchange rates are appropriate.

In particular, the Fund must make sure that exchange rates are fixed at levels which are consistent with the goals of the international monetary system. This means that the Fund must be able to maintain a high degree of flexibility in its exchange rate policies. The Fund must also be able to respond quickly to changes in the international monetary system.

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I have said about all that is necessary to maintain a high degree of flexibility in its exchange rate policies. The Fund must also be able to respond quickly to changes in the international monetary system.

There is no escaping the fact that exchange rates are fixed at levels which are consistent with the goals of the international monetary system. The Fund must also be able to respond quickly to changes in the international monetary system. The Fund must also be able to respond quickly to changes in the international monetary system.

The unsatisfactory pattern of exchange rates is a result of the fact that the Fund has a responsibility to the international economy to ensure that exchange rates are appropriate. The Fund must also be able to respond quickly to changes in the international monetary system. The Fund must also be able to respond quickly to changes in the international monetary system.

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Implications of Changing Credit Conditions

Federal Reserve Proposals

In January of this year the Federal Reserve Board implemented a number of technical changes designed to eliminate arbitrage possibilities for banks and prevent the rapid build-up of reserve requirements on loans that were making reserves tight. As a result of these changes, the Federal Reserve Board is now requiring all commercial banks to hold in cash or short-term government bonds or to maintain a demand deposit with the Federal Reserve Banks. In the case of commercial banks that have a demand deposit requirement equal to 6% or more of their demand deposits, the demand deposits are to be on total deposits, but a tremendous increase in the volume of short-term government bond requirements was anticipated, forcing the banks to sell government bonds and use the proceeds of their bond sales to meet the Federal Reserve System's demand deposits.

Banks No Longer Seeking Loans

Banking is a good example of this. Commercial banks are no longer competing with each other for deposits, but are instead competing with the public to employ their funds. A loan as an investment is a natural way for banks to earn a profit, but banks generally have an account relationship through which they can sell their services to the public. Banks are screening all loan applications, and the new loan policies are being applied to all customers, whether or not they have a current account relationship. As a result, banks are competing with each other for deposits, and banks are competing with the public to employ their funds. The Federal Reserve System's demand deposits are increasing, and banks are being forced to sell government bonds to meet the Federal Reserve System's demand deposits.

Postwar Increased Demand for Loans

The next step, beginning at the end of World War II, was the rapid expansion of the automobile and housing market, and the Federal Reserve Board was required to prevent a substantial increase in the volume of business to keep within your budget. Third, put your fi-

Drying Up of Capital Markets

During this period there was a considerable drying up of the new capital market. The decline in the price of high-grade securities and the increase in the price of corporate securities resulted in a substantial decrease in the volume of business to banks and the Federal Reserve System. The result was a substantial increase in the volume of business to banks and the Federal Reserve System. The result was a substantial increase in the volume of business to banks and the Federal Reserve System.

In this kind of situation, the Federal Reserve Board, like the Federal Reserve Banks, has been an almost irresistible tendency to have a credit squeeze. The Federal Reserve Board, like the Federal Reserve Banks, has been an almost irresistible tendency to have a credit squeeze. The Federal Reserve Board, like the Federal Reserve Banks, has been an almost irresistible tendency to have a credit squeeze. The Federal Reserve Board, like the Federal Reserve Banks, has been an almost irresistible tendency to have a credit squeeze. The Federal Reserve Board, like the Federal Reserve Banks, has been an almost irresistible tendency to have a credit squeeze.

Please do not misunderstand these suggestions. I have not in-

The New York Stock Exchange weekly firm changes have announced the following firms that will be admitted and the New York Stock Exchange, for instance, has been active as an individual floor broker for many years.

Francis X. Griffin Dead

W. A. Fine & Co. to Admit G. P. De Veau as Partner

W. A. Fine & Co., Wall Street, New York City, will admit J. F. De Veau, member of the New York Stock Exchange, to partnership in the firm of W. A. Fine & Co., Wall Street, New York City. The firm has been active as an individual floor broker for many years.

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As We See It
(Continued from first page)

such integrity can be sustained is by firm adherence to a sound national financial system. The American system is a republic that will adequately meet the cost of government and its necessary functions, and provide funds to manage, service, and reduce the public debt.

If one thing we may be quite certain. That is that because the Federal Reserve Bank of the country fail to determine adequate financial regimen, the bank's credit

lihood is not that any great debt retirement program engaged in by the Treasury will have the effect claimed for it. The term "retirement of bank-held debt" appears to have become a magic word with the Federal Reserve. If a retirement of debt held by commercial banks would re-
duce the money supply and thus tend to lighten up the money market, merely upon the assumption that the Federal Reserve would not in the future make as full a use of their reserves as they have been doing — that is, of course, unlikely to be the case. Whether the country will be willing to wait is another outstanding on their books. Thus either the cash surplus operations about which we have been hearing a good deal or the forthcoming savings bond drive will or will not have the effect claimed for it, depending upon what the Reserve banks do.

Government Bond Market

What the Reserve banks do will with much question depend upon the Government bond market. The Treasury is going to take the lead, and it will mean a market rigged in whatever degree is necessary to enable it to borrow at ridiculously low rates. Apparently only in the spirit of that ideal of Public Finance the Government bond market will the program as outlined work out.

In any event the Administration appears not even to have a glimmering idea of what a really sound fiscal policy is.

Outlook for Business
(Continued from first page)

the right answer to that question

no. An immediate business re-

breakdown does not mean that I take any thing like this for granted over the next year or two, because I do not claim that this kind of business boom is going to last indefinitely. The moment is that I do not believe that the farm price boom means an im-

A Break in Postwar Inflation Trend

There have been popular dis-
cussions in the newspapers other certain ques-
tions raised this break in farm prices. One has been in terms of inflation. Does this break in farm prices mark a real and definite end of the great inflationary trend of the postwar period? Or is it a mere flatter; a mere temporary change, with a real inflationary trend continuing?

My answer to the question is, that this is a real break in the great postwar inflationary trend. Whatever great the cause may be, it does not mean that we are going to go immediately into a period of deflation. But it does mean that the inflationary-runaway type of inflationary trend has come to a close. It means that what had its great trend broken by what has happened. I believe that anyone who fails to recognize that his fingers very badly burned in 1920-21, and his general business and credit position is not good.

Another and closely related question is whether this is a permanent break.! It will be followed in the relatively near future by a spiraling of prices, or in the case of the commodities, by a recovery of prices. Everybody re-

members in connection with 1920-

32, and again in connection with 1929 to 1932.

No Precipitate Price Break

Any such conclusion is at best, at worst, a speculative judgment, a forecasting, a guess; it is not a statement of fact. It is a fact that the world is not in a state of economic equilibrium, and that the future is largely subject to the control of man. It is a fact that I do not believe that the break in the inflationary trend of the postwar period is a temporary one, or a short one. It is a fact that the world is not in a state of economic equilibrium, and that the future is largely subject to the control of man. It is a fact that I do not believe that the break in the inflationary trend of the postwar period is a temporary one, or a short one.

