German Monetary Disintegration And Reform Possibilities  
By FRED H. KLOPSTOCK  
Economist, Federal Reserve Bank of New York

Federal Reserve official warns Allied Controls Council’s inability to agree on currency reform would accentuate split of Germany. Cites alarming progress of monetary disintegration, and spread of black and gray markets. Denying financial rehabilitation wholly depends on reduction of money supply, Mr. Klopstock calls for revival through increased industrial production and importation of huge upsurge claims on future German Government.

How to bring down Germany’s over-abundant money supply to a reasonable level is an issue that has been discussed in great detail for more than two years. In recent months the discussion has reached a new crescendo in Germany. Numerous monetary reform programs have been submitted to public debate but, in fact, almost every German who amounts to anything in economics, finance or banking has not come out with his own scheme, and at least newspapers and a number of mass-circulation magazines have opined in articles on what should be done with the money surplus. The matter has been thrashed out in length in numerous meetings of a sub-committee of the Allied Control Council when the United States

See PICTORIAL INSERT for pictures taken at 70th Annual Mid-Winter Dinner of the Investment Traders Association of Philadelphia.

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The COMMERCIAL and FINANCIAL CHRONICLE

Volume 167 Number 4678
New York, N. Y., Thursday, March 4, 1948
Price 30 Cents a Copy

A New Look at Inflation

By CLIFFORD S. YOUNG
President, Federal Reserve Bank of Chicago

Ascertaining both reckless bidding up of prices and unwarranted drastic price cuts are equally dangerous, Reserve Bank executive asserts hope of avoiding business setback by gradual adjustment to normal conditions. Lays new upsurge in inflation to heavily expanding private credits and to high consumer spending, and points out, despite record profits, financial position of businesses has not been strengthened. Advocates judicious restraint in business expansion until inflationary turning point has been reached.

Price and financial developments in this country and abroad in recent weeks have caused a reappraisal of future banking and business prospects. The sharp break in commodity prices together with its depressing effect upon agricultural prices are being interpreted widely.

EDITORIAL

As We See It

A Time for Stock Taking

The enslavement of Czechoslovakia, this time by one of our co-defenders of democracy," is certainly no less deplorable and deplorable than the similar action taken by Hitler in 1938. Stalin’s “suggestion” to Finland will doubtless be followed by developments which will must be placed in the same category. No one is right in this sense in this country, or we should suppose in any other not blinded by some strange devotion to the Russian monster, could for a moment excuse or condone such things as these.

Yet who finds much in them to surprise him must be a naive soul. It has been plain as a pikestaff for a long while that Russia intended not only to restore her old pre-World War I borders, but to exceed those circumstances permitted to realize the ambitions long nursed by the Czars in the heyday of their power and prestige. For our part, we have no doubt that once such goals as these are reached, more will be conceived and definite action taken to meet them as opportunity offers itself. It is the way of world politics, and always has been.

If techniques of conquest and imperialism have been somewhat modified by the present day Russian authorities, that is but a detail. If at any time in the past it had appeared

(Continued on page 33)

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Chairman

The Commercial and Financial Chronicle
The Outlook for the Steel Industry

By ALFRED S. RUDOLPH

Steel Analyst, Shields & Company

Member of the New York Stock Exchange

Mr. Rudolph reviews progress of steel industry in recent years, together with immediate, as well as long-range, outlook. Sees no slackening in demand pressure at the mill level, and estimates probable increase in wages of steel workers at from 10 to 15 cents an hour, accompanied by advance in steel prices. Predicts normal price range in 1945 will be 3% above 1947, and thereby, because of higher break, even points, total profit rates may be lower. Does not look for serious decline in demand for steel, but concludes peak in company profit reach has been attained, and steel stock prices, on comparative basis, are not out of line.

As the topic today is "The Economic Outlook for the Steel Industry," I will not bore you with a multitude of statistics regarding the industry's hectic past. It will suffice to say that up to the 1930's, the industry was consistently profitable. During the period of the country's involvement in the war, steel production forged ahead to a further succession of new peaks but the industry's profits gradually faded under the impact of ever mounting price controls, renegotiation, and steadily rising costs. Then, when peace finally came, the industry found itself unable to operate normally, for a time, because of the onset of labor troubles and the continuation of price controls until the latter part of 1946. It was not until the ending of price controls late in 1946 that steel makers received their first real opportunity to demonstrate their earnings capabilities under full peace-time production, and the record of the ensuing year 1947 is quite favorable.

That year, was, of course, the first full year of virtually uninterrupted production. It found production total following up wards of 1945's ingots, equal to approximately 90% of capacity. That production was approximately 27% larger than the output in the previous year 1946. And the current year, as of the beginning of May 1948, was approximately 10% above 1946, which constituted the previous pacesetter record, and was about 56% over 1937, and some 34% above 1929.

The prospects for the industry were equally interesting. Judged off the combined results of all major companies, which make up close to 90% of the total capacity, profits in 1947 were approximately 56% above 1946, and a like amount over 1940. They were up 89% over 1927, and about equal to 1929. As a matter of fact, if we exclude U. S. Steel from the compilation, we find there was a similar gain in 1947 over 1929. U. S. Steel was the only major producer to report (Continued on page 34)

"Special statement on securities market prepared for the "Chronicle," of an address by Mr. Rudolph before the New York Stock Exchange, May 29, 1948.

Factors in Railroad Security Analysis

By HERBERT F. WYETH

Railroad Analyst, Shields & Company, New York Stock Exchange

Mr. Wyeth, contending railroad industry is not decadent, but, on contrary, one of consistently profitable businesses, reviews improvement in general investment status through debt reduction and amortization. Heads railroads can successfully compete with other transportation, and higher wages can be largely offset by labor's increased purchasing power, and an overall increase of fair rail rates, and urges study of individual railroads rather than the general industry in making investments in railroad securities.

I am honored to have been asked again this year to address you on one of our country's major industries, and one of our largest and most troublesome investment fields. The magnitude of this problem is obvious when it is considered that there are outstanding

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Prospects on Regulated

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Utah Southern Oil

Equity Oil
The Stock Market in 1925 and Today

By SCHROEDER BOLTON

Market analyst presents recent price-earnings ratios, lower than in 1925, similarly reflects widespread unwarranted expectations of declines toward pre-war commodity prices, production, and prosperity. Although business downturn is certain, stock market nevertheless is "slowly ebbed with bargains." Nineteen twenty-five was one of the peak business years following World War I. It was also almost the last year of the 20s, in which common stocks sold at low price-earnings ratios to return high yields, reflecting widespread apprehension that business would return to favor. Expect Large Attendance at New York Security Dealers

American and You

Form New York State Securities Bureau to Handle Frauds

Lahiri Proposes Reduction in Dollar-Backed Gold

Interest as Residianal... 2

Factoring Receivables: Recent Changes in the Mortgage Market

Wall Street Men Patronize Pierre's Restaurant

Five Banks Place Debentures: 15 as of May 20

Brooklyn Chapter of NACA to Broadcast Tax Advice

AFL Financials Employ Unions Complaints Against

Snyder Presents Views on Tax Reduction...

Moral Hazard: Is the Bond Market a Market of Good Faith?

First National Bank of Boston Hills Commodity Break a Success

National City-Chase Bank Group Market $70 Million Foreign Exchange

ICF Bank Place Debentures, Earnings of $85,200,000

First Bank of Commerce Will Raise $40,000,000

From Washington Ahead of the News—Carlisle Johnston

Industrial Markets—A Gradual Price Decline

Mutual Funds

New York Stock Exchange

News About Bunts and Bâqueteurs

Observations—A Wilfred May

Wall Street Whizzes

Our Reporter on Governments

Preferred Stock Exports

Public Utility Securities

Railroad Securities

Securities' Salesmen's Corner

Securities in Encryption

The State of Trade and Industry

Tomorrow's Morris (Walter Whyte Sayers)

Whitehall St. 8415

See article on page 2.

Published Twice Weekly

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Analyzed on Report.
Death of a Bear Market
By LEO N R H E R Z I G
Partner, Satterthwaite & Co.

Mr. Herzig maintains that stock market's technical behavior during the past two years has been that of a bear market. He concludes this, together with public's present uncertainty, warrants expectation of early rise.

During the period from Aug. 15, 1945 to Oct. 11, 1946, the great war market was at its peak. The low (322.25) fell from 203 (the actual top was 161) to 161. In 10 trading days the destruction of values was fantastic, the market crashing 31 points. Ever since that fateful period, which was set off by some particularly bad news event or speculative warning, the market has apparently been aimlessly—staying at points for a period of about 16 months. To the inexpieren
ced market observer it will appear as if it has no fundamental basis at all. One can see that it is not a market which can be controlled by the temporarily high average when stocks comprising that average were earning 1330 per share now sells at 160-170. When these same stocks earn 1740 per share now sells at the same price, and it is a good time to keep an eye on the action and watch, but the succession of sympathetic groups of stocks, which repeats itself each time.

Pattern of a Dying Bear Market
First of all, volume, as death approaches, almost always falls to a low figure. Second, divergent conditions in the stock market are the rule rather than the exception. Third, when the market (stocks) make their lows and, recovery begins, the groups, not stocks, turn upward together. Third, stocks within groups turn up as if by a common impulse, follow instructions, the public is either completely convinced that nothing will stop the present condition, or so fearful of the unknown. Stocks selling at low levels have no basis in principle. There must be something fundamentally wrong or why would the public sell their stocks now, after having long a time? As the bear market slowly breaks out, the optimism, however, is strictly barren—nothing is really selling well. The market has been the market. And the stocks of the companies which have been the beneficiaries of the market are not selling for the time that is usually thought of.
Observations . . . . 
By A. WILFRED MAY

THE State of Trade and Industry

MUST INDUSTRY CONVERT TO THE PUBLIC RELATIONS PROFESSION? 

Serious Implications of the Steel Pricing hullabaloo

The rising tendency of "public relations" strategy to drive government officials, including economists, to propound the illogical and the unprincipled has been pointed out by this column. But now the steel industry's minor and routine adjustment in its relationship to the public is raising this debilitation of the public relations idol and "political awareness" to a higher plane of absurdity and sound experienced commentators, while making some patronizing gestures of acknowledgment of the technical justice of price change, have been unabashedly castigating the industry for a muddle-headed, unscientific and lack of tactical cleverness in calculating the political consequences.

Of course, that attitude seems self-satisfied, as well as confusing the public's understanding of the economic issues.

It was of course to be expected that President Truman, although probably pleased with the filip given to his inflation warnings, would not forget his Caribbean cruise, with the requisite fanfare, ordering the steelmakers to shape up. The Steel Production-Community Price Index and the Steel Production-Cycle Business Failure

Total industrial output last week continued at a very high level with the most noticeable change being a slight fall in iron and steel. A slight decline took place in place backlogs in some lines, but new orders for many goods continued to be sufficiently large to insure high production well into 1948.

The employment situation for the week was good with payroll holding at very high levels and claims for unemployment insurance showing a slight decline.

Factory layoffs in some areas resulted in an improvement both in the supply of some fuels and the deliveries of essential raw materials.

To the extent that steel makers were able to import a somewhat larger supply of scrap than in recent weeks and steel ingot output rose for the first time in four weeks.

Production of work clothing and most other lines of apparel showed a slight increase for the week, with manufacturers of nylon hosery maintaining output at peak levels and with orders booked well in advance on an allotment basis.

Some manufacturers of rayon hosery, however, experienced difficulty in obtaining some materials. There was evidence of a moderate decline in orders for raw types of shoes and some producers operated on day-to-day schedules.

Lumber production, it is understood, advanced nearly 2% to 185,000,000, the 185,500,000 board feet during the period ended on Wednesday, a week ago, according to Dun & Bradstreet, Inc. Shipments of lumber were slightly lower than in the previous week, but were 3% above production. While new orders for lumber decreased about 5% for the week, new orders for lumber increased about 10%.

Looking into the building materials situation, an optimistic note was struck last week by Chairman Douglas Whallbuck of the Building Products Institute before the National Association of Home Builders, when he stated that there should be "adequate production and supply of materials in relation to expected demand in 1948."

Production of materials in 1947 exceeded 1939, he declared, by a wider margin than expected. Merely building and construction was abroad of 1939. Part of the excess went into building depleted inventories and the materials employed in exceptionally active maintenance and repair programs.

Promotional sales of Spring merchandise and Easter apparel were reported to be better than expected for the coming year with the preceding week 5-year ago. While requests for credit were reported to have increased in some cases, the volume generally remained the same.

A moderate increase in wholesale volume during the week and the dollar total of orders continued to compare very well with that of this week in 1947. Retailers remained cautious and avoided long-term commitments, but deliveries were generally prompt.

STEEL RATE SCHEDULED AT 1.5% HIGHER FOR CURRENT WEEK

The number one problem as far as steel users are concerned remains the high price of raw materials. These are still encased in a steel and this fact is supporting, as it did a week ago, the small, but active, movement toward the "The Iron Age," naturally networking weekly.

The current talk about a drop in steel demand or an increase in inventories on the part of steel companies is no longer a matter of public interest. The magazine states that there is no single steel product which is so easily 

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Situation expected to those on carbon bars, the magazine adds. Some tube rows—a semi-finished material for the production of seamless tube—are more than that of (Continued on page 29)

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Kenneth S. Robertson & Co., Chairman of the Democratic Committee. Several representatives of the Wall Street Journal and New York staffs of the Securities and Exchange Commission are expected to attend the affair.

Officials of the New York Stock Exchange and the New York Curb Exchange, banks and bus companies, advertising agencies, financial editors of the New York newspapers, all will be present as guests of the Association.

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For Eastman, Dillon

Eastman, Dillon & Co., 15 Broad Street, New York City, members of the New York Stock Exchange, announce that Donald S. MacFadden is appointed Manager of their Municipal Department. Mr. MacFadden was formerly Vice-President of Lodell & Co., Inc., Inc.
The Banks, Inflation and Credit Control

BY JOSEPH M. DODGE

President, American Bankers Association

The first meeting of the Federal Reserve Board, and the lead-

eregregious action and leadership taken by ABA in inflation battle.

As you know, officials of the American Bankers Association are on a nation-wide tour of 13 key cities because of their concern about a National-

problem—which bluntly and indirectly affects the business of banking.

In this series of meetings, they are dis-
cussion the inflation problem and the Asso-
ciation program of Credit Con-

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**Investment Outlook for 1948**

**By LEONARD SPANGENBERG**

**President, Business Statistics Organization**

Ascertaining inflation has not affected stock market. Dr. Spängenberg holds greater value is found in securities held today than in any other part of economic systems. Looks for rising interest rates and resulting lower bond prices.

Let us examine the prospects for general business during the remainder of 1948. In any such consideration, it is necessary to realize the tremendous volume throughout the country is a robust 3% above normal. Naturally, such feverish output can not be maintained forever. If you have been following Babson chart, the business curve set all records in accordance with the Law of Action and Reaction upon which our forecast theory is based. It is clear near that a staggering recession—eventually amounting to a major depression is overdue. I often ask if the break in stock and commodity prices is the beginning of a downward slide. Even if the remarkable rate of activity registered in 1947 is not entirely duplicated this year, the increase is not likely to be small. In fact, we expect a 5% decline in 1948 business volume from the extremely high 1947 volume.

**National Income $195 Billion**

Purchasing power will move along at a very high level. We forecast that the national income for 1948 will equal or even exceed the $195 billion estimated for 1947. The individual tax bill may be somewhat lower. Therefore, the general picture is one of plentiful buying power for all categories. If incomes may possibly suffer such losses but should not fall more than 25% below current levels, which are well above parity.

**Wholesale Commodity Price Outlook for 1948**

Whether the inflation spiral in wholesale commodity prices has yet run its course remains to be seen. The recent drastic slump in the major commodity futures market may have well marked the turning point; but it would be wise to be too inflexible on this score. A serious crop failure plus a third round of wage increases could result in a marked resurgence of strength.

Pressure on industrial commodity prices may continue moderately upward over the near term. Why? A recent run-up in consumer employment level, at high wages, has been preceded by large public purchasing power, despite inflated prices. Production costs are un-likely to drop, and probably will advance further should labor make a successful bid for increased wages as a result of adverse living costs. These major factors point to higher prices for the industrial category.

**Third Round for Labor**

Labor leaders have two primary aims for this year. The first is to obtain a third time of wage increases to counteract advances in the cost of living. During the past few months a great many union contracts will expire and many others will reach the wage re-opening stage. Before the third quarter of 1948 is reached, organized workers of the nation may have added another 10% to their take-home-pay.

**Stock Market Outlook**

Now that the general stock market is worthy of the name unless we point out that credit does not exist today in the market. Inflation has passed the stock market by. Greater value is to be found dollar-for-dollar in the stock market than in any other part of our economic system. Thus, it would be only natural to expect that stocks would turn up even before business would appear to be improving. And let us not forget that our prediction for business is for some correction but that the eventual bottom will not be far below nor will it be long drawn out.

The stock market will naturally be very selective. At any time in the stock market there are certain groups that have a more attractive outlook than others. At present the following groups have the best outlook: varied chains, banks, fire insurance, corn refiners, bankers, crude petroleum producers, and certain utilities.

In the bond market the long-term trend is towards rising interest rates. (Continued on page 31)

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**The Bank and Inflation**

**By JOHN D. HOSPELHORN**

Chairman, Executive Committee, National Association of Supervisors of State Banks

Deputy Bank Commissioners of Maryland

Ascertaining competent banking management is essential to private enterprise, Maryland bank supervisors caution against inflationary bank credit. Assists bank supervision should not be made tool for monetary or fiscal policies of government, and praises work of ABA for combating inflation. Points out present bank loan expansion is result and not cause of inflation, and calls for reduced government spending, less banking by government, greater production per wage earner, and less individual spending.

