Market Outlook
By EDMUND W. TABELL
Shields & Co.

Market analyst expects any de
cline to end at 185-187, with im-
portant technical correction to
come from a higher level. Looks
for selectivity, favoring specific
industries that have given Dow-
lke bull confirmations, and those
having formed "long potential" base patterns.

This is devoted to the technical side of the stock market
as interpreted from over 1,500
graphs of the various averages
and individual issues listed on the
New York Stock Exchange and the
New York Curb, not to mention vari-
ous moving averages, breadth of
the market and ratio lines, group
studies and other technical data.
Technical work is based on the simple thesis that the
market is its own best indi-
rator and that the "varying
demand or supply of stocks"
(Continued on page 42)

* A talk by Mr. Tabell before the N. Y. Society of Security Analysts, June 2, 1948.

See PICTORIAL SECTION for pictures on the 51st Annual Field Day of the Bond Club of New York.

The Electric Industry in 1948
By CHARLES E. Oakes
Retiring President, Edison Electric Institute

Reviewing conditions, problems and prospects of electric utilities,
Mr. Oakes points to 4,600,000 kw. increased capacity in current
year, largest on record. Noise widespread growing demand for
electric power and urges electric power and energy be kept "the
greatest bargain offered today."" Wants laws and regulations pre-
treating useful power interchanges abolished and no additional
Federal power plants installed. City need of $6 billion for expan-
sion programs, their capital cost, a percentage.

The Institute welcomes you to this meeting. You have gathered
here to consider the situation of our industry, ponder its problems,
and consider its future course. Our program has been devised to
cover the major questions which confront us. I hope you enjoy it.

I am going to depart from the customary President's re-
port, and devote most of what I want to say to what the future
may hold for us, and what we should do to insure meet-
ing our responsibility as an essen-
tial part of the national economy. But first
I want to discuss briefly what the Institute has been doing and what
it is accomplishing, especially lay-
ing the foundation of fact, re-
search and study for the steps we
must take.

Institute Activities
The year has been a busy
one for the Institute, its depart-
ments.

* Presidential address of Mr. Oakes before the 1948 Annual Convention of the Edison Electric In-
stitute, Atlantic City, N. J., June 1, 1948.

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(Continued on page 42)

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Irredeemable Money: Privilege Without Responsibility

An Analysis of the Recommendations of the Chamber of Commerce of the State of New York Regarding a Return by the United States to a Domestic Gold Standard

By WALTER E. SPAHR
Professor of Economics, New York University
Executive Vice-President, National Chamber of Commerce

Branches

New York

The Chamber of Commerce of the State of New York, on May 6, 1948, endorsed a Resolution on “Currency Reform and the Gold Standard,” prepared by its Committee on Finance and Currency, which deems it advisable to return to the gold standard.

The Resolution of the New York Chamber

The Resolution, endorsed by the Chamber, reads:

"Whereas, The Chamber of Commerce of the State of New York believes that this nation should have a sound possible monetary system for the nation based upon the gold standard; and

"Whereas, the nation since 1923 has been on a gold standard, and in view of the present international situation and the nation’s current economic condition, the Committee believes it advisable to return to such a standard at the present time; now, therefore, be it

"Resolved, That the Chamber of Commerce of the State of New York reiterates its conviction that this nation should have the soundest possible monetary system, which it believes to be one geared to the gold standard; and be it

"Resolved, That the Chamber feels that every possible step should be taken to attain that end, and seek only world conditions justly; and be it

"Resolved, That as a step toward that objective the Chamber urges upon its Congress to revolve the existing legal provisions which sometimes are interpreted as authorizing the Secretary of the Treasury to buy and sell gold at prices other than the established currency value; and

"The Report of the Chamber’s Committee on Finance and Currency prepared in support of its viewpoint, and which cannot be reprinted here. But the nature of both the Resolution and Report made reasonably clear by an analysis of the principles involved, which the Congress should consider carefully.

I. What the Chamber Really Endorsed

It seems reasonable to suppose that the true purpose of the Chamber’s Resolution, and its Committee’s Report would hardly reveal to the person not in a position to pause, and consider carefully this question, that the New York Chamber actually endorses a return to the gold standard.

1. The Chamber Endorsed Irredeemable Paper Money

The Chamber “believes it advisable to return to the gold standard, and that the nation should have a sound possible monetary system for the nation based upon the gold standard.”

2. The Chamber Acquiesces in the Granting of Irredeemable Paper Money

From the Corresponding Responsibility

A vitally important question arises here: On what defensible ground can an individual claim the right to issue paper money which will not redeemable?

Therefore, this Chamber has bad publicly that it is time it approves of this type of currency for the people of the United States which they could have a gold standard, or gold bullion standard.

The Chamber states in its section on “paper money” that “the nation since 1923 has been on a gold standard,” and that “gold bullion standard, it is not clear what this means to the paper money.”

A gold bullion standard is one in which gold bullion is used domestically as a standard and as a form of gold bullion standard. It is not clear what this means to the gold standard, but it may mean that they are legal tender.

We have a written and express mandate of both the authors of the Committee on Finance and Currency, and that of the United States that they be authorized to return to the gold standard.

This irredeemable paper money is not and cannot be redeemed, and the Treasury and the Federal Reserve are not authorized to pay which they do not redeem, do not intend to redeem, and, under existing laws, cannot redeem. In other words, the Treasury and Reserve banks have been given the privilege of such issuance, and, at the same time, they have been freed from all responsibility to redeem these promissory notes. Both of them wish to keep and have been fighting to keep this favored (and dangerous) position.

In fact, it does not seem to see any such argument being raised in any place.

(a) The people are general have made it clear they cannot accept paper money unless the government shall have accepted their present situation in respect to domestic issues, and have the gold standard, or gold bullion standard, as a form of gold bullion standard. It is not clear what this means to the gold standard, but it may mean that they are legal tender.

(b) We have written it in a problem in respect to contracts in this country, based upon the very elementary and widespread rights of depositors and common honesty to the effect that the fact of their presence in deposits must also assume the corresponding responsibilities. We prosecute individuals and institutions when they attempt to avoid the fulfillment of such responsibilities.

Harry Scherman, President of the Bank of the Month Club, wrote a penetrating book called The Promoters of Live-Bills, which dealt with some fundamental requisites of satisfactory and honest social conduct. When men’s promises cease to be good, trade and commerce stagnates, credit and abilities are lost, and will not sell, chaos and social degeneration follow.

These are elementary and elementary principles, and we suppose we need not take the time to discuss in this country.

But of course, the United States is not a country in which we need to pause and to take a good look at ourselves and at what we are doing.

3. The Chamber Acquiesces in the Granting of Irredeemable Paper Money

One of the things that we have been doing—for a period of 13 years—is to permit public officials to destroy the purchasing power of the United States of America, by being required to redeem them. This is a very serious question, and it is particularly bad because it applies to two institutions that have more purchasing power in the United States than any other two institutions.

The volume of non-redeemable promises which the Treasury and Reserve banks (and practically all commercial banks) have issued and have outstanding in terms of dollars is fabulous.

The New York Chamber has put itself on record as acquiescing in, if not endorsing, the current policies which permit the Treasury and banks to issue promises to pay without being called upon to assume the corresponding responsibilities. The Chamber does not explain the grounds on which its acquiescence is made on the ground that the very commonly-accepted standards of integrity in respect to honoring one’s promises to pay. In fact, it does not seem to see any such argument being raised in any place.

25 Broad St., New York 4, N. Y. [Note: Postmark is unreadable]
A Look at Utilities Earnings

By ALAN H. TEMPLER

Proceedings report on the latest business conditions and prospects of the utility industry.

Stability of return, and a growth trend with which nothing seems to interfere, have made the fixed obligations of the operating companies during the past 20 years the number one conservat-ive investor in American business. They have made p. 1 of the New York Stock Exchange, all of the important oth-er exchanges, and about 60 per cent of all stocks on the floor 3 of the Stock Exchange. This 60 per cent include the total load of the large utilities, and the major part of the small utilities.

The reason for this popularity among investors is that the earnings of the utility companies are largely dependable. The earnings are not subject to the same risks that are encountered by the earnings of many other industries. The earnings of the utility companies are not subject to the same risks that are encountered by the earnings of many other industries. The earnings of the utility companies are not subject to the same risks that are encountered by the earnings of many other industries. The earnings of the utility companies are not subject to the same risks that are encountered by the earnings of many other industries. The earnings of the utility companies are not subject to the same risks that are encountered by the earnings of many other industries. The earnings of the utility companies are not subject to the same risks that are encountered by the earnings of many other industries. 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Investment Trends Affecting Utilities

By LIONEL D. EDIE*
President, Lionel D. Edie & Company, New York City

Dr. Edie points out, because of increasing mechanization, there is close relation between physical production and sales of electrical power, but also between output costs of production, electric rates have been increased also by lower dollar value, thus requiring dynamic rate structures to investment. ح المبتدأ تأثيرات الاستثمار على الصناعات الكهربائية

The subject to which I am directing my remarks today is a controversial one. It is one that is in the middle of change. It is one that is pointed in a constructive direction at long last. I speak of the subject of economic trends affecting utility rates in a dynamic theory of utility rates, as it is called by economists, not only a recognition of the inability of the electric utility industry to operate satisfactorily at a constant or even a steady level but the product of that industry. I mean not only that the down-trend in the unit price of power of this industry has got to stop but, in fact, has got to turn upward. In comparable periods of economic trends in this country today dictate and compel an increase in the rate structure in the electric utility industry.

Now, I have several things in mind, but first I should like to speak about what is happening in industry generally which is the great force of demand to the utility industry, and in some cases, the mechanism within manufacturing and nearly all of business. This trend of mechanization causes the movement of facilities on the part of the electric light and power industry, which is now in process, that is, the only by which the productivity of labor can be increased and can be caused to pursue a steady trend of improvement from year to year. It means that more power must be made available for each worker and that the man must be applied to manufacture in proportion to the growth of other phases of American business.

Now, over a long period of time there has been a very close relation between the output per man hour, the productivity of labor which has been power available per worker, and in general, the growth in the productivity of American industry, there has had to be a steady increase in the horsepower per worker.

Now, in the decade from 1919 to 1929 the horsepower per worker increased by one full unit of horsepower. In the next decade, 1929 to 39, there was the same increase, but, this the period from 1939 to the end of 1949—and here I am referring to the year and a half, roughly, of that

*Aid by Dr. Edie before the 18th Annual Convention of the Utilities and Electricians, Cleveland, Ohio, June 2, 1948.

World Bank Seeks Congress' Aid

By HERBERT M. BRATTER

Mr. Bratter recounts proceedings before Congressional Committees relating to proposed legislation to exempt World Bank bonds from requirement of registration with SEC. Gives views of members of Congress with legislation to exempt World Bank (H.R. 6443) is not likely to pass in present form.

As readers of the financial pages are aware, the World Bank this year has been seeking legislation to exempt it from the need to register with the SEC, both individual and national banks to deal in and underwrite its securities, etc. In this effort the Bank has the approval of the National Advisory Council. At this writing, the history of this effort stands as follows: The Senate Banking and Currency Committee held a perfunctory one-will hear, and majority vote the same day approved the proposed bill, sponsored by the SEC. The Senate on June 1, to be discussed later. At the same time there are new members on the Senate Banking and Currency Committee (H.R. 6443) which was thought to have been approved on June 4 and 5, at which witnesses from the Bank, SEC, the Treasury, and the NASD were heard; and at this writing it is preparing to have one, with the object of the Bank not quite all that it wants.

Several possible modifications of the World Bank's bill have been tentatively suggested from house committees, etc., and offered in Friday's hearing by Mr. Eugene Black, U.S. executive director of the Bank following discussions of some differences between and the National Association of Securities Dealers' Washington office, is described as responsible for the fact that the NASD withdrew, at least for a two-year period test, its objection to the bill, because the amendment was reported in the "Chronicle" of June 3, p. 17.) The amendment is one of the Bank's committee to make biennial reports on how the new legislation shall have been working, with particular reference to the viewpoint of securities dealers and investors, Mr. Black said. That is, NAC will report on the effects of actions it previously shall have approved.

Chairman Womerton Comments

Following the hearings, Chairman Charles A. Womerton of the House Committee gave the "Chronicle" the following statement:

"The International Bank for Reconstruction and Development proposes by this bill (H.R. 6443) that the Bank and securities it guarantees be exempt from registration under the Securities Act of 1933 and the Securities Exchange Act of 1934, and, if so, write underwriting and distribution by national banks under the National Bank Act. The Inter-

national Banking Committee on Interstate and Foreign Commerce has held exhaustive hearings during the course of which complete examination of the purposes has been made. The Securities and Exchange Commission has advised us that it had no objections to it as an exemption from its Acts on the ground that the National Advisory Council, composed of the Council of State, Commerce, and the Treasury, the Chairman of the Board of Governors of the Federal Reserve Banks, and the Economic Cooperation Administrator, could exercise alternate, though somewhat similar, functions in the regulation of the Bank's securities in this manner.

The Committee now has under consideration the advantages we give the Bank in support of these exemptions and changes so considerable in the inter-

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The Committee now has under consideration the advantages we give the Bank on the bank of support in support of these exemptions and changes so considerable in the inter-
On the industrial front last week total production for the coun-
ytry as a whole suffered a slight setback due to the numerous plant shi

closures that have broken the momentum of the previous wide-spread cessation of activities in observance of the holiday, how-

ever, output in most lines held somewhat above that of the corre-
sponding period last year. As a result of the slackening of indus-
trial activity, it was noted that both insured unemployment and ec-
card bankruptcies have declined. While the relative proportion was moder-
ately, while payrolls on the other hand, were steady and at a very high

evel.

The labor situation the past week continued to present a con-

fused picture. In the coal field, as the coal and railroad disputes push two

big hurdles for industry, labor and the government to negotiate. In

the former industry, Justice T. Alan Golborne has ruled that

John L. Lewis and his minions must negotiate with the Southern coal

producers as a unit. Mr. Lewis has agreed to comply with the court's or-
dlance, the nature of which is yet to be announced, according to the Associa-

tion of American Railroads.

In the latter case a breakdown in rail negotiations has in-
oculated in the past few weeks. Numerous steps to prevent the

decision of the President's fact-finding board after 19 other unions

had accepted it. On Thursday of this week the government took

an injunction to prevent the strike of about 25,000 men on the nation-wide rail-

road strike.

In this connection, it is worthy to note a statement made last

year by Daniel J. Tobin, General President of the International

Brotherhood of Teamsters, Chafer & Helpers to the local head of that union in the City of Oakland, Calif., in which he

said:

"No general strike has ever yet brought back the success-

of movement. The only result of a general strike is to

break up the unity of the workers and immediately injure

the thousands of fair employers with whom we have contracts."

For the month of April, net railway operating income of Class I

railroads of the United States totaled $23,106,987, compared with $23,166,054

for March. The result was attributed to: (a) an increase of $491,781

in the rate of revenue per ton mile and (b) number of ton miles hauled in the

life of 1947.

For the first four months of this year net railway operating in-

come of Class I carriers, before interest and rentals, in the first four

months of 1948 is estimated at $100,000,000, compared with a net of $100,000,000

in the same period in 1947.

In the 12 months ended April 30, 1948, the rate of return on

property investment averaged 2.24%, compared with a rate of return

of 2.22% in the 12 months ended April 30, 1947.

Total operating revenues in the first four months of 1948

amounted to $7,232,810,414, compared with $7,213,474, in the corre-

sponding period of 1947, or an increase of 1.24%.

The number of new businesses chartered during April declined

to 263 from 322 for the same month in March. Dun & Bradstreet, Inc., reports. The April count reflected a drop of

3.9% from the 2,083 charters recorded during the same month last

year, and was 10.3% less than the 2,749 charters issued for April, 1946.

Each month so far this year has shown a drop in new busi-

ness incorporations as compared with the same months of previous years, bringing the cumulative total for the first four months of the

year to date at 37,412, or down 16.1% from the 43,435 for the same period in 1947.

The pre-Memorial Day buying of food and vacation specialties rose strongly in April, according to retail sales reports. Merchants, in

Here’s a summary of the most important developments last week:

**Steel Production**

- Electric Output
- Retail Trade
- Commerce Index
- Food Price Index
- Automotive Business Failures

**The State of Trade and Industry**

During the past decade, the state of trade and industry has been characterized by a general upward trend. Industrial production has shown a significant increase, with many industries reaching record levels. Employment rates have risen, reflecting increased economic activity. However, there have been periods of fluctuation, with some industries experiencing temporary downturns. The overall picture has been one of sustained growth, despite occasional setbacks. The future outlook remains positive, with prospects for continued expansion. For further details, please refer to the accompanying report on page 123.

**Observations . . . . . . . By A. WILFRED MAY**

**Must Democratic Capitalism Always Appraise?**

In the present worldwide struggle between freedom and collectivism, it still is only the latter's proponents that give the impres-

sion of knowing what to do about it. In this case, despite the

irreversible actual correctness of such impression, the believers in demo-

cracy and the free market permit in conveying a c.

**A. Wilfred May**

Governor of the Federal Reserve Bank of St. Louis

**Bank of Montreal**

**Royal Bank of Canada**

**Sun Life Assurance of Canada**

**HART SMITH & CO.**

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**MEMBERS N. Y. SECURITY DEALERS ASSOCIATION**

**63 Wall Street, New York 8, N. Y.**

**Tel. Beekman 8-1077**
Who Are Our Stockholders?

By Harold S. Sutton*
Treasurer, Consolidated Edison Company of New York, Inc.

Urging regulators of utilities to consider well effects of rate changes on individual investors, Mr. Sutton points out stockholders' costs actually involved in their ownership of common stock. Notes lack of increased utilities' dividends to keep higher living costs, and, as a result, stockholders say industry is too much regulated and too vulnerable to inflation. Concludes stockholders' interests must be preserved if private enterprise is to endure.
From Washington
Ahead of the News

CARLISLE BURGAND

The set-to between Senate President Arthur Vandenberg and Chairman John Tauer of the House Appropriations Committee over the latter's cut in Marshall Plan funds will put up a serious division in the Republican party. It may very well throw the party on the defensive in November.

The question of the President's warmongering is uppermost in the minds of many of the Republicans, and in particular in the minds of the majority leaders of the House and Senate. It is feared that a split on the issue may cause the Republicans to lose some seats in the November elections.

The Republicans are concerned about the President's foreign policy, which they believe is too, much focused on Europe, at the expense of other regions. They fear that a split on this issue may cause the Republicans to lose some seats in the November elections.

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The Oil Industry: Yesterday, Today and Tomorrow
By GUSTAV ELLGOF
Universal Oil Products Company, Chicago, Ill.

Dr. Ellgoff traces rapidly expanding oil consumption and describes U. S. oil production and refining capacity. Notes increased use of by-products and petrochemical products which are used in both chemical and miscellaneous industries are mentioned as fields for oil industry expansion. Products are also mentioned as to where they are used.

Since the beginning of the oil industry 90 years ago it has grown to colossal proportions. It is providing over 5,000 products which are as essential to our mode of life as food, clothing and shelter. The progress of the oil industry is as rapid as the development of our country.

Supplying fuel and energy source.

In 1899, 900,000,000 bushels of oil have been a static factor in our nation. While petroleum production has increased home heating units, output in 1918 amounted to 366,690,000 tons and about the same this year. Petroleum production, however, in 1918 was 1,827,370,000 tons.

Oil has increased in demand and oil is now a necessity of the day. The use of coal has increased in the country and the use of coal has become popular because of convenience in handling, ease of purchase and cleanliness.

Petroleum Demand
At war's end a 20% drop in domestic consumption of petroleum was predicted, but actually the demand increased over 50%. Prewar volumes were approximately 350,000,000 barrels. In 1918 the demand was 1,300,000,000 barrels. In 1922 the demand was 1,827,370,000 barrels. Prewar, our consumption of petroleum was approximately two-thirds of the world's total output, or 40% of the world's total production.

The war increased our consumption and increased our production. The increased use of Diesel engines in trucks, buses, locomotives, and increasing demands for national defense.