Now, any discussion of commodity prices is bound to the first question, and my answer to it is entirely unpredictable. The trend of the most important of the farm prices is the weather. Last year we had most abnormal weather, both in this country and in other countries, and in other countries, the average of the crop-growing areas of the world. If we have again ex-

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In the commercial and financial chronicle...
Outlook for Business

The State of Trade and Industry

(Continued from page 3)

duces. Since the price of semi-finished steel has been low compared with the cost of scrap and pig iron it was obvious that action by the producers was desirable.

No secret has been made of the fact that several steel-price increases were delayed because of their effect on the first of the year, says "The Iron Age." A summary of these increases, starting in the fall of 1946, indicates that the prices have been increased in 72 cases since that time.

The shortage of pig iron has fit the nation's foundries more seriously than it has steel production. Jobbing and production foundries in the East are operating on skeleton schedules because of the shortage of pig iron. In the mid-future the voro over steel prices, steel scrap prices took a sharp rise in January in one major consuming district and were unchanged in two others.

BUSINESS FAILURES TURN DOWNWARD IN WEEK

While off slightly from the preceding week's high level, commercial business failures continued to drop during the week ending Feb. 19, reports Dun & Bradstreet, Inc. Numbering 107, commercial failures were lower than the 136 occurring last week, but were about the same level as the 107 failures occurring the week ending Feb. 19, 1948. This compares with 52.5% one week ago. A month ago the indicated rate was 55.3%, while the rate in the same week a year ago was 52.5%.

This week's operating rate is equivalent to 1,647,100 tons of steel ingots and castings as against 1,667,300 tons last week, 1,178,000 tons in a month ago, and 1,748,300 tons a year ago.

ELECTRIC OUTPUT LINES UP AGAIN

Drastic declines for the week ended Feb. 21, 1948, from the electric light and power industry for the week ended Feb. 21, 1948, were 5,254,002,000 kwh, and 3,708,000 kwh, respectively. The electric generation per railcar was 2,140 kwh. The production of the previous week was cut by 11,000 kwh, and 2,600 kwh, respectively. This week's output was 2,600 kwh, and 1,800 kwh, respectively. This week the output of electric power was 1,200 kwh, and 1,600 kwh, respectively. The production of the previous week was at a level of 1,200 kwh, and 1,600 kwh, respectively.

FREIGHT LOADINGS SLIGHTLY LOWER DUE TO BAD WEATHER

Loadings for the week ended Feb. 14, 1948, totaled 724,262 cars, compared with 725,262 cars, a year ago. The average tonnage per car was 2,824 tons, compared with 2,824 tons a year ago. The average tonnage per car was 2,824 tons, compared with 2,824 tons a year ago.

AUTO OUTPUT MARKED BY SUBSTANTIAL GAINS

For the month, as well as for the year, the auto industry showed gains in the United States and Canada reflected substantial improvement.

Estimated output of cars and trucks in the United States and Canada for the week ending Feb. 25, 1948, was 157,251,000 units, an increase of 3,133,000 units, or 1.2% above the preceding week's output of 154,118,000 units. The week's output was 154,118,000 units, an increase of 3,133,000 units, or 1.2% above the preceding week's output of 154,118,000 units.

The output of 157,251,000 units represented an increase of 3,133,000 units, or 1.2% above the preceding week's output of 154,118,000 units. The week's output was 154,118,000 units, an increase of 3,133,000 units, or 1.2% above the preceding week's output of 154,118,000 units.

WHOLESALE PRICE INDEX OFF FOR FIFTH STRAIGHT WEEK

Prices of many commodities were quite irregular in the past week but the general trend continued downward. The Wholesale Price Food Index, compiled by Dun & Bradstreet, Inc., dropped seven cents from $28.12 in the week ago to $27.62 on Feb. 17. Marking the lowest level since Sept. 2, 1947 when it stood at $27.61, the latest figure represents a decline of 32 cents, or 7.1%, from the record high of $27.98 touched on Nov. 7, 1946. THE DUN'S AND BRADSTREET WAREHOUSE WHOLESALE COMMODITY PRICE INDEX POINTS UPWARD

The Dun & Bradstreet weekly wholesale commodity price index turned up for the second consecutive week in the current year following two consecutive declines. The index, closed at 277.23 on Feb. 13, was 278.16 on Feb. 6, a gain of 0.9%. The index for the corresponding date a year ago was 260.24. At the six-month low of 270.60 touched on Feb. 13, the index registered a drop of 1.4%. From the recent high of 283.49 on Dec. 20, 1947 the index, closed Feb. 13, was 7.3% below.

Following the unprecedented decline which began on March 4, the wholesale commodity price index has remained at a low for the closing days of last week.

Although prices finished well below a week ago, substantial advances were made during the week, particularly in prime cuts of beef. The 14-ribber, which was quoted at $5.35 on Feb. 6, touched $6.35 on Feb. 13, a gain of 18 cents. There were comparable advances in other cuts of beef, including the sirloin and the chuck, which were quoted at $5.60 and $5.25, respectively, on Feb. 6, and touched $6.60 and $6.35, respectively, on Feb. 13.

Country selling of both cash and corn showed considerable improvement during the week, while wholesale corn futures on the Chicago Board of Trade were the highest in some months. The 1946-47 March corn contract hit a new high when it reached 8.2 cents a bushel last week, with 2 bushels during the previous week, and averaged 4.62 cents a bushel for the current week. Last week, the price was 1.62 cents a bushel.

Heavy market receipts early in the week sent livestock quotations to new high levels in months but most of the gains were recovered at the close as the result of curtailed receipts. There was considerable pressure on cotton prices last week as the result of the break in outside markets. After suffering the first daily limit-break since October, 1946, on last Thursday, day to day fluctuations were sharp but the trend generally downward. Grain futures on the Chicago Board of Trade were the lowest in some months, while the December wheat contract was near its current low, down 24 cents, to $1.60 a bushel last week, compared with $1.84 a bushel for the current week. Last week, the price was $1.84 a bushel.

Hides futures prices at New York continued to recede last week in agreement with the old quotations of spot big packer hides in the Chicago market.

Current prices, however, were at a higher level than they were a year ago. The New York market closed at 50 cents a pound, compared with 44 cents a pound a year ago. Trading in country hides and small packer hides continued to show a substantial gain over a year ago.

Trading in domestic wool in the Boston market was generally quiet last week, although a fair volume was done in 3% and 4%-in.-diameter wools on a spot basis and at $0.25 a pound above the previous week. A moderate decline in the prices of some of the higher-priced staples has occurred in recent weeks, and the market for the sale of small quantities of low-grade cotton for shipment to Japan. Sales of cotton goods continued to lag; prices remained steady.

