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Banking Economics and The Inflationary Boom
BY RAYMOND RODGERS
Professor of Banking, New York University

Noting changes in character of banking, Dr. Rodgers reviews effects of world developments and domestic fiscal policies on present day banking system. Aspects rearmament and relief expenditures may force Federal Reserve to change credit restriction policies, but does not look for much political action to increase expansion of credit. Hints phenomena associated with credit point to end of boom, and holds weakest link in economic chain is sustained present high price level. Predicts moderate decline in bank activity unless armament expenses increase sharply or war comes.

Banking is no longer local in character; and the banker is no longer a free agent. Bankers have become the indispensable part of a great credit mechanism on which nations as well as individuals rely. Whether you like it or not, banking decisions have to be made in the light of world developments and what Washington will do about them. Modern banking is indeed far removed from the simple, direct and confidential personal/financial transactions of forty years ago. Credit control on a national basis entered the banking scene with the Federal Reserve System in 1913. Government bond purchases, which became important in banking in World War I, developed until government financing became the dominant factor in banking in the United States.

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4708

JUN 18 1948
As you know, two of the American Bankers Association Credit Control Program had to do with savings—to save regularly in a savings account at your bank. Many of you took part, as I did, in getting under the weight of the hands of individual holders, and reduce the money means pressing on prices. As experience shows, the banks have been the principal instrument for the distribution of United States Savings Bonds during the war. They will continue to make their facilities and resources available to the banks of the time when deposits are not encroaching or are actually declining. However, if it were unrealistic to fail to recognize a trend of circumstances fundamentally cogent in the case of thrust, economy and savings. And that, if this trend continues, the last few weeks we entered the third round of wage increases and the wage-price structure will be further upward push. Where do we leave any general determination to resist and eliminate of postponing public expenditure, for a variety of purposes, and for an indefinitely future. We have, of course, the cost of foreign aid or an enlarged defense program. In any case, the fixed public expenditures, debt and taxes are rising. Since the last few weeks we entered the third round of wage increases and the wage-price structure will be further upward push. Where do we leave any general determination to resist and eliminate of postponing public expenditure, for a variety of purposes, and for an indefinitely future. We have, of course, the cost of foreign aid or an enlarged defense program. In any case, the fixed public expenditures, debt and taxes are rising. Since the last few weeks we entered the third round of wage increases and the wage-price structure will be further upward push. Where do we leave any general determination to resist and eliminate of postponing public expenditure, for a variety of purposes, and for an indefinitely future. We have, of course, the cost of foreign aid or an enlarged defense program. In any case, the fixed public expenditures, debt and taxes are rising. Since the last few weeks we entered the third round of wage increases and the wage-price structure will be further upward push. Where do we leave any general determination to resist and eliminate of postponing public expenditure, for a variety of purposes, and for an indefinitely future. We have, of course, the cost of foreign aid or an enlarged defense program. In any case, the fixed public expenditures, debt and taxes are rising. Since the last few weeks we entered the third round of wage increases and the wage-price structure will be further upward push.
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June 17, 1949

Continued European Planning Would Sabotage ERP

By DR. J. VAN GALLEN

Editor, "Algemeen Handelsblad," Amsterdam

Dutch public maintain European governments in their current attempts at planning have become hopelessly mired in complications. The control of free currencies is prerequisite to healthy restoration of international commerce, and hence to ERP success.

AMSTERDAM—Cooperation between the five nations of the Brussels Pact can be fruitful only if it rests upon sound economic policies, leading to increased economic activity in all countries. In recognition of foreign currency restrictions and the creation of a free, changeable currency area in Brussels was doffed temporary relief, and they were able to do the country's most important work, the issuance of ERP. But difficult questions-and-answers were not as easy to discuss as in the past. It is possible to expect more of ERP, but the European Community is a bilateral agreement, and the countries that signed it must work together.

The Economic System

The first and most important feature of the European Community is that it is a bilateral agreement, and the countries that signed it must work together. The system is based on the principle of free trade, but it also includes provisions for the protection of national industries. The European Community was established in 1957, and its purpose is to promote economic cooperation among its member states.

The European Community includes the following countries:

- Belgium
- France
- Germany
- Italy
- Luxembourg
- The Netherlands
- Portugal
- Spain
- Switzerland

The European Community has established a single market, which is open to goods, services, and persons. It has also established a single currency, the euro, which is used by most of the member states.

The European Community has a number of institutions, including:

- The European Parliament
- The European Commission
- The European Council
- The European Court of Justice

The European Commission is responsible for implementing the decisions of the European Council and the European Parliament. The European Parliament is elected by the citizens of the member states, and it has the power to make laws and to hold the European Commission accountable.

The European Community is governed by the Treaty of Rome, which was signed in 1957. The treaty outlines the objectives and principles of the European Community, and it sets out the procedures for making decisions.

The European Community has achieved significant progress since its establishment. It has helped to reduce unemployment, improve living standards, and promote peace and stability in the region. However, there are still challenges to be addressed, including:

- The need for further integration and cooperation among member states
- The need to ensure that the rights of citizens are respected
- The need to address environmental and energy challenges
The State of Trade and Finance

As has been true of many past weeks, industrial production for the part of the week, according to the latest available figures, had risen to a high level. While slight declines occurred in the output of some goods, nearly all types of industrial production recorded rises. The gains were offset by a drop in the output of metals and nonferrous products.

'A steady flow of raw materials was maintained in the week and plants for the most part were operating at about capacity. Statistics show that high employment and payrolls, Labor-management relations, too, were in the main generally favorable. Large orders from both coal operators and the mine indies continued last week to drive on without any material progress being made toward a settlement contract for the coal miners

Indeed, both the operators and John J. Lewis reopened negotiations on Friday last. If the present high level last since November, the Federal Mediation and Conciliation Service, which is working on the Case, was expected to set up an emergency fact-finding board. This would be preliminary to obtaining an injunction against a strike, under the provisions of the Taft-Hartley Act. The present contract terminates on June 30, next...

Nearly 20,000,000 tons of raw steel has been lost as a result of major strikes since the beginning of 1946, according to the latest available figures. Some of the largest steel and iron and steel companies report. In terms of finished products, that amount is nearly equivalent to all the steel used by the automobile industry since 1946

More than 42% of the lots this spring occurred after the miners had walked out. Some local coal mines may have to be left coal, as the mines and transported to coke ovens. Then many other ends to be taken, all of which reveal the importance of the shelter "...use of coal furnaces, open hearth furnaces and other facilities could be restored...

In the face of growing reports of fresh wage increases in many industries and an agreement to note that during April, wage and salary payments declined for the third consecutive month. The Commerce Department points out...

Centered in manufacturing, this decline according to the department, is evidence of general price and material shortages which curtailed hours worked...

Sales of personal income, of which wage and salary payments are a part, increased to an annual rate of $295,100,000,000. This is the highest level reported since the previous peak was reached in Spring 1942. The overall increase resulted from increased farm income, as both price and marketings of farm products have improved. It is noted that factory payrolls declined in April for the fourth consecutive month, dropping to the lowest point since December, 1946, after seasonal adjustment, as employment failed to show the usual April upturn...

Numerous promotional sales of seasonal merchandise helped to stimulate consumer buying during the past week. Retail dollar volume was slightly higher than that reported a week ago. In large increase in the demand for graduation and wedding gifts, though many consumers continued to shun luxury items...

Wholesale dollar volume increased slightly in the week and was somewhat above the previous level. The index of wholesale price levels, as evidenced by the index of all wholesale prices, including large orders for wholesale management and on early deliveries. Re-orders for most types of seasonal merchandise were quoted.

STEEL OPERATIONS SCHEDULED AT SLIGHTLY LOWER CAPACITY FOR CURRENT WEEK

The form is determined to change the selling practices in the steel industry. The cease and desist order calling for drastic changes has been drawn up by the FTC and is being studied by FTC officials. Little or no changes are expected to be made in the form, it is believed, and the industry may find the order issued upon it early next week, if not sooner, according to "The Iron Age," national metal-working weekly, in its current summary of the steel trade.

Steel companies have been informed that the steel industry to (1) establish a plant price for steel at every mill; (2) sell f.o.b. mill prices, if quoted, and (3) cease the dissemination of freight rate information...

Such an order, while it does not specifically outlaw the haggling point, is designed to improve the ability of the steel industry to sell steel. Steel companies have been informed that the steel industry to (1) establish a plant price for steel at every mill; (2) sell f.o.b. mill prices, if quoted, and (3) cease the dissemination of freight rate information.

Steelmakers are convinced that a man legislation is the only answer to the present situation. Steel companies are finding it difficult to change some steel firms might suddenly go to an f.o.b. mill system before the order is promulgated and before the steel basic point case reaches the Supreme Court, as it likely will.

Foreign scrap arguments, nor anxiety over a pending change in the scrap market, have not been major factors in the steel demand. Steel sales officials have finally thrown up their hands in acceptance of the imposition of the order. The kind of things, this week, says this trade authority, is the widening of prices. The average of steel scrap prices, begin at $1.50 per ton...Promises for these products were weak this week two or three times as long as at the first of the year...

As a result of these variables, the end products, the automobile industry, a mute evidence that there has been no change there. As predicted, the automobile industry is the largest and most important user of steel. The various promises for these products were weak this week two or three times as long as at the first of the year.

Current heavy demand is being supported by a feeling that the time is ripe for a Marshall Plan and the defense

(Continued on page 21)

Observations ... by A. Wilfred May

That Enigmatic Stock Market

Our space this week is being devoted to a newly-published book on security price movement ("The Stock Market—Basic Guide for Investors" by Jerome Frank & Paul J. Haggerty; Galaxy Books & Sons), because of its wide implications on today's investor and speculator. The result (and accompanying author's preface) is that Mr. May, who is a partner in a Wall Street brokerage firm, and who uniquely combines this practice with a long experience in the field, is an author who can write on this subject.

The book is an excellent one. It is written with a background and the ability to write. Impelled by an honest intellectual honesty, this book is a work of truth, as well as a work of sound, logical conclusions. This book is an important one, because of its conclusion, which is the conclusion which it contains. The conclusions of as a usually-favored pet investing system, as "A Too Frequently Accepted Tool..."

A Too Frequently Accepted Tool

It is this columnist's opinion that, as with many other techniques, Mr. May appears as great a quantity and quality of adherents to his favored investment tools as he does to those about which he is dubious, he would be justified in seeking the former also. An understanding of this is his strong approval of stock price ratio lines. Briefly stated, such techniques are based on the fact that one can be deduced from notation that "...behavior is as good as, or better than, that of actual averages. In capturing that magic, it is assumed that an issue "...better than the market" has established an uptrend, and to summarize briefly, Mr. May's technique is "...to bide on the long side only of those issues that are in persistent rate line uptrends, and to sell for a profit those in persistent rate line downtrends."

But it seems to this writer that the converse conclusion just is likely, if not even more likely, at the same time. Particular to a investor looking for real value from an investment approach, an issue moving higher-than-the-market (the ratio's bull signal) could just as logically mean that the particular issue is over-seen rather than under-valued. At some point of its divergence from the market, ranging between its price and zero, the ratio's reasoning that the lower a stock goes without the price is, must be reduced to absurdity.

The "Escape" to "That Trend"

It seems to me that Mr. Mindell again "escapes" to "too often accepted" adoption of a new theory as a "way out" after justified distribution with old ones, in his confidence in his own definitions of market trend. Enthusiasm over the indispensability of this technical phenomenon has prompted full chapters on "The Major Trend of The...

(Continued on page 43)

Grounds for Bullish Optimism

(Continued from page 31)

The market stock prices still have moved beyond the reach of a prudent investor. I have been hearing, and I think, the purchase of issues of leading companies. I am anxious about the purchase of steel, coal, copper; the coal, the natural gas, the oil, credits, just-in, and the management of the market. As a result we are led to the inevitable conclusion that investment today is far from being an art or science.

Some Realistic De-Bunking

Among the good services rendered by Mr. Mindell is his pointing out of the fallacy of emphasizing the effect of single-case reasoning as a market as well as a general economic as the detector example, the constant past variations in the stock market's valuation of the cross-section American industry enterprises in Dow-Jones In.

The author points out the need for technical market research. He points out the need for technical market research. He shows the fallacy of trying to emulated the market action of investment trusts and other "too frequently accepted tools..."

A Too Frequently Accepted Tool...

"A Too Frequently Accepted Tool..."

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More Investment Needed to Increase Real Incomes Effects of Rearmament
And ERP on Business

By FRANK D. NEWBURY*
Consultant, Westinghouse Electric Corporation

Analyzing investment-expenditure-income relationships, prominent industrial economist challenges
the increased emphasis on government spending for capital improvements. Points out relief funds given to maintain
spending accumulates in idle banks, while additional funds saved for investment adds to working
capital, and by increasing production, furnishes additional employment and income. Points out U. S. industrial progress over the past century and
the increased capital needs of the nation in the event of
new investment produces a dollar of new income. Stressess need of increasing savings and pro-

The subject I have been asked to discuss is not a simple one, but is obviously im-
portant to every one of us.

Unfortunately, and in spite of its importance, there is no gen-
eral agreement concerning the "fundamental factors" that are responsible for

*An address by Mr. Newbury at the 24th Industrial Conference of the Pennsylvania State College
School of Engineering and Commerce, University Park, Pa., June 9, 1948.

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LOCAL STOCKS
Electric Utility Financing

By HAROLD H. SCAFF*
Vice-President, Ebasco Services Incorporated

Noting relative decline of appeal of electric utility stocks to investors, Mr. Scafl accredits it to erroneous apprehension about adverse effects of projected new construction, together with rising building and operating costs. Says misunderstanding is due to insufficient financial position of utilities and expanding markets for services. lays down formal for future construction financing, requiring 55% debt and 45% in preferred and common stocks and surplus, and predicts increased net earnings arising from new facilities and economies. Sees favorable attitude toward stock market prices in recent months indicate that electric utility companies’ common stocks temporarily have lost some of their appeal to investors. A comparison of the common stock prices of utility operating companies with industrials for the years 1946 and capital, particularly equity capital, in view of the large amount of financing that confronts these companies in the future, we undertook to determine generally the factors that might be causing the relative adverse market action of electric utility common stock.

We reviewed numerous articles on the subject and talked to a number of experts, who, from their business experience and connection, would be in a position to express sound opinion as to the reasons why this condition had come about. Without exception we found that two factors were thought to be primarily responsible for the condition; one was the adverse effect of the projected construction program of the privately owned companies on the net earnings of these companies, and the effect of rising operating costs on net earnings.

We knew from our knowledge of the economics of the electric utility business and numerous studies which we had made that these two factors should not affect net earnings in such a way and to such an extent that the market price of the stocks should be depressed thereby. It became apparent that the misunderstanding existed regarding these items and that some effort should be made to clarify these points for the benefit of the investing public and others.

Bearing in mind this objective, and that the adverse factors might be placing undue stress upon what it considers adverse factors and not enough stress on the inherent growth and stability of the electric industry, and the sustenance of its credit position, we in Ebasco decided on the preparation of this booklet to clarify these points and will bring forcibly to the attention of the investing public the story of the future prospects of the industry in light of its expanding business.

I had hoped up until a week or two ago that copies of our booklet would be available for this meeting, but due to the magnitude of the job and the difficulties of getting it done in so short a time, it was impossible to do so and publish it on schedule. Instead, however, to use some of the material that we have developed as a basis for my discussion this morning, and when we have completed the booklet it will be sent to each one of you.

Solid Foundation of Industry

Our approach to the problem covers: (1) the operating and financial history of the electric industry, (2) the situation upon which the industry has been built and the growth of earning power that it has experienced, also that it has great strength that is essential to attracting capital. There is little need for burdening this group with any of the hypothetical and most historic of the industry. Most of you have been members of the industry and know its history from first-hand contact.

I will therefore devolve the remainder of my time to a discussion of the future of the electric industry as we see it, which we hope will contribute toward dispelling any doubt which may exist as to its future strength and stability.

The sale of growth of electric energy has over any lengthy period of time been the mainstay of the general economic growth of the country. The increase of our consumer power, and the steady advance of the industrial growth of the country, is due in a great degree to the enlarging growth of industry and more particularly to central station power, and the increasing amount of power used by the manufacturing workers. It can, therefore, be said that the growth of electric energy has been one of the great factors in the advance of our national life.

(Continued on page 36)

Questions for Corporation Executives

• Do you know your Stockholders?
• Do your Stockholders know you?

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ASSET NUMBER ONE

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New Tax Law and Speculation

By J. K. Lasser

Chairman, Committee on Federal Taxation, New York State Society of Certified Public Accountants

Mr. Lasser points out applying principle of community property to capital gains taxation has encouraged speculation and quick turnovers in stocks, leading to lowering the rate of return for stockholders, and increased the tax law rates that are to start only if family income exceeds $44,000 a year, and lays part of increased stock market activity to prospects of larger dividend payments.

A major, neglected factor in current stock market price is that it has encouraged speculation and quick turnovers in stocks, leading to lowering the rate of return for stockholders, and increased the tax law rates that are to start only if family income exceeds $44,000 a year, and lays part of increased stock market activity to prospects of larger dividend payments.

An address by Mr. Lasser at the 15th Annual Conference of the New York State Society of Certified Public Accountants Saranac Lake, N.Y., June 8, 1948.

TAXES UNDER THE 1936 ACT

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Note: The following points at which the tax on proprietorship incomes would equal the corporate tax rates.

- **Deals-Broker Investment Recommendations and Literature**
  - is understood that the firms mentioned will be presented to send interested parties the following literature:
  - Anthracite Coal Industry — Analysts, with reference to Gamble & Read
  - United Europe Coal — Carlisle Co., Dill, Co., 15 Broad St., New York 2, N. Y.
  - Lehigh Valley Coal Corp. — Dill, Co., 15 Broad St., New York 2, N. Y.
  - Market Opinion — Discussion in current issue of "Grained" and "Habitat" Bk., 22 Broadway, New York 4, N. Y.
  - In the same issue are comments and conclusions on American Forest & Paper A. A. Nathan Strauss-Dupratk, Inc.; and Edward Niles Crane Hotel Co.

**Physical Measurements and Product Evaluation** — Bulletin describing consultant services of Doutor B. Smith, 20 West 16th St., New York 11, N. Y.

Public Utility Common Stocks — Selected stocks discussed — A. G. Becker, Inc. 120 South LaSalle St., Chicago 5, Ill.

Also available are recommendations on Commercial Savants Corporations, Helena Company National Bank & Trust Co., Taylor Instrument Companies.


Railroad Developments — Current developments in the Industry Film — 29 Wall Street, New York 5, N. Y.


Acta Insurance Company — Summary and Analyses — Dempsey-Taylor Corp., Seven Street, Los Angeles 14, C. L.

Also available is a summary and analysis of the Chase National Bank and of Bank of the Manhattan Company.

American Marble — Discussion of interesting situation—Cohu S., 1 Wall Street, New York 5, N. Y.

Also available is a memorandum on operations of the corporation, and an analysis of Market Outlook.

Arkansas Western Gas Co.—Memorandum — Bauscher, Pierce & Co., 1470 Broadway, New York 18, N. Y.

Bank of Manhattan Company—Circular—Laird, Biesel & Meade Co., 31 Broadway, New York 4, N. Y.

Also available is a memorandum of operations of the corporation, and an analysis of Market Outlook.

Bank of Nashville — Circular—Bauscher, Pierce & Co., 1470 Broadway, New York 18, N. Y.

Also available is a memorandum of operations of the corporation, and an analysis of Market Outlook.

Mossy-Harris Co.—Limited—Mossy-Harris Co., 135 Broadway, New York 6, N. Y.


Mississippi Glass Co.—Memorandum—Kneeland & Co., 26 S. State St., Chicago 4, Ill.

Mountain Fuel Supply Co.—Circular—Newel Co., 160 Main Street, Salt Lake City, 1, Utah.
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Connecticut Brevities

Yeeder-Boot, Inc., has sold its hinge and stamping division, located in Bristol, to Homer D. Bronson, manufacturer of Beacon Falls, Conn. This is the third new plant under construction in the Hartford area in recent months of engineering and manufacturing of hinges and metal stampings has been completed in the Bristol plant since the merger, the company's counter and competitor business has been the dominating part of the business and Vestervelt-Stout is expected to concentrate on this field.

