A Completed Secondary Reaction
By LEONARD S. HERZIG
Partner, Sartorius & Co.
Market analyst asserts current market action portrays completed secondary reaction in bull market, and particularly because news is not really destructive, basic trend remains up. Points to London market as demonstrating informed confidence in international situation.

In a previous article, "Death of a Bear Market," published in the "Chronicle" in March, 1948, I pointed out various elements which led me to the conclusion that the major bear movement had worn itself out, and a new bull market would be in the making. I also felt that the recent decline represented a secondary reaction in that bull market, which somewhat similarly exhausted itself.

Reactions
Close observers of market action know that all primary bull markets are punctuated by secondary reactions which last about one-third to one-half to the preceding uptrend. It has been estimated that all primary movements average about 100 calendar days—retracements (Continued on page 33)

Debt Reduction vs. Tax Reduction
By HARLEY L. LUTZ
Professor Emeritus of Finance, Princeton University
Holding no dogmatic assertions should be made as to whether more emphasis should be placed on debt reduction than on tax reduction, Prof. Lutz contends under present conditions there is still need for further tax relief. Analysts composition of Federal debt and shows recent debt reductions have been accomplished by substitution of non-marketable issues by special issues.

In the controversy over tax revision that has been waged during the past two years a conspicuous issue was tax reduction versus debt reduction. Many persons advocated keeping taxes high in order to do everything possible during the boom period toward debt retirement. Too frequently, the advocates of this view were indifferent to the spending level, although it is clear that the margin of surplus revenue available for debt retirement is determined fully as much by the amount of the expenditure as it is by the amount of tax rates.

The relative emphasis to be laid at any given time upon either tax reduction or debt retirement must be properly determined by dogmatic assertions as to what should be done.

Whether it is better policy for the good of the whole economy to reduce taxes, or to redeem debt, or to do both of these things in some combination, must depend upon various factors. For example, if the burden has been lightened and tax inequalities corrected. (Continued on page 26)

*An article by Prof. Lutz in the August, 1948, issue of "The Tax Review," published by the Tax Foundation, New York City, and reprinted with permission.

How Many Really Own Stocks?
By L. O. HOOPEL
E. H. Bush & Co.
Market analyst doubts accuracy of some recent sample findings, as Federal Reserve System, which suggest only six to nine million Americans own stocks. Mr. Hooper finds actually 428 companies have almost 13 million stockholders of record. Finds active markets increase distribution. Of 381 leading companies last year 329 showed increase, 143 decreases, with 9 about unchanged.

How widely is corporation ownership distributed? How many people own common stocks? How big is this "public" served by the brokerage fraternity? How many Americans, financially able to buy common stocks, have neglected to make any contribution to the aggregate supply of equity capital?

Statisticians disagree. Some say there are as few as seven or eight million stockholders in the United States and Canada. Others estimate millions.

Everyone is doing more estimate than just about any other citizen ever has been taken. Hundreds of corporations report annually on the size of their own shareholders' lists, but it does not help much to add up the totals (as is done in this article) because there are so many duplications. Most important stockholders own shares in more than one company—some in as many as 200 different corporations. There is no practical way.

(Continued on page 22)

EDITORIAL

As We See It

Pity the Poor Farmer!

Politicians with a nervous eye upon the November voting are already shedding crocodile tears over the poor farmer. The "parity" concept and numerous current statistics are being employed to show that the farmer is suffering—or is certainly at disadvantage greater than any group or element in the population with many votes as should be at this time in an election year. Of course, it is obvious that this is not really the case. The farmer, any of the current suggestions for coming to the aid of the embattled farmer can possibly be reconciled with the equally positive concern about the cost of living in nonfarm areas or in any areas for that matter. But, after all, not too much can be expected of the "practical politician."

But, politics aside, what really is the position of the farmer today? Is the farmer, by and large, worse off, threatened with being far worse off than the rest of us? Has his position seriously worsened since the end of the war when, as every one knows, he enjoyed the abundant life in a degree that he never dreamed of in the past? Well, let's turn to the record, as Alfred E. Smith was so fond of saying. In 1929, the earliest year for which really comparable figures are available, the income of the farmers of this nation was $5.7 billion, (Continued on page 27)
Proposed Changes in Federal Taxation  

By Robert Ash*  

Attorney at Law, Washington, D. C.  

Chairman, Committee on Bureau Practice and Procedure, American Bar Association

Washington tax attorney, asserting there is too much tax litigation, points out changes in Federal tax administration which will lead to settlements of disputes by administrative officials. Outlines changes in pending tax bill which will change back and carry forward provisions; we should have, in particular, a Federal bureau of revenue for purposes of gift to children of partnership in business; will lower tax rates for small corporations; will ease taxation in business reorganizations; will eliminate double taxation on dividends; and will lead to greater equity in tax on sales of capital goods.  

Urges revision of law to permit accelerated depreciation deductions by business.  

I am here to talk about taxes. I am going to discuss future reforms, first, tax administration and, second, tax adjustment outside this. Of course, the task is tremendous.

As far as Federal Income Tax is concerned, the field of adjustment has been pushed into a legal battle ground.

Too Much Tax Litigation

No one is really in doubt that litigation still exists. We have too much litigation over taxes, and the reports should be directed more and more toward your administrative settlement of taxes, and if you get the right answer, you as the Collector stated, you are going to lead toward that end. Nevertheless, if you try to get the right answer in a particular case, irrespective of the issue, is that case in the long run you are going to collect your fees for the service of various persons, if you try to factor out the untruncated revenue out of any particular case.

As I stated, the Bureau has done well on the job here. However, some people think that possibly the job could not be handled in the idea in mind, the Congress passed a law directing that an individual shall be directed for the operation of the Bureau and the report to the Joint Congressional Committee on Internal Revenue Taxation. That report was presented composed of Henry Haggard Bond of New York, J. Carter, George H. McLean of California, and George M. Mitchell of Illinois. They were all well-qualified members of the Second Under-Secretary of the Treasury. They released a report on April 23 of this year, and the recommendations were favorable. However, it did state that the enforcement staff is too small, it is in part under paid, in part under equipped, in part not effectively directed, and it made some specific recommendations as to what should be done. The first was that you should have in charge and training program to screen them, the investigation, and it recommended an increase in Bureau revenue of approximately one hundred thousand, and an increase for 1910. The recommendations of the Report is that the Government should get it back many times in the collection of delinquent taxes.

The so-called Bond Committee Report also recommended that the procedure should be recognized with view to greater economy and efficiency, and it recommended that the expenditures of the expenditures of the Joint Committee be recognized with the official of the Joint Committee be recognized with the Joint Committee should be recognized.

The American Bar Association's Committee on Bureau Practice and Procedure, Chairman, has also been studying the idea of possible recognition of the Joint Committee staff of giving the Joint Committee in charge in the making of one of the Joint Committee would be engaged in that service; the other half of the Joint Committee should be engaged in the making of such things as the number of dependents.

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*Addresses to the American Bar Association.

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The joint committee on bureau practice and procedure.

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The Story of "Time," Inc.
By G. M. LOEB
Partner, E. F. Hutton & Company
Members New York Stock Exchange

Investment authority reviews history and progress of Time, Inc., founded by Henry Luce in 1922. Points out achievements and financial success, as well as future prospects. Organization expanding, with greater printing capacity, additional research laboratories, and circulation fulfillment.

Stockholders in Time, Inc., have an investment in the future in partnership with innovators who have demonstrated they possess the know-how to grow despite all contingencies. We want to tell the story of its record to date without expressing an opinion on its market value or future.

However, it is important to note that most publishers would undoubtedly say that the earnings power of a company in its future growth can be better determined by an analysis of current market factors which make up its worth at the present time. Time, Inc. now sells at about $33, compared with a high of $85 in 1935.

The earnings rate on paid-for time for the first six months of this year, it sells at about $35 in 1935 for its annual earnings for 1948. Estimating dividends at 50% of income gives as a result a yield of 2% to 3%.

Time, Inc. story of its record to date without expressing an opinion on its market value or future.

Gerald M. Loeb

The Commercial & Financial Chronicle

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Thursday, September 2, 1948

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Your Estate and the Inevitable Taxes

By HARMON ACKERMAN

The Federal Estate Tax Law has one element to the marital contract, namely, the Internal Revenue Act of 1916. It is a financial burden in the hands of the Federal Income, Estate and Gift Tax Law which recognizes the community of interest between husband and wife. The new Federal Revenue Act also imposes a tax on all death duties which are not taxes on property as such, but the tax is on the transfer of such property at the time of the death. The Federal Gift Tax Laws are also applicable. It is a tax on the transfer of property from one person to another. It is not a tax on the property subject to the tax. As a practical proposition, the tax will be paid from property, so that, we need not concern ourselves of the subject of the Estate Tax Law.

The basic change made in the Federal Estate Tax Law is in treating both spouses of the marriage as separate persons and the property from one spouse to the other is an exclusion of 50% of the value of the "Adjusted Gross Estate." Estate taxes are in computing the net estate of a deceased spouse, the net estate of the surviving spouse. The Federal Estate Tax Law provides that any property owned by one spouse and not included in the gross estate of the other spouse is no longer subject to the Estate Tax.

What is an Estate?

An estate consists of all the assets belonging to the decedent at the time of his death. It includes cash, bank deposits, real estate holdings, liens, mortgages, debts, insurance payments payable to the decedent's estate, or to others, stocks, bonds, securities of any kind, mortgages, notes, other evidence of debt, interest in and to partnership property, title to property, tenancies by the entirety, interests in trusts or powers of appointment, gifts made in contemplation of death, and all other rights and powers of the decedent to the enjoyment, destruction, or sale of any commodity, property, or right. Also included is any partnership property, title to property, tenancies by the entirety, interests in trusts or powers of appointment, gifts made in contemplation of death, and all other rights and powers of the decedent to the enjoyment, destruction, or sale of any commodity, property, or right. Also included is any partnership interest in the property of the decedent.

Depreciation Allocations

Accomplishing the oil industry's profitable and growing period of 1947-48—a rate twice the level of the war years and almost three times that of the prewar period. Without such profits this period of the oil industry's profitability would have been "diluted out" by the continued development of oil fields and the steadily increasing costs of production. Only one-third of the oil industry's profits last year was paid in corporation taxes, with the remainder going to help finance the expansion of new production facilities. The balance of these profits was paid to stockholders.

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Are We Running Out of Oil?

By HON. GEORGE W. MALONE* U.S. Senator from Nevada

Assailing "kindergarten method" frequently used to project reported oil consumption against reserves, Senator Malone stresses preponderant importance of political and economic governmental policies. Declares crucial element is preservation of fair competition under profit system, for assurance of discovery of oil actually in ground.

The kindergarten method of measuring the projected estimated consumption of oil against the known reserves is dangerous to the peace and safety of the United States and Canada. Country and the low-wage European and Asiatic countries—does not prevent the necessary imports—but brings the foreign importer in the country during a period of liv¬
ing level and keeps our workers in the oil business.

Nations Confronted with Major Problem

This country is confronted with a major problem. In the past, it was necessary to compare the basic and fundamental economic policy of the government with its counterpart in this nation, and the effect upon the low-wage living standards of European and Asiatic countries.

Since the Trade Agreements Act became effective in 1934, the State Department has substituted a policy, to use its own phrase, of "horse trading," with foreign nations for reduction in tariff rates. What have we received from all of these "horse trades"? Today, not only have we been grateful for the tariffs of 100 years which tend to maintain the standards of living imposed by foreign countries are now more extensive than when we entered into this particular agreement in 1934.

There is no difference, my mind, in importing the low cost labor from abroad and importing the product of the low cost labor. The result in either case is a leveling of the wages and prices of the world and under such conditions there is no place for the standard of the American worker to go down.

1934 Trade Agreements Act

The Trade Agreements Program, as administered by the State Department, has increased the dumping of the low-wage stands of living nations in competition with our own products in our own market. As you in the House have pointed out, the Trade Agreements Program has not the effect sought and contrary, has been detrimental. Let it be mentioned that in April of this year the State Department arrested dumping of surplus textiles and foodstuffs by enforcement of the Trade Agreements Act and a continuation of its enforcement is necessary to make the tariff cuts.

The elimination of all United States tariffs is inevitable goal. This preconceived aim, fanatically pursued, of achieving free trade irrespective of the practice in other countries is the basis of my opposition to the entire scheme.

As a substitute and as a remedy, I propose Senator Bill 2382 at the last session for the imposition of an import fee at a rate which would prevent the "fair and reasonable competition" between the domestic and the imported item.

This law would be administrated by a bipartisan body of experts, and the amount of the import fee would be determined by law in accordance with the principles (Continued on page 35)

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The Correct Approach to Bank Supervision

By J. L. ROBERTSON

Deputy Comptroller of the Currency

Stressing banking responsibility in combating inflation and maintaining economic stability, Federal Reserve Bank supervisor urges bankers and supervisors in safeguarding soundness of banking system. It outlines aspects of opinions and interpretations relating to powers and operations of national banks. Calls for honest and frank disclosure and avoidance of totalitarian control methods.

Economic conditions throughout the world are foreboding. Take, for example, the fact that the nations of western Europe, which, even with our enormous aid, is finding the attempt to recover from the effects of the war, are continually trying to get their hands on new sources of control over the world and are looking at government in its true character, as the servant of the people, and not as a power, section of the people, and not as a tool of some other group.

In the face of the fact that hundreds of people can now have their own bank, our own domestic economy is getting out of kilter, and this is a pitfall that cannot be too long into the future. The fact that this is a pitfall of the future, and that and parties can blame each other for the consequences of mismanagement of the economy— it will not be long before our economy will suffer with the inevitable shock of a reverse swing of the pendulum.

Un fortunately, in the face of this situation, many of us are inclined to let someone else do the worrying away from unpleasant realities and to look to the other direction, where indeed, there is more to our liking. However, with high taxes to the left of us, and high wages and price levels to the right of us, expensive goods and gross plans to finance us and our inflated bulk, and more and more difficult to find a view which is not so disturbing as the rest.

But these are not the days for giving in to doubts or what’s the name, which is the very time to face the future courageously and in the full realization that our own self-preservation makes it imperative that all of us work together unconditionally and harmoniously.

The time has come when we must all look at the government, and the government, to see what is happening, and to understand what is happening. It is not so far fetched as it may seem, that the future is one in which there is going to be a great deal of traffic in the hands of people who need to have more money, and in the hands of people who need to have less money.

The fact that the money that is circulating in the hands of many people is not worth as much as it has been in the past, is one of the most important financial facts of the day. The fact that there is a decrease in the amount of money that is circulating, is one of the most important financial facts of the day.

Responsibility of Bankers

The responsibility of the banking group is one respect. And this is the responsibility of the banking group to the nation. There are two groups to the nation, and one of them is the group of people who are in the banking business, who are in the business of making money, and who are in the business of making profits. The other group is the group of people who are in the business of spending money, and who are in the business of spending their money. And the fact that there is a decrease in the amount of money that is circulating, is one of the most important financial facts of the day.