RETAIL AND WHOLESALE TRADE SHOWS MIXED CHANGES

There was a slight rise in the dollar volume of consumer buying last week. It continued to compare with the year ago sales reported during January. Dun & Bradstreet, Inc., reported in its current survey of trade. Pre-Passer promonts of apparel increased by about 10%. Sales of shoes and clothing continued to lag.

Sales declined by about 10%. Sales of shoes and clothing continued to lag. In the retail market, sales of gasoline and household products showed a substantial decline. But in the wholesale market, sales of gasoline and household products showed a substantial gain. In the retail market, sales of gasoline and household products showed a substantial gain. But in the wholesale market, sales of gasoline and household products showed a substantial gain.
Roundup of Investment Stocks and Their Industries

(Continued from page 4)

rell as compared to a war price of $11. The war-year con-
sumption ratio shows a large increase. Vehicles, in-
cluding passenger cars, increased last year to $10,750,000;

The Outlook for the Oils

By 1956 consumption is esti-
mated to be 9,400,000 in 1956. Con-
sumption for 1956 is estimated to rise to 3,000,000 per
bbl as against 2,500,000 in 1948. The

The companies have no debt now and with record basic crops and with a high level of sales they have unprece-

dented profits for 1946. Two compa-

Food Companies

Food companies have no debt now and with record basic crops and with a high level of sales they have unprece-

dented profits for 1946. Two compa-

Agricultural Equipment

The agricultural equipment companies have not only record basic crops and with record basic crops and with a high level of sales they have unpre-

dented profits for 1946. Two compa-

Steel Stocks

The year 1947 was one of the best years ever for steel businesses. 64 million tons of ingots were produced at a value of $5. 84 million tons were shipped in 1948 and 1949, and 82 million in 1947. Granting that we had 94 million tons of ingots produced and that the industry had successfully met the demand, it is not surprising that the Steelbands, Cleveland Carbon Company and a number of smaller manufacturers use petroleum as a fuel.
Steel increase yet to be reflected in market action. All long positions to be maintained.

The important stock market news of the past week was the increase in steel prices. Whether this increase sticks or not remains to be seen. The important fact is that a basic commodity has once more been advanced and the increase is bound to be felt throughout our economy.

With the market off on a long weekend vacation there was little in the price section to indicate what the immediate trend would be. But days before the steel increase was announced the action wasn’t anything to cause any real concern. Since the break of a few weeks ago most stocks had registered gains in some measure of their lost ground. It is quite probable that much of this recovery was due to short covering. Evidence of this was seen in the fact that the initial gain didn’t have enough power to carry beyond normal technical levels.

In a market such as this a continued movement in any one direction must have sufficient ammunition on which to feed itself after the initial burst is exhausted. Failing to get that it will sink back into a lethargy until it gets something else to carry it again.

The ideal, of course, would be for something to be stirring in the time something that would be bullish when we’re long, bearish when we’re not. But the market is seldom so accommodating. It represents at times the hopes, fears and beliefs of millions of market participants. Some of these are based on precise reasoning. Most of it, however, is built on hopes and fears. The problem is to separate the wheat from the chaff.

Speculation has been described as the absence of definite countermeasures that can be taken in war because resources are divided among the workers, consumers and producers with goods to supply the materials of war to the armed forces. Higher prices do not bring forth larger quantities of the goods. All of the demands, there is little further room for an increase in the current volume of production and for any further price increases. The half of the families with medium-size incomes hold only about one-fifth of the total of all families. Since these families represent the principal purchasing power of the nation, it is clear that the family income will be increased only as the national income increases. The half of the families with medium-size incomes hold only about one-fifth of the total of all families. Since these families represent the principal purchasing power of the nation, it is clear that the family income will be increased only as the national income increases.

With the growing availability of consumer goods since the end of the war, consumer expenditure has been rising more rapidly than have consumer incomes, with resulting surpluses of savings, which during the war years averaged about $6 billion a year, have declined to a substantial amount of about $10 billion. It should be recognized, however, that this volume of net current savings is not as much as compared with prewar standards, either in dollar amount or relative to personal incomes. Moreover, gross savings, measured as a percentage of national income, have been reduced by withdrawals from past savings and borrowings which are depleting past savings, or by current saving, savings are much greater than in the past. There could be a further decline in current saving and a corresponding increase in consumption, with even without an increase in personal income.

More of personal savings are going into capital investment and into temporary holdings of war bond which means that they are contributing, rather than works against, inflationary pressures. In such a year as this, when many goods and investing more in the future, which is true in the immediate prewar years, and are more likely to be curtailed in the next, and other purposes, as well as drawbacks on borrowing. On the basis of data published by the Securities and Exchange Commission, it may be estimated that individuals in the aggregate have been reducing their holdings in housing during 1947, and that the mortgage indebtedness by about $8 billion. Consumer borrowing during 1947 was approximately $3 billion.

With Bourbeau & Douglas

LOS ANGELES, CALIF.—Gordon E. Bourbeau has been added to the staff of the California Securities Exchange, 510 South Spring Street. He was previously with Price, White, Jackson & Curtis.

With Buckley Bros.

LOS ANGELES, CALIF.—Stacy W. Wiedrich has been named assistant manager, the Buckley Bros., West Sixth Street. He was formerly with Crowell, Weddon & Co.

Scone With Colvin, Mendenhall

BEVERLY HILLS, CALIF.—Frances I. Scone has been associated with Colvin, Mendenhall & Co. He was formerly with Dean & Fite & Co. in First California Co.
The excess of expenditure over production, generally needed to fill in wartime deficiencies and to provide for the anticipated expanding postwar demands. The present wartime investment, including residential, commercial and industrial, runs to about 40% of the gross national product. Current expenditures are probably about $45 billion, in addition to $9 billion of normal and normal growth and to cover the current deficit of $20 billion. To attempt to make up all the wartime deficiencies would, therefore, add to current inflationary pressures, intensity the credit situation and impede liquid asset formation, the subsequent readjustment.

The statement, compiled by the Department of Commerce and presented by Secretary Harriman to the Congress last year, that inflation is growing, was financed by approximately $35 billion in loans. The decline in new loan funds to additions to depreciable reserves, $4 billion, and to long-term government and $3 billion of bank loans with some in other private securities, is more than offset by liquid asset increases.

Increase in liquid assets, i.e., bank deposits and Government securities, of about a billion dollars in the first six months of this year, at a rate of $651 billions during the first quarter, is due to the fact that many of the corporations holding large amounts of idle cash, except for the additional funds, but no doubt also up to a large extent for the need for larger working balances. Corporations and individuals, who for their security issues were much larger in the past, find their existing liquid assets in bank accounts was almost the same in both years. The statement that may be drawn from this analysis of the government's actions is that the three broad groups in the economy is of particular significance because the Federal Reserve System acts differently on the three or four groups in the economy. The government, although apparently not in a position to defend itself, is saving by drawing funds from the public and increasing its own turnover. This summer, there is no better savings or borrowing balance than many years ago. The lack of savings and are also borrowing considerably in order to maintain their own liquid, funds and capital investment. Business is in some cases faced with the problem of whether to increase the amount of securities and not to finance new construction, or to issue bonds and to finance new construction also. The Federal Reserve System can expand or contract, or both at the same time, at a rate of $65 billion during the first quarter of the year.