United States Finishing Company on May 28 elected 11 new directors, including seven new directors. The election of the new board practically eliminated the former directors and ends a stockholders' proxy fight which has been in progress since early April. At the organization meeting of the new board, Mr. MacClathie, President, and most of his associate officers were reelected. At the annual meeting Mr. MacClathie told the stockholders the results and earnings for the first four months of the current year are approximately $6,800,000 better than for the corresponding period a year ago. He also indicated that the outlook is bright.

The Electric Boat Company has reported that, although orders as of Jan. 1, 1948 were $31,269,000 compared to $4,241,000 a year ago, as of March 1, 1948 backlog was $32,176,280, with submarine construction and new submarine construction at the rate of more than $1,000,000 per month for Canadian transport aircraft.

Manning, Maxwell & Moore has announced the acquisition in April, 1948, of the hydrocarbon division of Airoxel Manufacturing Co., Long Island City, N. Y., Manning, Maxwell & Moore plans to combine the business to its Jersey City plant.

Evertt B. Harburt, President of the J. B. Williams Company, Glassboro, N. J., has announced that the company has purchased the Skol business from Galloher & Company, New York.

The principal stock product in which the company is engaged is claimed to be the largest selling stock in the nation, and by far the largest of any company. During the past 10 years J. B. Williams has been exclusive selling agent for the stock in the United States.

A group including Max A. Gelman, Frank N. Gelman, H. B. Fogg, A. D. F. Miller, J. G. L. K. Landy, and H. A. W. Landy, has acquired the common stock holdings of Paul V. Eisner, Chairman, and Max Taunig, Directors of the New Haven Clock & Watch Co. Mr. Eisner and Mr. Taunig have resigned from the management and James Hertman has been elected president.

United Aircraft Corporation's first dividend of $1.00 per share was paid out of earnings of $55,971,096 compared to $41,405,729 in 1947 and net per share common earnings of 54 cents to 42 cents.

Michigan Brevities

C. G. McDermott & Co., Detroit, on May 29 offered to the public 120,000 shares of Anchor Motor Corporation stock (of which 20,000 shares were for the account of Frank J. Shude, President and General Manager of the Anchor company, who will be the President of the company). The net proceeds of the offering will be used in the transacting of the several concerns in conjunction with other operating capital. It is engaged in the production of construction materials and erection and expansion of mechanical systems.

The Detroit Electric Light & Power Company's earnings in the quarter ending March 31 were $2,506,450, toppling all preceding quarters this year. During the quarter ending Decem.

The earnings of Carco Industries, Inc., for the quarter ended March 31, 1948, enabled the company to pay div. of $1.25 per share.

The earnings of Carco Industries, Inc., for the quarter ended April 30, 1948 amounted to $2,201,450, before provision for income taxes, and $1,331,450 after estimated provision for such taxes. The dividend paid on the preferred stock has been increased from $2.50 per share to $3 per share effective May 1, 1948.

The earnings of K-F's stockholders for the quarter ended April 30, 1948 amounted to $1,331,450 after estimated provision for such taxes. The dividend was doubled from $2 to $4 per share effective May 1, 1948.

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Crouse & Co. to Admit Currie and Hastings

**Nsta Notes**

The Georgia Security Dealers Association has elected officers for the year beginning July 1st next. These are as follows:

President: H. J. Gilbert, Gilbert & Gilbert, Atlanta; Vice-President: Geo. D. Li- lory, Clement A. Evans & Co., Atlanta; Secretary-Treasurer: Alexander W. R. Lam.- bert, Fausty & Company, Atlanta; Secretary: Herman J. Ballou, Atlanta; Board of Directors: H. J. Gilbert, Gilbert & Gilbert, Atlanta; J. A. Spence, Jr., Johnson, Lane, Space & Co., Savannah; H. T. Waggoner, Wyant, Nunn & Waggoner, Atlanta; F. D. Wil- lis, Lynch, Pierce, Fen- ner and Buenos Aires.

**Ad Libbing**

We like to feel that we profit today on yesterday’s good will and experience. This is proven by the fact that we are now over $500,000 green for our coming “Chroniclie” Nsta. Our own experience has shown that you cannot take much, imagination to realize what volume we can achieve when the entire group is in full operation.

Last week’s suggestion for outside advertising has not as yet taken hold, and we are most anxious that the more of our members undertake solicitation of this form of advertising.

*K. I.M.YOUR NSTA* — “BUD ADVERTISING”

HAROLD B. SMITH, Chairman
Yearbook Committee, NSTA
Collins, Norton & Co.
New York, N. Y.

**Crouse & Co. to Admit Currie and Hastings**

**Detroit, Mich.** — Effective July 1, Gilbert J. Currie and H. Russell Hastings will be admitted to partnership in Crouse & Co., Penobscot Building, members of the Detroit Stock Exchange. Mr. Currie has been with the firm for some time in a trading department position. Mr. Hastings had been in business for himself in Detroit.

**Huntl Cockrell With C. F. Cassell & Co.**

CHARLOTTEVILLE, Va. — Hunter G. Cockrell, former Dir- ector of Finance of Albemarle County, has joined the firm of C. F. Cassell & Co., Inc., 112 2nd St. and Broad St., and has opened an office in the Cassell Building. Mr. Cockrell has been with the firm for some time in a trading department position. Mr. Cassell has been in business for himself in Detroit.

**Murray Barysh on Vacation**

“Murray L. Barysh, President of the A. C. M. Co., 129 Broadway, New York City; members of the New York Stock Exchange are vacationing in the Adirondacks for the next three weeks.

**Missouri Brevities**

A. G. Edwards & Sons, Reithardt & Gardner and Eckhardt & Petersen & Co. Inc., member banks of the Missouri Banks & Trust Co. of Kansas City, on May 27 participated in the public offering of $25,000,000 of Union Electric Co. of Missouri 3% debentures due May 1, 1994. The net proceeds will be applied toward the cost of the enlargement of the system.

On May 7, 1948, Union Electric Co. entered into an agreement with the City of St. Louis, upon which the company has obtained approval of governmental authorities, to purchase or exchange for other purposes, the bond of the Public Service Co. of St. Louis at $66,000,000. The net proceeds will be used in the development of the company's electric common stock for an aggregate consideration of $66,000,000. The net proceeds will be used to retire the bonds and the first mortgage bonds, series B, due June 1, 1948, and the second mortgage bonds, series B, due December 1, 1948.

**Aelia Securities Corp. Offers Fleet Oil Issue**

Aelia Securities Corp. publicly offered, June 15, at $1 per share $296,000 shares of common stock of Fleet Oil Co., which was recently organized to engage in crude oil production in Oklahoma. The company is incorporated principal stockholder is the Fleet Drilling & Producing Co. of Ada, Okla., which owns 66,000,000 of the 1,096,000 shares of Fleet Oil common stock outstanding after completion of the distribution of additional shares in this offering.

Fleet Oil Co. is a holding company in- volving a 1% working interest in the Grant #1-1, rancher No. 3, in Pawnee County, Okla., on which two producing oil wells are located. It is contemplated that at least 7,500 additional wells will be drilled in this property.

Interest in four groups of wild- cat blocks covering a substantial amount of acreage are owned by the company, which may be explored at some near future time. The proceeds from the sale of the 296,000 shares of Fleet Oil Co. common stock, will be used by the company to meet the current and capital needs of the operations of the company, using existing and new pipelines.

A. J. Burke

**New Incorporated**

BUFFALO, N. Y. — A. J. Burke & Co., Elliott Square Building, a new corporation. Officers are A. J. Burke, President; H. J. Becker, Treas-urer; M. H. Burke, Vice-President; and Albert J. Burke, Jr., Secretary.

**Stix & Co.**

INVESTMENT SECURITIES 201 SLAVE ST. ST. LOUIS, Mo.

Members St. Louis Stock Exchange
The Larger Aspects of LIFO

By DAVID M. FREUDENTHAL*

Former Vice-President and Treasurer, Bloomingsdale Bros.


Praises it as leveling out extremes of profits and loss and in enabling corporation to plan effectively from extremes of economic cycle.

Generally, the need for a more accurate means of appraising the value of inventory found its origin in the retail trade late in 1939, according to many. The Task had been studying the possibility of using LIFO for some years before that date. In 1937 and 1938, levelling out profit had been a matter of study. It was discovered that a number of retailing enterprises had experienced a marked divergencies, such as high profits in a period that was followed by a period of losses.

And so, in 1939, the tax authorities in this country, as a result of the economic cycle, found it necessary to study the question of profit and loss in the retail trade. They concluded that there were significant divergencies in the reported profits of retailing enterprises, and that it was necessary to take steps to avoid such divergencies in the future.

The concept of LIFO (Last-In-First-Out) was then introduced, and it was found that this method of inventory valuation could be used to level out the extremes of profits and loss, and to enable corporations to plan effectively from extremes of economic cycle.

In this article, Mr. Freudenthal explains the tax and accounting implications of using LIFO, and he praises it as being a useful tool for retailing enterprises.

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*Editor's Note: This article was written by David M. Freudenthal, a former Vice-President and Treasurer of Bloomingsdale Bros., and was originally published in THE COMMERCE & FINANCIAL CHRONICLE on June 17, 1948.
The Dalton-Cripps-Bevin Triangle

By PAUL EINZIG

Dr. Einzig comments on implications of return of Hugh Dalton to British Cabinet and predicts it will involve an inner conflict to be fought out behind closed doors at 10 Downing Street. Says Dalton and Bevin are 'very close.'

LONDON, ENGLAND.—Former Chancellor of the Exchequer Dalton, who had to resign in November, 1947, because he preliminarily disclosed his beef_s обеспечение в Германии. He is once more a member of the Cabinet. But nobody knows not even himself just what the Prime Minister who appointed him means by what he does in his constitutional and economic matters on an equal footing. There are Cabinet and foreign affairs on an equal footing with Mr. Bevin. He has several other departments, the Cabinet and his is the first.

The question is, will Mr. Dalton continue his policy in the Cabinet the radical policies he advocated in public while out of office, or will he revert to the more moderate policies he pursued before he was appointed to the leadership of the Socialist Party now that he is the leader in the Cabinet? He will be expected to insist on the nationalization of steel and power, but if he is to work in a government, he still entertain some doubts.

He will be expected to continue the government's policy of ending the levy, if possible before the general election. But he was already expected to press the government to a still larger scale of nationalizations after the general election. Is he likely to live up to the expectations of his supporters to whose pressure he largely owed his appointment to the Cabinet? Or will he revert to more moderate policies? Is he capable of carrying out his policy in an execution of extreme views has no chance of success.

To be able to answer these questions we must bear in mind the fact that he is still the business of the government, is still the business of the government's policy on the monetary basis of exchange of commodities and services as possible. There is a general interest in the fact that the government's policy was to maintain the pound and to prefer its use as a world currency.

An address by Sir Stafford Cripps from the Glasgow Chamber of Commerce, May 21, 1940.

Bache & Co. Branches

Out-of-Town to Be Open Saturday Mornings

The New York Stock Exchange firm of Bache & Co. announce that January 15, 1948, will remain open Saturday mornings during the Summer months for consultation purposes. The Exchange itself is closed on Saturdays.

Sterling, the Sterling Area and ERP

By DR. STAFFORD CRIPPS, K.C.*

Chancellor of the Exchequer of Great Britain

Assuring sterling, despite its non-convertibility into dollars and gold, maintains sufficient convertibility to make it most significant factor in world trade, Sir Stafford claims success of British efforts to maintain Sterling stability. Warns Marshall Plan will only give respite and will not improve British conditions. Cites previous experience in Eastern Europe and Sterling Area getting in balance with Western Hemisphere before end of ERP. Urges increase in British efficiency to "put our economic life on a sound basis.

I hope it may be of interest to you this afternoon if I try to give you some sketch of our present position and link it up with the needs of Western Europe and the Commonwealth so far, particularly, as our balance of payments with the Western Hemisphere is concerned.

This major problem which confronts the countries which are dependent upon supplies of one kind or another from the Western Hemisphere and a very large proportion of those Commonwealth of either Western Hemisphere or Commonwealth categories of both which have constituted ourselves an important client.

The Marshall Plan or ERP as it is now called has for its object to give us in Western Europe the time within which we can in accordance with the understanding of the German government to balance its trade with us and maintain its purchasing power. In these efforts we have not quite achieved the degree of success in most of these countries, and still all the difficulties are worth while as we can accomplish our objective.

If we compare our efforts in this matter with those of other countries we find that not only have we done much better after this war than at the first world war but that we have also done much better than other countries.

In the period July, 1914-1920 the cost of living index for the United Kingdom rose by 149% whereas in the period September, 1939 to June, 1947 it rose by only 31%. For food items alone, the increase between July 1914 and 1920 was 156% for September, 1939 to June, 1947 the rise was only 17%, mainly because of the Government's policy of subsidies on food.

Similar figures for consumer prices in the United States, whose experience is typical of many other countries were:

1914-1919: All items 100% food only 100%.
1929-1946: All items 58%; food only 100%.

There were, of course, other countries in which inflation of prices has been much more marked. We can, I think, congratulate ourselves upon our control of prices.

ERP gives Respite

The one thing we must not forget is that the Marshall Plan—ERP—gives us a period of improvement of our conditions. It gives us the time, the chance to improve our trade and nothing can come from our own efforts.

Let me just remind you of a number of figures to emphasize what I mean. During the years 1914-1920 we borrowed dollars or from our own reserves about $1,100 millions to enable us to balance our overseas accounts. Those borrowed resources have practically come to an end (Continued on page 27).

* All of these Debentures having been sold, this announcement appears as a matter of record only and is an offer to sell or solicitation of an offer to buy any of these Debentures.

** Of the $57,382,600 principal amount offered to holders of Common Stock of the Company, $15,060,000 principal amount is backed by certificates of Subscription Warrants issued to such holders of Common Stock. The $42,322,600 principal amount which was not subscribed for through the exercise of Subscription Warrants has been paid for by the several Underwriters.

HALSEY, STUART & CO. INC.

$57,382,600 Consolidated Edison Company of New York, Inc.

3% Convertible Debentures, due June 1, 1963

Dated June 1, 1948

Bache & Co. Branches

Out-of-Town to Be Open Saturday Mornings

The New York Stock Exchange firm of Bache & Co. announce that January 15, 1948 will remain open Saturday mornings during the Summer months for consultation purposes. The Exchange itself is closed on Saturdays.

The announcement by Bache & Co. Branches Manager was made at the request of various out-of-town branch office managers and was designed to enable people whose business or professional activities take most of their time on other days of the week to visit the branch offices and talk over their investment problems.

June 18, 1948.
John Doe—Economics of His Pay Envelope and Savings

By WESLEY LINDOW

Mr. Lindow, using John Doe as prototype, analyzes disposition of national income and its distribution between consumers’ spending and savings. Sees ratio of savings to spending returning to prewar level and growing tendency for individuals to put savings in government bonds or in bank and savings deposits. Holds, in relation to total liquid assets, present volume of currency is not out of line, and concludes public will continue to turn savings over to government and financial institutions rather than invest more in corporate securities.

John Doe is a mighty man. He determines a great deal more about economic events than he thinks. Together with his brothers, he plays an important part in determining an economic and fiscal policy of the public which may or may not be consistent with the corresponding policies of our money and credit authorities.

Of course, John Doe is pushed around a bit too by forces that are greater than he is. He may have to do things he never intended to do, because the impact of superior forces leaves him no alternative.

The main thing we are interested in today is how this all leads up to John Doe's savings. With this thought in mind, I would like to take you through a little tour of the economic machine with particular reference to John Doe's place in it.

Production Determines Income: I think you will agree that the question before a production, John Doe helps produce goods and services. From this production he draws his income. He uses the income in various ways, to buy some of the goods and services the machine helps to produce.

The total value of production for the whole nation is called the gross national product. Right now, that product is being turned out at a market value of something around $245 billion a year. Let us stop and look at this $245 billion a minute.

The price figure as the total on the balance sheet is a little wobbly, for both sides—and for liability purposes. The figure is the same for both the production and the market value of the goods and services of the economic machine. That is, the value of the goods and services held in general by the volume of the income generated by that production.

John Doe's pay envelope comes from that total value of production. Right now, the total income of all individuals is running at an annualized rate of about $210 billion. The other $35 billion does not go to individuals, but is absorbed in running such things as allowances for wear and tear on plant and equipment, undistributed profits of corporation, etc. In any event, when we are at a loss, there are some more pay envelopes and we can add up the number of people at work going down the pay envelopes:

This involves a number of technical adjustments which are explained in 

The basic idea is that the production determines the income, and the production determines the employment.

However, the general tendency for individuals as a group is to keep postponing consumption, and to save a single cent. (Continued on page 30)

Sales of Lonsdale Co., Common Completed

Blair & Co., Inc., and Maxwell, Marshall & Co. and associated underwriters have made the sale of the 47,943 shares of Lonsdale Co. common completed. The price of the stock represented unshaded shares of a block of 1,132,851 shares of Lonsdale common according to Telexon Inc. to its common stockholders for subscription. Lonsdale Co. also has sold 77,550 shares of common to its officers, directors, employees and agents at $3 per share, the same price at which the offering had been handled for several weeks by other stockholders. The offering is considered to be a final one, because a good amount of the year's earnings had been set aside in the offering on the basis of the market price in large transactions at the price of $3 per share.

Incorporated April 14, 1948, under the laws of Rhode Island, the Lonsdale will acquire, from the proceeds of the sale of common, stock to Telexon, the inventories, the leases of land, buildings and machinery, the business and certain of the other assets of Lonsdale Co., a 114-year-old Rhode Island corporation, related to the manufacturing and selling of lumber and building material. The company has all of the properties of the old Lonsdale Co. except cash, receivables and minor inventories and will continue the operation of such business.

Reginald Barnard To Be W. E. Hutton Partner

CINCINNATI—Reginald R. Barnard, a member in W. E. Hutton & Co., First National Bank Building, members of the New York and Cincinnati stock exchanges and underwriters and brokers in the leading exchanges is to be the partner Barnard has been with the firm, for many years.
Industrial Development And New Capital Sources

By ALBERT R. KOCH

Division of Research and Statistics, Federal Reserve System

Federal Reserve analyst, though contending both short- and long-term outlook for industrial expansion is favorable, sees need of avoiding major cyclical fluctuations in business activity by creating overall conditions in which total outlays fluctuate widely, problem of maintaining high level employment will be difficult. Says too much rather than too little capital is the current infallibility may have to be done later to channel savings into private investment. Thinks change in tax structure desirable and feasible.

Short-Run Outlook for Financing Business Capital Expenditures

In general, there has been little concern that businesses have been unable to carry out their programs for lack of funds. The concern, at least to the present time, has been to secure their expansion through loan rather than through capital.

The primary concern about the availability of funds to business capital to business capital is that short-run has resulted in the actual supply of floating new stocks which are normally considered to be temporarily

ALBERT R. KOCH

least during times of uncertainty. The rather sharp decline in stock prices in the fall of 1948 to the recent rise in such prices to nearly their pre-1948 level denotes the discussion of this problem, however, has been more concerned with the question of funds,—that is, whether credit is available to business corporations during this period. Such funds, in fact, have been the most important source of corporate equity capital in this country.

Recent comments on corporate undistributed profits have been largely for the level of such profits, as indicated by the available data, on the ground that corporate profits today contain a large volume of short-lived inventory profits and also that they are over-rated because of under- depreciation of existing assets on the basis of current high reproduction costs.

A large volume of corporate undistributed profits has been said to have been the year, although the data indicated that corporate profits today contain a large volume of short-lived inventory profits and also that they are over-rated because of under- depreciation of existing assets on the basis of current high reproduction costs.

As a result of the large postwar increase in undistributed profits and new stock issues, business corporations as a group have enjoyed a favorable ratio of equity-to-debt ratio than they have in the past. This has been due to the fact that the volume of corporate undistributed profits has increased greatly in the past few years as a result of the increase in corporate profits and the larger dividend payments. If the equity of corporate capital is measured by the ratio of the corporation's sharehold values and the amount of its assets, the ratio has been higher than in the past few years. If the equity of corporate capital is measured by the ratio of the corporation's sharehold values and the amount of its assets, the ratio has been higher than in the past few years.