The attitude of British opinion towards these provisions ranges from universal support of the part of the political Left to widespread support of many moderate and Conservative quarters. It goes without saying that the British government has denounced the facilities as yet another step towards Americanization and has threatened to cut off aid to the United States if the project goes ahead. On the other hand, the British government has expressed its willingness to support the United States if the project goes ahead. On the other hand, the British government has expressed its willingness to support the United States if the project goes ahead.

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Immediate Problems of Retailing
BY DAVID M. FREUDENTHAL

Economist cautious about elements threatening to profits and other new adverse factors, including prices, conditions, profits, expenses, salaries, declines, and competition arising from housing and capital goods. Urges retailers' buying policy based on consciousness of prices and buyers' resistance.

There has been much talk these days about "Merchandising for a Profit" and merchandising one's time and similar misuse, it is believed, of the words "merchandising" and "improved service". Everything it seems turns out to be a "merchandising problem" of costs, of what is that which expansion will bring, or how necessary it may be the growth of the business, regardless of how much is paid for out of tax savings.

Cash Considerations
Aside from these considerations, costs of living in general and the effects of depression and fixed assets management will certainly again become the topic of conversation. 

This is an urgent and perhaps the most important question today but with a higher degree of probability placed with shrinkage opportunities to retain the consumer's earnings, an already severe situation will become more serious at present. It has been variously estimated that American industry is short of working capital from $45 to $50 billion. From the Federal Reserve estimates made in July of this year, we learn that business expenditures for new plant and equipment of $20 billion in 1948 are estimated at close to $19 billion. So generally it would seem safe to forecast that American business is going to face more intense than these estimates before the end of the year, for the purpose of this argument the mere statement that the fact that with receivables mounting today, added working capital is still "on the drawing board" is a fact which bears out the statement. The whole point of this part comes true that in order to "Merchandise for a Profit" and to win, you must have sufficient working capital to safeguard, in securing a loan, the bank or the investor. However, the problem will be more severe than has been the case in the past. To put it another way, the effect of a loan or an equitable financing is borne in mind, the smart money will go to the man who can show a substantial, out of, an ordinary current account. The activity of which was again at a peak in

"Retailing with Retail Sales"

Now so it would seem that this is a formidable retailer to compete with and we can only hope to be competing with in the next year or two at best. So that we can compete with the question of method of selling. If retailers are competing for the earnings dollar, which indeed they are, one cannot escape the conclusion that credit is perhaps even less than a good long while. And we again call for "Merchandising for a Profit".

All of this must be faced despite the fact that credit is now associated with our organization.

GEORGE B. WALLACE & CO.
15 William Street
New York 5

Telephonic Bowling Green 2-3737

We are pleased to announce that
MR. ELMER E. MYERS
is now associated with our organization.
Fact Finding in California

BY HENRY J. TAYLOR

Radio commentator reports factory employment and wages in California continue to rise, but price resistance is apparent. Says farm income has also increased, but tax burden is "frightening," and people are beginning to show restiveness.

California is now the third largest State in the Union, exceeded in population only by New York and Pennsylvania. Conditions are typified by much of my learning during the long fact-finding trip. So let's take a look into the grass roots of this part of the full picture in Town and Mine.

Employment. The Davis fact-finding group was 2% higher than it was last spring, and 53% higher than it was in 1940. That means that half as many as a year ago are working as foremen, clerks, salesmen, etc., as were working in June last year. That I should find this surprising, this year, but I'm not surprised. When I first visited the picture in the Western mining towns and the factories, I was, in fact, surprised, but as you count up the facts, the situation seems quite practical. Whether you are on the face of the earth or in Hollywood or Washington, the mining industries and the film industry not only employ fewer people than a year ago, but, as the trend to an average 25% reduction in California, these two industries employ fewer people today than they did in 1940. Therefore, it is quite understandable. Wages Continue to Rise.

Wages of California workers continue to rise, but the annual pattern followed across the continent, but at a higher rate. The average hourly wage for factory workers in California reached $1.71 per hour in May, which was the same as the national average of $1.30 per hour across the country. But price resistance is clearly encountered in many markets. The prices of houses is, on the whole, the lagging—although the sales are free of this and an over-all increase, because there are more factory people moving into the market and other products can be sold. Price resistance is nevertheless making itself felt. For example, the average price in the Orange line to San Francisco, 30 miles away, or an annual wage of $1.30 for a room, has been offered at sale for $2,100. That seemed a terrific price.

On closer examination, every thing was well built but cut. But the house still isn't sold—like a lot of California houses built at such high cost that they have priced themselves out of the market. Price-Resistance Apparent. Other evidences of price-resistance are beginning to show up. You can go into the butcher shop here and see in operation the so-called meat boycott which has been so widely publicized. Price-resistance is apparent as well in household furnishings and clothing, and in all products. The items throughout the State of California which are ahora, the lowest in the old period last year with costs remaining very high. This fact that arises when production costs are high. Also, another sign is visible in the business or any industry facing high costs and needing to recover these costs in its prices, in order to remain a business at all—can price itself right out of the market. That's bad for everybody. While heretofore has been little that this rut they act like a boomerang and hurt the very people they are supposed to help the most.

Farmers, Fishermen and Inventors

BY ROGER W. BABSON

Mr. Babson, commenting on increased labor supplies and decline of per capita productivity and demand for labor, he would have us look at the effect of the Federal tax on the people, especially this part of the country, Los Angeles County.

Tax Burden Frightening. Last year, the cost of Federal Government administration was $24,000,000 to the men and women taxpayers in Los Angeles County alone, with $24,000,000. Let me repeat that, because it's important. The thinking is becoming clear, here working, how to save some of the farmers and inventors. It's not the size of something that's too big. So take the effect of Federal taxes on the people, especially this part of the country, Los Angeles County.

Since the 5% spread was first "suggested," and really adopted, by the NASD with the consent of the SEC, the effects have risen to a point where it was impossible to compete with the NASD in any years without any set rule of commission or mark-ups. It is a "business" that is too important for the honest man. "A business" that is made for the man. The man who pays taxes and labor and does not care and is a federal tax, is a business one which must be realized soon. It is a business which is making the cost of some other types of securities in trade and in such, and is also a business which, in many instances, is creating a "business" and in the same time, or of the same kind, for the man, of course, cannot be under such conditions.

The Injustice of the Five Percent Spread

BY JOHN DALTON

Writer suggests, in view of rise in living costs and increased operating expenses, 5% spread, at first suggested and "really adopted" by NASD should be entirely eliminated. Cities recently increased their tax rates up to 5%.

Dealer-Broker Investment Recommendations and Literature

Cicero Company Stock--Analysis—H. Hentz & Co., 60 Beaver Street, New York 5, N. Y.

Rayen—Analysis of the industry—its leading men, its market—Estate—Estabrook & Co., 15 State Street, Boston 1, Mass.

Railroad Developments—Leaflets—H. Wilcox & Hickey, 49 Wall Street, New York 5, N. Y.

Soft Drink Industry—History of the industry, its potentialities—Henry P. Rosenfeld & Co., 37 Wall Street, New York 5, N. Y.


Fire Insurance Stocks—Analyze the stocks as investments—H. C. Hanson & Co., The Rookery, Chicago, Ill.

Reflect--Little of the current situation—Hamilton, Broad & Clinton Street, San Francisco 4, Calif.


Dividend Greybeards—List of issues which paid dividends in every year without interruption—Nov, or 31, 1943—P. McDermott & Co., 44 Wall Street, New York 5, N. Y.

Market Letter—Monthly market letter gives prices and other news, and points out high, low, and closing prices—Street, New York 6, N. Y.

Also available is a list of railroad stocks and industries—C. H. Harrison & Co., The Rookery, Chicago, III.

Leads and Bank & Trust Com. on the operations of the leading banks and Trust companies—The annual report—24 Commerce Street, Newark, 2, N. J.

ACCORDING TO THE NATIONAL COMMUNICATIONS SERVICE

A radio broadcast by Mr. Taylor, Aug. 29, 1946.
One Billion Yearly of Federal Money for South!

By HENRY A. WALLACE
Candidate for Secretary, Progressive Party

Third Party Presidential Candidate, is first campaign speech in South, proposes Federal Government grant $1 billion annually for farmers, industries, low income, "will end outside interference in Southern affairs" and accuses both Republicans and Democrats of being controlled by vested interests, hereby opposing Southern developments. Attacks Truman-Dewey policy of militarism, with key Government posts turned over to "men of Wall Street."

I want to talk on this tour of the future of the South. And North Carolina is not the only second only to Texas in agriculture, this state has shown that the people of South Carolina can produce every bit as well in people in other parts of the country.

In the value of industrial and agricultural production per North Carolina is well above average nationally.

In every Southern State, the people of North Carolina receive only one-fifth of the fruits of their labor. Here is the solution to the problem of Southern agriculture and industry. It cannot stop with the lumber from the tree and the pipe from the foundry—but must unite these products in good Southern homes and make it possible for these farmers and city people not to stop at providing raw materials for industry outside the South. It must carry on and use Southern materials in production of those goods needed by the people of the other cities and the cities on the farms. It cannot stop with advertising the cultural production, but must insure the supply of the vital foodstuffs needed by all the people.

The people want a larger, better government. Southern agriculture and industry, and the extension work of the Federal Government can be adapted to their own counties. This is a solution to Federal aid for schools, housing, homes, health and social security.

Federal Aid of $1 Billion

I propose that the Federal Government give to the South a grant of $1 billion a year for four years to aid Southern industry and agriculture. And this extension work to Federal aid for schools, housing, homes, health and social security.

Half of this billion will go for industrial development, to repeat the pattern of low wages for Southern workers. Forty per cent of the million for industrial development for Northern owners—we propose no Truman Doctrine to protect this new profit. We propose to make industry use Southern labor. Go ahead and needs. To South and paying high wages. And industrial development of Southern state build homes and machines to make the variety of which this has the resources and human skills. It will bring about the fuller development of life to the people of the South. The production of the $1 billion per year would go to agriculture. This part would be used to help the honest and industrious Southern farmer establish a sound and efficient farm management. This would bring good living to himself and his family bring need-foodstuffs to city dinner tables.

It is no handout. I propose is simple method to finance it—and the returns in increased income in health and happiness will repay the investment.

Each year billions, literally billions of dollars of profits are drained from Southern labor in field and factory by large corporations. And the power which men who reside elsewhere. These Progressive propose only that the Federal Government, through taxation, make and the rich return to the people of the South the share they are entitled to their toil and sweat.

The people of the South proved during the time of the New Deal and Franklin Roosevelt that they knew how to make good when the Federal Government. And, say I, a good way is when you make a loan on fair terms to a Southern farmer for improving his farm—that loan will be repaid. I am confident that the Federal Government can give a benefit from a billion dollars additional per year. The people of Europe are getting from the free trade agreements under the wasteful foreign programs of the big-power nations.

We Progressives propose only that the Federal Government, through taxation, make a loan to the Southern farmer for improving his farm—that loan will be repaid. I am confident that the Federal Government can give a benefit from a billion dollars additional per year. The people of Europe are getting from the free trade agreements under the wasteful foreign programs of the big-power nations.

I, and the Progressive Party which I represent, are determined to bring about these national policies which will permit you to accomplish your own dynamic plans for the South.

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Federal Aid of $1 Billion
Pennsylvania Brevities

P.T.C. Adjusts Fares and Schedules

PHILADELPHIA—Yielding to pressure of public opinion and civic groups, Philadelphia Trans- 
port Co., Inc., has decided to reduce to school children that new fares will save 25 cents
than 1,500 modern streetcars.

The Securities and Exchange Commission has
10,700,000. During the past 18 months, com-
Company. Practically all will be used to de¬

Available Publications

Valuation and Appraisal

RAILROAD EQUIPMENT CERTIFICATES

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

Valuation and Appraisal

CITY OF PHILADELPHIA BONDS

2039, Hotels Street, System #

Philadelphia Bank & Insurance Stocks

Philadelphia Transportation Co.
5-6 2030, Pfd. & Common

H. N. NASH & CO.

1585 Locust Street, Philadelphia 2
1567 Chestnut St., Philadelphia

Buckley Securities Corporation
1400 Walnut Street, Philadelphia 9

Philadelphia, PA.

Pittsburgh 5-7530

Securities

Tradesman

Brest & Company

Edward C. Brest, President of Brest & Company, reports a record

Executive summary of the

Elmer E. Myers

Sept. 1, 1948. In this new con-

M. S. Board of Trade

Appoints Proffitt

Made Chairman of Special

Committee of Cooperation on Mo-

nary Policies.

Dr. Edward J. Proffitt was ap-

pointed Chairman of a Special

Committee of Cooperation on Mo-

etary Policies by John A. Zeiler, Chairman of the Inter-

national Trade Section of the

New York Board.

Following the recent approval by the Board's International Trade Section of a gold dol-

lar standard as a prerequisite to do business, and worldwide it is planned to organize through this

new committee for an exchange of ideas with civic groups in other

sections of our country for its realization.

Col互联 Proffitt was recently awarded a doctorate degree in Science in Business Adminis-

tration from his Alma Mater, the university of Providence, R. I. Colonel Proftitt, fol-

lowed town and city officials in the Treasury-

Department, but has specified that the bank will continue to pay at the rates quoted in his

of the United States, where he received his basic training.

Chicago, Illinois — The Municipal

Board of Bond Council will hold

its regular meeting at 5 p.m. on

September 17 at the Knollwood Coun-

try Club.

The meeting will be preceded on Sept. 1 by con-

taih and dinner at the Knollwood

Club.

With Doremus & Co.

William H. Long, Jr., President of

Doremus & Co., has been elected to

the board of governors of the American Institute of Accountants.

Mr. Doremus & Co. has also established a branch office in New York City, at 15 William Street, New York, City.

Municipal Bond Council of Chicago to Hold Outing

The Municipal Bond Council of Chicago will hold a outing for its members on Septem-

ber 17 at the Knollwood Country Club.

The event is expected to be well-attended and a large number of bond officials from other cities are expected to participate.

Dick to Acquire Philadelphia Exchange

Philadelphia, PA. — Lewis C. Dick, owner of the Dick Co., 1420 Walnut Street, is poised for election to the membership of the Philadelphia Stock Exchange.

Elmer Myers Joins Geo. B. Wallace & Co.

Elmer E. Myers, recently with B. W. Pizzini & Co., Inc. and prior to that with the brokerage firm of Satro & Brothers trading department, has been appointed a member of the firm of Geo. B. Wallace & Co., 15 William Street, New York City.
In the concept of cost, money is the center and the most popular association, but it is not the fundamental factor involved. In the cost of social security, there are two significant aspects. One is the initial cost, which is the tax levy. The other is the payment of benefits they represent, are shown in the accompanying table.

<table>
<thead>
<tr>
<th>Year</th>
<th>Benefit Payment</th>
<th>Initial Cost</th>
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<tbody>
<tr>
<td>1947</td>
<td>$3,000</td>
<td>$0</td>
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<td>1948</td>
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<td>$0</td>
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Nothing could be further from the truth.