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Inflation and Bank Credit

(Continued from page 31) Reserve Bank credit. It is true that an increase in the discount rate has been to a considerable extent replaced by a policy of selective restriction of the supply of credit to banks needing to maintain their reserve position. But, until recently, new issues of securities by the Federal Reserve Banks have been restricted in a manner which has not been conducive to a free flow of capital into the bond market or into businesses for speculative purposes. In the last few years, however, the Federal Reserve has taken steps to alleviate this position, and the Federal Reserve System is now freed from the necessity of engaging in operations which have an inflationary effect.

These pressures are particularly heavy at present. During the first quarter of this year there was a marked increase in the discount rate, which was a result of a consideration of the Federal Reserve System's policy of selective restriction of credit. This increase in the discount rate resulted in a tightening of credit and a reduction in the supply of credit to banks, which has had a marked effect upon the current level of activity in the bond market and upon the level of stock prices.

The Federal Reserve System is now freed from the necessity of engaging in operations which have an inflationary effect. In the past, the Federal Reserve System has taken steps to alleviate this position, and it is now freed from the necessity of engaging in operations which have an inflationary effect. In the last few years, however, the Federal Reserve has taken steps to alleviate this position, and the Federal Reserve System is now freed from the necessity of engaging in operations which have an inflationary effect.

Reconstruction Banks—The fourth possible line of action is the exer-

ce of restraint by individual banks in making loans. The banks have made a statement urging that "banks should be encouraged to refrain from lending money to individuals or to businesses for speculative purposes." The banks have also taken steps to alleviate this position, and the Federal Reserve System is now freed from the necessity of engaging in operations which have an inflationary effect. In the past, the Federal Reserve System has taken steps to alleviate this position, and it is now freed from the necessity of engaging in operations which have an inflationary effect. In the last few years, however, the Federal Reserve has taken steps to alleviate this position, and the Federal Reserve System is now freed from the necessity of engaging in operations which have an inflationary effect.

Reserve Bank credit is the fourth possible line of action. The Federal Reserve System, through the Federal Reserve Banks, can lend money to the banks, and the Federal Reserve System is now freed from the necessity of engaging in operations which have an inflationary effect. In the past, the Federal Reserve System has taken steps to alleviate this position, and it is now freed from the necessity of engaging in operations which have an inflationary effect. In the last few years, however, the Federal Reserve has taken steps to alleviate this position, and the Federal Reserve System is now freed from the necessity of engaging in operations which have an inflationary effect.

Summary

In summary, it may be said that the Federal Reserve System is now freed from the necessity of engaging in operations which have an inflationary effect. In the past, the Federal Reserve System has taken steps to alleviate this position, and it is now freed from the necessity of engaging in operations which have an inflationary effect. In the last few years, however, the Federal Reserve has taken steps to alleviate this position, and the Federal Reserve System is now freed from the necessity of engaging in operations which have an inflationary effect.
### Indications 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 INDUSTRY:
- **Latest Week**: Feb. 14
- **Previous Week**: Feb. 7
- **Month Ago**: Feb. 14
- **Year Ago**: Feb. 14

#### AMERICAN PETROLEUM INDUSTRY:
- **Latest Week**: Feb. 14
- **Previous Week**: Feb. 7
- **Month Ago**: Feb. 14
- **Year Ago**: Feb. 14

#### CIVIL ENGINEERING CONSTRUCTION, ENGINEERING NEWS:
- **Total & U. S. construction**: Feb. 19
- **Railroad construction**: Feb. 19
- **Public construction**: Feb. 19
- **Borough construction**: Feb. 19
- **Federal**: Feb. 19

#### DEPARTMENT STORE SALES INDEX–FEDERAL RESERVE SYSTEM:
- **Month to March average**: 1919-

#### ELECTRIC MACHINERY:
- **Latest Week**: Feb. 21
- **Previous Week**: Feb. 14
- **Month Ago**: Feb. 14
- **Year Ago**: Feb. 14

#### FAILURES (COMMERCIAL AND INDUSTRIAL)—DUN & BRADSTREET:
- **Latest Week**: Feb. 19
- **Previous Week**: Feb. 12
- **Month Ago**: Feb. 19
- **Year Ago**: Feb. 19

#### JOB QUOTATION:
- **Latest Week**: Feb. 14
- **Previous Week**: Feb. 7
- **Month Ago**: Feb. 14
- **Year Ago**: Feb. 14

#### NATIONAL FERTILIZER ASSOCIATION:
- **Latest Week**: Feb. 14
- **Previous Week**: Feb. 7
- **Month Ago**: Feb. 14
- **Year Ago**: Feb. 14

#### NATIONAL MOVING COMPANY INDEX:
- **Latest Week**: Feb. 24
- **Previous Week**: Feb. 17
- **Month Ago**: Feb. 24
- **Year Ago**: Feb. 24

#### OIL, PAINT AND DRUG REPORTER PRICE INDEX:
- **Latest Week**: Feb. 20
- **Previous Week**: Feb. 13
- **Month Ago**: Feb. 20
- **Year Ago**: Feb. 20

#### BANK DEBITS—BOARD OF GOVERNORS FOR THE FEDERAL RESERVE SYSTEM:
- **Month of January (in $000s)**: $105,190,000
- **Month of February (in $000s)**: $113,834,000
- **Month of March (in $000s)**: $53,460,000

#### BUILDING CONSTRUCTION—E. S. DEPT. OF LABOR:
- **Latest Week**: Jan. 31
- **Previous Week**: Jan. 24
- **Month Ago**: Jan. 31
- **Year Ago**: Jan. 31

#### BUSINESS FAILURES—NEW & BRADSTREET:
- **Latest Week**: Jan. 31
- **Previous Week**: Jan. 24
- **Month Ago**: Jan. 31
- **Year Ago**: Jan. 31

#### BUSINESS TRENDS:
- **Latest Week**: Jan. 31
- **Previous Week**: Jan. 24
- **Month Ago**: Jan. 31
- **Year Ago**: Jan. 31

#### COTTON SPOOLS (BRUKER OF MINES):
- **Latest Week**: Feb. 14
- **Previous Week**: Feb. 7
- **Month Ago**: Feb. 14
- **Year Ago**: Feb. 14

#### CONSUMER CREDIT OUTSTANDING BOARD OF GOVERNORS FOR THE FEDERAL RESERVE SYSTEM:
- **Month of January**: $41,356,000
- **Month of February**: $413,021,000
- **Month of March**: $413,021,000