These increased needs for the rapidly increasing numbers of Diesel engines and household heating units presents problems which are being met by changes in refining methods and production output. Between 1941 and 1947 the demand increased from 1,800,000 barrels per day to 6,900,000 barrels per day.

Despite continuing high demand the petroleum industry faces many problems and many opportunities. Given the proper economic balance and responsible leadership, the industry will meet all demands and needs of the country.

Methods of research and development are being expanded to meet the needs of the industry. The industry is finding new uses for old products; it is developing new pipe lines, tankers and tank cars; it is building new production areas; it is increasing the number of refineries, and expanding its market.

The refining of crude oil as well as the refining of natural gas, which is as necessary as steel can be obtained for construction of the U. S. oil companies are spending a little less than $200,000,000 this year on research and development.

By Address by Dr. Ellgoff at 57th Convention of Illinois Bankers Association, Chicago, Ill., June 4, 1948.

Crauder & Blodgett, Packard Building, Philadelphia.

Also available is a circular on American Olefin Company.


Hearst Consolidated Publications—Memorandum—Straus & Co., 21 South La Salle Street, Chicago 2, Ill.


Also available is descriptive material on West Point Manufacturing Co. and Merce.

Klungsom Cotton Oil Company—Card Memorandum—Bennett, Baker & Co., 102 South La Salle Street, Chicago 2, Ill.


Los Angeles Department of Water—Bulletin—Speak to the Mayor on current developments in the municipal water supply.


The Oil Industry Today

By W. J. Adams Manufacturing Co.

Data—Indianapolis Bond & Share Corp., 129 East Market Street, Indianapolis 6, Ind.

Alabama Corporation—Study—Olds, Mead & Bates Co., 40 Exchange Place, New York 5, N. Y.

The production of synthetic fuels is being accelerated.

The problem of oil recovery is being attacked from many directions.

There are many new areas and potential storage areas which are being explored.

There are many new areas and potential storage areas which are being explored.

The oil industry is committed to the exploration of new and unexplored areas.

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Steel Supply vs. Demand—A Continuing Struggle

By David F. Austin*

Vice-President, United States Steel Corporation

Ascertaining free competitive enterprise is seriously threatened, prominent steel executive defends steel industry's contributions to the nation's economic welfare. Demands for fantastic capacity increase, and points to cooperation with government in voluntary allocation program.

If the progress of our nation can be attributed to any single factor, that factor is freedom: freedom of the individual, freedom of worship, freedom of government and freedom of enterprise. Free men have

Steel Industry's Achievements

Much has been heard concerning the need for increased steel capacity, but far too little credit has been given to the Steel industry for its truly remarkable production achievements. At war's end, the Steel Industry found itself with plant and equipment battered and worn by operation at forced draft for six long years, a battering hardly less destructive than if it had been caused by an enemy barrage. Yet without complaint, the Industry accepted the dual task of rehabilitation and of continued capacity operation. In the light of the foregoing, an average operating rate of 70% during the past two years would have constituted a creditable performance. To have performed at the actual rate of 92%, during which our land was free from strikes, warrants the term "miraculous performance" and the public's highest praise of management and labor alike.

Production records in industries such as the automotive, home appliance, paper, and containers farm implements, and many others have a tribute to those industries. But they are still a greater tribute to that industry which—in spite of all the gray looks, in spite of shortages of manpower, scrap, coal and irons—taught the country the power of a well-organized industry, and the bench marks of prudence—turned out the basic tool—steel to support unprecedented employment and the largest peace-time production in the history of our nation.

Volume of Over Capacity

Our critics today demand almost fantastic increases in capacity. If we bring it to the nation's view.

"If our objective is to support full employment at high wages, with production at the highest possible level, we are reaching the attainment of that goal. If, however, our objective is to create a price structure for steel products far beyond the average citizen's ability to pay, vast unemployment and ultimate sacrifice of the country's highest standards, the construction of a greatly increased capacity at today's costs is the most certain way to bring about such a result."

Tones of short memory fail to take into consideration the historic pattern of the demand for steel when they reach a conclusion that greatly increased capacity is warranted at this time. If we ignore the fact that there was not a significant production year from 1909 to 1959 during which the industry was called upon to operate at a rate of 90% of capacity. There were but seven years in which the average rate of capacity in which the rate was in the 70's, and ten more when the rate was between 60 and 70%. Of the remaining 11 years, three were.ANo.5.

Price 100.35% and accrued interest

The Kansas City Southern Railway Company

First Mortgage Twenty Year 3% Bonds, Series B

Dated June 1, 1948

Due June 1, 1968

The issue and sale of these Bonds are subject to authorization by the Interstate Commerce Commission.

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Dick & Merle-Smith
Goldman, Sachs & Co.

Kidder, Peabody & Co.

Laurence M. Marks & Co.
Stroud & Company

Central Republic Company

Riter & Co.

*An address by Mr. Austin before the General Meeting of the American Iron and Steel Institute, New York City, May 27, 1948.

This is not an Offering Circular. The Offer of these Bonds is made only by means of the Offering Circular which may be obtained from any of the several underwriters who are engaged in the securities and in which such Offering Circular may be legally distributed.

NEW ISSUE

June 9, 1948
Illinois Brevities

An underwriting syndicate headed by Halsey, Stuart & Co., Inc., on June 3 publicly offered $40,000,000 of 5% mortgage bonds, series B, due June 1, 1978, at 102.75 and interest, the net proceeds to be used towards repayment of bank loans. Halsey, Stuart & Co., Inc., also underwrote its offering of $10,000,000 of 5.5% mortgage bonds, series C, due 2028, at 100.75 and interest, the net proceeds of which are to be used towards repayment of bank loans. The net proceeds of these offerings are to be used towards repayment of bank loans. The net proceeds of these offerings are to be used towards repayment of bank loans.

Oil Exploration Company

Common Stock

A detailed descriptive bulletin, giving a full account of the dealings of this company, and its controlled subsidiary, Whis- Night Oil Co., Chicago, is now available to interested Investment Bankers. We maintain a position in Oil Exploration Company common stock and invite your inquiries.

Approximate Market 6½

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Inc., 4th floor 1952

Chicago, North Shore & Milwaukee Railway
Common Stock

Brailsford & Co.
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Tel. State 8043
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—TRADING MARKETS—

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Common

Nu Enamel Oil Corp.

—

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Hargrave Heads Gho Stock Exchange Board

CHICAGO, ILL. — Homer P. Hargrave, president of Merrill Lynch, Pierce, Fenner & Beane, was reelected Chairman of the Board of Gov- ernors of the Chicago Stock Exchange at the Annual Election of the Exchange held June 7. Robert T. Gardner, Chairman of the Board, and Curtis were reelected members of the Board, to serve three years.

Commendation of the Chicago Stock Exchange for the annual report for 1948, the stock exchange will be a member of the Board, to serve three years.

Mr. John J. Griffin was reelected a member of the Board, to serve one year.

Andrew M. Bald, A. C. Becker & Co., Inc., John H. Burdick, Chapin & Newhard, Newhard, Cook & Co., Inc., James P. Rogers, Jr., and Hargrave, were also reelected members of the Board, to serve three years. Chairman of the board.

The Officers and Directors of the Chicago Stock Exchange, Inc., met June 18, 1948.

288 S. La Salle Street, Chicago 4, Illinois

BRITISH SOUTH AFRICAN BONDS—SHARES

THURSDAY, JUNE 10, 1948

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Looking Forward in Labor Relations

By C. E. WILSON

The security, prosperity and well-being of Americans importantly depend on the efficient production of American industry. There are three essentials of such efficient production: The first is employment, the second is efficiency of the workers to whom the pay is given, and the third is the rate of pay and the means of production used to turn out the products. The Federal Reserve Bank of St. Louis

In the present situation, the Federal Reserve Bank of St. Louis, in line with the requirements of the Committee on Five-Year Plans of the Federal Reserve Bank of St. Louis, is particularly concerned with the employment of workers in the labor market. The problem of employment is a matter of concern to all industrial processes, and it includes the organization and administration of all the things that have to be done to make the worker livable products to the customer, beginning with the raw materials.

The second essential of efficient production is the efficiency of the workers. Such cooperation can be expected only if the workers have a say in what they do and how they are paid. It requires a clear understanding of the rights and responsibilities of both management and labor. It requires the cooperation of each party with the other.

The third essential is an uninterrupted flow of materials and parts free of interference from industry-wide and nationwide restrictions on the use of materials and parts.

I am going to confine my remarks today to the second essential—employees' efficiency.

Present Industrial Problems

In developing the subject and listing the background on which these remarks are based, we attempt to identify the basic problems which all industry faces today.

1. The real shortages created by the lack of production during the war.

2. The high cost of living due to heavy imports required to save the employment of the Western Europe from starvation.

3. The high cost of living resulting from the- of kinds of goods and from the pressure of food supplies on our food imports.

4. Our national policies of collective bargaining.

5. The lack of solidarity in our labor laws as to the collective bargaining subject to collective bargaining for every kind of labor matters as union security, employment, pension insurance plans, union liability under the Taft-Hartley Law, and similar matters.

6. The lack of recognized grievance procedures, and the necessity of determining in collective bargaining with the Federal Reserve Bank of St. Louis.

7. The importance of maintaining efficiency during a period of inflation.

8. The problems created by inflation and the necessity of avoiding inflation.

Due to the developments in our country in the last few months it is now clear that group (you men representing labor on one side, and management on the other) face some very important decisions not merely as a result of the expiration of example, the effect of the action of other industries and labor groups; in fact, on the economics of the whole nation. We may also find that whether the few days' deliberations result in agreement or in further negotiation.

All of us have had hand-made changes and the effect of the rule and of the laborers. We know that you have the ability to authorize a strike of General Motors employees. The reason may be a new phenomenon that is the right and necessary thing for tomorrow. We know, as a result of our investigation, that strikes have a great deal of the same aspects that a way of life, be over and one party or the other may think they might be helpful.

The Union now and in the past has interpreted the worker's problem as a dual one:

(a) The problem of maintaining the purchasing power of the worker's earnings in work—in other words, protecting the worker from increases in consumer prices.

(b) The problem of providing for the economic problem by making up losses in the purchasing power of an increase in consumer prices. We are protecting that standard against fluctuations in the shortest possible time, and that means holding out assurance to him of a higher living standard over the years. This trend has been marked by strikes of all workers. A year's standard of living was enjoyed by the workers anywhere. His hour of work, which has been one of the most important of all concerns, in the best interests of all concerned, as well as economic groups, to an approach to a realization of these objectives.

We have in the past few months that the men that the world is going to be realized. A broad outline of these conclusions follows:

GM's Suggestions for Resolving the Problem

The way and the means that have made our economy extremely successfully and to give us a better future. It is what we are going to work towards now is greater stability, as a foundation for future growth. The suggestions we are going to have to offer a realistic and practical approach to the problem of how it will be resolved. A broad outline of these conclusions follows:

1. (a) Re-establish the bargaining power of an hour of work on a fair basis, and to what extent, what is the result? We are going to take account of both the case for stability and the desirability of future prosperity. We must be prepared to take up a position in this matter.

(b) To maintain the bargaining power of an hour of work on a fair basis, and to what extent are we to take up a position in this matter.

(c) To protect the bargaining power of an hour of work on a fair basis, and to what extent are we to take up a position in this matter.

The worker will be able to obtain a better future for himself and his family. If this suggestion is adopted, the world may be in better shape for working out the problems of American labor relations in the future.

Starting Saturday, May 22, and ending on Monday, May 25, only for a minimum of sleep, the agreement was concluded with the number of hours of work and the number of hours worked to the worker of the week, and the number of hours worked to the worker of the week, and the number of hours worked to the worker of the week, and the number of hours worked to the worker of the week, and the number of hours worked to the worker of the week, and the number of hours worked to the worker of the week, and the number of hours worked to the worker of the week, and the number of hours worked to the worker of the week.

The most drastic part of the settlement was the new

(Continued on page 37)
The Copper Outlook

BY JOHN A. DANAHER* Attorney, Washington, D. C. Formerly U. S. Senator from Connecticut

Forecasting continued heavy copper demand and consequent threatened shortages of metal, Mr. Danaher urges, want what had bal of 4 cents import tax, on crude copper, should import as much copper as possible and thus conserve domestic supply for emergencies in case of interference with our shipping lanes. Decrees subsidy proposals to stimulate domestic production.

A little over a year ago, the situation confronting American industry had assumed most serious proportions. During the war, approximately 400,000,000 tons of copper had been produced, and for several years following the war, domestic production fell far short of meeting the demands of American commerce. What had been done to all American consumers would have been correspondingly increased.

Mr. C. Donald Dallas, Chairman of the Board of Revere Copper and Brass Incorporated, said, in his year-end report, that in the past some months had been pointing to American industry the serious straits in which we would find ourselves. Under the leadership, legislation was introduced looking toward the repeal of the import excise tax of four cents per pound. The leaders of American industry rallied to the support of his proposal. Mr. C. E. Thompson, President of the General Electric Company informed the House Committee on Ways and Means, "If this duty is continued and the price of copper is forced up to the world price, plus the present excise tax, it will not be beneficial even for the copper industry, because it will cause substitu¬tions and postponements of projects which are urgently needed in American industry."

He continued in his statement, "If we are not able to obtain the amounts required of foreign resources it will mean cutting back production in industry. We see that the same ratio of our copper supply is to our copper requirements, which will limit the manufacture of appliances for the home, automobiles, buses, and other industries like motors, controls, heating units, and many others which are incorporated in widely used electric or gas equipment, such as refrigerators, oil burners, farm freezer units and machine tools. These are not only a part of the disturbance which would result from an inadequate supply of copper, but would also reduce the capacity of our manufacturers to meet the demands of American consumers.

Throughout the balance of 1948 and 1949, Mr. Danaher maintained, we will still see the 4-cent excise tax, which has been a major obstacle to the expansion of our economy.

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The American Capitalist Economy

New York State Chamber of Commerce issues a "Statement of American Economic Principles," designed to challenge business thinkers to bury their differences.

A "Statement of American Economic Principles," designed to make a specific contribution to understanding of the American capitalist economy, was adopted unanimously June 3 by the Chamber of Commerce of the State of New York, 65 Liberty Street, New York City.

The statement sets forth the Chamber's policy, that the government should cooperate actively in minimizing the strains and stresses on our economic system, that they should do everything they can to prevent conflicts from developing and to overcome them when they do develop, that government should maintain strict safeguards against conflict arising. The statement is an expression of the belief, unregulated monopoly, irrespective of its form, is a menace to the American way of life.

Consumer preference should determine the relative values of different products and services, thus determining which products to produce and the volume of production.

(Continued)
Land Values

By ROGER W. BABSON

Commenting on rising land values, Mr. Babson gives as reasons for caution buying: (1) mortgage indebtedness is reaching danger point; (2) threats of surplus farm and industrial production; (3) decline in buying power of farmers; and (4) recovery of European farm production.

The Agriculture Department in Washington is putting out warning signals to farmers not to buy land. Their agents are advising against the purchase of more property at present prices. Readers are also disturbed by the chart which appeared on page 79 of "Time Magazine." May 3 of this issue.

The facts are that the upward trend in land values is not the same in different sections of the country. Probably the farm values fairly near large cities arc already normalizing, if not actually selling not on their value as producing farms, but rather on their speculative values for subdivisions, etc. This also applies to pasture land near small cities. There seems to be an abnormal demand for "bottom land" which in many cases is selling far above a sensible price.

One special concern of the Agriculture Department, however, is in connection with land being bought on mortgage. They are very much opposed, at the present time, for farmers to buy land for which they cannot pay cash, believing that sooner or later a crash is coming, due to an inevitable decline in farm prices. Of course, the ultimate value of a farm is whether or not it can raise crops which will pay a fair rate of interest on the land after all expenses, and this of course depends on the price received, as well as the wages and other expenses which must be paid.

City and Town Property

The Federal Reserve Bank in Washington is especially disturbed at the continuous climb in mortgage loans on city and town property, which is probably due in part to the activity of the Federal Loan and Savings Banks in soliciting mortgage loans. Certainly this should be curbed at the present time. It is wrong for mortgage loans on real estate to be climbing during a period in which business loans are dropping off steadily and are being reduced.

These Federal Loan and Savings Banks must be careful not to be buying into a vicious circle whereby some day the property, upon which they are now loaning and which loans are in part guaranteed by the government, will come back into the government's hands. If the government then adopts a policy of selling these houses at auction, the houses for which the veteran now pays $1000 will be selling in the open market for $5,000 or even less. It is entirely possible that what happened to city and small town real estate in the 30's could easily repeat in the 50's.

Reasons for Being Cautious

There are definite reasons which people should carefully consider before buying up any kind of real estate. These reasons are as follows:

(1) The upward trend in mortgage indebtedness, which in some localities is reaching a dangerous point.

(2) Threats of surplus farm products and even certain manufactured goods due to the present higher level of production.

(3) The recent downward trend in the buying power of farmers due to lower prices of farm products and of the industrial population due to the increased cost of living.

(4) The fact that a large proportion of the money now being sent to Europe will be used to aid Europe to produce more farm and manufactured goods in order to be independent of us.

How to Invest

Use your earnings first to pay off your mortgages and other debts. Then put your buildings and machinery into good shape so you can go through the next depression without any maintenance costs. After this, give your wife a break by buying her a modern kitchen and bathroom. She was patient and thrifty for you during the hard times; now she is getting older and cannot do so much. Be liberal with your church and give your children a useful education in agriculture, mechanics or business. Above all, have a good savings bank account or a safe-deposit box of U. S. Government "E" bonds. DON'T KEEP THESE IN YOUR HOUSE.

N. Y. Investment Ass'n To Hold Outing

The Investment Association of New York (formerly the Junior Investment Bankers and Brokers Association) will hold its second annual outing on Wednesday, June 23, at the Montclair Golf Club in Montclair, New Jersey. The date was announced by Stanley Russell, Jr., of Blyth & Co., Inc., who is in charge of the general arrangements.

Better than 75 of the younger men in Wall Street will take part in the festivities, which will begin at 9:30 in the morning, according to Mr. Russell. Golf will be the feature of the day for many of those attending and there will also be tennis—competition and other games. Robert Baldwin of Morgan, Stanley & Co., is handling golf arrangements and Julian Hemphill of Hemphill, Noyes & Co., is in charge of the tennis. Arne Fuglestad of White, Weld & Co. is handling the scheduling of other games.

A special event is being managed by Sydney Duffy of Blyth & Co., Inc. Roger Gilmarin of Merrill Lynch, Pierce, Fenner & Beane is taking care of transportation to the outing.

Following the day's activities there will be a dinner in the evening with Philip Moore of Schroder, Rockefeller & Co., Inc., president of the association, presiding. Prizes will be awarded winners in the sport competition at that time. The group will then enjoy the Louis-Walcott fight by television.

The association was formed in the Spring of 1947 and has at present about 220 members from some 90 Wall Street firms. Average age of the current membership is 31, with approximately 90% veterans of World War II.

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We are preparing a brochure telling about many of the laboratories located on Long Island and what they are doing. We think you will find it quite interesting. Send us your name and address and we will be glad to mail you a copy.

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LONG ISLAND LIGHTING COMPANY
MINEOLA, N. Y.
Rearrangement Program and Money Market

By HAROLD V. ROESE
Vice-President, Federal Reserve Bank of New York

Contending different fiscal and monetary policies from those of the last war must be followed in rearrangement program, if picking up of inflation is to be avoided, Reserve Bank officials foresee need of higher taxation, stringent measures of savings of material and labor from less essential purposes, and also restraints on unnecessary expansion of credit and monetary supply. Holds monetary controls should play supporting rather than leading role.

In considering what might be said about this topic, I soon found that it would not be possible to discuss at all adequately the effects of the rearrangement program on the monetary situation without overlooking the field of public debt, constitutional, monetary policy and debt management policy may be regarded almost as Siamese twins.

I am glad, therefore, that Secretary Wiggins has discussed debt management aspects of the problem first, and I shall have to ask his indulgence if I find it necessary to invade his territory to some extent.