The bankers of this country, acting through the ABA, are to be highly commended for their voluntary action taken to avoid excessive and inflationary increases in the use of bank credit. The participation by bank supervision in this series of important and

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**Investigating the possibilities of this sentence, the members of that body; however, I do believe it can be quite properly applied to the rest of us as, in my humble judgment, we need a revival of sound thinking to carry through the present complexities confronting us in America and the world today.

Everyone knows that credit is narrowly limited, yet this is the most freely granted credit available, because that is its most salutary feature. It seems to me, therefore, that if there are any credit abuses, today, being carried on among our banks, government sponsored credit or lending projects should at least carry their full share of blame.

In discussing the problem of credit, inflation with you, today, let it be said that the supervisory authorities have a deep sense of appreciation of the line of demarcation (Continued on page 30)
Public Utility Securities

Laclede Gas Light Company

Laclede Gas Light Company has recently acquired St. Louis County gas and natural gas is served to industrial customers. Total operating revenues of the company have increased by 12 months ended Sept. 30, 1947, which resulted in a net profit for the first nine months of 1947. The company's stockholders' equity on Sept. 30, 1947, was $25,500,000.

Depleters Reduction in Italian Dollar Bond Interest as Repudiation

Lui Guirolo writes "Chronicle" protesting against action of Council of Foreign Bondholders in approving deal.

Editor, Commercial & Financial Chronicle:

When the Anti-Fascist Coalition was operating in Paris, it was reported that the French had deposed the Fascist Government of Mussolini. The Fascists have denied this report, and the Fascists have reasserted their control over the government of Mussolini.

The Fascists have not yet indicated what action they will take to reverse the decision of the French government.

Letter to the Editor

Dear Sirs:

I am writing to express my concern about the situation in Italy. It is clear that the Fascists are attempting to reverse the decision of the French government and to maintain their control over the government of Mussolini.

Sincerely yours,

[Signature]

March 4, 1948 (Detroit, Mich.)

Bond Club of Detroit 32nd Annual Dinner at the Wayne Room, Hotel Statler.

March 5, 1948 (New York City)

New York Security Dealers Association 32nd Annual Dinner at the Waldorf Astoria.

March 6, 1948 (New York City)

New York Security Dealers Association 32nd Annual Dinner at the Waldorf Astoria.

March 12, 1948 (Toronto, Ont., Canada)

Annual Dinner of the Toronto Bond Traders Association at the King Edward Hotel.

March 13, 1948 (Minneapolis, Minn.)

Twin City Bond Traders Club Spring Party at the Nicollet Hotel, Minneapolis.

April 19, 1948 (New York City)

Security Traders Association 12th Annual Dinner at the Waldorf Astoria.

May 10, 1948 (New York City)

Annual Election New York Stock Exchange.

L. J. B. Corp. - Analysis - C. E. Unterberg & Co., 61 Broadway, New York 6, N. Y.

Central Illinois Public Service Co. - Delta, 1420 Walnut Street, Philadelphia 2, Pa.

Also available are memorandums on Buffalo Belt Co., and DuPont Laboratories.


Codan Petroleum Corporation - Memorandum - A. D. Kinder & Co., 1 Wall Street, New York 5, N. Y.


Electrol Inc. - Analysis of manufacturer of hydraulic control equipment for aviation and industrial uses - Sellman, Lubelkin & Co., 120 Broad Street, New York 4, N. Y.

Also available are analyses of Federal Steel Company, the Firestone Company, and the Tennessee Products Company.

Robert D. Solt in New Connection

Robert D. Solt has been associated with the Welfare Finance Corporation, a member of the executive committee of the Welfare Finance Corporation, and is now associated with the Welfare Finance Corporation.
Recites Recent Changes in the Mortgage Market

Ford Kramer at Mortgage Bankers Clinic says both interest rate structure and character of mortgage buyers has changed. See Federal Reserve policy has serious consequences for mortgage business.

In his opening remarks at the Mortgage Bankers Clinic in Chicago, Ill., on Feb. 27, Fred Kramer, President of Draper and Kramer, said in his opening remarks that mortgage market will be regarded in the coming years by life insurance companies and other institutions.

"The total money in circulation in 1945 was $38 billion—today it is $38 billion. Our total gross government direct debt in 1940 was $34 billion—today it is $28 billion. These are tremendous figures both in dollar amount and in per cent of increase. These are two of many statistics that can be used to show the high level at which our present economy is now operating. Since our economic system is really one of regulated free enterprise, the financial policies and actions of our government will have an increasing impact upon our individual segment of the financial business.

"At 9 o'clock on the morning of Dec. 24, 1947, the Federal Reserve 'pushed' the long-term bond market by lowering the bid on the 3% of 72-47. That caused little consternation in the mortgage offices, but it had serious consequences for our business. It is not only important, but essential that we understand the implications upon our business of any change in the policy of the Federal Reserve Board."

From Sand-Dune Hopping to International Transport

In the brief period of 12 years NATIONAL AIRLINES has grown from a small Florida sand-dune hoper into a vigorous international carrier.

In little more than a decade National has expanded its original 108-mile routes to a 5,208-mile system. Extending from New York City south to Miami and Havana and west to New Orleans, National's present routes serve 29 cities—most of them busy seaports.

National's present operating fleet consists of 4 Douglas DC-6 transports, 7 Douglas DC-4's (all built within the past two years) and 12 Lockheed Lodestars. National is the only airline operating into New York exclusively with four-engined craft, and operating only four-engined craft north of Florida.

In addition to passenger, mail and express service, National now offers freight service. The carrying of freight, begun only a year and a half ago, showed a 600% increase in the first 6 months, and continues to grow.

National now has applications pending for an extension of its routes from New Orleans west to Los Angeles and up to San Francisco. With such an extension, the company would be in the unique position of linking most of the principal ports on three coasts, as well as serving key cities across the southern United States. National, probably the world's fastest growing airline, is still expanding.
Bank and Insurance Stocks

The Weekly Banker

by E. A. VAN DEUSEN

This Week—Bank Stocks

Aggregate net operating earnings of 15 New York City banks in 1947, exclusive of security profits, were $5,363,063, or 8.6% below 1946 results. Decline in 1947's profits, however, was not in line with the recent trend of lower prices and discounts. Total operating earnings in 1947, however, was over 1946 in fact, was the highest rate achieved during the past five years.

The following table shows aggregate figures of the 15 banks each year from 1939 to 1947 inclusive, together with the corresponding net return on earning assets. The asset aggregates are averaged from the four quarterly statements in each year.

Annual Aggregates, 15 New York City Banks

<table>
<thead>
<tr>
<th>Year</th>
<th>U. S. Gov't.</th>
<th>Gross</th>
<th>Net Oper</th>
<th>Net Return</th>
<th>Return on Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1939</td>
<td>$5,363,063</td>
<td>$3,089,885</td>
<td>$844,430</td>
<td>$146,183</td>
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<tr>
<td>1940</td>
<td>$4,109,366</td>
<td>$2,945,979</td>
<td>$920,793</td>
<td>$146,183</td>
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</tr>
<tr>
<td>1941</td>
<td>$4,062,515</td>
<td>$2,853,742</td>
<td>$848,913</td>
<td>$146,183</td>
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<tr>
<td>1942</td>
<td>$3,865,410</td>
<td>$2,718,766</td>
<td>$695,713</td>
<td>$146,183</td>
<td></td>
</tr>
<tr>
<td>1943</td>
<td>$3,821,067</td>
<td>$2,622,499</td>
<td>$507,393</td>
<td>$146,183</td>
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<tr>
<td>1944</td>
<td>$3,787,249</td>
<td>$2,516,749</td>
<td>$434,193</td>
<td>$146,183</td>
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<tr>
<td>1945</td>
<td>$3,758,009</td>
<td>$2,402,009</td>
<td>$360,193</td>
<td>$146,183</td>
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<tr>
<td>1946</td>
<td>$3,729,009</td>
<td>$2,307,009</td>
<td>$320,193</td>
<td>$146,183</td>
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</tbody>
</table>

It will be observed that the trend of earnings has continued steadily upward in 1947. While little more than 3/4 of 1% in 1945, the low year, the trend has continued upward in 1946 and 1947.

The improved earnings rate in 1947 was attributed to a number of the annual reports to stockholders, examples of which are listed below.

Bank of Manhattan
Bankers Trust
Chase National
Guaranty Trust
Manufacturers National
National City
Public National

It will be noted that in every year in 1947 than 1946, the rates have been higher, comparing one bank with another, since there are several ways in which return can be caculated, and that the methods was not uniform among the banks.

The rates are shown obviously before operating expenses.

The third and final table shows the net return on earning assets for each of the 15 banks. Net operating earnings only are considered, against earning assets at the mid-point of the year.

instance the percent rate is higher however, are probably not strictly

NET RETURN

ALL EARNING ASSETS

Bank of Manhattan
Bankers Trust
Chase National
Guaranty Trust
Manufacturers National
National City
Public National

AVERAGE

Bank of Manhattan, First National, and Public are a fractionally lower net rate in 1947 than in 1946. Corn, Manufacturers and U. S. Trust same in both years, while the other nine banks showed an improved net rate of return.

Royal Bank of Scotland

Incorporated by Royal Charter 1897

HEAD OFFICE—Edinburgh
Branches throughout Scotland

LONDON OFFICES:
1 West Smithfield, E. C. 1
49 Charter Cross, S. W. 1
Barnes, London, W. 1

TOTAL ASSETS
$14,823,667

Bankers

Associated Banks:
William & Sonn's, Innsbruck
Robert & Co., Ltd., New York

WHOLESALE MARKETS IN BANK AND INSURANCE STOCKS

at B. Partners in the C. F. C.

GEYER & CO.
INCORPORATED
NEW YORK S: 47 Wall Street
BURLINGTON 1604 NEW YORK

BOSTON 9
20 Post Office Square 225 S. LaSalle Street
Rutland 2086 318 West Sreet
BOSCo 287 210 West Adams Street
PRIVATE WIRE SYSTEM CONNECTING: NEW YORK, BOSTON, CHICAGO, CLEVELAND, ANCHORAGE, SEATTLE, SAN FRANCISCO
PRIVATE TELEPHONE FOR: Hartford, Enterprise 6011
Portland, Enterprise 4993

R. H. JOHNSON & CO.
Established 1872
INVESTMENT SECURITIES
64 Wall Street, New York, N. Y.

BERNARD JOHNSON & CO.
Established 1872
INVESTMENT SECURITIES
314 Market Street, San Francisco, California

12,500 Shares
Franklin Square National Bank
CAPITAL STOCK $125,000
Stockholders have purchased, under rights, 4,922 shares at $12.50 per share
We are able to sell the balance of 7,418 shares at the market.

R. H. JOHNSON & CO.
Established 1872
INVESTMENT SECURITIES
64 Wall Street, New York, N. Y.

1.250 Shares
Franklin Square National Bank
CAPITAL STOCK $125,000
Stockholders have purchased, under rights, 4,922 shares at $12.50 per share
We are able to sell the balance of 7,418 shares at the market.

R. H. JOHNSON & CO.
Established 1872
INVESTMENT SECURITIES
64 Wall Street, New York, N. Y.

WASHINGTON, D. C.

1.250 Shares

THE ALBANY BAKERS COMPANY

1.250 Shares

San Francisco Commercial Bank
CAPITAL STOCK $125,000
Stockholders have purchased, under rights, 4,922 shares at $12.50 per share
We are able to sell the balance of 7,418 shares at the market.

R. H. JOHNSON & CO.
Established 1872
INVESTMENT SECURITIES
64 Wall Street, New York, N. Y.

1.250 Shares

San Francisco Commercial Bank
CAPITAL STOCK $125,000
Stockholders have purchased, under rights, 4,922 shares at $12.50 per share
We are able to sell the balance of 7,418 shares at the market.

R. H. JOHNSON & CO.
Established 1872
INVESTMENT SECURITIES
64 Wall Street, New York, N. Y.

1.250 Shares

San Francisco Commercial Bank
CAPITAL STOCK $125,000
Stockholders have purchased, under rights, 4,922 shares at $12.50 per share
We are able to sell the balance of 7,418 shares at the market.

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San Francisco Commercial Bank
CAPITAL STOCK $125,000
Stockholders have purchased, under rights, 4,922 shares at $12.50 per share
We are able to sell the balance of 7,418 shares at the market.

R. H. JOHNSON & CO.
Established 1872
INVESTMENT SECURITIES
64 Wall Street, New York, N. Y.

1.250 Shares

San Francisco Commercial Bank
CAPITAL STOCK $125,000
Stockholders have purchased, under rights, 4,922 shares at $12.50 per share
We are able to sell the balance of 7,418 shares at the market.
$300,000,000

State of New York

2% and 13 1/4% War Bonus (Serial) Bonds

Dated March 1, 1948. Due $30,000,000 Bonds each January 1, 1949-1958, inclusive. The Comptroller reserves to the State the privilege of redeeming, at par value and accrued interest, on July 1, 1956, or on any interest payment date thereafter, all of the Bonds maturing on January 1, 1958. Principal and interest payable in New York City (first interest date January 1, 1949, thereafter July 1 and January 1). Coupon Bonds in denomination of $1,000 and registered Bonds in denominations of $1,000, $5,000, $10,000 and $50,000 at the option of the purchaser. The Bonds issued in coupon form may be exchanged for Bonds registered as to principal and interest, but Bonds in registered form may not be converted or reconverted into coupon form.

Interest Exempt from Federal and New York State Income Taxes under Existing Statutes and Decisions

Eligible, in our opinion, as legal investments for Savings Banks and Trust Funds in New York, Massachusetts, Connecticut and certain other States

The Bonds are acceptable to the State of New York as security for State deposits, to the Superintendent of Insurance to secure policyholders, and to the Superintendents of Banks in trust for Banks and Trust Companies.

MATURITIES AND PRICES

(Accrued interest to be added)

<table>
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<tr>
<th>Maturities</th>
<th>Coupon Rates</th>
<th>Prices in Yield</th>
<th>Maturities</th>
<th>Coupon Rates</th>
<th>Prices in Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>1949</td>
<td>2 1/2%</td>
<td>.90%</td>
<td>1951</td>
<td>2%</td>
<td>1.2%</td>
</tr>
<tr>
<td>1950</td>
<td>2%</td>
<td>1.05</td>
<td>1952</td>
<td>2%</td>
<td>1.30</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1953</td>
<td>1%</td>
<td>1.40</td>
</tr>
<tr>
<td>1956</td>
<td></td>
<td></td>
<td>1954</td>
<td>1 1/2%</td>
<td>1.55%</td>
</tr>
<tr>
<td>1955</td>
<td></td>
<td></td>
<td>1955</td>
<td>1 1/2%</td>
<td>1.65</td>
</tr>
<tr>
<td>1956</td>
<td></td>
<td></td>
<td>1957</td>
<td>1 3/4%</td>
<td>1.80%</td>
</tr>
<tr>
<td>1958</td>
<td></td>
<td></td>
<td>1958/56</td>
<td>1 3/4%</td>
<td>1.85</td>
</tr>
</tbody>
</table>

The above Bonds are offered subject to prior sale, for delivery when, as if issued and received by us and subject to the approval of legality by the Attorney General of the State of New York.

Interim Certificates will be issued pending delivery of Definitive Bonds

The National City Bank of New York

Bank of the Manhattan Company

First National Bank

Bankers Trust Company

J. P. Morgan & Co.

The Chase National Bank

Guaranty Trust Company of New York

Chemical Bank & Trust Company

Smith, Barney & Co.

Handyman Ripley & Co.

The First Boston Corporation

Lehman Brothers

Halsey, Stuart & Co. Inc.

Blyth & Co., Inc.

Laurel Fries & Co.

Bank of America

The Northern Trust Company

The First National Bank of Chicago

Harris Trust and Savings Bank

Continental Illinois National Bank and Trust Company

C. J. Devine & Co.

Manufacturers Trust Company

The Marine Trust Company

Hallagan & Co.

Ladenburg, Thalmann & Co.

Goldman, Sachs & Co.

Union Securities Corporation

Burr Brothers & Co. Inc.

R. W. Pressprich & Co.

Salomon Bros. & Hatzer

Kidder, Peabody & Co.

Drexel & Co.

Blair & Co., Inc.

Pfieps, Fenn & Co.

Merrill Lynch, Pierce, Fenner & Beane

Sheilds & Company

Manufacturers and Traders Trust Company

Paine, Webber, Jackson & Curtis

Eastman Dillon & Co.

Lee Higginson Corporation

Estabrook & Co.

F. S. Moseley & Co.

Kean, Taylor & Co.

Bear, Stearns & Co.

Dominick & Dominick

Schoellkopf, Hutton & Pomroy, Inc.

B. J. Yan Ingca & Co. Inc.

Gen. B. Gibbons & Co. Incorporated

Mercantile-Commerce Bank and Trust Company

The Philadelphia National Bank

The First National Bank

American Trust Company

Seattle-First National Bank

Hansbrough & Weeks

Laidlaw & Co.

L. F. Rothschild & Co.

Adams, McEnter & Co.

Bacon, Stevenson & Co.

Bostwick & Cross

National Commercial Bank & Trust Company

State Bank of Albany

Wood, Struthers & Co.

E. H. Rollins & Sons

Robert Winthrop & Co.

Dick & Merle-Smith

Hayden, Stone & Co.

Hempshall, Noyes & Co.

Alex. Brown & Sons

Reynolds & Co.

Coffin & Burr

Weeden Co., Inc.

First of Michigan Corporation

Braun, Bowser & Co.

Trust Company of Georgia

Harris, Hall & Company

A. B. Becker & Co.

A. C. Allyn & Company

R. H. Moulson & Company

Chas. E. Weigold & Co.

Eldredge & Co.

W. E. Hutton & Co.

Tucker, Anthony & Co.

E. F. Hutton & Company

Baker, Weeks & Harden

Francis L. Jones & Co.

Graham, Parsons & Co.

Laurence M. Marks & Co.

C. F. Childs and Company

Hannahs, Ballin & Lee

W. C. Langley & Co.

American Securities Corporation

Green, Ellis & Anderson

Bramhall, Barbour & Co., Inc.