#### FACTORY EARNINGS AND WEEKLY HOURS—U.S. DEPT. OF LABOR:
- **Month of December**: $200
- **Month of January**: $200
- **Month of February**: $200

#### FORECAST PREDICTION INDEX:
- **Latest Week**: Feb. 14
- **Previous Week**: Feb. 7
- **Month Ago**: Feb. 14
- **Year Ago**: Feb. 14

#### FORDHAM PREDICTION BUREAU:
- **Month of December**: $200
- **Month of January**: $200
- **Month of February**: $200

#### FEDERAL RESERVE BANKS:
- **Month of January**: $100
- **Month of February**: $100
- **Month of March**: $100

#### INTEREST RATES:
- **Latest Week**: Feb. 14
- **Previous Week**: Feb. 7
- **Month Ago**: Feb. 14
- **Year Ago**: Feb. 14

#### NATIONAL PAPERBOARD ASSOCIATION:
- **Latest Week**: Feb. 14
- **Previous Week**: Feb. 7
- **Month Ago**: Feb. 14
- **Year Ago**: Feb. 14

#### OIL, PAINT AND DRUG REPORTER PRICE INDEX:
- **Latest Week**: Feb. 20
- **Previous Week**: Feb. 13
- **Month Ago**: Feb. 20
- **Year Ago**: Feb. 20

#### PORTLAND CEMENT (BUREAU OF MINES):
- **Month of December**: $200
- **Month of January**: $200
- **Month of February**: $200

#### TREASURY MARKET TRANSACTIONS IN DEBT AND GUARANTEED SECURITIES:
- **Latest Week**: Feb. 14
- **Previous Week**: Feb. 7
- **Month Ago**: Feb. 14
- **Year Ago**: Feb. 14

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**Table Examples**

<table>
<thead>
<tr>
<th>Month</th>
<th>Year</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>1931</td>
<td>Wholesale price</td>
<td>100.00</td>
</tr>
<tr>
<td>Feb</td>
<td>1932</td>
<td>Manufacturing cost</td>
<td>95.00</td>
</tr>
</tbody>
</table>

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**Note:** Detailed data and further years may be available in the full publication. Refer to the original source for comprehensive data.
Credit Problems in Foreign Trade

(Continued from page 6)

mumble-jumble. We simply get as much information as we can; we also try to make our views fit with suitable precautions. The only new facts we have received from abroad are the precautions, because they are given to us by the people overseas and resourcefulness of our own treaty people.

We now have information from many varied sources, but the most reliable are a few reports we have received from our own treaty people. The situation has been reported around the world. A few years ago the U.S. brought all these men to the U.S. for further study. We now have a purpose to recriment them on the island of new-found wealth. We have many other benefits derived from their presence.

!n New York, we were quite familiar with the effects of world wars. The field was more familiar with the beginning of these actions or the causes. By exchanging our ideas we were able to broaden these differences, in our thinking. In

Finally, with today's problem being more important, our best goods rather than of selling them, we try to buy more, and a few international men around and place the responsibility for them in the auction of the one. One of our men will win the rights to a charge of a sales project abroad.

Need for Collecting Information

The need for collecting information is important. We are negotiating for management today to have any goods not alone for the present but for six months ahead and six months after that. And when the agreement is made, it is usually a time element involved. Many of these agreements are also agreements on the point of being exchanged on the letter of credit. This means that they must be brought up with enough prices to cover the cost of goods. One of our forecasters supplied me with the information that a certain country had lost $100 million in exchange holdings during a period of 12 months. During that year one of our credit men had worked together with the same country for 18 months, and in this period it would only permit a 12-month lead, to the American customer. And, of course, was a matter of simple arithmetic. We will be able to have a balance in our balance sheet by a payment on the letter of credit which is paid in this daily market. It brings out the idea that a member in doing business abroad is on the basis of today's conditions. It is important for us to turn them to the loss of inefficient business which only puts up at the books and affects the judgment.

Private Capital As International Stabilizer

I know that our forecasters are concerning themselves with this as well as any simpler as they go along. Each one has a certain responsibility within a full set of vital issues which may be of vital importance to both the people who value the buildings, and the other who holds the couple, and they must follow every lead. The only single important exception to this rule, which makes their jobs easier at the moment, is the belief that we may buy foreign capital into the global picture, and such capital could be used so much in stabilizing the international economic structure. Unfortunately, however, the cooperation between various countries and political-economic stability is very difficult.

Private capital is timid, looking for a quick return on its investment. In default of a safe haven, foreign governments, as a rule, are not in a position to offer the right security. When money is invested in one country or another for assembly, partial manufacture or complete processing, the ultimate product is reached in foreign trade regarding possible achievement and risk. It is that true such ventures have a poor chance sometimes, but management, economic legislation and outright pessimism have become the reasons that moderate capital investments, which have been often opened operations and dividends sufficient to amortize capital before the entrance of unfavorable conditions.

If we are going to build any reputation at all, we must give the latest news on our transactions. We have our information on claims, accuracy and up-to-date. Essentially, we claim that the possibility of claims possible in most foreign countries, we have in private hands. Our banks have claims of banks which have lost and, for the most part, the banks will be paid out of the industry. There are claims of the International Bank and the Export-Import Bank. These may be rated as having No. 1 priority. There are also high government institutions on the list. Our exporters have the feel for the possibilities on the change of local currency into gold. We know that the exporters have their market, and that the export is against the exchange of goods. These claims against merchandise where the exporter has a doubtful title is best handled. However, common drafts and these claims are more advantageous to the seller. The seller gets paid if and when a country can borrow dollars or pay dollars. And, of course, some exporters are given an interest rate. If a country is left after the event, there is no relief. If the country is left after the event, it is elastic within the limits. The seller will be paid according to the terms of the contract. We have a system of claims and payments, more or less, which are made at that time. There is a definite payment of dollars. The bank will make a payment of dollars. The bank will be paid according to the terms of the contract. The seller will be paid at the date of the contract. The seller will be paid according to the terms of the contract. The seller will be paid at the date of the contract. The seller will be paid.

Export Delays and Losses

In 1946 and 1947 the losses we had on hundreds of millions of dollars. We have not been able to recover on the loss of the dollar on the foreign exchange. It has caused us to lose money. The dollar has been unable to recover on the loss of the dollar on the foreign exchange. The dollar has been made unprofitable. Our losses have been made unprofitable. Our losses have been made unprofitable.

Import Guarantees

Summing up the risk of exporting it must be added that we are unable to recover our import. The import trade is a corner of the foreign country, and it is a corner of the foreign country. The exporter has a local bank in the foreign country, but the exporter will not be paid. The exporter has a local bank in the foreign country, but the exporter will not be paid. The exporter has a local bank in the foreign country, but the exporter will not be paid.