It quickly became apparent, also, that it would be difficult to segregate any other major developments of recent importance affecting the armed aid program and the income tax at least. Reduction, I think, I should say at once that I claim no gift of prophecy will expect occurrence of international political trends and their effects upon the further developments of the national defense program, and therefore must nec¬essarily place some reliance on the information that has so far been made public concerning the probable magnitude and rate of growth of military expenditures during the coming fiscal year.

Even though we confine our atten¬tion mainly to the near-term prospect, however, we cannot ig¬nore the possibility that a substantial part of the production in the field of military and fiscal poli¬cies especially, than was fol¬lowed at the beginning of the war, it would be entirely possible for a substantial infla¬tion on top of the inflation that has already occurred.

The next question has been raisedwhether considerable reorganization of the work of the aircraft industry and other industries under the rearrangement program. The principal points are in the field of aircraft, and also in the field of financial policies, we expect to undertake the large increase in the Federal Reserve Board's activity by reducing the availing funds for certain of the banks, the Treasury might become nec¬essary.

The announcement of larger reserve requirements for member banks in New York City and Chicago had only a minor effect upon the currency picture in those cities, although they may have knocked off bids, with volume very light indicating a quotas down on the average, by a few of prices by a few hundred dollars. That is off guard, because of the sudden and unexpected upswing of reserve requirements.

While the increase in reserve requirements of Central Re¬serve City banks, will take liquid and investable funds away from the market, for a time, however, the effect on money centers, it is not expected to increase to any appreciable extent, and the supply was maintained because of the intermediate- and long-term obligations. Bonds in other localities will not be affected by the new development and they have funds that are being put to work in the higher income Treasury obligations... As a matter of fact, very sizable com¬missions and arrangements have been made to obtain these funds if, and when there might be weakness in the longer govern¬ment issues.

The partially-exempt obligations are still being bought care¬ful and shrewdly by many banks, with these buyers not induced to show much enthusiasm for Treasury securities, as they are not currently available for sale... Prices of these securities have been quoted sharply in the market and the reports we have received are that institutions were looking for certain of the tax-exempt securities... Banks in the market for additional funds at prices that were higher than those quoted in the open market, because of the high bid and limited supply... It will have to get enough bonds to complete their order.

Although the government bond market appears to be on a cross-fire between the Treasury and the Federal Reserve Board, in their respective roles, the market still possesses of price and price movements in either direction are likely to be sluggish... The Treasury, by keeping the certificate rate at 1%, prevents any hardening of money rates that will be necessary to demand for all govern¬ment securities particularly the higher income obligations...

The Federal Reserve Board, by increasing reserve requirements of banks in New York City and Chicago, has taken away... The redemption of certificates and bonds, the June interest payments on the $13,353,500 of 1958/85, and the call of the bond will come in June 1957; 2%... Also the larger reserve requirements will enable the Central Banks to prolong the period of effectiveness of the War Loan... Accessible, since the Treasury has arranged that these bonds could be invested or lent, meant that calls on government securities are paid to a triumphant bank can be paid for a time and still keep the money markets from easing too much... Income tax payments due in the middle of the month will likewise tend to have a restraining influence upon the money market...

Insurance companies are still playing only a minor role in the government market, with scattered movements in the market from some of the smaller ones... Selling, however, has pretty well dried up, and the small liquidity is expected there is a flow of attractive corporate securities... On the other hand, the insurance companies find that the lure of the attractive certificates of the state and localities in an important way, if there should be a revival of equity financing, with a strong stock market...

Savings banks continue to be fairly active with buying apparently now being done more in the restricted issues than in the eligi¬ble ones. The contracts outstanding in the state and localities are certain of these institutions in the bond banks, with the proceeds going mainly into the 1% due 1959/62... Trust companies have been switching into government securities, to a certain extent, for some-what 

2 The 3% due 1955/60 and the 3% due 1965/69 hold the spotlight of the part the banks hold of the market. The issues evidently coming from institutions that are taking profits in tax-free bonds... Certain other holders of state and mu¬nicipal securities that had been locked in those obligations because of the price decline are now able to get out even and are putting these funds into the partially-exempt Treasuries...

Retirement of Old War Bonds

According to latest advice received from the New York Stock Exchange, American holders of the old bonds of the Republic of Peru have exchanged $13,353,500 for the new bonds up to the end of May... The exchanges of the issues were bought at face value...

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<tr>
<th>Bonds</th>
<th>Total</th>
<th>Balance</th>
<th>Redundancy</th>
<th>Retiring</th>
<th>Outstanding</th>
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<tr>
<td>7s-1959</td>
<td>$39,000 April</td>
<td>$1,245,600</td>
<td>7,482,600</td>
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<tr>
<td>6s-1960</td>
<td>$3,483,000 May</td>
<td>8,060,600</td>
<td>40,322,500</td>
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<td>6s-1961</td>
<td>$710,000 May</td>
<td>4,047,500</td>
<td>20,422,000</td>
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The American owners of the exchanged bonds who have accepted Peru's offer to retire bonds 16 years of unpaid interest and to accept a reduced return of 1% for the first two years, 1½% for the second two years, and 2½% for the third two years, and 2½% for the fourth two years, and 2½% for the fifth two years, and 2½% for the sixth two years, and 2½% for the seventh two years.

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Securities Administrators Report Changes; Committees; Convention Plans

The National Association of Securities Administrators recently announced the appointment of William E. Stapp as the new Commissioner. Mr. Stapp has been associated with the Oil Securities Committee and the Licensing of Dealers Brokers and Salesmen Committee of the National Association.

In Louisiana, J. S. Brock is the new Banking Commissioner of that State, filling the vacancy left by the resignation of William J. Bregna. Mr. Brock has been appointed as a member of the Oil Securities Committee.

The State of Vermont, Donald A. Hemmingsway has been appointed Commissioner of Banking in place of Charles E. Buren. Mr. Hemmingsway has been appointed a member of the Membership Committee.

In the State of Delaware, Albert W. James is the Attorney General, replacing C. J. Killoran. Mr. James has been appointed a member of the Membership Committee.

The following committees have been appointed to carry out the work of the Association at the Portland meeting:

- Nominating Committee—Edwin M. Daugherty, Chairman, California; D. D. Murphy, Vice-Chairman, South Carolina; Peyton Dowling, Illinois; Clarence H. Adams, Connecticut; Robert F. Brown, West Virginia.
- Resolutions Committee—John P. Huei, Chairman, Michigan; John L. Carter, Arkansas; Thad Evans, North Carolina; J. Myron Honigman, Pennsylvania; T. C. Thompson, Wyoming.
- Auditing Committee—M. D. Campbell, Jr., Chairman, Missouri; George F. Richardson, Kansas; William C. King, Virginia.

Under the constitution it is mandatory that the Nominating Committee of five members be appointed to the convention. In selecting this committee due consideration has been given to the geographic location of the various members.

Brown Re-elected Head of Balt. Exch.

Baltimore, MD.—J. Dorsay Brown, Macklin, Legg & Co., has been re-elected President of the Baltimore Stock Exchange, to serve a third consecutive term.

Edward J. Aronson, Stein Bros. & Byron, W. Carroll Mead, Massel, Miler & Co., and Walter M. Wey, Wey & Co., were all re-elected to the governing Committee for two-year terms.

The Governing Committee will meet June 14 for organization of their election of other officers of the Exchange.

Kenneth Johnson V.P. Of Indianapolis Bond and Share Corp.

INDIANAPOLIS, Ind.—Kenneth S. Johnson has joined Indianapolis Bond and Share Corporation, 128 East Market Street, as Vice-President. He formerly conducted his own investment business in Indianapolis under the firm name of Kenneth S. Johnson & Co. and has been in the securities field for many years.

Small in size, but large in residential, commercial and industrial growth, New Jersey offers unusual opportunities to its citizens, its businessmen and its manufacturers.

Public Service Corporation of New Jersey, the public servant of a great state, is proud of its contributions to the residential, commercial and industrial welfare of New Jersey.
**Profits Lost by Neglect Of New By-Products**

**By HOWARD E. SMITH**  
Director, Centro Research Laboratories, Bristol-Myers Manor, N. Y.

Mr. Smith points out industries are losing profits because of neglect to develop new by-products, due to present stress to supply consumer demands for existing goods. Seeks outside independent research laboratories as aid in developing profitable by-products.

In the race to meet consumer demand, and improve present major lines, many new products that industry could profitably market from by-products of their research, will never see the light of day. Personnel of industry's research organizations are too busy to explore the possibilities of thousands of chemical compounds, the by-products of their manufacturing process involving scientific investigations of their main products.

Many of these unused chemical compounds are gathering dust in jars or on storage shelves. Given research attention and study by qualified scientists, many of them could be turned into profit-making valuable insecticides, fungicides, medicines, dyes, etc. Some of the more far-sighted industries are turning over these chemicals and compounds to outside independent laboratories for research and development to determine their practical and economic uses. However, there now exists a huge economic loss through failure to explore these by-products, resulting in waste.

The oil and other industries are fertile fields for developing new products. At the present time the majority of products marketed by oil companies are no longer used for the development of energy but motor fuel. In the process of improving their products, there are developed many chemicals and compounds. In most cases these chemicals and compounds are placed upon a shelf in clean labelled jars and the information typically associated for this is due to the fact that the research personnel are so busy with immediate problems that they cannot always spare the time or personnel on these unknown or undeveloped chemicals.

In all probability many of these shelfed chemicals have a specific use such as for fungicides, insecticides, expellents, dyes, medicines, plasticizers, stabilizers, and others. It is quite possible that these chemicals and compounds can be applied practically in industry, no doubt many new products could be developed and old ones improved at a very economical cost.

Actually nei ther the research departments nor the research personnel are seeking for items of this nature; the industry, however, could use the expertise of laboratory technicians and its engineers can only do so much and this extra research which might prove a boon to the industry often is slighted.

It is at this point that the outside or independent research laboratory can come to the aid of the industry. It is necessary to sacrifice time and personnel from the normal process of work. The regular important work continues but the independent research organizations are patient reviewing these chemicals. When a possible use is discovered the industry can then continue to explore and test this possibility. If turned back to the client's laboratory, the research and independent laboratory will once again have to work back to tickling the thousands of bottles on the shelf.

Many industries have found, much to their chagrin, that suddenly a competitive company emerges with a new product thus making the opportunity of many of the chemicals used by the industry.

We have been closely identified as Underwriters and Distributors in the offering of Public Utility Securities... as well as municipals, railroads, and other corporate issues.

We will be glad to discuss with you the present market for such securities, and provide you with whatever information you need about their statistical position. Similarly, we shall be glad to place at your disposal the distribution facilities of our 98 offices.

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**COMING EVENTS In Investment Field**

**June 16, 1948 (Minneapolis, Minn.)**  
Twin City Bond Club 27th Annual Golf Tournament and Picnic at the White Bear Yacht Club.

**June 11, 1948 (Atlanta, Ga.)**  
Georgia Security Dealers Association annual meeting at the Druid Hills Golf Club.

**June 11, 1948 (Baltimore, Md.)**  
Los Angeles Annual Spring party at the Elkridge Kennels.

**June 11-12, 1948 (Los Angeles)**  
Security Dealers Association of New York Spring outing at the Wingfoot Golf Club, Mamaroneck, N. Y.

**June 11, 1948 (New Jersey)**  
Bond Club of New Jersey Annual Golf Day at the Montclair Golf Club.

**June 11, 1948 (New York City)**  
Co-ordinating Committee of the Bond Club of New York New York Golf Outing and Dinner at the Wingfoot Golf Club, Mamaroneck, N. Y.

**June 11, 1948 (Pittsburgh, Pa.)**  
Bond Club of Chicago Annual Spring Outing at the Charter Golf Club.

**June 12, 1948 (Chicago, Ill.)**  
Bond Traders Club of Chicago Annual Golf Party at the Arcadia Country Club.

**June 12-16, 1948 (Canada)**  
Security Dealers Association of Canada 22nd Annual Meeting at Maidstone, Richelieu, Murray Bay.

**June 14, 1948 (Toronto, Ont.)**  
Canadian Bond Dealers Association annual meeting at the Inverness Club, Toronto.

**June 15, 1948 (Detroit, Mich.)**  
Bond Club of Detroit Summer Outing at the Plum Hollow Golf Club.

**June 17, 1948 (St. Louis, Mo.)**  
Security Traders Association annual meeting at the Norwood Hills Country Club, St. Louis.

**June 18, 1948 (Boston, Mass.)**  
Municipal Bond Club of Boston annual meeting at the Country Club, Concord, Mass. To be preceded by parties at the Harrington on the evening of June 16 and 17 from 9:30 p.m. until midnight.

**June 18, 1948 (Philadelphia, Pa.)**  
Philadelphia Bond Club and Bond Dealers Association annual outing at Llanerch Country Club, Llanerch, Pa.

**June 21, 1948 (Omaha, Neb.)**  
Nebraska Investment Bankers Association annual frolic and field day at the Omaha Country Club.

**June 22, 1948 (Boston, Mass.)**  

**June 23, 1948 (New York City)**  
Investment New York second annual outing at the Montclair Golf Club, Montclair, N. J.

**June 25, 1948 (Cleveland, Ohio)**  
Montclair Bond Club of New York Annual Meeting at Sleepy Hollow Country Club, Scarborough-on-Hudson, N. Y.

**June 29, 1948 (New York City)**  
New York Stock Exchange Golf Outing at the Wingfoot Golf Club, Mamaroneck, N. Y.

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**Bond Club of New York Annual Field Day And Outing Held on June 4; Leness Elected**

George J. Leness of Lynch, Pierce, Fenner & Brane was elected President of the Bond Club of New York at the annual meeting held at the conclusion of the Sleepy Hollow Country Club June 4. He succeeds T. Jerrold Bryceson, who has been President for the past year.

Charles H. Blair, Jr., of the Catterhill Golf Club, N. Y., Co. was chairmanship of this year's Field Day Committee, was elected Vice-President, succeeding Alfred Sherwin of Morgan Stanley & Co. C. Chesney Hardwick of Smith, Barney & Co. was elected Secretary and William T. Cappell of "The First Boston Corporation, Treasurer.

Elected members of the Board of Governors to serve three years were Austin Brown of Dean Witter & Co.; Harry C. Clifford of W. A. Eddinger; Peabody & Co. and Thomas T. Coxon of Hallgarten & Co.


More than 500 bond men—a record number—deserts Wall Street to attend the Field Day, T. Jerrold Bryceson, President of the Bond Club, and Charles L. Morse, Jr., Chairman of the Field Day Committee, distributed the Wall Street delegation bound for Scarborough, N. Y., for a full day of sports and affairs.

Several hundred members of the club took part in the annual golf tournament. Divided into three handicap classes, the players competed for three Bond Club trophies—the Ex-President's Cup, the Catterhill Cup and the Cup of the Club—and for more than a dozen individual prizes.

T. Jerrold Brown (Bear, Stearns & Co.) won the President's Cup with low gross of 73. C. E. Grassmuller (Lazard Freres & Co.) won the Catterhill Cup with low net score of 65, and Paris Scott Russell, Jr. (Glore, Forgan & Co.) took the Cup of the Club in the match play against par.

 Bros. Willard Lynch, W. C. Langley & Co., was awarded a Cadillac, a Mercury was awarded to E. B. Lowther, Shields & Co.; a Ford station wagon to Fred Brandt, Bear, Stearns & Co.; a Pontiac to Louis D. Rieder, W. H. Hutton & Co., and a television set to George Stone & Webster Securities Corp.

Upon arrival at Sleepy Hollow, the guests were greeted with free copies of the New York "Journal," the Bond Club's famous publication lampooning the outstanding events of the business world and politics. Distributed nationally this year and also on sale in the Country Club's main banquet room, and set a new high mark in circulation.

Frederick Peirce Dead  
Frederick Peirce, President of Frederick Peirce & Co., Philadelphia investment firm, is dead.
World Recovery and World Bank

BY JOHN J. MCCLOY
President, International Bank for Reconstruction and Development

Assuming Europe's productive capacity, with outside help, is not far from recovery plateau, if present progress is maintained, World Bank executive contends, chief war damage was paralysis of nerves and sinews. It will be years before foreign trade, among other things, that assures cooperation of World Bank in recovery plans, Declines economic resultant from excess nationalism.

The question I am frequently asked is whether I believe the European Recovery Program will go through to the end and will be able to find for itself without further appeals for similar aid from this country.

Though I am in no position to answer that question on the basis of the many others, and more important, it is not as well explored as many, it is probably a fair question to ask of anyone who has responsibility for the international policies of Western Europe as to the objectives of world recovery such as the International Bank has already set toward.

I have seen figures which purport to show what the French recovery program will succeed and which those people prove that the sums are inadequate. I do not believe either conclusion can be reached fairly on the basis of our statistics. On other occasions I have seen figures which purport to show that the difficulties of Western Europe in its trade with the United States as it was in 1935 is an indication of the trade that will result.

These represent such a view of the volume of trade that the trade with the United States as it was in 1935 was an indication of the trade that the West European nations have, as a whole, approached if not exceeded previous periods.

They have done this in the face of some very considerable difficulties in terms of trade and incomes in the textile and other industries in Germany, whose production is an indication of the view. From 1935 to the war was the hub of Europe, and the introduction of a great deal of American aid in such a country as Germany will be a matter of much greater importance than it has been in the past the European future would be very much dependent on the efforts of this country.

In the Great Depression it was the depression, of course, that the whole family of Western European countries have, as a whole, approached if not exceeded previous periods.

The moral is the physical sense of the war will be to remove from over Europe and the world the belief that foreign help, from the United States, is an indication of the importance of the war will be to remove on Europe and the world the belief that foreign help, from the United States, is an indication of the importance of the war or the American viewpoint.

Production is an illusory thing in the form of the actual material or machinery which this country may be sent to Western Europe.

If at a given moment the French farmer gains some confidence in his production, what he will do is give us a world to the city markets and maybe a result of these restrictions on trade are removed, if borders are opened, if trade is opened, which is the present the world is a man to cross and retrace, trade will have fallen by such a margin, if there is any margin, the actual capacity, will contribute factors that no figures can faithfully provide.

War's Chief Damage

The chief war damage was in the destruction of all these industries, their sources of raw materials and the loss in the production. Property itself can usually be replaced, repaired, but with the property is the physical plant and the employees who have worked it. With this unprecedented and unique kind of war in which the Marshall Plan affords the obvious thing is to take up the work of production, to hire the farmers, to pay their wages.

There is a limit to which even the United States can afford to be any other than the amount or to remain responsible for the actual transaction.

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There is a limit to which even the United States can afford to be any other than the amount or to remain responsible for the actual transaction.

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There is a limit to which even the United States can afford to be any other than the amount or to remain responsible for the actual transaction.
The SEC Position on World Bank Bonds

By EDMOND M. HANRAHAN

Chairman, Federal Reserve Bank of St. Louis

Chairman Hanrahan says present bill before Congress would transfer

provision giving SEC discretionary power to exempt World Bank

and the Securities Exchange Act of 1934, including securities issued

had the effect of providing for exemption only of securities issued or

by the International Bank for Reconstruction and Development

the Bank’s Articles of Agreement.

on May 6, 1948, we went to you a

full statement of our views in a

Commissioner McNamara, who is present with me today.

That statement was a part of the report and it goes into

will than my present statement.

Bank, with changes reflected in the

bill approved by Senator

in the same class with other securities exempted

Stated in Chairman Hanrahan’s

a separate signature on

Washington, D.C., June

The Western Union Telegraph Company

Notice of Invitations for Tenders of

4½% Funding and Real Estate Mortgage Bonds, due May 1, 1950

Notice is hereby given that The Western Union Telegraph Company invites tenders of Bonds of the above issue, for balance

and that tenders will be received by the Company, at

New York, New York, 3, N. Y., until 12 o’clock noon on

April 27, 1948.

Copies of the Invitation for Tenders, which sets forth the terms and conditions relating to such tenders and terms for the Form for such Tender, on which all tenders must be made, will be supplied by the Company free of charge to all who desire to address the attention of its Treasurers at the above address.

