Another Look Through The Crystal Ball

(Third Reading) By JACQUES COE

President Truman

Mr. Coe maintains only liquidation of the "scary Halloween Pumpkins" is needed to change the stock market picture and send prices up. Cites as bullish factors: (1) Easing of War threats; (2) Healthier picture; and (3) Election results. Looks for rally until Fall, 1949, followed by resumption of major down trend until 1950-51.

This is the third of a Series of "Crystal Ball" articles, the first of which appeared in the "Chronicle" on Jan. 23 of this year and the second on July 1, 1948. We summarize them briefly as follows:

Jacques Coe

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Free Labor and Free Enterprise

By PRESIDENT TRUMAN

President declares democratic institutions of state in November Elections. Asserts free and strong labor movement is best bulwark against Communism. Condemns "anti-labor policies" of GOP and predicts "best" for labor if Republican Administration returns to power. In Labor Day statement, President demands Taft-Hartley repeal.

President Truman

This, in my opinion, is a great day for labor. This a great day for the country. When I can stand on the same platform with Day Hall in Detroit with the Mayor and Walter Reuther and Frank Mar...
Our Greatly Underpriced Stock Market

By EDMUND W. TABELL, Shields & Co.

Mr. Tabell asserts a mass fear psychosis is holding back stock market which now presents buying opportunity to those who remained out of market during 1946-1948 accumulation period. Maintains market in May, 1942, started long upward war price cycle, similar to 1914-28, which will ultimately carry Dow-Jones Average through the former boom peak of 306.

I continue to believe that the market is definitely pointed higher for the longer term. I believe that the recent decline from the June-July top is a secondary decline in the primary uptrend. The present buying opportunity is for those who did not enter the market in the post-WW-II—repeated 160-170 buying zone during the summer months. The market since July 19 has consisted of a mass fear psychosis, which did swing in a relatively narrow range as noted in the accompanying table.

The individuals, however, have not yet penetrated the July 28 high of 192.00. The rally average penetrated the July 28 high of 192.00 on both Aug. 5 at 712.43, and Aug. 11 at 713.57. The action of the rally is very strong as mentioned before, the bulls have been the forerunners of every market advance of this nature. They led every advance from May, 1942, to early 1946. The bulls worst than market action was a warning of the September, 1946 break. In the early part of this year the rally again assumed their market leadership. In my opinion, the better than-average action of the rally indicates an upswing break-out from the narrow trading range of the August months.

Regardless of the reaction of Wednesday, Sept. 8, I believe that the secondary correction of August-February-June advance from 194 to 199 cannot be considered as having ended. In fact, the next step is a testing of the 194.00 highs, and 712.57. If both advances succeed in reaching new high territory, the major uptrend, which is now in effect, will be confirmed. Failure to penetrate the 194 highs by both averages, followed by a downside penetration of the August lows of 177.40 and 52.58 would indicate a decline into or close to the 197-199 basis accumulation area. This would broaden the base pattern, but would not be considered from a timing viewpoint.

It is the opinion of this writer that the rally will be confirmed and that we are now in a broad upswing of two to four months duration. The advance should reach the 205-210 level in the industrial average. While the rally tops higher, it is difficult to figure out exact objective except in individual issues. Prices are likely to the advance will be met at the 198-199 level. After a minor technical correction, we would expect a penetration of the 194 highs.

Regardless, the belief of the rally, steel, automobiles and machinery equipment issues show the best technical patterns. As for individual issues, suggest the list in the February, 1941, edition of "Stocks With Favorable Technical Characteristics."

In recent weeks there has been a decided increase in bearish prognostications regarding a slump in business and a depression. These predictions by economists, newspaper columnists and Washington writers are not new. They started the autumn of 1945 when President Truman’s advisory board warned of a coming drop in the business index; that would result in seven or eight million unemployed by early 1946. As a result, the President attempted the obvious cure of trying to raise wages while holding prices. No prediction could have been more wrong. The evidence has been3 sufficiently clear. The predicted slumps in business in late summer and early 1948 have not occurred. Now the recent these dire prophecies to the contrary, I believe speculation has become so fearful of the coming catastrophe that stocks are selling at an absurdly low price to earnings ratio, to yield, in comparison cases, 5%. While high grade bonds were still hovering around the 3% level.

From Not Inevitable

I do not pretend to be an economist. I don’t know when business will start to fall sharply. Obviously, our tremendous business boom cannot last forever. However, the inevitable ending is not necessarily near. It is possible that there will be a piecemeal adjustments as each sector of industry, one by one, readjust and return to a normal pattern. This has already happened in many industries. Certainly, the war and demands built up by four years of war and by ten years of depression are not going to be satisfied by the last three years of peak production, large that production may be. This comes even more unlikely when you take into consideration the next two 20 years, and the greatly increased incomes of a vast segment of our people, thus greatly enlashing the mass buying power.

If the stock market had only partially discounted the vast business boom of the last three years, there might be some concern about a drastic slump in the market, even a temporary falling off in business should not affect to any marked extent the market that has no top-heavy speculative positions, is not operating price cycles usually, is a mass buying sentiment a bit above 1942, despite even a possible temporary 5/8 to 50% drop in earnings.

Mass thinking cannot be measured by statistics or fundamentals. It is based mainly on technical action of the market itself, by the belief or disbelief of supplies of securities. The stock market has been slowly building up a strong pattern for a number of years. With the many uncertainties on the horizon today, it is a hazardous task to attempt a long range forecast. The predictions of this article may look easily sad two years from now. However, while this article may have many faults, it is always willing to state a definite opinion, and the action of some 1,500 charts and graphs of the various market averages and individual stocks should fit the following long range prediction.

Upward War Cycle Started in 1942

I believe that the stock market in May, 1942, started a long upward war price cycle, similar to that of 1914-1928. Such a long war cycle always has five phases—three of advance and two of deflation. The first phase was the advance from 93 in the Dow Jones Industrials in May, 1942 to 213 on May, 1946. The second, the deflation phase, was the drop from 213 in May, 1947. This area was again tested in February of this year, and we witnessed the third phase—a period of advance. The recent decline was only a temporary intermediate correction to the major upmove. This third, or...
Patrolling Partners Stymied

Discusses restraining order obtained by Otis & Co. against NASD re Kaiser-Frazer underwriting. Criticizes SEC and NASD activities in pursuit of confidential information between attorney and client. Welcomes opportunities to prevent SEC and NASD actions. Inconsistency of police bodies in action.

In an attempt to bring Otis & Company to heel as result of the alleged repudiation of the Kaiser-Frazer underwriting agreement, both the Securities and Exchange Commission and the National Association of Securities Dealers have met a temporary judicial frustration.

This came about in the United States District Court for the District of Columbia wherein Judge Keech entered a "Temporary Restraining Order" containing the following provisions:

1. It is hereby ordered, adjudged and decreed:
2. (1) That the National Association of Securities Dealers Inc. hereby made a party to this cause for purposes of this order only.
3. (2) That for a period of ten days from the date heretofore, the NASD is enjoined from (a) taking any action prior to the final decision of this Court to compel the disclosure of confidential communications which are part of the attorney and client relationship between intervenors Otis & Co. and Cyrus S. Eaton and any of their representatives and (b) taking any steps whatsoever directed to applying any sanction or proceeding against intervenors for failure to comply with the NASD's request to disclose such confidential communications, including but not limited to the making or publishing of any decision on the pending complaint or any similar complaint.

Note that the injunctive provisions are addressed to the NASD alone. We have said that "both the Securities and Exchange Commission and the National Association of Securities Dealers have met a temporary judicial frustration." How do we account for that?

Simple! Since the passage of the Maloney Amendment to the Securities Act which made possible the existence of the NASD, we have contended that "both the SEC and the NASD are auxiliary policemen operating out of the same precinct. To separate what is SEC from what is NASD is, in the SEC the life and death power over the NASD. When these bodies are engaged in a joint venture, therefore, the retaining either one as a hallmark cannot be relied upon. The Court, temporaril restrained any complaint addressed to "the disclosure of confidential communications which are part of the attorney and client relationship.

In the continuing attempted extension and usurpation of power by these agencies in the absence of judicial order, the attempted violation of a sacred relationship old is a cause for indignation although no cause for surprise.

The progressive pattern of SEC and NASD prying interventions, that these institutions have to some extent, and knavish resourcefulness in the invasion of the privacy of those engaged in the securities industry.

Via tricky questionnaires, spot checks, registration of salesmen, nefarious, and un-American methods, by the Business Conduct Committees, the shibboleths of "protecting the public interest," "fair and equitable principles of trade," artfully applied. And under questionably media, these bodies have made the lot of those in the securities field most unhappy.

Many disciplinary proceedings before the SEC and the NASD have been so designed because the respondents have neither the will nor the means to fight. Findings and the Order based on these defaults are then cited as precedent.

Fortunately in Otis & Company, the SEC and the NASD are encountering an entity which has both the will and the means to fight, the result of which may be a crystallization of conversations (Continued on page 32)
ECA Apportionment and Intra-European Clearing

By J. H. Richter

Stating there is no system of intra-European clearing suited to accomplish the purposes of the Economic Cooperation Act, Dr. Richter describes a plan for a Clearing Pool, which, he contends, definitely helps the purposes outlined in the legislation. Furnishes data of estimated balance of payments of ECA nations with western hemisphere and within European Clearing Pool as well as ERP funds allocation.

One of the most important problems that must be solved before the European Recovery Co-operation Act can be effectively implemented is that of dealing with intra-European balances of payments to eliminate impediments to intra-European trade. ECA creditors and debtors have continued to be unwilling to trade in currency other than dollars. This has been largely because of the prevailing shortage of dollars in Europe. The question of whether an economic union can be established without first providing for the elimination of currency barriers is one of great importance. The mere establishment of a clearing union without appreciable progress in the direction of a common currency would be of little practical utility.

The present discussion presupposes a broad familiarity with the so-called Bretton Woods plan agreed to by the Executive Branch, on whose estimates and conclusions our arguments are based. Examples here given are based on the data available. The estimates are made as of July 1, 1945, and are based on the assumption of a partial clearing arrangement under the five-country apportionment. The procedure here outlined, in this connection, is also based on the assumption that a partial clearing arrangement will be established.

1. Basic Principles

There is obviously no method by which an economic union can be set up without the establishment of an economically optimal apportionment of ECA credits. The participating countries can be expected to have competing claims on the funds. The procedure then would have to be devised which can greatly reduce the influence of arbitrary judgment and which would give a more equitable and unbiased basis to objective criteria, thus presenting an arrangement at the highest possible level of impartiality, fairness and effectiveness.

The approach here suggested is the formula that has been proposed by the Committee on European Clearing under the Chairmanship of Dr. J. H. Richter of the Federal Reserve Bank of New York.

2. Balances of Payments

It is clear that the criteria that can be derived from the estimated proportions of ECA credits that have been made or released to date must be referred to (a) balances with the United States and (b) balances with the participating countries. In the case of balances with the United States, if it is estimated that ECA funds are distributed to participating countries, it is necessary to estimate balances with the Western Hemisphere and with the United States for each country.

"Dr. Richter is Chief of the Economic Division of the Office of the Coordinator of Inter-American Affairs, Department of Agriculture. During the war he served as a representative of the United States on a trade mission to Latimer, and was a delegate to the International Monetary Conference at Bretton Woods. He is a member of the Committee of Latin American experts on the Lerner Commission.

3. Firm Allocations

If balances of payments are to be used as factors in the determination of the apportionment among the participating countries, it is obvious that they could not be used as determinants of the amount of funds each country could receive only if the gross current balance of partial payments between countries is considered, together with the amounts of credits that they have on deposit with their banks.

For example, it would be possible to determine a basis for a clearing union among the participating countries by estimating the ratio of each country's payments to its receipts in each of the participating countries. It would then be necessary to determine the value of the clearing union in terms of the funds required to balance payments in each of the participating countries.

4. Basic Allocation Quotas

The establishment of basic allocation quotas for each country related to the estimated net deficits for each country is the final stage of the procedure described above. It is assumed that such a Pool will be set up, for example, with the Bank for International Settlements.

Dr. Paul E.ENZ

Abuse of Sterling Area Trading Facilities

Noting British objections to pooling resources of Sterling Area with those of European countries, Dr. EINZ points out this action is based on British desire to have Sterling Area function as a lender of last resort. He also notes that Britain has been allowed to retain its hard currency reserves for purposes other than clearing.

The British Government has already informed several countries which have been re-exporting Austraian goods that it is planning future restrictions. It is also clear that the control of the game is now in the hands of the various countries which are considered sufficient for domestic requirements. The effective application of these measures would close one of the loopholes. There are, however, insurable others, through which British stands to lose dollars, and the Sterling Area trading facilities enjoyed by the United States.

During the war, the British sterling area was used to the fullest extent possible, but its losses would be increased by the question of sterling Area during the war, and would be further inflated by the amount of sterling Area that would be available to the United States.

During the war, the Sterling Area trading facilities enjoyed by the United States was used extensively, but it is clear that the losses would be increased by the question of sterling Area during the war, and would be further inflated by the amount of sterling Area that would be available to the United States.

The Netherlands has one of the worst, if not the worst, of all the sterling Area countries. With their large export trade, the dollar gain of the continental countries was the loss of British sterling Area and the Sterling Area.

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The Investor Must Have Tax Relief!

BY ROBERT A. GILBERT

Mr. Gilbert maintains it is feasible as well as necessary to afford investors material tax relief now. Shows great growth of present tax laws in contrast to the trend of taxation in the United States. For World War I, the burden of taxation was mainly on business and personal property. In World War II, it is the householder who bears the greatest part of the burden. In the experience of the Federal Reserve Board, mortgage loans outstanding have decreased about 2% from the peak, and total adjusted to the trend of taxation in the United States.

As we enter the fourth year of World War II, Federal revenues have decreased only about 3% from the war peak total, and the tax laws of World War II are not as burdensome as those of World War I. In the fourth year of World War I, the burden of taxation was mainly on business and personal property. In World War II, it is the householder who bears the greatest part of the burden.

The burden of taxation in World War II is mainly on personal property and on persons who have not been able to get away from business or personal property.

The burden of taxation in World War II is mainly on personal property and on persons who have not been able to get away from business or personal property.

It concludes by saying, the special session added, rather than subtracted from, government spending—lending, guaranteeing; it encourages the farmer's production in a way that credit control mechanisms cannot be expected to do much as long as government and not enough favor credit expansion. This is not getting at the causes of inflation.

A comparison of prices of 34 automobiles as of September, 1948, with those of the same cars in 1941, according to the Sept. 6 issue of "Steel," shows that the average price per car is $334 higher in 1948 than in 1941. The average price per car—unweighted for production volume—is $7,300,000 for the 34 cars in 1948 and $1,460,000 for the same cars in 1941. At today's prices, 73,000,000 cars would cost $516,189,527. At the present rate of production, the paper concludes, 28 months will be required to cut the backlog to the current level of 1.395 million.

Net rail freight rate for Class I railroads for July, 1948, was $105,256,008, according to the American Association of Railroads. The corresponding figure for July, 1947, was $91,507,000. The net revenue loss by limiting certain income increases to two decimal digits and eliminating double taxation on dividends may be estimated at about $2.5 billion, according to an annual survey of railroad expenditures which in total exceeded $1.5 billion in 1948.