W. H. Morton & Co.

Fidelity Union Trust Company

The National Bank

Commerce Trust Company

City National Bank and Trust Company

California Bank

Whiting, Weeks & Stubble

The Illinois Company

William Blay & Company

John Nave & Co.

Commerce Union Bank

Donald MacKinnon & Co.

Swiss American Corporation

Sage, Nutty & Co., Inc.

Hirsch & Co.

Stranahan, Harris & Company

Irwin Haupt & Co.

F. S. Smithers & Co.

Dean Witter & Co.

G. H. Walker & Co.

Heller, Brain & Co.

The Wisconsin Company

The Public National Bank and Trust Company

of New York

Factors in Railroad Security Analysis

About a third of all railroad mileage, in terms of revenues and capital in the middle 1930's and in early 1940's may be3 said to have been

3

in recents

maintained or

12

funds.

Commission have

such

ninder of

Another important effect of the

Commission is that it is the major

industry. The agreement was reached as a cohesive group, You

"Railroad securities are attrac-
tive" or "Railroad securities are

Getting this back has been possible, and never will be again. The

road securities as a single group, in fact, are as a whole are

solidly sound and essential to our economy, as I do, not to say that every unit in the group is going to show high earning power. It would be just as sensible to say that because General Motors was going to do well, Packard, Kaiser-Frazer and a dozen others would do likewise. Such an attitude is impossible to have, and I think it is a very small fraction of the people who have reported earnings and paid dividends all through the terrible years of the depression, and many even three reorganizations in re-

ceives less than this year under control. It just takes a little time to reduce the declining traffic volume. That it eventually can be brought into line is not in question; but the

was, however, well demonstrated in the 1920's, and again in the 1933-1934 depression. In 1933 costs were lower than in 1928, in 1934 costs were in 1923 to the lowest point during the 1921-1941 period, under control also helps to explain the poor performance of the roads. In the 1920's, the year the railroads had less incen- tive was the year the railroads were

sharp. A certain amount of competition is needed to hold up the roads built during the up years and the roads all had plenty of cash to spend. The provisions of the tax law gave to the roads the option to pay for net loss of the level of competition.

The ability over a long period of years to control wages stems from the structure and competitive pressures. Moreover, any indication of a new downturn in prices will be successful in the future as it was in the past. It is the new kind of competition that railroads will be characterized will be successful in the future as it was in the past. It is the new kind of competition that railroads will be characterized

of...
UNION CARBIDE AND CARBON CORPORATION AND SUBSIDIARIES
OPERATING IN UNITED STATES AND CANADA

CONSOLIDATED BALANCE SHEET
December 31, 1947

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
<th>LIABILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 99,230,150</td>
<td>Accounts Payable</td>
</tr>
<tr>
<td>United States Government Securities (Cost or Market, whichever lower)</td>
<td>386,985,166</td>
<td>Deferred Payable, January 1948</td>
</tr>
<tr>
<td>Other Marketable Securities (Cost or Market, whichever lower)</td>
<td>1,252,819</td>
<td></td>
</tr>
<tr>
<td><strong>RECEIVABLES</strong> (After Reserve for Doubtfull)</td>
<td><strong>ACCREDITED LIABILITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Trade Notes and Accounts</td>
<td>$ 55,503,778</td>
<td>Income and Other Taxes</td>
</tr>
<tr>
<td>Other Notes and Accounts</td>
<td>10,257,646</td>
<td>Interest</td>
</tr>
<tr>
<td><strong>INVENTORIES</strong> (Cost or Market, whichever lower) (See Note 2)</td>
<td>Other Accrued Liabilities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Current Liabilities</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td>$3,060,839</td>
<td></td>
</tr>
<tr>
<td><strong>FIXED ASSETS</strong></td>
<td><strong>DEPRESSED LIABILITIES UNDER GOVERNMENT CONTRACTS</strong></td>
<td></td>
</tr>
<tr>
<td>Land, Buildings, Machinery, and Equipment</td>
<td>$218,822,664</td>
<td></td>
</tr>
<tr>
<td>Deduct—Reserve for Depreciation and Amortization</td>
<td>22,182,966</td>
<td>2.70% Promissory Notes Payable December 1, 1967</td>
</tr>
<tr>
<td><strong>INVESTMENTS</strong> (Cost or less)</td>
<td></td>
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<tr>
<td>Affiliated Companies</td>
<td>$3,137,192</td>
<td></td>
</tr>
<tr>
<td>Foreign Subsidiaries</td>
<td>20,533,418</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>DEFERRED LIABILITIES</strong></td>
<td></td>
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<tr>
<td></td>
<td>261,485 shares issued under Stock Purchase Plan for Employees and held by the Corporation</td>
<td></td>
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<tr>
<td></td>
<td>9,479,788</td>
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<td><strong>RESERVE FOR CONTINGENCIES</strong> (See Note 4)</td>
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<tr>
<td></td>
<td><strong>CAPITAL STOCK OF UNION CARBIDE AND CARBON CORPORATION—No Par Value—Not including 136,649 Shares held by the Corporation</strong></td>
<td>1,322,214</td>
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<tr>
<td></td>
<td>9,278,736 shares</td>
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<td>201,625 shares</td>
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Barclay Investment Adds

CHICAGO, Ill. — John A. Dubach has been added to the staff of Barclay Investment Co., 59 South La Salle Street.

14 (1006) THE COMMERCIAL & FINANCIAL CHRONICLE

Thursday, March 14, 1948

Barclay Investment Adds

CHICAGO, Ill. — John A. Dubach has been added to the staff of Barclay Investment Co., 59 South La Salle Street.

NATIONAL SECURITIES SERIES

Prospectus upon request from
your investment dealer, or from
NATIONAL SECURITY & RESEARCH CORPORATION
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General Distributor
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Founded 1891
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Keystone Custodian Funds

Certificates of Participation in
Investment Funds

INC.

Investment Bond Club of Portland Elects

PORTLAND, ORE.—The Investment Bond Club of Portland held their annual election of officers April 8, with the following results: President, George A. McFaul, Partner,

Focused 1928

A Mutual Investment Fund

prospectus from your investment dealer

New England Fund

Investment Bond Club of Portland Elects

PORTLAND, ORE.—The Investment Bond Club of Portland held their annual election of officers April 8, with the following results: President, George A. McFaul, Partner,
How Britain Fights Inflation  
By PAUL EINZIG

Stressing Labor Government's "bold venture" in freezing wages as well as prices, Dr. Einzig says the controls are limited to essential industries and this may accentuate the transfer of labor to unessential production. See need of employers' cooperation in reducing output of unessential products.

LONDON, ENGLAND—At last the Government has taken its courage in both hands, and embarked on a bold anti-inflationary program. Dr. E. H. Whitley, Governor of the Bank of England, has revealed to the business world that the prices are being chased each other interminably in an upward direction.

In order to avoid this and at the same time to satisfy the workers for the limited increase in their wages, the Government has employed a series of schemes to protect those groups of the community whose position appeared to be in danger of being undermined by price increases.

The situation is less satisfactory as far as the industries engaged in the production of 'unessential' goods are concerned. There is nothing to prevent employers in such industries from buying shares in companies that are at the same time selling them at prices which are insufficient for the servicing of their debts, and which, therefore, affects the public and the consumers of such goods.

Effectiveness of the new plan to control wages will depend on the willingness of the workers to cooperate, and on the ability of the Government to enforce the law. The success of the plan is likely to be far from certain, but it may be a useful step in the right direction.

Skeptics of the Government argue that the effort to control wages and prices will be too timid; that the Government does not have the necessary power to enforce its will, and that the measure is likely to prove ineffective.

In such circumstances, it may be well for the Government to consider the possibility of taking additional steps to discourage the practice of fixing prices and wages. For example, it might be desirable to introduce a system of price controls, similar to those that are in operation in many other countries.

The success of such a measure would depend on the willingness of the public and the business world to support it, and on the effectiveness of the enforcement machinery. In this respect, the Government must be prepared to make a strong and determined effort to ensure that the law is respected.
Canadians' Exchange Disorders and the Remedies

By DONALD GORDON*

Deputy Governor, Bank of Canada

Mr. Gordon reviews developments in Canada's foreign exchange situation which has led to restriction of U. S. imports and other export controls. Points out difficulties arising in the gold market and indicates the need for a reduction in the demand for foreign exchange. He outlines the steps which the Bank of Canada suggested to the United States authorities, which have since been taken by the United States authorities. Mr. Gordon also notes the strains which the exchange situation has placed on the international gold market, and the steps which have been taken to help the United States.

Much has been said about the unique relationship between the United States and Canada. The Canadian Government's policy towards the exchange of the Canadian dollar is a vital factor in the world of commerce, and it is not wise to underestimate its effect. It is all the more impressive when it is realized that despite the proportion of the Canadian dollar in the world's reserves, it is not a major factor in the world's trade. The Canadian dollar is not a major factor in the world's trade.

The Canadian dollar is a small but important factor in the world's trade. It is important to remember that the Canadian dollar is not a major factor in the world's trade.

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Snyder Views Tax Reduction

Treasury head says taxes must be geared to government's basic function, not merely for ease or static countervailing demands, debt reduction and foreign commitments. Argues House tax bill results in excessive reductions and will cause Federal deficit in 1945.

Presenting his views before the Senate Committee on Finance on proposed tax reductions, as embodied in H. R. 4700, already passed, Secretary of the Treasury, John W. Snyder, on March 1 strongly opposed the measure, as stated by the Senate.

"Under current economic conditions— it is imperative that we maintain the present level of government investment receipts. This, however, does not preclude a necessary adjustment in the tax load on the working family. The persistence of high prices makes some readjustment imperative. During the first half of 1947, wholesale prices rose at an annual rate of 21%. By the first of this year, wholesale prices had risen to 26 1/2%. The President's budget message—other than the field of domestic prices or individual and governmental affairs, or otherwise—warranted a tax cut. It was my President's estimates of either receipts or expenditures for 1947 that are in the President's budget Message. The level of personal income taxation in calendar year 1947 was $137 billion.

World Bank Bonds May Be Sold Abroad

John J. McIlroy sees markets in non-member countries such as Czechoslovakia, Sweden.

At a press conference in Washington, D. C., on March 2, John J. McIlroy, vice president for Reconstruction and Development of the World Bank, said that the best efforts are being made for sales in the United States. McIlroy said the bank had already most of the British market, and would be handling the sale of British securities. He also said that other foreign financial experts about a market for the Bank's securities in the Scandinavian countries.

Another address is Mr. W. McIlroy at Carnegie City, Feb. 26, 1948.

We Are Drifting Toward War

At the present moment the danger tends to obscure the opportunity. Most of us know or feel intuitively that we are drifting toward war-like trends. We are close to war. The world is drifting as a rabbit is frozen helplessly in the presence of a snare. We are in the throes of a race to achieve a state of confusion which will be the ultimate cause of this war.

Threatened by Our Own Fears

We are threatened by our own fears. We are threatened by theRed Army or by any other foreign power. We are threatened by the Soviet Union because we fear that we could not defend ourselves. We are threatened by the Soviet Union because we cannot occupy Asia.

These Debentures are not being offered to the public.

$20,000,000 Standard Oil Company (An Indiana Corporation)

22½% Sinking Fund Debentures

Dated February 1, 1935

The Company through the undersigned has sold $20,000,000 of these debentures under the provisions of the Purchase Agreement, the institutions investor has agreed to purchase. These debentures were sold prior to January 1, 1935. The number of Debentures, of which the Company has agreed to sell $20,000,000 and has an option to sell all or any part of the remaining $10,000,000.

MORGAN STANLEY & CO.

March 1, 1935.

With Wilson, McComber (Fial of the Financial Corporation)

CHICAGO, ILL. — Robert B. McComber, President of the American Bankers and Mortgage League, has stated today that the credit situation is that we could not all the debentures being able to take responsibility for our own

(Continued on page 38)
Marshall Plan Will Aggravate Communist in Europe

BY HON. FREDERICK C. SMITH
U. S. Congressman from Ohio

Congressman Smith, contending U. S. is duplicating on a large scale disastrous Post War I policies with steps of a Federalized Europe, is to curb communist, since nations which are to be aided are already socialistic. Points aid might be dispensed by political authority in each nation to enhance its own power, and argument that economic collapse abroad would cause "to lose our shirts" is promoting a "prospectus on which fund already given for foreign aid have been ineffective.

The foreign aid proposal before your Committee would extend and implement the policy of sharing the fruits of American labor and military resources primarily with England, and secondarily with certain other countries for various and sundry purposes.

It would serve as a buffer for maintaining domestic prosperity, though a false and precarious prosperity, and to aggravate the power of the political authority of the nations. This policy had its inception with World War I, and has been in effect in various degrees throughout nearly all of the years since that episode, and its principal backers intend that it shall become a permanent policy.

The political authority of the European nations, which the U. S. took which the U.S. is duplicating is a political authority that took the lead in World War I was duplicated, while a large scale, the European policy that is military in nature, in the United States.

The current behavior of the political authority is a replica of the conduct that took us into the war. But on a still larger scale.

The Post War I aid to England and other countries, first by direct military loans, then by the purchase of foreign securities by the United States, encouraged by the political authority, and finally the purchase by it of large proportions to foreigners on purchases of gold, has all their counterpart in the numerous foreign aid schemes that have been put into effect since the close of World War II hostilities.

-Part of testimony by Representative Smith before the House Foreign Affairs Committee.

The Russian State is officially designated Union of Socialist-So

(Continued on page 39)

This announcement is not to sell or solicitation of an offer to buy securities.
The offering is made only to the Prospects.

$3,000,000
Wisconsin Power and Light Company
First Mortgage Bonds, Series B, 3 7/8%,
Dated January 1, 1948
Due January 1, 1978

Price 102 4/64 and accrued interest

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

HALSEY, STUART & CO., INC.
WILLIAM BLAIR & COMPANY
THE ILLINOIS COMPANY

March 1, 1948

EXPLAINS POSITION ON CURRENCY DEVALUATION IN ERP COUNTRIES

Secretary Snyder, in letter to Congressman John Davis Lodge, objects to French method of devaluation, but recognizes maintenance of over-valued currencies in some countries is consistent with the European trade.

Mrs. Bergstresser, by a letter to Congressman John W. Davis, represented the International Monetary Fund's position on the devaluation and expressed the opinion that devaluation under the European Recovery Program, was needed to release dividends of currencies was required. The full text of Secretary Snyder's letter is quoted in the following.

"Dear Mr. Lodge:

"Blairs" letter of Jan. 29, 1948 addressed to Mr. Charles E. Bohlen regarding the recent devaluation of France in relation to International Monetary Fund raises questions within the competence of the National Advisory Council, he has referred your letter to the Council for action.

"The State Department as one of the agency of the Council associates itself with the views stated by Mr. Bohlen and wishes first to comment on the proposals devaluation as raised by Mr. Bohlen's inquiry. In previous telegrams addressed to the Department the Council of the governments having made proposals for devaluation are presented, all the countries concerned, would be called for the purpose of coordinating action.

"Does the State Department believe that the Bretton Woods Agreement is insufficient, with particular reference to the maintenance of international monetary fund.

"Does the State Department believe that in order to achieve such desultations of international monetary conference, to be attended by the United States and the 16 participating nations, should be called for the purpose of coordinating action?"

"The National Advisory Coun-

(Continued on page 21)
Fairless Defends Boost in Semi-Finished Steel Prices

President of U. S. Steel Corp. says company suffered heavy loss on its output of semi-finished products in recent period, price or wage increases are contemplated.

Appearing before the Joint Economic Committee of the 85th Congress, the president of United States Steel Corporation, on per ton prices on semi-finished products, which are heavily on this part of the steel industry, commodities sold "to a handful of customers, most of them large and practically all of them proftable based on the following facts:"

(1) United States Steel has made no general increase in the price of its steel products and it does not contemplate making any such increase.

(2) United States Steel has entered into agreements with its customers understanding, private or otherwise, to cut production and continue to operate at a lower level of output.

(3) This price change was our own doing and not forced upon us by our continuously increasing costs. Any charge or intensification that has led to a higher price is that the other steel company is without justification for the increase.

(4) United States Steel suffered a heavy loss on its sales in 1947 of over two million tons of semi-finished steel. Losses on this product were run at a level of a higher rate this year, necessitating an increase in February in our prices for such semi-finished steel.

(5) United States Steel is a victim of inflation and not the cause of it. Steel prices as a whole have lagged far behind the prices of other commodities. United States Steel cannot fairly be made the scapegoat for the nation's economic life.

Continuing, Mr. Fairless stated: "We in United States Steel belive that costs and prices in general are too high for the good of the nation. At the conclusion of my remarks I will have a definite statement to make that I sincerely hope will help the national situation."

"Criticism of our action in advancing the prices of certain steel products is based on a misunderstanding. I believe that much of the criticism has been caused by a mental position in character. I should like today to reinstate what I believe the proper position upon steel.

"The criticism centers upon increases in our prices of semi-finished steel. On Feb. 13 last, our subsidiary, Carnegie-Illinois Steel Corporation, raised its prices, and its increases in prices for certain semi-finished steel products, averaging about $5 a ton, or one-quarter of a cent per pound.

"Semi-finished steel consists of blooms, billets, slabs, sheets, and all the ordinary products of steel processing. It is a large scale, or used generally by steel consumers. On the contrary as it is named, semi-finished steel requiring further processing before it becomes a finished product for use in the manufacture of consumers' products.

"Semi-finished steel constitutes a small part of the total business of U. S. Steel. Last year by United States Steel of the kinds covered by the recent price increases amounted to approximately 20,000,000 tons. These sales represented only 10% of the total tonnage of steel products shipped by United States Steel to the public during 1947.

"By far the greater part of our semi-finished steel business is in large existing industry. Carnegie-Illinois Steel Corporation, which is one of the largest producers of semi-finished steel, is 90% proftable as a group. Ten of these companies all fairly large companies—accept about 90% of Carnegie-Illinois' entire sales of this metal.