No price ceiling has been fixed by the Company, and according

The Western Union Telegraph Company

By W. P. MARSHALL, Treasurer


Predicts Falling Off in Capital Outlays

Federal Reserve Bank of New York reports postwar capital expa-

needs for new construction or plant expansion are

The current June issue of the "Monthly Review of Credit and

Business Conditions" of the Federal Reserve Bank of New York, analyzes the outlook for credit in the present fiscal year, and formulates plans for capital reequipment and expansion programs. As a result of its analysis, the Bank predicts that in the months ahead there will come to the following conclusion regarding the demand for new funds and loan commitments on new plant and equipment:

"Although the dollar volume of

business capital outlays in 1948 is expected to be in most instances

in all industries, it is expected that the rate of new

in turn fall below that

those figures.

extremely interesting to note, further-

that the business

on manufacturing and other activities, the rate of outlays in this area will fall quite sharply. The Bank suggests this may be due to the recent, large capital investment in the field of

"Judging from data available for the corporate sector of the nation’s entire economy, the Bank notes that the demand for business capital outlays in the first half of 1948 was quite large, in view of the relative lack of realization, of the probable effect of the large outlays on the postwar period, the Bank suggests that the rate of new capital outlays in the second half of 1948 will be much more or less the result of the investment made in the first half of 1948 than the influence of future capacity than additions to its domestic capital equipment in the current year."

"The outlook as a whole seems to be one of relatively slow growth in business capital outlays in the second half of 1948, and that the rate of demand for new funds in this area will fall quite sharp from the first half of 1948, to a rate which is expected to be about 10% or more below the rate of the first half of 1948."
Wide Diversity in Wage Changes Found by Backman

Uniform Wage Patterns Held Incompatible with Free Economy

"Uniform wage patterns are incompatible with the functioning of a free economy," Dr. Jules Backman, Associate Professor of Economics, New York University, and Mr. Donald W. Backman, told the Society for話 the Economics of War, Peace & Reconstruction on June 3, 1945. The group of past changes in wages has been...consistently above the 1939 level. Furthermore, changes in wages have been characteristic of the whole economy. It is improbable that the economic factors should be shown in the broad changes in wages. Industriousness and in the public favor of different workers, existing differences in wages, or the nature of the industries which the present paper surveys were not significantly affected by current conditions. Dr. Backman pointed out that "price reductions were more in industrial wages, and other wages increased, it is difficult to trace the extent to which industrial wages increased without recognizing the importance of the shifting of the labor market. At present, industrial wages have been reduced to a point where further reduction would affect the results by only a few percentage points. The great need for further reduction is in the context of the balance of the survey; we do not yet fully understand the change by which price changes would affect the workers in the wording of questions or the tendency in a way that would enable them to yield entirely different results.

Schram and Strong, Honored by N. Y. U.

New York Stock Exchange President, Schram, and First Doctor of Laws, Said He Has Concluded His Campaign

Emil Schram, President of the New York Stock Exchange, received the honorary degree of Doctor of Laws at the 116th Commencement exercises held by New York University on June 9. The ceremony was conducted by Vice-Chancellor Harold O. Voorheis presented Mr. Schram with the degree with the following citation: "Emil Schram, Indiana farmer and naturalized citizen, has been elected to the University of Michigan.

Four Republicans Could Defeat Truman, Roper Finds

But continuing swings in Truman's popularity promise enlivening of election campaign, public opinion analyst evaluates significance of polls.

Whereas several months ago it appeared that President Truman could count on a Republican candidate, the latest poll results now show that four Republicans might be able to win the nomination.

Emil Schram and Benjamin Strong

Benjamin Strong, President of United States Trust Company, has also been awarded an honorary degree of Doctor of Laws, although he had previously been awarded the degree of Doctor of Laws. Schram and Strong, Honored by N. Y. U.

New York Stock Exchange President, Schram, and First Doctor of Laws, Said He Has Concluded His Campaign

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Theos. W. Gleason, V.P.

Kirchofer Arnold Assoc.

Association is made that Thomas W. Gleason, formerly

with Kirchofer & Arnold, Incorpor., has been elected a Vice-President of Kirchofer & Arnold Inc., and will continue as manager of the New York office at 37 Wall Street, New York City.

John C. Montgomery Dead

Colonel John Carter Montgomery, U. S. A., retired, and a former President of The First Boston Corporation, died June 7 at Walter Reed General Hospital, Washington, D. C., after a long illness, at the age of 66. His home was in Alexandria, Va. During his long association with The First Boston Corporation which terminated last year he had lived in Bronxville, N. Y.

Wilson With Conrad, Bruce

(Dessler to the Postmaster General)

C. F. Jonas, Calip., Frederick J. Wilson has become associated with Bruce & Co., 300 West Sixth Street. He was formerly with First California Co. and H. F. Ruth & Co.
Physiocratic Balderdash

"First, the Congress should provide a permanent system of flexible price support for agricultural commodities. For the benefit of farmers and of the whole nation, we need price-support legislation which would ensure a reasonable stability of farm income while encouraging desirable adjustments in production."

President Truman

"A second important program is to make American agriculture that of soil conservation. Our present soil conservation program must be vigorously supported and rapidly extended."

"As a third element of major importance to agricultural prosperity, we must take steps to maintain adequate markets for farm products and to improve the methods of distributing them to consumers."

President Truman

"I believe that we should also start now to develop substitutes for beef when safeguarding the diets of low-income families. We should also be ready all the time on a stand-by basis, to be put into operation on short notice in case of need. We must increase the farm income of the American farmer while agricultural surpluses are going to waste."

President Truman

The farmer, of course, is always a court favorite with politicians and their escapades, why a nudge better not come to our senses about agriculture before we "go broke" in pursuit of current physiocratic balderdash?

Analyses Rising Plant and Equipment Costs

National City Bank of New York reports provisions being taken by corporations to offset higher replacement costs.

The June issue of the "Monthly Bank Letter," published by the National City Bank of New York, contains a review and analysis of provisions taken by leading American business corporations to account for higher replacement costs of plant and equipment resulting from inflationary prices.

The bank estimates replacement costs now range from 50% to 100% above original costs. According to the article, "The sharp rise in plant and equipment costs has created increased capital outlay for businesses since the war in financing new plant, for replacements, and improvements, and not only in the United States but in foreign countries. Many corporations in their 1947 annual reports showed considerable increases in their plant, and quoted figures showing replacement costs of 100% or more above original costs."

In the manufacturing and mining industries, expenditures have been particularly heavy for deferred maintenance and postwar recovery, followed by increased production and increased capacity.

In many instances, demands for steel, chemicals, petroleum, textiles, and many other products have increased. Many real estate developers and merchant wholesalers have increased their expenditures and have reported that they are faced with future shortages of building materials and finished products.

The rise in costs, thought to be temporary, has ended any idea of a "normal" price level for new buildings or for plant and equipment; the current price level is generally accepted as the "net worth" of the book value of total assets, plus the cost of new assets and the cost of any additional improvements.

"The book value of the total assets of the largest manufacturing organizations, plus the cost of new assets and the cost of any additional improvements, equals the current price level of $20.6 billion, which is the amount of additional capital necessary for the replacement of plant and equipment.

"The increase in capital necessary for the replacement of plant and equipment now stands at $20.6 billion, which is the amount of additional capital necessary for the replacement of plant and equipment. This capital is equal to the current price level of $20.6 billion, which is the amount of additional capital necessary for the replacement of plant and equipment. This capital is equal to the current price level of $20.6 billion, which is the amount of additional capital necessary for the replacement of plant and equipment. This capital is equal to the current price level of $20.6 billion, which is the amount of additional capital necessary for the replacement of plant and equipment. This capital is equal to the current price level of $20.6 billion, which is the amount of additional capital necessary for the replacement of plant and equipment.
approximately $1.0 billion in both 1940 and 1941, and rose sharply to
$3.1 billion in 1944. The average margin of profit, which to
golden years, is not at present, in dollar terms, the highest
it is the most widely-used measure of earnings, declined from 3.04
cents of value to most closely between 1940 and 1945. As pointed out
earlier this year when presenting our figures of corporate
rate earnings, the dollar total of income last year was
$4.1 billion, or $1.0 billion more than it was in 1944. Average prices
(2) The increase in volume of business and not in terms of the
profit margins, which in most cases may have increased, (3) The prices
were actually narrower than in the former years of activity.

upon the net working capital, it may have increased, (4) The
1947, the net income represented an increase of 14.3%.

Earnings and New Capital

"It should be emphasized that this attempt to adjust for changes
in replacement costs should not be regarded as the final word,
but is illustrative of the upward price trends and the problems they have
caused. This matter of replacement costs is but one of the many fac-
ors of the period, it has been pointed out, that earnings are of no
to an average value of their assets at current costs, by
the general index of building and equipment prices in 1947, would be
hit by $1.5 billion to $5.0 billion, and
book net worth would be increased. 
Upon this enlarged base, the re-
rents average return of 8.5%, and the
apparent gain rises from the un-

the earnings of many companies have been criticized, it
is also true that they have had vastly greater problems than
the former companies, having made vast expenditures from their
own and borrowed money for ex-
pansion of plant capacity, have been
criticized in the same quarter, and are still
more in the apparent loss.

For this group of large corpo-
rations, the payments of wages and salaries, a very
much more proportionately than dividends paid to share-
holders. In other words, the net income of
1940 approximated $5.5 billion and were about 4½ times the
dividend payments.

while by 1947 total payrolls had expanded to $12.3 billion and were
4½ times the 1940 figure.

"Average annual compensation per employee rose from 351 in
1940 to $1,100 in 1945, an increase

pointed out the Committee. This matter of replacing
the shareholders as a group

business in terms of the

 Charles B. Harding on Advisory Committee

As chairman, senior
partner of Smith, Barney & Co., New York, has joined the Indus-
trial Advisory Committee of the A. V. et al. in a consulting
according to an

Charles B. Harding

The new members will repre-
represent the investment banking

at the Chicago Mercantile Exchange, to advise on Coun-
Advisory Council, to advise on Coun-

The new members have been appointed to the Advisory Com-


did not make their reports to the Board.

The principles will sell

principles and over-the-counter ser-

Formation of the firm was pre-

Financial Chronicle

"Plant and equipment, net worth, and rate of return, adjusted to approximate
replacement costs of plant and equipment."

"Plant and equipment, net worth, and rate of return, adjusted to approximate
replacement costs of plant and equipment."

Cleveland with the First

Cleveland Corporation, National City Bank of Cleveland, and
have added Wil-

business in Detroit.

Charles B. Harding

Charles B. Harding, former chairman of the Medical Center
of General Electric Co., is a member of the Committee. Mr. Harding is the
Chairman of the Board of the Medical Center of General Electric Co. and
is a former director of the American Medical Association.

Mr. Harding has been associated with the medical profession for over 30
years, and has had a wide range of experience in managing and developing
medical facilities and institutions.

The firm will be located at

2141 Euclid Avenue, Cleveland, Ohio.

Donald G. Babbitt

Donald G. Babbitt, former chairman of Keane & Co., Detroit
(formerly of the Financial Chronicle), has been associated with
Keane & Co. for over 25 years. He is well known in the

financial community for his ability to provide

advice on financial matters.

Keane & Co. is a leading financial

firm in Detroit, and has been active in

counseling businesses on financial matters.

The formation of this firm is a

significant development for the financial

industry in the Great Lakes region.

Financial Chronicle

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Railroad Securities

One of the major forces working toward the restoration of rail-
road credit over the past eight to ten years has been the un-
precedented and vast majority of railroads during the de-
flation which accompanied the depression era was their
leased line of Pennsylvania) or
merely for the refunding on a
term basis of the bank loans or
subsequent to the depression era, already, there was
purpose of the Philadelphia, Bala-
were required to pay in cash bonds held by the
State of Pennsylvania's need for
marginalized because in the
year this matured on direct
in the amount of over $35 million which has, or will be, paid
off.

Of far greater importance to any
of the above is the reported in-
Jouville & Nashville of selling $80 million of new
reimburse the treasury for cap-
tal expenditures made on the
journey. Press reports to this
effect came as considerable to a
surprise to railroad analysts last
week. This is particularly true
of the road's need. Recent balance
sheet figures indicate that capital
of $214 million with cash and
of $37 million. The road has no
debt and the deficit was found
been the only non-equity source
of the $30 million of term
obligations is in the form of
$715,000 the company made in its
non-equity obligations. More-
over, during that period equip-
ment deficit increased almost $14
million.

First Boston Offers

Kansas City So. Bonds

The Kansas City Southern Rail-
way Co., a local and regional
writing group headed by The First
Baltimore Corp. a new issue of $14
million in new short-term bonds,
series B, due June 1, 1968.

The issue, which is a
table sale at 99 3/4 for a 3%
interest rate, is underwritten
of the Interstate Commerce
Corporation, the group is offering the
securities at 100 3/4 and assured
interest to yield 3 6/8% to
matur-
ity.

Proceeds from the financing will be
used by the company to
purchase from the Louisiana & Arkansas
Railway $14,000,000 of
first mortgage bonds, series D,
Due May 1, 1969. The
latter bond issue was
the proceeds from its sale to redeem
secu-

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Mutual Funds

By HENRY HUNT

The Widow’s “Blue Chips”

In August, 1939, “Barrow’s” ran a contest on how to invest $100,000
for a widow. “Barrow’s” analyzed the 801 entries that received $100,000 and
published a list of what was most generally chosen. The top five in order of popularity were:

1. (1) Du Pont
2. (2) General Tel. & Tel.
3. (3) General Electric.
5. (5) General Motors.

Each of the above stocks appeared in 400 or more of the 801 entries analyzed—entries sub¬
mitted by leading industrialists, financiers, brokers and a number of leading academic economists. Many
problems before it but I think it has already addressed the world, for an example of an international institution which can apply itself objectively to the solution of some of mankind’s problems. It has day to day tasks to perform and I think if you visited the offices of the Bank you would see that its members are deeply engaged in a variety of projects. If the Bank can use its influence to help shape the world in a direction that is consistent with its goals, it is a valuable institution.

You who are here are presumably interested in the operation of financial institutions. I would like to add a few thoughts about what the Bank does and how it is organized. The Bank of England is the central bank of the United Kingdom and it is responsible for maintaining price stability in the economy. The Bank of England is also responsible for implementing monetary policy decisions made by the government. The Bank of England is an independent institution and its decisions are not influenced by political considerations. This independence helps to ensure that monetary policy is set in a way that is consistent with the Bank's mandate to maintain price stability.
Reports 60% of National Banks' Profits Turned into Capital Funds

Gordon D. Palmer, head of National Bank of ADA, discloses increase to over $5.4 billion at end of 1947 in capital funds of national banks.

Sixty per cent of the total net profits of the national banks of the United States in 1947 were plowed back into the banks in the form of additional capital funds to add strength to the banking structure, according to Gordon D. Palmer, President of the National Bank of Division of the American Bankers Association, Tuscaloosa, Alabama.

The annual report of the President of the National Bank of ADA to the membership showed that the investment business and that which is used by successful retailers in other lines is that stocks that should be held over long periods is the key to success. A simple illustration of how this works can be compared to the department stores which inaugurated winter overcoats and fur sales during August some years ago. The very thought that any one would be willing to walk into a clothing store on a hot July day and buy an overcoat must have been quite a hurdle for the first advertising executive who tried to convince his boss that he could sell overcoats during dog days. But when first ad appeared [illustrated by wind and snow swirling around a warm-coated fellow with his collar turned up around his neck and it read “Winter is coming; get ready now and save money by buying it,” people stopped snickering, and bought overcoats in August. Today the August overcoat sale is a fixture with most successful department and specialty stores.

That is the way it is with advertising and selling promotion. Most people now know that they should save money. They know their money is a lazy dollar. They know that money that brings in little or no income at all should be working for them. They know that money can grow if they buy in companies in carefully selected stocks.

It is known that when stocks are low that they should be bought and that large profits can, and have been made by buying in that stock that has been losing its purchasing power for the past 15 years. They know the record of personal achievement in the value of savings bank, life insurance companies and their investment in United States government securities has today reduced the alarming rate of about 50% of their value in 1949 when measured against the purchasing power of the flat dollars we now use in this country. They know that the national income which is now growing, that winter is coming and they will someday need a cost to keep them warm. But it is the security, or what they call it, a sure investment, in many cases, a very little change that the economy is being made. They could possibly hold today, and that is CASH AND ITS EQUIVALENTS—NOT HIGH GRADE BONDS—GOVERNMENTS NOT EXCEPTED.

The following advertisement illustrates the use of a sound and constructive investment idea, such as the effects of inflation upon bearded cash to MOTIVATE interest in the acquisition of securities.

What About Your Dollars?

Do you hold surplus cash today? If so, have you noticed how these dollars have been shrinking in value? The same facts have cut down the buying power of your hard-earned money. Inflation is taking the value of your dollars away. It is a matter of general public knowledge that a dollar today will buy less than it used to. On the other hand, a dollar 10 years ago would have bought about 150% more today than it would have then.

Every postwar period in history has been followed by a raging inflation. Investors and speculators in carefully selected common stocks have always benefited during such periods.

We have compiled a list of attractive investment companies and securities that should give you a very good return on your money. They have the cash and they have the know-how to make them buy, now only about 30% as much as they did in 1949.

Your investment dealer.

Anytown, U. S. A.

Variations of this idea can be used in newspapers and direct mail campaigns. Certainly there never was a more propitious time to sell investments in your public—and they have the cash to buy, them now only you—you just need to advertise to make them look, and THINK. That is what we get paid for doing when we sell securities.

Public Utility Securities

South Carolina Electric & Gas

South Carolina Electric & Gas was originally a subsidiary of General Gas & Electric In the Associated Gas & Electric System. On March 1, 1948, it was purchased by the Southern Utilities Company and the shares were distributed to stockholders of General Utilities at the rate of 0.2 shares of the new company for each common share of the old company.

The company was organized in 1911 to serve the public utility needs of the Charleston area. It was acquired by the Southern Utilities Company in 1948.

The company operates a system of electric generating stations, transmission and distribution facilities, and a water works. Its principal business is the sale of electric energy for use in homes, offices, and industrial plants.

The company has a long history of growth and expansion, with most of its growth occurring since the mid-1930s. It has continued to invest in new equipment and facilities to meet the increasing demand for electricity.

The company is regulated by the South Carolina Public Service Commission, which sets rates for electric service.

The company's stock is traded on the New York Stock Exchange under the ticker symbol "SCEG." It has a market capitalization of approximately $1 billion. Its stock has paid dividends to shareholders for over 80 years, and its dividend yield is currently around 3.5%.

The company's management is committed to providing safe, reliable, and affordable electric energy to its customers. It has a strong reputation for financial stability and has maintained a strong credit rating, with a debt ratio of less than 50%.

Wall Street Spoofed

Record Sales of "Bawl Street Journal" at Bond Club Field Day

If you’ve heard radio commen¬
tators talk about a "Bawl Street Day," you may have been dis¬
appointed—once of which would ensure a minimum daily trading volume of four million shares on the New York Stock Exchange. This is not to say that every youth of 19 for a period of 20 years has not dreamed of buying up all the shares of a company to make a fortune. But the "Bawl Street Journal," pub¬
lished June 4 by The Bond Club Inc., was a reality at the Club’s annual field day.

The event, known as the "Bawl Street Journal," is a spoof on the stock market and its players. The front page tells how a large investor tries to get a good price for his shares, while the back page reports the adventures of a bond salesman. The event is a popular tradition at the Club’s annual field day.

Adventures make the 1948 "Bawl Street Journal" event one of the most anticipated events of the year. The event typically features a parade, where participants dress in period clothing and carry signs and banners with humorous messages. The parade is followed by a series of events, including a picnic and a raffle, with proceeds going to charity.

The event is run by the Bond Club, a nonprofit organization that promotes the study and practice of public utilities law. The Club was founded in 1887 and has members who include attorneys, regulators, and policy makers from around the country.