Political rhetoric, however, may be prone to overlook such fine points, so let us examine the recent budget figures for political economy and let us also consider other possible ways of taking the high revenue. The situation of the budget is somewhat.

"OBSERVATIONS"

A. Wilfred May will resume his usual column next week in this issue.

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Royal Charter 1947

HEAD OFFICE—Edinburgh

Branches Throughout Scotland
A Reply to the President

By HAROLD E. STASSEN*.

Defining "sound money" as system which permits holder of currency to go in and out of check accounts at will, the \textbf{Republican Party} has made a strong standing defense for the common coin. It may be pointed out that the system does not necessarily mean that you can use money in the bank. The bank may be closed for a day or two, and you may not be able to get your money. But it is a system of having the currency in the hands of the people, and being able to withdraw it at any time. In that sense, it is a form of "sound money." What do you mean by "the right to make use of the currency in the hands of the people, and being able to withdraw it at any time?"

*Prepared text of an address by Representative Stassen, Detroit, Sept. 7, 1948.

The Republican candidates for the presidency, Mr. Truman and Mr. Dewey, in their platforms, have been very careful to point out that the system of "sound money" in which they believe is based on the gold standard. They have been careful to emphasize that this system is the only way to prevent the inflation of currency, and that it is the only way to ensure the stability of the value of money. They have also been careful to point out that the present system of "sound money" is a great boon to the American people, and that it is a great advantage to the American economy.

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Financial Problems of the ERP

By M. S. SZYMczak
Member, Board of Governors of Federal Reserve System

The European Recovery Program can be distinguished from other types of postwar assistance by its purpose—a balanced economic program in Europe and throughout the world. It represents a unified approach to the overall economic situation in Europe.

Western European countries oppose the program because it has no significant effect in the short run. They believe that the program's effects on currency stabilization and the promotion of international trade and investment are not substantial. However, these effects are important in the long run. Therefore, the program must be continued to achieve its ultimate goal of economic recovery in Europe.

In conclusion, the European Recovery Program is essential for the economic recovery of Europe and the world. It is a necessary step in the process of achieving a balanced economic program.

From Washington Ahead of the News

By CARLISLE BERGERON

It is becoming increasingly apparent that there is a method to the madness of Henry Wallace's policies. His campaign is proving not to be in vain. The recent move away from the schemes of his predecessor, Truman's campaign, and particularly his so-called foreign policy.

Carlisie Bergeron

In the midst of the current discussion about the future of the world, it is clear now that a new approach is needed. They are making a complete change in the dealings of the countries. The old ways are no longer; the old slogans of "get tough" and "call" have been abandoned.

You might say that for these countries, where conflict might be too rough for the American people to take. The Communists, in their ongoing campaign, will not lose sight of the reform, not a moment alone. With a sane, reasonable, and just peace, they will always it is no less than our own. But it was not true. General Henry, who has been the leader of the group, ordered the troops to be brought in. Truman was offering the greatest promise for what we have always been found to accomplish. There would be a great rejoicing in what is known as "the campaign change.

One has heard frequently that the bullies' of the group are more inclined to fight after they have been criticized; but the tendency is to try to do after they do their best to fight it. The President, having been a success, and having being doing a good job in moulding "Truman's campaign change.

Witherspoon to Give Course at University

ST. LOUIS—The University of Washington will announce a course, "In¬
terregional Trade," by William With¬
erpoon, of New York.

The course will be offered on Wed¬
nesday evenings from 4:30 to 6:00, Sept. 9-Dec.

William Witherspoon, a six-dol¬
lar-a-week teacher, is a professor of inter¬
regional trade at the University of Wash¬
ington, where he has been for over 15 years.

Debates with him from hearing men who were heroes in the American Revolution, and from the disillusionment they experience with foreign wars, were against World War II. But he believes that the country must press for Great Britain.

Now he is back in his real job, as a professor of international trade. As much as Truman despises him personally, he would give anything to have him as a witness against the old, not only Henry but his father, because it is not just the old who are essential to having a free country.

And if they were to come back and create a problem for the Republicans, it would be that.

Booth indicates that with Henry and his own, Truman is winning. What are the state planning to be looking back? "Left him, the

Barondom Co., Note Placed Privately

The First Boston Corp. announced that it has closed privately with an institution pur¬
chasing a note for investment. A tele¬
phone call to the company confirmed the reports.

"A Lecture by Mr. Skaymek before the Board of Trade" is a pre¬
paratory note, due Aug. 1, 1948.
The fact that Georgia farmers have had the good advice of their bankers to avoid the dangers of excessive debt during this current period of inflation has not made the small part of the national educational effort. This is the same situation the last seven years by the Agricultural Bankers Association of the Georgia Agricultural Banks Association to bankers, farmers, and business men informed about the inflation in farm real estate prices. We have constantly urged our farmers to keep customers to sound financial institutions, to pay down their debts during these years of inflation, because they do not want to make loans to farmers and would-be borrowers that would not pay their bills. The same type of loan that these government agencies apparently are advertising this summer, the banks have desisted from advertising for fear that the farmer's wants, the demands of inflation, and their very nature should their utmost to curb inflation, are instead feeding the inflationary fires by advertising farm loans "Long-Term—Low Interest."

The Record of Georgia

Now, what is the record of the past year for Georgia. The agricultural banks during 1947 totaled 3,147,000 and the credit requirements of 103,695,000. At the same time, all of the government-subsidized agencies made loans of $28,814,000, with a face amount of $22,000,000. The expanded credit opportunities for Georgia farmers have taken occasion to demonstrate that they have done their job, and they have shown that banks, through their credit operation, are doing their part in fighting the inflation. However, let us examine the programs for which bank loans have been made.

During the last full-year—1947—farm production loans made to Georgia farmers aggregated $60,937,000, and of this amount, only $31,380,000 was disbursed at the beginning of 1948. The high prices, especially in this state, have induced a prosperous and prosperous condition of Georgia agriculture. During the year also, the banks also made loans to farmers, on cotton and other crops, in the amount of $2,900,000. The loans made to the farmers are made to assure them the easy understanding of farm products in no way be burdened to the banks or the farmers. Now, let us consider lending by the various banks in the different fields. During 1947, loans made by banks in Georgia amounted to $27,991,000 and real estate totaled $2,662,000, but the total mortgage debt of Georgia in 1947 was only $15,923,000. This is a very small amount compared with the total value of $300,000 in the value of Georgia farms.

LAND BANK LOAN

Never comes due at any time you could pay it off at any time.

PRODUCTION

Requires cash and Production Credit of $3,452,000 was government-owned capital stock. If the Farm Credit Administration was doing its duty, the same agencies which are extremely involved in the inflationary process, would be to subversive and against the national interest.

What Should Bankers Do

What must the banker do that in the United States the credit community is handled mainly by the insurance banks, which gather the deposits in the community and lend to those who can profitably use them. Thus, the citizen who desires to make use of the credit opportunities for the community of its own credit resources. As a result, the American credit community has been recognized as having no share in the inflation. By bringing among the peoples of the United States the idea that, if the banker knows the needs of his trade, he needs to know the facts about the prices of the commodities. He should know where the inflationary incomes of the people. The banker should know about his community and lend to those who can benefit from the banks and the communities.

(1) The number of farms.
(2) The physical condition of the farms, including their average yield per acre.
(3) The value of the production of farm products, including livestock.
(4) Available markets for farm products.
(5) What is the potential income of the farm people? Can it be increased by the proper management?
Fall Business Holds Close to Peak Levels

(From the September "Business Bulletins" of the LaSalle Extension University, a Correspondence Institution, Chicago, Ill.)

Industrial production and business volume remain steady. Commodities prices are rising more slowly. Diverging trends become more prominent. Opposing forces in the business outlook. Crop production establishes a new record.

Commodity price trends and the best methods of dealing with them have continued. The situation in the current business situation. They have over time. Business spending and experts will greatly modify the current rate of activity.

Price Trends Most Prominent

Large demands for commodities and services are reflected most prominently in the price level. Not even the most powerful forces in boosting prices, interest of labor or of materials, can be effective for any considerable period unless buyers are willing and able to pay the higher prices required. Increased costs during the last three years have been successfully met not only because they added something to purchasing power but also because current incomes were reinforced by large amounts of savings which had been built up during the war years.

Although price changes have been somewhat divergent during the last few months, nearly all indexes which include a large number of commodities, especially industrial ones, have been rising steadily and are higher than ever before. During the last month, the comprehensive index prepared by the United States Bureau of Labor Statistics rose above the previous peak which was reached in May, 1929 at the high point of the boom after World War I. This index includes about 900 commodities in wholesale markets, and can be considered as a widely representative of the level at which the major part of business transactions take place. It is 11% higher than in 1929, and although the rate of increase has slowed down somewhat in the last year, it is still around 1% a month.

The index of consumer prices or the cost of living surpassed its 1929 peak two years ago and is now about 12% higher than that high point. It is 75% higher than in 1930 and has recently been rising at a rate of about two-thirds of 1% per month. The change in retail prices has been about the same and the trend is still upward. Up until recently, retail food prices were advancing somewhat more rapidly but recent in-

(Continued on page 28)

Buses instead of Bombers

At the close of the war, the huge modern plant of Nashco Corporation (formerly the Nashville plant of Consolidated-Vultee) was converted from the manufacture of aircraft to the production of durable consumer goods and transit buses. Almost two-thirds of the available manufacturing space is devoted to production of buses for ACF-Brill Motor Company. The remainder is utilized for manufacture of gas and electric ranges and frozen food service units for the Crosley Division of AVC Manufacturing Corporation.

The 1,000-600 sq. ft. plant, established in 1940, has been equipped with up-to-date automatic machinery, presses, enameling ovens and other special equipment to enable it to manufacture its products in large quantities at competitive costs.

The first bus to be produced at the Nashville plant was delivered in March, 1947. Because of the similarity in production methods of aircraft and buses, a large part of the war-time equipment at Nashco is being utilized in the present manufacturing program. Overhead conveyors which formerly moved airplanes along the assembly lines are now being used with new mass-production methods for buses. Similarly, the huge presses, shears and drop hammers which formed aircraft components are now helping to produce body parts, windows and doors for buses.

The Nashco Corporation currently employs fifteen hundred persons, and hopes to increase this number as materials for the manufacture of its products become more readily available.

EQUITABLE Securities Corporation

BROWNLEE O. CURREY, President.

322 UNION STREET, NASHVILLE 3, TENN.

TWO WALL STREET, NEW YORK 5, N. Y.
Illinois Brevities

Halsey, Stuart & Co. Inc. and the New Southern California Edison Co. first and refunding mortgage 3° bonds, revised plan for general corporate purposes. The directors also approved a dividend of 5 per cent. The company's financial position is strong, with a capitalization of $33,975,000, net worth of $19,875,000, and surpluses of $1,925,000.

The New England Telephone Co., for the year ended December 31, 1948, reported a net profit of $1,721,877, compared with $1,752,814 for the corresponding period in 1947. The net profit for the first six months of 1948 was $833,320, compared with $832,014 for the first six months of 1947.

The City Comptroller of Chicago has announced that the city's financial position is strong, with a surplus of $2,526,000 at the end of June 1948. The city's outstanding debt is $23,732,000, and the city's financial reserves are $26,250,000.

The National Tea Co. reported sales of $210,045,000 for the four weeks ended August 14, 1948, as compared with $207,546,000 for the corresponding period in 1947. For the current year to date, sales amounted to $849,011,000, compared with $804,588,000 in the same period last year.

The Inland Steel Co. last month issued a report for the quarter ended June 30, 1948, showing a net income of $11,310,000, compared with $11,935,000 for the corresponding quarter last year. The report shows that the company's earnings have increased in each of the last four quarters.

The directors of Armour & Co. declared a dividend of 5 per cent on the common stock of the company for the year ended August 31, 1948, to be paid on September 14 to shareholders of record on September 7.

The directors of the Northern States Power Co. declared a dividend of 4 per cent on the common stock of the company for the year ended August 31, 1948, to be paid on October 15 to shareholders of record on September 15.

The directors of the National Telephone Co. declared a dividend of 3 per cent on the common stock of the company for the year ended August 31, 1948, to be paid on October 15 to shareholders of record on September 15.

The directors of the Western National Bank declared a dividend of 3 per cent on the common stock of the company for the year ended August 31, 1948, to be paid on October 15 to shareholders of record on September 15.

The directors of the National Telephone Co. declared a dividend of 3 per cent on the common stock of the company for the year ended August 31, 1948, to be paid on November 1 to shareholders of record on October 15.

The directors of the Northern States Power Co. declared a dividend of 4 per cent on the common stock of the company for the year ended August 31, 1948, to be paid on November 1 to shareholders of record on October 15.

The directors of the Western National Bank declared a dividend of 3 per cent on the common stock of the company for the year ended August 31, 1948, to be paid on November 1 to shareholders of record on October 15.
Nationalization in Norway

BY JOHN BRUNAES
Former President, Norwegian Confederation of Industries

Prominent Norwegian industrialist reports his country's industries face widespread nationalization. Claims that while labor government has no such mandate, such socialization will be gradually accomplished. Scores two-sided trade agreements in Europe, and calls for their replacement by multilateral pacts.

It certainly is a great honor and an exteme favor, on an occasion like this and before an assembly of so prominent representatives of the economic life of the world as of this country, to be given the privilege to say a few words. May I therefore start with expressing my honored friend Mr. Stoltenberg what I most heartily felt gratefulness.

What might be of particular interest to mention would be the present economic situation in Norway and its endeavors to rebuild its capacity from the time before and during the war. Norwegian rather the well-founded and consolidated program of modernization and expansion within every important group of economic life not only to a standstill but made them find themselves faced with a complete confusion and later nothing less than a complete destruction. The figures showing the direct monetary loss which was the result of the five years and more of occupation have been stated so clearly and so absolutely that they may be left outside the picture which should be shown to you today. Just as in the future, it might only be considered the clean and immediate decision, taken early in 1945, to resist and to fight against the enemy of every national, every believing in real democracy and complete freedom, for all individuals with a mentality of responsibility to think, to speak, to believe, and to do what everyone considers right and appealing. Norway in a very heavy burden which will have to be recognized by government and carried by the population for years or most probably for generations ahead. Whatever may be expected of the future, the extensive losses, which struck Norway more heavily, likely, than any of the small ones.

An address by Mr. Brunaes at The New York Industrialists, Sept. 1, 1948.

Hoffman Commends Labor

Declares international labor movement can greatly assist European Recovery Program.

Paul G. Hoffman, Administrator of the Economic Cooperation Administration, today paid a high tribute to the important role of labor in Europe and in the United States.

A large meeting was held in the Great Hall of the National Building in Washington, D.C., to mark the 25th anniversary of the International Labor Organization and to discuss the program of the 17th annual conference of the International Labor Organization, which was held in London in 1947.

The meeting was attended by a large number of labor leaders from the United States and other countries, including representatives of the American Federation of Labor and Congress of Industrial Organizations, the CIO, and the Congress of Industrial Organizations.

Hoffman said that the labor movement had played a large part in the recovery of Europe from the war and had contributed to the success of the Marshall Plan.