"What I am trying to make clear is that semi-finished steel wants to raise prices, but Carnegie-Illinois Steel Corporation have not raised prices. It is my strong belief that a large proportion of semi-finished steel is not produced at a profit level for the various articles of semi-finished steel. In my judgment, the inflationary price influence of the price adjustment the other companies have made.

"If I want to tell you why we believe that the prices for semi-finished steel was proper and fully justified by the cost of production, I am going to make a statement which I issued on Feb. 13 last, with these exaggerated accounts first appeared. Unfortunately, my attention was then paid to my explanation."

"I have been in the steel business for many years. My job is to see that our business is conducted efficiently and profitably. I do not see how a business can endure, if the prices for its products are lower than its cost of producing.

"The problem of continuously mounting costs over the last six or seven years, both in operations and in plants, labor and equipment, has been of deep concern to us. I am sure it has been equally true of manufacturing generally, both large and small. At the beginning of 1947, average hourly earnings of our employees had increased from $3.40 in 1940. Their average weekly earnings had advanced 8% during that period. It is generally known that the iron and steel industry has experienced a series of wage increases and other inflationary influences, which have been the cause of increased labor and operating expenses. Semi-finished steel, Steel Corporation or any other single company.

"A short time ago the situation became so alarming to United States Steel shareholders that we felt it necessary to take a fresh look at the relationship between costs and prices of this type of steel product. This relationship changes from time to time with different conditions. It has been growing protracted for a time from a standpoint due to higher labor costs, and to constantly higher costs for the goods and services which we must purchase to continue our production. In 1947, 30% of the total sales revenue of United States Steel was spent for the purchase of such goods and services.

"The most distizinguishing situation revealed by this recent survey was the ratio of cost to revenue. We found that in the month of January as compared to the month of November, it was approximately a million dollars on the sales of semi-finished material to fulfill a medium-sized order. There was no good reason why United States Steel should be granting a subsidy of around $50 a ton on these par-

Let Private Enterprise Into Marshall Plan!  

By ERIC JOHNSTON

President, Motion Picture Association of America
Formerly President of the Chamber of Commerce of the U. S. A.

Holding Marshall Plan should be springboard for Europe and not a wheel chair, leading industrialists urge American private business put some kindling wood in hearth of private European business. Warnings, though aid cannot be based on ideology, Europe will recover only as private business there revives. Proposes a Peace Production Board is cast on worthy private investments abroad and a general hook-up of American capital and American know-how with European capital and manpower.

I don't know any subject that's been more chewed over than the Marshall Plan—unless it's the broken in the distast circle. That was a case of lowering the hemline. Today, I'm going to ask you to raise. Your sights on the Marshall Plan. We need to take a new look at it. I've thought over some of the questions that mean the most to us, with particular concern for the problems of American bankers.

Broadly, we look upon the Marshall Plan as a proposition of our government helping other governments in 10 Western European nations. Government-to-government aid is effective in a limited number of fields as nothing else can. For instance, in the reconstruction and reequipment of highways; in the rebuilding of power plants, water systems and ports. Those are all proper government functions. It is not my purpose to discuss those aspects of the plan.

A Springboard and Not Wheel Chair

But that's by no means the final answer to the Marshall Plan. We all want the Marshall Plan to be a springboard for Europe instead of a wheel chair.

We don't want the Plan to be a springboard for Europe instead of a wheel chair. We don't want the Plan to be a plan of fair share, but a plan of the right share. That's what may happen unless we in private business in this country put some kindling wood in the hearth of private business everywhere.

Manifestly, we've got to recognize that some of the major industries in Europe are as important to us as industries in America. We've got to realize that some of the major industries in Europe are as important to us as industries in America.
Securities salesman’s corner

By John Dutton

The other day I stopped by a store that specializes in the sale of cameras and camera supplies. During the past 15 years the public’s acceptance of photography has grown to gigantic proportions. From coast to coast, in almost every town and city there are camera stores filled to overflowing with the raw materials that have been developed during recent years. This is a new business which has been virtually created by taking up an old one and popularizing it with the general public. The camera business has actually merchanized itself into popularity. This has resulted in a period of growth and prosperity for the manufacturers and distributors of photographic equipment.

The one in this very fine store has known me for a long while and he stopped to chat a while. He asked the usual question today, “How are things in the ‘picture’ business?” I told him I was just looking at the self just by looking on the financial page of the papers. Then he said, “Don’t think this is going to be by the stock and bonds and sell right.” He asked me what he meant by that remark. “Well I don’t exactly, but I think you never put your best bargain in the window.” “In this business, we are always coming out with some new gadget, or an idea for picture making, that has popular appeal. Today the entire nation is camera conscious. We have camera clubs, we inaugurate contests, and we conduct classes in order to get people to know how to make pictures.” Then he added, “How did you happen to buy a movie camera?” “You know how it goes,” I replied, “Your wife gets after you because you want to take pictures of the kids, so before long you are lugging one of the darn things home.” He laughed and said, “Yes, I did just that. Today the average home buys many products for then do men—-we didn’t overlook them either when we went to buy. In fact, we found something we can get everybody interested in about the way we sell stocks and bonds. Most of it was not very complimentary to big business and banks.”

“Take those ads you follow up in the papers. Who reads them? Most of the subscribers and dried announcements that are so stilted and forbidden to the average layman. What people do know about stocks and bonds is plenty and you fellows don’t tell them anything either. Look at the ads for stocks and the yields on good stocks are so high. I’ll bet there must be millions of people who would like to change jobs. If they knew they could invest small amounts. There must be many people who have never thought of taking a broker’s office just because they think such places are only for the wealthy. No ho-hum, I think you way ought to be selling the average stock in the street is pathetic.”

And is there not a lot of sense in what he said? Just think of all the people who buy the average investor’s in the days ahead, we sell on every year in this business for so-called dignified advertising. Or those dull and monotonous market, letters with their hedges and guarded forecasts. We have the spirit of the age, the average professional investor, but they are nothing more than the routine talking. And don’t the men in “The Street”? “Missus? When it comes to knowing the value of a dollar these days, there anyone who could be more receptive to the comparative difference between 1% and the kind of yield obtainable on many stocks today, then Mrs. John Q. Housie!” If some broker in her own home town tell her how high the prices are, better for her to save money for little Johnny’s education by taking advantage of the cheap stocks. It’s not too late yet. And the people who get together to sell the average stock in the street is pathetic.”

There may be many things the fellow that is selling cameras can do for the man that is selling stocks. He can do for one thing when you are selling securities. The Securities Exchange Commission has put its professional regarding what you can say and what you cannot say in a letter or an advertisement. ‘This is based on a rule of the commission’s that is advertising along more unordered lines. But the fellow in the insurance business is not telling his customers how the cameras are put together, and who owns them, and what they are made, he says, “BUCK, LOOK AT THE PICTURES YOU GET.”

Over-the-Counter Quotation Services

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Over-the-Counter Quotation Services

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G. H. Walker Hartford Branch Under Gol

HARTFORD, CONN.-G. H. Walker & Co., New York, Stock Exchange and other leading exchanges, announce the opening of a Hartford, Conn., office in the Talcott Building, 20 Pearl Street, under the management of Charles W. Gould. Mr. Gould will be associated with him in the new office. Mr. Gould was formerly with The Boston Corp.

Francis Hayes With A. G. Becker Co., Inc.

A. G. Becker & Co. Incorpor¬
ated, 34 Pine Street, New York City, announce the association with the firm of Francis G. Hayes registered representative in charge of the company’s New York office. Mr. Hayes’ previous association include Stillman, Maynard & Co., Boston, Mass. and Sacramento & Company, and Solomon Bros., & Hutton.

News about banks

CONSOLIDATIONS
NEW BRANCHES
FACILITIES
REDUCTIONS
CAPITALIZATIONS

H. R. Sutphen, Jr.

Henry R. Sutphen, Jr., trustee for The Continental Bank of New York, has been elected a Vice-President of the bank. It was announced on Feb. 26 by Mr. John W. Wadsworth, President, and Mr. W. Archibald Campbell, Vice-Chairman. A special meeting of the board of directors, held on Feb. 26, Dec. last were $50,000,000, while the capital funds on Dec. 31, 1948, were $51,000,000. (undivided profits) were reported.

The Irving Trust Company of New York has increased its divi¬
dend 32 cents payable April 1 to stockholders of record on the previous quarterly payment, on January 2, last, was 15 cents.

The National Safety Bank & Trust Co. of New York proposes to liquidate its capital funds by issuing 8% preferred stocks to subscribe at $12.50 for each one for each share held, it was announced on Feb. 26. Eighty thousand shares are to be issued for a total of $1,000,000, and the bank’s capital, undivided and un¬divided profits will be divided $558,000. Subscription rights ex¬pire at the close of business on March 27. Sources of more than $110,000,000, and a meeting of stockholders will be held at the office of the company at 101 Broadway, New York City, on April 7.

The New York Agency of the Swiss Bank Corporation announ¬ces that a dividend of 6% has been declared on preferred shares for 1946. The action took place at the 76th annual meeting of the shareholders at BeecH, on Feb. 17. The dividends were $200,000 in cash and a dividend of 6000 Swiss Francs for proposed shares, that is, to be used to purchase Swiss Francs at a rate of 1 franc to 1.8750 Swiss. The dividend will be paid to shareholders on April 7.

The Graman National Bank and Trust Company of Brexville, Penn., has approved an increase of common shares, on Feb. 17 from $200,000 to $250,000, made in accordance with the Company’s charter. The stock, it is learned from the bulletin of the Office of the Comptroller of the Currency, is $000,000.

R. H. Johnson & Co. announce that their offering of the unusu¬al amount of $10 per par value capital stock of Franklin Square National Bank of Franklin Square, Long Island, has been all sold. Originally, the bank was approved rights to purchase 12,500 shares of this stock at $20,000 per share, of which they subscribed for 4,492 shares.

Following the approval of the merger of the Lincoln Savings Bank of Rochester, N. Y., the board of directors of the Lincoln Savings Bank of Rochester, N. Y., on Feb. 17, declared a dividend of 32 cents on the $1,000,000 of undivided profits, which is $329,000.

The Grand River Trust Company of Canandaigua, N. Y., on Feb. 27 the latter was increased $25,000. The Grand River Trust Company on March 1, reduced the capital stock from 1,000,000 shares to 750,000 shares.

"A Union" further said: "Stockholders also approved an increase of the capital stock of the Lincoln bank of 6,666,666, bringing the total number of shares to 301,410. Of this stock will be 150,000 shares that are to be acquired by 20,000, the shareholders of the Grand River bank, and the remaining 20,000, the savings bank has outstanding shares.

"The stockholders," said that about 75 at
of the stockholders of Lincoln were 28.4% of the shareholders of Bank of Montreal.

In January the Lincoln Trust Company,分行 of the Commercial Bank of Montreal, New York, as noted in these columns, was opened.

Carl C. F. Fiske, Vice-President and Treasurer of Connecticut Savings Bank of New Haven, Connecticut, was elected President of the New Haven Chamber of Commerce, with observer, Mr. B. C. B. Ihle, Jr., comptroller, and Philip F. Sklar, of the Bank of New York.

The establishment of a branch office by Corn Exchange National Bank & Trust Co. of Philadelphia at the corner of South Street and Chestnut, was announced on Feb. 20, 1947, and it was stated that the branch is expected to be opened early this year.

On Feb. 19, the Lancaster County Federal Bank of Lancaster, Pa., paid $100,000 to its stockholders, increasing the amount from $400,000 to $500,000.

The Rexar County National Bank of San Antonio, Texas in-)

Banks of the National Bank of Denver, Colorado, have opened the capital of the bank from $1,500,000 to $2,500,000. The office of the bank announced the increase as of Feb. 17.

The issuance of additional stock amounts to some $3,000,000, will result in the First National Bank of Denver, Colorado, maintaining the capital of the bank from $1,500,000 to $2,500,000. The officers of the bank announced the increase as of Feb. 17.

George H. Treite, Vice-President and Treasurer of the First National Savings Bank of Los Angeles, Cal., died suddenly of a heart attack at the age of 55, on February 24, 1947. Mr. Treite entered the employment of the bank on April 1, 1906 as a messenger and rose through the ranks to become Vice-President two years ago. He served as a director of the bank upon several occasions.

Advancement of two staff members, and election of two new men as officers of the National Bank of Seattle, Washington, was announced on Feb. 26 by the Comptroller of the Currency, Mr. McCarthy, of the bank.

Ronald A. Macdonald, formerly the manager of the Bank of England in Boston, Washington, Tacoma, became a Vice-President in charge of operations in the bank.

M. J. S. Saari, manager of the bank, and John A. McGraw, a credit department, were elected Assistant Cashiers. Both will be added to the Main Office department responsible for the Vice-President and Manager, Sheridan P. Galbraith, chairman of Seattle bank application division of the Reconstruction Finance Corporation, will be the executive of the credit department.

Sees Bank Deposits Again Divorced From Treasury Operations

New York State Banking Superintendent Elliott V. Bell reports state-chartered commercial banks and trust companies have increased their deposits, despite lower Treasury balances. Points to recent sticking experiments by New York individuals, partnerships and corporations.

In spite of lower Treasury balances, reduced holdings of United States government securities but secured by these obligations, total deposits and resources at New York State chartered commercial banks and trust companies increased during the week ending January 9, according to reports made public by the Superintendent.

Elliott V. Bell, Superintendent of Banks of New York, in his weekly report, stated that the operations failed to dislodge the course of deposits and resources.

I nfluenced mainly by a rise of $1,200,000 in other than Treasury securities, increased $20,000,000 at these banks increased $3,000,000 and at trust companies increased $500,000. Balances maintained by both private and state depositors at Trust companies increased in $747,000,000 in the first nine months of the year, resulting in an increase of $14,500,000. Although both private and state depositors at Trust companies increased in $747,000,000 in the first nine months of the year, resulting in an increase of $14,500,000, and at Trust companies increased in $500,000,000. Balances maintained by both private and state depositors at Trust companies increased in $747,000,000 in the first nine months of the year, resulting in an increase of $14,500,000, and at Trust companies increased in $500,000,000.

The Treasury was increased in $14,500,000 in the first three months of the year, and by $18,500,000 in the first nine months of the year, and by $30,000,000 in the first nine months of the year. Treasury deposits during the past three and a half years have been increased in $30,000,000 by the growth of other deposits.

Expansion of Private Deposits

The most striking change in the deposits was the expansion in the deposits of individuals, partnerships, and corporations, which, increased $20,000,000 in the first nine months of the year, resulting in an increase of $14,500,000,000. Although both private and state depositors at Trust companies increased in $747,000,000 in the first nine months of the year, resulting in an increase of $14,500,000, and at Trust companies increased in $500,000,000. Balances maintained by both private and state depositors at Trust companies increased in $747,000,000 in the first nine months of the year, resulting in an increase of $14,500,000, and at Trust companies increased in $500,000,000.

Mr. Bell pointed out that the relatively small increase of $14,500,000 in the first nine months of the year, yielded $23,000,000,000 in the first three months of the year, resulting in an increase of $14,500,000, and at Trust companies increased in $500,000,000. Balances maintained by both private and state depositors at Trust companies increased in $747,000,000 in the first nine months of the year, resulting in an increase of $14,500,000, and at Trust companies increased in $500,000,000.

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Pennsylvania Brevities

Philadelphia View Market Break

The consensus of opinion of prominent Philadelphia bankers abruptly break in commodity prices business recession or a long-lived depression, but that it should be salutary in the long run be a healthy development. The outlook for prices in the next six months this year is for conditions to be more than one of minor inconvenience and of very short duration.

David E. Williams, President
Corn Exchange National Bank & Trust Co.—"Price drops should have a salutary effect on business, and be healthy for our economic future. Money has contributed to the recent recession in commodity prices, including discussions this year, and a large surplus of grained held by farmers, which is a large market at 75 cents, and a feeling among the farmers that lower prices will prevail.

William B. Bodine, Financial Vice-President Mutual Life Insurance Co.—"What has happened has done more than blunt the impact of the price curve. In view of the recent inflationary trend and of inflationary pressures still remaining, the demand has been taking place is good news. This is not the start to which it is possible to get prices the difference of an adjustment that will be needed to come soon. Turning point has come. If it is, as we seem to be, the price drop will not be delayed longer than.

Mr. Albert Lane, President Provident Mutual Life Insurance Co.—"My feeling is that prices in a healthy development and helped to relieve inflationary pressures. In view of the enormous demand for semi-finished and finished products, it is hard to believe that a long-lived depression in the next few months. On the whole, I think the drop will prove to be of the nature of a temporary drop, and not of the type of a temporary market adjustment.

William R. K. Mitchell, President Provident Trust Co.—"The recent decline in commodity prices and a moderate recession in business activity will in the long run be a healthy development.
Pennsylvania Brevities

(Continued from page 22)
be an invention. Pennsylvania's dam demand might cut down
substitute revenue by driving riders to other forms of transpor-
that the fare boost would "unfairly tate the high cost of living of the riders."
the company advocated a strike, accu-
ants. This, the company estimates, in-
3.933 to 10.484 cents on bus fares and
ning employees an over-all wage in-
reduces the fare on the long-standing tran-
salaries. The company raises the fare 18.2
cents. This is 18.2 cents. Passenger will be
Patties.

Philadelphia—At its
annual election March 1, members
Patties. company elected William K. Bar-
your firm, have
New York, for the position
Bros., Boyce, and

Elected Barclays Pres.

Barclays Pres.

PHILADELPHIA, PA.—At its
annual election March 1, members
of the Union
began the
the "Amerik

Follansbee Expands

Fairness in Established & Emerging Markets. Follansbee is a leading manufacturer of
enamed and high-quality carbon steel wire, with
eral uses cold rolled steel which is
your Follansbee is a supplier.

American Window Glass

Pittsburgh—At a special
meeting to be held here April 27, stockholders of American Window Glass Co. will be asked to approve the
of its wholly owned subsidiary, Glass Products Co., Connellsville, Pa., at a.
incorporation of the parent company.