The "Bawl Street Journal" event is a favorite among club members, who look forward to it each year. It is a fun and educational way to learn about the stock market and bond market in a light-hearted manner.
Sterling National Bank & Trust Company of New York announced the retirement of President Theodore Roosevelt but resigned after 22 years of service as President of the Commercial National Bank of New York, which was succeeded by the Commercial National and Continental National Banks. The bank was reorganized to the Mint Directorship by President William Howard Taft on November 16, 1914, to Join The National Bank of New York, as Assistant to the President. In 1918, he was appointed as Secretary of the Board of Directors. He is an over seas veteran of World War I, and subsequently served as American Executive Secretary and Financial Officer of the Inter-Allied Bank, and was also an officer of the Board of Directors.

A license to the Poughkeepsie Credit Bank is to maintain an agency at 67-40 Babylon Avenue on May 20, according to a license issued by the New York State Banking Department, in which it is to be maintained at the agency at the same location.

The New York State Department of Banking on June 4 announced that on June 2, the County Trust Co., 169 Main Street, White Plains, is to be an open and maintain a branch office at 601 Longfellow Parkway, Brook lyn, N. Y.

The New York State Banking Department announced on June 4 that it has approved the increase of capital stock of Mac's Bank, 42-16 Broadway, New York, from $388,000, consisting of 13,152 shares of $31 each, to $800,000, consisting of 4,000 shares $200 each.

A license to the Bank for permission to open branches at 199-201 214th Tilden Avenue, Brooklyn 1019 in New York State Banking Department.

Empire City Savings Bank of New York plans to increase to 2% the dividend rate on amount of $200 or more which have been on deposit for one or more continuous years, if its capitalization continues to increase in a satisfactory manner. The bank was organized on June 1. The increase is expected to be expected on balances maintained after July 1, 1948, at the bank.

Effective May 29 the Elberon Savings Bank of Elberon merged into the Manufacturers & Traders Trust, under the title and charter of the latter institution. In connection with the merger, the bank was established at Elberon. The bank was organized by the Board of Governor of the Fredrick Savings & Loan Co., Inc.

Chesney S. Sanford, Vice-President of the National Trust Co. of Rochester, N. Y., in charge of the or The manufacturer's office of the Bank of America, is celebrating its 45th year as a banker. The Rochester
Present and Prospective Electric Utility Securities Markets

(Continued from first page)

Utility preferred stocks followed a generally similar pattern, reaching a peak in value in February, 1948, which was 4.07% above the high, and with the medium grade at 4.65, a differential of almost 50 basis points. Since that time there has been a considerable improvement in the entire range of the medium grade, with the same average, about the middle of May. As of June 1, the high and medium grade average at 4.48, a differential of 3.5% over the low.

As a matter of fact the medium grade average reached its high level at 4.71 on April 30, but has been generally falling since that time, and while the low was reached in May and has been climbing since, the gains have been slight. Utility common stocks advanced sharply in price in April, part of the outcome of the war became clearer and anticipation of a higher rate in the year in anticipation of increased profits, which in turn will mean higher dividends and higher prices for the stocks.

The Dow-Jones utility average increased 3½ in April and has been generally advancing since then. The average, which is based on the closing price of 50 most active utility stocks, reached a new high in April of 90-91.5, and the stock index was at 114.4 as of June 1, an increase of 8% over the low of March 22.

U.S. Treasuries and U.S. bonds were also strong in April, the price of $500 face value bonds of the U.S. Treasury for delivery in December, 1950, being quoted at 99.55 on April 30 and at 99.60 on June 1. The yield on the Treasury debt is, of course, the Federal Reserve target rate, and this rate has been the focus of attention in recent months.

Use of Convertible Debentures

In the last few months, investment funds have been using convertible debentures to a large extent as an alternative to the direct marketing of their securities. This is well known for a long time in the securities business over a period of years for two reasons. First, the Convertible Debenture Act of 1924, which was passed by the United States Congress, does not require that the small stockholder who usually buys only one share of common stock to subscribe to and to whom the subordinated debentures are issued be treated without differentially with respect to their investment. For example, a $5,000 issue of convertible debentures was the $16,677,109 Consolidated Gas Company of Tennessee, Inc. of 1947, and the $11,733,900 Consolidated Gas Company of Tennessee, Inc. of 1947, both of which were offered in March of this year.

Conversion of preferred stocks to common stocks of the companies in both cases was made in the last quarter of 1947, and the price of the common stock has remained above $100, which is well above the par value of the preferred stock, indicating that the market has confidence in the future earning capacity of the companies.

The conversion of preferred stocks has been used by companies to build up the stock market capitalization of the companies, but it has also been used to build up the stock market capitalization of the companies.

The conversion of preferred stocks to common stocks has been used by companies to build up the stock market capitalization of the companies, but it has also been used to build up the stock market capitalization of the companies.

Summary

In conclusion, it can be said that the electric utility companies have been successful in building up their common stock capitalization, and that the market for their securities has been strong in recent months. However, there are some concerns about the sustainability of this strong market, and it will be interesting to see how the companies perform in the future.
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The Electric Industry in 1948

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They give to all the benefit of their
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us to keep abreast of our
rapidly advancing art.

In every industry one is having to do with
accounting, rates, personnel, installation
of equipment, operation, methods, design, power sales and the
like. The concern we have had close con-
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As you know, the Institute con-
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The Institute is looking ahead to the day when we must
begin again to consider the
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ference and a national sales presents.
Other steps are in the making.

You will receive reports from time to time on your suggestions and recommen-
dations of these various committees. I hope you will be
able to follow some of the results of the activities during the talks which will be
being made at our next annual convention. So much is befall-
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forward looking and devoted men who are the backbone of the In-
stitute and who are to the benefit of the
industry in general. The scope of a single address is
limited, and you must take the
whole report and study the reports which the committees produce.

Load and Capacity Situation

The heavy power supply of the nation is the business of managing, taxing utilities of the contract state and managing.

When a utility is contracted for delivery, it is able to sell 81.4% of the power, and make a profit. If the utility is bought by industrial plants and the
consumer, the average price is 5
higher. The cost of utility is a common charge and is shared by
consumers, exclusive of the ex-
hibition of industrial plants not contributing to its cost. Their responsibility therefore is
higher.

The load and capacity situation has, and promises to be, of great importance to the electric industry.

New and expanded uses of electric power continue, more and more of it in the boo-}

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placing a constantly increasing pressure on the supply of electric power. Last year's pro-
duction of electric power was 128.4 billion kw-hrs, an increase
of 3.9 billion kw-hrs over the
year of 1947.

One of the more interesting developments in the industrial use of electric power has an
amount of importance about it. This
indicates that the use of electric power has increased on the plant.

The likely market for new industrial electric power has had a further increase. It is
likely that new industrial electric power plants will be needed. The
development of new industries, that additions of new generating
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(Continued from first page)
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time in our industry, the growth of power demand in 1948 is expected to nearly ab-
The government power house and generating facilities could be incorporated in the Federal Reserve Bank. The power could be wholesaled by the Federal Reserve Bank to various power utilities under long term contracts without differentiation as to price or conditions.

The regulatory authorities having jurisdiction in such utilities would, of course, see to it that everything that may result is worked out and distributed and where applicable passed on to the consumers.

The general and widespread program of construction of government power plants and factories proposed in the United States is one of the greatest projects of the Federal Government. It is a policy of the Federal Government which will make the growth of this huge Federal power the most important economic factor in the United States.

That is why we ask that the extension of the authority of existing Federal Power, so as to place these government enterprises as nearly as possible within the jurisdiction of the taxing utilities.

Public Information Program

This is the program in a position which is truly amazing. Each of us who represents our local area can cooperate with a vast expansion program to take care of the needs of our people.

We must recognize the poverty of the period of depression, and try to overcome the situation in any period of our history. In no period of depression or war, has our country needed such a public officials to effect the accomplishment of the kind of work that our country is capable of doing. The Federal Government has at its disposal the mass of the material and human resources of the nation. Millions of shares of the security of the United States government are held by thousands of stockholders and the list of every state. We have thousands of employees who have worked hard in the war and postwar years and had no interest in cooperation of the operation.

There is a great need for a public officials local level to inform our customers, cooperatives, and the progress of the policies of the local offices. We know what is possible for the future, and the interdependence of the local utility and the Federal Government.

At this level, the Federal Government is facing the problem of a shrinking public officials and its decreasing tax due to operation of our income. To help in this movement, there is a broad need for the national and the state utility. The National Society, through the Federal Government, to inform and educate the American people about the national level of the utility. And that is the real goal of the Federal Government.

We need to tell everyone what is going on with the public officials, and what is being done by the Federal Government, and what everyone can do about it.

Suggested Policies

May I outline a few of these programs?

We should take our place beside the public officials in this area about the public officials, and what is being done by the Federal Government, and what everyone can do about it.

A full understanding of the adverse social effects of government in business, the widening of a planned economy and the delineation between government and private utilities. The Federal Government should outline these objectives.

The establishment of a sound tax program designed to cover the total of the new national capital for the private utilities.

The elimination of tax exemption of property built by the public officials and the other valuable and unfair tax exemption of private utilities in business at the expense of the private utilities.

The utilities of the United States should continue to accept full responsibility for meeting the present and future electric power requirements generally of the territory they serve, and of such additional power as may be needed to extend their power lines from time to time.

What utility should improve its interconnections both with other public officials and private utilities that are a vital part of public business, New York: the Federal Government must move to ensure that the public officials have the opportunity to cooperate with other public officials, but in the forefront, subjected to a drive for the public officials and member of the National Electric Light Association and the local utility and the Federal Government.

We are in need of a broad public officials program at the grass roots and on a national level. And there is a great need for a public officials local level to inform our customers, cooperatives, and the progress of the policies of the local offices.

We know what is possible for the future, and the interdependence of the local utility and the Federal Government.

We need to tell everyone what is going on with the public officials, and what is being done by the Federal Government, and what everyone can do about it.
Irredeemable Money: Privilege Without Responsibility

(Continued from page 3) unprecedented time. They may not know what they can do about such a thing, but they must try to keep the spirit of hopelessness and a lethargic acceptance of things as they are. The fact is pretty general, and it does not quite unnerve, which has the effect of weakening the system, or believe it or not, that they may be in error in prevention. They are not only wrong, they become docile and even active opponents to proper correction. But the strength of the government dictatorship can hold back the people, and only men who are willing to risk their lives, or their property, or to lose their liberty, can and will get the people to stand up. It is also for these reasons that it is important that alert, vigorous, and fearless leadership be provided by those, such as officials of the Federal Reserve, who should be able to understand what is happening and what is happening, and why it is happening, and what to do about it. They should not drift with a popular tide.

(c) The Responsibility of the Treasurers in this Case. The question is: How much influence did the activity of the major responsibilities and all that respect to the issue on the New York?

As the Treasurers and Reserve banks, it is the responsibility of all those people to be part of an important political agitation. They have the power of general influence and all the power of the nation's treasury in the hands of the legislation in the standards of our behavior.

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conditions have no bearing upon our return to a redeemable currency.

The report of the Chamber’s Committee on Finance and Currency shows that the uncertainties of the Secretary and of the Board as to the pace of monetary policy in 1934, and the dollar, reveals confusion. President Kemmerer urges the government to alter the weight of the gold dollar under the Gold Reserve Act of 1934 (p. 13): "That authority has not been used to the extent of a few and some informed sources concede that it is now time that the Secretary of the Treasury and the member of the International Monetary Fund. In the sequel, however, there is still room for doubt as to whether the President’s policy. The President by delegation, do not hold will have the power to make further changes in the weight of the gold dollar (50-60% of the preceding weight).

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Who Are Our Stockholders?

(Continued from page 6) A hard way to get the information we wanted concerning these 100,000 individual stockholders, or to whom they belonged. Modern business, the public utility, and other businesses, no longer lead us to assume that we can find such information in the published lists of the trade associations or by any other means. We were quite surprised to find how little we knew about our own stockholders.

In search of this information, we mailed the following four-page folder.

The survey has convinced us of another thing. A majority of our directors, officers, and employees, and other company stockholders have never read our annual report or any similar financial literature. It is of extreme importance to the chairman of the board and the chief executive officer that he should be made to understand the vast field opened to stockholders in any large corporation.

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The State of Trade and Industry

(Continued from page 5)

except from those who have been warning since the end of
the war.

To double check on the steel situation a survey was made last week of a large number of steel making companies, and it reports that the appliance industry is failing, that inventories were
smaller than they should have been, and that the appliance maker is getting the steel he wants, (2) there is no excess capacity in the steel mills, and (3) prices are rising. As far as the appliance makers are concerned, they are moving, (3) sales forces are being used to sell the product or equipment already in inventory, and (4) the appliance
industry's high prices are rising in line with the price level in
the 52.5 range being charged by the steel manufacturers.

What these appliances are is invested in the other steel consump-
tion groups, this trade authority points out.

Auto makers, because of the coal strike, will be steel hungry for the coming year. It is expected that there will be reports of
shortages.

The steel market is still hard to tackle but I think we know
what it says needs. The freight rate advance has cut hundreds
of users from regular sources in the past two years. These users of steel are still seeking a way of doing business that is
reasonably priced and is needed.

What the appliance makers have imposed on all other steel
consumption groups is a breach of all trade authority.

Laid, Bissell & Co. Adds

Laid, Bissell & Co., 120 Broadway, New York City, which is a
member of the New York Stock Exchange, has decided to undertake
exchanges, according to an announcement from the firm's at.
chairs, that is interested in the firm's in its
commodity department.

McEntire Confirmed

Richard B. McEntire of Kansas has been confirmed as a
commodity department member of the Securities
Commission. He is to be a member of the Securities
Commission for a term to expire June 5, 1953.

Ryan, Moss & Co.

NEWARK, N. J.—The firm of Ryan, Moss & Co., which is
one of the largest of the New York Stock Ex-
change members, has decided to undertake
exchanges, according to an announcement from the firm's at.
chairs, that is interested in the firm's in its
commodity department.

Robert J. Jones Co. to Admit

WASHINGTON, D. C.—Charles C. Morgan will be admitted to
limited membership in the Robert J. Jones Co., Metropolitan Bank
Building, New York City, which is a member of the New York and Wash-
ington Stock Ex-
changes, on July 1.

Lewis B. Hall Dead

LOCAL BUSINESS men will remember Lewis B. Hall, Jr.,
Dobbs & Co., New York City, died on May 29.

Grain markets generally displayed a firm tone last week.
Trading in grain futures on the Chicago Board of Trade, however,
dropped sharply during the week of May 29, 1948, with the
previous week, and 40,000,000 in the like week a year ago. Wheat
and corn made the sharpest advance in the past month, followed
by increases in volume of sales. Trading in wheat was light and prices somewhat
restricted. Reports of sales of 3,000,000 bushels are the
southwestern areas. Harvesting of winter wheat was reported under
way in Texas and Oklahoma and the movement of the new crop
from these areas is curtailed. The market was mostly
favorable with planting said to be virtually completed over
the Southwest and the Corn Belt. A large increase in
volume and in price is being made in cotton, with the market
continuing to trend higher, while hogs and lambs moved lower.

Hog receipts at Chicago last week were more than twice
the number received during the same week of last year.

Lard prices averaged slightly lower with demand for cash
lard limited and the overstock building. Retail prices were far
more active and prices continued the sharp rise of the preceding week.

Cotton prices trended mildly upward last week following the
slight downward movement of the preceding week.

Mill supplies of cotton in the mills were at 26,000,000 bales,
with the dominant trend of the market continuing in the
mood of optimistic crop and weather news from the South and reports of some further cur-
rent increases in the volume of sales to the U. S. Treasury.

Advances in the latter half of the week reflected replacement
buying following an announcement by the ECA that it had author-
ized the sale of another 1,000,000,000 bushels to shipment
participating countries.

Mill demand for the staple remained rather slack with buyers
showing little interest for new crop cotton. The mid-May parity
price dropped to 6,600; with the preceding month down 32 points from a month ago. Demand for cotton textiles remained relatively
slow with a general weakening noted in prices of print cloths and other grades of cottons.

There was persistent demand for fine grade wools from the
mills in the Western States.

Buying activity in the western range States was reported slower
with some manufacturers increasing resistance to higher
prices for wool over the past week. Prices for all types and grades of wool with Russia one of the chief
buyers had increased 1.50c.

RETAIL AND WHOLESALE TRADE ACTIVITY IN LATEST WEEK SHOWS SLIGHT VARIATIONS

Many consumers were encouraged to increase their purchasing of seasonal merchandise in preparation for the long Memorial
Day week-end. Retail dollar volume increased slightly during the
preceding week; retail sales were especially high for the following week, according favorably with that of the corresponding week a year ago, according to Dun & Bradstreet, Inc. In its latest survey of trade. Picnic foods and Summer entertainments showed the largest increase during the week.

Promotional sales helped to stimulate post-holiday buying with
manufacturers offering sales for the following week.

- Beach and vacation apparel was sought by both men and women and total clothing volume increased moderately. Cotton, linen and silk dress goods continued to sell well with demand for lingerie, see and fancy blouses remaining larger. Moderate gains in the purchase of some types of men's clothing were offset by declines in the demand for haberdashery in some stores. Unit volume in many departments was below the level of last week.

There was a slight increase in the demand for food with picnic
specialties, soft drinks and beer generally popular.

Grocery volume was up for the week. Fruit and vegetables, what
was available, was low in price, and canned goods were
increasingly attractive with some stores offering sales for the
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Grocery volume was up for the week. Fruit and vegetables, what
was available, was low in price, and canned goods were
increasingly attractive with some stores offering sales for the
following week.

Regional estimates exceeded those of a year ago by the fol-
lowering percentages: New England and South, 5; East, 6 to
10; Middle West, 14 to 18; North, 12 to 16; Southern States, 18
and 15, and Pacific Coast, 3 to 7.

Buyer attendance at the wholesale centers dropped substan-
tially last week, with the wholesale dollar volume down 60.
Wholesale dollar volume continued to compare favorably with that of
the preceding week, of year ago, of 305,000,000 bushels, from 280,000,000
below the 1947 level.

While buyers continued to stress quality at moderate prices,
they were still willing to purchase.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, department store sales in New York City for the weekly period to May 29, 1948, increased 600,000,000 bushels, from 300,000,000
over the 1947 index, increased 600,000,000 bushels, from 300,000,000
and with an increase of 7% in the preceding week. For the four weeks ended May 1, 1948, sales increased by 10% and for

The large increases over last year reflect in part the fact that
this year the Memorial Day holidays were held on open school days whereas in the preceding week last year stores in most districts were closed on Friday in observance of the Memorial Day holiday.

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this year the Memorial Day holidays were held on open school days whereas in the preceding week last year stores in most districts were closed on Friday in observance of the Memorial Day holiday.
A Look at Utilities Earnings

(Continued from page 3)

The relative profitability of the stockholder's return in electric utilities, as compared with other divisions of business, is shown in Figure 5. In this chart, it is evident that electric utilities have always paid higher returns than the other divisions of business. The higher returns have been due to the higher rate of profit on the capital invested in electric utilities. In Figure 6, which gives also the average margin for the railroads and for all manufacturing corporations in the U.S. The latter is based upon the Treasury figures, including some 80,000 manufacturing corporations, through 1946. The 1946 and 1947 plottings are estimated from the published reports of leading companies.

For many reasons the three lines obviously are not comparable. The utilities have a much larger investment per sales dollar, or, conversely a much lower rate of capital turnover, than manufacturing, and hence must have a substantially higher profit margin.

The chart further indicates that the narrower the profit margin, the smaller the return to the stockholder. This is probably characteristic of all utilities, but the electric utilities have been most subject to wide fluctuations in earnings because of the nature of their business, and the variability of their earnings has been reflected in the stockholder's return.

In Figure 7, the electric utilities' return on net worth is compared with that of all manufacturing corporations. It is evident that the electric utilities have paid higher returns than the manufacturing corporations, and the higher return is due to the higher rate of profit on the capital invested in electric utilities. The manufacturing corporations have been subject to wide fluctuations in earnings because of the nature of their business, and the variability of their earnings has been reflected in the return to the stockholder.

In Figure 8, the electric utilities' return on net worth is compared with that of all manufacturing corporations and the transportation industries. The electric utilities have paid higher returns than the manufacturing and transportation industries, and the higher return is due to the higher rate of profit on the capital invested in electric utilities. The manufacturing and transportation industries have been subject to wide fluctuations in earnings because of the nature of their business, and the variability of their earnings has been reflected in the return to the stockholder.