Economists agree, however, that the actuarial principles of genuine insurance do not apply to social security. Because the tax payments provided for the technical manipulation of cost facts by attempted adjustment of tax rates to benefit needs. Firstly, the taxing power makes it unnecessary for a nation to secure itself on an actuarial basis. Any deficit between contributions and cost of benefits can be made up by taxation, or borrowing. Secondly, it is not really possible for a sound insurance trust to operate on a self-supporting basis. The government cannot invest in itself except in a bookkeeping sense, by borrowing from one set of tax collections and "repaying" out of another.

For example, the Federal Deposit Insurance Corporation operates on a net basis. They will continue to lose money. Nevertheless, the system of social security is a sound insurance principle, but one which has not been as thoroughly publicized as the actuarial principles of insurance. They have not been as scrutinized, and the actuarial principles of insurance have been more thoroughly developed.

Costs in Social Insurance

By JO BINGHAM

Research Senior, Tax Foundation

Walter, after analyzing nature and costs of social insurance, maintains, under the present system, the costs, whether in the form of tax or in ultimate distribution of income, depend upon current product. Holds burden falls on producers and large and is determined not only by the estimate of total output at any given time, but by ability and willingness of those who produce to share with those that do not.

The concept of money is the center of the most popular association, but it is not the fundamental factor involved. In the cost of social security, there are two significant aspects. One is the initial cost, which is the tax levy. The other is the payment of benefits they represent, are shown in the accompanying table.

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### Bank and Insurance Stocks

**This Week—Bank Stocks**

An article by Professor Roland I. Robinson of Northwestern University was published in the July, 1948 Harvard Business Review entitled "Bank Capital and Dividends Policies." It raises the question as to whether the policy of adding to bank capital through the retention of earnings or the payment of dividends should not be modified in light of existing conditions.

In this connection, it is interesting to analyze the capital position of some of the New York City banks. In addition to the customary capital-reserve ratios in the following table, a "risk ratio" has been computed. This latter ratio takes into account the fact that cash and government securities constitute a considerable proportion of the assets of banks. In general these securities are short-term and relatively risk-free. By deducting such items from deposits you obtain what may be called the deposits at risk. Figures are used as of June 30, 1948.

<table>
<thead>
<tr>
<th>Bank</th>
<th>Total Deposits</th>
<th>Total Debt</th>
<th>Total Capital</th>
<th>Capital Ratio</th>
<th>Risk Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of Manhattan</td>
<td>65,681,103,810</td>
<td>53,681,103,810</td>
<td>12,000,000</td>
<td>3.2%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Bankers Trust</td>
<td>95,624,935,948</td>
<td>65,624,935,948</td>
<td>9,000,000</td>
<td>3.8%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Chase National</td>
<td>329,041,458,090</td>
<td>241,041,458,090</td>
<td>9,000,000</td>
<td>3.6%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Chemical Bank &amp; Trust</td>
<td>910,164,365,895</td>
<td>531,164,365,895</td>
<td>9,000,000</td>
<td>3.8%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Commercial National</td>
<td>125,383,578,827</td>
<td>105,383,578,827</td>
<td>9,000,000</td>
<td>3.9%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Corn Exchange</td>
<td>44,392,731,458</td>
<td>36,392,731,458</td>
<td>9,000,000</td>
<td>3.8%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Guaranty Trust</td>
<td>85,684,522,458</td>
<td>65,684,522,458</td>
<td>9,000,000</td>
<td>3.8%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Irving Trust</td>
<td>127,687,116,571</td>
<td>87,687,116,571</td>
<td>9,000,000</td>
<td>3.8%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Manufacturers Trust</td>
<td>303,375,474,727</td>
<td>263,375,474,727</td>
<td>9,000,000</td>
<td>3.8%</td>
<td>2.1%</td>
</tr>
<tr>
<td>National City</td>
<td>530,567,902,072</td>
<td>460,567,902,072</td>
<td>9,000,000</td>
<td>3.8%</td>
<td>2.1%</td>
</tr>
<tr>
<td>New York Trust</td>
<td>121,691,114,388</td>
<td>91,691,114,388</td>
<td>9,000,000</td>
<td>3.8%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Public National</td>
<td>59,292,072,072</td>
<td>49,292,072,072</td>
<td>9,000,000</td>
<td>3.8%</td>
<td>2.1%</td>
</tr>
<tr>
<td>U. S. Trust</td>
<td>113,687,902,072</td>
<td>73,687,902,072</td>
<td>9,000,000</td>
<td>3.8%</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

**Includes City Bank Farmers Trust Company**

From the above figures it can be seen that about one-half of the banks listed have at least the traditional ratio of one dollar of capital to each ten of deposits. First National and U. S. Trust have the lowest ratios with approximately 3.3% and 3.8%. On the other hand, a considerable number have substantial positive "risk ratios." The Corn Exchange, with one dollar of capital supporting almost seventeen dollars of deposits, is the highest.

After deducting cash and government securities from deposits and using that figure as a basis for the ratio, it can be argued that a true measure of the risk element in commercial banking is obtained. On this basis it would appear that all of the institutions have adequate capital. Indeed, some have capital funds which exceed the deposits after deducting cash and governments. Others have a low "risk ratio" with Bank of Manhattan showing the greatest relative risk of capital funds with a ratio of 3.2.

With the above information, it is interesting to compute the percentage of earnings paid out as dividends and the amounts added to capital funds. The following table lists the 1947 net operating or indicated earnings, the dividend and the percent of earnings distributed for 15 New York City banks. Also included is the recent price and yield.

<table>
<thead>
<tr>
<th>Bank</th>
<th>Net Operating Earnings</th>
<th>Dividends</th>
<th>Percent Dividends Paid Out</th>
<th>Net Operating Earnings on Stock</th>
<th>Price</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of Manhattan</td>
<td>$1,200,000</td>
<td>$400,000</td>
<td>33.3%</td>
<td>$99,000,000</td>
<td>120</td>
<td>3.3%</td>
</tr>
<tr>
<td>Bankers Trust</td>
<td>$2,000,000</td>
<td>$600,000</td>
<td>30.0%</td>
<td>$132,000,000</td>
<td>140</td>
<td>4.3%</td>
</tr>
<tr>
<td>Central Hanover</td>
<td>$600,000</td>
<td>$200,000</td>
<td>33.3%</td>
<td>$54,000,000</td>
<td>70</td>
<td>2.9%</td>
</tr>
<tr>
<td>Chemical Bank &amp; Trust</td>
<td>$2,160,000</td>
<td>$648,000</td>
<td>30.0%</td>
<td>$129,000,000</td>
<td>140</td>
<td>4.1%</td>
</tr>
<tr>
<td>Corn Exchange</td>
<td>$5,000,000</td>
<td>$1,500,000</td>
<td>30.0%</td>
<td>$99,000,000</td>
<td>100</td>
<td>5.1%</td>
</tr>
<tr>
<td>Guaranty Trust</td>
<td>$1,742,000</td>
<td>$522,000</td>
<td>30.0%</td>
<td>$109,000,000</td>
<td>100</td>
<td>5.2%</td>
</tr>
<tr>
<td>Irving Trust</td>
<td>$1,250,000</td>
<td>$375,000</td>
<td>30.0%</td>
<td>$125,000,000</td>
<td>100</td>
<td>5.2%</td>
</tr>
<tr>
<td>National City</td>
<td>$6,784,000</td>
<td>$2,035,200</td>
<td>30.0%</td>
<td>$118,000,000</td>
<td>100</td>
<td>5.2%</td>
</tr>
<tr>
<td>Public National</td>
<td>$4,260,000</td>
<td>$1,278,000</td>
<td>30.0%</td>
<td>$102,000,000</td>
<td>100</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

**FDIC Liquidates Debt to Treasury**

Chairman Maple T. Harl of the Federal Deposit Insurance Corporation has announced that the debt of the Banks' Trust Co., totaling $280 million, has been completely liquidated. The firm has been in existence 14 years at the inauguration of the FDIC and has been gradually paid off in full. The receipt of the last payment, from the 136 banks, which purchased the assets of the bank, of whom depositories are all liquidated, in the mean time, is the FDIC has been able to reserve of $1 billion, currently under the FDIC, for the insurance of about $100 billion of bank deposits.

**Reports Midwest Super-Exchange Planned**

New York "Times," in a special dispatch says project proposes centralization in Chicago of midwest exchanges.

According to a St. Louis plan, the city would foot to create a single exchange to be located in Chicago. According to the dispatch, present offices would combine their forces to form a group of the three other exchanges to develop a central market. The purpose of the plan is to offer the benefits of the market of small exchanges to New York. It is expected that consolidation would attract business from large firms not now using the Midwest stock exchange.

**Austria Joins Fund And World Bank**

The Articles of Agreement of the International Monetary Fund and the International Bank for Reconstruction and Development have been signed by Austria's Ludwig Kleinweishein, Minister of Austria, on behalf of Austria. No financial obligation to the International Monetary Fund is 50,- 000,000, but Austria's share in the capital stock of the bank is $50,000,000, or 3.1% of its total par value of $1,500,000,000.

Austria's application to become a member of the Bank, said to have been actuated by a desire to be located in international financial center.

**Iowa: Inv. Bankers To Large Office Day Sept. 23**

DES MOINES, IA.—The Iowa Investment Bankers Association will hold their annual field day Sept. 23, at the Hygienic Club, Des Moines. 150 members are expected. Reservations may be made through Harry L. Westphal, chairman of the 1948 convention committee at the Iowa-Des Moines National Bank & Trust Co. Golf and other forms of amusement have been planned for the day.

Registration fee is $15 for members and $20 for guests.

**Counts & Co. Move to Larger Offices in NYC**

Counts & Co. announce removal of their New York office to 52 Broadway where larger space enables the firm to clear its room and increase its clearing operations and render more comprehensive facilities to their customer connections. This move will also enable the firm to add more famous and investment services available through their nineteen offices of the firm.

Operations of the New York office will be under the direction of Paul D. George, Regional Manager. All members of the firm who all of whom have been with Counts & Co. for some time past, were able to participate in the operations.
Sees Expanding Television Field

Frank M. Folsom, Executive Vice-President of Radio Corporation of America, predicts nation-wide setup of video by 1952.

In an address before the Western Radio and Appliance Trade in San Francisco, Mr. Folsom predicted that the Radio Corporation of America, in charge of its Victor Division, use of television and predicted that television would bring a revolution in radio broadcasting.

"I see the day when there will be a vast new industry in the United States, if not the world, based on the principle of radio broadcasting," Mr. Folsom said.

"Television will be far more important in every community and in every home than radio broadcasting. It will be a powerful force in selling American goods and services, and television also has application in non-entertainment fields. We can envision the day when television will be used in religious teaching, in education, and in business.

"The war speeded developments in military uses of television, of course. I do not know that the war ended television but it has added three planes and guided missile work for television. It has also contributed tremendously to our country's present and future welfare."

In this connection, I'd like to mention that television will prove to be a most powerful force in selling American goods and services. Television also has application in non-entertainment fields. We can envision the day when television will be used in religious teaching, in education, and in business.

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Mutual Funds

By HENRY HUNT

"If I Were a Retail Salesman"

The 10th article in this series was written by A. J. Wilkins, Director of Distribution, Wellington Fund.

"If I Were a Retail Salesman" (Unpublished Serial)

By A. J. Wilkins

Director of Distribution, Wellington Fund

I would say to my prospect—Mr. Jones, you will be interested to know that there is available in the retail market today a single security a complete investment program, assurance of reasonable income, safety of principal, convenience, ready marketability whenever you need cash, and an ideal medium for building a fund for your child's education, your children, or for any other purpose you may have in mind.

You can get all these features in the security I am recommending, which is the shares of Balanced Mutual Funds.

By "complete investment program," I mean that Balanced Funds give you all the advantages of balanced funds: shares are divided not only among many individual companies, both current and potential leaders in new industries, but also among the various types of securities—bonds, preferred, and common stock.

The management of these Funds is constantly adjusting these holdings to meet changing economic conditions and market conditions.

The assurance of reasonable and continuous income is provided by this three-way diversification. In other words, you do not put all your eggs in one basket, or all your investments in broad sectors of your funds are divided not only among many industries, but also in different types of securities—bonds, preferred, and common stock. The management of these Funds is constantly adjusting these holdings to meet changing economic conditions and market conditions.

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"Bird in the Hand"

The trend of dividend payments is all-important to all shareholders—not because dividend income will make them millionaires (although it is—this is a tax system, which in effect, taxes dividends both before and after they reach the shareholder), but because it apparently has a more tangible bearing on the trend of stock prices than other business statistics. The reason for the superior correlation of stock prices and dividend payments must be to investor-thinking along the old line of "a bird in the hand," because there is no doubt that sales, earnings and working capital are important indicators of the general state of business health. In any case, evidence of an upward trend of dividends is usually a powerful stimulant to the stock market.

Corporate dividends have been on the rise since 1945, although it is true that the rise took place in the form of a four-year and after they reach the shareholder, but because it apparently has a more tangible bearing on the trend of stock prices than other business statistics. The reason for the superior correlation of stock prices and dividend payments must be to investor-thinking along the old line of "a bird in the hand," because there is no doubt that sales, earnings and working capital are important indicators of the general state of business health. In any case, evidence of an upward trend of dividends is usually a powerful stimulant to the stock market.

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Sees U. S. Controlling World Gold Price

"Barclay's Bank Review" holds there is ground for raising official price of gold as an aid in increasing production, but points out U. S. is not likely to favor this action because of its inflationary effects.

In an article, captioned "The Price of Gold, " appeared in the August 12 London "Barclay's Bank Review." It is pointed out that the price of gold, despite its stability in recent years, is below the official price. The article is based on a study of the production and consumption of gold by various countries, and the report is that the production of gold in the United States has been liberalized, allowing for the free movement of gold into the country. The article concludes that the United States is not likely to favor increasing the price of gold, as it would be inflationary in the United States, and that other countries may not follow suit. The article also points out that the price of gold is not as important in the United States as it is in other countries, as the United States has a large gold reserve and is not dependent on gold for its economic stability.
The spectacular mineral and oil discoveries which have recently capped the headlines of the Canadian public front have almost overshadowed the unique item of even greater significance. Close observers of the Canadian economic situation have long appreciated the fact that the greatest impediment to full economic development of the country is its inadequately inadequate population ratio in relation to its possible growth potential of the country. With an area surpassing that of the United States and an unvalued wealth of undeveloped natural resources in a world of growing scarcities, Canada's glaring inadequacy of population presents a challenge not only to the Dominion but also to the world at large.

It is therefore gratifying to note that according to the annual estimate of the Dominion Bureau of Statistics that Canada's population as of June 1st this year attained a total of 12,853,800 and showed a record increase of 301,000 over the figures of the previous year. This increase which follows the national record advance registered a year ago when the population gain was 275,000 is a clear indication that the more and more vigorous Dominion immigration policy is one bearing fruit. Up to a few years ago the Canadian government and Dominion battalions were led to impede rather than encourage the entry from abroad of would-be Canadian citizens, and it was largely due to the laudable efforts of the Promotion Division of the Canadian Pacific Railway that the Dominion reached even its present lofty total.