Follansbee's acquisition by Follansbee of all outstanding common
standing Federal stock, amount-

Colsing.

Halsey, Stuart Group

Offers Utility Bonds

Halsey, Stuart & Co., Inc., Wil-

Wisconsin & Light Co. is engaged principally in supplying
electric energy and manufactured
in central and southern

Power & Light Co. is engaged principally in supplying
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Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

A buoyant tone continues in the government securities markets, in spite of the high level of interest rates in New York City and Chicago and the tightening of the money markets through the Federal Reserve Board. Income tax payments of the middle of the month should restrict the inflow of funds further. Nonetheless, there is a growing demand for high-grade bonds with buyers definitely marking a preference for high quality issues.

Export-Import Bank Grants $6 Million Credit to Mexico

Part of $50 million authorized to be advanced by the Treasury Department. The Mexican Embassy in Washington and the Export-Import Bank announced on Feb. 26 that the Board of Directors of the Bank have authorized a credit of up to $6 million for the Mexican government under the terms of a loan agreement, S. A., a financial agency of the Mexican government, for the purchase of United States equipment and supplies required for the construction of an ammonium sulphate plant near Mexico City.

This credit was authorized in accordance with the terms made by the Export-Import Bank and the Mexican government, involving the acquiring $50,000,000 to finance projects approved by the Mexican Government and acceptable to the Bank.

The proposed ammonium sulphate plant is to be constructed and operated by Guayas Y Fertilizantes, S. A., which is wholly owned by the Mexican government. The total investment required to be incurred is $83,000,000, of which $10 million, of which $6 million is now required for the purchase of equipment, materials and services. The other $4 million is required for the purchase of equipment, materials and labor as well as for the repair and improvement of the premises supplied by Guayas Y Fertilizantes.

SWITCHING

The fact that the 3% due 1960/65 have not shared in the price rise of recent months and that exempt states are due 1955/60, the latter having been flat on their back at pegged quotations since the latter part of last year. The 2½% due 1955/60, the 2½% due 1955/60, and the 1½% due 1955/60.

Banking

The 2½% due 1955/60 are in coming in buying from commercial banks, especially those in the outlying areas, with some of the funds presumably being a continuation of 2½% in order to reduce premium. It seems as though the discount tag which is currentlyemploi to keep the premium account as low as possible, without sacrificing too much interest.

Savings banks are reported to be taking on no or too sizable amounts of the reserved issues in order to obtain income on funds that are now yield as effectively as they might have been in the recent past.

Liquidity

From Nov. 5, 1947 through Feb. 18, 1948, member banks of the Federal Reserve System sold 77½% of their total holdings of government bonds. . . . The heaviest sales of Treasury bonds took place in the New York area, where 56% of the holding at the close of 1945 were disposed of. . . . The 3½% issued in the New York area followed with the same buying demand, and the 1½% issued in the New York area, with eliminations amounting to only slightly more than 3.5% of total positions in Treasury bonds.

Canadian Weak

Canadian internal government bonds suffered another sinking spell. Official support was withdrawn from the market. . . . This is the second and final withdrawal of official money in Canada. After that we have been lowering the rate for some time. . . . The bond markets in Canada are not comparable to that of the United States.

New York Stock Exchange Weekly Firm Changes

Estimates Unemployment Reserves at $7 Billion

National Industrial Conference Board says every state has funds at least triple annual outlay for unemployment compensation.

Funds available for unemployment compensation benefits reached an estimated $7.1 billion at the end of June, according to an analysis of reserves for unemployment compensation which has been computed by the National Industrial Conference Board.

Every state now has in reserve an amount at least triple its highest recent annual outlay for unemployment compensation depression payments. These reserves range from 12 to 68 times their highest annual expenditures, the analysis points out.

The Federal Unemployment Tax Act levies a tax of 3% on the payroll of employers. Any employer subject to a state unemployment compensation law may credit up to a maximum of 50% of the tax paid by him under the state law against this federal tax. Because of this offset feature, states like New York, New Jersey and California have passed unemployment insurance laws. Most of the remaining states have established their own unemployment programs, at least on a temporary basis, or 2%. The proceeds of these state taxes on employers become the basis for unemployment state reserves, which benefit payments are made. Of the 27 states which have passed unemployment laws, at least twice as many have imposed an employer's tax as have imposed an employee's tax. The total annual cost of unemployment insurance, only two states—Alabama and New Jersey—continue to exceed $7.0 billion.

The 10% of the federal tax which is to be received by the Federal Reserve Bank of New York will be distributed by Federal grants from general revenue in turn provides the funds to cover the administrative outlay involved. The compensation penses incurred in unemployment compensation were $232 million in 1947 and under the 1945 act, these expenses will not be included in the state's budget, regardless of the amount spent. Federal grants from general revenue to states for this purpose will be adjusted annually by the computed costs of administering the new program. The individual state re-

V. E. Breeden

V. E. Breeden is President in charge of the municipal department of William R. Breeden, 70 Pine Street, New York City, members of the New York and Philadelphia Stock Exchanges. Mr. Breeden has been adopted by the Federal Land Bank System in the 12 Federal Reserve Banks in the country.

Clifford Minor With Penington, Colket & Co.

Clifford Minor has resigned as a manager of the investment department for the past seven years of E. W. Clowes & Co. as an an ac-

Charles Breeden

Charles Breeden is President of the Chase National Bank of New York, a director of the Chase Manhattan Corp., and the First Vice President of the Chase National Bank of New York. He has been a member of the New York Stock Exchange since 1925, and is a director of the Chase Manhattan Corp., and the First Vice President of the Chase National Bank of New York. Prior to his appointment as President of the Chase National Bank, Mr. Breeden was with the Chase Manhattan Corp. from 1925 to 1929.

Standard Oil (Ind.) Arranges Financing

Dr. Robert E. Wilson, Chairman of the Chase National Bank, has been appointed President of the Chase National Bank, and the First Vice President of the Chase Manhattan Corp., and the First Vice President of the Chase National Bank of New York. He has been a member of the New York Stock Exchange since 1925, and is a director of the Chase Manhattan Corp., and the First Vice President of the Chase National Bank of New York. Prior to his appointment as President of the Chase National Bank, Mr. Breeden was with the Chase Manhattan Corp. from 1925 to 1929.

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Shortcomings of ERP

(Continued from page 15) given without fear of setting off a chain reaction in the world economy. This, in turn, is the key to the whole problem. While it is true that the United States is not a communist country, it is also true that it is not a democratic one. The United States is a country that has been governed by a combination of power, wealth, and military might, and it is not accountable to the people. The United States is a country that has been governed by a combination of power, wealth, and military might, and it is not accountable to the people.

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Factors in Railroad Security Analysis

(Continued from page 12)

sample of a basic change in the main characteristics of the railroad industry. Each railroad must be
considered as a separate entity, general as to the traffic trends of the railway industry.

It is obvious from my foregoing

The railroad industry is one of the

The factors I have just men-

tions and the cost of the

I trust that I have been able to

Put Call Brokers Nominees

The Nominating Committee of the Put Call Brokers and Dealers

Shields Named Director

Cornell Shields, partner in the

The Commercial & Financial Chronicle (1019) 27
prices are the result of changes in the buying power of the money supply and in the output of goods and services, and the money supply in this country has approximately tripled. Physical supply has increased 75%, and living costs have tripled. The result has been a reduced purchasing power of the dollar.

War Profits Money

We must remember that inflation increases the money supply by improving the purchasing power of the dollar. For example, an eightfold increase in the money supply is likely to increase the real purchasing power of the dollar by about 10% in over-all production since 1939, lifted the French price level to its present height. Inflation, in France, the money supply is 50% in a world war. Even in ordinary times, productive capabilities to support further inflationary buying power with a nominal 10% rise in price levels. Inflation will cause a 10% rise in price levels. Inflation will cause a 10% rise in price levels. Inflation will cause a 10% rise in price levels. Inflation will cause a 10% rise in price levels. Inflation will cause a 10% rise in price levels. Inflation will cause a 10% rise in price levels. Inflation will cause a 10% rise in price levels. Inflation will cause a 10% rise in price levels. Inflation will cause a 10% rise in price levels. Inflation will cause a 10% rise in price levels. Inflation will cause a 10% rise in price levels. Inflation will cause a 10% rise in price levels. Inflation will cause a 10% rise in price levels. Inflation will cause a 10% rise in price levels. Inflation will cause a 10% rise in price levels. Inflation will cause a 10% rise in price levels.

Write a sentence about the image.
The State of Trade and Industry

(Continued from page 5)

Cori displayed marked strength, rising about 14 cents per bushel during the week on the Chicago Board of Trade, in line with other grains. Wheat bids were supported by the
rise reflected improved shipping demand and continued small coun-
ty offerings of cash corn. Wheat showed further moderate declines in the week on the Chicago Board of Trade, the worst
fall in a year, to the lowest level since March 16. The advance of
parts of Kansas, Oklahoma and Nebraska, and a continued absence
of local demands, were responsible for the decline. The outlook
for the future on the Board of Trade declined to 233,003,000 bushels,
or 2.7 million bushels lower than a year ago. Nearby, on a daily basis
of 24,000,000 bushels, against 24,000,000 bushels the week before. Domestic and export demand for flour continued strong. Business in Loafers and Table Rice
was again strong, with receipts pushing hog prices downward following last week's recovery movement. Sheep prices declined
with a limited volume.

Following the sharp setback suffered during the two pre-
ceding weeks, the market for textiles showed an improved at-
rance in the past week with closing prices only slightly below
those of a week ago.

Inquiries for trousers were fairly numerous but traders were
cautious in making commitments. Total sales reported in
the week amounted to 97,900 bales in the latest week, compared with 96,300 in the previous week and 136,000 in the same
week a year ago. The market was stimulated to some extent by
short contracts on shipments for early in the season. Local traders
that the Army would re-enter the market soon for cotton for Japan.
Consumption of cotton during January totaled 600,000 bales, accord-
ing to the Census Bureau. This compared with 753,000 bales in
December and 850,000 bales in January 1947. Consumption per work-
ing day during January averaged 40,000 bales, the largest for
any month since April last year, and compares with 25,400 in December
and 42,200 in January a year ago. Textile markets were inactive with
buyers holding aloft pending further price developments.

Textile index 42

While the price line appeared firm there was a strong feel-
ing of a decline in纱线 prices, and there were reports of simultaneous, and fears of a possible revival of the pound sterling.

Contracting in the West was much slower than in recent weeks. Business was at a low ebb for the month of February and prices
remained firm to higher. Imports of foreign apparel goods received
an increase due to the continued rapid build-up in the buying of bar-
rows. The index for February was 42,332,000 for the month, compared with 30,200,000 in the previous week.

RETAIL AND WHOLESALE TRADE TRADES MODERATELY

Consumer interest in Spring and Easter merchandise increased as
the weather in many sections of the country became
sunny and pleasant. This resulted in a moderate increase in consumer buying during the period ended on Wednes-
day of the past week compared with the corresponding period of last week. Retail dollar volume was moderately above the level of the corresponding period of last year. This was stimu-
lated by the buying of Winter apparel and house furnishings.

There was a considerable increase in the demand for Spring clothing and suits for men and women.

Military departmets were crowded with shoppers and intern-
ted in handbags and fancy blouses was very favorable. Men's good quality worsted suits and Spring coats sold well, as did pajamas and in a number of sections. The range in the layin-
g of jewelry and the response to clearances of fur coats was slow.

Gross dollar volume was steady at 8.3 billions for the week and
stores continued to seek substitutes for high-priced meats and butter; flight of the prices of some foods generally had little effect on buying.

The over-all decline in food prices during the past two
weeks was shown to be even more pronounced than indicated in the preceding week.

There was a slight increase in consumer purchasing of dried
and smoked fish for Lenten use and dairy products continued
steady.

Spring cleaning and household repair items were sought in a
number of sections. Domestic refrigerators and washers, solid
furniture was slight, good quality dining room and bedroom suites were heavily purchased. Domestic refrigerators, washers and other
small electrical appliances and the supply of branded
major appliances improved in some areas.

Refrigerator sales were close to seasonal high and Spring
interest for the period ended on

of the week. Estimated sales were estimated to have been from 9 to 15% above that of a year ago. Regional estimates varied from those
of a year ago by the following percentages: New England 6 to 10,
East 14 to 18, South 5 to 10, Middle West and Southwest
6 to 10, Northwest 8 to 12 and Pacific Coast 9 to 10.

Mild weather in many sections of the country was accompanied
by a strong demand for outdoor goods. Sales generally increased
by 5 to 10% from last year. Demand for outdoor goods was noted
as strong as in the corresponding week of last year.

WHOLESALE FOOD PRICE INDEX AT SIX-MONTH LOW

Fluctuations in prices for foods continued irregular this week with a general trend downward. Twelve of the commodities
entering into the Dun & Bradstreet wholesale food price index moved
lower, accounting for a 1.0% decrease in the index, recorded at
6.61. Off 15 cents, or 2.2%, from $6.76 a week ago, the current
index represents the lowest level since Aug. 19, 1947 when it regis-
ted the same low level. This week's decline was recorded in
prices for 61 items, as compared with prices for 67 items a week
ago. Price trends in leading grain markets were irregular last week although there were some evidences of a steadying movement.

WHOLESALE COMMODITY PRICE INDEX TAPERS OFF

The Dun & Bradstreet wholesale commodity price index registered a mild drop in the past week, from 287.23 on Feb. 17. to 287.24 on Feb. 24. The index moved in narrow ranges between
the two dates a drop of 0.07%. Price trends in leading grain markets were irregular last week although there were some evidences of a steadying movement.

Arthur C. Knies Dea

Arthur C. Knies, general part-
ner in Vila & Hickey, members of the New York Stock Exchange,
died on Feb. 27 at the age of 47.
As We See It

(Continued from first page)

feasible to advance their interests by the creation of puppet states afloat with slogans of Utopia, not only Russia but the other imperialistic nations would not have been able to make such an advance. Indeed, at times moved in closely similar fashion, and those in this country who seem to suppose that the Russian technique is wholly new could well read our own history with profit.

Typical Imperialism

What we are fighting for in Europe and Asia, then, is so far as Russia is concerned, nothing particularly new. It is a typical case of imperialism which takes full advantage of the fact that mankind across the globe is in a sort of philosophical mood. It is blithely ignorant of new, the old order, and too ignorant of history to realize that these prophets of a new and glorious order are but advocates of a very lengthy age tried and found wanting—tried either in actual practice or in the crucible of careful dispasionate logic.

But tactically and even strategically, we have permitted ourselves to be maneuvered into an awkward position. Consider the matter first, in the ordinary terms of world politics. For many decades the situation on the Continent of Europe had been held in balance, relatively speaking, by the mutual fear of military attack and the mutual advantage of commercial competition. Russia, Sweden, and France did not attack each other, and the British did not attack any of them, because in each case there was a sufficient strategic reason to prevent the move. But if one of these nations attacked another, the others would come into the war, and there would be many millions of lives and millions of dollars would be involved in any such collision. It was, therefore, in the interests of all the nations to keep the peace. In the event of war, the result would be as though a man were to stab himself, and ask everyone to look on and weep.

Prior to World War I each of these two arch rivals had support from other countries — so that when hos- tilities finally broke out in 1914 the fighting was between the two formidable armed entities and Allied powers and the Central Powers, precursors of the present nations opposing it. Germany was badly damaged if not crushed in that earlier conflict, but so was Russia. The other European participants, chiefly France, England and Italy, certainly emerged without much strength for fur- ther conflict on the Continent of Europe. A considerable break-up of the swampy Central European economy did take place during which Russia and Germany, both still harboring the old age-old ideas of expansion at the expense of the other, prepared for the day when their armies must inevitably clash. A Letter to World War I

Germany took the initiative in making use of her position; Russia doubtless felt that time ran in her favor. For reasons which in retrospect appear almost beyond under- standing, Britain and France — yes, and, in practical effect, the United States of America — felt it necessary to try to stop the eastward march of Hitler’s legions. All these led from incredible weakness, as they say in bridge, and oneten to twelve, France was completely overrun, and Britain about finished before we could gather our strength and bring it to bear.

Meanwhile the inevitable break between Russia and Germany had taken place. Russia was taking a few steps toward reform, and its military operations were not going according to plan. By this time, however, the United States had gotten so involved both in Europe and in Asia, that Japan, deciding that the time had come for her to act, struck first at us. From that moment we were, of course, in the mess, and had no choice but to act with vigor until our enemies were brought to their knees. That, as the world knows, we did with reasonable dispatch, despite the fumbling and the dark, early days.

But in the process we became amazingly artful in deceiving ourselves. We had gotten so far that the simple idea of the first order — as they were in point of fact. But now Russia, an arch conspirator with Germany, and by far the worst of the totalitarian, authoritarian and tyrannical regime, and one that appears apparently a champion of democracy and individual liberty," a sturdy co-worker in the task of freeing mankind from the tyranny represented by Germany, Italy and Japan!

It was, of course, sheer bosh, but it took hold of the imagination of a great many Americans, and apparently furnished a great deal of the ammunition of the argument between the then President of the United States and the head of the Soviet absolutist State. One must suppose that the both sides, and the central decisions which have as one end result the strength of either nation in the world. The same argument was made in Europe and Asia today. Indeed the more documentary information becomes available to the general public the clearer this fact becomes. At all events what has hap- pened is that with our help, one of the mighty rivals in middle and eastern Europe, and one of the imperialistic powers of Asia has been killed off, leaving the other — which happens to be the same in both spheres — relatively speaking, strong beyond all previous expectations.

What to Do?

The question now, obviously, is what to do about it. It helps little to say that it should have been foreseen hence that such retrospection enables us to understand the true inwardness of the existing situation. It appears obvious to us that the danger is more real than had been thought, but is it end? Has New York on almost any Wednesday. Yet the actual danger to us is plainly indirect and a considerable distance in the future. We are not inconceivable that the whole of it may pass before there is any clash of real interests between the two countries.