"The labor movement has played a large part in the recovery of Europe from the war and has contributed to the success of the Marshall Plan," Hoffman said. "By working together with the government, labor has helped to bring about a stable economic recovery and has laid the foundation for a prosperous future.

"Today we are facing new problems, and the labor movement must continue to work with the government to solve them," Hoffman said. "The labor movement must be ready to make sacrifices and to adapt itself to new conditions."

Hoffman said that the labor movement must be alert to the dangers of Communism and must continue to work for the establishment of a free and democratic society.

"The labor movement must be alert to the dangers of Communism and must continue to work for the establishment of a free and democratic society," Hoffman said. "The labor movement must be prepared to resist any attempt to undermine the foundations of a free society by the methods of Communism."
Bank and Insurance Stocks

By H. E. Johnson

This Week—Insurance Stocks

With the first half year figures of fire and casualty companies generally showing favorable results, an increasing amount of attention is being given to the current status of the insurance market.

One of the principal reasons mentioned in recommending the purchase of insurance stocks at this time is that prices for the shares are low in relation to the general market.

In recent years a number of unfavorable factors have combined to influence the market for insurance stocks. Insurance underwriting operations have been generally unprofitable. Also, the large growth in premium volume has strained the capital reserves of the companies and limited the dividends that could be obtained through the sale of stock.

These trends have also been reflected in dividend policies. While investment income has been increasing because of larger dividend payments on securities held, the unfavorable underwriting figures and need for capital have generally decreased the income.

As a result of these factors, insurance stocks did not fully participate in the general rise in stock prices between 1942 and 1946 and have lagged behind other industry groups. At the present time fire insurance stocks are about 42% above the low prices established in 1942. At the same time the Dow Jones Industrial Average has shown a rise of over 100%.

Furthermore, insurance stocks are now selling at substantial discounts below the current quoted liquidated values. While it is not unusual for these shares to be below the discounted liquidated liquidated values, the present discounts, averaging over 50% and ranging up to 48%, are exceptionally high.

The following tabulation for a group of selected insurance companies shows current market price, liquidated values as of Dec. 31, 1947, market price as a per cent of liquidated value, 1947 net operating earnings, present annual dividend, and current yield.

<table>
<thead>
<tr>
<th>Insurance Co.</th>
<th>Market Price</th>
<th>Liquidated Value</th>
<th>Current Dividend</th>
<th>Dividend Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aktia Insurance</td>
<td>44 1/8</td>
<td>63 1/2</td>
<td>19 1/16</td>
<td>1.50</td>
</tr>
<tr>
<td>Agricultural Ins.</td>
<td>1 87/8</td>
<td>57 1/4</td>
<td>2 1/4</td>
<td>5.00</td>
</tr>
<tr>
<td>American Ins.</td>
<td>50 7/8</td>
<td>91 2/3</td>
<td>4 1/16</td>
<td>5.39</td>
</tr>
<tr>
<td>Continental Ins.</td>
<td>11 3/4</td>
<td>67 1/2</td>
<td>5 1/16</td>
<td>2.50</td>
</tr>
<tr>
<td>Fidelity-Phenix</td>
<td>61 3/4</td>
<td>56 5/8</td>
<td>4 1/16</td>
<td>4.17</td>
</tr>
<tr>
<td>Fireman's Ins.</td>
<td>13 1/4</td>
<td>59 5/8</td>
<td>4 1/16</td>
<td>2.50</td>
</tr>
<tr>
<td>New England</td>
<td>21 1/4</td>
<td>59 5/8</td>
<td>4 1/16</td>
<td>2.50</td>
</tr>
<tr>
<td>Grinnell Fire</td>
<td>25 1/2</td>
<td>56 3/4</td>
<td>4 1/16</td>
<td>7.50</td>
</tr>
<tr>
<td>Hartford Fire</td>
<td>109 1/8</td>
<td>137 9/16</td>
<td>9 1/16</td>
<td>5.25</td>
</tr>
<tr>
<td>Hum. Ind. Insurance</td>
<td>27 1/8</td>
<td>37 3/4</td>
<td>3 1/16</td>
<td>8.75</td>
</tr>
<tr>
<td>New York Co.</td>
<td>95 1/2</td>
<td>100 24/25</td>
<td>9 7/8</td>
<td>5.00</td>
</tr>
<tr>
<td>National Fire</td>
<td>44 3/4</td>
<td>64 3/4</td>
<td>3 1/16</td>
<td>7.50</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>41 1/4</td>
<td>58 1/4</td>
<td>2 1/16</td>
<td>4.00</td>
</tr>
<tr>
<td>New England</td>
<td>52 1/2</td>
<td>73 3/4</td>
<td>3 1/16</td>
<td>5.00</td>
</tr>
<tr>
<td>Phoenix Ins.</td>
<td>77 1/8</td>
<td>114 3/4</td>
<td>6 7/8</td>
<td>4.39</td>
</tr>
<tr>
<td>Providence Wash.</td>
<td>45 7/8</td>
<td>62 1/2</td>
<td>7 1/16</td>
<td>4.44</td>
</tr>
<tr>
<td>Security Ind.</td>
<td>51 1/4</td>
<td>72 3/4</td>
<td>7 1/16</td>
<td>5.88</td>
</tr>
<tr>
<td>Skinner &amp; F. M.</td>
<td>41 1/4</td>
<td>59 3/4</td>
<td>7 1/16</td>
<td>8.88</td>
</tr>
<tr>
<td>U. S. Fire</td>
<td>70 3/4</td>
<td>114 3/4</td>
<td>7 1/16</td>
<td>4.80</td>
</tr>
</tbody>
</table>

Liquidating values as of Dec. 31, 1947 were used because interim reports on subsidiaries of certain companies do not give latest per share data. However, liquidating values are now estimated to be in line with the latest dividend declaration.

From the above figures it can be seen that considerable variation in the figures for different companies. All are selling below their respective asset values with the largest discounts shown by National Fire and Security Insurance. Most of the companies fall between 65 and 75% of their liquidating values. Others such as Ins. of America, New England, Equitable, Nat. Fire & Marine and New Hampshire are somewhat higher.

The factors which have in the past few years acted as depressants on insurance stock prices are now in the process of being corrected with a more favorable outlook for earnings and the prospect of larger dividends, an appreciation of insurance stocks is possible which will restore a more normal relationship between market prices and asset values.

Labor's Goals

By Philip Murray*

President, Congress of Industrial Organizations

Labor union leaders now, although union membership has reached a new high, have placed too much emphasis on the defense effort. The result has been on the hands of the few. Alleges "the battle should be on the march," with their spokesmen dominating the 80th Congress, which tried to cut the head out of the labor movement by passing "a legal monopoly called the Taft-Hartley Law."

Sixty-nine years ago today a comparatively small group of trade unionists paraded up Broadway to Union Square in New York, there were 3,000 or 4,000 for a picnic, band music and speech-making. That was America's first Labor Day celebra-

The Dis rivalry

They say their "investigations" are designed to rout disloyal people and organizations, and I'm in favor of rooting disloyal people and organizations. I have no complaint whatever about their stated objective because we've got a right to a defense. My complaint is against the manner of their proceeding. They have arrogated the civil rights of the accused and have engaged in character assassination on the basis of rumor and evidence, and the disrespecting court of law would accept.

Perhaps on this Labor Day I should have been content to talk about the death of disillusionment in our own organization—the CIO—since it's the 20th anniversary of the organization of the country, for these achievements have been many.

The facts are that these problems are so many and so great that I felt I had to take action. And I think—indeed—human dignity for the American worker, a world—increasing a greater measure of security, community and an understanding of democracy—will vanish. We must stamp out office-seekers such as McAdoo and office-seekers now work for the vested interests and too low for the great masses of our country. We can make the United States the kind of country that the United States should be.

We have the right and duty to the needs of the people. We must stamp out the voting limitations imposed by the poll tax. We must act immediately in regard to the civil rights provisions written into our American constitution.

We must have curbs inflected, to solve our vexing housing problem, and to buy people with decent medical and educational knowledge.

Power and the intelligent power, is to be a power, are two enemy different things.

Concentration of Power

In the hands of the few, power is dangerous. Disunity is their policy, and it is a stranglehold. The concentration of power in the hands of the few, gives me deep concern for the future of our country.

The monopolists are on the march, and must no mistake about it! They have been gobbling up independent factories and business houses and are alar actuated during the past eight years.

These are the objectives of the 80th Congress—The Congress that has made all attempts to curb inflation, to a form of wage, to broad social security, to bring down prices and to provide low-cost housing.

This Congress which at attempted to cut the heart out of the labor movement by passing a "legal monopoly called the Taft-Hartley Law. This is the law that it's impossible to have favor of management and is imposed on the "justification" upon the nation's workmen."

This Congress changed our tax structure to provide relief for the wealthy and little relief for the average wage-earner.

I believe I would be remiss in my duties as an American citizen if I failed to call attention today to the sensational investigation made by some Congressional committees have been staging.

With Merrill Lynch Co.

NEW ORLEANS, La.—George P. Dorsey has become affiliated with Merrill Lynch, Pierce, Fenner & Beane, 818 Gravier Street. He was previously South Lee, an sales representative for Kingsbury & Alvis.
Labor and Inflation

By William Green

President, American Federation of Labor

Mr. Green declares labor's most immediate problem is inflation, which spells poverty in midst of plenty. Accuses industry of fixing prices at whatever traffic will bear. Calls for social improvements to stop the America which robs and forces workers to work at subsistence wages.

Labor Day is more than a holiday—it is America's tribute to the dignity and importance of human labor, the formal recognition by our government and by our people that man takes precedence over the machine. Today the working men and women of our nation are

The New School for Social Research, 66 West 12th Street, New York, announces a 15-weeks' course, "Investment Today: Its Princi-

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these shares. The offering is made only by the Prospectus.

The New School for Social Research, 66 West 12th Street, New York, announces a 15-weeks' course, "Investment Today: Its Princi-
Mutual Funds

By Henry Hunt

"If I Were a Retail Salesman"

(11th of a Series)

By Leon Abbott

President, Lord, Abbott & Co., Inc.

When I entered the investment business 28 years ago, I was a little lemming, and I continued, and the business, like all lemmings, went on for many years. Times and conditions have seen many changes since that time, and I believe that the sophisticated investor is fundamentally the same. He wants opportunity for capital appreciation and, meanwhile, he wants a good turn on his money. If I were discussing with him the best way to invest his capital to achieve these objectives, I would proceed along the lines:

"Capital appreciation opportunities at this time are mainly in common stocks. If you choose your common stocks, you can get much broader diversification, and also you will have less to worry about because the management will be looking after the investments.

"There are many good investment companies, and, in picking one, the first thing we want to decide is how much we want to stress the factor of capital appreciation and how much we want to go for much or little? In your case, I believe you would much elect to go for much-average appreciation.

"One method of obtaining faster than the average market action is to buy the shares of an investment company which holds conservative high-grade common stocks of large and well-established investment grade, or a combination of stocks and bonds which have been selected with careful attention to the current and prospective earnings of the companies. The advantage of using an interest-bearing bond may be combined with the idea of a good-sized dividend and the ability of the company to sell its bonds when the market is right.

"The bonds of good investment companies are not necessarily of the first rank, and a few of these bonds may not sell at par, but there are many cases where the bonds of good companies are selling at a discount and will sell at a substantial premium at some future time. In recent years the market price of the investment bond of a good company has appreciated more than the price of the common stock of the company. The advantage of the investment bond is that it offers a higher rate of interest than the regular mortgage bond, and the bond is held by a large number of investors.

"With an open-end investment company, using leverage, you get additional appreciation in addition to the dividend, and in a good return, that is the kind of investment I would make if I were you."
Canadian Securities

By WILLIAM J. MCKAY

The resiliency and fundamental strength of the Canadian economy continues to be manifested in unmistakable fashion. Less than a year ago the Dominion was threatened with the specter of a major economic depression; drastic measures were required to save the situation. Partly as a result of the austerity program and the imposition of import controls, the Canadian trade deficit with the United States has been cut to a negligible figure; and the external balance of the country has become fully acceptable in the judgment of the Great Britain.

A few years ago the economic potentials of the Dominion were considered to be insufficient to sustain an economic authority. Now, however, there is a world-wide consciousness of the fact that Canada has every opportunity of becoming the outstanding country of the future.

Almost daily, there is news of fresh discoveries of oil, iron-ore, coal, and base and precious metals of which, such as nickel, platinum, uranium, and manganese, are increasing; the gold is in an even more precipitate occurrence elsewhere. It is also now to be anticipated that the surface of the eighth wonder of the world—the fabulous island of the British Commonwealth—will have been only scratched, and that the Canadian portion of this colonial area of more than 9 million square miles has yet been explored.

Canada moreover is not situated in the eastern part of the North American, but South Africa or South America, the high point of the Atlantic. In the interest of the Dominion to such countries as the United Kingdom and the United States of America, the elimination of the surplus on the balance of payments is perhaps the most pressing problem at the present time.

However, the present situation is not to be compared with that of the years 1929-1932, when the Dominion was threatened with the specter of a major economic depression; drastic measures were required to save the situation. Partly as a result of the austerity program and the imposition of import controls, the Canadian trade deficit with the United States has been cut to a negligible figure; and the external balance of the country has become fully acceptable in the judgment of the Great Britain.

A few years ago the economic potentials of the Dominion were considered to be insufficient to sustain an economic authority. Now, however, there is a world-wide consciousness of the fact that Canada has every opportunity of becoming the outstanding country of the future.
Is Gold More Than a Deflation Hedge?

By BARRET GRiffITH and BRUCE ELLSWORTH


The lesson learned by investors since the mid-1920s and particularly during the 1939-1945 depression was that investments in gold as a commodity or in the form of common stocks in the industry offer a satisfactory hedge during times of unfavorable business conditions. Chart I shows that gold production tends to remain low during times when interest rates and commodity prices are relatively high; and that the production of gold increases when interest rates and commodity prices are relatively low. In times of good business and general prosperity, gold producers find little profit in increasing production, and investors who hold either gold shares or the commodity receive small compensation. Such is the conclusion one reaches from the chart showing interest rates, gold production, and commodity prices since 1911. The chart indicates that actual depression and threat of currency devaluation, with accompanying low commodity prices and subnormal operating costs, make gold investments generally profitable.

It is the generally accepted theory that gold investments are attractive only during periods of business depression. The writers constructed Chart II (see facing page) showing the price of gold in pounds sterling from 1740 to the present time. Although there is some evidence from the chart that the price of gold advances during times of business strain, much more important is the fact that the price of gold during the last 600 years has advanced during periods of violent political and economic struggles. By comparing the following list of historical events with the chart, one can see the relationship between the price of gold in pounds sterling and various upheavals in England's history.