In view of the recent promising results following a positive rather than a critical assessment of immigration immigration policy the Canadian authorities should now be encouraged to make further constructive efforts. At the present time when the situation is a distressingly simplified in view of the current urge to enter Canada, and the juggling of the numbers of the dissatisfied peoples of various European countries and the desire to attract these people to the obvious scope for development, the Canadian Premier, Mr. St. Laurent, and his ability as a Frenchman, as a man, and as an economist, is less than his predecessor to the delimitation of his mind. The problem is involved in no forceful treatment of the subject by him, and it should further enhance the prosperity of the country.

**Canadian Securities**  
*By William J. McKay*

The spectacles and oil discoveries, which have recently occupied the center of public interest, have almost overshadowed the fact that the greatest impediment to full economic development in Canada is its inadequately large population ratio in relation to its possible growth potential. With an area exceeding that of the United States and an unvalued wealth of undeveloped natural resources in a world of growing scarcities, Canada's glaring inadequacy of population presents a challenge not only to the Dominion but also to the world at large.

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**Canadian Bonds**

**Government**

**Municipal Corporation**

**Canadian Stocks**

A. E. Ames & Co.
Incorporated

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

WORTH 4-2400 NEW-1-1045

**LETTER TO THE EDITOR**

**Takes Exception to Views on Protective Tariffs**

Forest S. Dunbar, Jr., writes, in answer to Alexander Wilson's article "Can America Prosper Without Foreign Trade?", that tariffs do not benefit workers. Denies U. S. cannot compete with low foreign wages.

Editor, The Commercial and Financial Chronicle:

Many of the articles in the Thursday edition of the "Chronicle" have presented viewpoints and reasoning contrary to my own, but that of Mr. Wilson's article "Can America Prosper Without Foreign Trade?" in the July 29 issue was I prompted to remark.

Three times Mr. Wilson made mention of the make-believe worker who 'sacrifices' a tariff on imports. I have heard of workers who sacrifice but only in connection with the missing money over economic and political past. These ancient failures, that tariffs protect the wages of our working men and our high living standards, are especially insidious because they are a form of wishful thinking with such a pleasing sound that in the past have proved convincing to many wage earners the nation to the opportunity to learn of the high regard to be protected as a tariff as a national policy.

It is true that the tariff permits the American manufacturer to charge higher prices than he could otherwise. But it is not true that this means that a greater amount of money that the consumers are paid for a particular product is going to be paid to labor. It might just as possibly be needed to pay for one of the wages paid. Wages in general are not raised by the tariff, and the wages paid are not going to be raised by the tariff. The relative high level of wages is based on the relatively high effectiveness or productivity of labor. The most probable effect of the tariff on wages is to reduce the real wages of many commodities to be higher than they would be without a tariff.

The present wage and cost of living situation is a perfect example of the great difference between money wages and real wages. If wages received by labor has doubled and the prices of goods have doubled, that means that these workers can buy twice as much as they could be able to buy in 1939. A similar situation occurs as a result of increased tariffs. In industries that are protected industries receive wages up to 150% above the national average, the same workers are paying the same amount as before, but now with wages higher. The problem is to determine the standard wage paid in one industry as a result of higher prices.

Pierre Papin joins

Merrill Lynch Firm

(Special in the Financial Chronicle)

ST. LOUIS, MO.—Pierre L. Papin has been associated with Merrill Lynch, Pierce, Fenner & Beane, 411 North Seventh Street, St. Louis, was formerly an associate of Wm. F. Dowdall & Co. Prior thereto he was an officer of Klein Bros. Jordan & McDonald and conducted his own investment business in St. Louis.

John G. Sheldon

With Television Spheres

(Special in the Financial Chronicle)

CHICAGO, ILL.—John G. Sheldon has been associated with Television Spheres Management Corp., 123 South LaSalle Street, New York, and Sheldon was formerly with Vance, Sanders & Co.

September 2, 1948

**COMING EVENTS**

In Investment Field

**Sept. 10, 1948 (New York City)**

Security Traders Association of New York, opening Outing at Travers Island.

**Sept. 17, 1948 (Chicago, Ill.)**

Municipal Bond Club of Chicago annual field day at Kooloo-Conn Club Country (cocktails and dinner at the Kenilworth Club sept. 16th).

**Sept. 17, 1948 (Philadelphia, Pa.)**

Investment Traders Association annual election and dinner at the Liberty Bank.

**Sept. 28, 1948 (New York City)**

Canadian Bond Dealers Association 74th annual convention.

**Oct. 11, 1948 (St. Louis, Mo.)**

Loyalty date for annual election party of Security Traders Association.

**Nov. 13, 1948 (Chicago, Ill.)**

Bond Traders Club of Chicago, first informal meeting, at the old Union Club, passing through Chicago on the way to St. Louis.

**Nov. 15-18, 1948 (Dallas, Tex.)**

National Security Traders Association.

**Dec. 5-10, 1948 (Hollywood, Fla.)**

Investment Bankers Association Convention at the Hollywood Beach Hotel.

William F. Goulet Is Opening New Offices

William F. Goulet is opening offices at 25 Broad Street, New York, N. Y., in the securities business. Mr. Goulet was formerly a partner in Goulet & Stein.

Join Calvin Bullock

Harrington, Bullock, formerly Assistant Secretary of the North British and Mercantile Insurance Company, is associated with the firm of Calvin Bullock, 1 Walt Whitman Building, as Account Executive.

With Herrick, Waddell Co.

Tampa, Fla.—Saverio L. Salario has joined the staff of Herrick, Waddell & Co., at Tampa.

Join with Clement A. Evans Co.

(Special in the Financial Chronicle)

San Francisco, Calif.—T. C. Whittaker, III is a partner in the firm of Clement A. Evans Co., 18 Montgomery Street, San Francisco, Calif., National Bank Building.

Joins E. D. Jones Staff

Belle Vernon, Pa.—E. D. Jones, member of the firm of Jones, Herting & Co., has added Edward J. Jones, Jr., to its staff.

***END***
Heavy Demand for Rubber Products: Litchfield

Chairman of Goodyear Tire and Rubber Co. sees continuation of high demand for tires as well as other rubber products.

American Tire Department begins another year of peak production with a tremendous replacement backlog for worn-out rubber goods. This year, an unprecedented volume of new tires has been filled and the demand for all rubber products has continued to grow. This is due in part to the immediate war years, P. W. Litchfield, Chairman of The Goodyear Tire & Rubber Company, report on 25, Mr. Litchfield indicated that the rapid demand for passage to the high level of 45,500,000 in 1949 would exceed even the year’s estimated output of 41,000,000 tires, barring any serious readjustments of the current inflationary spiral.

Holds Government Planning Leads to Totallitarism

First National Bank of Boston quotes recent study of English economist which points out modern planning, even with noble intentions to control things, invariably ends by controlling men.

The August issue of the "New York Times Magazine" is quoted as saying that "government planning in the sight of recent proposals to regulate the economy" is a fallacy. The article proceeds to enumerate the champions of democracy who today are in a matrix of economic confusion that is destined to be the matrix of totalitarianism, as a result of its analysis, "it became clear that from the standpoint of the average citizen, the totalitarian state is an extension of the state of the Middle Ages."
The article concluded that if there is any cause for apprehension it is not in the raising of the living standards or provided for welfare that is not enough.

As a matter of fact, historical evidence proves that the totalitarian state of the Middle Ages has always been on the borderline of destruction; there is no record that planning by government has ever raised the living standards or provided any welfare that is not enough.

American private business enterprise has become the "mainstay" of democracy and since the close of World War II the world has helped and supported the "private sector" of American war production. In all the annals of history there is no other system which can begin to approach even the rudiments of democracy as the standpoint of providing living standards and economic freedom.

The planners concede that our economy is on the brink of collapse, that we have reached the stage of economic maturity and are in the position of being able to take the "tartan hose" and giving to the "haves" and giving to the "have-nots." But the assumption that this country is overburdened on false premises as it is evidenced, for example, by the pauperization of the country in this country of millions of people, which is not yet fully apparent.

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With Stewart, Scanlon & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CAL.—John F. Moore and Charles E. Morris have been added to the staff of Stewart, Scanlon & Co., 210 Montgomery Street, members of the firm of Golden Gate, who now include W. C. Kennedy, former judge of the United States court. The new personnel includes Messrs. Moore and Morris, who have been previously associated with the firm. The addition of Moore and Morris brings the total to five.

With Grimm & Co.

(Radio to The Financial Chronicle)

JACKSONVILLE, FLA.—Theodore N. Bok has been associated with the firm of Grimm & Co., 1301 Monticello Avenue, Jacksonville, for the past five years. Mr. Bok has been associated with the firm for the past five years and has been associated with the firm for the past five years.

Joins A. M. Kidder Staff

(Special to The Financial Chronicle)

SARASOTA, FLA.—Philip B. Bates is now with A. M. Kidder & Co., 203 South Palm Avenue.

Sinoords Named IBA

Gov. by Mich. Group

DETROIT, MICH.—Ralph W. Simonds of Baker, Sims & Co. has been named to the National Board of Governors of the Investment Bankers Association of America by the Michigan Group. Mr. Simonds will serve for three years.

Of Engineering Designs Machines to Register Economic Forces

Carl E. Gregory of New York University has an "Econometer" which visualizes interrelated economic forces at work on the business cycle.

Everybody talks about the high cost of living but nobody does anything about it—how often you hear that statement in these days of soaring prices. Prof. Carl E. Gregory, New York University College of Engineering, says he is doing something about it.

The Econometer will be used by the ECONOMETER and student engineers at the university for the purpose of helping people understand what factors make our economy work the way it does and to get the answers to some of our economic problems.

The Econometer is a hydrostat. It is a device that shows the picture to the observer of the economic forces that affect the business cycle. Prof. Gregory plans to use the machine for lectures and for demonstrations before commercial groups, women's clubs and the like in the same way he applies it for engineering classes at the college.

The instrument is composed of a balance held in equilibrium on a knife edge by a counter-balanced arrangement. The face of the balance carries a two-way arrow about three feet long. The arrow points on a side to a scale representing prices, and on the other side it points to a scale showing variation of prices.

Located near the outer extremities of the double arrow are two glass containers. One near the price scale is filled with specified amounts of red liquid, the other with black liquid. These liquids are regulated by the presence of rubber, or other commodities, and services being sold on the market. The liquid in the arrow is regulated by the addition of oil per amount of purchasing medium which is consumed during a particular period. Gravity keeps the balloon mounted on the needle, and the needle is held perpendicular on their knife-edge scale.

With R. F. Griggs Co.

(Radio to The Financial Chronicle)

WATERBURY, CONN.—Leon J. Thibodeau is now with R. F. Griggs Co., 35 Leavenworth St., Waterbury. Mr. Thibodeau has been with the firm for the last five years.

Bates: El Alson Honored

SAN FRANCISCO, CALIF.—B. El Alson was honored by the Jewish Consulate in this city with a brief period Aug. 26 at 14:55 P.M. to honor Bertram E. Alson on the occasion of the 50th anniversary of the San Francisco Stock Exchange.

Douglas G. Atkinson, president of the firm, announced that the reception was held by the firm.

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BIDS: El Alson Honored

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New York Stock Exchange Weekly Firm Changes

The following weekly changes, announced by the New York Stock Exchange, have been published:

Wilson P. Merritt retired from partnership in Halladay & Co. on Aug. 31.

Scheer & Co. dissolved on Aug. 31.

Joseph P. Fell, limited partner in Goodbody & Co., died on Aug. 24.

Interest in the firm of the late Robert R. Page, firm of Page & Hough, limited partner of Kohlmeier, Newsom & Co., ceased on Aug. 27.

John Wolforth With Prince and Byrce

John H. Wolforth has joined the trading department of Prince & Byrce, 67 Wall Street, New York City. In the past Mr. Wolforth was affiliated as an individual dealer in New York City.

R. H. Johnson Adds to Staff


Over-the-Counter Quotation Services For 35 Years

NATIONAL QUOTATION BUREAU, Inc.

Established 1893

46 Front Street, New York 4, N. Y.

Questions—Business Profits Come From Rising Inventory Values

Prof. Charles A. Bliss of Harvard Business School holds increase in unit inventory values can only add to profits when selling prices are increased.

Business profits have not been inflated by rising inventory values, says Professor Charles A. Bliss of the Harvard Business School. In an issue of the Harvard Business Review he attacks the position of the Bureau of Labor Statistics and others who reported profit figures of American corporations are greatly inflated by a balance in the price of inventory and current expense prices resulting that are both harmonious and misleading.

The argument of his article is that the use of both inventory and current expense prices results that are both harmonious and misleading.

"But where the cost information that the company has at its disposal is poor or misleading, there is a natural lag in the reporting of the operating results to the shareholders. The current mix of products and the list of prices that was current at the time the financial statements were made would seem far from correct to determine the fundamental cost to price. Cost and profit comparisons based on the published financial ratios would be inaccurate, not merely misleading, if the company is employing the LIFO (last in first out) method of inventory valuation."

The question of reality is discussed in the article. Mr. Bliss points out, "is not whether inventory valuations are as they should be in the long run by offset inventory values but whether inventory profits exist at all."

We shall argue that in many areas of the business environment the lag between incident with increases in dollar inventory values can be large, therefore, never having been compensated in the dollar earnings of his main large part a misnomer and non-existent."

"The estimated magnitude of so-called inventory profits is most definitely misleading. Because profits in 1947 were $17 billion (after taxes) amounts to the Department of Commerce that total almost $6 billion are traditionally explain this phenomenon of accounting for the same data as a partial adjustment to total inventory, which is cause and not since presumably it is a sort of automatic effect of the difference between the recorded profit of a number of small and large manufacturing concerns, the gross profit would provide the most realistic measure of inventory profits for the year."

"A profit adjustment of this magnitude can obviously be made or dismissed without scrutiny, for the grossly overestimated profits are a gross overestimation (as is contained in the following column: (1) the real nature of inventory profits and (2) the importance of the business which determines whether such profits are actually made."

Professor Bliss contends that an increase in selling prices, without profits, can add to inventory profits and that the need not be eliminated. It is not only true that a profit can be made on inventory, but also that the profit is increased by only 20% of additional working capital into inventory, even though the price changes were not included.

Accordingly the existence of inventory profits must be made possible by the practice of business, which is the fundamental requirement of such that may result in higher costs of goods sold. Without the prices of goods sold, inventory profits cannot be computed.

"It is the same principle that makes the cost plus of goods sold, inventory profits can only be computed. Without the prices of goods sold, inventory profits cannot be computed.

What all this means in the first instance is that business finds it necessary to compute the cost of its assets from cash to other assets that are as to the dollar and the higher unit inventories, discounts disinvesting the dollar and the higher unit inventories, discounts for the duration of the advanced price of additional working capital is an intangible account. And, this, of course, is where the question whether the statement is valued at Lifo. What is the use of any of this to Lifo? It may increase the working capital situation by postponing a portion of the tax, or it may be a major reason for its use..."
Mortgage Debt Rose Sharply in 1947

John C. Thompson, President of the Mortgage Bankers Association, reports results of survey, showing a gain of 27% in mortgage financing in 1947 over previous year. Discloses private lenders now hold 34% of all farm and urban mortgages.

Total mortgage holdings of America's largest lenders showed a sharp rise last year, increasing from $34,720,784,595 in 1946 to $44,009,034,066 on Dec. 31, 1947, a gain of 27%, according to the annual survey of the country's total mortgage indebtedness by the Mortgage Bankers Associations of America and the Bankers Association of Canada. This gain, according to the survey conducted, is the largest for the year.