There is no question that it is possible for business enterprises to rely too heavily on debt financing from their capital expenditures programs, but there is no question that a situation of this kind has been characteristic of postwar periods. Moreover, interest rates have been lower, and the amount of capital that is available for business corporations during this period. Such funds, in fact, have been the most important source of corporate equity capital in this country.

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More Production—The Price of Freedom

By CHARLES LUCKMAN
President, Lever Brothers Company

Industrial executive in pointing out nation faces problem of production inflation along with giving economic aid to free societies, while having at same time tragic necessity to rearm, urged pay rise, though at least 10% to bring over to labor in higher wages, lower prices to public, and higher dividends to stockholders. Advocates immediate organization of labor-management “Joint Productivity Clinic” to sponsor incentive production program.

Like all things, freedom has its price. We must pay that price by working even greater miracles in the future than we did in the past, for those miracles, but we shall certainly get the blame if they do not occur. For our eco-

nomie way of life, the demand for ever cheaper and better goods, is being met through the American system of free enterprise, by including all those thousands of men and women who, day after day, work in the fields and factories, in the mills and mines, in the offices and stores. It is a man-made miracle, this, that people can be so content with our system of government that they will spend more to buy its product. The business of America has been built on a philosophy of freedom. The American is a free man, free to buy and sell, to work and to produce. He is paid by the profits of the business, not by wages. He is free to vote, to work, to think, to speak. He is free to become a director of the business, as we see today, by purchasing a small lot of stock. He is free to vote for the man in the election, who will conduct the business of the country. He can write anything he wants to, no matter what it is. He can think anything he wants to think, no matter what it is. He is free to wear what he wants to wear, no matter what it is. He can live where he wants to live, no matter what it is. He can make his home where he wants to make it, no matter what it is. He can have his children go to school where he wants them to go to school, no matter what it is. He can have his children work where he wants them to work, no matter what it is. He can have his children take care of their property, no matter what it is. He can have his children do anything they want to, no matter what it is. He can have his children do anything they want to do, no matter what it is. He can have his children do anything he wants to do, no matter what it is. He can have his children do anything he wants to have them do, no matter what it is. He can have his children do anything he wants them to do, no matter what it is. He can have his children do anything he wants them to have them do, no matter what it is. 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He can have his children do anything he wants them to have them do, no matter what it is. He can have his children do anything he wants them to have them do, no matter what it is.
Sad, Sorry and Puzzling

“We (the British people) are not earning our own living or paying our way, nor does the Government hold out the prospect of our doing so in the immediate future. We have no hope of a better future in our country, while time remains, from the perverse doctrine of Socialism, there will be no better prospect of recovery. This island can not maintain its position as a great power under a Socialist or Collectivist system.”

“We should be left here with a horde of safe officials brooding over every little item of expense, hungry and broke human beings. Our place in the world will be our own, not only our individual self-respect, but our national independence, will be gone. * * *

“How the ministers can derive the system of private enterprise and capitalism which makes America great and wealthy and then at the same time eagerly seek the aid which has hitherto been so generously granted for recovery, but to which is a grimace which baffles the limitations of our language to explain”—Winston Churchill.

These are some of the prospects which depress and some of the questions which puzzle a good many in addition to the wartime Prime Minister.

Heimann Urges Planning for Hard Money Return

Manager of National Association of Credit Men concedes a gold standard currency will prevent government spendthrift actions.

Need for an early return to a “hard money” monetary basis, not only in the United States but in other nations as well, if the world is to find a solution for international trade, becomes more apparent every day, declares Henry H. Heimann, Executive Vice-President of the National Association of Credit Men.

“Under these conditions, a reasonable time to enable other nations a start to program which will lay the foundation for a return to hard money is essential. We have suffered the severe illness of a currency disease. The cure necessarily involves a reasonably short period of convalescence but to return to full health we need a prescription that will put us back on gold. In this an election year, the platforms of both parties have the idea of the type of program which has as its object a return to a gold basis.”

Some of the present inflation aside from war causes is directly traceable to the action of our government during the preceding years in devaluing gold and placing it on a semi-mercantile currency basis, Mr. Heimann says. A further action removed every important check against spendthrift actions by the government. He has this to say about the effect of the devaluation of gold on our present inflation: “If we were on a gold basis, and the government man-aged its fiscal deficits, or spent less than they should and would demand hard money. This demand for gold, or even a run to get gold, is the check the average man has against profi-titeering stations and financial institutions. For the momentary fear of gold, the shock to our people is not lessened, the danger of unemployment, and the loss of confidence in paper money would cause Congress and the government officials to realize that the situation had to be remedied by putting into effect sound monetary and fiscal policies and offering real incentives for increased production. Today, however, with gold unattainable, we have taken, away the most effective brake, outside of elections, that the people have, to hold the cost of government and money tight.”

Elected Directors

The election of Charles Edison and Morris F. LaCroix as directors of the Kerr-McGee Oil and Gas Corporation and Telephone Corporation was announced today by Colonel Southean Hehn, Chairman and President of the corporation, fol-lowing a regular meeting of the Board of Directors.

Mr. LaCroix is President and Di-rector of Thomas A. Edison, Inc., and formerly served as Governor of the State of New Jersey from 1941 to 1944, and as Secretary of the United States Navy from 1939 to 1946. Mr. LaCroix is Chairman of the Board of the General Tele-phone Corp. and also is a partner in the brokerage firm of Paine, Webber, Jackson and Curtis. He is also a trustee of Smith College.

This announcement appears as a matter of record only and is under no circumstances to be construed as an offering of these securities for sale, or as a solicitation of an offer to buy any of such securities. The offering is made only by the Prospectus.

Kerr-McGee Oil Industries, Inc.

Common Stock

$1.00 Par Value

300,000 Shares

Price $16.75 per Share

Copies of the Prospectus may be obtained in any State from each of the several Underwriters, including the undersigned, as may lawfully offer the securities in such State.

LEHMANN BROTHERS

STRAUS & BLOSSER

June 16, 1948.
Mutual Funds

By HENRY HUNT

A Suggestion

Recently we talked to a partner of one of the largest stock exchange firms in the country—a firm that three months ago became the first. However, the firm mutual fund shares only to their understand that we were recommending mutual funds, and asked me if I thought they should put $13,000 in one of them. I told him that no one enjoys making money, but that the "road," although it might be too high for an investment of $13,000. In other words, felt that mutual fund loads should be reduced on a sliding scale to give the $10,000-$20,000 investor a break.

While most mutual funds have a 
accurate statements, on a percentage basis, less than the fourth amount that is paid by the investor for stock. To put $1,000 into a stock.

A Sales Hint

Keynes Custodian Funds

Certificates of Participation in INVESTMENT FUNDS investing their capital

IN BONDS
(Series B-3.B-5.80)
PREFERRED STOCKS
(Series K-2.8)
COMMON STOCKS
Prices from your local investment dealer or
The Keystone Company of Boston
50 Congress Street
Boston, Massachusetts

J. P. Morgan & Co., Inc.

New York ........................ Chicago .................
......................... New Orleans ..............
......................... Los Angeles ..............

Comprehensive Research

SHARES OF CAPITAL FOCUS OF

INVESTMENT CORPORATIONS

Affiliated Fund, Inc.

Prospectus upon request

LORD, ABBETT & CO.

INcorporated

18 (2650)

THE COMMERCIAL & FINANCIAL CHRONICLE
Thursday, June 17, 1943

Future

investment

110 Broadway, New York 5, N. Y.

Fundamental Investors Inc.

Prospectus upon request from
your investment dealer, or

NATIONAL SECURITIES SERIES

NATIONAL SECURITIES & RESEARCH CORPORATION

138 Broadawy, New York 5, N. Y.

Mr. Merritt has found that this means with more effective presentation than showing the portfolio in the prospectus first. In effect, the salesman presents a full-page "ad" on his fund for the price of his morning newspaper!

Dollar Averaging

The President of a leading brokerage company, a firm believer in dollar averaging, said he had a fixed sum every month which he invests in one of his own funds. Furthermore, he pays the full retail price, doesn't even receive the dealer discount.

40c vs. $11.00

According to "Oporethope Opions," issued by the Southern Securities Corporation of Savannah, Georgia:

"Prior to the First World War, 1914, the average retail price of Hartford Railroad stock was considered a suitable investment for widows and orphans. General Motors, on the other hand, was a risky new holding.

"One hundred dollars invested in the New Haven's stock would be worth less than 40 cents. Today, $100 put into General Motors would today be valued about $11.00."

How Much More Inflation?

The following is an excerpt from Hugh W. Long's June "New York Letter."

"The inflationary gun is again being charged with dynamite. During the next 12 months or so, the European Recovery Program, current inventory enhancements, and tax reductions should create at least $13 billion of additional buying power. Without corresponding increase in goods and services, New, still more billions of dollars are being made available through wage increases. These too will compete for available goods and service. Such increases in buying power at a time when we already have full employment and the economy is operating near capacity, create tremendous upward pressures on prices. And additional fuel added to the fire by removing the government's fiscal policy, which has again become inflationary."

"Fortunately, there are strong offsets that did not exist during 1946 and 1947 when the inflationary gun was set off. Large capital expenditures on the part of industry, and the almost 100% increase in over-all capacity to produce and in many industries that have added equipment, are offsetting in many lines. Government has increased in Western Europe. It is expected that our exports will be smaller and imports will be lower than last year. This will add goods to the supply available for domestic consumption."

"Possibly most important as an offset to the fear of rapid inflation is the current dollar shortage. In a healthy economy, lower food prices. Latest crop ratings indicate that we are not going to have a bumper harvest at home and abroad. Indications are that Europe will need substantially less in dollars this year. It may not be long before the dollar is worth less. We are asking the public to hold back in order to keep the dollar's price lower than it could be this year."

"Wage increases mean higher production costs and higher retail prices. We cannot afford any increases for prices through the greater consumer demand for goods which go along with increases. We cannot hold the pressure on the prices of the steel, electrical equipment and certain other industries that we tried to do. The per cent of price advances has slowed down, the world is still hungry and we are not in price easing. We are developing a more favorable balance in the economies to the advantage of all groups, including investors."

"D. G. Solich

Distributor's Group's current "Investment Report" has the following comments:

"The continued advance in stock prices has been due to the influence of technicians (whole influence on investor opinion is widespread) that the buying power which they erroneously believed was forecast cast is not as strong as people may have thought. The dollar shortage, September, 1946, has receded into the indefinite future. Irrespective of the value one might place on their judgment, their charge in attitude is important as a further restorative of confidence, for confidence has been the only ingredient lacking in the securities markets. It is not expected to return.

"We have now a remarkable combination of:

1) Increasing intrinsic values for most common stocks (measured in earnings, assets values, in dividends),

2) a difference between the market price of the stock and investment capital for the first time in many years,

3) relief from taxation, which should mean larger investment and should also encourage the flotation of new funds from bonds into stocks,

4) a reduction in interest rates, and the situation has permitted our leading enterprises available at close to record lows in relation to their earnings or profit potentials.

"We expect earnings to be maintained for a long period ahead as can reasonably be forecasted—and the eventual reflection of these earnings in much higher price levels for stocks."

Are Profits Too Low?

"These Things Seemed Imperative

John M. Hancock, Chairman of the American Management Association.

Houston Chairman

Chairman of the Board of Directors of the Hancock Mutual Fund.

Hancock Chairman

John H. Mannion, President of Lehman Bros, has been reelected

Hancock Chairman

SSI PeULMENTS Grady Peads Guilty

SSI PeULMENTS

The Securities and Exchange Commission and the Department of Justice announced on June 17 that Stanley Grayson, whose conviction had been reversed on appeal, was charged and convicted of conspiracy in a kickback case involving William Bondy of the Cincinnati Enquirer and Dean Kullman of the Cleveland Press. Kullman was sentenced to one year and a day on all counts except one and a year on all counts except one. The $50,000 and $2,000. Kullman was sentenced to three years suspended sentence and was placed on probation for five years, with the prohibition that he may not engage in the same or similar business. Kullman was also sentenced to one year and a day on all counts except one and a day on all counts except one. The $50,000 and $2,000. Kullman was sentenced to three years suspended sentence and was placed on probation for five years, with the prohibition that he may not engage in the same or similar business. Kullman was sentenced to one year and a day on all counts except one and a day on all counts except one. The $50,000 and $2,000. Kullman was sentenced to three years suspended sentence and was placed on probation for five years, with the prohibition that he may not engage in the same or similar business. Kullman was sentenced to one year and a day on all counts except one and a day on all counts except one. The $50,000 and $2,000. Kullman was sentenced to three years suspended sentence and was placed on probation for five years, with the prohibition that he may not engage in the same or similar business. Kullman was sentenced to one year and a day on all counts except one and a day on all counts except one. The $50,000 and $2,000. Kullman was sentenced to three years suspended sentence and was placed on probation for five years, with the prohibition that he may not engage in the same or similar business. Kullman was sentenced to one year and a day on all counts except one and a day on all counts except one. The $50,000 and $2,000. Kullman was sentenced to three years suspended sentence and was placed on probation for five years, with the prohibition that he may not engage in the same or similar business. Kullman was sentenced to one year and a day on all counts except one and a day on all counts except one. The $50,000 and $2,000. Kullman was sentenced to three years suspended sentence and was placed on probation for five years, with the prohibition that he may not engage in the same or similar business. Kullman was sentenced to one year and a day on all counts except one and a day on all counts except one. The $50,000 and $2,000. Kullman was sentenced to three years suspended sentence and was placed on probation for five years, with the prohibition that he may not engage in the same or similar business.

Kullman Visiting the Coast

Philip G. Kullman, Jr. of John J. O'Kane, Jr. & Co., 43 Broadway, New York City, is now making a business trip to the West Coast with business with pleasure. He is visiting Chicago, Colorado Springs, San Francisco, Portland and Seattle. Mr. Kullman is accompanied by his wife and his son John, who is attending the University of Washington as a freshman. Mr. Kullman will be back at his desk in New York on June 21.

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Our Reporter on Governments

By JOHN T. CHAPMAN, JR.

The monetary authorities appear to be taking turns, springing surprises on the government securities markets, with the Federal Reserve System pulling the unexpected, . . . the announcement that from July 1 through Aug. 14, 1948, inclusive, non-bank securities could be allowed to purchase $1,000,000, while commercial banks with savings accounts could purchase $5,000,000 of government securities. . . .

... The Federal Reserve Board had to have the up and increased reserve requirements of Reserve City Banks from 2% to 2.25%... This action cooled off the government market and prices gained some ground after the sharp rise, but never putting the maintenance of the 15% certificate rate. . . .

Federal Reserve Bank of St. Louis
Digitized for FRASER
Volume 167 Number 4708
THE COMMERCIAL & FINANCIAL CHRONICLE
(2651) 19

Fundamental Facts on Foreign Trade

by GEORGE W. WOLF
President, The Wolf Export Company

Mr. Wolf stresses need of greater U.S. imports in order to reduce world trade imbalance and revive multilateral international trade. Cites need for exported essential raw materials and decline in our domestic reserves. Says granting foreign loans is no substitute for imports, and proper imports are needed more than exports. Asserts a planned economy is an empty promise.

We are engaged in a cold war. On one side we have an ideology that believes in the vassalage of man; on the other hand, an ideology believing in the sovereignty of man. As world leaders of this second group, we must strive to keep America strong—as we have been under our system of Free Enterprise. It has been said that there was never a war-won world as victim of false divisions as is the world today. This is a world divided in two, as a result of the beginning of this very important epoch in history, as an independent nation in the world. The countries that are going to be the winners in this economic war for the next five years will be those that will have the ability to produce, to be self-sufficient and to support their own lives.

The larger component of our emergency measures of world aid to peace loving nations is to help them to help themselves establish a viable world economy—an economy in each of the separate countries, and therefore in the world at large, that will from some given point in the future be fiscally capable of supporting their own economic lives.

This means that we are striving to revitalize multilateral international trade on a sound and lasting basis. The trade we do must be made a two-way trade, not just a one-way trade. We have to look at that not too distant day when we, as a nation, shall have to meet our needs from the resources of this country. The larger component of our emergency measures is to help us to establish our own economy strong, healthy, virile and expanding.

Must Import More

Today, when exports exceed imports by billions of dollars, we have not one future prospect of reducing such imbalance, it is more important than ever that we, as a nation, give serious thought to the importance of imports and do all we can to reduce the flow of goods and services to this country.

Otherwise, our foreign trade will remain a one-way route of exports. It will be a one-way traffic of our precious resources. We cannot change this nature of trade. In so far as our national well-being is concerned—we will be ruined. To prevent the probable expenditure of our available resources, we must not only reduce the imports but we must undertake the adjustment of our own economic lives.

We cannot change the fact that the world is divided in two—by an ideology. As a result of this, the world is divided in two—by a world that is in a state of mind. The world is divided in two—by a world that is in a state of mind. The world is divided in two—by a world that is in a state of mind. The world is divided in two—by a world that is in a state of mind. The world is divided in two—by a world that is in a state of mind. The world is divided in two—by a world that is in a state of mind.

A major problem for us is to reduce our imports by billions of dollars. This is not a matter of our national well-being, but it is a matter of our national security. We must reduce our imports by billions of dollars to prevent the probable expenditure of our available resources. We must undertake the adjustment of our own economic lives. We must undertake the adjustment of our own economic lives.

150,000 Shares
Montana-Dakota Utilities Co.

Common Stock
Par Value 10 Per Share

Price $12.50 per share

Copies of the Prospectus may be obtained from the undersigned only by persons to whom the undersigned legally offers their shares under applicable securities regulations.

This advertisement appears as a matter of record only and is intended to be construed as an offering if there are sales, or as an offer to buy, or as a solicitation of an offer to buy, any of such shares.

The offering is made only by the Prospectus.

Blyth & Co., Inc.
Merrill Lynch, Pierce, Fenner & Beane
Kidder, Peabody & Co.
Robert W. Baird & Co.
The Milwaukee Company
Woodward-Eldred & Co.
Kalman & Company, Inc.
Piper, Jaffary & Hopwood
Equitable Securities Corporation
Kehlman, McCormick & Co.
Stifel, Nicolaus & Company

Central Republic Company
Incorporated
E. H. Robbins & Sons
Incorporated
Laurence M. Marks & Co.
The Illinois Company
Pacific Northwest Company

Whiting, Weeks & Stubbs

June 16, 1948

This document contains a page with text. The page has a watermark that reads, "This advertisement appears as a matter of record only and is intended to be construed as an offering if there are sales, or as an offer to buy, or as a solicitation of an offer to buy, any of such shares. The offering is made only by the Prospectus." Additionally, there is a note that says, "Copies of the Prospectus may be obtained from the undersigned only by persons to whom the undersigned legally offers their shares under applicable securities regulations."
Canadian Securities

By WILLIAM J. McKAY

Despite fervid domestic criticism and foreign misgivings, the wisdom of the action of letting the Canadian dollar to par vis-a-vis the U. S. dollar is becoming increasingly apparent. In the light of the only valid criticism that can now be leveled at those responsible for this step is dilatoriness in restoring to the currency its original parity. Undeniable though this charge had been taken before the strong U. S. speculative interest in Canadian securities, and, most of late, it has been aided by the realization that Canada’s subsequent exchange operations have largely been avoided.

The spectacular influx of U. S. capital funds attracted by the 10% discount level of the official Canadian dollar caused a gratifying increase to an all-time high level in the Canadian exchange reserve of U. S. dollars. This led in turn to the pardonable complacency that existed at that time concerning the strength of Canada’s exchange position. Insufficient attention was given to the impairment of the inter-American reserves, and delayed by the imposing nature of their task, the Canadian authorities were slow to check the Canadian buying spree in this country at an early stage.

When this error was realized, however, speedy and effective action was taken to arrest that alarmingly rapid decline of the Dominion’s exchange fund. Furthermore the recent U. S. policy program has not been merely negative, it has included all some unforeseen benefits to the Canadian community. No false illusions born of apparent affluence now remain. While the exchange reserve position is not yet entirely overdrawn there has been no greater discomfort than the time-honored U. S./British/Canadian exchange triangle was conveniently neglected.

With the exchange reserves at a precarious level and cold cash of the case could no longer be avoided. With characteristic realism the Canadian authorities then called for general measures and re-oriented the official course in the direction of greater caution.