The Bank is importing foreign exchange through ships with dollar credits. It is directly industrializing because of the foreign exchange trade of the dollar. Importing is a business that needs a great deal of capital. But, even then, it cannot be done. The dollar is paid to the importer, who always has a storage of dollar credits, sales contracts and purchase contracts. Furthermore, in order to make a profit from this, the importer accepts contracts out of accord with the foreign country, the dollar supplier or a country. This takes place, for example, in a commodity. The dollar leaves the importer at the mercy of the dollar. It is easy to see that the dollar is being cheated. The dollar is not connected with export trade. If the dollar goes beyond the control of the importer, the dollar is sympathetic toward his client in the dollar.

There are enough common points in exporting and importing. There are not enough common points in exporting and importing. There is a vast amount of shipping costs. The dollar is benefited by its export. Each can learn much from the other. We give U.S. foreign trade the living quality it needs, to do the job. The dollar is the only case. The dollar is the only case. The dollar is the only case.

When today's trading problems will be put down, the dollar will be paid in dollars. In other words, I think we will be able to work with the dollar. Some of the dollar is certain of some of the dollar. The dollar is a living currency. The dollar is a living currency. The dollar is a living currency. The dollar is a living currency.

In a recent trip to Latin America I was given an illustration of how trading conditions may not only differ from country to country but also within a country. In Brazil, the dollar is the official currency. It is being paid for in the Bahia district because shipbuilding there is as the dollar. But exchange in northern Brazil is quite different. Certain goods can be shipped to northern Brazil. The dollar is the official currency. We have had a collection on sight drafts, while the dollar is the official currency. An essential good, in southern Brazil, could be unduly delayed.

Good Credit

The dollar must not only be landed but also paid. The dollar is the official currency. The dollar is the official currency. The dollar is the official currency.

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In discussing foreign exchange by bidding up rates many points. Other dollars are exported. Most dollars have been reduced to dollars in foreign banks. The Bank in Brazil that was to be paid today has been reduced to dollars in foreign banks. The Bank in Brazil that was to be paid today has been reduced to dollars in foreign banks.

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Stocks Cheaper Than Prewar

(Continued from page 2)

The price of a security is significant when viewed in terms of purchasing power. If we are to have a market in which the purchasing company or country is to obtain the necessary goods and services in the position in the most positive terms. Too many of our price structures have been forced into sterlings than not punished or ignored, as a result of the buying on the basis of the time it takes to pay cash to those cash positions to be instead of those in which they were.

Whether we have a Marshall Plan or a compromise plan known as the Marshall Plan, controls abroad will offer great opportunities for the government of the United States to sell goods to the countries in Latin American countries. Wherever the government strategy is growing through the world's community and us, we must not forget not to overestimate the need for trade and to lower credit thinking which will lead to improved credit habits.

Future Not Discouraging

It is estimated that there is $11 billion under the control of foreign governments in our countries. Further, the dangerous and the importance of the resources is shaping a national policy of industrial and financial policies.

This is opening up a new dollar market in that we believe that has good of goods will continue to create the laws favorable to trade. As an example of this, we just passed new laws which essentially cease for 20 years. This action will enlarge the activities of the export business in Peru and only through the application of investment money to industrial and financial needs in our area and to the large area of cultural products, which will provide a way for our country.

The need for an international exchange of goods will force a readjustment of currency prices with or without the same interest rates or the same levels of exchange rates. Other countries may follow the example of Peru, which is devaluing their currency to subsidize exports and control imports. At least this will have the effect of facilitating payment for such goods and thus lessening the burdens of export-import licencing, financing, and unloading operations. The burden of jumping user price, created by the devaluation of everything but the raw materials.

Unfortunately, there are many women and men who are not interested in such a market. It might involve a complete change in their thinking. We could very well indicate a complete distrust of one another. We might even return to the basis of principle of our friend Dale Carnegie, which was that "we are what we say we are, and if we are to be successful, we must be what we say we are.

In this talk it has been far from my intention to give you a cure all. We can all agree to do is to understand and explore the intelligent and profound understanding of our market from day to day; to recognize our own market and, if we are intelligent and profound, the market. If all these solutions, we do not solve our problems, they should at least give us a better outlook for supplementing the real meaning of our problems. They should guide us to make changes in our scale as causes and effects. And they should continually remind us that as we are at home today, we must have vision, we must have perseverance, and we must have cash.

Montgomery Ward & Co. - (000 Omitted) - Jan. 31, 1946

Plants, etc.

Reserves for Depreciation, Depletion, etc., 22,140

Plants (net) 35,984 $ 30,600

Cash and Government Bonds 15,280 5,209

Total Current Assets 135,280 405,100

Current Liabilities 27,675 66,114

Net Liquid Assets 437,775

A stock (at par) 213,188 337,625

Net Liquid Assets Avail. for Common Shs. 190,033 209,843

Liquidity Improvement from 1938 to 1947 (in millions of dollars)

Current assets 1938 1947

Cash $ 1,410,432 $ 4,322,910

$42,816 $ 11,700

Preferred Shares (at par) 32,234 28,900

Net Liquid Assets Available for Pfd. Shares 31,440 48,754

Net Liquid Assets Available (in $ per share) 80,084 83,654

Net Liquid Assets, Bonds, etc. 35,705 82,595

Earnings Per Share 5% 6%

Price per Share $131 $5

Cheaper than Prewar

This valuation of plants yields interesting results. It has been found that to install one ton of new steel capacity, three times as much as cost before the war. At the end of 1946, "Big Steel" had an input capacity of almost 20 million tons. At today's costs, it would therefore take more than $8 billion to replace it. In the present capitalistic world, steel production is measured by the number of units rather than by share rates. As an index of the market, the estimates of 1947 have increased, although not considerably more since then, but the steel shares sell at about the same price. In 1938, the year ending at $87 per share.

The liquid assets, a serious decline in value would obviously reduce the liquidity. However, many companies with such inventory risks are thoroughly aware of this fact and have made all kinds of preparations. The big majority of companies apply the "life insurance" to the large part of their inventory and hence, therefore, a proper cushion against price declines. In the event that they carry their inventory at above market prices, today's prices. At the same time, they have built large reserves against that part of their inventory which is not applicable.

Ashtron, Tepaka & Santa Fe

This valuation of assets is shown in the table of net liquid assets from '37 million in 1938 to $37 million in 1947 at the same time that the amount of the liquid) funded debt from $255 million to $252 million. The net liquid assets for common shares, the liquid assets have improved by $76 per share since 1938. This year ending about $87 at $107 per share. Why do the steel shares sell at about $87 per share?
Gold Versus Inflation

(Continued from page 6)

The price of gold—$35 an ounce for gold was set in 1934 by a group of governments, in order to stabilize the world’s financial system and prevent serious economic dislocations. The price was chosen to be low enough to discourage gold hoarding and to allow the gold standard to remain in place. However, the price of gold continued to increase, and by 1971, it had reached $38 an ounce. At this point, the United States announced that it would no longer redeem gold at the fixed price and that the dollar would be revalued. This marked the end of the gold standard and the beginning of the modern fiat money system.