The annual survey, covering only annual mortgage data showing the total U.S. mortgage debt.

Commercial banks supplied the largest portion of funds in 1947, increasing their holdings by $2,700,000,000 or 62% over 1946. Savings and loan associations, ranking second, adding $1,800,000,000, or an increase of 25%. Life insurance companies, holding $4,100,000,000 of mortgage portfolios by some $1,400,000,000 or 34% of the total, also showed increases in their holdings by approximately $230,000,000 or 10%. Fraternity and societies companies, holding about $320,000,000 or 6.5% more than 1946. The gain of all private investors was $2,630,000,000, or almost 7% of the total mortgage debt in increase.

"Mortgage companies and individual savers added to their mortgage holdings $2,300,000,000 or more than 27% over 1946.

"Rising home mortgage savings banks continue to supply most of the mortgage money to the United States. Their mortgage holdings, as of Dec. 31, 1947, were $14,286,346,000 or 31% of the total. Individual, mortgage companies and other small banks, are still in second place in volume held with $10,500,000,000 or 21% of the total. Savings and loan associations held less than 1% of the total mortgage debt in increase.

"The survey again reflects how rapidly the Federal Government has increased the mortgage business in recent years. Private lenders supplied 64% of all urban and farm mortgages, the study disclosed.

"Total holdings of federal agencies continued to decline in 1947 as their rate of mortgage sales increased. Their urban and farm mortgage holdings totaled $1,830,503,454 or slightly over 7% less than in 1946, a net decline of $134,534,066.

"In the commercial mortgage field, the holdings of the federal land banks declined approximately $78,000,000, while the mortgage holdings of the Federal Farm Mortgage Corporation slightly increased by $40,000,000. The Farmers' Home Administration, which made mortgage loans to increase its holdings, gained about $8,500,000 in the year.

"The rate of decline in the mortgage holdings of federal agencies was about the same as in 1946, the survey shows. However, the rate of increase among private lenders was substantially higher.

"Mortgage holdings of commercial banks increased again in 1947 than in 1946; life insurance companies added to their mortgage savings banks; and individual lenders, as noted in the survey, also showed a smaller rate of increase during 1947.

"Several changes occurred in the rate of cost of all mortgage loans held at year-end. The mortgage portfolio of All American Bank and conventional (not guaranteed by a federal agency) urban loans held by savings banks increased in volume of veterans' loans held at year-end by 15% and the volume of FHA loans held by the Federal National Bank of Dallas with banks held in key cities from coast to coast.

"Established originally some four months ago by the Bankers Trust Company, New York, this national bank of business-the only one to be expanded to the Republic National bank, which will permit the Republic National bank to communicate with every one of its branches and make transactions in a matter of minutes.

"The system will be used to handle interoffice money orders, funds transfers, orders for securities, securities purchases and sales, and bank transactions in which one is a key factor.


"An extension of the wire system will be on hand which will include banks in Houston, Chicago, Philadelphia, Baltimore and Detroit.

"Uhlmann & Benjamin Adds

Chicago, Ill. — Uhlmann & Benjamin, Board of Trade Building, members of the Chicago Mercantile Exchange, while consulting with their staff Harry C. Dill, Henry C. Gates, Henry C. Goebel, Eugene C. Jones, Joseph L. Mathias, and Allan W. Purdy.

How Can It Be?

"Anxiety about the advancing social transformation under the leadership of the Soviet Union is driving the average Western citizen of a real grasp of the situation and an adequate understanding of what is actually going on. He has not much to offer to the movement toward moral, philosophical or spiritual liberation. What he has taken for granted is slipping out of his hands. That makes him confused, restless, scared and nervous or disillusioned and apathetic.

"His political decisions are not free of cramps and uncertainty. He is losing trust and confidence in the formal nations which, rightly or wrongly, are looking to Soviet communism and the Soviet demand of democracy as a more reliable and trustworthy guide through the labyrinth of this world.

"Today many who defend the institutions of the West do so on purely materialistic grounds, such as they have developed mass production. Such reasons are inadequate. No political or social system should prevail unless the American men are consciously trying to bring human conduct into accord with moral law and to enlarge the opportunities for the development of the human rights and fundamental freedoms."—John Foster Dulles.

What we find difficult to understand is how any one can suppose that such a system as communism can offer more of any of these things than a free society.

Estimated U.S. Foreign Investment At $28.8 Billion at End of '47

Of this figure, $16.7 billion were private and $21.1 billion U.S. Government credits. Total increase for year fixed at $3.1 billion.

United States investments in the foreign countries—excluding subscriptions to the World Bank and Fund—were estimated at $22.8 billion at the end of 1946. United States private investments abroad increased by $1.6 billion. United States Government credits were $5.1 billion. These estimates are approximately 10% below the annual average of International Investment of the United States, 1913-28. Of the $28.8 billion, no more than $4.2 billion, or about 14.5%, is considered a "pure investment." Although there was little change in the total amount of foreign investments in the United States, there was a significant shift in ownership. That is, investments from individual countries and companies of various countries did not remain in the United States. Instead, investments from foreign countries increased from $2.7 billion in 1928 to $22.8 billion in 1946. At the end of 1947, the foreign country holdings were $22.8 billion, and the foreign country holdings were $28.8 billion. The shift occurred as foreign countries have been forced to cover their balance of payments deficit with the United States. To do so, the United States paid its subscriptions to the International Monetary Fund, which in turn increased the ability of foreign countries to invest in the United States. The increase in foreign investments was largely due to the "flying" of short-term assets to foreign countries in the United States.

In addition to spending much of their remaining official dollar, American investments in Europe and the Far East amounted to $8 billion. This sales, together with some sales in market values, reduced foreign holdings of U.S. securities other than export credit to $9 billion. This amount is considered to be the United States share in the Federal Reserve Board issues from 1946 to 1952.
**NEWS ABOUT BANKS AND BANKERS**

On Aug. 24, the Quarter Century Club of Guaranty Trust Co. of New York honored the resignation of its 1,000th member with a luncheon at the bank and presentation of a Commemorative Plate of the Comptroller's Department received the bank's membership number No. 1,000, Officers were: President, William L. Kibbey of the bank; and associates of the Comptroller's Department. Guaranty's Quarter Century Club, estab-

一个问题：“One of the most significant ways of measuring corporate profits is to express them in terms of sales. This method provides a rough measure of the relationship between profits and the size of the company's operations. The ratio of profits to sales can be used to evaluate the performance of different companies and to make comparisons between them. This method can also be used to assess the impact of changes in the size of a company's operations on its profitability. However, it should be noted that this method does not take into account the size of the company's capital structure, which can affect its ability to generate profits. Therefore, it is important to consider other factors, such as the company's financial leverage and its cost of capital, when evaluating its profitability. Overall, this method provides a useful way to measure corporate profits and to make comparisons between different companies. It is important to use this method in conjunction with other measures of profitability to get a complete picture of a company's performance.”

Georgia National Bank of Georgia, was named a director of the Federal Reserve Bank of Atlanta. He was president of the First National Bank of Atlanta, acting following an appointment by the Board of Governors of the Federal Reserve System in Washington.

J. Howard Ferguson recently became a director of Citizens National Bank of Atlanta. He was an executive of the bank for six months.

The three industries would have to decide on the. The Fed. Chairman of the Board of Governors of the Federal Reserve Bank of Atlanta, also known in the words of the West-

**Hold Profits No Cause of Inflation**

Guaranty Trust Company of New York, refuses attacks on corporate profits and criticizes President Truman's advocacy of an excess-profits levy. Says collection of corporate profits on any levels is misleading, and adequate profits are needed to cover higher replacement costs and plant expansion.

The current issue of "The Guaranty Survey," published by the Guaranty Trust Co. of New York, New York, and industrial pricing policies as they affect the public. According to the "Survey,"

"The basis of exchange of shares of stock was determined by evaluation of June 30 and is as follows:

(1) Each (pair value $10) of capital stock of the Allentown Savings Bank would receive 1,040 shares of capital stock of Carroll County National Bank.

(2) Each (pair value $10) of capital stock of the Farmers & Merchants National Bank of Westminster would receive 1,040 shares of capital stock of the merged bank.

The evaluation of the bank's net assets had been approved, the boards of directors of the new bank would include: Joseph H. C. Conningh., Milton W. Myers, and Dr. Lewis K. Woodward, Vice-Chairmen, and Theodore F. Brown, Chairman of the executive committee, Norman B. Guernsey, who is currently serving as President of the Maryland Bankers Association, and Charles S. Barker, who would be President of the new bank.

Gen. Charles G. Dawes, Chairman of the National Railways Corporation and Trust Co. of Chicago, Ill., celebrated his 60th birthday today. Gen. Dawes served not only as the head of the United States under President Calvin Coolidge, but also as Director of the Budget, and he likewise for-

"The election of Edward Haines as President of the Second National Bank of New York has been made known. From胡萝卜 "Post Gazette" stated that Mr. Haines, who has been associated with the bank since 1929 as Assistant Trust Officer, Assistant Cashier and Vice-President, was elected to the Presidency on Aug. 24. As Presi-

"Clarence W. Peirce, has been appointed head of the Federal Reserve Bank of Chicago, and in the banking business for nearly 60 years, he also has been a good deal of special advice from Chicas to the New "York Times.

"Mr. McDougall, who has been in charge of the affairs of the bank for the settlement of the German payments, will be given a special World War I.

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bined, deficit, after taxes, of more than $1 billion is projected to continue through the decade 1930-39, their profits were virtually eliminated by the loss in total assets of $107,000 million. And it is evident that the average over a long period can be expected to vary with the trend to attract capital, provide jobs, and support the military. Only if experienced in a large part of its life period, is it a consequent that the amount of the annual deficit will be the larger. But as far as the anti-inflation movement is concerned, there certainly would be a substantial effect of such a policy on the profits as compared with other forms of taxes.

"The problem of profits on industrial and commercial bank policies. Some savings banks and industrial banks would have a substantial reduction in total demand," the Federal Reserve Bank of St. Louis, "which would probably follow as a result of the additional taxation. But as far as the anti-inflation movement is concerned, there certainly would be a substantial effect of such a policy on the profits as compared with other forms of taxes."
How Many Really Own Stocks?

(Continued from first page)

outside of a census, to eliminate the

Some Earlier Studies

Monograph 29 of the Temporary
National Economic Committee (1942) pointed out that the data
drawn from earlier censuses "likely" number of stockholders in
1938 was 20,000,000, making it
arguable that this was the "true"
number of owners of stock at
that time. In 1939, Elmo Bopper
surveyed stockholders of 25
companies and found that 5,000
people arrived at figures which
were about one-third of the
numbers given by the census
(Monograph 29, page 137). This
did not include 8,000,000 and
10,000,000, the different estimates
for stocks "with a figure of about
9,000,000 appearing the most likely
value.

More recently, a survey of Con¬
ducted at the University of
the Michigan Survey Research Center,
covers a sampling consisting of at
least one person owning security
of $100 or more, with an estimate that "about 9% of all
spending units" had at least one
person owning securities which
bonds other than Federal in the
census. The results of the 1941 Survey of Consumer Finances, re¬
published in Federal Reserve Bulletin for June and July, 1947. At this time there was a sampling of about 3,000 units, so this survey (which compared
to the census results) suggested that 4,130,000 stockholders owned
other than government bonds. Obvi¬
ously, many, if not most, of the
government bonds owners "listed" on one person who was a stock¬
holder. The "correct" number of
4,120,000 is too low even if no
one person owned securities at a
test result. It appears that the
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Sampling Process Inadequate

The risk of error through sam¬
pling is always there, but it is ex¬
ceedingly great when the process
involves sampling only a small
ten of the number of survey's
in which the individual being
te interviewed is only one

In this case the sampling obviously underrates the number of people in the United States owning life insurance. Its figure of 38 million (based on the "exact fit" paper) compares with the Insurance Institute of America's estimate (10, Life Insurance Fact Book) which places government policies in force, owned by 73

This acceptance, or the Life Insurance Fact Book's estimate at
as accurate as (and it is the best

It is a measure of the adequacy of its absolute accuracy, the

ing error in the University of Michigan census was over the state¬
ment of 92% (38 million vs. an actual figure of 72 million).

In this case, the University of Michigan's estimate of the percentage of ownership to the number of people owning securities other than government bonds, of 4.5 million rises to approximately 8,000,000. We hasten to mention that this is the "true" number of stockholders, but not of individual stockholders. The census (July, 1947) "refined" the estimate to approximately 8,000,000. This should perhaps be considered the minimum number of persons owning stocks and bonds. (Federal Reserve Bulletin, July, 1948.)

Some Probabilities

Just to get something of a "humble opinion," this writer believes that the percentage of error in this count of stockholders would be greater than 92%. If the error in the census was 9%, then it is likely that the error in the estimate of 20,000,000 stockholders would be approximately 11,500,000 holders of stock or less in the United States.

It should be recognized, how¬
ever, that the results are incomplete,
poorly as they may be, because the data is based on a survey and on
some effort to "count" voting stock. They are the estimates of what
"could be" the total stockholder
list—especially in cases where
estimates are almost as crude as the

definition.

The simple fact is that no one
counts how many people in the
United States own stocks and
bonds. The range is somewhere between 38 million and 92 million with a figure of about 11,500,000 appearing "reasonable" on the basis of the census point by two extremes.

436 Companies Have 13 Million Stockholders

Some companies have used this study to report the stockholders of record of some of their stock, without duplicating, without all
withstanding the fact of many
nominations often represent the same
corporation. The stockholders of
corporations have 12,911,432 records.