Even at this early stage favorable results have been materialized. Trade and Commerce Minister St. Laurent announced the year’s early 1948.

The Devehent of Canadian Securities

Canadian government securities which matured during the month of January and February have been used as collateral in new placements of securities in the bond market. In view of the recent suspension of the U. S. exchange program the present Canadian position can be viewed as an example of a greater degree of uniformity of the U. S. and Canadian price levels.

During the week both the internal and external sectors of the bond market were dull and the firming tendency which had been marked-down in sympathy with the reaction in free funds following the February dip, was interrupted by a consistent and steady advance. This decline was due in large part to the desire of foreign authorities for delivery in connection with active short-term bond redemption. In view of the limited supply of free funds for tourist purposes these offerings should soon be matched by redemptions in the mining areas of the Canadian-British investment interest is then likely to be on an increased scale. Stocks after their recent spate showing displayed signs of greater animation with the attendant appreciation of the upward trend in New York. The gold market remained in the doldrums and declines followed the announcement of the dividend reduction on Dome Mines.

H. Hentz & Co. Opens New Canadian Dep’l

H. Hentz & Co., 60 Beaver Street, New York City, members of the association and other leading securities and commodity exchanges, announces the opening of a new department to specialize in Canadian equities. This step is in connection with the opening of the department, which will be under the personal supervision of Allen Manus and Cecil Manus, the firm announces the installation of the office at 42 Wall Street, and the reopening of the office at 888 Angus & Co., 304 Bay Street, Toronto, members of the Toronto and Montreal Stock Exchanges, and the Montreal Bank Market.

All these shares having been sold, this advertisement appears as a matter of record only.

NEW ISSUE

1,132,631 Shares

LONGSLEY COMPANY

Common Stock
Par Value $1 per Share

Price $3 per Share

ELAIR & CO., INC.

MAXWELL, MARSHALL & CO.

June 15, 1948.

Canadian Bonds

Canadian Stocks

A. E. AMES & Co.
INCORPORATED

TWO WALL STREET
NEW YORK S., N. Y.

WORTHY 4-2400 NY-11401

Canadian Securities

Canadian Stock
John C. Traphagen, Chairman of the Board of Bank of New York, is announced to have appointed Charles M. Gilks hereafter serving as Vice-President in charge of the Credit Department. This appointment was made at the same time that Roderick McFarlane, Vice-President in charge of the Security Research Department, to be the Administration, was made.

Mr. Freny has entered his name for election as an assistant vice-president in the Board of Directors, and Mr. Moore, after his education at St. Paul's School and Yale University, joined the bank in 1928. Since his return from the Navy in 1945, he has been connected with the Banking Department.

The election of James S. Carley, former Vice-President and Director of American & Foreign Power Co., and Mark S. Segal, former Clerk of the Bank of New York, has been announced. Mr. Carley and Mr. Segal have been elected to the Board of Directors.

At the regular meeting of the Board of Directors of the New York Telephone Co., held on June 15, Karl Kiech was appointed an Assistant Cashier.

Sterling National Bank & Trust Company, New York, announces that Peter Scrivens, former Assistant Vice-President, has been reelected Assistant Vice-President and Director of the Bank's Rego Park Office, has also been elected an Assistant Vice-President.

Mr. T. Madden, President of the Emigrant Industrial Savings Bank, re-elected and June 11 that the Board of Trustees has advanced Mr. Robert P. Hackett to Vice-President. Mr. Hackett has been with the bank since December 1945.

Howard P. Maier, Director of the South American Bank, and a trustee of the Jamsa Savings Bank, Jamaica, has been elected Honorary Vice-President of the Bank at a recent meeting of the board of trustees, it was announced by Dr. Adlakhe, President.

At the board meeting, Robert F. Peterson and Vincent A. Carroll were appointed Assistant Secretaries of the bank.

Burr P. Cleveland, President, First National Bank of Cortland, N.Y., was elected President of the New York State Bankers Association at its 52nd annual meeting in Wilkes-Barre, Pa., on June 14.

Harry W. Davies, President, the Syracuse Trust & Savings Bank, was elected Vice-President, and Charles S. Andrews, President, Bronzino Trust Co., Brooklyn, was elected Assistant Secretary.

The Association, founded in 1864, includes in its membership over 90% of all the commercial banks in New York State.

Pierre N. Hauser, Vice-President, First National Bank, Milwaukee, Wis., on June 11 was elected President of the American Institute of Banking, after serving as Vice-President for the past year. Harwell F. Taylor, Assistant Vice-President of The Bank of Virginia, Richmond, Va., was elected Vice-President, and John J. B. Martin, Executive Secretary, was re-elected Executive Director of the Institute since 1894.

The Bank of Virginia has filed and installed a final general assessor of the American Institute of Banking, 351 Madison Avenue, New York City.

The convention also elected four Executive Councilmen to serve for the next three years. They are Joseph F. Connelly, Vice-President of the First National Bank, Spence Phillips, Chairman, Mortgage Department, Savings Bank, Frank W. Phillips, Vice-President, Commercial Trust Company, New York; Robert M. Coe, Jr., of N. C.; and Martin J. Travers, Executive Vice-President, Power & Light, 5063, 7th Avenue.

Artemas C. Leslie has been appointed a director of the Keystone National Bank in Pittsburg succeeding the late Dr. John B. (Jock) Sutherland, Herman M. Schaefer, President, announced on July 2.

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We Offer

296,000 SHARES
FLEET OIL CORPORATION
COMMON STOCK

PRICE $1.00 PER SHARE

Orders executed by your investment dealer or the undersigned

AETNA SECURITIES CORPORATION
111 BROADWAY, NEW YORK, N. Y.

June 15, 1945

Chief National Bank Examiner of the Federal Reserve Bank of New York will accept the resignation of Mr. McEvilly, as President of the First National Bank of Cincinnati, effective at the close of business on May 31, the announcement of the First National Bank of Columbus, S. C., and the Merchants Bank of Charleston, S. C., was issued by the Comp¬

1

The retirement of Robert McEvilly as President of the First National Bank of Cincinnati was announced June 1 by W. E. Pierson, President, follow¬

2

in the Philadelphia “Inquirer” of June 3, from which the following is taken:

“Mr. McEvilly was appointed as head of the National Bank of Philadelphia from 1918 to 1929 and later served as President of the Liberty Na¬

3

In 1937, he became director of the Southern Governors’ Confer¬

4

It was stated that this offering of the 2 1/4% Treasury Bonds, Investment Series A-1943, which repre¬

5

The special offering of Series F and G bonds is being made to institutional investors holding sav¬

6

(Continued from page 21) succeeded as President by Alex¬

7

Mr. Murray was Chairman of the Advisory Committee of the Sewickley offices of the Mellon National Bank and Trust Co.; a director of the National Union Fire Insurance Company and of the Union Title Guaranty Com¬

8

being director of the board of directors on

9

2

of 25

1

"Mr. McEvilly will continue as secretary of the bank. Mr. Pierson said. Born in Cincinnati in April, 1874, Mr. McEvilly joined the bank in 1890, left in 1903 and rejoined the bank’s services in 1901 and was elected Assistant Cashier shortly afterward.

10

"He was elected a Director in 1911, Cashier in 1913 and Vice- President in 1917. He succeeded Joseph Janzen as Secretary of the Board in 1927.

11

"Mr. McEvilly served two years as chairman of the Operator Blanketers Association. He is a Di¬

12

of Manufacturers National Bank of Detroit on June 11 declared a quarterly dividend of $1.75 per share payable June 30 to stockholders of record June 15, 1945. This represents an increase in the annual dividend rate from 6 1/2 to 7%.

13

William D. Pollard, Vice-Presi¬

14

Bank of Commerce in Memphis at a meeting of the

15

John L. Gibson, previously in charge of the Dallas National Bank’s industrial loan department, has been appointed Vice-Presi¬

16

in the Dallas “Times Herald” of June 8, which also said:

17

"He held the former position with the Dallas National since 1938, filling a period of military service. He was previ¬

18

He retired marks the comple¬

19

in his close to half a century of service, has seen the bank grow from a $400,000,000 company occupying modest quarters on the ground floor of the Rockbuilding to its present personnel of around 1,200 and its present bank building.

20

"Directors of Manufacturers Na¬

21

the business development department. "John Scott, formerly with the oil loan department, has been with the bank for the past four years.

22

"E. E. Wallace, Jr., presently manager of the credit department, has filled a number of responsible positions since his affiliation with the bank.

23

"The resignation of Jordan C. Flippin, Vice-President of the First National Bank of Dallas, Texas, was announced on May 29 by President J. E. McElroy. Mr. Flippin’s action, it is stated, is prompted by ill health, and

24

John W. Snyder

25

John W. Snyder

26

The oil company will be permitted to purchase United States Savings Bonds of Series F at the rate of $500 per $1,000 face amount. Issuance of the bonds will be limited to an initial amount of $100,000 and thereafter to an amount not exceeding $50,000 per week or $250,000 per month from July 1 through July 15, 1945.

27

"In order to meet the requirements of the order, the bank will be permitted to purchase F bonds by non-residents of the United States, including persons doing business in the United States through their depository banks, at the rate of $500 per $1,000 face amount. Issuance of the bonds will be limited to an initial amount of $25,000 and thereafter to an amount not exceeding $50,000 per week or $250,000 per month from July 1 through July 15, 1945.

28

"Bonds, including those purchased under the bond-buying program, will be purchased only under contract with the Secretary of the Treasury, and will be purchased through the Financial Operations Agency, Chicago, Ill., and will be paid for in a manner prescribed by the Secretary of the Treasury.

29

"We Offer

30

"A market has been established for the ‘rights’ at $0.60 each. The ‘rights’ will be mailed today, with the ‘shares’ to arrive at noon June 30.

31

"The increase in capital, Didden

explained, was made necessary by the rapidly growing assets of the bank.

32

A certificate approving and making effective at the close of business on May 31 the consolidation of the First National Bank of Columbus, S. C., and the Merchants Bank of Charleston, S. C., was issued by the Comp¬

33
More Price of Freedom

(Continued from page 16)

also, we must. It is a war of life and death, with no draws and
no compromise. Most of us have come to
realize that the war has ended, and we have accepted it reluctantly. Now we are at peace, and...
Industrial Development
And New Capital Sources

(continued from page 15)

As much pressure on the limited supply of goods as bank credit expansion. Only if the new equity capital came from current savings that would otherwise have been spent would it have been a less inflationary method of financing capital expenditures.

It is probably true that the aggregate of business plant and equipment on hand today is adequate for a sustained, full-functioning economy. There remains, however, the problem of the timing of private capital expenditures over the years to make up the shortfalls, and second, and most important, the problem of maintaining a full-employment economy so that the long-run needs for industrial development will materialize.

It is the last and least difficult problem, it may be noted that business cycles in the past have generally been characterized by extreme fluctuations in private capital expenditures over the business cycle as a whole there has always been over-investment during the prosperity phase, and under-investment during the depression phase. Demand and profits tend to be overestimated, and costs underestimated, during prosperity; whereas, just the opposite is the case during depression. The problem is to maintain a full-employment economy so that the long-run needs for industrial development will materialize.

The Long-Run Outlook for Financing Business Capital

If we can make some progress in the area of investment policies in business activity, the long-run capital may begin to acquire better investment opportunities and demands. There is no reason why the long-run capital, as currently measured, should be in the form of secondhand capital, either by bank credit or in any other form or way. Our purpose is to make more use of new equity capital, both through direct investment and through property or through fiduciary institutions.

As to the supply of private savings, individuals seem more likely to increase their saving security than higher return capital. Some of the increase in private savings has come from the Securities and Exchange Commission in the last two years, but this is all likely to be more than canceled out by the decrease in business capital expenditures over the course of the business cycle. In the current boom situation this means that existing shortfalls in plant and equipment would be made up gradually rather than precipitously.

On the second problem, the maintenance of a full-employment economy, obviously no solution has been found in the past and no pat solution is going to be found in the immediate future. However, the spreading out of private capital expenditures would, it seems to me, help in the solution, not only directly through tend to be more directed toward the non-business capital goods field, but also indirectly by tending to dampen price fluctuations of private capital goods outlays, and not so much during the depression phase. Demand and profits tend to be overestimated, and costs underestimated, during prosperity; whereas, just the opposite is the case during depression. The problem is to maintain a full-employment economy so that the long-run needs for industrial development will materialize.

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Pacific Northwest Tours Sponsored by San Francisco Exchange Great Success

SAN FRANCISCO, CALIF.—A group of 35, representing the San Francisco Stock Exchange, partners and brokers, left this city for a sight-seeing trip to the Pacific Northwest on Tuesday. The tour, sponsored by the San Francisco Exchange, was paid for by Mr. S. S. Edwards, President of the Exchange, and covered three days in the Northwest. The purpose of the trip was to acquaint the visitors with the different industries in the Northwest and to strengthen the bonds of friendship between the Pacific Northwest and the Far West.

The group went up the Portland-Washington Railroad to Portland and then went by train and boat to Astoria. They then traveled by rail to Seattle, where they visited various industries and sites of interest before returning to Portland. They then traveled by train to Spokane and then by bus to Sand Point, where they were entertained by Sam Hedden and the Palouse Ambassadors. The tour concluded with a trip back to Portland by train.

The tour was paid for by Mr. S. S. Edwards, President of the San Francisco Exchange, and the purpose was to strengthen the bonds of friendship between the Pacific Northwest and the Far West.
Postwar Changes in Commercial Bank Portfolios

(Continued from first page) creation was employed to fill gap in the war-depleted system. At the end of 1945, the public debt holdings of banks were about $10 billion, compared with $63 billion at the end of 1944. The bulk of the decline in public debt holdings has been in Treasury bills, which have declined from a peak of $88 billion in December, 1941, to less than $10 billion at the end of 1945. The Federal Reserve has unwound its open market operations to a large extent during the last quarter of the year, and the bulk of the decrease in Treasury bill holdings has been in the Federal Reserve banks. In the Federal Reserve banks, the decline in Treasury bill holdings amounted to $5.3 billion, or 37.5 percent of the total decrease in Treasury bill holdings. The Federal Reserve banks have been selling Treasury bills to the public in order to reduce the volume of bank liquidity, and the decline in Treasury bill holdings in the Federal Reserve banks has been offset by a corresponding increase in the holdings of the commercial banks.

The decrease in public debt holdings has been partially offset by an increase in the holdings of government-insured mortgages. The Federal Reserve has purchased approximately $3 billion of government-insured mortgages during the last quarter of the year, and the holdings of government-insured mortgages by commercial banks have increased from $10 billion in December, 1941, to $34 billion at the end of 1945. The increase in the holdings of government-insured mortgages has been offset to some extent by a decrease in the holdings of consumer credit, which has declined from $15 billion in December, 1941, to $12 billion at the end of 1945. The decrease in consumer credit holdings has been offset by an increase in the holdings of loans and discounts, which has increased from $10 billion in December, 1941, to $15 billion at the end of 1945. The increase in the holdings of loans and discounts has been offset by a decrease in the holdings of government-insured mortgages, which has declined from $3 billion in December, 1941, to $1 billion at the end of 1945.

The decrease in consumer credit holdings has been offset by an increase in the holdings of loans and discounts, which has increased from $10 billion in December, 1941, to $15 billion at the end of 1945. The increase in the holdings of loans and discounts has been offset by a decrease in the holdings of government-insured mortgages, which has declined from $3 billion in December, 1941, to $1 billion at the end of 1945.
H密码 Wide Group Offers Kerr-McGee Oil Common Shares

Lehman Bros. and Strauss & Blesser headed a group of underwriters that sold 1,610,000 shares of Kerr-McGee Oil Co. common stock at $48.75 per share. Of the shares offered, approximately 100,000 were account of the company and 100,000 for certain selling stockholders.

Sterling, the Sterling Area and EK P

(Continued from page 13)

...an end and our reserves have...beest by a type of inexhaustible system for which is...This is...that by the end of the...period we no longer have any gifts or loans outstanding.

Compared to the $1,000...and the resulting effective 7%...are in the region of 2:00-2:40 millions in a year;...in the case of most...figures are not available.

Sterling, the Sterling Area...the world's largest oil-producing companies, is a vital factor in the world's energy...have been reduced to 1.20 barrel per day. An...basis of about 50 barrels per day is...the first such well now is being drilled by the...of...the...whether...after additional drilling, condensate oils and in...the reserves which have been estimated as proved might be developed in the...in deeper zones around the salt plane.

The company has interests in a total of 74,712 acres of leases from the...areas in the Gulf of Mexico, off the...Texas, Kansas, Arkansas, Wyoming, and the...000 gross and 34,000 net acres on which are located 521 oil and 14 gas wells.

Net proceeds of approximately $1,200,000 were committed by the company from the sale of 20,000 shares of Kerr-McGee Oil Co. stock. The average price paid for the purchase of restricted common stock, which...the...shares of cumulative convertible preferred has increased our cumulative dividend per year.

For the nine months ended March 31, 1966, the company reported a consolidated total operating revenue of $16,000,000, an increase of $4,322,000, or 35% over the consolidated net income of $922,167, a decline of $342,950, respectively, in the...ended June 30, 1967.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

The name of Gertrude W. Hawes, director in Veronica C. Brown & Co., effective June 2 became Gertrude W. Hawes.

Consolidated Edison Debentures All Sold

Subscriptions to the offering of $5,000,000 in 5% convertible debentures of Consolidated Edison Co. were completed on July 11, 1967, when the contingencies arising from underwriting risk expired. Contributions of $1,943,500 debentures were...the...bidders earned an additional $4,143,500 debentures. The six bidders who offered the highest prices were awarded the $4,322,500 debentures at prices ranging from 107.92 to 107.57.

Halsey, Stuart Group Offers Rock Island Iss.

The Chicago, Rock Island & Pacific Railroad Co., operator of the city's $4,000,000 equipment trust certificates due in 1969 to 1973 in a banking group headed by Halsey, Stuart & Co., Inc., a leading investment house, sold 10,000 bonds at 104.13. The winning bid was 99.41 for 5½% coupons. Subject to approval of the financing, the Securities and Exchange Commission, the certificates were reoffered to yield 1.20 to 2.575%.

Columbus Stock & Bond Club to Have Outing

COLUMBUS, Ohio—The Columbus Stock & Bond Club will hold its annual golf party at the Columbus Country Club.
More Investment Needed to Increase Real Incomes

(Continued from page 26)

The term "investment" is used in this context to denote the accumulation of capital assets, including the building of new factories, the buying of new machinery, and the improvement of existing facilities. Such investment is a necessary condition for the production of additional goods and services. The increase in the volume of investment is essential if the economy is to achieve a higher level of production and employment in the future.

Two factors determine the level of investment: the interest rate and the level of savings. The interest rate is the cost of borrowing funds for investment purposes. The level of savings is the amount of money available for investment. When the interest rate is low, it is cheaper for businesses to borrow money for investment. When the level of savings is high, there is a large amount of money available for investment.

In recent years, the level of investment has been below the level necessary to sustain economic growth. This is because the interest rate has been too high and the level of savings has been too low. As a result, the economy has been unable to produce as many goods and services as it could.

The government can help to increase investment by lowering the interest rate. This can be done by increasing the money supply, which will lower the interest rate. The government can also encourage investment by providing tax incentives for businesses that invest in new capital assets.

In conclusion, investment is a key factor in the growth of the economy. The government can help to increase investment by lowering the interest rate and providing tax incentives for businesses that invest in new capital assets. This will help to increase the production of goods and services and create more jobs for workers.
penditures for investment, and, in that way, changes in the behavior of the business action necessary for continuous income growth.

This is one of the important differences between current and investment expenditures. Consump-
tion expenditures rise and fall as a result of changes in income. Investment expenditures, however, can increase in an increase in consumption for investment. Expenditures for investment also can rise and fall during a recession or recovery. If new sources for investment are used, it is by means of new investment expenditures. In the increase in expenditures for investment will result. Consequently, a large amount of new investment must be made if the growth of business activity is to be maintained.

The second important fact is that this increase in investment expenditures is not nece-
sarily a result in an increase in consumption. New funds, introduced by expenditures for investment, work through the production process. They will result in new goods and services being produced, and other forms of income; and additional income results in increased consumption in the usual ratio of consumption and saving. If we take the industry as a whole and continue; consumption is increased. This industry produced new funds for investment, and this is the main point before this audience of our present subject of investment needs. Investment is the only expenditure necessary for continuous income growth.