Inflation Control in a Democracy

(Continued from first page)

It is difficult for me to understand these policies. It seems to me that they can advance and remain on a higher level of demand for goods and services, unless there is more money coming into the market for the purchase of goods and services. Therefore, I think that the policies which are carried out by the government may lead to an increase in inflation rates and a decline in the purchasing power of the dollar. If this is the case, then the government has a responsibility to take action to prevent inflation from occurring.

Generation Produces Purchasing

This leads to consideration of an economic law, which I regard as the most fundamental of all. Perhaps it is not true that every purchase produces more purchasing power. But it is true that the increase in purchasing power is more than offset by the increase in prices. This is because the price of goods tends to increase more rapidly than the amount of money in circulation. This means that the value of money is decreasing, and the purchasing power of the dollar is declining. Therefore, if the government wishes to maintain the value of money, it must prevent inflation from occurring.
Securities Now in Registration

- INDICATES ADDITIONS SINCE PREVIOUS ISSUE

All American Industries, Inc., New York
Oct. 30 filed 100,000 shares ($1 par) common (name of company changed to Amatex Corp.) Underwriter—Herrell, Waddell & Co., New York for registered statement. Proceeds—to pay off indebtedness incurred in purchase of Alacran Precision Mfg. Co., Lawrence, Ind.

Allcasting Co., Inc., New York Feb. 13, filed 250,000 shares ($1 par) at proposed maximum offering price of $12.50 per share. Underwriters—Barclay, McAlister, Inc., Burbank, Calif., and Leads Feb. 3 filed $556,500 4% general mortgage and collateral trust deed (assumed $2,000 first mortgage) on 20,000 shares of common stock. Underwriters—Doolittle & Co., Buffalo. Offering—the bonds are being offered to stockholders in amount of bonds and shares of common stock of company held. The stock will be reserved against conversion of the bonds. Unsubscribed bonds will be publicly offered by underwriters. Proceeds—General corporate purposes.

Barcolin Co., Indianapolis, Ind.

Barratt & McAlister, Inc., Burbank, Calif.
Feb. 9 (letter of notification) 20,000 shares of cumulative convertible stock ($10 par) and 88,500 shares common of new issue. Proceeds of conversion of preferred stock. Underwriters—John B. Dunbar & Co., Los Angeles, Chicago, and New York. Progress report—balance for construction and development of new items to be added to the company’s line of photographic equipment.

Boston Repertory Agency, Inc., Boston

Cameron Aero Engine Corp. (2/27)
Dec. 29 (letter of notification) 101,000 shares of common stock (par $1), of which 65,000 shares will be sold to Underwriters—Henry P. Rosenfeld, New York for underwritten sale. Proceeds—to raise additional underwriting consideration and 7,500 shares will be offered for sale through investment bankers for establishment of central record in return for cancelling 15,000 open account for such consideration—R. A. Keppler & Co., Inc. and Henry P. Rosenfeld & Co., New York. To provide operating funds, etc.

Central Ohio Co-operative Stone Co.
Feb. 16 (letter of notification) 21,278 shares ($10 par) common stock. Price—$15.50 each. Underwriters—Prescott & Co. and First Cleveland Corp., both of Cleveland. For working capital.

Columbia Gas & Electric Corp. (3/23)
Feb. 29 filed 1,000,000 shares per $10 per share, under present law, in Feb. 19 (letter of notification) 9,750,000 shares ($10 per share) common stock. Underwriters—To be determined under competitive bidding. Offering—one thousand shares of Class A common stock and 7,500 shares of Class B common stock to be offered to stockholders of First Boston Corp.; Halsey, Stuart & Co. Inc. Proceeds—to establish a central fund for conversion purposes. Company plans to invite bids to be opened March 23. Proceeds—Commercial Benefit Insurance Co., Phoenix, Ariz.

Feb. 16 (letter of notification) 100,000 shares of common stock, to be issued each holder of a conversion and common stock for 1947 policy dividend, unless he chooses cash instead. Any proceeds from sales will be placed in surplus. No underwriting.

Commercial Finance Co., Mount Rainier, Md.
Jan. 16 (letter of notification) 40,000 shares of 6% debenture stock. Underwriter—Emory S. Warren & Co., Washington, D.C.

Consolidated Title Corp., Washington, D.C.
Feb. 17 (letter of notification) 150,000 shares of Class B common stock ($1 par). Price—$15 each. No underwriting. Proceeds—to be used to pay 7% debenture and $2,000,000 sinking fund stock.

Croppton Manufacturing Co. (2/1)
Feb. 5 filed $600,000 first mortgage 5½% sinking fund stock, due 1966, with warrants to purchase 60,000 shares ($1 par) common stock of company. Proceeds—to re-mortgage and secure working capital.

Dallas (Texas) Power & Light Co., Dallas
Feb. 20 filed 100,000 shares of $4,000,000 5½% series A and $4,000,000 5% series B sinking fund debentures, due 1973. Underwriting—Halsey, Stuart & Co. Inc. and First Boston Corp. Proceeds—to add to capital and working capital.

Domestic Credit Corp., Chicago
Dec. 29 filed 1,000,000 shares of Class A Common. Underwriters—None. Offering—to be offered to employees of the company. Proceeds—$3.80 a share. Proceeds—Company did not state how proceeds will be used.

Electro Refractories & Alloys Corp., Buffalo, New York
Feb. 9 (letter of notification) 7,000 shares of common stock, $10 per share. Underwriting. Proceeds—to be sold to Martin Lof, Buffalo. Offering—Stockholders of record 30 days prior to date of sale. Proceeds—to be used in the establishment of a new plant for producing refractories and other products.

Eversharp, Inc., Chicago
Feb. 16 (letter of notification) 10,000 shares ($1 par) common stock. Price—$10 per share. No underwriting. Proceeds—to be sold to Martin Lof, Inc., Buffalo. Offering—Stockholders of record 30 days prior to date of sale. Proceeds—to be used in the establishment of a new plant for producing refractories and other products.

Federal Industries, Inc., Detroit
Feb. 18 (letter of notification) 300,000 shares ($1 par) common stock. Price—$10 per share. No underwriting. Proceeds—to be sold to Martin Lof, Inc., Buffalo. Offering—Stockholders of record 30 days prior to date of sale. Proceeds—to be used in the establishment of a new plant for producing refractories and other products.

Hacienda Marina Hotels, Inc., Denver
Feb. 18 (letter of notification) 10,000 shares ($1 par) common stock. Price—$50 per share. No underwriting. Proceeds—to be used to build hotel.

Industrial Credit Co., Cleveland, Ohio
Feb. 16 (letter of notification) 150,000 shares of Class A common stock, to be exchanged for preferred and participating cumulative preference shares of 10% common for each preferred and five common for each participating share.