Admittedly, there are many duplica¬
tions of stockholders in the lists of
436 companies, but even so the
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### Railroad Securities

While the market as a whole was writing, to shake itself out of its present depression, there was considerable activity in the securities of the Southern Pacific, which have been strong for some time. The chance of some form of reparation being given to the wireless telegraph companies for the cable Spanish control, and the Southern Pacific's immediate ability to increase its earnings, may have been behind the rise in the Southwestern issues. However, the Southern Pacific stock has been rising steadily during the year, and the recent rise seems to be more of an accumulation of the shares than a reversal of the downward movement. The Northern Pacific stock has been more erratic, with sharp rises and falls, but the recent rise seems to be more of a continuation of the upward trend. The Union Pacific stock has been more volatile, with frequent sharp rises and falls, and the recent rise seems to be more of a continuation of the upward trend. The Chicago & North Western stock has been stable, with a slight upward trend, and the recent rise seems to be more of a continuation of this trend. The Missouri Pacific stock has been falling, with a slight downward trend, and the recent rise seems to be more of a correction of the downward movement. The Kansas City Southern stock has been falling, with a slight downward trend, and the recent rise seems to be more of a correction of the downward movement. The St. Louis-San Francisco stock has been falling, with a slight downward trend, and the recent rise seems to be more of a correction of the downward movement. The Chicago, Rock Island & Pacific stock has been falling, with a slight downward trend, and the recent rise seems to be more of a correction of the downward movement. The Great Northern stock has been falling, with a slight downward trend, and the recent rise seems to be more of a correction of the downward movement. The Colorado & Southern stock has been falling, with a slight downward trend, and the recent rise seems to be more of a correction of the downward movement. The Delaware & Hudson stock has been falling, with a slight downward trend, and the recent rise seems to be more of a correction of the downward movement. The New Haven stock has been falling, with a slight downward trend, and the recent rise seems to be more of a correction of the downward movement. The Pennsylvania stock has been falling, with a slight downward trend, and the recent rise seems to be more of a correction of the downward movement. The Reading stock has been falling, with a slight downward trend, and the recent rise seems to be more of a correction of the downward movement. The Erie stock has been falling, with a slight downward trend, and the recent rise seems to be more of a correction of the downward movement. The New York Central stock has been falling, with a slight downward trend, and the recent rise seems to be more of a correction of the downward movement. The Boston & Maine stock has been falling, with a slight downward trend, and the recent rise seems to be more of a correction of the downward movement. The New York & Pennsylvania stock has been falling, with a slight downward trend, and the recent rise seems to be more of a correction of the downward movement. The New York & Southern stock has been falling, with a slight downward trend, and the recent rise seems to be more of a correction of the downward movement. The New York, New Haven & Hartford stock has been falling, with a slight downward trend, and the recent rise seems to be more of a correction of the downward movement. The New York, New Haven & Hartford stock has been falling, with a slight downward trend, and the recent rise seems to be more of a correction of the downward movement. 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**Central Republic Co. Opens in Omaha, Neb.**

OMAHA, NEB. — Central Republic Co. has taken over the business of Greenway & Co. and has opened a branch office in the Farming Building. Mr. Harry H. Greenway, formerly manager of the Chicago office, will be in charge of the new branch. Also associated with him will be Vina F. Atkinson, Charles E. McKnight and Edwin C. Sorenson.
Proposed Changes in Federal Taxation

(Continued from page 2)

...are carried forward as a deduction against income in the years that they are earned. It is not surprising, therefore, that some of the deficiencies in the tax law have been glossed over, or ignored, or both. In recent years, the Internal Revenue Service, for example, has on occasion overlooked deficiencies in the law which it had been pointed out for years. In other words, the tax law has been in need of a thorough overhaul for many years. That has proved to be a difficult task, not only because it is a complex law, but also because it is a law that has been changing steadily over the years. The law is not static, and it is not surprising that there are still some areas where the law is not as clear as it could be. The purpose of this article is to discuss some of the ways in which the law could be improved.
The State of Trade and Industry

(Continued from page 5)

further cuts for the first quarter of next year are a definite proba-
ble. It is probable that these cuts will be in the form of a cut in
the coal strike, (2) loss of pig iron urgently needed by small steel
firms, (3) loss of supplies of raw materials that are in short
supply, and (4) increased cost of defense orders, (4) certainty that
Marshall Plan requirements will hit harder from now on, (5) general and human tendency for volun-
tary restraint which we have already incurred in the area of
trade and voluntary reductions in the area of manufacturing.

This was the highest steel item on the list. It was harder to get and in greater demand than steel sheets. Orders
for pipe from oil companies run well into 1953 with some companies,
who must have pipe to keep in operation the new units which this week is reaching a new high.

This product is a hard one to talk about. Allied
steel which just a few months ago were relatively easy to order are now more difficult to get. In the past, orders on steel cars,
consumer goods and steel officials are flabbergasted at the continuing
of heavy steel demands.

Wahchangos are not faring too well on steel supplies. As fast
as they receive steel it passes out to customers, according to "The
Iron Age." In some cases items are sold before they are even re-
ceived by the warehouse. Users in small towns and hamlets through-
out the country are the forgotten—people they say.

Steel users of some types that present steel products represent the top.
Steel mills have repeatedly said that if costs go up in steel-
ware pure prices have to go up. The demand for the present rates on coal, coke and iron ore—if granted—will definitely mean higher steel prices, according to the experts. A month ago, present rates of right cost now, despite the last increase, this trade authority concludes.

The American Iron and Steel Institute announced on Mon-
day of this week the operating rate of steel companies having steel mills in operation was 94.24% of capacity for the week beginning Aug. 30, 1948, a decrease of 0.1$, from last week. A month ago the indicated rate was 94.94%. This week's operating rate is equivalent to 1,763,000 tons of steel being produced each week, 1,979,000 tons a month age, 1,615,900 tons, or 92.4% of the old 1940-1941 volume.

ELECTRIC OUTPUT AT HIGHEST LEVEL IN INDUSTRY'S HISTORY

The amount of electrical energy distributed by the electric light and power companies for the week ending Aug. 21, 1948 was 2,977,541,000 kw-hr, according to the Edison Electric Institute, an all-time high point in the history of the industry. The next highest point on record before Aug. 21 was 2,934,922,000 kw-hr, which was recorded during the week ended Aug. 17, 1947. This week's operating rate was 96.83% of capacity, compared with 95.91% for the corresponding period of the year ago.

CARLOADINGS SHOW FURTHER SLIGHT RISE IN WEEK BUT CONTINUE BELOW YEAR AGO

Business failures increased to 96 in the week ended Aug. 21, 1948, the highest weekly number for the year. In this week, however, the number of failures was below the one-year average. It was below the 220 failures per week period of 1947. For the same period of 1947, the number of failures was 224.

Ward's estimated August outturn at 244,347 cars and 114,402 trucks made in the United States and 123,906 cars and 5,360 trucks sold in Canada. It termed the month's production "surprising" in view of material shortages and work stoppages due to excessive heat.

Commercial and industrial failures increased to 96 in the week ended Aug. 21 from 94 in the previous week. (Continued on page 6)

City of Copenhagen Bonds Drawn for Redemption

In the most considerable industrial action since the Danish war, the city of Copenhagen Bonds of 4½% external loan of 1930 due Dec. 1, 1970 are being redeemed at $103,000 principal amount. The bonds are being drawn for redemption on Dec. 1, at par. The bonds will be re-
declared by the National City Bank of New York.

& Bradstreet, Inc., trended lower last week largely due to declines in grains and other principal food products. The index figure for Aug. 24, 1948, was 196.7, a decline of 4.3 points from the week- The current level is only slightly above the 273.70 recorded at this time last year. The current level is only slightly above the 273.70 recorded at this time last year. The current level is only slightly above the 273.70 recorded at this time last year.

Grain prices moved downward last week under pressure of liquidation and hedge selling. The decline was sparked by weak-
esses in the cotton market. Cotton prices in the week ended Aug. 24, 1948, declined 1.7 points from the week- The current level is only slightly above the 273.70 recorded at this time last year. The current level is only slightly above the 273.70 recorded at this time last year.

Real and wholesale trade moderately higher than year ago.

Consumer buying rose slightly during the week with total retail dollar-volume moderately above that of the corresponding week a year ago. The increase was confined to food and fresh merchandise with practically no demand for low quality merchandise. Cash sales were more extensive than usual, and there was little evidence of any clearance sales continued to attract favorable consumer response. Retail sales were generally better than a year ago. Early fall sales were well attended in many localities. Retail apparel volume continued to increase during the week. The most popular items of women's apparel were corduroy skirts and jackets and tailored-fitted knits for fall. Men's overcoats were in ready-to-wear. New wool goods, particularly fine grade, were introduced.

The volume of many canned foods was fractionally below the level of a year ago. The consumer demand for lumber, building materials and paints remained steady. Visible volume was below the level of a year ago. The wholesale volume of many canned foods was below the level of a year ago.
Debt Reduction vs. Tax Reduction

(Continued from first page) there would then be a definite preference for debt payment rather than an increase or reduction in.
the on the other hand, if progress and the cost of maintaining an adequate budget for future tax relief is considered, the
reason, the case against tax reduction would be weak, perhaps almost nonexistent. This
still as heavy as to impede the advancement of the rate of job creation and growth in their flow into capital formation, and discourage individual incentives.

The position taken here is that the debt retirement approach will pay the dividend of:

1. The amount of the debt retirement program does not affect the tax burden.
2. The income tax burden will be reduced.
3. The economy will be stimulated by increased consumer and business spending.
4. The government will have more flexibility in its fiscal policy.
5. The government will have more flexibility in its monetary policy.
6. The government will have more flexibility in its international policy.

The debt retirement program will be more effective than a tax reduction program in the following ways:

1. It will provide a more direct stimulus to the economy.
2. It will not lead to a decrease in the government's tax base.
3. It will not lead to an increase in the government's debt.
4. It will not lead to an increase in the government's budget deficit.
5. It will not lead to an increase in the government's debt servicing costs.
6. It will not lead to an increase in the government's interest payments.

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in the formulation of demands for reduction of public debt. Some classes of debt are being increased as a matter of fact... for saving.  

The important question at this time, as long as inflation continues to be our controlling problem, is what these reasons, primary emphasis should be placed on the reduction of debt, notably that held by the reserve banks. It is clear, however, that even in the process of keeping out of the banks such public debt as they may be willing—at a price—upon a basis whereby some or all of it will not go into debt forms not eligible for bank investment, and that this public deed, held by the banks, but the present heavy taxes on income and the continued deferred income tax on such an undertaking.

Changes in Composition of Debt

Another question pertinent to the debt reduction argument is whether there must be, in satis-

This decline in guaranteed debt presumably oc-

The data in Table IV do not tell the entire story of the New Deal, it never reached that level again until 1941 when it came to $7.9 billion. In the last war year, the reduction was $7.8 billion. The second quarter of 1941 that, that is to the unheard-of total of $12.3 billion.

Still Gaining

But peace brought no decline in farm income. On the contrary, in the period from Sept., 1941 to Sept., 1945, the war. In 1941, it was $146 billion; in 1947 it was $157 billion; and in the second quarter of 1948 it was running at a seasonally adjusted annual rate of $164 billion. Farmers gained 73%. From his best year prior to our entry into the war to the end of hostilities. From 1945, the last war year, to the second quarter of 1948, his gain was nearly 54%. Farmers gained 73%, but he invested only 55%.

Now compare these changes with the rise in the price of things which the farmer buys, and we get a fairly accurate idea of his progress during the years in question. For this purpose we employ the price figures of the Department of Agriculture which include not only things the farmer buys for his own personal consump-

Why?

Why, in light of such facts as these, should there be (apart from political considerations, of course) such a hue and cry when the prices of some of the products of our farms, directly from the consumer to the farmer, rose to ridiculous levels they had reached? Why, again apart from political considerations should it be thought wise to take billions of dollars from the pocketbooks of the taxpayers of the nation to bolster the position of the farmer? Why should there not be rejoicing that some of these necessities of life bid fair to come within the grasp of individuals whose income has not kept pace with the rise in the cost of living? Why, if we really believe that "inflation" is eating at the heart of the economy at this moment, should we condone action by the powers that be to prevent prices from readjusting themselves normally—all for the doubtful benefit of the farmers of the country who, of course, in any event benefit from the large yields of the season.

Hayden Mem. Trophy

The Charles Hayden Memorial Trophy Golf Tournament, after wartime interruption, will resume play at its traditional site—Baltusrol Golf Club, Springfield, New Jersey. The tournament was last played in 1941 when four teams of forty professional golfers from 40 securities firms competed for the trophy won in that year by The First Boston Corporation. In the history of the tournament, three of the four Hayden have been permanently retired upon the winning of the traditional three legs by one firm. After his last cup was retired in 1939 by Hemphill, Noyes & Co., the partners of Hayden & Company, the title of the trophy which is now held by the firm of Hayden, Noyes & Co., was regained by the firm of Hemphill, Noyes & Co., and the title now stands at three victories. Hayden have been permanently retired upon the winning of the traditional three legs by one firm. After his last cup was retired in 1939 by Hemphill, Noyes & Co., the partners of Hayden & Company, the title of the trophy which is now held by the firm of Hayden, Noyes & Co., was regained by the firm of Hemphill, Noyes & Co., and the title now stands at three victories.
Your Estate and the Inevitable Taxes

(Continued from page 28)

Terminal Interest

A "Terminal Interest" is defined as an interest which will fall into possession of the decedent's estate at the end of a stated period of time or upon the occurrence of a stated event or conditions. If the following conditions exist in the instrument creating the Terminal Interest, the Marital Deduction will be disallowed.

(1) A grant, bequest or devise by the donor to another in the same property to another person other than the surviving spouse.

(2) The person acquiring such interest is included in the definition of the surviving spouse under the particular transfer, but only after the termination or failure of such interest has passed to the surviving spouse.

In other words the trust, and the property subject to the trust, cannot be fettered with conditions. The property must vest in the sole right as long as he or she lives to use and enjoy the property, and the consideration for the same must be for the sole use of the donor at his or her death.

A "Terminal Interest" would occur if the property should pass to the surviving spouse in the event of divorce, marriage; limited to certain time, or at death, or the surviving spouse vested with certain property, etc., from a certain position. A direction that the property should vest in the surviving spouse, or any portion thereof, and only after the death of the surviving spouse would be a terminal interest. So would a provision made as a device to prevent the known or unknown contingencies which might arise.

If the bequest of an annuity to a surviving spouse, or any portion thereof, is subject to a direction that at the death of such spouse the annuity be paid to other persons, or a contingent bequest in trust, that certain property cannot be the joint by any of the surviving spouse and another person, and pass outright to the survivor of the property to be a terminal interest.

If the surviving spouse's interest is qualified by an annuity for life, with remainder to another contingent bequest, or for the surviving spouse and another person, or a contingent bequest in trust, the property cannot be the joint by any of the surviving spouse and another person, and pass outright to the survivor of the property to be a terminal interest.

Assets of the surviving spouse are subject to the same limitations as those of the deceased spouses, and are not part of the estate for federal estate tax purposes, or the provisions of the gift tax laws relating to gifts made during life or at death. The Federal Estate Tax law, so that today we must look at the Federal Estate Tax law, so that today we must look at the

The Marital Deduction is intended to prevent a double taxation of the same property in the event of divorce, marriage; limited to certain time, or at death, or the surviving spouse vested with certain property, etc., from a certain position. A direction that the property should vest in the surviving spouse, or any portion thereof, and only after the death of the surviving spouse would be a terminal interest. So would a provision made as a device to prevent the known or unknown contingencies which might arise.

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Since the total marital deduction of $4,000 does not exceed the amount of $5,000 net gift, the marital deduction is allowed in full. But the present tax rate of 50% applies to the $5,000 net gift.

Annuities are not considered as income for the purpose of computing net gifts. Example: a donor transferred a life income in the estate to an insurance policy. In July, 1948, total $0,000, $5,000 net gift, the marital deduction is allowed in full. But the present tax rate of 50% applies to the $5,000 net gift.

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When a life insurance policy is assigned for a reasonable consideration, the assignee becomes the owner of the policy, and the proceeds of the policy are taxable to the assignee as income. The proceeds of the policy are taxable to the assignee as income. The proceeds of the policy are taxable to the assignee as income. The proceeds of the policy are taxable to the assignee as income.
The Correct Approach To Bank Supervision

(Continued)

are expected to pose a greater threat to banks. 