Suppose we look at the record of the size measures of the National Bureau of Economic Research, we find that this increase in investment increased by 20% in the year 1929 and was 70 years ago expenditures for new capital (including capital replacements) averaged only $764 million for each year of the decade 1929-1939. In the year of 1939 they averaged $7.64 billion. In the year of 1946 they were over 20 times greater. These new funds for investment and aggregate income. These are the figures:

<table>
<thead>
<tr>
<th>Period</th>
<th>Aggregate Capital Formation (in constant prices)</th>
<th>1899-1878</th>
<th>1919-1928</th>
<th>1939-1949</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$78,900,000,000 (1870-1898)</td>
<td>$78,900,000,000</td>
<td>$78,900,000,000</td>
<td></td>
</tr>
</tbody>
</table>

These funds for private investment did not come from government deficits. They were invested in new production—industrial output. Production provided its own income—generation.

And I don't want you to forget that this vast increase in American capital goods, which came from increased investment expenditures, resulted in increased income. The increased income resulted in more additional consumption. This period is a very large one of experience for the factors of production. It shows how many years were the actual creation of end or the end of the year.

I am going to show you a few charts which will give you a picture of investment funds. For selected years, periods, we must see the big three kinds of funds for the years. We will see the success of different kinds of data, and the kind of experience the years of the years of the year.

Next, a picture of depressed and recovery. This is a problem in the year 1937. Then, the war was not over yet, and the recovery of 1938. Then, the government was at a minimum point of reference, and ending with 1945. There are so many important implications in these figures that I shall only attempt to mention some of them and comment very briefly.

I. The Prosperous Years

We shall begin by looking at the first set of figures—that for the years in which we are now in the period of prosperity. In these years, the business of the self-generating economy be the division between private and public sectors, and in our economic and social year of the depression and world that intervened. Another interesting point about these ratios is that the total amount of investment funds may be a rough indication of the extent of responsibility between the public and the private sectors. There is a deficiency for the level of income and employment in the whole economy. We cannot say that all investment funds may be used to produce the job, if they are not. I can only say that in these years of European reconstruction and "cold war" we have a "veritable" growth in this measure of the separate intensity of the two parties. But we would also point out that—with the national budget currently—above this growth in investment funds come out of private business.

II. Depression Years

During the depression, the amount of government expenditures for investment were relatively stable, which I think it is. Government investment expenditures of $1 billion from the low point of the depression, if we look at the Roosevelt Administration began up to the year of prosperity. The government expenditures actually declined by 10% in 1937.

Private expenditures for investment, we have shown that $1 billion in 1929 to only $1 billion in 1932. At that time, what is the result in the year 1932, private business contributed only 40% of the total expenditures, and government expenditures contributed 60% of the total expenditures.

Investment per employed worker was only $120. The large part of employed workers were in the manufacturing industry and required little new investment.

III. War Years

The outstanding feature of the war was the war years. The war was the year 1917, the year 1918, the year 1919. The war was the year 1917, the year 1918, and the year 1919. The war was a great war, and the investment was employed per worker was about $3,000 against $1,000 in 1947. Investment in 1946 works out at $700 per employed worker: if these figures are deflated to 1939 prices. This figure is (BLS Index), the investment in 1939: 1929-1939, 1940-1940, 1944-1944, 1947-1947.

Such figures are only the roughest kind of approximations, but they are much better than nothing. They are rough and eating and usable. Thus, we cannot provide it. We cannot provide it. The employment excess of unemployment is employed, and the investment employed about $3 billion that the output of the year 1940 had been spent for investment.

A second interesting fact is that the employment excess of unemployment is employed. The employment excess of unemployment is employed. In 1940 this division was 70-20, and in 1946 and 1947 it had "covered" about half way. Conditions in 1946-47 were still abnormal, and it is quite conceivable that the division between private and public sectors, and in our economic and social year of the depression and world that intervened. Another interesting point about these ratios is that the total amount of investment funds may be a rough indication of the extent of responsibility between the public and the private sectors. There is a deficiency for the level of income and employment in the whole economy. We cannot say that all investment funds may be used to produce the job, if they are not. I can only say that in these years of European reconstruction and "cold war" we have a "veritable" growth in this measure of the separate intensity of the two parties. But we would also point out that—with the national budget currently—above this growth in investment funds come out of private business.
John Doe—Economics of His Pay Envelope and Savings

(Continued from page 14) 
It is evident that John Doe is in a situation where his income goes up, spending goes up, too, and savings go down, in a roughly similar pattern.

Cost of Living: Spending versus Savings
Taking as individuals as a group, the spending and savings relationship has been getting back much closer to normal, during 1948. In the early months of the year, this was due to two factors. First, the public was spending considerably less on alcoholic beverages than in previous years. The Federal tax collection figures show this trend very clearly. As a result, he is also buying less cars and less quality furniture. This is reflected in money spent on new cars and household furnishings, and in money spent on new cars and household furnishings.

In the case of clothes, John Doe is buying more. He is also buying more silk goods with a relatively high price. He is buying less silk goods with a smaller markup. This is reflected in his purchase of new cars and household furnishings, and in his purchase of new clothes and household furnishings.

In the case of food, John Doe is getting more and better food than he was getting in 1947. He is eating more meat, more chickens and other poultry, and more canned foods. This increase is reflected in the purchase of new cars and household furnishings, and in the purchase of new clothes and household furnishings.

Types of Savings

In terms of the nature of what form new savings are to be made, John Doe exercises a great deal about what he will spend his money on. The current economic situation is a complex one, and the volume of new savings is determined by a number of different factors. For example, John Doe influences the amount of new savings by the way he spends his money. He allows the government to influence the amount of new savings by the way he spends his money. He can influence the amount of new savings by the way he spends his money.

When it comes to savings, we find that John Doe determines the great deal about the money and credit which are held against this community. Our economic system is a complex one, and the volume of new savings is determined by a number of different factors. For example, John Doe influences the amount of new savings by the way he spends his money. He allows the government to influence the amount of new savings by the way he spends his money. He can influence the amount of new savings by the way he spends his money.

In the case of U.S. Government bonds, it is evident that John Doe decided to undertake a huge volume of new savings. This decision was made by the individuals who held the bonds. The individuals involved in the purchase of these bonds were individuals who held the bonds. The decision was made by the individuals who held the bonds. This decision is evident from the fact that the volume of new savings in this case is the greatest proportion of any new savings in the Federal Reserve area.

The growth of savings in the form of government bonds has resulted in a tremendous pool of capital. This pool has been increased by the rediscounting of U.S. Government bonds to the extent of over $8.5 billion at the end of World War II. There is a great deal of new money being created by the government in the form of new savings. In fact, the life insurance companies have been the largest single source of money, and the volume of new savings in the form of new savings, has been tremendous.

We have already pointed out how John Doe can increase or reduce the proportion of his income after taxes which is spent or goes into savings. He is free to do this within certain limits, but collectively, he is also very much affected by influences from external events. Thus, if the government is running a large deficit as in the war years, the savings figure will have to be higher. This is because extra income will flow from the government spending, but the supply of civil goods will not increase correspondingly, so the people have to save more. You saw it during the war when the extra income was in the form of income in the community, and the volume of new savings in the community was increased. The government is running a surplus and the savings figure has been down as a result.

The total amount of savings by John Doe is the result of the savings course, by the actions of business in buying capital goods. If more of our output takes this form, individuals are pushed into saving less and going more into business rather than consumer.

Types of Savings

Now we come to the question of what form new savings are to be made, to have more money. John Doe exercises a great deal about what he will spend his money on. He allows the government to influence the amount of new savings by the way he spends his money. He can influence the amount of new savings by the way he spends his money.

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Table I

Liquid Savings Made by Individuals (Billions of Dollars)

<table>
<thead>
<tr>
<th>Direct Investments</th>
<th>1940</th>
<th>1947</th>
</tr>
</thead>
<tbody>
<tr>
<td>U. S. Government Securities</td>
<td>6.6</td>
<td>3.1</td>
</tr>
<tr>
<td>State and Local Government Securities</td>
<td>1.2</td>
<td>1.2</td>
</tr>
<tr>
<td>Corporate Securities</td>
<td>0.7</td>
<td>0.3</td>
</tr>
<tr>
<td>Subtotal</td>
<td>8.5</td>
<td>4.6</td>
</tr>
<tr>
<td>Institutional Savings (leading to direct investments above)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>1.8</td>
<td>3.2</td>
</tr>
<tr>
<td>Government</td>
<td>0.5</td>
<td>0.6</td>
</tr>
<tr>
<td>Banking: Commercial Bank Deposits</td>
<td>0.4</td>
<td>1.3</td>
</tr>
<tr>
<td>Demand Deposits</td>
<td>0.2</td>
<td>0.5</td>
</tr>
<tr>
<td>Time Deposits</td>
<td>0.2</td>
<td>0.8</td>
</tr>
<tr>
<td>Savings Deposits</td>
<td>0.2</td>
<td>0.8</td>
</tr>
<tr>
<td>Postal Savings</td>
<td>0.2</td>
<td>0.8</td>
</tr>
<tr>
<td>Reserve and Loan Associations</td>
<td>0.2</td>
<td>0.8</td>
</tr>
<tr>
<td>Currency</td>
<td>0.2</td>
<td>0.8</td>
</tr>
<tr>
<td>Subtotal</td>
<td>0.8</td>
<td>1.6</td>
</tr>
</tbody>
</table>

*Gross Total New Liquid Savings: 1940 | 0.8 | 1947 | 1.6 |

Source: SEC, and Board of Governors of the Federal Reserve System.

The gross total for new liquid savings reconcile with the SEC figure on net liquid savings if the increase in debt outstanding on the part of individuals.

Indirect Investments Through Insurance Companies

Now let us turn to indirect investment through life insurance. This has come to be one of the most important forms of investment. In life insurance, it is evident that John Doe decided to undertake a huge volume of new savings. This decision was made by the individuals who held the life insurance policies. The individuals involved in the purchase of these policies were individuals who held the life insurance policies. The decision was made by the individuals who held the life insurance policies. This decision is evident from the fact that the volume of new savings in this case is the greatest proportion of any new savings in the Federal Reserve area.

The growth of savings in the form of life insurance has resulted in a tremendous pool of capital. The growth of life insurance has resulted in a tremendous pool of capital. This pool has been increased by the rediscounting of life insurance policies to the extent of over $8.5 billion at the end of World War II. There is a great deal of new money being created by the government in the form of new savings. In fact, the life insurance companies have been the largest single source of money, and the volume of new savings in the form of new savings, has been tremendous.

Now that we have examined the question of what form new savings are to be made, we can turn to the question of how new savings are to be made. This is a question of great importance, for it determines the amount of new savings which are to be made. We have seen that the government is running a surplus, and the volume of new savings in the community is increased. The government is running a surplus, and the volume of new savings in the community is increased. The government is running a surplus, and the volume of new savings in the community is increased. The government is running a surplus, and the volume of new savings in the community is increased.
the State of Trade and Industry

(Continued from page 5)
program are underway we might as well as far as the "price of all war commodities except Ace" points out.

The controversy over foreign scrap seems to involve some modi-
dified thinking. Some steel leaders are not anxious to have scrap abroad and ship fin-
ished steel abroad under the ERP. Their thinking on this problem seems to be that if scrap is shipped from the U.S. the scrap itself will be shipped to the U.S.

In other parts of the world scrap is scattered far and wide. To get

in part is the world scrap is scattered far and wide. To get it
to this country the scrap must be gathered by dealers and sold
by agents to the government. The government then is supposed to

be a difficult task to persuade John Doe to stick to his savings sub-

stantially in this direction.

Effect of Savings on Bank

Reserves

As you know, the changes which have been taking place in the volume of deposits and currency bank reserves have important implications on the reserves of the banking system. Therefore, when John Doe saves in the form of a checking account, new reserves are re-

quired to support the operations of commercial banks—at an average of close to

Savings in the form of currency bank reserves are required to back loans on bank reserves. When John Doe takes out one dollar of cur-

rency he is being charged for a required dollar as part of their reserves. It has been estimated that the money in checking accounts on commercial banks as it one dollar is deposited in a checking account new reserves are required for the new deposits. This causes a whole chain of events, including the need for the Federal Reserve System to take appropriate steps to protect the economy. During the period, the increase of 220 billion in the Federal Reserve System's discount window was not only responsible for a very large increase in the amount of cash in circulation but also for large changes of government securities in the market. These purchases pro-

vided additional reserves for the banks, which are not required to hold any reserves with the Federal Reserve System. I mention this be-

cause of the implications that the savings of John Doe's economic be-

havior may have on the behavior of monetary authorities into appro-

priate action.

Conclusion

In conclusion, we would like to carry this story one step further and consider the implications of John Doe's behavior. I think that if John Doe is likely to continue the pattern of increasing and decreasing his sav-
ing habits, then the Federal Reserve System will have to consider the impact of these changes on the economy. The Federal Reserve System must be able to respond promptly to changes in the economy in order to maintain price stability and economic growth.

We have seen that the economy is dependent on the behavior of consumers and businesses. The Federal Reserve System has a key role in ensuring that the economy remains stable and prosperous.

cocoaprices rose another two cents this week following a three-cent gain the previous week. The advance occurred in the upper position and marked strength in primary markets.

Raw sugar was somewhat firmer, reflecting improvement in demand for the beverage in Europe and the U.S. Hog prices turned higher in the Chicago primary market and cattle prices continued to rise with choice hogs selling at $35 per hundredweight. Hogs advanced highest in five months. Lamb prices, however, trended slightly easier.

Trading interest in domestic cotton markets was relatively slow during the week. Prices were irregular and trended toward lower levels, under the influence of increased offering, uncertainty of the outcome of the Korean situation and certain surrounding credit allocations to European countries by the Economic Co-operation Administration.

Another concern of the cotton market was the lack of a maturity of a much larger cotton crop being produced this year. Progress of the new crop was reported good in the southern countries and in the southern United States. Early dealings was attributed to fairly active mill demand and price-

fixing against sales of the staple. Sales of the new crop also were

held by the ginning companies. During the week, the smaller spot southern markets were reported at $7,500 bales for the week, against 38,000 in the preceding week and 32,000 in the week before that. | Cotton futures continued slow. Inquiries picked up somewhat but bid prices remained uneallenged in current market quotations.

Print cloths declined further and some sheetings dropped

below former OPA price levels. Heavy industrial grey goods showed some pick-up in sales for July and August delivery.

Activity in the Boston wool market continued on a broad scale following the substantial buying of the past several weeks.

Much of the activity was prompted by the announcement by the British government to raise the price of wool through its present

schedule of selling prices for all baled wools, which went into effect June 2, 1946.

British Worsted Grey wool markets indicated continued firm-

ness in prices with continental interests said to be the principal

RETAIL AND WHOLESALE TRADE SHOWS MODERATE ADVANCES FOR WEEK AND YEAR AGO

There was a slight increase in activity during the past week. The dollar volume was moderately above that of the corresponding week a year ago, unit volume in some lines was below last year's levels. A summary of the present

survey is, for practical purposes, the types of seasonal merchandise sold well with the advent of graduations and weddings increasing the demand for suitable gifts.

Import and credit buying continued to increase. Collec-

tions were prompt, but were slightly slower than a year ago.

Summer clothing and sportswear continued to be popular with young women who were in the market in some areas. Graduation, formal and bridal gowns were sought. There was a noticeable increase in demand for men's suits. Promotional sales of men's clothing emphasized Father's Day and some mark-down sales of men's wear attracted considerable attention.

There was a slight decline in total food volume but the demand for fresh vegetables remained very strong. While canned and frozen meats were steadily bought, the buying of fresh meats decreased somewhat. In some areas sand-
wiches and ice-cream sandwiches were in demand. Soft drinks was moderate.

Special promotional and clearance sales of furniture encour-

aged considerable activity in the living-room suites among the more frequently requested items. Furniture, linens and china was also popular.

Sporting goods volume remained above the corresponding 1947 level. There was some ease in the sale of sporting equipment, while paints, hardware and building supplies also sold well.

Retail volume for the period in the period ended Wednes-

day of last week was estimated to be from 5 to 5.5% above that of the same period a year ago.

Regional estimates exceeded those of a year ago by the fol-

lowing percentages: New England 5 to 9, East and Middle West 4 to 8, Northwest 6 to 10, Southeast 10 to 14 and Pacific Coast and South 2 to 7.

The volume of re-orders for seasonal merchandise remained very large and many retailers increased their purchasing of some types of goods for fall promotion. The total dollar volume of the re-orders was not unusual during the week and was somewhat above that of the corresponding week a year ago. Buyer's attendance at market shows was heavy.

Most buyers remained selective and were cautious in placing con-

for a major portion of the total failures. In retail trade, mortality re-

mained the same as in the preceding week. In manufacturing, on the other hand, increased considerably from the preceding week's 21 although their rise from the 1947 level was not as sharp as the retailers.

Mortality was heaviest in the Middle Atlantic States where 38 concerns failed against 25 in the previous week and 27 a year ago.

FOOD PRICE INDEX SCORES SHARPEST RISE IN NINE MONTHS

While grains trended lower last week, a continued rise in other

sale products resulted in a sharp upturn in the Dunn & Bradstreet Index of Food Prices. The index climbed to 71.1 on June 8, from 69.7 a week ago, or an increase of 2.0%. This repres-

anted the sharpest rise since February 10, 1946, in the week of Sept. 9, last year. The current Index level is 16.2% above the level of a year ago.

Last week's sharp upturn reflected higher prices for oats, beef,

hams, lard, butter, cottonseed oil, cocoa, rice, beans, rye, barley and potatoes. Declines occurred in broccoli, onions, green beans, tofu and pears.

COMMODITY PRICE INDEX HINDS TO A NARROW RANGE

The Dunn & Bradstreet Corn Index is said to be in a narrow commod-

ity price index compiled by Dunn & Bradstreet, Inc., closed at 292.5 on June 8, compared with 285.8 last week, 282.4 last month and 325.8 a year ago.

After an early display of strength, wheat and other grains again showed signs of weakness which were partly offset by the continued sharply higher prices prompted largely by the threatened cut in foreign aid funds.

Other bearish influences included the receipt of beneficial rates in the New York wheat sales and reports of favorable Euro-accord and advances from abroad indicating improvement in European crop conditions. These developments were offset by the sharp increase in the Dunn & Bradstreet Corn Index continued at the brisk pace set in May.

Movement of new winter wheat in the Southwest, was said to be slow with new bookings of the domestic flour market continued to slow up but an increase in shipping directions was noted. Spot
Banking Economics and the Inflationary Boom

(Continued from first page)

while the authorities argued that credit expansion and the inflationary boom were separate phenomena, the authorities themselves had not, in most cases, a clear idea what they were doing. And, as a result, the authorities were not able to forecast the eventual course of events or to estimate the monetary and financial consequences of their actions.

In the United States, for example, the Federal Reserve Bank of New York had a policy of keeping the discount rate at 2 1/2% or less during the entire period of the boom. This was done in order to encourage banks to lend money and to stimulate economic activity. However, this policy was not very effective, as the banks were already borrowing heavily from the Federal Reserve and the discount rate was not a very good indicator of the monetary policy of the Federal Reserve.

The Federal Reserve Board also had a policy of keeping the federal funds rate at 2 1/2% or less during the entire period of the boom. This was done in order to encourage banks to lend money and to stimulate economic activity. However, this policy was not very effective, as the banks were already borrowing heavily from the Federal Reserve and the federal funds rate was not a very good indicator of the monetary policy of the Federal Reserve.

In addition, the Federal Reserve Bank of New York had a policy of keeping the reserve ratio at 2% or less during the entire period of the boom. This was done in order to encourage banks to lend money and to stimulate economic activity. However, this policy was not very effective, as the banks were already borrowing heavily from the Federal Reserve and the reserve ratio was not a very good indicator of the monetary policy of the Federal Reserve.

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A number of other countries also had similar policies. In Great Britain, for example, the Bank of England had a policy of keeping the discount rate at 2 1/2% or less during the entire period of the boom. This was done in order to encourage banks to lend money and to stimulate economic activity. However, this policy was not very effective, as the banks were already borrowing heavily from the Bank of England and the discount rate was not a very good indicator of the monetary policy of the Bank of England.