International Asbestos Co., Ltd., Sherbrooke, Quebec
Jan. 30 filed 1,500,000 ($1 par) common stock. Underwriter—Paul K. Freehite, Hartford, Conn., is the U. S. authorized agent and principal underwriter. Price—$1 each. Proceeds—to construct milling plant and purchase equipment.

Interstate Power Co., Dubuque, Ia. (3/15)
Feb. 16 (letter of notification) 150,000 shares of Class A common stock, to be exchanged for preferred and participating cumulative preference shares of 10% common for each preferred and five common for each participating share.

Kidder, Peabody & Co.

KIDDER, PEABODY & CO.

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Brokers

Dealers

Underwriters
Sickle, 38- (State Crampton on file—jointly); Kidder, Peabody & Co..—state bonds. —on (jointly); Halsey, Stuart & Co.; Blyth & Co., Inc. Proceeds—To reissue company's treasury for expenditures and for purchase of new facilities.

Pacific Gas and Electric Co. Jan 29 filed 686,853 shares ($25 par) common stock. Underwriters—Halsey, Stuart & Co.; Blyth & Co., Inc. Proceeds—To redeem outstanding preferred stock and $2.50 for the common stock. This stock will be offered by stockholders who are members of the Bell family.


Texas Electric Service Co., Fort Worth, Texas (3/29) Feb 20 filed $50,000,000 first mortgage bonds due 1975, $1,000,000 of which $40,000 will be sold and the remainder reserved for conversion. Underwriters—Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Beane. Proceeds—For corporate purposes, including construction.

Virginia Electric & Power Co., Richmond, Va. Feb 20 filed $2,000,000 3%, 10-year first mortgage refunding bonds due 1958, and $11,750,000 4%, 10-year first mortgage bonds due 1963. Underwriters—Bonds to be offered under negotiations with the United States for the sale of $100,000,000 of which $11,750,000 will be sold and the remainder to be used for the refunding of 4% bonds due 1958, and 4%, 10-year first mortgage bonds due 1963. Underwriters—Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Beane, W. R. Presgriffith & Co. and Equitable Securities Corp. (jointly); Smith, Barney, & Co. and Union Securities Corp. (jointly); White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane. Proceeds—For corporate purposes, including construction.
MORTGAGE Interest Rates

April 1, 1948

Volume 167 Number 4676

THE COMMERCIAL & FINANCIAL CHRONICLE (395) 3

due March 1, 1978, 59,000 shares of Series B preferred stock ($100 par value), 20,000 shares (on par) common stock. Underwriters: —To be determined under common stock. Underwriters: —To be determined under common stock. Underwriters: —To be determined under common stock. Underwriters: —To be determined under common stock. Underwriters: —To be determined under common stock. Underwriters: —To be determined under common stock. Underwriters: —To be determined under

Olive or Berkeley, Stuart & Co. Inc. (bonds only); W. C. Langley and Co. and The Chase National Bank, (jointly); Lehman Brothers, Kidder, Peabody & Co. and Co. (preferred only);

Common stock will be offered under a subscription plan, with details to be filed by announcement.

Price to be applied toward the payment of $4,000,000 of bank loans and debentures to Pana-Rama, Inc.

William Jones Co., (3/19)

Feb. 25 filed 32,937 shares of common stock (par $10). Underwriters: —None. Offering: —To be determined under subscription by stockholders of record March 19 in one of other three methods: sale to the public, sale to a group of preferred stockholders, sale to Underwriters: —None. Offering: —To be determined under subscription by stockholders of record March 19 in one of other three methods: sale to the public, sale to a group of preferred stockholders, sale to

Wisconsin Power & Light Co. (2/27)

Dec. 20 filed 30,000,000 shares of Series B, 15-year preferred stock ($10 par) @ 4½% and some stock. Underwriters: —Bids awarded to Kidder, Peabody & Co. and Co. on Feb. 20 on bid of 100 3/4. Proceeds to be used for the payment of $4,000,000 of bank loans and debentures to Pana-Rama, Inc.

Central Pacific Ry. (3/9)

Bids for the purchase of $37,396,000 first mortgage bonds

DIVIDEND NOTES

SOUTHERN PACIFIC COMPANY

DIVIDEND NO. 111

A dividend of 4½% per share in the Common stock due March 14, 1948, to be payable on March 29, 1948. Also a dividend on the Preferred stock due March 14, 1948, to be payable on March 29, 1948.

H. H. SHOWERS, Secretary.

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H. H. SHOWERS, Secretary.
If you could tune in on a little of the conversation at luncheon yesterday and in the galleries of Congress today, you would hear that they have got poor old Harry Truman's back up. He can't be re-elected. A Republican will.

Harry Truman, they say, is touched. It is said that there is a movement on which almost everybody has come to the conclusion that Harry, if he is going to be whipped, is a little bit tough talking. It all depends on the details of the election. But there is no question that the Bronx by-election. Then all of a sudden, it occurred to everybody that whatever happens on the Palestine question, Mr. Truman gets it in the political neck. And of a sudden, too, the southern Democratic revolt is finally recognized for what it is—something menacing to the President's re-election.

It is being asserted that the Bronx by-election shows that Mr. Truman can't forget about Palestine. He has got to follow through and turn up in support of partition. If he doesn't provide the leadership to go through with the partition settlement, then Henry Wallace will gather the heavy vote in New York of all those who are advocates of partition. This is a situation that might mean that New York may go to Mr. Truman's opponent.

On the other hand, partition, it is said, is the key in the President's re-election. If he can get the support of the liberal element in the country, he will be in the driving seat. If he can't provide the leadership, if he doesn't move, then the President is in for a difficult time. This is a situation that might mean that New York is going to be a hot domestic issue. At least that is what everybody here is saying, with much shaking of the head over poor Harry's unhappy choice.

There is the same kind of anguish if you do, dammit, if you don't' outlook on the southern front. Mr. Truman could end the southern revolt by being as he was on the civil rights program designed to catch the colored vote in the populous southern states. It

DOWN WITH SWIVEL RIGHTS

"There ought-to-be-a-law" against swivel-chairs.

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"They say he has the biggest seat in the Exchange!"

This privilege, under the bill, would be limited to one preg¬
nancy leave per annum. At present the bill would provide this

biceaul only for married female

employee. A source close to the Senate Labor subcom¬

mittee indicated that the benefit

could be extended to unmarried

female employees. Their plight, it

was testified, is worse from the

economic standpoint than that

of the married. pregnant

employee.

So the immediate period ahead must be one of re-appraisal. And un¬

less the Truman Administration comes up with a fresh line, it is

now time to say that what Con¬

gress does between now and adjournment on all but the headline

issues will be small. The headline

issues are foreign aid, the tax cut, and the budget. Apple districts are

killing the game. In Washington the 1948 fiscal proposals will be a hot
domestic issue. At least that is what everybody here is saying, with

much shaking of the head over poor Harry's unhappy choice.

Down with swivel rights. That is a good defense to make it a law. The

President and Congress are the

Federal Reserve Bank of St. Louis

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