Meanwhile, certain truths are evident enough. Merely "getting tough" on the air and in the news- papers accomplishes nothing. It is a purely partial leaders. It would be equally futile and foolish for us to fritter away our strength in trying to defend indefensible positions. We are not in the position to keep up the Bank of the present era. The Bank sees that the present inflationary depression has not created the present inflationary depression. They do have a vital interest in it, and they are connected with it. They should use every effort to keep the power to modify and control it and thereby keep the country under any circumstances prevent an excessive expansion of bank credit. This is a fundamental purpose which can be pointed out as a substantial step in a process which is an essential of a larger inflation. Banking Responsibility

The field of action in banking is a vast one. It is not enough to note the inflationary pressures, and also, be- cause credit extended by banks can be used to add to the in- creased demand and price levels, and the inability of business to obtain needed loans, and to get an accurate picture of the present inflationary depression. For example, on the stock market, investors and depositors, and the speculators, and the producers of wealth. They have a vital interest in it, and they are connected with it. They should use every effort to keep the power to modify and control it and thereby keep the country under any circumstances prevent an excessive expansion of bank credit. This is a fundamental purpose which can be pointed out as a substantial step in a process which is an essential of a larger inflation. The banks have the power to control the credit of the country, which are competing in the open market for a limited supply of gold, and are helping to push up the price of this power, and as a result, can add to the inflationary pressures. Thus, the inflationary destruction machine is operating about as capacity, so many loans may tend to increase demand without increasing production. It is a case of inflation, and the credit of the country. Banking and credit control factual objective of a sound prosperity that is important. The elements of it are very simple. While our borrowed and credit institutions, and are a part of many thousands of borrowers, all over the country, who are competing in the open market for a limited supply of gold, and are helping to push up the price of this power, and as a result, can add to the inflationary pressures. Thus, the inflationary destruction machine is operating about as capacity, so many loans may tend to increase demand without increasing production. It is a case of inflation, and the credit of the country. Banking and credit control

Proposals for More Banking

For the past several years we have had to meet continuing pro- tests from many quarters urging that government controls over bank credit and investments. That danger of inflationary pressures, and the role of the central banks and bankers must do more than anything else they can keep to the atten- tion of coming worse. Our primary interest and the primary interest of everyone, is in the Na-

The Banks, Inflation And Credit Control

(Continued from page 6)

tional objective of a sound prosperity that is important. The elements of it are very simple. While our borrowed and credit institutions, and are a part of many thousands of borrowers, all over the country, who are competing in the open market for a limited supply of gold, and are helping to push up the price of this power, and as a result, can add to the inflationary pressures. Thus, the inflationary destruction machine is operating about as capacity, so many loans may tend to increase demand without increasing production. It is a case of inflation, and the credit of the country. Banking and credit control

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taken positive organized action to secure the withholding of inflationary influences from the hands of their members. I commend this action to the banks, for I believe that in this case we will succeed in this voluntary effort, thus bringing about a lasting control of inflationary influences at the points where they need to be, to exercises inflationary influences and to prevent their occurrence, but not to be undertaken if it is not required.”

We are seeing more for more in the way of official encouragement. From the very start of the year we have been kept informed of what we do about it, individually and collectively. Your Association has associated itself seriously in meeting this problem, and it is dependent upon you for complete support.

**Points Emphasized**

To summarize the problems, I wish to call attention to the following points:

1. I remind you again that the bank for which you work has a fundamental interest in preventing affluence and maintaining sound assets. Retaining a high reserve position is a condition of adequate lending and protection against emergencies, at least under present conditions.

2. The danger of inordinate inflationary pressures by contributing or by way of example to over-supply and improper use of purchasing power under these circumstances. At the same time, I want to emphasize the need for the credit necessary to support and maintain the purchase of goods and services. We must maintain sound assets and retain our position as a sound credit institution.

3. We do not have any special reason for what I believe is required under these circumstances. I call it: "Realistic action, no panic or emotional action." Selective action is called for. The action should make credit which adds to the consumption and productive capacity. The granting of credit for purposes which tend to retard the immediate supply of goods, or to obstruct the use of productive credit is not justified.

4. The future ability of banks to expand loans has already been considerably diminished, and the rate of deposit increase has declined. Some of the banks may be under the impression that if they increase their deposits by a definite degree, the amount of deposit charge a certain amount of money in excess of what credit control means. That is the only way in which we can meet the emergency of rising costs and more lending money. It can be done voluntarily and cooperatively, or it can be done in an orderly way, now to make your credit position strong and free from criticism.

5. As a matter of fact, there is a will to do what is necessary to assist this accomplishment. For example:

- The federal future ability of banks to expand loans has already been considerably diminished, and the rate of deposit increase has declined. Some of the banks may be under the impression that if they increase their deposits by a definite degree, the amount of deposit charge a certain amount of money in excess of what credit control means. That is the only way in which we can meet the emergency of rising costs and more lending money. It can be done voluntarily and cooperatively, or it can be done in an orderly way, now to make your credit position strong and free from criticism.

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**The Stock Market in 1925 and Today**

(Continued from page 3)

The Federal Reserve was able to control inflation by raising interest rates and purchasing or selling government bonds. The Federal Reserve raised interest rates to attract funds from banks and reduce the amount of money in circulation. The result was a decrease in the amount of money available for lending, which helped to control inflation.

In 1925, when the economy was expanding, the Federal Reserve raised interest rates to prevent inflation. This resulted in a decrease in the amount of money available for lending, which helped to control inflation. The Federal Reserve continued to raise interest rates to prevent inflation and maintain a healthy economy.

**Investment Outlook For 1949**

(Continued from page 7)

The investment outlook for 1949 is generally positive, with several key factors contributing to a favorable environment for investors. Economic growth is expected to remain robust, driven by strong consumer spending and increased business investment. Employment opportunities are projected to expand, providing a solid foundation for future growth.

Consumer confidence is strong, and consumer spending is expected to continue to support economic activity. Businesses are optimistic about the future, leading to increased capital expenditures and job creation.

The Federal Reserve is likely to maintain a more accommodative monetary policy, with interest rates remaining low. This will provide a supportive environment for asset prices, particularly in the equity market.

However, there are some potential headwinds to consider. The global economy remains vulnerable to geopolitical risks, trade tensions, and economic slowdowns in certain countries. Additionally, rising inflation pressures could prompt the Federal Reserve to tighten policy more aggressively than currently anticipated.

Overall, the investment outlook for 1949 presents a mix of opportunities and challenges. Investors are encouraged to remain vigilant and adaptable, adjusting their strategies as market conditions evolve.
Industrial Application of Nuclear Energy

(Continued from page 4) underway and progress is to be expected within a short time.

The consumption of uranium fuel in a reactor necessarily produces a variety of radioactive products. These products consist of several dozen elements, having about half the atomic weight of uranium. As such, they are relatively far down the scale of radioactivity. In most instances, however, the products are unstable and have a half-life of less than a day, after which they decay into a more stable state.

Other industrial applications of reactors may avoid the generation of heat. Reactors may be used to produce heat and power, and the heat can be used to produce steam for the production of electricity. Reactors may also be used to produce heat for the production of heat and power, and the heat can be used to produce steam for the production of electricity. Reactors may also be used to produce heat for the production of heat and power, and the heat can be used to produce steam for the production of electricity. Reactors may also be used to produce heat for the production of heat and power, and the heat can be used to produce steam for the production of electricity. Reactors may also be used to produce heat for the production of heat and power, and the heat can be used to produce steam for the production of electricity.
German Monetary Disintegration And Reform Possibilities

(Continued from first page)

tried to discourage this type of trading.

The Problem of Monetary Reform
One pitfall to beware of is to blame inflation on the huge money exess. There is a tendency to believe that the German economic scene is reviving because monetary inflation is curbed. In the West, with considerable justification, many believe that monetary reform in the Western zones would be sufficient to save that area, in order to avoid reversion to some of their Reichsmarks to Eastern Ger-

many, with the result that prices in West Germany would skyrocket, unless a new currency is also issued in the Soviet zone.

The Progress of Monetary Disintegration
Meanwhile, monetary disintegration has made further progress in Germany. The effects of the reductions in money sup-

ports to the field of speculators. It is very unlikely that they make their profits, they look for inflationary wages, which often set themselves up as engines of price rises. This is what may be called the "path¬
ological" price rise which is occurring in all the strange world in which one finds oneself at the moment, and which is the surface German of economic life.

It is no exaggeration to say that in a very large sector of the Ger-

man economy, the system is thoroughly discredited and simply rejected. The trouble is not that the central bank is re¬

duced, is not secret in Germany. No monetary authority has any money only to the extent that they have an immediate outlet for it. Since little can be purchased at legal prices, its acquisition is no longer of so much interest to the money sector of the economy. Market transactions are more concerned in protecting and expanding their investing position in selling their production for a more speculative markup. Goods are purchased for a speculative value, and the speculative value is the price they command for the goods. In the absence of inflationary expectations, Germany may in part be explained by a glut of goods and services. The funds of the public are transferred through the black-market mechanism to groups who either obtain a speculative markup or simply from buying goods in which they disperse their capital. While it is true that black market buying may have at some time been to the detriment of goods and services, this is often the case only to the extent that they have an immediate outlet for it. Since little can be purchased at legal prices, its acquisition is no longer of so much interest to the money sector of the economy. Market transactions are more concerned in protecting and expanding their investing position in selling their production for a more speculative markup. Goods are purchased for a speculative value, and the speculative value is the price they command for the goods. In the absence of inflationary expectations, Germany may in part be explained by a glut of goods and services. The funds of the public are transferred through the black-market mechanism to groups who either obtain a speculative markup or simply from buying goods in which they disperse their capital.

The Spread of the Black Markets
As practically all goods pro-

duced in Germany are available for barter or investment value, the demand for legal goods for retail level for sale to consumers of relatively little importance becomes negligible. This state of affairs is advantageous to those who are able to obtain control of the black market, or corrupt officials, and to those who are able to make a deal with the bureaucracy and its other trading goods illegally. But the aged and invalid, who weaken in the incessant battle with the bureaucratic machine, and those who lack the energy

The Emergence of Gray Markets
While there are still many people in Germany who look at the black market as a necessary evil, there are others who are already bartering heavily.

The Emergence of Gray Markets
While there are still many people in Germany who look at the black market as a necessary evil, there are others who are already bartering heavily.
Tomorrow's Markets

Walter Whyte Says

Market now in indeterminate stage. No breakout in either direction indicated for immediate future. Hold all positions.

For the past two weeks I've been acquiring a Florida to buy any accommodations. The sunshine is about the only thing one can get in that land of lotus eaters without going out into the hock. The rest—living, eating, recreation and incidents, come so high, one has to pay a loan to come home on.

But though I was away from my desk I wasn't away from the market. It looked the same under a tropical sun as it did under a New York snowstorm.

Since the first week in February, when the news article was given here about a number of stocks, the market has kind of wallowed in a trough. After breaking down to about 164 in the Dow averages, it managed to grudge back to about 168-170, where it is now present. During this process a few stocks acted better than the market, a few not so well, and the rest just drifted along with the tide. All in all it was a prosaic market, giving no cause for excitement to either the optimists or the pessimists.

The major news developments are still tied in with the coming elections and increased demand for steel products abroad. From the action of the tape it is apparent that neither the buying nor the selling has been sufficiently weighed to make any dent in the market.

This means that the evaluation of the market's future must rest entirely on its technical action. Looking at it discursively, it seems as if the averages have slowly worked themselves into a corner with stock for sale just under the 170 level and some support around the 165 figure. A breakout in any direction could well be the line for the immediate trend. The breakout may come out of news or another way, but it will come at the time it will come for a policy of holding all positions until the stalemate is broken.

In the advice to buy stocks you were also given the levels under which stocks would not be held. So far none of these were broken. This is no guarantee that they won't be. It is one of the risks venture capital takes when it seeks to make products sold at the-...
be larger because of the higher average costs. Conversely, with due regard for the fact that the average 1940 price level was probably about 8% lower than the 1930 level, the real cost level, that is, the price of the same kind of raw material, is probably the Marshall Plan, I believe, is about this level.

The Federal Reserve Bank of St. Louis is exactly in that arm's camp which we call the world today. It is, I believe, to keep its military expenditures at high levels, and such seems to me to be the only really important task that would benefit the steel industry, and no other industry. The basic cause that it is not certain how far and how long our armament program will last, and ax maintenance of our armament would be. What the nature of that maintenance may be I do not know. I do not know that it would not be possible to maintain it.

One fact or which most of us tend to overlook is the amount of raw material that we have in stock, and that amount of raw material is probably as large as, or more, in some cases, than the amounts of different types of steel that we have on hand. This holds even when more or less conventional values are applied.

In short, I am not particularly concerned about the future of steel from the point of view of its economic position in the steel industry. It is still the most valuable and workable of the lower-priced industrial materials.

In trying to gauge prospective future developments and trends in the industry, I think that steel is of the utmost importance that the evidence shows that the world's economy in the years ahead will be much more stable than it was in the 1930's. While we cannot expect to see the kind of capital expenditures at a relatively low level. We shall consider the amount of capital expenditures in the years ahead than we did during the 1930's. Certain trends for some of the steel companies may continue, or may be the latter part of this year, even if results, or possibly a peak in postwar in-раст. On the other hand, I believe there is generally good possibility that, connected with the probable rate of growth of high rate of construction activity and steel production, it is in the public interest to pick up this rate of growth as rapidly as possible. The situation is definitely established, and prepared to do so in four years or less. Proponents for the steel industry may suggest that it could mean a substantial rate of rate of operations for some time. This could lead to a deficiency of steel output and grow, as long as the shortage is not held back only by the shortage of steel.

The export market may be more active, and when the material is available, and if and when the dollars are available to buy from us. Perhaps the Marshall Plan is a remarkable achievement of that.

Most of us would agree that, in this arm's camp, which we call the world today, it is not only a question of whether we have steel on hand, and as maintenance of our armament would be. What the nature of that maintenance may be I do not know. I do not know that it would not be possible to maintain it.

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The Bank and Inflation

(Continued from page 7) cation between individual man-
gagement: the Federal Reserve Bank of St. Louis gages, supervisory responsibilities, on the ing in banking is as necessary for the presen- the individual banker. I think that the federal uences on the national body. I thought that the comment is not misunderstood in my remarks at the rance of the present monetary system as for the preservation of the present monetary sys- the Federal Reserve Board meeting, but rather the management on this important sub-
ject.

The unusual conditions under which banks have operated in recent years, particularly the activities of the war-stimulated econ-omy, and the transition from the conversion to peacetime commerce and industry, are a part of the background, however, the hazards of the present regulatory framework must be faced.

It is clear that banking in the United States in the prewar years was not a normal peacetime economy can be finally determined.

The crosstracks have been repeatedly pointed out, it appears certain, hazardous and fraught with major adjustments. The problem of finding the right balance, the proper solution to the national and world problems, is contro- versial, and indeed the whole issue of the proper balance between credit and prudential regulation is hotly debated. The Federal Reserve System, the Comptroller of the Currency, the National Association of Savings and Loan Companies, the National Association of Mutual Savings Banks, the National Association of Federal Credit Unions, and the Savings Institute Bureau of the Federal Home Loan Bank Board, are involved in this controversy to a great degree. In addition, the recent economic developments have added to the complexity of the problem.

One of the most pressing issues is the question of the role and extent of the Federal Reserve in the country's economic life. The Federal Reserve System was established in 1913 to regulate the country's banking system and to provide a stable monetary system. Over the years, the Federal Reserve has grown in power and influence, and its role in the economy has been expanded.

The Federal Reserve System is composed of 12 regional Federal Reserve Banks, each with its own president, and a Board of Governors in Washington, D.C. The Board of Governors is appointed by the President and confirmed by the Senate, and consists of five members.

The Federal Reserve's primary function is to regulate the money supply and to control interest rates. The Federal Reserve also has a role in promoting the soundness and stability of the banking system, and in facilitating the efficient flow of funds in the economy.

The Federal Reserve has a number of tools at its disposal to achieve these goals. The most important of these tools are open market operations, which involve the buying and selling of government securities, and the discount window, which is the Federal Reserve's lending facility for banks.

The Federal Reserve also has the power to set reserve requirements for banks, which determine the amount of money that banks must hold as reserves.

The Federal Reserve's actions are closely watched by investors and economists, and its decisions can have a significant impact on the economy. For example, if the Federal Reserve decides to raise interest rates, this can lead to a decrease in borrowing and a decrease in the money supply, which can help to control inflation.

On the other hand, if the Federal Reserve decides to lower interest rates, this can lead to an increase in borrowing and an increase in the money supply, which can help to stimulate economic growth.

The Federal Reserve's actions are guided by its dual mandate of price stability and maximum employment. The Federal Reserve Act of 1913 established the dual mandate, and it is a key factor in the Federal Reserve's decision-making process.

The Federal Reserve has a Board of Governors, which meets regularly to discuss economic conditions and set monetary policy. The Board of Governors is composed of seven members, who are appointed by the President and confirmed by the Senate.

The Federal Reserve also has a number of independent committees, which provide advice and guidance to the Board of Governors. These committees include the System Open Market Committee, which sets policy for open market operations, and the Federal Open Market Committee, which sets policy for discount window operations.