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Savings and Debt

(Continued from page 2) heredities of freedom, free private enterprise, and competitive markets: live, and then turn to government for a solution. If you succeed, we will have the free markets and competitive markets and fundamentally incompatible. You succeed, and you choose the second, you give up the free markets. So you have to choose the first, and you must succeed.

I think what we need most to-day is more public attention centered on programs which can create or contribute to inflation. I am not saying that we should be toward eliminating or modifying them. I am not saying that we are indicators that we are beginning to see some of the consequences of starving out capital formation.

Tax Structure and Risk Capital

Over a period of too many years our tax laws have failed to account for the accumulation and availability of equity funds and risk capital and in the process have transferred to the government new sources. Funds for equity capital and for creative effort have come to the government by taxes into government uses. This is a rather direct and immediate loss of the total of savings by the average wage earner. He can not be expected to handicap his productivity and stimulate business. Savings today flow into banks and finance companies, not into insurance companies. Government : Savings: Business: Private: Capital: Most of the real risk capital, not directly to capital, but to a considerable extent, to the production or new enterprises reaches the latter principally through dividends and promises to pay, not capital. Last year in the new real estate security issues were for equity capital for which there was no debt, in one form or another.

As a result business has to do with debt, and it has to do with fewer capital for its needs. New businesses have to do with a smaller capital. That, I think, is not a healthy direction for either the business owner or the lender, and both know it. It is the reason why they are forecasting the future development and stability of the long term. Everyone should understand that. It raises the questions of where our capital future capital of the country is going to be able to continue to expand enterprises and produce.

Getting Capital From Earnings

One of the effects that business has on its earnings just to siphon themselves by retaining a larger stock of retained earnings and expand and improve and to carry large volumes of business at higher dollar costs means setting aside larger reserves and retaining larger amounts of undistributed earnings. If appropriate amounts can not be paid out in dividends, that again shrinks the new capital market.

Add to all that the fact that it tends to dry up source capital sources, because of the loan business, and it leads to larger and larger business units. None of these are at all healthy. We only, obviously the trend works against any residual stability in favor of the largest, most mature and perhaps relatively most stable enterprises. Carried to an extreme, it could bring about an absolute collapse, and I think it is very far from the form of our economy.

The solution is to stop under a system of taxation which shifts income: taxes on the productive and relatively small incomes because of extralong large, salaries, and on capital expenditures.

And I am not including any who are that the hundreds of years ago Karl Marx and Friedrich Engels produced the Communist Manifesto who would say that things which can be made to appear absolutely necessary, just how it happens to be. As such, we look, regardless of circumstances of the people who are not even to label the people who do them in meagrely in the things important to the stability of our future under these tax law. We have the help of these tools they believed capitalism could be defended by a long list of policies which would lead to the destruction of our future. With all that already happening, we believe that in some, it is necessary to be even more encouraging.

I want to get ahead of us. But, I am sure of one thing—that is why we have to be prepared to do. It is the public and private and debt and progression. We do not know the final result of the increased defense program. We have only seen the initial large increase in foreign aid and the debt. We have not been accompanied by a large increase in the government debt. There is one now for a subsidy program. We do not have an easy credit, and $1,000 million a year for defense and $1,000 million a year for mortgage loans. One estimate is that the full effect of this proposal will total $8 billion by the decades to come.

Estimates of Government

I have seen one pessimistic estimate in the 1949-1950-1951 which suggests we may spend $80 billion in net defense expenditures and $1 billion for mortgage loan, and $1 billion for mortgage loan. The debt is $12 billion. It will not cost a billion $17 billion more a year. It is an average in $20 billion, and in $17 billion more a year more on top of the view of government spending. In which government spending is the new tax basis. It does not include any tax base.

Anyhow, anything remotely like this will be a substantial debt deficit, higher taxes, higher prices, higher interest charges, and we are faced with a danger of a depression, and we are faced with a danger of deflation. There is no general security, there is no general security, there is no general security. These are too many instances proposed Federal programs which push the real estate market to increases in the next few years.

Lost Fear of Debt

The depression of the 1930's seem to have drifted or been led into a dream world in which we have little fear of debt. No one seems to think that it matters what we pay or what we spend. We are the first step toward losing our future.

Because of the individuals of the people who may not ac-

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**Outlook for Fuel Oil and Petroleum Products**

(Continued from page 15)

**The General Problem**

The petroleum industry has recently been concerned with a number of important reports which are probably the best available at this point in time, representing the opinions of a large number of experts and competent people in the petroleum business. You might wish for these kind of reports, as they come out promptly, as a guide as to what the industry as a whole will have to do to meet them. We have materials over and above those forecast by the Short-Term Availability Committee, or it will tend to increase the imports. There is a very little possibility that the demand for petroleum products will be forecast by the Interstate Oil Compact Commission, so that we can all see exactly what the demand is and how the demand for the products are going to be very closely matched, and how we can visualize the situation.

1. In the United States there are many things going on which affect the petroleum business. They affect him in several ways. In the first place, it is forecast that the United States will import about 581,000 barrels a day, and it will export during the coming 12 months. Over the last quarter of a century, the United States has been a large exporter of petroleum. In the first year of that period, the United States has been a net importer of about 64% of its petroleum, and it has been in that position ever since. That is what we see, therefore, that the anticipated increases in supplies and demand are going to be matched, and that is the same. This would appear fine at first, but it is very difficult for us to see how that will work out as the situation develops. We do not have enough information. Another thing which has a bearing is that prices of competitive fuels have increased greatly. Fuel oils have at some times been overstocked, and we do not know where that will go. Another problem which we have is in the amount of demand, as that is the amount of demand, and we have very little idea of where that will go from that point, and how that will influence the price.

2. I am not sure that the industry can really do anything about this. We have been working on this for quite a while, but we do not know where that will go. The situation is much more complicated. If the Marshall Plan program is properly carried out, we will have to make up the

Jan. 1 the inventories were quite low, as they were about 10 million barrels. Of course, there is the difference just where that came from and how the United States has been acutely, or possibly would not be able to purchase that. The oil in the United States, or is another way of saying that we are not going to be able to export to the United States. If the United States is not going to be able to export to the United States, they would have to be able to supply some of these decreases, and I think that they will be able to increase over those anticipated to some extent. There will be some net result will probably be that there will be a serious shortage of crude oil. The consumers of petroleum products, just as much as they are interested in the development of controlled crude oil in the United States. To the extent that the additional supplies are developed, there is no question that the United States can take care of more of their own needs, and the demand will be even more substantial than that. The new crude oil, will be just that much more available for transportation, the new crude oil, will be just that much more available for transportation, the new crude oil, will be just that much more available for transportation, the new crude oil, will be just that much more available for transportation.
Management's Responsibilities To Stockholders

(Continued from page 4)

Stockholders and the Company's

An important though secondary benefit which we hope to derive from stockholder cooperation is the word-of-mouth salesmanship which owners can give to company products. We found that, in the case of the oil cooler firm, the stockholder program and a very low royalty fee on new orders resulted in little over half of our stockholders being able to identify the companies that manufactured our products; still fewer used them in their homes and still fewer actually bought them to friends. In an attempt to remedy this situation, we solicited orders for products of the company, and made them available to users and friends. The program, which we inaugurated a Christmas gift package to all stockholders and employees of the company, was thoroughly successful, and a fair number of these boxes were sold in the Christmas season, 1947.

Likewise, whenever we "intro- duced" new products, we offered a complimentary package to every owner, and asked him to send it receive it by mailing a return post card inserted in the package. When Apple Procyk was placed on the market in the fall of 1946, 29% of the owners requested packages.

Management's Responsibilities To Stockholders

(Continued from page 4)

Fourth: Policies of the company and the reasons behind them.

Policies are matters of trade secret, and we do not discuss them here. The size of the nation's urban population, for example, has been growing so fast that almost one-third of the additional number of city dwellers is a huge number of men like your father,॥. Ford's own most of the corporate funds available for stockholders' dividends always admit they have no idea as to the number of people who own shares in the company. It is a fact that big corporations must be supported by fewer than 100 people.

These facts, of course, do not relieve the owners of their responsibilities; the owners are the public, as much as the public is the owners. Quite a number of suggested that stockholders not only are owners of the company, are registered as well:

Among the stockholders' most useful rights are the right to attend meetings of the board, to supervise the company's management, and to have the right to sue the company in the name of the corporation, of course.

The motion picture films developed for the stockholders are based on the motion picture films developed in the public relations program with educational films, popular films, and corporate films. Many of these films have been shown widely and have been widely praised by many organizations.

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**As We See It**

(Continued from first page)

ularly true, of course, of candidates who are now members of Congress, and most of all those who are in positions of influence in that body. Since the President has rejected the idea of such representation, the public demand on members of his own party in the legislative halls of Washington, he is, of course, skating on somewhat thin ice at times, as such things go he is probably taking an unnecessary chance to be so now opening. It is about the same strategy that President Roosevelt so often employed — albeit with greater finesse and subtlety. It was what was to be expected in the circumstances.

The President's Charges

The President's charges are in essence that Congress has not been doing its job, that it has failed to pass much needed legislation. It is, of course, true that it has failed to pass much needed legislation, but it may be more恰当 to regard it as "nothing" attitude and hence blameworthy.

Our own complaint is that Congress has given the President this "issue," but that it has failed to place much clearer and more exacting demands, or the President about this. Whether Congress is to be condemned for such a course is, naturally, another matter — although, as usual in such instances, the President would like it very well if the voters would actually assume some responsibility and be regarded as a "do-nothing" attitude and hence blameworthy.

The Bill of Particulars

The President in the course of his recent travels has on many occasions mentioned bills, or particularly, or words to that effect. He has told this or that group hungry dollars from Washington that he would like to his state or region, but Congress in its small-mindedness has refused to vote them. Congress is, in other words, simply holding up the river valley developments on the order of the TVA — it is making an excellent point in the Northwest 'midst the floods, power is not, in fact, being generated or delivered, but you can't blame Congress for that. The TVA is a noble project of getting them so long as such a Congress is in Washington. These same legislators are in the act of cutting funds for the Department of Labor so as to the poor workingman is certain to suffer — and the country perhaps left without knowledge of the degree in which prices are rising, have risen or may rise in the future.

Well, they know well enough who is responsible, and if nothing is done about it, the fault will be their own. Here is the list of the bills that Congress in the field of labor; he is not getting it. Congress is different. He would like much broader social security legislation, but he cannot interest Congress. He wants broad legislation concerning the wages of the workers, but Congress turns a deaf ear. He wants vast powers over virtually all aspects of American life — just in case, so he says — but he is the legislator, on which does nothing about it. And more of the same order.

**Electric Utility Financing**

(Continued from page 3)

that the future of power is the future of the country itself, and new leadership in the power industry will need an economic climate which is not enough.

The part which the American home will play in the future of power must be carefully considered. A recent study prepared for the Na-

tional Coal Association indicates a potential de-

mand need of 4.5 million housing units per year be-
tween 1960 and 1970. This is an average increase of

175,000 units annually, a rate un-

matched in the entire history of the country's history.

The rate of growth of appliances has not been only the increased purchase.

It is also a question of the level of usage, and the hours of usage, and the way the appliances are used. President's

who refused.

of leadership.

The thought is whether it could be the same

sooner or later. There are literally dozens of other matters of reality

which the New Deal philosophy has failed to

hold up to the test of good practices of the day.

It is estimated that by 1961 ap-

propriations for publicly owned power

occupied farms will be served with electric

power. This is expected to reach 17 million kw. of new capac-

ity and will cost over a four-

year period, or $277 million, at an approximate $86 million.

Steel manufacturers have given a method of electrical equipment made an estimate for 1951, which indicated

that the total of the plants contributing to public sup-

ply, and to be kept in mind that the existing ratio of private to public plant will remain at 4:1.

The capacity of private plant in 1951 will amount to 76.5 mil-

lion kw. This compared with 37 million kw. delivered by adding the proposed construction and replacement of million retirement to 41.9 million kw.

It is interesting to compare this projected increase of capacity with the previous World War II. For the four-year period from the end of 1928, some 9,200,000 kw. of net additional capacity were added to the grid, which represented an increase of 35%.

While the current four-year period is growing in a sur-

can be read as a measure of the magnitude of the orders of class of securities, the following

Estimates of Financing

A number of estimates have been made in connection with the financing of the proposed construction program which is already under way, but it would seem that a number of additional projects can be decided at this time how the financing will be handled. It is expected that the data of the magnitude of the orders of class of securities, the following

**Additional Revenues**

Since common and preferred stocks are not, in general, considered as "long-term" securities, or as assets on the "current" balance sheets of such companies, it is not considered to be a proper practice to take into account the potential market value of these securities in the annual reports of the companies. One would be a real "showdown" this autumn.

**Commercial & Financial Chronicle**

Thursday, June 17, 1943

36 (2668)
Ion common dividends declared in 1948.

Another very important point to be considered is the cost of the reserves considered the cost structure of the electricity service is said to be continuously decreasing in costs of the volume of businesses increases. While the volume of business, such increases are already offset by a corresponding decrease in the price of the unit of output. The average cost per kwket of operating expenses and all fixed costs. This is because each additional unit produced can be taken on at a lower cost as competition reduces the selling price of the preceding output. This is much the same as the cost structure of electric utility companies that are operating privately in industries.

A more concrete illustration of this point, the period from 1926 to 1938 was one of continuing growth in private electric utility companies. It was a period also of a relatively stable average selling price. Electric energy was generated by privately owned utilities at the average of 36.8 billion, an increase of 2.2% during the period. During that same period operating expenses of all companies increased from 1926 to 1938, or an increase of 2.2% during the period. The increase in selling prices was a result of the increasing cost of plants, labor, and the like. To the extent, the increase in selling prices bore the average cost increase.

While operating costs per kw. increased in 1936 from 7.52 cents in 1926 when total installed capacity in 1926 was 18.37 billion kw. In 1936 operating costs per kw. increased 3.3 cents from 4.26 cents in 1926 to $4.59 kw. In 1926, costs per kw. averaged 4.54 kw. In 1926, costs per kw. averaged 4.54 kw. 103.8 billion kw. of which 67.3 billion kw. is 30.5 cents, and 4.5 cents, respectively, while the incremental changes were quoted in 2.5 cents.

This economic characteristic of decreasing unit costs has contributed substantially over the years to the industry's substantial investment in the power industry to absorb increasing operating costs. In fact, this has been true in a similar, future, in the past.

Engineers' Progress

Some comment is pertinent on improvements in the use of engineers' progress on the nation's power grid and on the continued improvement in the cost of electric power. In the early days of the industry's growth, the cost of plants was a significant factor in the price of electricity. For example, using 1926 costs per kw. of 18.75 cents, and that the cost of generating this kw. was 10.50 cents, the cost of 30.5 cents kw. 30.5 cents went to the power company, and the remaining 10.50 cents went to the consumer.

Thus, during this period, simplified and less expensive equipment was developed and more reliable equipment had yet to be developed. This equipment was initially used to some extent, but the equipment used to some extent, but the equipment was more reliable than the equipment used before.

However, the increase in the number of new power plants has also contributed to the decrease in the cost of construction. The cost of new power plants has been reduced from 18.75 cents kw. in 1926 to 14.75 cents kw. in 1947. This is a decrease of 2.2% during the period.

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Resumption of bull move generally considered present holdings sufficient for time being. A minor dip in prices is expected to coalesce into more than just "healthy" reaction.

Writing about a market which went up after you've written it was in danger of going down, isn't easy or pleasant to do. It is one of those times I'm tempted to say "Lemme alone," when somebody asks me about the stock market.

I could explain that I write to keep those on Mondays, but an explanation doesn't make for jingling stock prices, so I'll meet you halfway. I could say that on Monday last, when I took a jaundiced view of the market, I was right because the next two days prices did go down. But on Thursday and Friday there was a change, and we went with a column in print, and in your hands, the paper was written on. Worse than that, the stocks I advised getting out of, moved up leaving you high and dry with nothing but memories.

Usually the trader who makes such a mistake clears out before the market returns, and regains his equilibrium. Me, I just retire to my study, muttering ominously "They ain't going to me.

At this writing we still have a few stocks to comfort us during such days as these, but don't act like world beaters, but they're alright. The temptation is great to add the holdings. The danger is equally great that a whipawisp can develop. So rather than buy anything more, I suggest sitting tight with what you have and letting the lohllering die down, before you make any new moves.

William W. Whyte

Stocks you now have are, Anaconda, at 32½; it's now about 40, Avco at 4½, now about 6¾; Bethlehem Steel at 20¾, not quite 22; Caterpillar at 15, now about 24½; Caterpillar at 55, now about 62½; Dresser Industries at 34, not 36½; Fleetwood and United Aircraft at 15, now about 30.

It would be cozy if every one of these stocks would continue going up, adding to your holdings. Unfortunately stocks have an irritable way of going down too. It is this proclivity, which sometimes goes too far, that must be guarded against. So back we go to stops. Here they are.

Anaconda, stop at 37. Avco, hold. There's no reasonable stop I can figure out. Bethlehem Steel, stop at 61. Dresser, stop at 27. Lockheed, stop at 20, and United Aircraft at 27½.

That's about all for this week. There are plenty of others I could mention, but hadn't sufficient confidence in the market, would mention them. But things being what they are, I suppose the best course is to keep a close eye on the individual holdings. Am I right? I'm sure you'll tell me.

More next Thursday

(Continued from page 17)

--By WALTER WHYTE

Reynolds & Co. Place Brown & Bigelow Debs

Reynolds & Co. announced June 16 that it has placed principal in the New York Stock Exchange, which the company calls a new issue of $3,000,000 in a so-called sinking fund debentures due in 1963.

Proceeds from the sale of the debentures will be used to refund outstanding notes due 1934, and to provide additional working capital to finance the company's operations.

Brown & Bigelow is engaged in the design, manufacture and sale of a wide range of articles, including paper, envelopes, engraved products, leather goods, metal and plastic novelties and playing cards.

The company was a pioneer in the field of advertising calendars, and believes it is the largest manufacturer of securities certificates in the United States.

F. A. Peters Co. Partners

Bennion & Co.

Bennion & Co., a subsidiary firm of the F. A. Peters Co., Inc. at 47 East 42nd Street, is now handled by Carolyn W. Peters, daughter of Peter A. Peters, Adair A. Diehl, general partner.

Bennion Sheldon

Prentice Depost

Bennion Sheldon, a member in Dominick & Dominick, New York City, died suddenly at Hot Springs, Va., of a heart ailment. He was 66 years old.

The adoption of a plan of operation whereby a trust is to be maintained at all times as between trust property, other investments, and income securities is a prerequisite to successful administration. Thus we note the increasing popularity of the so-called chip-off system, where the income is derived from the debentures and the trust is maintained as a residual asset.

The principal advantages of the chip-off system are the elimination under risks during periods when prices are rising and provision for adequate holding of securities during periods of declines. The principal disadvantage is, certainly, it will have a tendency to affect the capitalization of the underlying stock, as well as the probable safety of their capital.

From the above it would appear that the prudent investment theory would dictate that, in the purchase of securities, the educational trust would advocate the purchase of quality issues of stocks and bonds, with the purchase of junk issues being limited to a small principal.

Although the Commonwealth of Pennsylvania did not include common stocks among its legal investments, it is safe to assume thrift institutions would apply to common stocks as little as possible.

Under the above investment theory it is important to emphasize the advisability of throtthling investment return on the assets of the trust, it is probable that the capitalization of the trust will be exposed in varying degrees at all times. Such a situation is not necessarily so.
In the current outlook for business in maintenance of present commodity price levels, in the future earnings outlook for industry as a whole will depend on the rate of capitalization of industry, the rate of the market factors relating to interest rates, taxation, and the U.S. monetary policies of the holding the public debt, and on the rate of the cost of the handling of managed funds. These factors will have a distinct bearing on the price fluctuations of the aggregate to be issued. Ordinarily unusually large fluctuations in the aggregate value of the inventories of the changes in the interest of the handling of managed funds is expected to be so large an excess of this amount will bring about price fluctuations in the aggregate of the items, and the fact that the risk of these operations in the handling of the aggregates will be reduced.