1337—100 Years War began.
1346—English defeated the French at Crecy.
1453-1485—Wars of the Roses.
1544—Henry VIII fought an indecisive but costly war with France and Scotland. The currency was ruined, coinage was debased and prices rose.
1601-1612—Irish Wars. England was becoming richer, but the Crown poorer. James I borrowed at rates of 8% and more to maintain his court.
1650—Great Plague in London killed 170,000, destroyed commerce and crippled finances. Lack of funds forced English to lay up their fleet.
1666—The Great Fire in London destroyed most of the city.
1667—The Dutch burned the fleet in the Thames. War inadequately financed by government borrowings at 8½%.
1692—National Debt established.
1696—Currency reforms carried out. Coin melted for the first time to eliminate clipping. Restored faith in the currency.
1703-1702—War between Britain and France. English won victories on the sea, but Napoleon's Italian campaign forced her allies out of the war. By 1714 there was suffering and dispointment in Great Britain. Commerce interrupted, prices high, taxation higher than ever before in history and $800,000,000 added to the public debt.
1813—Napoleon abdicated.
1816—Great Britain went on the gold standard.
Compare the period since 1920 with the period 1800, 1810 and 1815. The present East-West struggle is somewhat like the conflict between Britain and France, and Napoleon's ambitions are not unlike those of Hitler and Stalin. Similarly, comparison exists between the relationship in currency and fiscal policies existing in England from 1800-1815 and the current lack of faith by peoples throughout the world in their currency. Chart III (on facing page) pictures the continual depreciation of currency in England from the 13th century to the end of the 17th century, when currency reforms were finally carried out. Coins were melted for the first time to eliminate clipping and the public's faith in currency was restored. Although the clipping of coins ceased in 1696, there may be a relationship between some of the present unorthodox government fiscal policies in handling national debts and the outlawed practice of coin clipping. In other words, if peoples throughout the world are putting faith in their nation's fiscal policies, results may be expected to be the same as they were before currency reforms were carried out.

Although investments in gold appear to be most profitable during times when commodity prices, interest rates, operating costs and business activity are depressed, history rather definitely teaches that a stake in gold is worthwhile during uncertain times like the present. If history repeats itself, which it has a habit of doing, the price of gold might not be expected to decline until world peace is definitely established. World currencies are realistically revalued to allow trade to exist under orthodox governmental fiscal policies are revived.
True—and With Implications

By this solution (increased member bank reserve requirements) the Federal Reserve presumably seeks to inflate the prices of bond holdings without predetermined limit, and in so doing facilitate increased lending by non-bank lenders. The reaction of the practical bankers—if one may be permitted to label them the way they have been—"Why crack down on us so that our competitors can take the business?" And it is true that for prevailing conditions, with present banking company has as ready access to Federal Reserve credit as any bank, it makes little practical difference, from the standpoint of inflationary expansion, whether it be given out by a commercial bank or by some other type of lending agency."—The National City Bank of New York

All of which is, of course, true enough—and all of which again emphasizes the whole of reform which would put an end to this "support!"

Large Oil Reserves Seen From 'Depleted' Fields

Five billion barrels of crude oil may be obtained, in the next few years, from fields in the United States, according to the recovery methods are developed and put into practice in those fields. The Improved Committee of the Interstate Oil

Renegotiation of Defense Contracts Scored

Conference Board survey of executives shows renegotiation is regarded definitely undesirable in steel price. Allocation and mandatory regulations criticized by majority.

Renegotiation of defense contracts is "definitely undesirable in peacetime," according to approximately nine out of ten executives surveyed by the National Industrial Conference Board on problems of industrial stabilization. Only four out of ten executives believe that the government should be limited in noncompetitive products and to such products where it is difficult to make accurate cost quotations.

Opposition to Renegotiation

Many of the executives opposing renegotiation during war, who express the same views as those who do not agree to it during peacetime. Generally, they feel that renegotiation is not necessary to the successful establishment and equitable tax laws should be reenacted upon instead.

Although about six out of ten industrialists accept renegotiation in wartime, there have been and have reconciled themselves to the necessity as a whole. The majority agree that it is just and fair. On the other hand there are likely to be high fixed charges and taxes and that procedure should be equitable, when it is "keeps costs high and even provide important services and necessary services, including defense work contracts." 16% Condone Peacetime Renegotiation

The 10% who condone peace time renegotiation feel that it is

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THE COMMERCIAL & FINANCIAL CHRONICLE

Thursday, September 9, 1943

Securities Salesmen's Corner

By John Dutton

In the securities business we live in a twilight zone between interpretations and rules that change from day to day and that have been defined. Ever since the Securities and Exchange Commission came into existence, the sale of securities has ever been able to find out what were the rules of the game. Now that have been interpreted in the light of the law there have been decisions that back-tracked and reversed themselves—always the fault of the seller to disclose all material facts and yet it is difficult if this seller has made any mistake to be held accountable for it. There is a failure of the seller to disclose all material facts and yet it is difficult if this seller has made any mistake to be held accountable for it. Everyone engaged in the business of buying and selling securities can be wiped out—have his name smeared and his reputation blotted out in the surplus savings acquired after a lifetime of toll and sweat—and all this can happen overnight upon the wide and capricious of some bachelor who has the power to sweep down upon him and charge him with countless violations of a set of rules that are so ambiguous that no one (even the most competent attorney who specializes in securities law) can be sure to set up a definite area in which an investment dealer can operate his business.

One thing you can do, however, and that is to be mightily careful about what you say to a customer. As long as we have a Security and Exchange Commission, we must at all times be careful of the business we cannot write letters the same as it is done in other states. There is always the danger of security—always refrain from market predictions. If you write about a certain security be sure of your facts. Check every figure, as to accuracy. The less you use figures the better. It is possible always to get the latest news from magazines or financial publications instead of giving your own individual ideas, and that often means to hang you. The best things is to write letters that deal with Safe Bank data and to show your oars. As long as there are some dealers feel so strongly on this point that if they have any comments to make they do so by telephone while speaking directly with their customers. In our business it IS SELLER REWARD. To us it is a matter of pride to narrow down to the fact that the Commission has not run wild and used its great powers in a punitive or vindictive manner. They would say that the only security was more to kill off the flow of investment in this country lives in terror and in fear.

Before we can ever establish the securities business upon a footing which is worth the name, we must have that the Securities Act must be rewritten so that FEAR OF PERSECUTION will be eliminated from the minds and hearts of decent, honorable American men who deal in securities. We cannot have our securities market, neither are we children,—when it is the SAFETY POLICY of the United States to WRIT A LETTER ABOUT MATTERS CONCERNING THE PURCHASE OR SALE OF THE COMMODITIES IN WHICH WE DEAL FROM DAY TO DAY IN THE STAIRS. If capitalism is to survive—and that means liberty and freedom as we have known it under our Constitution—then a revision of the securities laws must be accomplished during the next session of Congress.

The Communists want to destroy private enterprises. They know that by destroying a free industry such as ours, which furnishes the capital for private business, they are taking the one step that can lead to a complete breakdown in our economy and open the door to a Russian station here. The Securities and Exchange Commission has done good progress and payment of the securities Act must be在我国 any other agency of the government, with the exception of oppressive income taxation which has practically completed the lassoing of the Communists in this country are the SEC and the tax eaters in Washington. The ones having 600,000 shares on the New York Stock Exchange at a time, $213,000,000,000 per annum.
Utility Prospects Improved

Earnings prospects for the utilities industry afford considerable basis for encouragement, according to the weekly report of United Service Life Insurance Co., an insurance company. Year-to-year profit comparisons are likely to show a turn for the better.

Utilities income is running about 11% higher than last year, but expenses are gaining 14%. The gain in the first half. Chief item of savings, however, is not yet more than 40% during this period. However, more savings are coming under better control, and with further major increases in the cost of living, utility companies should find it possible to hold costs comparisons should soon begin to improve.

The industry is spending upward for the expansion and improvement of plant, and earnings should reflect the benefits of these new and more efficient facilities as they are brought on stream. Earlier this year, for example, utility management has hesitated to apply for rate increases, but the huge costs have induced a growing number of companies to petition for increases, and several have been granted. This is another fairly promising source of earnings improvement.

Finally, the industry probably will escape the worst effects of a Republican administration than it has in the past decade or so. A recent decision by the Illinois Holding Company Act in 1935 on the so-called "break-up" proposals have been overturned, and this punitive, although it must be admitted, has the results of the Act in some instances have proved constructive. The Service states that any improvement in operating utility profits should find quick reflection in the market prices of such securities—and in turn improve the "break-up" values of holding company stocks.

Group Insurance Provisions in 18/2% of New Union Agreements, Conference Board Finds

Study reports benefits more frequent in CIO contracts, with paid leave provisions more prevalent in AFL agreements.

Group insurance provisions are an integral part of nearly a fifth (49 or 18.5) of 373 post-World War II union agreements which contain Industrial Welfare Plan provisions, the study showed. It was found that group insurance coverage is more frequent in CIO agreements than in AFL agreements. Leave provisions are more prevalent in AFL agreements.

In a similar study, made in April, 1947, the Board found that 41.1% of the collective agreements contained provisions for group insurance. In an earlier survey, the Board found that 36.3% of 5,400 collective agreements provided group accident and health benefits.

Types of Provisions

In its latest study, the Board found that 71.2% of the agreements vary from those in which all the features of the plan are included in one to those which simply state that "an employee may choose from the following:

Thirty-four contracts (49.1%) of those that have group insurance provisions merely indicate that the existing plan shall be continued.

Nine agreements have clauses which require the company to assume all or part of the total cost of the group insurance program covering union members.

Three of the thirty-four contracts differ in one respect. In one case, the employer pays 70% of the cost, in another 85%, and in the third the amount was not specified.

Details of Plans

Among the twenty-five agreements which include all the features of the plan, 76%, or 19, are affiliated with the CIO. Of this number, thirteen are with the American Federation of Labor and the American Federation of Labor in the United States (AFL). Four are with AFL unions, and two are with independent unions.

Sees Federal Government Receding From Mortgage Business

Mortgage Bankers Association now decline in Federal mortgage financing in face of increasing activity.

Uncle Sam, who went into the mortgage business more than 30 years ago, is now turning the field back to private enterprise more than ever before. The tendency in this regard is shown in the data compiled by the Mortgage Bankers Association of America.

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Earnings Decline Shown by N. Y. City Reserve Banks
Decline of $13 million, or 19%, from 1947 level reported. Smallest banks had better showing because of smaller bad-debt reserves.

The 35 member banks of the Federal Reserve System in New York City showed a decline of $13 million in net profits as compared with the first six months of 1947. However, the declines in profits were not uniform. The smaller banks had better shows because of smaller bad-debt reserves.

The reverse of the Second Federal Reserve District the consolidated returns of representative groups of member banks, shown in the accompanying table, indicate that interest between the first half of 1947 and the first six months of 1948 net profits declined between 11 and 21% in the three largest size groups and rose 11.5% in the smallest size banks. The decline in the largest size groups (including New York City) was caused mainly by charges to earnings for the accumulation of reserves for bad debts on loans, as authorized by the Treasury ruling of Dec. 8, 1947, while the better showing of the smallest size banks resulted mainly from a larger increase in gross income and a relatively smaller volume of bad debt reserves.

The Review held that to the extent that the provision for bad debt reserves is utilized, it will tend to smooth out the cyclical fluctuations in banks' profits arising from losses on loans, by enabling banks to accumulate tax-exempt reserves against future losses on loans in prosperous years and to liquidate tax-exempt reserves in years when actual losses may be large. Such

### Percentage Changes in Earnings and Expenses of Selected Second District Member Banks: First Six Months of 1948 Compared with the First Six Months of 1947

<table>
<thead>
<tr>
<th>Bank</th>
<th>Earnings</th>
<th>Expenses</th>
<th>Ratio</th>
<th>1947</th>
<th>1948</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of New York</td>
<td>7.0%</td>
<td>7.3%</td>
<td>1.0%</td>
<td>8.5%</td>
<td>7.9%</td>
<td>-0.6%</td>
</tr>
<tr>
<td>New York</td>
<td>6.0%</td>
<td>6.2%</td>
<td>1.0%</td>
<td>7.5%</td>
<td>7.0%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Other banks</td>
<td>5.5%</td>
<td>5.7%</td>
<td>1.0%</td>
<td>7.0%</td>
<td>6.4%</td>
<td>-0.6%</td>
</tr>
</tbody>
</table>

### National Government's Management of Credit Base Scored by National City Bank
Declares price pegs, in attracting funds into banking system, are increasing inflationary pressures, price-reversing below par. Terms "blandishments" raising of bank reserve requirements.

The Administration's monetary policies for the alleged purpose of curtailing inflationary pressures has been curtly characterized in the New York financial press as "Letter" of the National City Bank. After citing the sharply accelerated General Reserve Bank, the "Letter" says:

"The problem of how to keep government bond prices at arbitrary levels will have to be faced and will take many forms, but to the same time curb tendencies toward inflationary pressures. The National City Bank, for example, has been publicizing the fact that its reserves have been held constant in the background of rising treasuries reserve levels. That is, the reserve banks, including the Federal Reserve Banks, have been taking in and applying the excess reserves.

The "Letter" says, in a somewhat veiled manner, that the members of the Federal Reserve System have not been following the national line and that the national government, through the New York Fed, has been "assailing" members of the Fed with demands for additional reserve balances.

The "Letter" points out that the national government is trying to control the money market by keeping reserve requirements high, while the members of the Federal Reserve System are not following this policy, but are allowing the money market to work on its own.

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"Credit has two aspects. One relates to consumption, and the other to saving. The first follows prices and business conditions, the second follows prices and business conditions, but before it is granted. Its basis is based on the need for it. It is likely to be increased further at the present volume and pressure. However, it will remain a continuing need for an extraordinarily large volume of credit.

"We must be careful not to disapprove of the idea of freely prophecied and wished for in the future. The fact that the cure proposed does not bring a reaction worse than the present is the influence of the speculative delusion. Muddle and uncertainty from the lack of chain reactions.

"The idea is to find the right filter, reading, putting the proper degree of pressure on the market for the good. There are other aspects, such as the undercurtaining of production and employment. In this regard, increasing reserve requirements are a blunt instrument, a dangerous that hits member banks and borrowers from member banks and borrowers from member.

The raising of bank reserve requirements is a direct attack on the National City Bank's actions as well.

"From quite another standpoint, some students of the money market talk of the percentage of reserves as the percent of reserves in reserve banks. It is the percentage that the Federal Reserve Banks would simply take over the necessary amount of government securities from the banks, and that would also be an influence on their action.

"The most important advantages in reserve requirements of the New York and Chicago banks, I think, as I hope, have been worked out in very much this way. The banks are, as a market, the market to raise additional funds. The requirement of reserves has been bought them. The upshot was a very great amount of funds to the banks.

"It is difficult to tighten up credit in the authorities without any land what they set out to accomplish with other aspects of the credit policy of the bank continues. Nevertheless, even if the Federal Reserve freely buys securities, it makes the credit market, increases in reserve requirements are a program of planned effects. They can increase prices on particular localities, or the prices on securities, or have been faced with heavy loan demands. This is the present condition of the Federal Reserve authorities, and have been faced with a situation where they have cleared down their loans in order to raise funds to place on deposit with the Federal Reserve Banks.