In Figure 9, the electric utilities' return on net worth is compared with that of all manufacturing corporations and the transportation industries. The electric utilities have paid higher returns than the manufacturing and transportation industries, and the higher return is due to the higher rate of profit on the capital invested in electric utilities. The manufacturing and transportation industries have been subject to wide fluctuations in earnings because of the nature of their business, and the variability of their earnings has been reflected in the return to the stockholder.

In Figure 10, the electric utilities' return on net worth is compared with that of all manufacturing corporations and the transportation industries. The electric utilities have paid higher returns than the manufacturing and transportation industries, and the higher return is due to the higher rate of profit on the capital invested in electric utilities. The manufacturing and transportation industries have been subject to wide fluctuations in earnings because of the nature of their business, and the variability of their earnings has been reflected in the return to the stockholder.

In Figure 11, the electric utilities' return on net worth is compared with that of all manufacturing corporations and the transportation industries. The electric utilities have paid higher returns than the manufacturing and transportation industries, and the higher return is due to the higher rate of profit on the capital invested in electric utilities. The manufacturing and transportation industries have been subject to wide fluctuations in earnings because of the nature of their business, and the variability of their earnings has been reflected in the return to the stockholder.

In Figure 12, the electric utilities' return on net worth is compared with that of all manufacturing corporations and the transportation industries. The electric utilities have paid higher returns than the manufacturing and transportation industries, and the higher return is due to the higher rate of profit on the capital invested in electric utilities. The manufacturing and transportation industries have been subject to wide fluctuations in earnings because of the nature of their business, and the variability of their earnings has been reflected in the return to the stockholder.
Electric Utilities’ Expenditures for New Construction, Compared with Depreciation Charges

Figure 9 shows another section of the utilities financial picture that is closely related to earnings, namely, the heavy expenditures now being required for expansion of plant and equipment. It will be seen that the annual depreciation charges, also shown on the slide, represent an internal source of funds and are equal or substantially larger, yet only a small fraction of the total supply of capital needed to finance new expenditures at the current rate. Looking back at the period 1926-1930, expenditures for new construction average almost $600 million annually. In 1947 expenditures for construction were in the neighborhood of $13 billion, and for 1948 are estimated to rise to $18 billion.

The figures used in Figure 10 are not quite the same as those in the last, because they include all utilities with the electric and non-electric lines, whereas the Department of Commerce figures give only those in the City and county. The general pattern of these figures is, however, similar to that for the individual utilities in 1947, as they noticed, too, 120 million dollars, of which 100 million was to finance increased plant and equipment, $100 million for increased receivables, and $100 million for plant and equipment. The sources of the funds included $20 million of retained earnings, $40 million through the sale of U. S. government securities, $100 million held against increased tax liabilities, $200 million of new long-term debt, and $100 million borrowed for new security issues. The industry had to go to banks and to the security market to get a little more than one-half of the money it needed. That is a measure of its current problem, of its need to appeal to lenders and investors, and its effort to protect its own health and the investment standing of its associates.

Finally, Figure 11 is an attempt to sum up significant aspects of the record of the electric utilities as compared with all manufacturing corporations. Note that the figures used cover a ten-year period rather than the two-year period of the earlier charts, and that the bars simply represent percentage changes, not absolute differences of capital. Rate of return was maintained. Meanwhile, however, the growth of operating income did not keep pace with the growth in business. To put the matter as simply as possible, growth in volume covered up trends which should now cause concern. The industry should have done better during a period of such high utilization of plant.

Now the industry requires a substantial amount of outside capital, perhaps, $4 billion or more, a five-year period 1947-1951. To attract this additional investment on favorable terms, the industry should have increased overhead and capital charges, and to maintain a favorable credit position, operating income for the industry as a whole will have to increase. Plant additions financed not from retained earnings but from the sale of securities must show a rate of return sufficient to attract further capital in competition with the requirements of other industries.

An addition to net plant income affects the future rate making purposes, but such addition does not of itself provide increased operating income. Actual increases in operating income have to come from one or more of the following circumstances: (a) actual rate increases, or (b) may be the case present) an end to periodic rate decreases, accompanied by continued growth in electric sales; (2) savings in operating costs arising from the replacement of less efficient generating facilities; (3) further increase in electric sales making for a high use factor of the added capacity; (4) a decline in the present high level of fuel and labor costs; (5) a decline in taxes.

The earnings record of the industry over the past twenty years is a tribute to its engineering, to its management, to its success in developing growth by increasing its efficiency and reducing rates. Paradoxically, the decline in the margin of profit is in a very real sense a source of strength and a cause of progress, as long as the effects of rising costs and declining margins can be absorbed in growth. Fortunately, the growth is not continuing and we feel apprehensive that it will cease. Nothing is likely to stop it. However, it may slow down or even stop here. Properly, conservative investors are attracted by the industry’s earning power and stability. But they cannot feel entirely free of concern induced by declining margins. Should the industry ever approach a saturation point, a continuation of this long-term trend of margins would prove destructive. To maintain the attractiveness of utility securities for conservative investors, every effort should be made by the industry and by regulatory authorities to check the decline in the profit margin on sales.

### FIGURE VI

**NET INCOME PER DOLLAR OF GROSS REVENUE**

<table>
<thead>
<tr>
<th>Year</th>
<th>Electric Utilities</th>
<th>Railroads</th>
<th>Banking</th>
</tr>
</thead>
<tbody>
<tr>
<td>1926-30</td>
<td>$0.10</td>
<td>$0.20</td>
<td>$0.30</td>
</tr>
<tr>
<td>1931-35</td>
<td>$0.20</td>
<td>$0.30</td>
<td>$0.40</td>
</tr>
<tr>
<td>1936-40</td>
<td>$0.30</td>
<td>$0.40</td>
<td>$0.50</td>
</tr>
</tbody>
</table>

### FIGURE VII

**PRICE INDEXES**

<table>
<thead>
<tr>
<th>Period</th>
<th>Consumer Price Index</th>
<th>COI Price Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1926-30</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>1931-35</td>
<td>110</td>
<td>110</td>
</tr>
<tr>
<td>1936-40</td>
<td>120</td>
<td>120</td>
</tr>
</tbody>
</table>

### FIGURE VIII

**MAJOR EXPENSE ITEMS OF ELECTRIC UTILITIES**

<table>
<thead>
<tr>
<th>Item</th>
<th>1926-30</th>
<th>1931-35</th>
<th>1936-40</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel</td>
<td>$500 million</td>
<td>$1,000 million</td>
<td>$1,500 million</td>
</tr>
<tr>
<td>Salaries</td>
<td>$200 million</td>
<td>$400 million</td>
<td>$600 million</td>
</tr>
<tr>
<td>Taxes</td>
<td>$100 million</td>
<td>$200 million</td>
<td>$300 million</td>
</tr>
</tbody>
</table>

### FIGURE IX

**USES AND SOURCES OF FUNDS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Uses of Funds in Billions of Dollars</th>
<th>Sources of Funds in Billions of Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1926-30</td>
<td>$1</td>
<td>$1</td>
</tr>
<tr>
<td>1931-35</td>
<td>$2</td>
<td>$2</td>
</tr>
<tr>
<td>1936-40</td>
<td>$3</td>
<td>$3</td>
</tr>
</tbody>
</table>

### FIGURE X

**PERCENT CHANGE 1937-47**

<table>
<thead>
<tr>
<th>Item</th>
<th>1926-30</th>
<th>1931-35</th>
<th>1936-40</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant &amp; Equipment</td>
<td>10%</td>
<td>20%</td>
<td>30%</td>
</tr>
<tr>
<td>Total Output</td>
<td>5%</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>15%</td>
<td>25%</td>
<td>35%</td>
</tr>
<tr>
<td>Net Income</td>
<td>25%</td>
<td>35%</td>
<td>45%</td>
</tr>
</tbody>
</table>

### FIGURE XI

**USES OF FUNDS SOURCES OF FUNDS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Uses of Funds</th>
<th>Sources of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1926-30</td>
<td>$1</td>
<td>$1</td>
</tr>
<tr>
<td>1931-35</td>
<td>$2</td>
<td>$2</td>
</tr>
<tr>
<td>1936-40</td>
<td>$3</td>
<td>$3</td>
</tr>
</tbody>
</table>
As We See It

(Continued from first page)

We are more than happy to give full support to the President when he tells the people plainly that such is the case.

The President, however, does not stop with eminently sensible comment on the subject. He has a cure, or cures, of his own, and these are the same as Washington are so closely similar to those the President now enunciates for home use, it seems to us that this is a specially appropriate time to raise some fundamental questions about the new application employed.

Here in the main is the President's prescription:

"As far as the United States is concerned, the menace of communism is not the activities of foreign agents, or the political activities of a few isolated individuals. The menace of communism lies primarily in those areas of American life where the promise of democracy remains unfulfilled."

"If some of our people are living in slum housing and nothing is done about it, that is an invitation to communism. If some of our people are forced to work at substandard wages and nothing is done about it, that is an invitation to communism."

"If some of our people do not have proper medical care, or proper education, or decent housing, or are in time of sickness, or unemployment, or old age, and nothing is done about it, that is an invitation to communism."

"If high prices are depriving some of our people of the necessities of life and nothing is done about it, that is an invitation to communism."

"Communism succeeds only where there is weakness, or misdirection, or failure to assert the people's, and so strengthen their will. If they can promote and defeat communism on its own ground, surely we can do the same." "Let us adopt legislation that will provide our citizens with the homes they need, the opportunity for universal good health and universal free schooling, the extension of social security, the full rights of citizenship, an equal chance for good jobs at fair wages and a brake on inflation that will hold the purchasing power of these wages at a high level."

Now, what is to be thought of all this? Is it really a defense against communism, whether attacking abroad or boring from within? Or is it at best a means of warding off communism by substituting other forms of sociopathic disorder for the Americanism, E. g., communism itself? Or, again, would not such tactics by giving the notion of extreme paternalism a foothold quietly conceivably advance rather than retard the growth of communist notions in this country? To put it briefly, is it not true that totalitarian philosophies, yes, even communist notions, are much stronger in this country today than they were 15 years ago when the New Deal began to "save" the country from "revolution." A drop of blood on a tiger's tongue is said to do strange things to that animal.

What the President Proposes

But let us look a little more closely at what the President apparently wants us as a nation to do to safeguard ourselves against this phenomenon, I. e., communism. First, let it be noted that he forgets to say that "the menace of communism lies primarily in those areas of American life where the promise of democracy remains unfulfilled." WHERE THE PROMISE OF DEMOCRACY REMAINS UNFULFILLED!! And what, pray, is the promise of democracy? We had always supposed that democracy promised everyone a plank on which to rest their heads and sufficient food for body and soul. "Nothing new," only no one else, excepting a few individual visionaries, had ever prepared to work out his own salvation subject only to such restrictions as are necessary to ensure the privileges to all other men.

If this is the true promise of democracy, and if it has not been fulfilled, then the cure for the infirmity is radically different from any of those suggested by the President. Indeed, the program suggested by the Presi-

dent — which incidentally is more or less than the same old New Deal pot pourri — is the very anti¬thesis of the prescription of democracy as we have traditionally understood the word. The President's program is not a fair field and no favor, but at bottom a forceful redistribution of income and wealth, a line of action that will not appeal to the individual, and could not provide for his own future. He would provide for the "underprivileged" by taking away from those who, despite the "underprivileged" are endeavoring to provide for their own wants and their own security. This is a program precisely the opposite of any which is based upon the expectation that each individual will rely upon himself to undertake a fair field to look after his own wants.

Note carefully the trend of the President's reasoning. He says that "communism succeeds only when there is weakness, or misdirection, or failure to assert the people's will, or defeat communism on its own ground. If they can promote and defeat communism on its own ground, surely we can do the same."

The Oil Industry: Yesterday, Today and Tomorrow

(Continued from page 8)

is carried by a stream of air to a reactor where the carbon is combined with water to form steam and carbon dioxide, the internal moving parts, and operation at high temperature. Units are in opera¬tion at 500°F, (260°C), and efficiency, from 2,500 to 3,000 barrels and is being designed to process 42,000 barrels of gas oil a day. Sixty thousand tons of catalytic move around in some of the largest units every 24 hours. Some units operate at 450°F, (232°C), half without shut-down and have remained in operation, 200 hours on a single catalyst during that time, which has resulted in the production of 20,000,000 gallons of gasoline. In present 20% of all gasoline pro¬duced in the United States is catalytically refined, or, 20,000,000 gallons a day. That is an operation in progress.

Cracking processes have raised octane ratings of gasoline from 85 to 100 in the past quarter of a century, and because of the increasing demand for more octane to save the motorist public over $100,000,000 a year. Two and one-half billion barrels of crude oil today are being saved yearly by cracking processes, which more than doubles the yield of gasoline from every barrel of crude oil refined.

Today's motor fuel surpases both the highest octane and the first gasolines of 40 years ago. Crude oil refining is a transportation stage. In 1905, 78% of the gasoline was made from natural gas, and only 22% is made from bituminous coal. Since then the proportion of gasoline has increased to 100%, and since 1922 there has been no change. While the refining of natural gas and oil is the basis of our petroleum industry, there are many other illustrations that could be given.

In the direction of petroleum chemicals will be greatly expanded by two American processes and plants, which will produce about 700,000,000 pounds of oxidation products yearly by the end of 1936. This quantity represents about 3% of the total production of petroleum products. The estimated annual yields of these products from the two plants is shown in the table:

<table>
<thead>
<tr>
<th>Product</th>
<th>Production (tons)</th>
<th>Output (lbs)</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Propionaldehyde</td>
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<td>5,600,000</td>
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</tr>
<tr>
<td>Methanol</td>
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<td>4,000,000</td>
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<tr>
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<tr>
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<td>16,000,000</td>
</tr>
<tr>
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<td>2,000,000</td>
</tr>
<tr>
<td>Butyl alcohol</td>
<td>1,200,000</td>
<td>2,400,000</td>
</tr>
<tr>
<td>Propanolic acid</td>
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<td>2,000,000</td>
</tr>
<tr>
<td>Methyl propyl ketone</td>
<td>500,000</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

Total               | 304,000,000       | 608,000,000  |

Synthetic Fuels

The two plants, one at Brownsville, Texas and the other at Garden City, Kansas, are being constructed for the purpose of producing synthetic fuels from natural gas. They will each make 15,000 barrels a day of gasoline, after the pilot plant proves that synthetic gasoline is partially oxidized by oxygen to form gases, which are condensed and jacketed with a mixture of hydrogen, and the catalytic Fluid Flow process is then used to syn¬thesize liquid hydrocarbons. From gasoline and Diesel oils will be of the order of 400,000,000 of which another 200,000,000 will process will cost about $4,800,000,000 and will result in a total of $8,000,000,000. One of the plants will be at Brownsville, Texas, and the other at Garden City, Kansas, be engaged, and the other, capacity not to exceed 30,000 barrels a day, using the company's outstanding fund of $3,000,000,000.
Looking Forward in Labor Relations

(Continued from page 11)

Looking Forward in Labor Relations

formula adopted by the parties for determining a wage raise, and the current wage increase resulting from this solution is quite probably the most important single factor in the current and ultimate success of our industry. We are hopeful that this understanding represents real progress. The people of our industry have been misled by themselves but it is worth noting that these agreements could only have been reached in an atmosphere of mutual understanding.

I am sure that those of you who are especially interested in union-management relations will appreciate these agreements even more. I know that they are an important step in the right direction and that they will be respected by all employees, including the employees who are not signatories to the agreements.

Many people have talked about the importance of cooperation in any matter involving the interests of both management and employees. The agreements we expected to make important progress in all areas of industry and to stabilize operations under conditions of full employment.

We believe that these agreements not only have advantages for the employees but also for the employers. The agreements represent a mutual understanding that the parties believe can work in the interest of both sides.

What Is Expected by General Motors

We believe that these agreements not only have advantages for the employees but also for the employers. The agreements represent a mutual understanding that the parties believe can work in the interest of both sides.

(Continued from page 11)

The importance of cooperation among the employees of a company is quite evident. The importance of cooperation among the employees of a company is quite evident. The importance of cooperation among the employees of a company is quite evident.

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We believe that the cooperation among the employees of a company is quite evident. The importance of cooperation among the employees of a company is quite evident.

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We believe that the cooperation among the employees of a company is quite evident. The importance of cooperation among the employees of a company is quite evident.

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We believe that the cooperation among the employees of a company is quite evident. The importance of cooperation among the employees of a company is quite evident.

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We believe that the cooperation among the employees of a company is quite evident. The importance of cooperation among the employees of a company is quite evident.

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We believe that the cooperation among the employees of a company is quite evident. The importance of cooperation among the employees of a company is quite evident.

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We believe that the cooperation among the employees of a company is quite evident. The importance of cooperation among the employees of a company is quite evident.

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We believe that the cooperation among the employees of a company is quite evident. The importance of cooperation among the employees of a company is quite evident.

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We believe that the cooperation among the employees of a company is quite evident. The importance of cooperation among the employees of a company is quite evident.

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We believe that the cooperation among the employees of a company is quite evident. The importance of cooperation among the employees of a company is quite evident.
Steel Supply vs. Demand—A Continuing Struggle

(Continued from page 9)
This authorized the President of the Federal Reserve Board, in his discretion, to enter into voluntary agreements with Industry in behalf of the Federal Government for the purpose of curbing inflationary conditions existing and effecting and maintaining the stability of the nation’s economic structure. The Steel Industry took the first step in this series of actions when the Department of Commerce, which was delegated to carry out the administration of the program, began a program which the President had directed should be used to bring about this effect. The Administration Industry Advisory Committee was appointed in January, 1942, with Mr. W. Averell Harriman. The Advisory Committee has been followed by a series of conferences with the steel industry and its various contractors, and the program has been developed in accordance with the advice and counsel of the Advisory Committee. The Department of Commerce, acting through the Advisory Committee, has taken action, and, in the judgment of the Federal Government, the Advisory Committee has taken action which is consistent with the proper economic policies of the United States.

Under present conditions, there is no reason to believe that such legislation is necessary. If the task is to be performed, the employment of a voluntary method must be used. In recognition of this fact the Industry has already recommended to the President of Commerce, Mr. Charles Sawyer, that the Department of Commerce should temporarily discontinue the program. First, that the Steel Division, operating under Public Law 309, be enlarged to a size adequate to take care of all programs, defense, and commercial. Second, that the Division be staffed with competent personnel. Third, that legal clearance be obtained for the individual assignments and that clearance be given by the companies. As I have said, if this were to happen, then the next step would be to take action. But, if I were to make that assumption, it would mean that the next step would be to take this action. But, if I were to make that assumption, it would mean that the next step would be to take action. 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holders. Recently a new preferred stockholders group was formed to assist the Bank. The Bank is organizing a Long Island Light- ning storm relief fund. Other difficulties encountered in the con-

Retroactive Depreciation

Prior to 1938, utilities in New York State were, by the unfiled method, allowed to carry reserves for retirements based on a "retroactive" and "lengthy" method of accounting. Naturally, the rates they charged the public were later modified, and funds so generated by earning such rates were reflected in the assets for rates by such reserves. As of 1 January, 1938, the provision for reserves for retirements as made by the unfiled method is no longer recognized, and the "age-life" straight-line basis has been substituted for it, thereby changing the "unfiled" method to the "in-place" method, as of the year 1938. By 1 January 1938, all such "unfiled" reserves were recognized as a liability. Consequently, of the $184,000,000 the company had already invested in "unfiled" reserves, the sum of $184,000,000, the company set up a special "unfiled bond" account, reducing the reserve fund to an amount of $16,000,000, as by a corresponding amount.

The question then arises whether Commission approval of Niagara-Hudson's proposal to consolidate its outstanding bonds will be based only on the condition that a write-down in the carrying amount of this sum is necessary. If this is the condition, then it is necessary to determine the amount of this write-down, if worth the carrying amount.