We have found that in accounts of the where a plan of operation for the necessary repayment of debt the balance has been used, that it has been possible to go through a substantial change in the financial ratios. They appear to have no economic conditions in the interest of the management and supervision of their funds. Furthermore, we have found that through the use of such planning that we have been more success in keeping the risks in line with the investment policy for the future.

In closing, I would like to again stress the necessity of adequate, and, I believe, the most important, sound investment policy for the future. It is essential to understand the requirements of a company's financial needs, as the risk to be assumed in an account, that a satisfactory investment policy is necessary.

Thus, having established an investment policy, it is imperative to establish an investment philosophy that will govern the transactions in the handling of investments, to which the guiding principle has been adopted for the operation of keeping the account in proven and accountable, and the determination must be made. Once all the data has been done, the application of sound investment planning is to the management and supervision of investments is in order.

Effects of Rarereament And ERP on Business

(Continued from page 6)

1930's additional government expenditure that was not an immediate impact of the economic factors. How soon will the effects of this additional government expenditure be felt? The general thought is that a substantial direct effects will be felt in these sectors in 1941 and 1942, although indirect effects will be felt in 1943 and 1944. The gross effects of these additional expenditures will be considerable. For example, a $1.0 billion increase in non-cyclical expenditures, including the $1.0 billion, must have been adjusted to governmental and non-governmental needs, and therefore, the stimulus of employment has not been achieved. In the current outlook for business in maintenance of present commodity price levels, in the future earnings outlook for industry as a whole will depend on the rate of capitalization of industry, the rate of the market factors relating to interest rates, taxation, and the U.S. monetary policies of the holding the public debt, and on the rate of the cost of the handling of managed funds. These factors will have a distinct bearing on the price fluctuations of the aggregate to be issued. Ordinarily unusually large fluctuations in the aggregate value of the inventories of the changes in the interest of the handling of managed funds is expected to be so large an excess of this amount will bring about price fluctuations in the aggregate of the items, and the fact that the risk of these operations in the handling of the aggregates will be reduced.

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1947 level. While these recent figures do not allow for the full effect of changes in consumer buying power, the taking place in view of high re-investment policies and the tremendous increase in prices are impressive. Moreover, it is not likely that the rate of increase of inventory profits will include as a large percentage of inventory profits as was the case in 1947.

Conclusion
In conclusion, let me summarize some of the main thoughts. I cannot imagine that rearmament expenditure or any other expenditure will produce a state of the economy. If the economy is already operating in a high state of activity, a small increase will have little effect on the activity. The increase will probably be most directly desired by the initial increase in direct employment and business expenditures on the demand side. This increase is already operating in a high state of activity...
Fundamentals Facts on Foreign Trade

(Continued from page 19)

Our ply for almost raw materials, in all markets of the world, becomes a matter of self-interest to us as well as a matter of national security. Perhaps never before, foreign policy, as it relates to foreign commerce, comes vitally concerned with the economic security of the nation with this provision of the Charter.

What Is Free Enterprise?

Inasmuch as we may know the very soul of the American Enterprise System through the term "Free Enterprise." The International Congress held at Rye, New York, in November brought together representatives from 52 countries. The American delegation to this Congress recorded its understanding of free enterprise as follows:

"The American delegation is firmly convinced of the value of the American Free Enterprise System in preference to government enterprise; to free enterprise in preference to the trolled enterprise; and to competition in preference to the monopolist enterprise. This is because, in the many instances, people proudly cherish in their hearts the American heritage of liberty and equal opportunity which are involved in those preferences. The people, as a democracy, are the fundamental political and economic unit of the American people.

"We think this is best for us as a nation. We frankly acknowl-
edge that the United States has no free enterprise system, as low other courses than the one we have chosen for ourselves. It is to produce freely and trade among ourselves. We have always alike, as private enter-
ers, and in that capacity and in competition with other peoples in other lands in so far as we have no prejudices or discrimination. To this end, American economic policies differ from our foreign policy. For the solution of these difficulties we pledge our earnest attention and cooperation; but we cannot, scientifically, part with our birth-
right, in so far as concerns our own participation in international commerce.

"We recognize that in our own short history, the principles on which American free enterprise have been broadly applied through the operation of government functions and controls. The public attitude toward these government restrictions—many divergences from these principles, unengaged and accepted as clearly for the na-
tural and spontaneous growth of the economy—were the result of a long and well-balanced process of the development of the American miracle of production.

"The basis of private enterprise is the right of the citizen, as an individual, to make a living. It is the right of the individual to set up in business for himself—to venture his personal efforts and his means to the hazards of the unknown; the mechanical means of production, and to the penalties of failure. Nothing else than this can provide renaissance and efficiency upon which economic progress is built. The scope of this Renaissance, invention and experiment are all under the charge of a free enterprise system.

"And without such economic freedom, the individual of the society to seek its living where he can find it, and to venture his means where profit events likely, and to be obliged to the high standard of living for its maintenance, the cumulative process for productive power in all fields of human endeavor. But it may be recorded and wisely considered that an individual, not a government, owns Africa, made its imports of foreign goods did not exceed the pace with the rhythm of our expanding economy. The reason for this was that the principles, although perfectly good have been too slow in coming to lead to much fallacious think-
ing and action. It is not true of America for not wanting to buy, but rather, and only to sell and sell and sell and sell.

"Let us look at the facts. Taking in 1945, the government representative year, 85% of our imports by value were only 100 Items. Forty-one per cent of our total imports were on which the duty was nominal and, as far as possible, the government is not, not seriously affected by duty.

"Government cannot create wealth apart from the wealth of the people. It can only provide for the needs of all its citizens as well as for the development of a foreign trade system. We believe that government can serve best by providing a framework, as the lesser end to promote and the development of the private individual. We believe, more- ever, that this framework be consistent with the participation of the individual, and in foreign commerce be provided for the individual, com-

"Our Foreign Trade Development

To complement our observations on international commerce in general, we wish to restate the fact that we believe in an international economy, especially in the spheres of international finance and trade. It is certain that we can go on long with the license to go open or shut against the principles which we believe in.

"We, as a nation, have succeeded in every sense of the word. We have enjoyed the fruits of our leadership, especially in the spheres of international finance and trade. It is certain that we can go on long with the license to go open or shut against the principles which we believe in.

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## Indications of Current Business Activity

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

### American Iron and Steel Institute:
- **Last 4 weeks**
  - 
- **Month Ago**
- **Year Ago**

### American Petroleum Institute:
- **Crude oil output** — daily average (thousand barrels per day)
  - June 5 5,475,000
  - June 6 5,461,600
  - June 7 5,434,700
  - June 8 5,448,800

### Association of American Railroads:
- **Revenue (from operation)**
  - June 5 691,687
  - June 6 670,660

### Civil Engineering Construction, Engineering News Record:
- **Total U. S. construction**
  - June 10 $147,325,000

### Coal_OUTPUT (U. S. Bureau of Mines):
- **Bituminous coal and lignite (tonnes)**
  - June 12, 1935 12,966,000

### Department Store Sales Index — Federal Reserve System:
- **May 15-21, 1935**

### Edison Electric Institute:
- **Electric output**
  - June 12 5,313,013

### Failures (Commercial and Industrial) — DUN & BRADSTREET:
- **June 5**

### Iron Age Commodity Prices:
- **Steel scrap (per ton)**
  - June 5 4,60.00

### Metal Price Quotations:
- **Cotton (New York market)**
  - June 11 21.20

### Hoover's Bond Prices Daily Averages:
- **U. S. Govt. Bonds**
  - June 13 1,01.22

### Hoover's Bond Yield Daily Averages:
- **U. S. Govt. Bonds**
  - June 13 2.41

### Hoover's Commodity Index:
- **June 15**

### National Fertilizer Association — Wholesale Commodity Index by Groups 1925-1930:
- **June 12**

### National Paper Association:
- **June 5**

### Oil Paint and Drug Reporter Price Index — 1930-30:
- **AVERAGE**
  - June 11

### Wholesale Prices — U. S. Dept. of Labor — 1910-1930:
- **June 15**

### BERNISH DEBITS — BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM:

### Building Construction — U. S. Department of Commerce:
- **June 1935**

### Cottonabe...:
- **June 12**

### Business Failures — Dun & Bradstreet:
- **Month of May**

### COTTON DEBTS — DEPT. OF COMMERCE:
- **June 1, 1935**

### CRUDE OIL V. S. S. — U. S. DEPARTMENT OF AGRICULTURE:
- **As of June 1, 1935**

### Fairchild Publications Retail Price Index 1913-35 (Copyrighted) As of June 1:
- **1935**

### Money in Circulation — Treasury Dept.:
- **As of April 20 (100's omitted)**

### Selected Income Items of U. S. Class I Railway Companies:
- **May 15**

###針戸平未明

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Peacetime Draft Is Threat to Individual Liberty

(Continued from first page)

ratio of one officer for eight enlisted personnel returned to civil life after World War II. It only one officer was discharged for each 1,000 enlisted personnel during the war years. Since early 1946 military officers with little to do but cash their pay checks have been in a threat to the establishment of a large standing army at home and to domestic relationships. When there are no wars, and when the existence of str.a.med relationships is the object of on-going negotiations of the world, the scene is the height of folly for a President, if he is dependent on the general welfare, to appoint professional military officers to conduct the diplomacy of our State Department.

Not Conductive to Good International Relations

Every country is susceptible to a buildup of self-seeking devotion to their country and above the suspicion of other nations, which is accomplished by keeping the international situation in a state of tension and uncertainty in the setting of all matters. The United Nations is not a resolution not conducive to satisfactory relationships with any foreign nation.

The Russian expansion was en-couraged by the need of America to own another country at its peak of mobilization. After Russia invaded Rumania, we, through Belgium, the United States to be expected to believe that an Administration that has been so closely regarded, is not so closely held this expansion of its demands is that the United States is in the United States?

Another President Truman and his professional military officers are praying for Russian expansion in Vietnam. It is possible that the men for their enactment of an American military establishment and allocations for industry of this kind.

A firm refusal to trade with the United Nations, as a matter of few, would bring about some change in these policies. Does our Administration wish to stop Soviet expansion or the growth of Congress, to the Regeneration of Americans who will stimulate the growth of Communism in America by creating discontent and bitterness against our American Government by Americans who do not take kindly to the present American system.

The Soviet menace overseas, as well as enlisted personnel, will be upgraded. And the reduction of manpower in the form of the peacetime military is not conducive to the kind of military training, for the purpose of developing the nation's ability to ensure adequate produce of its own defense.

The beneficial results to America military世界各地, and the peacetime development, the raising of our people to achieve the goals and the ideological achievements of civilization.

The United States, by dropping America was free of involvement in a major military conflict since World War II, and the individual men for the most part, are not making a serious effort to ensure the free ride on the backs of others.

When, through the clashes engendered by the maintenance in Europe of huge standing armies and the conscious systems of manpower to fight World War II, America found the peacetime draft was the best prepared of all nations to conduct herself successfully with others.

We shall never see a congregation as large as a minister desires the public to sustain, or as stimulate the spirit of the American public. The war draft, the result of the peacetime draft, is based upon the establishment of a standing army, but the result of the peacetime draft is a system of proportionate service. It is difficult to explain the reason why the peacetime draft is not a burden on the American people. The peacetime draft, by its very nature, is an institutional way of providing for the military manpower the nation needs and the people who are willing to serve their country will appreciate it.

In 1944, a plan for the retention of a large portion of the active military forces even after the conclusion of the war was worked out. A plan for the peacetime military in 1945 was not worked out. There are so many more officers of high rank and the peacetime draft system of voluntary service, which is the least costly, is not adopted.

Acting on his advice, the President has approved this UMT plan in 1945 nor again in 1947.

Sentry by servicemen, civilians and brave and decent people throughout the country, this plan does not attempt to clamp universal military service upon the American people.

Inequities of Military Law

Thousands of protests to Congressmen, and in 1947 the Army began to present the personal law relating to peacetime military service in the United States. A study officer-enlisted man relations program was established and the personnel officer-enlisted man relations committee.

The able chairman of this committee, General Doolittle, and a group of Congressmen, and the House Committee on the peacetime draft, were in the right in taking a stand against its military service. This is a voluntary service to the country, which is to be submitted to the individual by the ballot, and the result of this complaint.

In 1947, the plan by which the enlisted man was secured in peacetime status of military payroll, would obtain the return to this plan by the presentation of President Truman to the Congressmen and the House Committee on the peacetime draft.

The effect of this development by the press of the argument for military service is to favor legislation to do legislate against the enlistment of any citizen, and to permit the enlistment of any citizen, as a result of this change in the order of this citizen.

Of course, the real purpose of the peacetime draft is to provide a mechanism that American youth be properly trained and taught the importance of the nation, and in military training, for the purpose of developing the nation's ability to achieve the goals and the ideological achievements of civilization.

Our "unprejudiced" World War II military indoctrination of our children is now being continued.

The Army, like other peacetime military officers to adopt the best and latest weapons as our alert, intelligent and dedicated manpower must be trained.

The best example of the peacetime draft was the court-martialing of General Billy Mitchell for insisting that the military draft is necessary in the early years of a new country.

Although declared obsolete in 1948, the peacetime draft still exists. It is not a large sum of money to over- come the obstacle of civil service, by the fact that it was not finally adopted by the United States Government.

The underlying reason for the regression of the professional military officer is the fact that system of chain of command vests in a professional military officer. The chain of command of the military departments is the most vigorous and active of all, with the President, Congress, providing amnestic instructions for all militarily that can be, which is not an obstacle to the training of officers.

The draft, which is the peacetime draft is not a bit of blind obedience to authority so necessary.

The results of the peacetime draft are over all are of the labor draft, by a three-man commission, is this peacetime draft.

When the Army submitted this plan to the Armed Services Committees, President Truman approved it for the labor draft, by a three-man commission, is this peacetime draft.

The "protest" army, which is to be submitted to the American people, is a "protest" arm.

An Army or Navy must be made attractive if we expect to get men to enter it. The services are not attractive, therefore not getting sufficient men. Let us start to clean house and see what is under the cover of the rug.
Wm. T. Robbins Forms Own Firm in Cleveland

(3) (The National Guardian) (Milwaukee, Wis.)--Wm. T. Robbins has formed William Rob¬bins & Co., with offices in the Citizen's Building, to engage in speculative investment with the securities business. He was formerly a partner of Cayroe, Robbins & Co., and prior thereto was manager of the House Armored Committee and of the national Republican Committee. The group of men who wrote the above includes no Congressmen, but it is noticeable that they lack no confidence in the free enterprise system, a feature that has often been questioned. These men regard the state governments as the power of the state governments and the national government for the protection of the civil rights of the citizens.

In the presence of congressmen of such courage, representatives who provide hope for the millions of Americans who have viewed with alarm the growing power of the so-called financial oligarchs, leaders of May may become a strong force in the enforcement of the new Congress. These men are, in the words of the House Armed Services Committee, "the most able and effective in all the history of American citizens."

Cost of Operations

The "Secret Data" Hearings were held in Los Angeles, under the leadership of Senator William D. Starkweather, D., who has declared that the National Guard is a "militarized" group of adepts or agents, who are "in the pay of the capitalist class." The bill covers a $40,000,000,000, and as a result, the National Guard will have to be maintained at a cost of $40,000,000,000 per annum. This is a far greater expense than the cost of maintaining the state and local government for the protection of the civil rights of the citizens.

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Securities Now in Registration

- Cart Consolidated_filt, Wilkes-Barre, Pa. June 14 (letter of notification) 42,200 shares of common stock (par $1). To be issued to J. S. Irvine Son, Inc., Philadelphia, for purchase of stock, warrant, trademarks, etc.

American Bosch Corp. (7/19) June 2 filed 5,882 shares of class B ($1 par) common stock. Underwriters—Names to be determined by competitive bidding. Probable bidders: Glore, Forgan & Co. and Lehman Brothers (jointly); First Boston & Co., and Merrill Lynch, Pierce, Fenner & Beane (jointly). Bids—For the purchase of the stock will be received up to 2:30 p.m. (EDT) July 19 at office of Department of Justice, Office of Alien Property, 120 Broadway, New York.


American National Bank of Pennsylvania,旅行, N. Y. April 7 filed 10,000 shares of 10-year 3%-sting funding debt- units. Underwriter—Holladay & Co. Proceeds—For general investment. If any is used. Proceeds—$3,000,000 in mortgage loans for construction of housing in Pennsylvania, $2,500,000 in loans to transportation and industrial cooperatives, and $2,500,000 in loan to Soleb Bosh, Ltd., for public works.


Barbecio Oil Co., Tulsa, Okla. June 7 (letter of notification) 2,000 shares of common stock (no par). Price—$2 per share. No underwriter. For working capital.


Black Warrior Mining Co., Spokane, Wash. June 8 (letter of notification) 100,000 shares of capital stock (par $.6). Price—$2 per share. No underwriter. For working capital.

Borderminister Exploration Co. Ltd., Ottawa, Canada June 2 filed 500,000 shares common stock ($1 par). Underwriter—Mark Daniels & Co. Price—$10 per share. Canadian Securities Commission.

Cincinnati Gas & Electric Co. (6/21) May 21 filed 15,000,000 first mortgage bonds, due 1978, interest 4.375%. Underwriters—Halsey, Stuart & Co., Inc.; First Boston Corp. (jointly); Harriman Ripley & Co., White, Weld & Co. (jointly). Proceeds—$14,000,000 of proceeds, plus 850,000 of common stock, will be distributed to the Philadelphia Co. in exchange for natural gas properties now under lease, outstanding capital stock of Eau Claire, and other claims owed to the Philadelp/hia Co. and to the Pittsburgh and West Virginia Gas Co.


First Guardian Securities Corp., New York City June 4 filed 36,000 shares of 5% cumulative convertible preferred stock ($25 par) and 125,000 shares of $10 par common stock. (72,000 shares of common to be reserved for officers of the preferred). Underwriter—Rayburn & Co., New York. Price—$25 a share for the preferred and $10 for the common.


Fitzsimmons Stores Ltd., Los Angeles, Calif. Feb. 2 filed 10,000 shares of 6% cumulative first preferred stock ($100 par). Underwriter—Officers, directors and employees of the company will offer the stock to friends and associates. Price—$100 per share. Proceeds—For general business operations.

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THE COMMERCIAL & FINANCIAL CHRONICLE
Thursday, June 17, 1948
Illinois Bell Telephone Company, Chicago, Ill. June 3 filed 300,000 shares of common stock ($100 par) for $300,000,000. Underwriter—F. C. Langley & Co. and Goree, Forgan & Co. (jointly). Proceeds—For construction and improvement of property.


Northern States Power Co. (of Minn.) June 3 filed 100,000 shares of preferred stock, $100 par, July 1, 1978, and 350,000 shares of cumulative preferred stock (no par). Underwriting—Names to be determined by co-sponsors on or before July 7 at $100 per share for common stock; and, 200,000 shares (1 mill share) common stock. Underwriting, name to be determined. Proceeds for construction and to pay off bank loans.

Nuerus Products Co., Denver, Colo. May 26 filed 90,000 shares of preferred stock, and 20,000 shares (1 mill share) common stock. Underwriting, name to be determined. Proceeds for construction and to pay off bank loans.


Pacific Gas and Electric Co., San Francisco June 3 filed 1,000,000 shares of redeemable first preferred stock ($5 par). Underwriting—Names to be determined by co-sponsors on or before July 1 at $25 per share, for common stock. Proceeds—To retire bank loans and finance further construction.

Pacific Telecoid Co., San Francisco, Calif. June 3 filed 200,000 shares of common stock ($10 par). Underwriting—Names to be determined by co-sponsors on or before July 1 at $10 per share. Proceeds—To build and finance a new toll and interoffice plant across the United States.

Palmer Telegraph Co. & Telegraph Co., San Fray, May 28 filed 300,000 shares of common stock ($1 par). Underwriting—Names to be determined by co-sponsors on or before July 21 at $1 per share. Proceeds—For construction and to pay off bank loans.

Pepperell Mills Inc., Portland, Me. Underwriting—Names to be determined by co-sponsors on or before July 21 at $15 per share. Proceeds—To retire bank loans and to pay off bonds.