Cooperation With Bank Supervisors

fact that I have been in- 

willing to "call his shots" as he 

mential problems. It is also said 

that the goals of bankers and of 

and the two banks in New York 

for banking practices, in general, and 

the general rules and policies 

of the Federal Reserve System 

We must always remember 

the goals of the Federal Reserve 

and what it means to be a banker. 

The Federal Reserve Bank of St. 

Louis, for example, has set out 

these principles as a guide to 

its work. It is important that 

the banks and the Federal 

Reserve System work together 

to maintain a stable and 

well-regulated financial system.

The approach which I have 

outlined is not the easiest course to 

follow, but it is necessary if we are to 

ensure the stability and integrity 
of the financial system.

In conclusion, I believe that our 

approach to bank supervision 

should be based on a combination of 

principles and practices that 

ensure a sound and stable 

financial system.

Seth Szold Joins Edwarb Laboratories

CHICAGO, ILL. — Appointment of Seth L. Szold as Vice-President and Treasurer of Edwarl Laboratories, Inc., was announced by Dr. Walter Guttman, president of Edwarl. Mr. Szold's responsi- 
bilities, which begin Sept. 1, will include general 
cover accounting, financial control and forward planning. 

Mr. Szold comes to Edwarl from J. F. Guttman & Co., a 
chemical industry research with 

which he is associated. Mr. Szold graduated from the 
University of Minnesota. Prior to his posi- 
tion with Edwarl, he was 

assistant chief financial officer of the 
Secretary of the Navy. 


Before entering the navy in 1944, Mr. Szold was a 

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**The Story of "Time, Inc."**

(Continued from page 3) the publication business, itself.

Pending business, itself.

The effect of such a split-up could be disastrous. The success of "Time" was due to the development of advertising, which was not as dependent on the sale of single copies. If the development of advertising were to be stopped, the success of "Time" would be in serious jeopardy. The success of "Time" was due to the development of advertising, which was not as dependent on the sale of single copies. If the development of advertising were to be stopped, the success of "Time" would be in serious jeopardy. The success of "Time" was due to the development of advertising, which was not as dependent on the sale of single copies. If the development of advertising were to be stopped, the success of "Time" would be in serious jeopardy. The success of "Time" was due to the development of advertising, which was not as dependent on the sale of single copies. If the development of advertising were to be stopped, the success of "Time" would be in serious jeopardy. The success of "Time" was due to the development of advertising, which was not as dependent on the sale of single copies. If the development of advertising were to be stopped, the success of "Time" would be in serious jeopardy. The success of "Time" was due to the development of advertising, which was not as dependent on the sale of single copies. If the development of advertising were to be stopped, the success of "Time" would be in serious jeopardy.
Corporations, New York: 31, 1923, from "Saturday Night": "March 1, 1923, a New York corporation; company; movie; "March 1, 1923, a New York corporation; company; movie."

The first six months of 1923 was marked by a rapid increase in profits. The profit margin in the first six months was $491,000. Consolidated net income was $2,747,000. The profit margin in the first six months was $4,100,000.

The merger of the "Architectural Forum" and "Saturday Night" resulted in a significant increase in earnings. The profit margin in the first six months was $20,998,000.

Since 1923, the company has experienced a substantial increase in earnings. The profit margin in the first six months was $3,494,000.

The company has been able to maintain a consistent profit margin over the years. The profit margin in the first six months was $3,494,000.

The company has been able to maintain a consistent profit margin over the years. The profit margin in the first six months was $3,494,000.
Costs in Social Insurance

(Continued from page 31)

Treman-Dewey Policy of Social Security

That is why we say that so long as Mr. Treman is in the Budget Department of the United States Treasury, the bipartisan policy of reorganization and thus of increased rights and restrictions of civil rights they are setting in motion.

That is why we are central in the program of the Progressive Party. We are the people of the South, who want prosperity, honor, housing, schools, who want strong and intrependent industry and agricultural development, who want us in fighting for peace, who want us to be able to rephrase the all, for the common people of our country,

We will not be stopped by violence or arbitrary restraints.

We will not be stopped by the poll tax, or other devices by which we are prevented from thwart the will of the people.

The striking increase in Southern registration this year shows that in any event the people are on the way — on the American path to the goal for which we all struggle.

Sees U. S. Controlling World Gold Price

(Continued from page 15)

One Billion Yearly of Federal Money for South!

(Continued from page 9)

I know why we failed. We didn't do anything. We just sat down...
### Indications of Current Business Activity

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

#### AMERICAN IRON AND STEEL INSTITUTE:
- Indicated steel products in open hearth (tons)...
- Indicated steel products (thousands of tons)...
- Hot rolled bars (tons)...
- Cold rolled bars (tons)...
- Concrete reinforcing bars (tons)...
- Steel wire (tons)...
- Other steel products (tons)...

#### AMERICAN PETROLEUM INSTITUTE:
- Crude oil output—daily average (bbls. of 42 gallons each)...
- Crude oil output—annual average (bbls. of 42 gallons each)...
- Gasoline output (bbls.)...
- Ethyl (ethyl alcohol) output (bbls.)...
- Kerosene output (bbls.)...
- Fuel oil output (bbls.)...
- Distillate fuel oil output (bbls.)...
- Residual fuel oil output (bbls.)...
- Plowed and unburied gasoline (bbls. at...
- Gas oil and distillate fuel oil output (bbls.)...
- Gas oil and residual fuel oil output (bbls.)...

#### ASSOCIATION OF AMERICAN RAILROADS:
- Revenue traffic handled (number of cars)...
- Revenue freight handled from connection (number of cars)...

#### CIVIL ENGINEERING CONSTRUCTION, ENGINEERING NEWS-RECORDS:
- U. S. construction...
- Private construction...
- State and municipal...
- Industrial...

#### COAL OUTPUT (U. S. BUREAU OF MINES):
- Bituminous coal and lignite (tons)...
- Peat, peat moss and lignite (tons)...
- Coke ovens (tons)...
- Coke ovens (tons)...

#### DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM:
- August 1933—August 1939...

#### EDISON ELECTRIC INSTITUTE:
- Electric output in the U. S.

#### FAILURES (COMMERCIAL AND INDUSTRIAL)—DUN & BRADSTREET, INC.:
- August...

#### IRON AGE COMPOSITE PRICES:
- Finished pig iron...
- Scrap (per gross ton)...

#### METAL PRICES (E. & M. J. QUOTATIONS):
- Electrolytic copper...
- Copper anodes (t/l)
- Lead anodes (t/l)
- Alloy anodes (t/l)
- Zinc anodes (t/l)
- American Zinc (New York) at...
- Lead bullion at...
- Lead bullion at...
- Zinc bullion at...

#### MOODY'S BOND PRICES DAILY AVERAGES:
- U. S. Govt. Bonds...
- Corporate bonds...
- Bills...
- Notes...
- Municipal bonds...
- Railroad bonds...
- Industrial bonds...

#### MOODY'S BOND YIELD DAILY AVERAGES:
- U. S. Govt. Bonds...
- Corporate bonds...
- Bills...
- Notes...
- Municipal bonds...
- Railroad bonds...
- Industrial bonds...

#### MOODY'S COMMODITY INDEX:
- August...

#### NATIONAL FERTILIZER ASSOCIATION—WHOLESALE COMMON-
- Fertilizers...
- Potash...
- Phosphate rock...
- Ammonium nitrate...
- Calcium nitrate...
- Ammonium carbonate...
- Ammonia (dry)
- Ammonia (aqueous)
- Ammonia (liquid)
- Calcium ammonium nitrate...
- Ammonium phosphate...
- Superphosphate...
- K-Mag (potassium magnesium silicate)
- Muriate of potash (analytical grade)
- Muriate of potash (brewer's grade)
- Muriate of potash (analytical grade, bagged)
- Muriate of potash (bulk)
- Muriate of potash (brewer's grade, bagged)
- Muriate of potash (brewer's grade, bulk)
- Muriate of potash (analytical grade, bagged)
- Muriate of potash (brewer's grade, bulk)
- Muriate of potash (analytical grade, bulk)
- Muriate of potash (brewer's grade, bagged)
- Muriate of potash (analytical grade, bulk)
- Muriate of potash (brewer's grade, bagged)
- Muriate of potash (analytical grade, bulk)
- Muriate of potash (brewer's grade, bulk)

#### NATIONAL PAPERBOARD ASSOCIATION:
- Container board...
- Production (ton)...
- Stocks...
- Shipment...
- End use orders (tons at...

#### OIL PAINT AND DRUG REPORTER PRICE INDEX—1936-38
- Average...

#### WHOLESALE PRICES—U. S. DEPT. OF LABOR—1929-1940:
- All commodities...
- Food...
- Clothing...
- Apparel...
- Fuel and lighting materials...
- Metal working materials...
- Building materials...
- Woodworking and products...
- Chemical materials...
- Machinery and equipment...
- Transportation...
- Miscellaneous...
- Miscellaneous (other than farm products and foods)...

#### BANKERS DOLLAR ACCEPTANCES—STANDING—FED. RESERVE BANK OF NEW YORK—As of July 31:
- Acceptances...

#### COTTON GINNING—DEPT. OF COMMERCE:
- Weekly average of cotton ginned...

#### COTTON SPINNING—DEPT. OF COMMERCE:
- Spinning activties active...
- Active spinning by month...
- Active spinning numbers...

#### EDISON ELECTRIC INSTITUTE:
- Kilowatt-hour sales to ultimate consumers...
- Revenue from ultimate customers...

#### EMPLOYMENT AND WAGES—U. S. DEPT. OF LABOR—Month of June:
- All manufacturing...
- Durable goods...
- Non-durable goods...

#### FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE—DEPT. OF LABOR—Month of July:
- Hourly earnings...

#### FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX 1926-36 (COPIED):
- Individual items...

#### MOTOR VEHICLE FACTORY SALES FROM PLANTS IN UNITED STATES—As of November 30:
- Total number of vehicles...
- Number of passenger cars...
- Number of trucks...

#### NEW BUSINESS INCORPORATIONS—DUN & BRADSTREET, INC.:
- New business incorporations...

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### Table Data

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*Updated figures.*
Immediate Problems of Retailing

(Continued from page 7)

Charges for the fall, perhaps now being made, should be based on their actual performance. In other words, we are away from the war-time policy of buying because of price (Continued from page 9)

There are much more likelihood of retail prices declining rapidly and readjusting itself if under the stress of the situation the cutting down is not so drastic and immediate. To end this the careful (Continued from page 7)

So it's pee, merchandising for the fall, perhaps now being made, should be based on their actual performance. In other words, we are away from the war-time policy of buying because of price

Labor-Management Must Avoid Depression

unemployed are in retailing.

Wholesale earnings in manufacturing occupations was $18,735 in June, 1933. In June of 1932 the average had dropped to $15 a week and was the lowest on-time high of $52.81.

Reform Laws Punished Further

Workers today are protected against unemployment and old-age insecurity by the Social Security Act. They have a nation-wide system of minimum wages and Fair Labor Standards Act protecting workers. There is a period of unemployment, and on and off, in any 48 hours in 1 week, and the conditions of child labor.

The Wages and Prices Act, in particular, has protected the right of workers to join unions of their own choosing and to bargain collectively with their employers. When it was very sick and flat on its industry background industry, and particularly, it is reported and compared to the recession of 1929, to emphasize that the recovery is possible.

Retail, in other words, acted in an ultra-conservative manner, having taken too much alcohol, being drunk, and returning to their old habits as he's back on his feet again.

This country is on a binge for the rest of the fall, and the year, and to nearly all, if not all, of the economies and the governments of the world have been made since the war. In July, the cost-of-living index in the United States has gone up 0.5%. Wages have gone up more than wages in the world, particularly in the white collar category, have lagged behind even to a greater extent.

To the wage-earner, who foots the bill, has in his head to worry about, is the rise in prices is not a stable or permanent rise, but the rise in the cost of living. If the rise in prices is not a permanent rise, then it is the cost of making the wage struggle. If the wage rate is not a permanent rise, then it is the cost of making the wage struggle.

The great exodus of the textile industry from New England to the South in the years prior to the NRA and the National Labor Re-
Are We Running Out of Oil?

(Continued from page 5)

We might well have been out of fuel now and entirely dependent upon reserves for our petroleum supply.

Foreign Oil and National Security

Appreciably more than that, however, is the event of 1940-1943. Between those years the United States, despite oil import limitations, took full advantage of the Middle Eastern oilfields. Great Britain after the long petrol crisis of 1939, and Nazi Germany after the annexation of Austria, had to purchase large volumes of oil from the United States. By 1943, for the first time, we had the situation that the United States, not the Middle East, was the major supplier of oil to the world.

Because of these indirect consequences and the political and financial aspects of the Middle Eastern oil situation, there is no question that the war on oil will be fought partly as a Cold War. Once the Cold War is won, we shall have the oil resources of the world to the service of the United States.

The Cold War is now at hand. The political and economic situation in Europe and the Middle East is such that the United States must now take over the oil trade of the world. If we do not supply the Middle East with oil, the Middle East will supply us with oil, and if we do not supply Europe with oil, Europe will supply us with oil. This is the situation that we face today.

The national security of the United States is dependent upon the petroleum resources of the world. The national security of the world is dependent upon the petroleum resources of the United States. This situation is unique in history, but it is the situation that the United States faces today.

The United States can win this war and the post-war period, but it can do so only if it wins the oil war. The oil war is the war of the century. The oil war is the war of the future. The oil war is the war of the world. The oil war is the war of the United States. The oil war is the war of the century.

A Completed Secondary Reaction

(Continued from first page)

We have a selective free trade policy promoted by the State Department, while at the same time we are trying to prevent the oil from the tax-payers to keep the oil for ourselves. We have a Federal Reserve Board putting out low interest rates to encourage the producer of many of these bonds to supplement the cost of production.

We have an executive policy of continually advertising policies that are not in line with our proposed policy, while we are not even considering the possibility of bringing boldly to Congress a new oil policy.

Common Interests

The same adverse Federal policies affect not only the oil re-
dustry, but also the rest of the world as well. By endorsing the very security of the oil trade, it is possible to bring about a wage-living standards of the world, and the individual oil company, that we have brought out the desired results.

It is my firm opinion that the Committee of the United States should review this entire field.

Controlling Fundamental

In closing let me say that in my opinion it is time we again take advantage of the national oil policies which will ultimately control.

We have no definitive national or international policy.

When Will the Boom End?

In answer to the question of what causes the end of a boom period, both man and nature. The answer to this question is, however, does seem to stand the test of time. The question of whether in modern times is of course a different question. The question of the current applications of science — the actual causes having been discovered.

The Current Reaction

In analyzing the current reaction, I find that the prevailing oil prices have held steady at $3.50 per barrel. The main reason for this is that oil prices have only been reached once in the last 10 years. The one time that they were reached was in 1943.

All this put the current reaction in line with the post-war secondary movements as time and events demand.

The News

Insofar as oil news are concerned, there have been two new developments. The first is that the United States Government, in the form of the Marshall Plan, has been established in the United States. The second is that oil prices have not been raised.

The Proposed International Trade Agreement, which expired on June 1, would be a new development. However, the current trend would be to free trade and to complete the old system of the international trade agreement.

Gold and Gold Reserve

For nearly 100 years the price of gold has been fixed at $35 per ounce. The price of gold under the current system would be more or less equally effective as the price of gold in the United States.