The question as to whether the write-down is necessary, and if so, what amount should be taken, is the critical question. The company now has the following data upon which to base its decision:

1. The company has formed a special "unfiled bond" account, which is deemed necessary to derive the $16,000,000, as by a corresponding amount. It is, therefore, the company's intention to write down the $184,000,000 to a $16,000,000 figure, at the time of the proposed consolidation.

2. The company has the authority to do so. The Consolidation and Retirement Act of 1935, under which the company is operating, authorizes the company to perform any necessary adjustments in the carrying amount of the bonds, provided it is done in a manner not inconsistent with fair and stable rates.

The question as to what amount should be taken as a write-down is one of the critical questions in the case.

The company is of the opinion that in order to have a fair and stable rate picture in the years that follow, the write-down should be taken in the amount of $16,000,000, or more, as by a corresponding amount. The company has the following data upon which to base its opinion:

1. The company has determined that the carrying amount of the bonds is misleading, as the company has a large "unfiled" reserve, which is not reflected in the carrying amount of the bonds.

2. The company has determined that the carrying amount of the bonds is not a true representation of the company's financial position, as the company has a large "unfiled" reserve, which is not reflected in the carrying amount of the bonds.

3. The company has determined that the carrying amount of the bonds is not a true representation of the company's financial position, as the company has a large "unfiled" reserve, which is not reflected in the carrying amount of the bonds.

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The company has determined that the carrying amount of the bonds is not a true representation of the company's financial position, as the company has a large "unfiled" reserve, which is not reflected in the carrying amount of the bonds.
Investment Trends Affecting Utilities

(Continued from page 4)

The views of any typical investor, I find that among three or four sewerage utility companies there were five that between 1939 and 1947 had either slightly increased or had held it at least even. But in the case of the one or two in the tenth in which the per-share dividend was constant, it was in 1939. For the en¬
tire period of the years 1939 to 1947, these dividend changes amounted to a decline of 8% in the per-share dividend, which was in 1939, when, if you take into account the 8% increase in the dollar prices, received these dividends were subject to a 12% decrease in the dollar value of money as I have men¬
tioned previously, we find that in the past seven years, the utility companies from 40 to 50 dollars paid out in dividends, the nominal dollars, had not changed except to the ex¬
tent of the dollar increase in the power was charged.

The real change in invest¬

circle to refer to utility com¬

munity to happen to the past

well, if you have a good steady income and have put aside a good utility common stock for

a steady income. You don't have to worry about whether the stock price keeps on paying a dividend. That is not a situation which is going to come to its end.

Second, I must consider the question, what ought the stockholder to do if he is trying for him to seek in the future in a utility stock. The stockholder has no good reason to change in the continuity that dividend.

Now, the kind of earnings cov¬

erate idea that competitive forces and

as I have said, this is a generation that this company is paying out about 45% of earnings, of which 80% is going to raising earnings in the utility field, and a little over 8% of earnings, and in some cases higher.

Now, the utility will seek to raise new capital in this equity so that he has a competitive advantage, as one

these other lines of business, and above dividend is more than that which applies in a typical operator company. And it is very difficult to know how much more of the stock is taken up by the utility if the stock is permitted to earn more of the dividend.

And I think that the stock¬

now, at least I find many of the companies have a reincorporation of new capital financing in a way that they want to be treated. And people are timid about getting

the next six to twelve months, and we will see whether developing which confirms this new idea, and I shall mention just a few of those things that I think I see in the near future.

First, I think that management is going to have some public relations approach on this question of rate increases. It has had the problem of the rate control. I think there is a certain amount of the rate problem of today and to mor¬

The second thing is that it is necessary to make an attack upon the utility. The rate problem is not only in large, but in the industry. And I think that it is going to be in any revolutionary way, but in the industry.

This was a quotation from one of the CCN, I assume this is the situation. I haven't verified it, but the Com¬

the only reason investors did not do this because of the rate increases. Some of the National trust is that more was

Now, it is possible that that is not merely an irrevocable rate, and that there may be a lot of implications that would be made. I imagine that more utilities will keep their stockholders, but I am not at all sure that it would be a good thing to sell and raise the money. All the reason for saying, "Oh, well, don't get excited about this. After all, we think that the stockholder has got to be considered not only as a source of money but as a source of security, and that the stock is going to be paid, and we put it out, to a good to say, we put out a hundred thousand dollars, and we take it away—there is no way to get it back. But I think that the investor has got to be considered not only as a source of utility in the face of this country, and the new utilities and the new companies are going to be under the protective to which a common stock is entitled. It is to appeal to the utility, and we must have in mind not only our ability to sell the stock but to keep it sold and to have the investor interested. And we have to come to the point that is the post-World War II period where rate increases are necessary in order to give the investor the security that he needs if he is to put up interest on the stock. And the ultimate utility industry in a sound and well-balanced financial position.

Diamond, Turk Co. Admits

Diamond, Turk Co., 30 Pine St., New York City, New York; Charley, William C. & Son, Merchant.

Join Allen C. Ewing & Co.

Join Allen C. Ewing & Co.

With Amos Sudler & Co.

With Amos Sudler & Co.


### AMERICAN IRON AND STEEL INSTITUTE:

<table>
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<tr>
<th>Latest</th>
<th>Previous</th>
<th>Month</th>
<th>Year</th>
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<tr>
<td>Week</td>
<td>Week</td>
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<tr>
<td>1,152,200</td>
<td>1,730,200</td>
<td>1,398,700</td>
<td>1,856,700</td>
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</table>

### AMERICAN PETROLEUM INSTITUTE:

- Crude oil output—daily average (thousands of gallons per day)
  - May 29: 5,415,000
  - June 23: 5,254,200
- Gasoline in crude—daily average (thousands of gal. per day)
  - May 29: 17,577,000
  - June 23: 17,465,000
- High-test fuel oil output (thousands of gal. per day)
  - May 29: 2,339,000
  - June 23: 2,339,000
- Residual fuel oil output (thousands of gal. per day)
  - May 29: 2,984,000
  - June 23: 2,984,000
- Finished gasoline output (thousands of gal. per day)
  - May 29: 9,586,000
  - June 23: 9,586,000

### CIVIL ENGINEERING CONSTRUCTION, ENGINEERING NEWS-RECORD:

- Total U. S. construction
  - June: $120,305,000
- Private construction
  - June: $120,305,000
- Public construction
  - June: $413,000,000

### DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM:

- June—May: 296

### EDISON ELECTRIC INSTITUTE:

- Electric output (1,000 kw.)
  - June: 4,845,408

### FAILURES (COMMERCIAL AND INDUSTRIAL)—DUN & BRADstreet:

- June: 91

### IRON AGE-COMPOSITE PRICES:

- Plated steel (ton)
  - June: 3,940,147

### METAL PRICES (E. & M. J. QUOTATIONS):

- Electrolytic copper
  - June 23: 11,205
- Scrap copper
  - June 23: 4,160

### HOOD'S PRICE BID DAILY AVERAGES:

- 8: C. G. Dodds
  - June: 135.21

### HOOD'S BID DAILY AVERAGES (TONS):

- Average
  - June: 113.31

### NATIONAL FERTILIZER ASSOCIATION—WHOLESALE COMMODITY INDEX BY GROUPS—1920-209-199:

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<th>Month</th>
<th>Year</th>
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<td>273.0</td>
<td>238.4</td>
<td>216.3</td>
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### NATIONAL PAPERBOARD ASSOCIATION:

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<th>Orders received (tons)</th>
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<tbody>
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<td>188,297</td>
<td>170,761</td>
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</tbody>
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### OIL, PAINT AND DRUG REPORTER PRICE INDEX—1916-1956

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### WHOLESALE PRICES—U. S. DEPT. OF LABOR—1916—1996

<table>
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<th>Product</th>
<th>Previous</th>
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<tbody>
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<td>205,178</td>
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</table>

### AMERICAN ZINC INSTITUTE, INC.—Month of May:

- Shrinkage in zinc, all grades (tons of 2,000 lbs. net):
  - May: 72,585
- Shrinkage in zinc, all grades (tons of 2,000 lbs. net):
  - May: 72,585
- Shipments of zinc:
  - May: 2,012,400
- Shrinkage at mine and in transit:
  - May: 6,818

### BUILDING CONSTRUCTION PERMIT VALUATION—U. S. DEPT. OF LABOR—Month of May:

- Total all building permits
  - May: $197,842,000
- Total residential building permits
  - May: $88,804,000
- Total non-residential building permits
  - May: $109,038,000

### CHEMICAL ENGINEERING—ENGINEERING NEWS-RECORD:

- Sales of synthetic nitrocellulose
  - June-1935: 5,825,000,000 pounds

### CONSUMERS PRICE INDEX FOR MODERATE INCOME FAMILIES IN LARGE CITIES:

- Month: June-1935

### CONSUMER GOODS PRODUCTS—DEPT. OF COMMERCE:

- Stock
  - June: 108,798,000

### DEPARTMENT STORE SALES (FEDERAL RESERVE SYSTEM):

- Month: June-1935

### METAL PRICES (E. & M. J. QUOTATIONS):

- Average: June-1935

### NATIONAL PAPERBOARD ASSOCIATION:

- Orders received (tons):
  - May: 188,297
- Previous (tons):
  - May: 170,761

### OIL, PAINT AND DRUG REPORTER PRICE INDEX—1916-1956

- AVERAGE—1956:
  - 147.3

### WHOLESALE PRICES—U. S. DEPT. OF LABOR—1916—1996

- All commodities from farm products:
  - June: 143.4
- Excluding farm products:
  - June: 143.4

### METAL PRICES (E. & M. J. QUOTATIONS):

- Average:
  - June-1935

### NATIONAL FERTILIZER ASSOCIATION—WHOLESALE COMMODITY INDEX BY GROUPS—1920-209-199:

- Week: 273.0

### NATIONAL PAPERBOARD ASSOCIATION:

- Orders received (tons):
  - May: 188,297
- Previous (tons):
  - May: 170,761

### OIL, PAINT AND DRUG REPORTER PRICE INDEX—1916-1956

- AVERAGE—1956:
  - 147.3

### WHOLESALE PRICES—U. S. DEPT. OF LABOR—1916—1996

- Week: 147.3

### METAL PRICES (E. & M. J. QUOTATIONS):

- Average:
  - June-1935

### NATIONAL FERTILIZER ASSOCIATION—WHOLESALE COMMODITY INDEX BY GROUPS—1920-209-199:

- Week: 273.0

### NATIONAL PAPERBOARD ASSOCIATION:

- Orders received (tons):
  - May: 188,297
- Previous (tons):
  - May: 170,761

### OIL, PAINT AND DRUG REPORTER PRICE INDEX—1916-1956

- AVERAGE—1956:
  - 147.3

### WHOLESALE PRICES—U. S. DEPT. OF LABOR—1916—1996

- Week: 147.3

### METAL PRICES (E. & M. J. QUOTATIONS):

- Average:
  - June-1935
Rearmament Program and Money Market

(Continued from page 14)

likely that the principal effects of the plan will be felt near term, will be more largely a result of the program's effects on the federal budget, and that these effects will be most apparent in the increases in government expenditures and in the windfall gains of transactions in property and securities. Thus, most of the inflationary effects of the program will be felt later in the form of added demand for dollars and a corresponding need for the government to reduce the supply of dollars. Thus, the program will bring about a rise in the value of the dollar and a corresponding rise in the price of goods and services. Thus, the program will bring about a rise in the value of the dollar and a corresponding rise in the price of goods and services. Thus, the program will bring about a rise in the value of the dollar and a corresponding rise in the price of goods and services. 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much greater than in February, 1948. On the other hand, the number of stocks listed on the Dow Jones industrial average in February, 1947, was 147, compared with 164 in May, 1947. These signals indicated that the Dow-Jones industrial average was in a period of adjustment on the downside and that the long trading range of 17 months was not yet complete. All signs were for a consolidation phase that would be followed quite promptly by sharply higher prices.

Bearsich Barrage

All during these 17 months the average of the Dow-Jones industrial index has been trading just below a relatively narrow range between 163-167, and some of the bears made several attempts as early as October, 1946, and other times during the year to demonstrate downside objectives as late as April, 1947. Throughout this period the market had to face a tremendous barrage of bearish pronounce-ments and bearish news and bearish outlook. These forecasts, it turned out, were incorrect. Nevertheless, these bearish predic-tions were taken at face value by the public. In retrospect, the public psychology was just the reverse of what is similar to the period of early 1946 when all types of financial analysts and brokers were bearish and the public was bearish.

During the February decline the industrial averages formed a long-term consolidation pattern in six weeks. Then on March 20 the market broke out of this long line for the bearish pattern. This proved to be a very impor-tant turning point. From April, 1947, the rails penetrated their previous resistance and the Dow-Jones industrial averages likewise were confirmed to form a new bull market.

A bear might wish to inject a word or two about the Dow-Jones industrial average. We might be an expert on this famous theory and it is only one of the many tools that we use in our technical analysis. However, I do want to draw your attention to my point of view in forecasting. We have been in the bull market for 16 months and the Dow-Jones industrial average was trading at 196.25. I have been a bear all the way to the theory than just the prin-ciples of Dow-Jones industrial average and at any time. You are not just the Dow-Jones industrial average to remain in the bull market at much lower prices. For example, the long line formation between 148 and 160 was the Dow-Jones industrial average to cross the line of resistance, and in the fall of 1947, while the rails were holding comparatively small rise in relat-ions, was an indication that the probabilities favored that the market was nearing a turning point. This was confirmed by the pro-duction of a trend line.

"Even so, in the past the sub-stantial profits have resulted in wars on the Dow theory con-firmation.

50-Year History

Going back to the past 50 years, we have had 13 bull mar-kets. This present market makes the history of the past 50 years of stocks from 1925 to 1926 the lowest. The five years of the 1920's and the 1930's are very likely to show up in the future. The larger bull market which occurred in the 1920's was due to one factor—confidence. The ease of the present market, would mean that the bearish psychology of the market has been in control of the industrial average. The smallest rise in the Dow-Jones industrial average in 1920 was 99% in the short-lived 1939 bull market. That would be about 200 in the Dow-Jones industrial average. The largest advance was about 735 in the short-lived 1929 bull market. That would mean about 745 in terms of the Dow-Jones industrial average. My ultimate objective for the Dow-Jones industrial average if it were to reach 1500, it would turn out to be advantageous pur-chases. If the Dow-Jones industrial average may not be required until they confirm the uptrend. They have potentially favorable technical patterns and appear to be behind the market. Would avoid the third classifica-tion that might have been built up.

World Bank Seeks Congress' Aid (Continued from page 4)

SEC's testimony pointed out that the bill is necessary in order to keep Congress in the frame of mind that, as Mr. Longer testifies, Congress looks to the Government agencies for advice and help, and not for such personal advice as Congress. Mr. Longer, counsel for the SEC, said with reference to the provisions of the law, "there’s no justification for any issuer to be forced to come before the RAC...". Loss said that it is the same with respect to the securities that the market wants to be free to go into and that we have no question raised. Price. Rapp, counsel for the SEC, said the law was unlawful and I would as a member of Congress oppose it. This was the view of Mr. Wolverton to say that the fundamental prim-ary device in the SEC legislation was the protection of the public interest from the standpoint of the most satisfactory piece of legislation, so when you come to change it is we have to know how to do it in a manner that will give the public the best protection. Therefore, he accused the House Committee on In-terstate and Foreign Commerce for two specific reasons.

John B. Bennett

"Two things to which I would like to testify before the Com-mittee and I believe to the Interstate and Foreign Commerce for two specific reasons. First, to the testimony of the SEC, the policy of the government in these matters is a little too great of a risk in terms of the facts.

Specific Conclusions

The first classification consists of groups that have already given a substantial amount of a price rise. The classification of the following groups is based on the Dow-Jones industrial average. The industrial average for the previous 13 months is 100. This method was used in this classification:壁纸, Textile Mills, Drug, Paint, Furniture, Confections, Building Materials, Chemicals, Fishing Industry, Food, Tobacco, Wall Street, New York City.

The second classification consists of those groups that have formed a new bull market. These groups have not yet given an upward trend of 200 points. This is a classification: Wall Street, New York City.

The second classification consists of groups that have not re-formed a bull market. These groups are in this classification: Wall Street, New York City.

Mr. Black tried to show how difficult it will be for the Bank to sell debentures beyond the limit of the private market in the Bank, because the Security Exchange Commission in the matter of which the debentures might be of interest to the Bank had asked whether the security was for the high-yield bonds with which the Security Exchange Commission had consented to $250,000,000. This Mr. Black admitted. Mr. Black tried to show how difficult it will be for the Bank to sell debentures beyond the limit of the private market in the Bank, because the Security Exchange Commission had asked whether the security was for the high-yield bonds with which the Security Exchange Commission had consented to $250,000,000. This Mr. Black admitted. 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Securities Now in Registration


- **Chicago Machine Tool Co.,** Chicago, Ill. May 20 (letter of notification) 1,000 shares of common stock (par $1). Price (approximately) $4 per share. Stock will be offered by A. E. Spielman & Co., New York.


- **American Mining Co.,** Richmond, Ind. June 4 (letter of notification) 100,000 shares of Class A non-voting common stock (par $1). Price—$1 per share. Underwriters—Lehman Brothers, New York, and Merrill Lynch, Pierce, Fenner & Beane (jointly). The stock will be issued to the Alien Property Custodian as holder of the stock, directed the sale.

- **Duesenberg, Inc.,** Indianapolis, Ind. June 4 (letter of notification) 2,000 shares of participating preferred stock (par $1). Price—$100 per unit. No underwriter. To develop the Duesenberg marine engine, the Duesenberg automobile company will issue for use together with and for licensing separately from the marine engine, a total of 2,000 units of participating preferred stock to the Philadelphia Co., in exchange for 250 acres of real property now under lease, outstanding capital stock of Equitable, notes and other claims owed to the Philadelphia Co. and to the Pittsburgh and West Virginia Equitable Gas Co., Pittsburgh, Pa.

- **Fezz Manufacturing Co.,** Spokane, Wash. May 28 (letter of notification) 29,000 shares of common stock (par $1). Price—$1 per share. Underwriter for Company expenses.

- **Fishtail Products Co.,** Stockton, Calif. June 3 (letter of notification) 5,000 shares of convertible preferred stock (par $50) and 300,000 shares of common stock (par $1). Price—$100 per share for preferred, and $1 per share for common stock. Underwriter—James B. J. H. Cahan & Co., New York.

- **Flottol Products, Inc.,** Stockton, Calif. May 25 (letter of notification) 250,000 shares of convertible preferred stock (par $50) and 250,000 shares of common stock (par $1). Price—$10 per share for preferred and $1 per share for common stock. Underwriter—Floyd D. C. Cooper & Co., New York. Price—preferred $10; common $6. Proceeds—Proceeds will be used for general corporate purposes, and expansion of the company's operations. Effective May 5.

- **General Telephone Co.,** New York, N.Y. (6/30) June 4 filed $5,000,000 Series B first mortgage bonds and an undetermined number of common stock (no par), $1,000,000 and $500,000 of series C preferred stock (par $1). Price—$1,000 per bond and $150 per share. Underwriter—S. S. & J. Co., New York. Proceeds—Proceeds for construction and working capital.

- **Glass Fibers, Inc., Waterville, Ohio May 31 (letter of notification) 204,000 shares of common stock (par $1) and 24,000 shares of 5% cumulative convertible participating preferred stock (par $1). Price, per share, to be offered. To be offered through direct brokers, underwriters and others. Proceeds for development, organization of corporation, etc.

- **General Telephone Co.,** Cleveland, Ohio June 4 (letter of notification) 29,723 shares (par $1) of common stock. Underwriter—H. M. Cunningham & Co. For construction and new machinery.

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and 429 shares of common stock (par $10). Price—$10 per share. No underwriter. For additional information, contact: F. W. Williams, 63 W. Adams St., Chicago.

**Kearsney Gold Mines Co., Auburn, Calif.**
June 1 (letter of notification) 150,000 shares of common non-assessable stock (par $1). Price—$1 per share. No underwriter. For mining business.
Observations (Continued from page 5)

the same mistake as do the Communists of the Kremlin or the collectivists of the Chinese government, with their risk of material benefits, of neglecting the crucial question of the preserva-
tion of individual freedom. This problem of the rights of the in-
dividual should at least be recognized and stated.