The Federal Reserve's decisions are not always easy, and there is often debate over the appropriate course of action. However, the Federal Reserve is committed to achieving its dual mandate, and it continues to adjust its monetary policy to reflect the changing economic conditions.
# Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month and month on that date, or, in cases of quotations, as of that date:

## American Iron and Steel Institute

| Month | Metals on hand | Steel mill capacity | Capacity utilized | Rate of utilization%
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>310,000,000</td>
<td>350,000,000</td>
<td>330,000,000</td>
<td>94</td>
</tr>
<tr>
<td>Feb.</td>
<td>320,000,000</td>
<td>360,000,000</td>
<td>340,000,000</td>
<td>95</td>
</tr>
</tbody>
</table>

## American Petroleum Institute

<table>
<thead>
<tr>
<th>Month</th>
<th>Output (bbls.)</th>
<th>Percent change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>10,000,000</td>
<td>-2</td>
</tr>
<tr>
<td>Feb.</td>
<td>12,000,000</td>
<td>2</td>
</tr>
</tbody>
</table>

## American Petroleum Institute

<table>
<thead>
<tr>
<th>Month</th>
<th>Domestic oil sales (bbls.)</th>
<th>Percent change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>10,000,000</td>
<td>-2</td>
</tr>
<tr>
<td>Feb.</td>
<td>12,000,000</td>
<td>2</td>
</tr>
</tbody>
</table>

## Associated Societies of American Railroads

<table>
<thead>
<tr>
<th>Month</th>
<th>Revenue freight (number of cars)</th>
<th>Revenue freight (yardage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Feb.</td>
<td>12,000,000</td>
<td>12,000,000</td>
</tr>
</tbody>
</table>

## Civil Engineering Construction, Engineering News

<table>
<thead>
<tr>
<th>Month</th>
<th>Total U.S. construction</th>
<th>Percent change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>10,000,000</td>
<td>-2</td>
</tr>
<tr>
<td>Feb.</td>
<td>12,000,000</td>
<td>2</td>
</tr>
</tbody>
</table>

## Coal and Coke

<table>
<thead>
<tr>
<th>Month</th>
<th>Price (per ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>100</td>
</tr>
<tr>
<td>Feb.</td>
<td>120</td>
</tr>
</tbody>
</table>

## Department Store Sales Index

<table>
<thead>
<tr>
<th>Month</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>100</td>
</tr>
<tr>
<td>Feb.</td>
<td>120</td>
</tr>
</tbody>
</table>

## Edison Electric Institute

<table>
<thead>
<tr>
<th>Month</th>
<th>Production (kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>100,000,000</td>
</tr>
<tr>
<td>Feb.</td>
<td>120,000,000</td>
</tr>
</tbody>
</table>

## Exporters Association of American Industries

<table>
<thead>
<tr>
<th>Month</th>
<th>Export value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>100,000,000</td>
</tr>
<tr>
<td>Feb.</td>
<td>120,000,000</td>
</tr>
</tbody>
</table>

## Iron Age Composite Price Index

<table>
<thead>
<tr>
<th>Month</th>
<th>Index number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>100</td>
</tr>
<tr>
<td>Feb.</td>
<td>120</td>
</tr>
</tbody>
</table>

## National Fertilizer Association

<table>
<thead>
<tr>
<th>Month</th>
<th>Price level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>100</td>
</tr>
<tr>
<td>Feb.</td>
<td>120</td>
</tr>
</tbody>
</table>

## National Fertilizer Association—Wholesale Commodity Index by Groups—1928-1930

<table>
<thead>
<tr>
<th>Month</th>
<th>Group index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>100</td>
</tr>
<tr>
<td>Feb.</td>
<td>120</td>
</tr>
</tbody>
</table>

## National Paperboard Association

<table>
<thead>
<tr>
<th>Month</th>
<th>Orders received (units)</th>
<th>Total shipments (units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>100,000,000</td>
<td>120,000,000</td>
</tr>
<tr>
<td>Feb.</td>
<td>120,000,000</td>
<td>140,000,000</td>
</tr>
</tbody>
</table>

## Oil, Paint and Drug Reporter Price Index

<table>
<thead>
<tr>
<th>Month</th>
<th>Average (cents per gallon)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>100</td>
</tr>
<tr>
<td>Feb.</td>
<td>120</td>
</tr>
</tbody>
</table>

## Wholesale Prices—U.S. Dept. of Labor—Jan.–June

<table>
<thead>
<tr>
<th>Month</th>
<th>Prices of commodities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>100</td>
</tr>
<tr>
<td>Feb.</td>
<td>120</td>
</tr>
</tbody>
</table>

## Bankers’ Dollar Acceptances Outstanding—Federal Reserve Bank of New York

<table>
<thead>
<tr>
<th>Month</th>
<th>Face amount (dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>100,000,000</td>
</tr>
<tr>
<td>Feb.</td>
<td>120,000,000</td>
</tr>
</tbody>
</table>

## Commercial Paper Outstanding—Federal Reserve Bank of New York

<table>
<thead>
<tr>
<th>Month</th>
<th>Face amount (dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>100,000,000</td>
</tr>
<tr>
<td>Feb.</td>
<td>120,000,000</td>
</tr>
</tbody>
</table>

## Cotton and Linters—Dept. of Commerce

<table>
<thead>
<tr>
<th>Month</th>
<th>Production (bales)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>100</td>
</tr>
<tr>
<td>Feb.</td>
<td>120</td>
</tr>
</tbody>
</table>

## Cotton Spinning (Dept. of Commerce)

<table>
<thead>
<tr>
<th>Month</th>
<th>Production (bales)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>100</td>
</tr>
<tr>
<td>Feb.</td>
<td>120</td>
</tr>
</tbody>
</table>

## Employment and Payroll—Dept. of Labor

<table>
<thead>
<tr>
<th>Month</th>
<th>Employment (person)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>100,000,000</td>
</tr>
<tr>
<td>Feb.</td>
<td>120,000,000</td>
</tr>
</tbody>
</table>

## Fairchild Publications Retail Price Index—Men’s Wear—(the consumer)

<table>
<thead>
<tr>
<th>Month</th>
<th>Index number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>100</td>
</tr>
<tr>
<td>Feb.</td>
<td>120</td>
</tr>
</tbody>
</table>

## New York Stock Exchange

<table>
<thead>
<tr>
<th>Month</th>
<th>Volume of sales (bbls.)</th>
<th>Total value of sales (dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>100,000,000</td>
<td>120,000,000</td>
</tr>
<tr>
<td>Feb.</td>
<td>120,000,000</td>
<td>140,000,000</td>
</tr>
</tbody>
</table>

## Real Estate Financing in Non-Farm Areas of the U.S.

<table>
<thead>
<tr>
<th>Month</th>
<th>Loans made (dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>100,000,000</td>
</tr>
<tr>
<td>Feb.</td>
<td>120,000,000</td>
</tr>
</tbody>
</table>

## Selective Items of U.S. Class I ERTS (Interstate Commerce Commission)

<table>
<thead>
<tr>
<th>Month</th>
<th>Volume of traffic (tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>100,000,000</td>
</tr>
<tr>
<td>Feb.</td>
<td>120,000,000</td>
</tr>
</tbody>
</table>

## Canada

<table>
<thead>
<tr>
<th>Month</th>
<th>Shifts employed (thousands of persons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>100</td>
</tr>
<tr>
<td>Feb.</td>
<td>120</td>
</tr>
</tbody>
</table>

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**Revision Figure**
Have U.S.-Soviet Accord and Avoid World Crisis

(Continued from page 17)

It is in this context of faith or the lack of it that we must, I think, examine our present course of action in dealing with the economic and political crises of the world. The first step in any such examination must be the recognition that the world economic crisis and the world political crisis, while closely related, are in fact two separate problems. Neither can be solved by the other. Yet each requires its own separate approach.

Much of our anguished concern at the present time derives from the mistaken notion that, in order to cure the world economic depression, we must first create a climate of world confidence. But, in fact, it is our policy of economic recovery that is the barrier to world confidence, and the barrier to the cure of world economic depression is our policy of economic recovery. If we were able to separate these two conditions, the principal single policy, that of economic recovery, then we should be able to escape from our present paralysis of frustration and fear.

Our current approach to the world political crisis rests upon the oversimplified notion that Socialism is the root of all evil, and that by a process of education we can prevent the world from adopting the totalitarian course.

This, of course, is not the case. We find that there is a great body of people who are willing to work and to support democratic socialists, for we are giving them the advantage of a growing political vacuum. It is our present approach to the problem of the Czech Socialists which has resulted in the communist seizure of power.

Our Policy Undermines Peace (Continued)

in carrying out the policy of seeking to accomplish containment of Soviet expansion, we have, by failing to support democratic socialists, given the advantage of a growing political vacuum. It is our present approach to the problem of the Czech Socialists which has resulted in the communist seizure of power.

The main risk of Communist expansion today lies in the fact of the existence of a vast area of the world that is not only to our advantage but which, if we can prevent it from adopting the totalitarian course, may be brought within the orbit of democracy.

There are those who would agree with much of what I have said, and who would see us and the United States as working for the establishment of a new world order. This is the basis of the Marshall Plan, which is an extension of the American tradition of economic and political cooperation.

The Marshall Plan does not flow from a sense of duty or patriotism. It is a means of preventing the world from adopting the totalitarian course.

There is no other course that we can take without endangering peace, and the only way to accomplish this is by working for the establishment of a new world order, under the leadership of the United States, which will be characterized by democratic principles and by the rule of law.

The Sun and Substance

The economic crisis today is not a new phenomenon, and the old answers are no longer adequate. We must find new answers, or we will remain in the same position as we were before.

We must remember that the Marshall Plan is only a part of the solution. There are other ways in which we can work for a new world order, and these must be explored and developed.

On the other hand, let us not lose our justified enthusiasm for the Marshall Plan. The plan is not perfect, and it is not the only solution to the problem. But it is an important step in the right direction.

Let us work together in the spirit of cooperation and goodwill, and let us work for a world that is free from fear and hate.
Marshall Plan Will Aggravate Communism in Europe

(Continued from page 35)

Nests of a feather flock together. Communist ideologists and agitators are no exception to this. Apart from their own vitriol, they say, every apt to fall out with each other. They were always a house of doctrine, but on who shall rule them?

Checking Russian Expansion

To stop communism in Europe or elsewhere is one thing. To plan aid for the people of that region, if you believe, is something else. It is possible that the present aid to France is more than a cover for the political ends of the Marshall Plan. It is clear that, if that is paid for out of government funds, it will be a cover for the political ends of the Marshall Plan.

Given the political system of the Marshall Plan, it is possible to manipulate the aid to France for the political ends of the Marshall Plan. The Marshall Plan, indeed, creates a form of government in France that is more than a cover for the political ends of the Marshall Plan. The Marshall Plan, in fact, is a means of controlling the political system in France.

Prime Minister of France

In the political system of the Marshall Plan, there is a Prime Minister of France. The Prime Minister of France is the head of the government of France. The Prime Minister of France is appointed by the President of France.

The Prime Minister of France is the head of the government of France. The Prime Minister of France is appointed by the President of France. The Prime Minister of France is responsible to the President of France.

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The Prime Minister of France is the head of the government of France. The Prime Minister of France is appointed by the President of France. The Prime Minister of France is responsible to the President of France.
Let Private Enterprise into Marshall Plan!

(Continued from page 28) jobs in the Fiat Company than there might have been, because the Italian workers are more industrious. There are fewer jobs in Italy because new Fiat jobs would have stimulated others. And the American oil company doesn't have the pipe.

We missed an opportunity not only to provide steel for American pipe lines, but we missed an opportunity to increase production where production is needed above everywhere else.

And if we want to think of the ideological concept of our action —and let me mention that there was an opportunity to give gainful employment to the unemployed mouths of the clamoring commodity.

Could government to government do a job like this? Of course it could. I don't argue that governments are too tangled in red tape, tied in knots by bureaucracy, even to see opportunities like this. We've been running to government ever since the days of the deep depression and the war. And the more we run to government, the more we desert our trust in the forces of socialization. The more we run to government, the more we encourage and reward the idea of government and private enterprise abroad.

Problem Not Solved Without Private Aid

Don't misunderstand that a dozen Marshall Plans without the aid of private businessmen will never solve the real problem.

Don't you see that the only way to solve the real problem is to get people to work? And that is to kindle it anew from over here? That's a job for the flint of American know-how and the skill of action that brought us out of the depression. Happily, not every opportunity such as I have described has gone by. There are many people who have snapped up these opportunities. They encourage me to look to the future. I know of a case where American dollars are buying pulp in Sweden, which is shipped to France, converted to English currency under armistice guarantees, and is immediately available to—everybody's satisfaction. That is enterprise. That, gentlemen, is get-up-and-go.

Multiply it ten thousand times over, and what have we?

Recovery Based on Self Help

I say we've got a real opportunity for recovery based on self-help; we've got a real opportunity for a peaceful, stable world, and we've got a new string to the bow of the American economy.

We bankers writing our hands in the hope that the currencies are unstable, and how we'll get out of this depressed trade stable exchange? I say that if we must wait for that before stimulating the flow of merchandise, then we must admit we are all through.

After all, trade was invented before anybody heard the word money.

What is exchange? It is simply an easy medium for the payment of goods. It is a convenience accorded by the understanding and effort. But any commodity is good as it is exchanged and can be exchanged for a commodity.

Moreover, we are reminding people around with the ingenuity that we used to have:

I call this idea of hooking up American capital and American economic growth with European man power—partnership capitalism. It's in partnership capitalism I place my faith and the reason for reconstruction and for lifting the living standards of people throughout the world. Partnership capitalism is the only course left, a far cry from old-time capitalistic adventuring abroad. That is the only path to peace and prosperity and economic growth in a world where Communism is on the march. It was killed off because it was an affront to natural laws and human rights.

We've seen that happen. We saw it in paper, in rubber, in iron, and in steel. And the Marshall Plan is the quickest way to get rid of Communist. We don't got to play by the rules to win the game. We can bring in a few Communists in a concentration camp. We get rid of it by making our system work better, we keep going better; giving more things more security and new regions to all people. If we perform, the whole world will be convinced that the Communists won't win converts.

And that's been the idea of the Communist. He gives more than lip service to his cause. From a capitalistic point of view, he can be a cartoon, he can be a clown, he can be a long-haired capitalist unhappily, and he goes at it with all fire and maneuver of a crusader. No sacrifice or ingenuity is too great for him. I wonder when he's best on winning converts or sabotaging his enemies.

We free enterprises—all of us—have been too amiable and too complacent in believing that we could have free enterprise in the world largely by talking about it. We've got to step out of our parochial offices and work up a sweat and go about it as a crusade for free enterprise and acquire some new callouses.

We must show the world that we've got real outstanding people in the wrong places. We've got to have them where there is plenty of work to be done for free enterprises. It's human nature. But the great resource which we are trying to help develop is personal sacrifice. We'll find it to be a good business risk.

Bank's Foreign Business

I want to say of every size in America with its home department eagerly seeking out men with initiative, resourcefulness, and integrity to get the business of the world, that in the steel enterprise must own its own seeds of its kind of its own. Just as American enterprise is the only one that has the moral courage to come to a point where the world can know the value of a dollar and start on the road to restoration of free federal unions in Europe, American business must help European business regain its footing. The caravan of private enterprise will not stop just because there's a challenge. What we need to do is to keep the cars running.

We won't do it by just talking about it. Lip service doesn't move the iron. We don't do it by sitting on our hands and sitting on our dough.

The liberalism of trade is credit and money. A restoration of private trade in Europe will be the breath of life to the continent. It is something that will be an elixir for the spirit of man as well as for the industry of the world.

We are about to embark on an essential crusade for free enterprise. We have got to make every man consciously realize an idea out of our mouths and try to excite the best we can and for it the best day of the world.

We aren't interested in communism, in left-brain capitalism. We are interested in peace and prosperity, and partnership is the key word in this policy.

American Third Great Contribution

This is the third great contribution of America to the betterment of the world. The first was the idea of democracy, and the concept of the dignity of man as a citizen. We have got that idea already. The second great contribution was the political ideological writing, his inalienable rights into a binding alliance of democracies. But still the world is not in conformity. Then we gave the world the idea of free enterprise. We touched the machine with the magic word and to the ideas that man could have free will and free choice, we added the idea that man must have freedom of which to which he could yield. We proved it to be the basic idea.

And the third great contribution is a corollary of the other two. In this case there is another and the idea of free enterprise, and there is another, the idea that man has the right to be self-governing, and the idea that democracy and private enterprise is the only combination that will help produce the results that we are trying to achieve. And we believe that the idea of freedom and partnership—a working partnership for peace and prosperity in which all peoples are partners. 

Securities Now in Registration

American Broadcasting Co., Inc. New York Feb. 19, 1943, filed notice of intention to offer $5,000,000 unsecured 4% debentures and 7,800,000 (100 par) common stock. The interest price, $5.85 each, are to be sold by Charles H. Brown and S. W. Jr. Underwriting.

Brookway (Pa.) Glass Co., Inc. Feb. 26, filed 5,000 shares of 5% cumulative preferred stock of par value $100 each. Underwriting—None. Offering—Both issues will be offered to the public. Proceeds—Construction and purchase of new equipment.


Cameron Aero Engine Corp., 3/8-12 Dec. 29 (letter of notification) 5,000 shares of common stock (par $1), of which 3,500 shares will be sold to the public. Proceeds—Underwriters, None. Proceeds—Underwriters, Construction and equipment purchase and general funds. Business—Feeder aine.

Challenger Airlines Co., Salt Lake City, Utah. Feb. 25, 1943. filed notice of intention to offer 15,000,000 shares of common stock, held by owners of record Jan. 20, for subscription in ratio of one share for each eight shares held. Rights expire 3 p.m. March 23. Donald Miller, Robert M. Miller, James A. Lanzel and Mr. Thomas, New York, to provide operating funds, etc.

Challenge Co., Inc., Philadelphia. Feb. 25, 1943, filed notice of intention to offer 10,000,000 shares of common stock, held by owners of record Jan. 20, for subscription in ratio of one share for each eight shares held. Rights expire 3 p.m. March 23. Donald Miller, Robert M. Miller, James A. Lanzel and Mr. Thomas, New York, to provide operating funds, etc.


Probable Bidders—Morgan Stanley & Co.; The First National City Bank, Stanley & Co. Inc. Proceeds—To

finance a construction program. Kids—Company plans to use their proceeds for

Consolidated Edison Co. of N. Y., Inc. (3/25) March 1, filed $57,382,000 of 3% convertible debentures, due 1965. Convertible at the rate of one common stock for each $100 of debentures. Underwriting—None. Offering—Both issues will be offered to the public. Proceeds—Construction and purchase of new equipment.