"At the same time, there is a risk that the Federal Reserve Banks by the banks in the bank's unseasonably in the currency market, with entirely unpredictable effects. These are the Federal Reserve Banks at the close of the year.
Railroad Securities

Erie common stock has been weak for a long time, and once it first emerged from bankruptcy, it has not been able to find favor. For the first six months of the current year, however, and the eastern roads generally came into distress, the Erie not only stood up well but actually increased in value. During the second half of 1947, low of 8%. The sluggishness of the stock’s recovery is evident from the fact that last year it sold at 8%, or just a point above the level of the early revival of interest pushed the stock higher.

The improved sentiment toward Erie appears warranted on the basis of the sharp earnings improvement registered so far in the current year. Erie’s earnings for the seven winter months, which so adversely affected the results of the eastern carriers, and the subsequent coal strike, the road reported earnings of $1,058,500 or $0.64 a share. This is a third-quarter improvement has been highly successful in controlling operating costs in the face of higher wages and an increase in fuel and maintenance costs. It is noted that for the first half the traditional increase in revenue per mile points from a year earlier. This wider margin grew out of increased revenues in the industry and compared with an increase of 0.9 points per mile in the total group.

The efficiency trend was accelerated in the opening month of the year, the first three months of the year, with a transportation increase of more than 5 points below the ratio of the first three months of the year, there has been a modest decrease. While the railroad is even though the actual dollar outlay is still 50% above this year. For the seven months’ earnings was a gain of $14,352,000 (17.1%) in the 1946 quarter, which was $6,552,000 in the first quarter of 1947, an increase of 100%.

Agricultural Credit

Although the costs of the farm crops has increased to rise, and the markets are maintaining a sound financial position, according to a national survey recently completed by the Agricultural Credit Commissions of the American Bankers Association. The survey, an annual analysis of bank lending, showed that the farmer is being generally successful in avoiding the dangers of excessive debt in spite of inflated costs.

In 1947, 394,416,000 farmers had loans outstanding in the banks aggregated only $3,624,000, an increase of less than $300,000,900, compared with the $3,924,000,900 of the previous year. In some states, loans outstanding actually dropped during the year. The high proportion of farmers who are accounted for by the greater availability of marketable credit. Nearly $272,416,000 of the total amount of loans to farmers in 1947 was in the form of farm real estate loans.

In 1947 and loans outstanding at the beginning of 1948 compared with outstanding at the beginning of 1947.

AGRICULTURAL CREDIT IN SOME TYPICAL STATES — 1947

<table>
<thead>
<tr>
<th>State</th>
<th>Beginning of 1947</th>
<th>Beginning of 1948</th>
<th>Farms with Loans</th>
<th>Farms with Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>$12,252,000</td>
<td>$13,000,000</td>
<td>$10,500,000</td>
<td>$11,250,000</td>
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<tr>
<td>Pennsylvania</td>
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<td>$92,681,000</td>
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</tr>
<tr>
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<td>South Dakota</td>
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<tr>
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<td>$56,704,000</td>
<td>$48,000,000</td>
<td>$50,500,000</td>
</tr>
</tbody>
</table>

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government securities markets are still on the uncertain side. An investor is in for a bumpy ride — the ride that has been in evidence recently.

The improved demand for government bonds, both by the public and by institutional buyers, has been particularly marked in the past few months. This is largely due to short-covering especially in the 2½ due 1956/76, and partially due to the general improvement in the bond market, because they are again under accumulation by the deposit banks, and on an increasing basis each month. The bonds, that have been taken up so much by the public, are now back in favor with the banks, because they are now paying a higher price than the yield that is obtainable in the latter obligations.

The future trend of prices of government bonds, in the opinion of many money-market experts, will be determined by the amount of Treasury obligations that are sold in the future by the government. The Treasury has been selling a large amount of debt, in order to meet the needs of the government. It is expected that the demand for these obligations will be even greater in the future, as the government will need to raise money to pay for the war.

The bond market is still very uncertain, and it is difficult to predict what will happen in the future. It is possible that the price of bonds will increase in the future, as the government needs to raise money to pay for the war.

BUSINESS TREND IMPORTANT FACTOR

A loan trend and commodity price adjustments are going to be very important to the market in the future. The loan trend and commodity price adjustments are going to be very important to the market in the future. The loan trend and commodity price adjustments are going to be very important to the market in the future. The loan trend and commodity price adjustments are going to be very important to the market in the future.
As We See It

(Continued from first page)

living, these same politicians are often being careless not to let the farmer's pocketbook suffer any reduction in his buying power. To help him, they are providing
Taxpayers are becoming acutely conscious of the
crises that are being required to finance the cost of
business of keeping the farmer fat and his own cost of
farming at a high level. The price that the consumer
pays for potatoes, is naturally not placated when he
learns that the Federal Government is laying out many millions of dollars to keep his price up, at the very
time when millions of people are doing without
food. This is the kind of politics that will appeal to
simpler tales about eggs and a dozen other items which
go to make up her distressingly 6lubbout

1. Labor and the Cost of Living

It took a long time for the rank and file to become
really convinced that the tactics used in labor unions were in
large measure responsible for the prices they must pay when
they enter the market for almost any sort of goods. Any
man or woman today who does not find this fact obvious
would have to be deaf, blind and dumb. And their demand
for all sorts of silly restrictions and feeblebedding arrange-
ments, have, however, finally brought the facts of the situa-
tion home to government policymakers or at least seems to so to us. This realization is more pro-
nounced in rural and agricultural areas, perhaps, than in
highly concentrated centers of population where what are
now considered pleasant living costs are a trifle when compared to
how it has become something of a question as to whether the so-
called farm vote can be won easily by any candidate who
will be willing to continue to pamper labor they must pay when
the farmer is, after all, both entrepreneur and laborer. Much
the same is true of the so-called "independent" vote.

How then is the poor political candidate to appease
the farmer, the unionist and the housewife, all in one
election? This is a question that in which it is not possible
to say one thing (in public, at any rate) in indus-
trial centers and another in rural areas, and some-
thing entirely different in thinking to the city dweller
all factions hearing all that is said? President Roosevelt,
confronted with such some situation, met it in a typical way
—a way which, we should certainly hope, would
be followed with these great test of the present
time, are merely offered to borrow money—largely
from the banks through sale of Treasury obligations to them
in order to pay the farmer (and some others, for that matter) prices the only people in this country
in the same 'time to enable the housewife to obtain what she
desired at prices which did not reflect what the farmer
advanced on the same product. Half the farmers are ready again to sanction such tomfoolery at this
time, then there is no much hope of saving them from
themselves for a long time to come. Some other method must
be sought and found for attacking this situation.

Facts About the Farmer

The first element in any sound approach to this problem
is plain, simple, everyday frankness and honesty. The
farmer needs to be told in a straightforward way that he
is a reasonable man cannot expect, and should never have
expected, to continue to get absurdly high prices for his
products. He needs to be reminded that he will have large
quantities to sell, and that he can do very well without
higher prices. He needs further to realize that it is simply
not possible to postulate a situation in which all farmers
are running into hundreds of millions not to say billions of
dollars a year in perpetuity. He, as a self-respecting man of
the land, must be prepared to return to a fully self-sustaining
state, in which prices will be set by the laws of supply
and demand.

But such doctrines can hardly be successfully ad-
vanced by a political regime which does not talk
the same language to the labor unions. Of course, it is
no more the fault of the government to decide what
wages should be paid to labor than it is of any other
government. It is no part of the duty of government to say how many hours
a man shall work for this or that pay. Not only has
government no business to interfere with labor, but it
given direct encouragement to unions demanding more
and more pay for less and less work, it has placed
laws upon the statute books of the nation and, in general,
conducted itself in such a way as to be of ineffectual
assistance to the unions in adding unreasonably to the
cost of living. All this is gradually intruding itself
on the consciousness of both housewife and farmer. It
will not be long before the American electorate will be
to the vote of the wage earners and disregard other votes
which may well be lost in the process of buying those of
the unions.

Practical Truths

Now this is a practical world in which we live and in
which the politician plies his trade. There may be, and
doubtless are, definite limits to what a candidate for office
may do about such issues as these and still hope to be
elected, but if enough people make known their wish
that they should be uttered by these leaders or would-be leaders. One
of the self evident but often forgotten fact that
there are always discernible in the extent that the wage earner
can, in the very nature of things, improve his economic
status by merely demanding higher wages. The limits are
never so severe when higher wages are accompanied by any
sort of arrangement or condition which reduces the
output of the worker.

Full cooperation by the wage earner in enlarging
production — all quite within reason — would go a long
way toward making present or even higher wages
possible without giving rise to crushing increases in
the cost of living. Is the American wage earner so lost to
sight that it would be political suicide to suggest such
obvious facts?

It will be of more than ordinary interest to observe how
the candidates this year approach and deal with these
current dilemmas.

Another Look Through The Crystal Ball

(Continued from first page)

June. We enumerated the possibilities and the probabilities
that which temporarily could make the inves-
tor's head spin, not the least of which was the
commodity prices—a decline in the inves-
torer's head spin, not the least of which was the
inflationary situation. The long and short of
the whole situation is that the relations be-
tween St. Louis and Russia. The major
reaction from 1931 to 1979, or a little over 50% of
the previous advance, completed which we term a normal interrup-
tion in a bull market, sometimes
designated as a "secondary."

Ready For Upwiring

Now a little more than a year or two has
upwiring view the President

It is our well considered opin-
ion that an election outcome
development in Europe political develop-
mments which so largely have
dominated the stock market,
gradually are losing their depress-
ing influence on our security mar-
tet. Is it not possible that we can
begin to look upon ourselves as possibilities of
further unfavorable news, while
good news of an international order
quickly bring in considerable
and favorable.

From the standpoint of the bonds, the picture certainly the se-
curity market have not ade-
quate, to say the least, to
effected possibilities of the market. Our
view is that the possi-
bilities of this market, and the specific
affairs which could and probably
cannot have a change in administration.

The Market Underpinned

The stock market, a market of earnings and dividends, has been
upwiring such a long time that we do not believe the market could
be accustomed to this unusual relationship between
stock prices and their earnings. The earnings
and the general run of investors, that the relationships between
earnings and dividends could not have been in line.
Many securities have been
soaring on a base of four to five times
average earnings. The lowest acceptable yardstick over a period of
a great many years is at least eight times annual earnings.
Many securities also have been selling on an income yield basis of
7% to 10% when the normal accepted expectancy is nearer 6%.

The question, of course, is "why?" and the insurance problems
or the fear of the future, (b) inability to see through to the end
of confidence in the past Admin-
istration, (c) the political driving forces measures against capital and the
capitalistic system and other
der\nwell-accepted measure to
It is well worth remembering that the stock market never ap-
proaches earnings and prospects with any degree of exactitude. In
fact, security markets are notori-
ously for over-emphasizing or mini-
aturizing any set of facts. It is
why there is no such thing as a fair appraisal.

Mass Psychology

Economics and statistics make up only 40% or so of the bear mar-
ket, the other 60% is made up of
mass psychology. Most people do
their thinking in terms of what
the market has done in the im-
mediate past.

Factors For Higher Prices

(1) "Wealth capital" can be
persuaded to believe that we have
been living a "golden age" since the
World War within the next two or
three years.

(2) We can believe and hope
and the peak of commodity prices
that this new age has been created, so that the cost of
living index (which cumula-
ively has been rising, very slowly,
will be even higher), now should turn around and go down, and that
in turn could bring about an
entirely different labor picture.

(3) Hence, everyone who
seems to believe that during the next few years prices will
be minimum rather than a maximum of labor troubles with
expensive strk. Industrial
tends eventually should become
stabilized and wages thereby just
of profit reasonably estimated.

(4) If one is willing to make a
bet on the election—that is to say, believe that we will have a Re-
publican Administration, and that
administration will be able to up-hold
by this administration with the help, with fair treatment for all, par-

er leaders and broadened.

For the present there seems to be no question but the main-
strain of the present situation, or the existence of business
activity will continue. It fol-
nows that the stock market by its increased momentum and higher prices will begin to generate some
some confidence—the entire list will
break out.

It may be that by the end of this year we may have occasion to
"Crystal Ball" once again in order to determine whether
or not a case for "market suicide" is made out, but that is four months away. After all, we do not have an opinion here, to be exact, detected "business cycles" between Aug. 20 and Aug. 31.

The Major and Minor Cycles

In closing, just few words about the major and minor cycles. There seems to have been created, in the home readers
of our last article as to whether the bullish or bearish.
The answer appears to be yes, of course.

The long-term major cycle, according to the way it is worked out in the American Stock Exchange, in which the
1946 period. Our feeling is that the
major and minor cycle were in good shape.

According to our studies, the minor cycle is sup-
porting and is upward. We can see from the Spring of 1945 to
the next twelve months we see no
serious threat to disturb portfolio. Of course during this period, we have been adding to port-
folios our large block of securities sold during last May and June.

Plan for Midwest Exch, in Discussion Stage

CHICAGO, ILL.,—While plans for the formulation of a large Stock Ex-
change in the Mid-West which
would be a consolidation of exchanges now in existence in Chicago, St. Louis, Minneapolis, New Or-
leans and San Francisco, has been
discussed, they are in conversa-
tional stage only according to officials of the Chicago Board of Trade
and Detroit Stock Exchanges.

It is possible that there will be a meeting early this Fall of
committees from all the exchanges represented in the Mid-West which

To date have date have con-
vinced that any of the existing exchanges into one central exchange in Chicago. The representatives, with the idea that through such
a market place the markets for the stock of the 76 large corporations that are currently
listed in New York, to be improved and broadened. The idea is that this market place should be the Eastern markets to be
an increase in business and individual exchanges have the vehicle that can better serve the
interests of investors, according to James B. Benge, of President of the Chicago Stock
Exchange.
ECA Apportionment and Intra-European Clearing

(Continued from page 4)

12. The above operations were offset by the balances of payments with the Western Hemisphere and among themselves. Thus, the allocation basis for the basic quota might be, for each country, the total estimated deficit with the Western Hemisphere (and credits) plus approximately 75% of the estimated surplus with the Clearing Pool or minus 75% of the estimated surplus with the Clearing Pool if no such surplus existed. Thus, calculated allocation bases for countries that would be related to the total of the ECA funds allocated to the Clearing Pool (the special clearing and allocation reserve explained below) and the proportion of the total these bases would thus be determined. This proportion may be assumed at 90%.

5. Clearing Pool Operations

From the basic quotas of those countries—princi-
pal debtors of the Clearing Pool will be deducted the coverage por-
tion (90%) of the 75% share of the estimated deficit with other participating countries—
the Clearing Pool—and placed by the Clearing Pool in the Reserve for United States deposits. In return for the US currency, ECA would assume the obligation of paying the country, (that will actually arise, for par-
ticipating countries, in the Clearing Pool's 15-month period), no matter what that amount may turn out to be. Conversely, these countries would undertake to exchange any long-term commodity to the Clearing Pool as well as other available commodities for ECA allocation to the Clearing Pool, under terms of repayment to be agreed upon with the debtor countries.