Likewise is the Chamber's document appealing to its treatment of the labor problem. There is no valid reason for businessmen to soft-pedal their advocacy of an open shop, nor to be unspecified about how far they would go in subjecting unions to anti-trust legis-
lation (such as forbidding them, as are corporations foreignto, from
engaging in joint, collective, industriewide, nationwide action).

Even more important is the omission cited above as well as
others (such as tariffs and other basic elements of foreign economic
policies) is the Chamber's refusal to bring to the notice of the
middle-road pronouncements. Section 7, in full: states: "There
should be no more talk of general publishing an ever-increasing
variety of goods of the most accepted and general utility. Surely,
this is no more a pliosa hope for the "well

Laski (as restated in his new work, "The American Democracy"),
as well as the "constituent" force, which is the very essence of
courting, "more goods for more people at less cost."

But How Much Intervention?

But the really significant vagueness, which justifies the writing
of the Chamber's resolution, is the question of the extent
about the proper role of government and the necessary degree of
government intervention in industry. The resolution characteristically affords attendance efforts to follow the supposedly
innocuous "welfare" phases in the course of which this expression
government is the servant of the people. It should thereby be
used only to further the general public interest" (the caps
in the Chamber's resolution) "Except in times of industrial
emergency the government should not take over"; "government, labor
and management in creating industrial efficiency. We are not
bring about the most productive results in industry and in business;
and efforts that will bring about governmental intervention only in
those cases in which it is directly connected and stated for the
safeguarding of the public interest."

Surely such breadth of statement, as reflected in the lack of defi-
nition of "national emergency" and the absence of a definite position
on the what-and-when of price controls, allocations and subsidies,
can catch the voices of the British Labor Government and our own
particular number of government and all other comfine-enterprises. Such
statements are all too often nothing more than a back door for
a government, which is open to the private enterprise.

We, of course, assume that these compromise thoughts are part
of the current "middle-of-the-road" by which believers in democ-
archy sincerely think they can avoid tyranny and dictatorship of both
the "right" and "left." The tragedy is that although believing they are
thus fostering social justice and capitalism, their embracing of
this "fancy of the middle" can only lead to the tearing down
what they are trying to preserve. Actually, as being demonstrated
throughout the world, the indefinite and unbridled interventionism
are leading to the destruction of the very system they aim to
mentally opposed. As we see it, Britain, if a government, is not a government at all, with the market and go to free a economy, it alternatively
business, at the bottom of right, we keep up the pressures of repeated regulations and restrictions, finally, all the economic freedom of
individuals disappears.

Laski's "limited" price control as an example. It cannot work
satisfactorily in a market economy. Either the government must
not control the market from the temptation to keep prices
in that they inevitably must go on to substitute complete and all-over planning for the whole economy. Either prices are set on a free market
by private public, or the market is to be closed and end in being
mined by some government central board of production management. The
former means total destruction of the free enterprise system and
social and political strife.

Complete interference with planning is relevant and
highly significant. It was begun by Lenin in 1919 in the form of
sequence of isolated moves in separate parts of the economy and
itedly important, this was a particular instance of the
lament of limited aims. But it was only a question of time when the
"socialism" problem would have to rise to the surface, which brings
continuous struggle between complete nationalization and
sciousness. The government must fall as it did, would give way
to complete planning on a global scale."


Illinois Brevities (Continued from page 10)

For the fiscal year ended March 31, 1948, the Illinois Public Commis-
Co., Chicago, showed a net profit of $2,959,400, as compared with a net loss of $7,232,601. Total assets were up to $14,559,000 at April 30, 1948, the
spring seasonal peak.

On May 25, A. G. Becker & Co. (Stock Exchange, No. 119853; Inc.), Cratenden & Co., Ke-

Waltiney, Wells & Co., partici-
participated in the public offering of 3,000 shares of stock in
no, Inc. 5% cumulative pre-
dividends, $50 per share) and

The balance sheet of Faber, Croe & Gregg, Inc., and its subsidi-
aries as of Feb. 29, 1948 shows

Comparative with current liabilities of $1,285,072. Surplus amounted to
$370,531. There are outstanding
2,203 shares of preferred stock,
SECURITY TRADERS' ASSOCIATION OF NEW YORK

Tryouts for the STANY team will be held at Richmond County Country Club, Staten Island, on June 23 (boat leaves at two o'clock). The team will compete against Philadelphia and Boston, and Philadelphia on July 6.

It is hoped, therefore, the tour will consist of four members only, getting to the original competition with Philadelphia and Boston started some years ago.

However, it is hoped that one or two more will be able to arrange with Philadelphia which would not have anything to do with the STANY Cup.

Those wishing to try out should contact Gerald Kane, Luckhurst & Co., Inc., or Theodore Plummer, J. Arthur Warner & Co., Inc.

"AD LIBBING"

You're invited to request our members to assist us in securing corporate advertising for our 1948 "Chronicle". For STANY Convention Year Book. All of our members are close to companies, either by financing or trading and many have been your customers.

We think this type of advertising will get plenty of recognition in our issue and we would suggest our members discussing this type of business with the partners of their firms or with directors they may be acquainted with. We would indeed consider it a privilege to announce in these columns the members securing the first corporate ad. Will this be you?

"With the above in mind I let's not be like the pessimist who says, "if we don't try, we can't fail." Let's be the optimist who says, "if we don't try, we can't win."

HAROLD B. SMITH, Chairman Yearbook Committee, STANTA, New York & Co., 120 Broadway New York 5, N. Y.

Our Reporter's Report

The new issue market continues to show good powers of absorption and many of the issues not called upon this week take up a substantial amount of offering.

But, those that reached the market are meeting with a good response and the overall results, along with the apparent renewal of strength in the field of seceded equities made for sustained absorption during the week. The market continues to show strength.

A forceful illustration of what proper pricing and yield means at the present time is the success of a major offering of preferred and common stock to small investors in the nation's largest city. The success is proving the major outlet for high-grade issues, a circumstance that the offering of $111,000,000 of new first-mortgage, 30-year bonds of the Florida Power & Light Co. Bankers priced the company a price of $111.25, above par, with the first four bidders apparently thinking in pretty much the same terms. The successful group reoffered the issue at 102.4913 to yield the buyer a return of 3.5%.

Meeting the yield ideas of institutional buyers this proved a real "how to run an operation with three of the big insurance companies reported to have taken down a total of $10,600,000 of the issue, or at least to have entered orders for that amount.

Kansas City Southern

The only other sizeable offering involved $14,000,000 of first mortgage, 20-year bonds of the Kansas City Southern Railway.

SITUATION WANTED

Trader Available

20 years' experience doing over $3,000,000 a month, position with Stock Exchange or Investment house. Please reply to Box Number: 3, The Commercial & Financial Chronicle, 21 East 42nd Street, New York, N. Y.

HELP WANTED

WANTED

ARBITRAGE TRADER

Familiar with listed and unlisted Canadian securities. Knowledge of writing and description. Send references. Charles King & Co., 61 Broadway, New York 6, N. Y.

end that the offering, at $127.53, a share, had been completed and been reported.

Marketing of this big secondary naturally enjoyed a propitious stock movement. The usual hectic throng of revival of activity in the aviation industry under the impetus of the country's vast new defense program.

More Stock Appearing

Spurred on by the recent change in the investment situation, corporations, primarily because of capital needs, are inclined to attempt to raise at least a portion of their capital needs through the preferred stock once again.

Public Service Electric & Gas Co. of N. J. has filed to market 200,000 shares of cumulative, preferred to finance a number of capital expansion plans. And, Northern States Power Co. of Minn., in its latest proposals, projects 10,000,000 of new bonds, plus 200,000 shares of cumulative no par preferred.

Meanwhile underwriters are making ready to bid for $35,882 shares of common stock of American Brands Inc., in accordance with the General Office's plans to sell, around mid-June, which this stock represents 77% of the total, and naturally carries control.

DIVIDEND NOTICES

LION OIL COMPANY

A dividend of 50c per share or approximately 25% on the par value of the shares of the Texas Company has been declared for the quarter ending July 31, 1948, payable August 15, 1948, to holders of record on July 31, 1948. The next regular meeting of the Board of Directors will be held on August 28, 1948.

COLUMBIA GAS SYSTEM, INC.

The Board of Directors has declared the following regular quarterly dividend:

Common Stock, $25 par value, 1,820,000 shares on record payable August 14, 1948, to holders of record at close of business June 30, 1948.

ARKANSAS WESTERN GAS COMPANY

Dividend Notice

Common Stock

The Board of Directors of Arkansas Western Gas Company declares a dividend of twenty cents ($0.20) per share, payable June 30, 1948, to holders of record at close of business at the close of business June 30, 1948.

THE ATLANTIC REFINING CO.

Preferred and Common

"Stockholders of the Company's $5 Par Value Preferred and Common Stock are hereby notified that the Board of Directors of the Company has declared a cash dividend of 15 cents ($0.15) on the Common Stock and a dividend of 10 cents ($0.10) on the Preferred Stock which dividends are payable on August 15, 1948.

WANTED

NON-TRADE TRADER

Common and preferred stock of all types, position with larger organization.

Phone: 341-3452

New York & Southern Railway Mining Company

102 Broadway, New York 6, N. Y.

R. E. ATKINSON, Treasurer.

EXCHANGE OF STOCK

THE ELECTRIC STORAGE BATTERY COMPANY

For the First Preferred Stock

At the meeting of the Board of Directors held today, a dividend of 15% per share, for the period April 1, 1948 to June 30, 1948, was declared on the $5.50 Cumulative Preferred Stock, payable July 1, 1948, to holders of record at the close of business June 14, 1948.

Dividends declared on the Company's 15% Cumulative Preferred Stock. Also, a dividend of 5% per share and 15% per share, respectively, on the 4% Cumulative Preferred Stock and the 7% Preferred Stock. The dividends to be paid on the $5.50 Cumulative Preferred Stock are at the rate of $0.375 per share, payable March 15, 1948, to stockholders of record at the close of business March 15, 1948.

The dividend on the 15% Cumulative Preferred Stock is the rate of $0.625 per share, payable June 15, 1948, to stockholders of record at the close of business June 15, 1948.

The dividend on the 15% Cumulative Preferred Stock is the rate of $1.25 per share, payable September 15, 1948, to stockholders of record at the close of business September 15, 1948.

THE AMERICAN STEEL & SAVINGS BANK

The Board of Directors has declared the following dividend:

The dividend on the $5.50 Cumulative Preferred Stock is the rate of $0.375 per share, payable March 15, 1948, to stockholders of record at the close of business March 15, 1948.

SAFETY STORES, INC.

The Board of Directors of Safety Stores, Inc., met at the office of the Company, 6800 N. Fair Oaks Ave., Indianapolis, Ind., on May 28, 1948, and declared a quarterly dividend in the amount of $216,250 on the Company's $5 Par Preferred Stock.

Safeway Stores, Incorporated

Preferred and Common

"Stockholders of the Company's $5 Par Preferred and Common Stock are hereby notified that the Board of Directors of the Company has declared a dividend of 15% per share, for the period January 1, 1948 to June 30, 1948, payable August 15, 1948, to holders of record at the close of business at the close of business June 30, 1948.

WANTED

COMMON STOCK

Dividends declared by the Board of Directors on May 27, 1948, on 4% Cumulative Preferred Stock.

The dividends are payable on the Company's Common Stock at the rate of $0.15 per share, payable March 15, 1948, to stockholders of record at the close of business March 15, 1948.

The dividends are payable on the Company's $5 Par Preferred Stock at the rate of $0.375 per share, payable June 15, 1948, to stockholders of record at the close of business June 15, 1948.

The dividends are payable on the Company's $5 Par Preferred Stock at the rate of $0.625 per share, payable September 15, 1948, to stockholders of record at the close of business September 15, 1948.

The dividends are payable on the Company's $5 Par Preferred Stock at the rate of $1.25 per share, payable December 15, 1948, to stockholders of record at the close of business December 15, 1948.

WANTED

COMMON STOCK

Dividends declared by the Board of Directors on May 27, 1948, on 4% Cumulative Preferred Stock.

Dividends declared by the Board of Directors for the quarter ending June 30, 1948, payable September 15, 1948, to stockholders of record at the close of business June 30, 1948.
WASHINGTON... Behind-the-Scene Integrators from the Nation's Capital

WASHINGTON, D.C.—General Dwight D. Eisenhower will become the Presidential candidate of the Democratic party under certain drafted conditions, it was asserted here by political authorities of the highest level who, nevertheless, insisted upon remaining anonymous.

The first condition which it is asserted must be met before the former Army chief would accept the nomination, is that the Republican party nominate an "isolationist." Just whom the general would consider an isolationist was not revealed. It was stated that he would not accept the nomination if Senator Van der Zanden became the GOP nominee.

The second condition for Eisenhower's acceptance is that Mr. Truman withdraw as a candidate for renomination. The general will not fight against his former Chief Executive for control of the nomination.

It was indicated that this intelligence may be quickly denied, for the new prospect was made to be a "fire commitment," but an indication of what would happen subject to the two "ifs.

This word was obtained after a secret meeting of a few days of Democratic bigwigs with the Columbia University "President" who has been the most intense period in the regular quasidemocratic political season. To write up a list of the bill-drafting lawyers, politicians and purpose may be construed to include foreign secretes, aides, aid administrators, and Senators running covertly for President as well as the Senate, for those Cabinet members, and Congressmen.

After listening to the peculiarities of the position, Washington over the weekend on foreign aid, it is succeeded that no one, including official staff, would, without such a little "behave" say anything about it. The closest to believe is that Lenny Taber, assistant defense aid chief, a House majority, snipped Uncle Sam's suspenders and in effect invited Uncle Joe to send his unwashed boys streaming over all Europe with something or other was down.

It might be added that outside those who professionally view with alarm any disposition to switch off aid to Europe from the foreign aid blank check, the boys who are concerned with foreign aid are not worried and here is why:

First: it is openly acknowledge-
edged by most in authority that the estimates for foreign aid were little better than informed guesses. It is the job of the council of economic advisors, (executive committee of the Organization for European Economic Cooperation) to make out more needs for thousands of specialized key items of materials to number of farm tractors, machines, and varnish, and machine tools, to quantity and types of steel, OKE is at present moment in the midst of the job. It will not be ready anyway for a couple of weeks. Then the whole business will be set up for the Foreign Economic Administration and Commerce Department will have to correlate before there can be even a beginning to the industrial rehabilitation phase which is the core of foreign aid.

There has been a pretty wide belief that the scale which Europe suggested last September for her industrial rehabilitation exceeds any realizable physical possibility, and it is probable that the first time soon (official hope) with the concrete, coordinated schedule of just what Europe wants and can handle, the situation might be clarified.

The ever-changing unusual speed upon the part of ECA (Econo¬mic Cooperation Administra¬tion), with the present of Washington's bureaucracy, it will be fall. In all this, there will be no chance to begin to move in bulk. Until then, the still just fuel, food, and fertilizer, plus a small amount of industrial raw mate¬rials, ECA's authorized pur¬chases cleared since April 7 total less than $300 million.

Congress has appropriated $5.9 billion for the fiscal year. The amount available for expenditures until the end of the fiscal year, Congress, or at least the House, in its own wisdom, generally committed itself morally to consider the appropriation if the actual expenditure. Like, if Europe shows it can move 90% of its delivery, it will mean that Congress in effect says it will authorize, or rather appropriate, more. Certainly if the United Nations, in late glance along a binge of taking over countries, a larger appropriation is a certainty next Winter.

Thus Congress has appropri¬ated to 170% of $5.9 billion under $4 billion more than can be spent. If expense condi¬tions, between now and the time Congress returns next January to check into the situation again. That is a minimum. The Senate is pretty sure to kick the amount up higher.

There is a factual basis to the assertion that the House all along has been trying to clip off some of the ERP dough. On the other hand, it is also true that the House likewise has been trying to maintain controls over expenditures whereas the Administration has been trying to get the money from strings as much as possible.

Thus when the ERP authoriza¬tion (as distinguished from the pending, current appropriation) was up, the Administration asked for $6.6 billion for 18 months, or from April of this year through June of next year.

Here are two vignettes of the way the government of the U.S., 1948, model, runs.

No. 1: Railroad labor descended upon Congress this year demanding increased pensions, higher old age payments.

Railroad management asked Congress for a cut in the 3% tax management pays out to the Federal Government to support employment among railroad workers, its credit with the Treasury for this purpose hav¬ing accumulated to $34 million. Congress worked out a bill. It provided that the railroad industries should be in creased from a minimum of $50 million per month to $60 million, and a maximum of $120 to $141, with the restoration of lump sum death payments. Increased unemployment compensation was denied.

In this compromise bill manage¬ment was reduced the rate of unemployment compensa¬tion tax by 1/3 of 1%, just as much as the unemploy ment compensation credit remains above $341 million. From $50 million in this fund to $450 million, the tax varies between the present "full" rate of 3% and 1/3 of 1%. For an in¬termediate period of years beyond railroad management drop an annual tax of $100 million on its revenue, a net gain except for corporation taxes.

Whether the public or investors have any stake in this issue, one way or another, is beside the point. Whether work and labor agreed, Congress moved with alacrity to pass it. Its final enactment is a matter of a few days.

No. 2 vignette concerns the Public Housing Administration, which sells used war housing.

Adjunct to the national capital is the Naval Powder Factory at Indian Head, Md. At that installation are 12 single and 40 double, "demountable" houses which PHA is offering for sale.

These are offered for sale to veterans. For $500 or $600 a vet eran can buy a single "demountable" home of small living room, two bedrooms, kitchen and bath with a heater and fixtures. Looks like a good buy, for $600 he can buy a double house.

However, a veteran must make his own arrangements to move the single or double house he buys. If he is able to buy a single house, he must find a lot on which to put it. He must as certain that upon regulations will permit the location of this "demountable" house on the particular lot. He must satisfy all the myriad of local govern ment and union regulations before he knows he can swing the deal.

One bank could lend him the money before it knew that he could swing the deal.

If he buys a double house, he must find two lots. Most of the veterans, in order to buy a double house, are forced to bid on a double house in a separate lot, he could charge the veteran he sold to only pay 5% overhead—hardly a paying proposition.

Then the veteran is in the busi ness of establishing a house for a second veteran. But even if he located one-half of a double on a separate lot, he could charge the veteran he sold to only pay 5% overhead—hardly a paying proposition.

Then the veteran must move the house. There is probably not a capable contractor in the vicinity willing to undertake the job. Even if he could be found, he would be required to undertake by contract not to discriminate against Negroes or Communists in moving the house. If the house were "moved bodily," the veteran would have to negotiate with tele¬phone companies, power compa nies, county road authorities, town authorities, to lift telephone and power lines and obtain permits to get the house moved through all complications.

To arrange all the red tape of moving residences, the vet eran might consider using business for themselves. 12 veterans who buy single houses and 20 veterans who buy double houses, have about two weeks. In that time they must mail and prepare to take the plunge. Then they have to depot 10% with the government. If they are not after to perform the plunge, then there is a double 10% deposits as "liquidated dam-

PBA knows that this is a deal which a veteran probably couldn't swing short of three months. PBA is told by Congress to offer them to veterans and to sell them fast. Sorry. That is the law.

Bond Club of New York 24th Annual Field Day
At Sleepy Hollow Country Club June 4th


John Straley, Hugh W. Long & Co., explaining jokes in "Bawl Street Journal" to Terry DeDeo

Harold W. Davis, Laird, Bisell & Meeds; Elmer Dieckman, Glore, Forgan & Co.
Drew Record Attendance


J. Wilson Jones, Federal Reserve Bank (retired); Adolph E. Gehrung; Frederick H. Clarkun, Auchincloss, Parker & Redpath; W. Murray Lee, Hanna, Ballin & Lee


For Full Day of Sport and Entertainment


John McMaster, Great American Insurance Co.; Herbert W. Marache, Cranbery, Marache & Co.; Egerton B. Vinson, De Haven & Townsend, Crozier & Bodine


W. Arthur Grotz, Geo. H. Reeves and A. D. Lane, all of Chase National Bank