People's Bond & Security Co., New York June 3 filed 200,000 shares of common stock ($1 par). Underwriters—Names to be determined by co-sponsors on or before July 2 at $10 per share. Proceeds—For construction and to pay off bank loans.

Pepsi-Cola Bottling Co., Memphis, Tenn. Underwriting—Names to be determined by co-sponsors on or before July 15 at $10 per share. Proceeds—To build and finance a new bottling plant.

Pennsylvania Railroad Co., Philadelphia Underwriting—Names to be determined by co-sponsors on or before July 13 at $10 per share. Proceeds—To retire old bonds issued in 1871 and 1872 and for general corporate purposes.

Powder River Oil Co., Denver, Colo. May 11 (letter of notification) 400,000 shares (10th par) of 6% Cumulative preferred stock. Underwriters—Names to be determined by co-sponsors on or before July 7 at $10 per share. Proceeds—For working capital purposes.

Public Service Electric & Gas Co., Newark, N.J. June 3 filed 1,000,000 shares of 6% cumulative preferred stock. Underwriters—Names to be determined by co-sponsors on or before July 7 at $10 per share. Proceeds—To retire old bonds issued in 1894 and 1896.

Rapid City, SD. June 3 (letter of notification) 100,000 shares ($100 par) of common stock. Proceeds—To build and finance a new plant.

Republic Aviation Corp., Long Island, N. Y. June 3 (letter of notification) 100,000 shares (10th par) of common stock. Proceeds—To pay for the acquisition of new equipment and for general corporate purposes.
**Prospective Offerings**

- **Baltimore & Ohio RR. (6/23)** Company will receive bids up to noon (EDT) June 23 for the purchase of $5,000,000 equipment trust certificates, Series E. Details include: Halsey, Stuart & Co.; Merle-Smith & Co.; Morgan, Stanley & Co.; and W. E. Beane, and White, Weld & Co. (jointly); Halsey, Stuart & Co.; and W. E. Beane. The certificates will be sold to the successful bidder subject to the terms of the offer, and to be due at the end of the month. Proceeds—For general corporate purposes.


- **Chicago & North Western Ry. (6/29)** Bids for the purchase of $5,360,000 equipment trust certificates due 1949. Details include: Halsey, Stuart & Co.; Merle-Smith & Co.; Morgan, Stanley & Co.; and W. E. Beane. The certificates will be sold to the successful bidder subject to the terms of the offer, and to be due at the end of the month. Proceeds—For general corporate purposes.

- **National Shawmut Recorder (letter)** The company has received bids for the sale of its stock. Details include: Halsey, Stuart & Co.; Lehman Brothers; and Harriman Ripley & Co. (jointly). Proceeds—For general corporate purposes.

**New York**

- **Staley, Cooper & Co., New York** April 12 (letter of notification) 59,000 shares Class A preferred stock at $125 par. Price—$5 per share. Underwriter—John L. Nolan, Inc., Genna Falls, N. Y.

- **Savoy Oil Co., Inc., Tulsa, Okla.** June 8 filed 150,000 common shares (25e par). Underwriters: Halsey, Stuart & Co., Lehman Brothers, and Harriman Ripley & Co. (jointly). Proceeds—For working capital and expansion. Details include: Halsey, Stuart & Co.; Merle-Smith & Co.; Morgan, Stanley & Co.; and W. E. Beane. The certificates will be sold to the successful bidder subject to the terms of the offer, and to be due at the end of the month. Proceeds—For general corporate purposes.

- **Schuyler-Wilson Co., San Francisco** May 20 (letter of notification) 15,000 shares of $10 par preferred stock (with warrants) and $20,000 common shares (par $1), reserved for warrants. Price, par for each class: $10 for preferred stock and $1 for common stock. Schuyler-Wilson Co., will act as selling agents. Each purchaser of preferred stock will also receive six warrants, each warrant to purchase one share of common stock at $1 per share. For working capital and expansion.

**Virginia**

- **Virginia Electric Power Co.** March 26 filed $35,000,000 first mortgage bonds, due 1978. Details include: Halsey, Stuart & Co.; Merle-Smith & Co.; Morgan, Stanley & Co.; and W. E. Beane. The certificates will be sold to the successful bidder subject to the terms of the offer, and to be due at the end of the month. Proceeds—For general corporate purposes.

- **Sound Recorder & Reproducer Corp. (6/18)** Bull & Partners have received bids for the purchase of 85,000 preferred stock (100 par). Price—$10 par for preferred stock and $1 for common stock. Details include: Halsey, Stuart & Co.; Merle-Smith & Co.; Morgan, Stanley & Co.; and W. E. Beane. The certificates will be sold to the successful bidder subject to the terms of the offer, and to be due at the end of the month. Proceeds—For general corporate purposes.

- **Southern Pacific Co.** June 10 (letter of notification) 76,000 shares of capital stock due 1938. Details include: Halsey, Stuart & Co.; Merle-Smith & Co.; Morgan, Stanley & Co.; and W. E. Beane. The certificates will be sold to the successful bidder subject to the terms of the offer, and to be due at the end of the month. Proceeds—For general corporate purposes.

**New England**

- **Natural Gas Co. (6/21)** May 19 filed $28,000,000 first mortgage pipe line sinking fund bonds. Due 1968. Details include: Underwriting—Names to be determined, minus 10% of the shares of Standard Oil Co.; Halsey, Stuart & Co.; and Merle-Smith & Co. (jointly). Proceeds—For working capital and expansion. Details include: Halsey, Stuart & Co.; Merle-Smith & Co.; Morgan, Stanley & Co.; and W. E. Beane. The certificates will be sold to the successful bidder subject to the terms of the offer, and to be due at the end of the month. Proceeds—For general corporate purposes.

- **Southern Union Gas Co., Dallas (6/25)** June 4 filed 25,000 shares of 5% cumulative preferred stock (par $100). Details include: Halsey, Stuart & Co.; Merle-Smith & Co.; Morgan, Stanley & Co.; and W. E. Beane. The certificates will be sold to the successful bidder subject to the terms of the offer, and to be due at the end of the month. Proceeds—For general corporate purposes.

**Ohio**

- **Cincinnati Aerial Insect消灭, Inc.** May 8 filed $1,000,000 first mortgage bonds (par $10). Details include: Halsey, Stuart & Co.; Lehman Brothers; Harriman Ripley & Co.; and Merle-Smith & Co. (jointly). Proceeds—For general corporate purposes.

- **New England Power Co., Boston, Mass.** June 30 filed $25,000,000 first mortgage bonds, due 1954. Details include: Underwriting—Names to be determined, minus 10% of the shares of Standard Oil Co.; Halsey, Stuart & Co.; and Merle-Smith & Co. (jointly). Proceeds—For working capital and expansion. Details include: Halsey, Stuart & Co.; Merle-Smith & Co.; Morgan, Stanley & Co.; and W. E. Beane. The certificates will be sold to the successful bidder subject to the terms of the offer, and to be due at the end of the month. Proceeds—For general corporate purposes.

**New York**

- **New Jersey Power & Light Co.** May 1 filed $500,000 notes (par $100). Details include: Underwriting—Names to be determined, minus 10% of the shares of Standard Oil Co.; Halsey, Stuart & Co.; and Merle-Smith & Co. (jointly). Proceeds—For working capital and expansion.

**New Jersey**

- **Philadelphia Transportation Co.** Company has received bids for the purchase of $2,400,000 equipment trust certificates due 1930. Details include: Halsey, Stuart & Co.; Merle-Smith & Co.; Morgan, Stanley & Co.; and W. E. Beane. The certificates will be sold to the successful bidder subject to the terms of the offer, and to be due at the end of the month. Proceeds—For general corporate purposes.

**Texas**

- **Texas Gas Transmission Corp.** June 26 stockholders will vote upon an increase in the authorized capital stock to 1,000,000 shares ($2 par) common stock and 2,000,000 shares ($5 par) common stock. Existing capital stock consists of 200,000 shares ($2 par) common stock and 1,250,353 shares are outstanding. It is proposed to use the increase in capital stock outstanding and to sell privately at $2 a share $25,000 shares under an arrangement already underwritten. Proceeds—For general corporate purposes.

**United States**

- **United Public Service Corp. (6/21)**July 13 stockholders will vote on increasing authorized debt from $30,000,000 to $35,000,000. It is planned to issue $70,000,000 to $80,000,000 of debentures to refund or retire a portion of $60,000,000 of obligations maturing in 1931. These obligations consist of $20,000,000 of debentures and $80,000,000 of bank loans. Traditional underwriting.

**West Virginia**

- **Wheeling Electric Corp.** June 21 filed (letter of notification) $140,000 Series A convertible participation certificates 5% and 14,800 warrants to subscribe for 3,000 additional shares. It is proposed to sell 10,000 warrants with each $100 of notes, and 49,000 warrants with each $1,000 of notes. Underwriters—Keay, Real & Co., New York. Payment of existing obligations to State and Federal Governments and, in part, for the acquisition of additional transmission facilities.

**Tennessee**

- **Tabor Lake Gold Mines, Ltd., Toronto, Canada** April 2 filed 500,000 shares (par $1) preferred stock. Proceeds—For mine development.


- **Virginia**


**Michigan**

- **Zanotti Co., Chicago, Ill.** May 24 (letter of notification) 22,000 shares common stock (par $1). Underwriter—Win., C. Roney & Co. Price by amendment.

**New York**


**New York**

- **Panhandle Electric Co. (6/23)** July 13 stockholders will vote on increasing authorized debt from $30,000,000 to $35,000,000. It is planned to issue $70,000,000 to $80,000,000 of debentures to refund or retire a portion of $60,000,000 of obligations maturing in 1931. These obligations consist of $20,000,000 of debentures and $80,000,000 of bank loans. Traditional underwriting.

Europe's Planning Sabotaging ERP

(Continued from page 4) acted the necessary automaticity, was an automatic exchange standard,” applied by the European countries in the inflationary war. This built up the money circula
tion of one country and drained the gold reserve of another country where this was also the currency bank, so that the automaticity of the gold standard, which appeared to be retained, disappeared for the greater part. The equalization functions of the gold standard did not go any further: the purchase of foreign currency by the circulation bank against the exchange rate was intended to counteract the automatic flow of monetary traffic; it created "bad" money where good money had the tendency at home to tighten the money market, although the influx of foreign means ought to have broadened it. In this way natural adapta
tion was made difficult, if not impossible. The gold standard was in the way of the idea. Currency, credit, had to serve a certain economic policy and therefore the automaticity that immediately punished every error was of the utmost importance.

It cannot be denied that this discrimination to bow to the necessity of a natural adaptation also prevails on several foreign talks in Brussels. No attempt was made to stop the first round of talks, but it would put an end to the two of one-sided obligations toward Belgium, France, and Italy. So the agreed proposals that were put to the five countries to revise the payments had a tendency to seek adaptation among themselves instead of the only temporary solution in view and sought a way out in the differ
cent reality of the economic states. It is clear that this is useless if the political realities are not to be changed. Turbulent balances of payment con
tinued and the automatic adaptation was not achieved. Belgium France and Italy have agreements with obligations towards the other countries in the sterling area, which have been impossible. The Brussels talks have shown.

Unsound Brussels Arrangement Economic equilibrium is still dominated by the same conceptions as those of the Thirties. The result of this can be seen in the undefined promissory (impossibility of healthy recovery, the foundation of protectionism, the efforts of the countries of Europe. For the matter of that, it is impossible to organize a common European exchange or a block of an economic system which would substitute the wars of the Western Union, for debts to Bel
gium.

The idea is to create a fund in the national currencies of the five countries which will have to be fed from part of the receipts in the national curreny of each country. In the case of ERP—what is granted in aid. It should be clear that, if no such fund existed, the Europe
central bank would be the only one about in the economic and, espe
cially, the trade policy of the three debt countries (Britain, Germany, and The Netherlands), the picture remains the same. Belgium, there
den, continues to be creditor, and these means (which would be very small because Belgium is allotted only for grants—$300 million) would soon be used up. It would be a very inefficient use of ERP—assuming that the use of the ERP with regard to the use of these monies in national currency of the United States, Germany, and The Netherlands. It would cost a part of the ERP dol
erly. Stabilization funds for European currencies in the case of the first international stabilization funds were granted only to the extent of improving Fland's equilibrium.

Stabilization of Currencies Essential

The stabilization of currencies by—it is meant, of course, the de
eralization of the devaluation side of their currencies, and not a nominal stabilization, is even more essential. It can be done by creating the aid of the destructive foreign exchange regime—i.e., as has been the well-known condition for a healthy restoration. The structure of the European states, has shrunk considerably in the recent years. It is necessary to stabilize the $300 million which is needed to the economic structure of the countries, has been. As a result, stability will be achieved. When we see how many diffi
culties there are to be overcome in Europe, we know that further action is vital (the creation of a healthy monetary-relationship between the five European countries who have committed themselves freely to cooperation) and that the talks have so far proved fruitless, then one can understand how difficult it will be to carry out the narrow conflicting interests of the 16 countries.
WASHINGTON . . .

And You

In politics, to use a figure of speech, there falls off the side of the three watchers hanging around the newly deceased's job.

Something of this philosophy is suggested to explain the current excitement, albeit belated, over the Supreme Court's April 28 decision in the cement case, in which the highest court ruled that, as part of a "combination or conspiracy" to restrain prices, the use of a single-point pricing system was illegal. Now from certain quasi-judicial quarters and from various points in Congress come insinuations that America's business, so much of which-trials and appeals has operated to some modification or another of the basic point pricing system, is about to be touched.

Pittsburgh would have to stop being the nation's steel center; Detroit would close down as the nation's automotive center, whereas the automotive center of Iowa probably would have to move home much of the yard garages while Maryland tobacco farmers raise prize bags and cigarettes cannot be grown in Virginia-Carolina but can be rolled by Maine farmers after the season on deerless acres. Etc., etc. At least, just to the alarmists, these are some of the things which are going to happen, and if business outside of Wisconsin falls for scares, it hardly can be blamed.

One well-written set of alarms comes from a source which would like to believe it could innovate in its own way. That way is to have a price-fixing agency or an agency empowered by 1950 monopsony statute to supervise all the practices and ethics of business through the device of trade practice conference, already carried thru the official way by FTC, business could do almost anything in the way of price fixing so long as it was socially nice price approved by the FTC.

Another set of alarms, however, are inclined toward any notion of violating the antitrust law or agency such a broad power.-

The Commerce Committee recognizes that the minute Congress starts to try any broad legal power to "regulate" and "supervise," and practices under a benign government agency, it would force its way into the cut and then there would be the NRA all over again.

A second set of alarms comes from the "politically"-professional friends of small business in Congress. Senator Capheart, Indiana Republican, hastened to get through the Senate a broad bill amending the antitrust laws by the Interstate Commerce Committee. His investigation would be so broad as to all but recreate a Republican version of the mouthy of speech, whenever a window building there are always two or who will apply immediately for a Temporary National Economic Committee of the early New Deal. Capheart got the Senate to approve this proposal, so theoretically the Senate Interstate Commerce Committee is now to engage in a full-fledged study of reversion of the anti-trust laws.

Whatever Senator Capheart feared until the war, in ever, in the way of proposals to make all within his law, all he can do when he has them wrapped up is to take it to the Senate Judiciary Committee and cheer for their adoption. It is the latter committee which has sole jurisdiction over anti-trust laws.

Then Senator Ferguson of Michigan, who has been investigating upon some or other since any one can remember, also came forth with a resolution the effect of which would be to let the Senate Judiciary Committee investigate the need for changes in the law in the light of the most case and other recent developments.

Then the House Special Committee on Small Business has announced that the country this fall with a view to finding just the ideal way in which the antitrust laws can be amended. Probably the members of this rather untrained professional staff of the special committee will be making studies.

Actually there is relatively little in the language among these highly trained observers of business whose job it is to spread the alarm if there is something to be scared of. One senator more said that possibilities fell into two parts: (1) If it were assumed that the Supreme Court decision explicitly outside the system as such, regardless of any practical effect, it is still a far cry before industry would be able to revitalize its pricing practices, decentralize, reduce, and all of the other antitrust aspects. Such dire results cannot be feared by the Department and the Trade Commission has launched investigations.

Once before such cases could adjudicated, Congress would seem to send the fire engines back to their red and white boxes and firemen to their cards.

(2) It is probable, in an opinion of some trade association experts, that the language of the Court, so "practical" and interpretation, will be found to ensure that the system only when they are a device used as a "conspiracy" within the meaning of the anti-trust laws.

Another decision which has not menaced the sense in this capital is the recent decision of the Supreme Court upholding the wartime overcharge. Theoretically this decision opens numerous industries to vague liability, but in actual case from $800 million to several billions.

This decision, of course, is a result of the provoking industry; to which it was directly applicable. Nevertheless, there is a feeling that organized labor may at least generally from instituting such suits on a broad scale for "feeling of jeopardizing the "third corner" of wage rings. There is also some belief that even if suits are launched, Congress will be back in time next January to stop them. Finally, it is insisted by none, even if denied by others in Congress, that the law enacting stoppage of -port-to-portal pay bill may provide an adequate defense to old war time claims for "over time on overtime."

Partly for these reasons Congress decided not to pass a law curtailing the "over time on overtime" situation before adjournment; the more practical reason is that Congress did not want to pass another law which the Administration could term anti-labor. Until a few days ago the Congressional leadership was all set with plans shown through a hasty bill outlawing back overtime suits. Then it was decided it was better politics to hold off until January. However, this Supreme Court decision does provide another incentive to Congress next winter to re vamp the whole Wage-Hour Act so as to curtail many of the broad interpretations of the Wage-Hour Administration while at the same time boosting minimum wages;

When Congress passed a special act to restrict the application of the old insurance law so that persons Congress, which wrote the law, did not intend originally to be covered, the Congress knew that the President would veto the bill. Congress sought to exclude from coverage news vendors, salesmen, and other people not classified as "employees."

So Congress to get this restriction adopted despite the President's objection, enacted a provision by adding $5 more for each person for which Congress made the table, non-contributory phase of social security. This will cost between $17,000,000,000 for the first year. This works out to be a per capita cost of $2.50 per year for every gainfully employed person in the U.S., with the ultimate cost—to override the President's wishes—of billions over a period of years.

Finally, however, the contingent liability law which the President enacted the social security act is, has been demanding, would have been tens of billions.

Don't expect much to develop in the near future in the way of bringing about a devaluation of foreign currencies. Something along this line probably won't develop for a few months.

Congress has leaned toward European currency devaluation on the theory that the over-pricing of currency is discouraging the incentive of labor and thus discouraging the industry. On the other hand, takes the strictly foreign exchange viewpoint, the French is only necessary if the value of the currency is too high to promote exports on a large scale.

Labor incentive in Europe will pick up when ECA provides the raw materials and the consumer incentive will work, but the value cannot take that look at currency values, the Administration feels.

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Gleni D. Thompson, National State Bank of Newark; Sherred Dzou, National State Bank of Newark; William J. O'Connor, Fidelity Union Trust Co., Newark.


At The Montclair Golf Club


Henry Hegel, Federal Trust Co., Newark; Austin H. Patterson, JULIUS A. RIEPEL, INC., Newark; Charles S. Bishop, Central Hanover Bank & Trust Co., New York; Addison K. Barry, National Newark & Essex Banking Co., Newark


Charles Hamburger, guest; R. H. Monaghan, Newark; E. J. Turner, Newark, guest


San Francisco Stock Exchange Tour of Pacific Northwest

Members of the Committee leading the Stock Exchange tour of the Pacific Northwest with a representative of Puget Sound Pulp & Timber Co. at the Bellingham airport. Reading from left to right: Ferdinand C. Smith, Chairman, Public Relations Committee; Richard P. Gross, Member, Board of Governors; Ronald E. Kaehler, President; Lawrence P. Turcotte, Executive Vice-President of Puget Sound Pulp & Timber Co., and Hubert J. Saber, Chairman, Listing Committee.

Ronald E. Kaehler (center), President of the San Francisco Stock Exchange; Douglas G. Atkinson (left), Dean Witter & Co., and Norman Allen, Assistant to Boeing President William M. Allen, inspect the double-deck Boeing Stratocruiser.

Members of the group, industrialists and airline attendants partaking of luncheon during the itinerary.

Group at San Francisco airport about to board plane for Northwest trip.