Since it would be possible, under the apportion-
ment system of funds allocation, that—depending upon the development of intra-European trade—some countries might ac-
cumulate dollar balances, origi-
nating from ECA funds, in excess of their payments in trade with the Western Hemisphere, special provisions would be called for to rectify such a situation. Thus, any country that would accumulate dollar balances (other than those of northeast countries outside the Western Hemisphere) in its trade with the Western Hemisphere or its relations with the Clearing Pool, would be ob-
liged to exchange out of the amount of such accumulation up to the amount of dollar credits from ECA plus the dollar amount of the Clearing Pool disbursements (which originated from ECA funds). To the extent that refunds for dollar receipts originated from the Clearing Pool, ECA would be obligated to match the dollar balances of these countries with dollar deficits against the Clearing Pool. This would probably take place through the Clearing Pool balances of surplus countries being exchanged for the Clearing Pool balances of deficit countries.

The advantages of a multilateral Clearing Pool, such as such a system would engen-
der, are obvious. Each country would have the opportunity to exchange its balances with northing of ECA, even though the currency of the nation from which those payments were made was not that of the country which made the payments. Moreover, the Clearing Pool would be a channel through which the ECA could adjust the economic equilibrium of the participating countries. The Clearing Pool could operate as a clearing house for transactions between countries in which the flows were not on the same scale, or in which the number of participants was too small to make individual transactions practical. The Clearing Pool could also serve as a clearing house for transactions between countries in which the flows were not on the same scale, or in which the number of participants was too small to make individual transactions practical.

7. Special Provisions

To protect the United States Government against the commit-
ment of the new European Clearing Fund of funds, a result of its operations in the Clearing Pool, ECA would add to its special reserve. This reserve should also provide a partial allocation of the system to countries deserving special attention and would increase the amount of $200 million for the Bizon of Germany for payment to non-par-
ticipating countries (i.e., the Bizon of the Western Hemisphere, as envis-
aged in the Clearing Pool). As an example, it may be assumed that the total available amount of the dollar credit is $10,000 million, of which 75% is allocated to the Clearing Pool. The amount above would amount to 90% of $8,500 million (see Table 2) or $7,650 million in 15 months. This would leave $575 million in the Reserve. This $575 million would be divided by 30 countries to $20 million per country. If, in each country, $20 million would go into the Clearing Pool and $130 million into the Bizon of the United States, $370 million would re-
main for additional allocations to countries deserving special considerations, seventy million dollars would go to Italy, $39 mil-
ion to Austria, $35 million to the Bizon, Germany, and $10 million to the Foreign Reserve 'G.A.'-


The provi-
sion that ECA would provide funds to the Clearing Pool is not sufficient, payment of 75% of the deficits ac-
tually incurred for countries that make payments into the Clearing Pool, and that the Clearing Pool would operate to maintain or adjust any surpluses in trade with other participating countries, would be the same time the 25% of the deficits which those countries could with no capital to be paid by the deficit coun-
tries should act as a desirable de-
terent to forcing upon other par-
ticipating countries those balances which are not needed by them.

This provision is not covered by amounts of non-credit (i.e., a mere example of credit, which may be available to the countries concerned.) On the other hand, it is quite fair to say, in a comparison of dollar finance for Europe, that the amount of surpluses and deficits in balance of quotas exceeding non-
credit by much is much as cushion for the purpose of amending the deficits and surpluses as reflected in the Clearing Pool. Table 3 contains estimates of the amount of balance of quotas exceeding non-
credit as the direct dollar allocation and deduction, if any, for the Clearing Pool.

8. DimacchieArgentina

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credit as the direct dollar allocation and deduction, if any, for the Clearing Pool.

9. Testing the Quantitative Results

The appended Tables 1 and 2 have been compiled to illustrate and to portray some of the application of the suggested apparatus of ECA funds and of operations in the Clearing Pool. The estimated results made are the outcome of a fairly satisfactory criteria for the relative values, and they compare favorable results with the United States in various stages of European economic development, of varied operations, and of incom-rise. The comparative table, however, is not only a Bizon of Bizon, but also an intra-
group basis, should be taken into account. The prospective favorable effect, however, is that of the intra-European balances, for instance, the credit of the Bizon balances of the United States, which has already been mentioned. A test of apportionment of ECA funds to def-
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credit as the direct dollar allocation and deduction, if any, for the Clearing Pool.

11. Excerpt from Special Allocation Committee Report (1948)

In addition to the Special Allocation, however, the Committee has also been considering certain allocations for the purpose of maintaining or adjusting the balance of quotas of the Clearing Pool. The Committee has been trying to provide a sufficient allocation of the balance of quotas of the Clearing Pool to prevent the occurrence of any significant deficits in the Clearing Pool. The Committee has been trying to provide a sufficient allocation of the balance of quotas of the Clearing Pool to prevent the occurrence of any significant deficits in the Clearing Pool. The Committee has been trying to provide a sufficient allocation of the balance of quotas of the Clearing Pool to prevent the occurrence of any significant deficits in the Clearing Pool.

12. Table 2 shows the differences in the estimated costs of the Clearing Pool operations, resulting from the application of the suggested apparatus of ECA funds and of operations in the Clearing Pool. The estimated results made are the outcome of a fairly satisfactory criteria for the relative values, and they compare favorable results with the United States in various stages of European economic development, of varied operations, and of incom-rise. The comparative table, however, is not only a Bizon of Bizon, but also an intra-
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10. **Grants Versus Loans**

While this problem has partly been settled, or will at any rate be largely settled, by the other considerations, the statistician is not justified in appending tables should there not be the slightest indication at hand why these indications are primarily intended in the context of Fig. 4. Clearing Pool, of financing the inter-European surpluses of the Western Hemisphere from their intra-European surpluses.

## Table 1

<table>
<thead>
<tr>
<th>Country</th>
<th>ERP receipts (million)</th>
<th>ERP loans (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>136.9</td>
<td>109.9</td>
</tr>
<tr>
<td>Greece</td>
<td>130.9</td>
<td>106.9</td>
</tr>
<tr>
<td>Belgium</td>
<td>86.8</td>
<td>68.9</td>
</tr>
<tr>
<td>Sweden</td>
<td>52.7</td>
<td>49.9</td>
</tr>
<tr>
<td>Norway</td>
<td>38.7</td>
<td>36.9</td>
</tr>
<tr>
<td>Holland</td>
<td>35.6</td>
<td>33.9</td>
</tr>
<tr>
<td>France</td>
<td>80.1</td>
<td>77.9</td>
</tr>
<tr>
<td>Italy</td>
<td>109.9</td>
<td>109.9</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>128.8</td>
<td>128.8</td>
</tr>
<tr>
<td>Germany</td>
<td>136.9</td>
<td>109.9</td>
</tr>
<tr>
<td>Belgium</td>
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<td>68.9</td>
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<tr>
<td>Italy</td>
<td>109.9</td>
<td>109.9</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>128.8</td>
<td>128.8</td>
</tr>
</tbody>
</table>

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## Table 2

<table>
<thead>
<tr>
<th>Country</th>
<th>Total receivings (million)</th>
<th>Total payments (million)</th>
<th>Balance (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>130.9</td>
<td>109.9</td>
<td>21.0</td>
</tr>
<tr>
<td>Greece</td>
<td>130.9</td>
<td>106.9</td>
<td>24.0</td>
</tr>
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<td>86.8</td>
<td>68.9</td>
<td>17.9</td>
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<td>Sweden</td>
<td>52.7</td>
<td>49.9</td>
<td>2.8</td>
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<td>Norway</td>
<td>38.7</td>
<td>36.9</td>
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<td>Holland</td>
<td>35.6</td>
<td>33.9</td>
<td>1.7</td>
</tr>
<tr>
<td>France</td>
<td>80.1</td>
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<td>2.2</td>
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<tr>
<td>Italy</td>
<td>109.9</td>
<td>109.9</td>
<td>0.0</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>128.8</td>
<td>128.8</td>
<td>0.0</td>
</tr>
</tbody>
</table>

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**Notes:**
- Total receivings include payments to the United Kingdom.
- Total payments include payments to the United Kingdom.
- Balance is the difference between receivings and payments.

---

### Table 3

<table>
<thead>
<tr>
<th>Country</th>
<th>Total receivings (million)</th>
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<th>Balance (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>136.9</td>
<td>109.9</td>
<td>27.0</td>
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<tr>
<td>Greece</td>
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<td>109.9</td>
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<td>0.0</td>
</tr>
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<td>United Kingdom</td>
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<td>0.0</td>
</tr>
</tbody>
</table>

---

**Notes:**
- Total receivings include payments to the United Kingdom.
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- Balance is the difference between receivings and payments.

---

**Conclusion:**

It is quite possible that the indirect allotment of aid through the clearing arrangements as envisaged above may not be considered compatible with the presences of the Economic Cooperation Act. This may be largely a matter of interpretation or one that could be taken care of in the normal course of the Act. The more it appears desirable to emphasize the all-Euro-

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**Business Man's Bookshelf:**

*Car Building and Car Repairing—Yearbook of statistics, patents, and trade intelligence. Revised and enlarged, 1931.*

Rutland, Vt.


**Visualized and Bookshelf:**

*Car Building and Car Repairing—Yearbook of statistics, patents, and trade intelligence. Revised and enlarged, 1931.*

Rutland, Vt.
Financial Problems of the ERP

(Continued from page 7)

The solution was made at that time for the United States. The European countries agreed to set aside a portion of the dollar reserves held by their central banks in New York, to be drawn upon by the Bank for International Settlements, to finance the disequilibrium in the balance of payments.

The cost of such action is the loss of some of the United States' international reserves. The cost is equivalent to the interest that would otherwise have been earned on these reserves. The cost to the United States is far greater than the cost to the European countries, because the United States can earn interest on its reserves, while the European countries cannot.

The American Economy and Foreign Aid

It must be recognized that our foreign aid contributions aggregate a very large burden on the United States economy. The European countries have to earn the dollar balances needed to pay for foreign goods and services. The United States has to absorb these dollar balances, at the cost of earning the dollars in the first place.

The impact of these foreign aid contributions on the United States economy is substantial. The impact is particularly felt in the balance of payments, where the United States has to absorb the increased demand for its goods and services.

The Role of the National Advisory Council

Cooperative financial relations between the United States and the European countries are essential to the solution of the current international economic problems. The National Advisory Council, established to advise the President on international economic matters, has a critical role in this regard.

The Council's recommendations are aimed at ensuring that foreign aid is provided in a manner that is consistent with the national interests of both the United States and the European countries. The Council's recommendations are also aimed at promoting the economic development of the European countries, which is essential to the stability and prosperity of the world economy.
Free Labor and Free Enterprise

Free collective bargaining and our free enterprise economy have helped to build strong unions and an economic system which, over the years and the production of American workers has helped to make our nation the corner- stone in international economic stability and prosperity and a lasting peace, which has been rendered in its support of our bipartisan effort to win peace by ad¬ vancing our economic strength and by improving the fairness of the distribution of the economic gains.

Our American way of life is in peril. But we can and must improve it. Some workers see their actual gains in the depression era and a sense of injustice by the rising tide of infla¬ tion, a feeling of political and eco¬ nomic dislocation. We must curb the inflation before it leads us to eco¬ nomic disaster.

Higher Minimum-Wage Needed

Some workers lack the protec¬ tion of a decent minimum wage. We must relieve such injustice and increase the minimum-wage level from 40 cents an hour to 75 cents an hour, And all workers lack the protection of adequate social se¬ curity. We must pro¬ vide for a universal social security pro¬ gram.

All American workers lack the services which should and could be provided by the department of Labor provided with the unification of all its funds. This situation must be remedied.

Finally, there is at present on the statute books a law which un¬ reliably restricts labor unions to their members. It should be re¬ paired.

Recent legislation on labor-management relations is an essen¬ tial step toward increasing our economic strength and toward realizing our national standard of living.

This year, labor always inter¬ ested in the question of pay¬ ing great efforts to get the Min¬ utes. It is to be hoped that every eligible vote —not just the customary minor¬ ity—will cast its vote and the polls and register an opinion on what course the United States should take in the days ahead. This in fact is the essential decision of all.

Labor was in the forefront when the act was passed. It is in the forefront in meeting the problems of labor and highly lauded labor's contri¬ bution to international peace and recovery. Mr. Truman further stressed this when he raised the wage stand¬ ard wage to 75 cents per hour, and this step will not ease the social se¬ curity and health insurance burden.

The full text of the statement follows:

The fourth Labor Day since the war affords us an opportunity to review the progress that American labor in the tremendous work of recovery has made in our economy to a peace-time basis.

The skill and energy of Ameri¬ can workers have made an out¬ standing contribution to our economy in the years since the war. The public will support a pro¬ gram under which labor makes a greater contribution to the welfare of our total economy.

I said recently that the public is full of good feeling and good pride about the achievement of the great majority.

I have indicated that our American economy has destroyed what fathers knew—that it is an honorable thing to work with your hands. Our basic social freedoms can be traced largely to the fact that labor had its birth of freedom in the United States of America.

That is why I said at Labor Day —to find the country where the workers are treated with respect. It is time that every American recog¬ nized what out fathers knew—that it is an honorable thing to work with your hands.

But the new standards of our democracy can be maintained only when the American worker is treated as an equal among the workers of the free world.

A deeper concern for free and equal opportunity for the workers in the world is growing.

That concern has now led to a demand that the standards in America be applied to the workers of the world. The workers in the world must be treated as equals. The labor movement today is attempting to bring that about.

We must strive for the observance of the principle of equal rights for workers around the world, and the observance of those rights is the basis of the American labor movement.

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Fall Business Holds Close to Peak Levels

(Continued from page 9) 

Deeply in debt that at any pre¬

capital. In the last year, Wages and

capital has been increased by the

The increase in the dollar volume

In the previous boom year of 1929,

Agricultural Prospects Most Favorable

Weather conditions during the year

is a new record. It will surpass

The highest price of wheat so far this

in the previous years of 1942 and 1946. It

This year's crop was 30% greater than the ten year av¬

Indeed, the record for the year is

credit. 

unreal.

average returns on the major crops per

73,800,000 bales which is almost

Almost as good are the crops of

Considerable method may be used in

It will be quite different from the tem¬

drastic impact to make on the price of

The important point is that the crop

while the greatest are those in which

considerable advantage. The prices of

prices of feed grains per month will

prices of feed grains per month will

The harvest of food grains has been

The average price of all food grains for

the 180% level, is not only about 3,000,000

saler bales larger than last year and

The average price of all food grains for

It was a year ago and very much the

early date, but an average of $5,000,000,000

in the past few months. On the other

other, prices of live cattle and many livestock pro¬

The harvest of food grains has been

The average price of all food grains for

it is not only about 3,000,000

the last year and the use of this large

credibility and modifying a few of the

Some of the other methods which have

The decrease in the average rate of in¬

which is 100% above the average rate of

As far as the effect of these measures is

The trend in the price level has been

that the probable effect on the price of

wages and salaries have been reduced

and the discovery of their bearing on

their production. Some of these indica¬

The trend in the price level has been

the probable effect on the price of

suggesting that the probable effect on the

The trend in the price level has been

the probable effect on the price of

The trend in the price level has been

the probable effect on the price of

the probable effect on the price of

the probable effect on the price of

the probable effect on the price of

the probable effect on the price of
Oil Shares Again Under-Priced

(Continued from page 30)

First, inventories will again be drawn down in the fall as the season starts, and the price of crude will probably rise, at least from the current low to an intermediate range. This increase has been avoided over the last two years and it is expected to continue this year for the same reasons. In the long run, the price of crude will probably drop, but this effect will not be felt for several years.