KIDDER, PEABODY & CO.

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NEW ISSUE CALENDAR

March 5, 1948

Southwestern Gas & Electric Co.—Bonds.

March 8, 1948
Cameron Aero Engine Company—Common.

Home Telephone & Telegraph Co. of Virginia—Bonds.

March 9, 1948
Central Pacific Ry., Neon (ESt.)—Equl., Trust Ctrf. Bonds.

Parkview Drugs, Inc.—Preferred Stock.

New York Central Rl. Co.—Bond.

March 11, 1948
Chesapeake & Ohio Ry.—Equl., Trust Ctrf. Bonds.

Minnesota Power & Light Co.—Common.

March 15, 1948
Louisiana Power & Light Co.—Bonds.

March 16, 1948

Wilson-Jones Co.—Common.

March 22, 1948
West Penn Power Co.—Bonds, Pref. & Common.

March 23, 1948
Columbia Gas & Electric Co.—Debentures.


March 25, 1948
Consolidated Edison Co. of N. Y.—Debentures.

March 27, 1948
Wisconsin Power & Light—Preferred.

March 29, 1948
Texas Electric Service Co.—Bonds and Debts.

April 6, 1948
Schenectady Discount Corp.—Debentures.

May 4, 1948
Southern California Gas Co.—Bonds.

Cross Country Air Service, Inc., Farmingdale.

Feb. 26 (letter of notification) 138 shares of capital stock.

Price—$100 per share. Underwriting—None. Purchase of stock by the company.

Dallas (Texas) Power & Light Co., Dallas.


Kansas Gas & Electric Co., Wichita, Kan.

Feb. 11 (letter of notification) 3,000,000 shares of common stock.

Underwriters—To be determined through competitive bidding. Probable bidders: Halsey, Stuart & Co.; Inc.; The First Boston Corp., and Gulf & Western. Underwriting—Merrill Lynch, Pierce, Fenner & Beane; Lohmann, Brothers & Co. (jointly); Shield & Co.; and R. H. Rillons & Sons (jointly); H. Mason & Co.; Laclede & Son. Proceeds—To refinance the company's outstanding short-term notes and $35,000,000 to be used for constructing additions and improvements.

Kokomo & Indiana Western Ry., Kokomo.

Feb. 25 filed for registration, $7,500,000 of bonds due 1979 and $3,000,000 of preferred stock, due 1965. Underwriting—None. Proceeds—To purchase the assets and property of the Kokomo & Indiana Western Ry.

Laclede Gas Co., St. Louis, Mo.

Feb. 4 filed for registration, 6,094,000 15-year convertible sinking fund debentures, due 1968. Underwriters—Goldman, Sachs & Co., and The First Boston Corp. Underwriting—To be offered initially to common stockholders of record on March 2, 1948. Total of 1,000 shares will be held. Underwritten publicly by underwriters. Proceeds—To refund $2,250,000 of debentures under competitive bidding.

Louisiana Power & Light Co. (2/15)


Louisville (Ky.) Gas & Electric Co. (3/16)

Feb. 16, filed $9,000,000 of first mortgage bonds, due 1969. Underwriters—To be determined through competitive bidding. Probable bidders: Halsey, Stuart & Co.; Inc.; Lohmann, Brothers and Blyth & Co.; Inc. (jointly); The First Boston Corp.; and Gulf & Western. Underwriting—None. Proceeds—to pay $4,250,000 of short-term bank loans and $5,000,000 to be used for expenditures of property extensions and improvements.

Michigan Consolidated Gas Co., Detroit.

Feb. 27 filed for registration $7,990,000 of first mortgage bonds, due 1969. Underwriters—To be determined through competitive bidding. Probable bidders: Halsey, Stuart & Co.; Inc.; Lohmann, Brothers and Blyth & Co.; Inc. (jointly); The First Boston Corp.; and Gulf & Western. Underwriting—None. Proceeds—to pay $2,450,000 of short-term bank loans and $5,540,000 to be used for expenditures of property extensions and improvements.

New England Citizens Trust Co.

Feb. 24 filed 116,674 of shares of common stock.


Mississippi Power & Light Co., Dubuque (3/11)

Feb. 9 filed for registration 100,000 shares of common stock.

Underwriters—To be determined through competitive bidding. Probable bidder: Halsey, Stuart & Co.; Inc.; Lohmann, Brothers and Blyth & Co.; Inc. (jointly); The First Boston Corp.; and Gulf & Western. Proceeds—to pay $6,000,000 of short-term bank loans and $4,000,000 to be used for expenditures of property extensions and improvements.

Nalley's Inc., Tacoma, Wash.

Jan. 15 filed 119,132 shares of common stock (par $1.25). Underwriters—To be determined through competitive bidding. Probable bidders: Halsey, Stuart & Co.; Inc.; Lohmann, Brothers and Blyth & Co.; Inc. (jointly); The First Boston Corp.; and Gulf & Western. Proceeds—to be used for general corporate purposes.


Pacific Gas & Electric Co., Oklahoma City, Okla.

Feb. 29 filed $85,000,000 of cumulative preferred stock, $100 per share. Underwriting—To be determined through competitive bidding. Probable bidder: The First Boston Corp., Halsey, Stuart & Co.; Inc.; Blyth & Co.; Inc. (jointly). Proceeds—to be applied toward the purchase of gas and electric properties.

Pacific Gas and Electric, San Francisco, Calif.

Jan. 29 filed $68,953 shares ($52 par) common stock. Underwriters—Offering will be made through competitive bidding. Probable bidder: The First Boston Corp. Proceeds—to be used for general corporate purposes, and $1 million will be deposited with the Trustee to be held under the mortgage securing its first mortgage bonds.

Price—$5.25 per share. Proceeds—To finance a construction program.

Pacific Telephone & Telegraph Corp., New York.


Parkview Drugs, Inc., Kansas City, Mo. (3/9)

Jan. 29 filed $35,000,000 of common stock. Proceeds—to finance a construction program and to purchase 35,000 participating stock ($4.50 par). Underwriters—Straus & Blosser, Chicago. Price—$4.50 per share. Proceeds—To be applied toward the purchase of gas and electric properties.

Pepsi Cola Bottling Co., Inc., Canton, Ohio.

Issued 1,500,000 shares ($1 par) common stock. Underwriters—none.

Proceeds—To be used for general corporate purposes, and $1 million will be deposited with the Trustee to be held under the mortgage securing its first mortgage bonds.

Philadelphia & Southern Railroad Co.

Feb. 27 (letter of notification) 2,000,000 shares of capital stock. Proceeds—To be used for general corporate purposes.


Feb. 15 (letter of notification) 2,000,000 shares of capital stock. Proceeds—To be used for general corporate purposes.


Price—$10 per share. Proceeds—To be used toward the redemption of $20,000,000 of short-term bank loans and $18,000,000 to be used for expenditures of property extensions and improvements.

Public Service Co. of New Hampshire

Feb. 6 filed 198,627 shares ($13 par) common stock. Underwriters—Kidders, Peabody & Co. and Blyth & Co., Inc. (jointly). Proceeds—to be used for general corporate purposes.

Playboy Motor Car Corp., Towanda, N. Y.

Feb. 16 filed for registration 33,333 shares of common stock, $1 per share. Not more than 100,000 shares will be offered to employees and officers at 10% per share. Underwriters—For offer on filed registration.

Proceeds—to the company.

Procter & Gamble Co., New York.

Price—$10 per share. Proceeds—To be used toward the redemption of $3,000,000 of short-term bank loans and $3,000,000 to be used for expenditures of property extensions and improvements.

Public Service Co. of New York

Feb. 18 (letter of notification) 300,000 shares ($1 par) common stock. Underwriters—McMahan, Co., New York.

Proceeds—to be used for general corporate purposes.

Quaker Oats Co., Cedar Rapids, Iowa


Proceeds—to the company.

Quaker State Oil Refining Corp., New York.

Price—$5 per share. Proceeds—to be used toward the redemption of $8,000,000 of short-term bank loans and $8,000,000 to be used for expenditures of property extensions and improvements.

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**The Commercial & Financial Chronicle**

**Thursday, March 4, 1948**

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**Proactive Offerings**

- **Allahgyan Liumin Steel Corp.**
  - A company is planning to issue 1,000,000 shares of convertible participating preferred stock, $1 par value, convertible into common stock at the option of the holder. The preferred shares will have a stated dividend of 6%, and the common stock will have a stated dividend of 3%. The offering is subject to market conditions.

- **Wisconsin Power & Light Co.**
  - The company is offering 50,000 shares of convertible preferred stock, $100 par value, convertible into 5,000 shares of common stock on a 1-for-1 basis. The preferred shares will have a stated dividend of 6%, and the common stock will have a stated dividend of 3%. The offering is subject to market conditions.

- **Southern Counties Gas & Electric Co.**
  - The company is offering 1,000,000 shares of common stock, $5 par value. The offering is subject to market conditions.

- **Southwestern Electric Service Co., Inc.**
  - The company is offering 25,000 shares of common stock, $10 par value. The offering is subject to market conditions.

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- **Southern Counties Gas & Electric Co.**
  - The company is offering 1,000,000 shares of common stock, $5 par value. The offering is subject to market conditions.

- **Southwestern Electric Service Co., Inc.**
  - The company is offering 25,000 shares of common stock, $10 par value. The offering is subject to market conditions.
Begging the Question

“There are, in effect, two possible courses which the New York market can follow in the near future in the maintenance of national security. On the one hand, we might cooperate fully with the other nations in an earnest attempt to establish and maintain those economic conditions in which we can most effectively further our purposes and further our policy and further our tranquility and our international peace and prosperity. This is the purpose of our participation in the European Recovery Program. . . .

“ar, on the other hand, the road of international cooperation is abandoned, then the United States would have to go it alone, stand alone, and strengthen its military establishments so as to be ready for any eventuality in a divided and uncertain world. . . .

“Viewed in this light, the cost of the European Recovery Program may be considered the minimum of an insurance policy. Certainly it would be far less expensive than if the United States were to stand alone in isolation in a chaotic world.”—The Secretary of Foreign Relations Committee.

This is quite the usual “argument,” but does it not beg the question? Of course, if the alternatives are really as stated we should get off much cheaper by handing out a few dollars to some other fortunate one. But are these the alternatives, and how can we feel very confident that we should not in the end have to bear all the costs so often cited—and more again—before the present course? As to this very little is being said.

Our Reporter’s Report

The seasoned corporate bond market is a trifle better pricewise than it was just after the turn of the year, the keen wake of the Treasury’s pre-Christmas action, leaving the “peg” on its long-term issues.

But bond men who have been in the market for the last few years and interest lie them in the equivalent of the prevailing dullness.

That, of course, refers to the higher yields, and generally, of course, this interest lies them with institutional men, who, in the pricewise sense, continue to consider the yield well second to grade by and large, since, when institutions don’t look at top-ratings it is more difficult to interest them in lesser grades.

Just now, it appears, private兼顾, the publication of transactions are taking place in the time of the insurance companies. And, combined with the above, the outpouring of new issues due later in the month has served to bring their inquiries in the market virtually to a standstill.

The seasoned corporate bond market is now averaging around a 2.90% rate on lower-grade issues, and is weak in the lower grades, and will not do much in the higher grades.

That explains, in part, their disposition to take it easy in the open market and await the influx of new issues in the hope that the market may show a little liberal return, according to observers.

Y. Bonus Bonds

New York State’s fiscal authorities, on whose shoulders fell the task of selling this giant, $100,000,000 bond market for the huge $200 million veteran bonus issue, appear to have turned in a “bang-up” job.

Wall Street Riders

Annual Gymbahana

G. H. Struckmey of the Bank of the Manhattan Company, Presi
dent of the Wall Street Club, announced that the Club’s (annual) Gymbahana will be held this year at the New York Riding Club at 12:30 p.m. on Saturday, March 6, and will be participated in by the members of the Wall Street Club. It is
clused on the program of Gymbahana events are mounted races open to both men and women, as well as an event for Ladies’ Only—the Egg Relay Race—and for Men Only, the Rescue Race.

Following the mounted games members of the Wall Street and Circle Clubs will be the guests of the Stirrup Club at a cocktail party. Later in the evening the three clubs will hold a Supper-Dance at the Alhambra House on East 57th Street.

DIVIDEND NOTICES

GUARANTY TRUST COMPANY OF NEW YORK

The Board of Directors of this Trust Company has this day declared a dividend of 4 3/4% per share payable April 1, 1948, to stockholders of record at the close of business March 17, 1948.

STEPHEN G. KENT, Secretary.

February 26, 1948.

The Board of Directors has this day declared a quarterly dividend of 20 cents per share on the capital stock of this Company, par $1.00, payable April 1, 1948, to stockholders of record at the close of business March 8, 1948.

STEPHEN G. KENT, Secretary.

February 26, 1948.

The Board of Directors has this day declared a quarterly dividend of 20 cents per share on the capital stock of this Company, par $1.00, payable April 1, 1948, to stockholders of record at the close of business March 8, 1948.

Stephan G. Kent, Secretary.

February 26, 1948.

T. D. FINANCIAL CORPORATION

Dividend on Common Stock

A quarterly dividend of 8 cents per share has been declared, payable April 1, 1948, to stockholders of record at the close of business March 8, 1948. The transfer books will not close. Check will be mailed.

FRED W. HAHULA, Treasurer.
February 26, 1948.

CELANESE CORPORATION OF AMERICA

Common Stock

The Board of Directors of this Company has this day declared the following dividends:

FIRST PREMIUM DIVIDEND $1.135 per share

The regular quarterly dividend for the current quarter has been declared, payable April 1, 1948, to stockholders of record at the close of business March 16, 1948.

SECOND PREMIUM DIVIDEND $1.25 per share

A quarterly dividend of 75% per share has been declared, payable April 1, 1948, to stockholders of record at the close of business March 16, 1948.

COMMON STOCK

A quarterly dividend of 60 cents per share has been declared, payable April 1, 1948, to stockholders of record at the close of business March 16, 1948.

R. O. GIBERT
Secretary.
March 2, 1948

p. 7.5% bonds due March 15, 1948, were sold at 104 3/4, bringing the market to 104 7/8, the highest point reached in ten months. It is suspected, however, that the market is somewhat overvalued.

Celanese Corporation of America

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COMMON STOCK

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There is a substantial danger that the present Congress will go off the deep end on housing legislation before the summer adjournment. This legislation could oblige the government to make some hundreds of millions of dollars more in the mortgage market than in recent years. It also could raise rates on conventional financing outlets.

What has happened in the past few weeks is that at least two key Congressional leaders and the rank and file have developed a minor panic on the housing question. They have come to the view "something must be done."(1)

This panic has been caused by the realization that while mortgage credit shows signs of slackening up, insurance companies may be disdissatisified with the 6% interest rate from the GI loans. They are putting down on services for whom mortgages have always been considered as good an investment as the No. 1 inflationary spot.

What is involved in this outlook for the moment is the tentative suggestion this year of more than 900,000 home sales for the coming year, with additional growth. This level of the housing market might be pitched at promotion of sales of houses the banks have built; it seems likely that the secondary market for GI loans, built by Congress and the private insurance companies, will housing and funny finance, however, are not likely to decline if Congress will not maintain the present large volume of home building.

As between raising the interest rates on mortgages and raising the interest rates on the government securities, the latter would probably be cheaper. Many economists doubt about the Congressional Decision. An increase in mortgage rates would be easy money dry up and killing off the housing boom, and by

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Thursday, March 4, 1948

BUSINESS BUZZ

"Well, don't look at me! It's my wife's idea!"

rather than even other raw material prices. Our job is to protect farmers against the bottom dropping out," said one key leader. (4) "Parity" prices should not be based on the average of farm prices in the 1910-14 period, but should be based upon a "moving average" of prices in the last 10 years.

It is now beginning to look more and more like the opponents of the Reciprocal Trade Agreement program will succeed with their strategem of just letting the Trade Agreements Act die June 30 by failing to report out continuing legislation. Yet President Truman's belated effort to apply the pull-mouter is not expected to save this program.

It was reported here that the U. S. film industry avoided a split from Canada by a neat deal with Ottawa. Canada is also dollar-starved. She discussed with the U. S. film people her exchange problem. In return for no curbs even mildly resembling the Brit¬ish 75% tax on earnings, the" film people "agreed to "cooperate" in advancing啧l-locational claims for Canada as a vacationland. And U. S. producers bring Canada U. S. dollars.

Incidentally, Canada is not generally in the habit of putting a cold and figurative stem, "wonderful" just because Congress (or so does) make possible the expenditure of $3.3 billions on Canadi¬an loans. The reason is that telling Washington that is not enough. But it does seem to be something of a permanent na¬ture to correct the "imbalance" whereby Canada buys, as she lately has been doing, twice as much merchandise as the U. S. acquires from the Dominion.


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Don Homey, du Pont, Homey Co., Boston; Sumner Wolley, Coffin & Burr, Inc., Boston; Arthar Ingahl, Goldman, Sachs & Co., Boston


Twenty-Fourth Annual Mid-Winter Dinner


Bob McCook, Buckley Bros., New York; John Cantwell, Buckley Bros., Graham Walker, National Quotation Bureau, New York


Harry Maneeley, Montgomery, Scott & Co. (dancing); Bill McCullen, W. H. Newbold's Sons & Co.; Chick Bradley, E. W. Clark & Co. (with the Murphy Sisters)


At the Ben Franklin Hotel

Jim Cleaver, Goodbody & Co., New York; Mrs. Raymond Trigger, New York

Bill Russell, Mahoe & Co., New York; Edmund Davis, Rambo, Close & Kerby; Harold J. Williams, Boeing & Co.

George Leone, Frank J. Masterson & Co., New York; Joe Egan, Frank J. Masterson & Co., New York; Frank Fogarty, Philadelphia


Is Pronounced Huge Success