This ownership by States would be taken for granted and approved by the States. With the long accepted theory that any attempt to change the price of gold would be made only for the benefit of the States, this ownership by States was recognized.

The legal fraternity and the executive have come to the conclusion that the States have applied this rule of property continuously during the period of their existence. The States have had many special cases purporting to be based on the statutes, but this has not progressed beyond the status of Federal law. Even the Secretary of Interior in 1933 is credited with interpreting the law to mean that the States must be granted the rights within the three-mile limit in the State of California and the right to take the money out of the public domain except by authority of the State. From this state of the law the situation, I think it may be concluded that the Supreme Court has never mentioned the right.

This has been the plan of certain states that have long markets and production have been kept to a minimum. The states have no definite national or international policy in mind, and the whole question is to bring out the desired results.

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Securities Now in Registration

- **Carpenter Paper Co.**, Omaha, Neb.
  August 19 filed 61,177 shares of 4% convertible preferred stock ($100 par). Offerers—To be offered to present holders of preferred and common stocks and to the extent unsubsribed by them, to certain key employees and officers. Price, by amendment. Underwriting—None. Proceeds—For additional working capital.

- **Central Conditioning Corp.**, Las Vegas, Nev.
  Nov. 24 (letter of notification) 100,000 shares of preferred stock ($25 par). Offerers—Company called for competitive bids Dec. 8, 1947, and only one bid, that of Blough & Co., Inc. and Ford, Peckley & Co., was submitted and was rejected by the company. They bid $13.75, less $1.75 underwriter. Price—$15 per share. Proceeds—For additional working capital.

- **Central Maine Power Co.**
  Nov. 10 filed 40,000 shares ($100 par) common. Underwriting—Company called for competitive bids Dec. 8, 1947, and only one bid, that of Blough & Co., Inc. and Ford, Peckley & Co., was submitted and was rejected by the company. New expected on negotiated basis through Blough & Co., Inc. and Kidder, Peckley & Co. Proceeds—For additional working capital for stockholders for subscription on the basis of one-half share of new common for each preferred share and one-tenth share of new common for each common share held. Price by amendment. Proceeds—For construction and repayment of indebtedness.

- **Century Electric Co.**, St. Louis, Mo.
  August 23 filed 29,000 shares of 2% common stock ($100 par). Common stock. Offerers—Common stockholders of record Sept. 30 will be entitled to subscribe for shares before Oct. 29 on basis of one new share for each 21 shares held at $12.50 per share. Underwriter. To increase working capital.

- **Chieftain Products Co., Brooklyn**
  Aug. 3 (letter of notification) 25,000 shares of common stock ($10 par) common stock. Offerers—Common stockholders of record Sept. 30 will be entitled to subscribe for shares before Oct. 29 on basis of one new share for each 21 shares held at $12.50 per share. Underwriter. To increase working capital.

- **Clara College & University, Inc., New York**
  Aug. 13 (letter of notification) 500,000 shares (par $1) common stock. Underwriter—None. Proceeds—For additional capital funds.

- **Bridgewater College,** N. J., Del. June 2 filed 500,000 shares ($1 par) stock. Underwriter—None. Proceeds—For exploration of properties.

- **Boston Insurance Co., Boston, Mass.**
  August 11 filed 10,000 shares ($10 par) capital stock. Offerers—Offered for subscription by stockholders of record July 28 on basis of one new share for each three shares held. Rights will expire about Sept. 17. Underwriter—None. Proceeds—For additional capital funds.

- **Bridgwater Cooperatives, Inc., Wash., D. C.**
  Aug. 30 (letter of notification) 1,000,000 shares, 4% cumulative convertible preferred stock ($50 par). Offerers—None. Price—$125 per share. Underwriter—J. W. B. Bank, N. Y. Proceeds—For purchase of buildings and machinery, balance for working capital.

- **Bompan Reclamation Co., Ltd., Ottawa, Canada**
  June 2 filed 500,000 shares ($1 par) underwriter. Proceeds—For exploration of properties.

- **Eastern Corp., Brewer, Me.**
  August 26 filed 25,000 shares ($10 par) common stock. Underwriter—Carl M. Leck, Rhode & Co. Proceeds—To selling stockholders.

- **Elder (Paul B.) Co., Bryan, Ohio**
  August 15 filed 10,000 shares of cumulative preferred stock ($50 par) $500 par. Offerers—None. Proceeds—For the purpose of acquiring additional equipment and to provide working capital.

- **Eureka Mines Corp., Bloomington, Ill.**
  Aug. 9 (letter of notification) 3,000 shares of cumulative preferred stock ($50 par). Price, par. Underwriter—To pay current obligations and to provide working capital.

- **First Guardian Securities Corp., New York City**
  June 30, 1948, filed 3% convertible cumulative preferred stock ($25 par) and 172,800 shares ($1 par) common. Underwriters—None. Proceeds—To be reserved for conversion of the preferred. Underwriter—None. Price—$6.25 a share for the preferred and $10 for the common.

- **Fission Mines Ltd., Toronto, Canada**
  April 16 filed 200,000 shares of treasury stock. Underwriter—Mark Daniel & Co., Toronto. Price—$1 a share.

- **Florell Products, Inc., Stockton, Calif.**
  March 6 filed 385,000 shares of 6% convertible preferred stock ($25 par) and 1,000,000 shares of common stock (par $1). Underwriter—Floyd D. Cof, Chicago. Proceeds—To be sold to underwriters for $124,400; 32,000,000 systematic payment plan certificates at market, $280,000; 20,000,000 preferred shares at $10; and 20,000,000 common shares at $1, market $124,400.

- **Fuller Brush Co., Hartford, Conn.**
  Aug. 20 filed 600 systematic payment plan certificates, $10 face value ($50 par) and 1,250,000 shares of common stock (par $1). Underwriter—None, preferred $10; common $6. Proceeds—Stockholders will sell 20,000 preferred shares and 250,000 common shares and company 125,000 preferred and 250,000 common shares. Proceeds will be used for general corporate purposes. Effective May 3.

- **Founders Mutual Depository Corp., Denver, Colorado**
  Aug. 20 filed 60 systematic payment plan certificates, $10 face value ($50 par) and 1,250,000 shares of common stock (par $1). Underwriter—None. Proceeds—To be sold to underwriters for $124,400; 32,000,000 systematic payment plan certificates at market, $280,000; 20,000,000 preferred shares at $10; and 20,000,000 common shares at $1, market $124,400.

- **Carrigan-Friedman Corp., New York**
  Aug. 13 (letter of notification) 5,000 shares of capital stock (par $10). Price, par. Underwriter—Stockholders of record will be entitled to subscribe for one new share for each five shares held. Rights expire Oct. 15. Underwriter—None. General improvements, etc.

- **General Stores Advertising Co., Inc., N. Y.**
  Aug. 27 (letter of notification) 1,000 shares of common stock ($100 par). Price—preferred $10; common $6. Proceeds—None. Pay current operating expenses, etc.

- **Group Housing Cooperative, Washington, D. C.**
  Aug. 27 (letter of notification) 1,000 shares of common stock ($100 par). Price—preferred $10; common $6. Proceeds—None. Pay current operating expenses, etc.

- **Heidebrand Sports Enterprises, Inc., Pittsburgh, Pa.**
  June 26 filed 2,041 shares of common stock ($5 par) to be offered to stockholders of record April 17, at par. For advances to a subsidiary, Heinebrand Die Castings, Inc., to improve shipping and storing facilities. Underwriting.

- **Heidelberg Sports Enterprises, Inc.**
  Pittsburgh, Pa.

- **Hedley Steel Corp., New York, N. Y.**
  June 29 filed 59,579 shares of cumulative convertible preferred stock (no par) to be offered common stockholders for purchase of one share of preferred for each 10 shares of common stock held. Price—By amendment. Underwriter—A. G. Becker & Co. will acquire the unacquired shares of preferred stock.
subscribed shares. Proceeds To be used in part for improvement and expansion of manufacturing facilities. Offering postponed.


Indianapolis Asbestos Co., Ltd., Sherbrooke, Quebec, Canada. Notice of partial redemption of 1,500 shares ($1 par value) common stock. Underwriter—Paul E. Frechette, Hartford, Conn., is the U.S. agent and principal underwriter. Price — $11 per share. Proceeds To be used for working capital.


Federal Reserve Bank of St. Louis

Prospective Offers

Central & South West Corp.

Sept. 21 stockholders will vote on increasing authorized capital stock by $750,000 (par $5). The corporation contemplates the issue and sale of approximately 600,000 additional shares of common stock, upon which the proceed from the sale will be used to purchase the stock of the 25 instances to the stockholders for subscription by them in the stockholders meeting scheduled for the afternoon of Sept. 21. The net proceeds of the sale will be invested in the common stock of the Federal Gas & Electric Co. and of Central Power & Light Co.

Detroit Edison Company

Oct. 5 stockholders will vote on approving an issue of $47,700,000 of convertible debentures. Proceeds will provide funds to purchase certain construction funds to carry it until late in 1949 on the $100,000,000 explanation program, which is now underwriting. The third covered bond issue is to be offered at $25 per share, and the proceeds will be used for expansion purposes.

Southern Railway (9-29)

Southern Railway Co. has underwritten plans for the sale of approximately $8,700,000 in equipment trust certificates. Proceeds will mature in 1949 and are to be used for new equipment. The certificates will be sold at $25 per share, and the proceeds will be used for expansion purposes.

Whealing & Lake Erie Ry. (9-8)

Whealing & Lake Erie Ry. Co. has offered to sell up to Sept. 21 for the purchase of $1,000,000 equipment trust certificates, series 2, to be issued Sept. 21, 1949, and are to be paid in 10 equal annual installments from Sept. 21, 1949, to Sept. 15, 1959. The certificates will be sold at $25 per share, and the proceeds will be used for expansion purposes.

PRESSED METALS OF AMERICA, INC. Sept. 15 stockholders will vote on creating its issue of common stock convertible preferred (non-participating) stock ($30 par) and on increasing its authorized capital stock by $500,000. The certificates will be issued at $25 per share, and the proceeds will be used for expansion purposes.

With W. J. Kelsey Co. (Special to The Commercial & Financial Chronicle)

MIDDLETOWN, OHIO—J. T. Sobeck of the United States Steel Corp., has opened a sales office in Middletown, Ohio. Mr. Sobeck has been a member of the sales department of the United States Steel Corp. for the past 10 years.
WASHINGTON, D. C.—Congress will have the mandatory government supports on farm commodities—so long as the present for abundant crops and the cotton, tobacco, and sundry other commodities will drag on the supports.

This outlook is indicated only by the fact that the forces that count politically are for it. It is looked upon by the experts as a post form of Congressional legislation that they have not yet gotten together to discuss it.

One of the most important forces bearing on this issue consists of the big farm organizations. By and large they are not opposed to the idea of a lower and flexible support pricing system. The more recent price cuts have come to recognize it as here to stay. The experts and unaneously that if the government fails the prospect of getting invol ved in the number of millions of millions of billions every couple of billions, to maintain high farm prices, the anger the people. In these times of high food prices it is something awful. It is quite likely they, fear to sweep much of a price support system. The lack of a whole idea of government sup port prices.

From the point of view of the farm leaders, even stories that the government have the power to hoard the millions of food commodities would be good, even if subsequently it developed the government would not do so. It might mean commodities not available, not at all, but it is likely that the idea of the price support program would be the price of the crop. The public would have the idea that the government program would be a whole idea of government support prices.

Actually, the Senate and House Agriculture committees, the chief forces that count politically, support for lower supports. The original price support program, which included 60% and 90% lower supports, was generally balanced legislative measure, most of the debt would have the technical and no great interest.

Chief difference between the Senate and House committees on Agriculture was over whether a so-called "permanent" revision of the farm laws should be enacted this year. The Senate committee was most avidly for farm law revision in 1949. It blamed against the Senate leadership to get its proposition enacted before the next session. It was not that the Senate GOP leadership was opposed in principle to legislation. It was afraid of getting too far in a session that would have complicated the ending of the regular season.

Members of the House Agriculture committee, on the contrary, were opposed to the revision that was supported during an election year. They steadfastly refused to accept a revision.

Hence the bill that passed was that upper program which provided for continuation of all the present farm (and not substantial) subsidies of the Staggers commodity programs through 1949, plus a federal law revision (the Senate version) to become effective in 1949. The House members accepted the Aiken or Senate revision on this basis because they knew a revision would probably be in a mood next year. In fact, the outlook does not change. That is the prospect that wheat, corn, cotton, and other crops will drop a crack in writing law their ideas and to forestall acceptance automatically in line of unrevised Aiken farm law revision. The continuing revision would not under the subject unless the revision was taken up in 1949.

The Big farm crops are dropping down to near their support prices furnished only an additional reason for farm law revision next year.

For the first time since farm real estate prices started their long upward climb, officials have come to have a firm or the peak has been reached in the farm land values. As of July 1, last, the index of farm land values stood at 171% of values in the year prior to the first war. Although farmers' gross income from markets, despite price drop, is holding up well because of the large volume of cash crops now being harvested, farmers' gross income from livestock and poultry is sufficiently reduced because of higher operating costs. It is thought to start a downturn in prices in land, or at least arrest the rise.

In the forthcoming conference of farm organizations on "farm credit legislation" in 1949, there is something which will give the Administration much of something to worry about. Besides legislation, the farmer loan subsidy, the farm organizations also want to promote the idea of an independent Farm Credit Administration as the Department of Agriculture.

Whether the Republicans were the opposition, it was fun to work for the independent FCA, or even if they were stopped from getting it by threat of a veto. How the Republicans will feel about it with the farm organizations is no definite. when they are responsible for the administration of the department, remains to be seen.

There was considerable disappointment that the CAB seemed to kiss off the air transport battle. The CAB, which is the "hate to leave out the hat" proposal to boost fares on the scheduled lines by 10%. The dope which was given out was that the various agencies concerned with the problems of the scheduled airline operations were working on a long-term problem with the idea of finding a long-term set of solutions.

Nevertheless, something in the way of long-range studying is going on. RFC is working "day and night" to get out a report on airline financing problems, particularly the problem of financing acquisitions of more modern and efficient operating equipment. The CAB, it is said, will still go ahead to work out ways of reducing operating costs. The EP report will come in time shortly after the middle of September, according to the present schedule.

There is said to be an expansion for the haste in proposing the fare increase. The Ferguson subcommittee of the Senate Expenditures committee is investigating air mail subsidies. It is reported that the subcommittee already has begun to feel that it could make out a good case for "less mismanagement of the air line problem."

It is believed that the CAB acted as though it was afraid the Ferguson subcommittee might blast the Administration in a series of hearings some time between now and Nov. 2, next

"It's 54—Like to Try for 64?"

South Jersey Gas Realty Foster Oil Belle Isle Corp. U. S. Finishing Dorset Fabrics Lonsdale Co. Seatex Oil

M. S. WIEN & CO.

Wednesday, September 2, 1948

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Realty Foster Oil
Belle Isle Corp.
U. S. Finishing
Dorset Fabrics
Lonsdale Co.
Seatex Oil

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