Another factor is the fact that the oil industry is not a typical commodity. There is little that is typical of other commodities, and the oil market remains relatively stable.

The long-term trend will be much more important than the short-term price movements. If the world economy continues to grow, the demand for oil will increase, and the price of crude will rise. If the world economy slows down, the demand for oil will decrease, and the price of crude will fall.

Information on the price of oil can be found in the financial press, and on the internet. There are many websites that provide up-to-date information on the price of crude.

In conclusion, the price of crude is likely to be under-priced in the short-term, but over-priced in the long-term. Investors should be aware of this and adjust their investment strategy accordingly.

What the Bankers Are Doing About Inflation

(Continued from page 8)

This character and industry, its attitude toward the consumer, the making of loans, and the ability to manage.

In order to keep inflationary pressures in check, the Federal Reserve has raised interest rates several times. This has had the effect of slowing the growth of the economy and reducing inflationary pressures.

In conclusion, the Federal Reserve's actions have been effective in reducing inflationary pressures, and the economy appears to be on track for a stable future.

Charles L. Andrews Dies

Charles Lee Andrews, limited partner in De Coppel & Doreman, died on the age of 89 after a long illness.
Tomorrow's Markets
Walter Whyte Says

Buy time now at hand. Stocks recommended but stops are not to be neglected. Up and down period about over.

If I had the good sense to write one column and then shut my mouth, or at least, keep my writing on a single printer, I could build quite a reputation for myself as being quite wonderful. Instead I keep writing week after week about things that don’t matter and before I know it I write a prophet who doesn’t know enough to come out of the rain.

All this is a handwrit swipe at myself for having forgotten my column of August 19. In that one the advice was clear and specific that buying of stocks—I gave a list—should be started. I also said that for the remainder of the month the market would do little but zig-zag.

Then along came subsequent columns in which I completely forgot what I wrote and added that the time to buy wasn’t ripe. No one called me on it.

Oh yes, I did get one letter. A market analyst for a stock exchange house. The gentleman wrote me August 20 saying “I notice you have dropped your article under date of August 19.”

Then just as I started to glow with justifiable pride I read the next paragraph in which he added, “It is interesting to a humble market student to be confirmed by a columnist, especially when he had a week to think it over.”

I couldn’t help wondering if the writer was peeved because I agreed with him, or peeved because I took so long in agreeing with him and any way he thought of it. If it’s any satisfaction to the gentleman I don’t know how to assure him I hadn’t read his market letter.

But to get back to the market. I think it’s about time my government and the government of every state in the U.S. stopped fooling around. If I had an hour to spare I'd show the stock market how it was done.

Buy Alleghany Ludlum Steel, 29-20, stop at 27. American Airlines, 715-8, stop isn’t given. Armineo buy 28-20, stop at 27; Burlington Mills 21-22, stop at 20; Inspiration Copper, 19½-20¼, stop at 18; Interlake Iron, buy at 14-15, stop at 13; Loew’s 16-17, stop at 16; Paramount 23-24, stop at 21.

I doubt if you’ll get them all. I’ve got them all. I recommend. If you do I probably won’t like it. But we can’t wait forever.

More next Thursday.

—Walter Whyte

Nationalization in Norway

(Continued from page 11)

It is my positive opinion that the recommendations of the two-editorial agreements can be replaced by more-sided, more-side, not only Es-

In fact, it is not true that the people of the world will shortly be faced with difficulties, as the government of the world will doubt-

Therefore, if the ITO or the UN are not to be the most important problem up to con-

It is a distinct decision to find a different, the appearance of the organization of the ITO or the UN as the most del-

It is not in Europe, in Norway in particular is that I am concerned with the requirement that a provision is necessary to assure the welfare of the people. It would lead to war to the contrary.

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What is more, the temptation to the Communist from the east to make an on-

Our Labor Government has very strong arguments against the possibility of Commu-

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The State of Trade and Industry

(Continued from page 5)

The level of the previous week declined slightly above the corresponding level of 1947. Promotional sales increased in number and reached an all-time high for this date in both 1947 and 1948. Consumers continued to seek moderate priced goods of high quality. The trend during the week, total wholesales, was slightly above the corresponding level of the preceding week. Total dollar volume was moderately above the corresponding level of the preceding week. Sales have continued large demand for building materials and hardware supplies.

STOCKS PULL OFF FRANTICALLY DUE TO LABOR DAY DECLINE

Anyone who thinks that the program of steel industry-government relations, which it is claimed is consumer harmless because it amounts to less than 10% of the underdog horse. The hitch when this voluntary allocations program is a voluntary, national and meaningless working model.

The third of a third of their steel plate production during the fourth quarter is earmarked for freight cars, tankers, and black tanks, and may be used in any control. Plate is the tightest product on the program with a structural change down to the 20% of output, states this flat

Except for some flat-rolled products, the voluntary allocations program hasn’t pitched most consumers much as yet. Sales officials of many large and small steel companies have used the program to sell their products, focusing on industrial strength, and defense needs, as well as on the general and distributional needs of the consumer. It is a program to sell steel and to sell steel, and to sell all the consumer needs.

Steel for military needs is apparently not being ordered at anything like the rate of the past. A canvass of several large steel companies this week disclosed that orders of $10 million or over were received in the last week. Over and above normal steel shortages, there is a labor shortage in the steel industry. The hang-up at plants and curtailments due to vacations now find their way into the steel industry. It’s a higher pitch who or for steel for a normal period, with no chance to ship. The steel industry is losing the dominant. It is a certainty that it will increase the production of steel next month.

The American Iron and Steel Institute announced on Monday of this week the operation of steel companies having 94,534,200 tons of annual capacity. This is a decrease of 9,977,000 tons, or 11.3% of the old capacity of 84,557,200 tons for the average week in 1948, highest new year.

ELECTRIC OUTPUT A TRIFLE BELOW ALL-TIME HIGH

The amount of electrical energy distributed by the electric light and power industry for the week ended Sept. 4, was 6,649,880,000 kw., according to the Edison Electric Institute. This was a decrease of 9,077,000 kw. below the preceding week, but an increase of 748,880,000 kw., or 12.9% higher than the figure reported for the week ended Sept. 6, 1945. It was also 1,286,155,000 kw., in excess of the output for the corresponding period two years ago.

CARVEDINGS OF REVENUE FREIGHT LOWER FOR WEEK AND YEAR AGO

Loadings of revenue freight for the week ended Aug. 28, 1948, declined 69,115,000 tons, or 16.2% from the preceding week. This was a decrease of 9,077,000 tons, or 11.3% of the old capacity for the average week in 1948. For the similar week in 1946 it represents a decrease of 18,945,000 tons, or 1.9%.

AUTOMATIC OUTPUT IN LATEST WEEK—SEPTEMBER OUTLOOK UNCERTAIN

Production of cars and trucks in the United States and Canada declined in the period from Aug. 21, 1948, to Sept. 6, 1948. This week, according to the Ward’s Automotive Reports.

Output in the period, 1948, decreased from 8,076,000 units, down to 7,298,000 units, or 9.6% below the preceding week. This was a decrease of 9,077,000 units, or 11.3% of the old capacity for the average week in 1948. For the similar week in 1946 it represents a decrease of 18,945,000 units, or 1.9%.

Blacker outlook is still uncertain, said Ward’s. Total production on all fronts can only come as low stocks of essential items are progressively built up.

BUILDING CONSTRUCTION SHOWS NO STEADY DECNE

Commercial and industrial failures dipped to 84 in the week ending Sept. 3, from 96 in the preceding week, Dan and Bradstreet, Inc.

The number of businesses in liquidation was 60 which occurred in the comparable week of 1947 and almost seven times lower than the comparable week of 1948. Commercial failures were 14 half as numerous as the 1939 total of 209 for the comparable week of the preceding year.

Failures involving liabilities of $5,000 or more remained at 76 unchanged from last week, but above 49 reported a year ago. Six failures were reported in the week ending. Retail failures accounted for almost one-half the week’s total, the largest number of failures of any industry since the period.

In the past year has been a downward trend in the number of failures in all other industry and trade groups.

The last week showed a downward trend in the number of failures in all other industry and trade groups.

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A Reply to the President

(Continued from page 6)

of the duties owed by underwriters to the investing public, and the extent of the duties and powers of the SEC and the NASD with respect thereto.

President C. I. Hooey has charged us with the duty of forcing a disclosure of confidential communications in the same perspective.

It will be remembered that through these columns we have persistently challenged the SEC to disclose the nature of its inter-related activities with the NASD in the latter's adoption of the SEC's spirit of 'yard stick.' We asked what action is to be the subject of these communications, publicize the memoranda in their respective files concerning their actions in the case of Otis & Company.

From the decision in disciplinary proceedings instituted against Otis & Company we are compelled to ask as prosecutors both bodies are proceeding jointly, what degree of justice can be expected in such an appeal? Do we deprecate the result of an appeal to be a rotten abuse?

When this upper and national course is pursued, it takes considerable means, plus fortunate, to get out of the toils even when a respondent's cause is absolutely lost.

We express no opinion in the case against Otis & Company. We do, however, condemn the methods employed by the joint prosecutors particularly in their efforts to elicit confessions given by a client to his attorneys. With this further attempt to invade privacy, we are entirely out of sympathy.

We urge watching this case closely because in it we see the possibility of the diminution of SEC and NASD powers which we have long advocated.

Super Elec. Products Stock Placed on Market

A block of 58,700 shares of $2 par value common stock of Super Electric Products Co., Inc., which was registered Sept. 8 by The Guardian Trust Co. of New York, is price to the public is $5 per share.

Proceeds of the offering will be used by the company for expansion of the company's products; expansion of the company's manufacturing and radio television divisions and provide additional capital for the sale and marketing of new products which, on test, have received public acceptance, the prospectus states.

The company was organized in 1932 to manufacture ignition transformers and has since expanded into the field of television equipment. It now manufactures gas and oil burner igniters for heating industrial, commercial, and residential buildings and electronic transformers for the lighting industry, neon transformers for the sign industry, radio and television transformers for the radio industry, coils and chokes for hearing aids, step-down transformers, Type R-1 transformers, specially designed power transformers on special orders, and assembles a complete line of control and electronic units, oscillator units and test equipment.

The company and its subsidiaries had consolidated net sales for the year ended June 30, 1949, of $1,864,300, as reported in the quarterly report of orders at July 1, for delivery during the first four months of the fiscal year ending June 30, 1949, stood at $1,264,300.

R. T. McGurk Joins Stone & Webster

SYRACUSE, N. Y. - Stone & Webster Securities Corporation, the investment banking organization that Robert T. McGurk has joined the firm in charge of its New York State office in Syracuse, which is being opened today.

Mr. McGurk is well known through central and upper New York State, as an expert in investment securities firm. R. T. McGurk has been with the firm for the past 11 years. The opening of the Syracuse office will make available in this territory the investment expertise of the securities of Stone & Webster Securities Corporation through its principal offices in New York, Boston, Chicago and Philadelphia.

The main office of the firm is at 90 Broad Street, New York City.

With Stern, Frank & Meyer

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. - Fred D. Blake is now with Stern, Frank & Meyer, 225 West Eighth Street, Los Angeles, members of the New York and Los Angeles Stock Exchanges.

C. E. Abbott Adds Three

(Special to The Financial Chronicle)


With Ellis, Hoyokey

(Special to The Financial Chronicle)

Los Angeles, Calif., Aug. 1 - Ellis, Hoyokey & Co., Stuart Building, has added three new members to its staff, namely, William G. Meeks, Walter E. Gannon and Francis A. Beal.

Protection of White Collar Workers

In addition to preserving the rights of union labor, close consideration will be given to white-collar employees, including accountants, clerks, firemen, policemen, bookkeepers, pensioners and others with fixed incomes, who have been most affected by the postwar inflation. Their plight will be studied in several phases - both for their own sake and for the peril which this lack of balance presents to our economic system.

This trend was sharply exposed last year when a number of cases showing that members of his own official family, his relatives, and his associates, had failed to push the food underwriting bill that would have prevented the price increases that members of his own official family, his associates, and commodities on a sure-shot plane.

These facts were brought to light before the investigating committees, both the able junior Senator from Ohio, Hon. Homer Pup¬

The primary causes of higher prices and shortages of goods in the wake of war, coupled with government policies of the Administration after the war, are the high and urgent necessity of saving quantities of American goods abroad to help the war, and to retain the rights to regain their feet.

Every invading family or an American housewife pays a high price for food she is paying to the very same man who is asking assistance to millions of people abroad. This is a war that we should be proud to pay for.

Only a great, free, productive nation, in its own best interest, could possibly provide more than a billion worth of food, clothing and materials for others at home and abroad and continue to enjoy the highest standard of living of the entire world. It is a nation which must support the world, the world's leading nations and the world's productive agriculture.

But this should be clearly under¬
stood. We would not solve our problems if we were to abandon the extreme powers of cen¬
tralization and strong arm legislation of our President.

No economy in all his¬
tory has been entirely free from under this kind of economic con¬
.trol. Politics control destroys initiative, High individual economic freedom is impossible. It is obvious.

This does not mean that we should then ignore the whole system that do come with problems basically caused by the world-wide shortage of goods.

The credit and financial regul¬
at¬
ions are now on the statute books and must be used wisely and care¬
curiously. Purchasing for Euro¬
pean countries should be ad¬
vised in a sound manner. Government housing should be provided. Profiteering should be prohibited. As we see it, the President should exercise the power over this administration in the Presidency to prevent profiteering and to avoid the sickness of busting the banks.

The Red-Herring Charge

The third major complaint of yesterday is that the Republicans are using the technique of the red-herring across his trail. Let me assure Senator Lodge that the merchants of this town are not pulling the red-herring across their tracks to prevent the red herring out of the valley to Potomac.

This is long discredited. The red¬
herring has been used in Wash¬
ington, in the Democratic party. President should help men come to the knowledge of what his haggling against the interests of the people.

He spoke yesterday as though he had heightened a separate, dis¬
tinct class in our society. His American tradition is that there is no class divide, unless he does. The^cos¬
political parties in America are the land of opportunity.

I am not singling out any families, as my family, the 50 families of the bankers, the 100 families of the railroad, of small business, of the white-collar worker, and all the other families of the politician who would see this great imbalance of strength, and this American youth for the benefit of self or party advantage.

We of the Republican party appeal for cooperation, not for class privilege. We of the Republican party will fund the progress in the re¬
crised real estate market, the fair balance of our economy, the improvements in health and in housing.

The Health Jam

Health is a serious problem in America. It is because we have more than a million of the vel¬

decent place for themselves and our children, that having broken through this housing jam.

This much should be said: November election is far from the picture. Neither is election is far from the picture. Neither is as important as the housing jam. But there are millions of people with whom we are now suffering. These are some of the reasons why we have been concerned about the war.

It should be pointed out that the immediate post-war con¬
cern is a great deal of blight in the housing situation. It should be the concern of the President and his party that houses are being built at a record high level.

We are now building houses at a higher record level than before in our history. But we have a great many houses which are unknown throughout the country and in quality.

The years immediately after will determine whether America gets through this housing jam or not. All its people, avoiding blight at least 100 per cent of all the people of our country to decide whether we find the grave question of whether we find the strength and develop the United Nations without the tragedy of a depression.

The President's address was calculated in this way. If the Republican administration is the best, why did it fail to clear these critical post-war problems?

The Democratic Congress worked to avert the greatest housing jam of the Republican party to work with the President.

It is high time to elect a Presi¬

dent who can work successfully with the Senate and the House. His complaints remain one of the greatest problems. I know that he is not out of step, all the rest of the candidates are out of step.

A Republican Administration, from Dewey and Governor Warren, carried on in keeping with the conservative Republican philosophy, carried on with a hu¬

manitarian emphasis in the belief of American traditions, and the traditions of American best.
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 output (in terms of capacity).
- Equivalent tonnage of steel shipped.
- Finished steel shipments produced (not total).
- Abrasives.
- Bar products.
- Steel ingots and castings produced (not total).

**AMERICAN PETROLEUM INSTITUTE:**
- Crude oil output—daily average (barrels of 42 gallons each).
- Gasoline output (barrels).
- Kerosine output (barrels).
- Diesel oil output (barrels).
- Gas oil output (barrels).
- Heavy gas oil output (barrels).
- Liquefied petroleum gases (barrels).
- Natural gas liquids (barrels).
- Distillate fuel oil output (barrels).
- Aviation fuel output (barrels).
- Benzine and aromatic hydrocarbons in tank cars and in pipeline.
- Phased and unphased gasoline (barrels).
- Gasoline.
- Gas oil and distillate fuel oil (barrels).
- Diesel fuel oil (barrels).

**ASSOCIATION OF AMERICAN RAILROADS:**
- Freight weight (number of cars).
- Weight per car (long tons).
- Revenue per gross ton mile.

**CIVIL ENGINEERING CONSTRUCTION, ENGINEERING NEWS-RECORD:**
- Total U. S. expenditures.
- Private construction.
- Public construction.
- State and municipal.
- Private.

**DAILY OUTPUT (U. S. BUREAU OF MINES):**
- Titanium dioxide (long tons).
- Lead (long tons).
- Copper (c per long ton).
- Silver (c per 4 lb. tone).

**DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM:**
- Aug.

**DRIED FRUITS AND DRY VEGETABLES:**
- Figs (street valuation).
- Dates (street valuation).
- Prunes (street valuation).
- Apricots (street valuation).

**FELT AND FELTING INDUSTRY:**
- Production of felt for men.

**FLUE GAS COMPOSITE PRICES:**
- FurnaceX.
- BoilerX.

**METAL PRICES (K. & M. J. QUOTATION):**
- Electrotype.
- Electrotype anodes.
- Lead bullion.
- (New York).
- Lead bullion (New York).
- Lead bullion (L. St. Louis).
- Lead bullion (L. Kansas City).
- Lead bullion (L. Denver).

**MOODY'S BOND PRICE DAILY AVERAGES:**
- Average corporate.
- Average railroad.
- Average.
- Average.
- Railroad.

**MOODY'S BOND YIELD DAILY AVERAGES:**
- Average corporate.

**MOODY'S COMMODITY INDEX:**
- Index.

**NATIONAL PAPERBOARD ASSOCIATION:**
- Orders (in 100 cases).

**WHOLESALE PRICES—U. S. DEPT. OF LABOR—1926-1940:**
- All commodities.
- Education and communication products.
- Food and kindred products.
- Tobacco products.
- Textiles and leather products.
- Miscellaneous manufacturing products.
- Miscellaneous building materials.
- Miscellaneous farm products.
- Miscellaneous raw materials.
- Miscellaneous services.
- Miscellaneous.
- Raw materials.
- Manufactured goods.
- Miscellaneous farm products.
- Manufactured goods.

**AMERICAN GAS ASSOCIATION—For Month:**
- Natural gas sales (M. therms).
- Manufactured gas sales (M. therms).

**AMERICAN PETROLEUM INSTITUTE—Month of July:**
- Total domestic production (barrels of 42 gal. each).
- Gasoline output (bbls.).
- Kerosine output (bbls.).
- Diesel oil output (bbls.).
- Liquefied petroleum gases (bbls.).
- Natural gas liquids (bbls.).
- Distillate fuel oil output (bbls.).
- Aviation fuel output (bbls.).
- Benzine and aromatic hydrocarbons in tank cars and in pipeline.
- Phased and unphased gasoline (bbls.).
- Gasoline.
- Gas oil and distillate fuel oil (bbls.).
- Diesel fuel oil (bbls.).

**ASSOCIATION OF AMERICAN RAILROADS:**
- Freight weight (number of cars).
- Weight per car (long tons).
- Revenue per gross ton mile.

**CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS-RECORD—Month of August:**
- Total U. S. expenditures.
- Private construction.
- Public construction.
- State and municipal.
- Private.

**COAL EXPORTS (BUREAU OF MINES):**
- U. S. exports of Pennsylvania anthracite (tons).
- To North and Central America (tons).
- To South America (tons).
- To Europe (tons).
- To Asia (tons).
- To Africa (tons).

**CONSUMER PRICE INDEX FOR MODERATE INCOME FAMILIES IN LARGE CITIES:**
- Index.

**METAL PRICES ($ & M. J. QUOTATION):**
- Average for month of August.
- Copper (per pound).<ref>

**RE: Earnings—Class I Roads (Assoc. of Am. R.R.)—Month of July:**
- Traffic charges.
- Operating income.
- Net operating income.
- Net operating income per mile.
- Net profit margin.
- Railroad operating income before charges.

**SELECTED COMMODITY STATISTICS:**
- Dry beans (per 40-pound case).
- Beans (per 40-pound case).
- Cabbage (per 100 pounds).
- Cabbage (per 100 pounds).
- Cabbage (per 100 pounds).
- Cabbage (per 100 pounds).
- Cabbage (per 100 pounds).

**SELECTED INCOME ITEMS OF U. S. CLASS I R.R.:**
- Operating Income:
- Operating Income:
- Operating Income:
- Operating Income:
- Operating Income:
- Operating Income:
- Operating Income:
- Operating Income:
- Operating Income:
- Operating Income:
- Operating Income:
- Operating Income:
- Operating Income:
- Operating Income:
- Operating Income:
- Operating Income:
- Operating Income:
- Operating Income:
- Operating Income:
- Operating Income:
A Pro-public Labor Program

(Continued from page 11) which this nation has thrown into the balance of the problems of reconstruction. But the whole story of the American recovery program and its production and profits are now at their highest levels in history.

A preschool production volume of production, this country's leading role in the administration leadership in the international effort for world recovery last night.

Make no mistake about it, the good faith of the United States is able to make avowed and powerful the determination and which are struggling to rebuild our disrupted economies is an important part of the story of peace.

We can never hope to be dismerry or peace, either with the people who can help those who want to live in freedom and peace rebuild their own lives.

The labor movements of this country have led in advocating and supporting the European Re- recovery Plan to implement our hopes for democracy and peace.

Today, Assistant Professor G. B. Hoffman of the Economics Department, Administration issued a Labor Day address upon the importance of labor in the present recovery. The Labor Day address is to quote a few paragraphs from Mr. Hoffman's speech:

"Since the beginning of the European Recovery Program, no group has done more to give it more whole-hearted support. Labor has understood it better than labor organizations. We have learned that in our recovery we must have to do now is to set our sights higher. We must join in the multitudes who are in the recovery in the shape of recovery and in the vitalization of the life of the free people. It is a fight with higher objectives than ever."

"The American people hope for a world of opportunity and the peoples of Europe for mutual help. We feel that the future of Europe can be built on a greater amount of intra-European trade, greater removal of restrictions on the flow of goods, services and people."

"All organizations can play a great part in the recovery program—farmers, businessmen, labor. Today, as on Labor Day, we are all these groups, the international labor movement, one of the greatest forces for good."

The nation made a great contribution from that depression. That was the starting point of a program of social reform, institution of Social Security and the creation of social Security and the creation of social Security Administration. that, I believe, it is ready to be completed.

"Operation Open Shop and Depression"

After World War I, when the word "open shop" drive was undertaken as a labor-saving device, the country wound up in one of the worst depressions in the history of the Republic.

"For most of my listeners tonight, I need not call the union and the unionists, as a goal, the aim is to secure the best wages, working conditions, and the elimination of all forms of strike during the world war."

"We must have new heights and continued into the open shop."

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Impact of Inflation

Inflationary prices in recent years point to the fact that the share of all people who work for a living on a minimum income is not as high as it should be. This is especially true of food and clothing, the products of labor's

National Labor Program

What Is Sound Money?

(Continued from page 6)

American from owning gold or giving it away, but he lets it turn in to the Treasury in return for what amount of the gold; it will be accepted $20 in paper money for each $20 of gold, for each one ounce of gold. After the gold was collected, it was because the Treasury was then able to accept $20 in paper money for each one ounce of gold. At the present time, the Treasury is able to accept $20 in paper money for each ounce of gold.

"It is apparent that our national currency is different from all other paper currencies. It is different in that it is based on sound money, which means that it is backed by a lump of gold."

"The right to own gold and silver is a basic right of our Constitution. It is a basic right of the American people. It is a basic right of every American citizen."

"It is also important to remember that the gold standard is not the only way to have a sound currency. There are other methods of maintaining a sound currency, such as having a system of gold and silver coinage."
The Investor Must Have Tax Relief! (Continued from page 3)

Our Greatly Under-Priced Stock Market (Continued from page 2)

Advancing phase will be compared with the better-grade, well-managed companies leading the advance. By the end of the fourth quarter, 250 in the Dow-Jones industrials with 5% price objective should be realized in late 1949. The fourth or final advancing phase will be an upsurge carrying the tape to new highs. It will be the dynamic upsweep with over-spectacle and heavy public buying. This phase will not complete as regards the ultimate price objective for this final advancing phase, but the Dow-Jones should move well above the 1929 high as 360. A preliminary objective, calculated from the long-term base pattern, suggests about 450 in the averages.

The present phase, and 450 for the ultimate advance, seem fantastic by any measure; particularly since the present depressed mental state. It is safe to say that it now stands quite in line with the moves of the previous phases of the advance. It must be remembered that this country is still in a long-term upswing. An intermediate down phase may eventually turn out to be quite conservative.

Nancy Snyder Says Tax Cuts Prevent Government Debt Reduction (Continued from page 15)


September 30, 1948 (Chicago, Ill.) Investment traders annual election and dinner at the Chicago Athletic Association.

September 29, 1948 (New York City) Security Traders Association golf tournament at Baltusrol Golf Club, Springfield, N. J.

September 29, 1948 (New York City) American Bond & Mortgage Investment Bankers Association annual field day at Hy- plex Exchange Club, with breakfast at Hotel Savoy.

September 26-29 (Detroit, Mich.) American Bond & Mortgage Investment Bankers Association 74th annual convention.

October 1, 1948 (St. Louis, Mo.) First annual meeting of Security Traders Association of St. Louis.

November 12, 1948 (Chicago, Ill.) Bond Traders Club of Chicago annual meeting.

November 12, 1948 (Dallas, Tex.) National Security Traders Association convention.

November 12, 1948 (Hollywood, Fla.) Investment Bankers Association luncheon meeting at the Hollywood Beach Hotel.

Leo G. Griffith joins Kay, Richards & Co.

PITTSBURGH, P.A.—Leo G. Griffith has become associated with Kay, Richards & Co., a member of the Security Trust Building, members of the National Bankers Association, the New York and Pittsburgh Stock Exchanges and other exchanges, announce that John J. Miller has joined its staff at the firm's main office.

Dealer-Broker Recommendations

EMERSON ELECTRIC MANUFACTURING COMPANY—Memorandum—Bache & Co., 90 Wall Street, New York 5, N. Y. Also available are brief memoranda on General Motors and Dow Chemical.

ERO MANUFACTURING COMPANY—Analysis for dealers only—Straus & Blumer, 135 South LaSalle Street, Chicago, III.

FEDERAL WATER & GAS CORPORATION—Analysis—Brush, Brough & Co., 1 Madison Street, Chicago, III.

FIRMAN'S FUND INCOME CORPORATION—Bulletin—Laird, Bissell & Mood, 120 Broadway, New York 8, N. Y.


LAKESIDE LABORATORIES, Inc.—Special report—Loebl & Co., 223 West Madison Street, Milwaukee 2, Wisc.

LEONARD REFINERIES, Inc.—Circular—George Birkin Company, Exchange Plaza, New York 5, N. Y.

LONGBEL LUMBER COMPANY—New analysis—330 South LaSalle Street, Chicago 4, Ill.

MAXSON FOOD SYSTEMS—Survey—Schwachman & Co., 30 Broadway, New York 4, N. Y.

STRAUS TO BE PARTNER IN AUGENBLICK & KÖHN

NEWARK, N. J.—Effective with the death of Harry A. Augenblick on Aug. 28, the former partnership of Augenblick & Kohn, 314 Stanton Street was dissolved. A new partnership consisting of Richard E. Kohn and Ferdinand A. Straus, a member of the New York Stock Exchange, was formed effective Sept. 2. Mr. Straus was formerly active as an individual for the Kohn firm in New York City and prior thereto was a partner in Freihling & McMeen.

THOMAS L. LEWIS OPENS GREENVILLE, S. C.—Thomas E. Lewis has opened an office at 108 West Washington Street in Greenville, S. C., of the Thomas E. Lewis and Company—a new office established by Lewis. He was formerly local manager for Courts & Co.

ROBBERHOF & CO. FORMED PROVIDENCE, R.I.—Robberhof & Co. now in business at 15 Westminster Street, has been incorporated by Mr. Robberhof, a former local manager for Courts & Co.

DEALER-BROKER ADDRESSING SERVICE

As publishers of "Security Dealers of North America," we have a metal stamp for every firm and branch listed in this publication, which we will, in return for a small charge, engrave on a silver or black metal plate. The weight of these plates is one ounce, and our charge is 50 cents per plate.

Addressing charge $0.60 per thousand.

Robert M. "Bob" Seibert address is kept separate from the rest of Security Dealers.

Herbert D. Seibert & Co., Inc.

25 Park Place—N.Y. 5-5570—New York City

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Herbert D. Seibert & Co., Inc.

25 Park Place—N.Y. 5-5570—New York City
Fission Mines Ltd., Toronto, Canada
April 16 filed 200,000 shares of treasury stock. Underwriter—Mark Danieli & Co., Toronto, Price—$1 a share.

Flotill Products, Inc., Stockton, Calif.
March 27 filed 500,000 shares of common convertible preferred stock (par $5) and 325,000 shares of common stock (par $1). Underwriter—Floyd D. Cert & Co., Chico, Calif. Proceeds—$1,437,500. Underwriting—None. Stockholders will sell 250,000 preferred shares and 250,000 common shares and purchase 75,000 preferred shares and 75,000 common shares. Company’s procedures are used for general corporate purposes. Effective May 5.

Fuel Brush Corp., New York
July 12 (letter of notification) 3,000 shares of ($10) preferred stock. Price—par. To raise working capital and retire existing indebtedness. No underwriting.

Gaudie Mountain Coal Co., New York
Aug. 13 (letter of notification) 6,000 shares of capital stock (par $10). Price—par. Stockholders of record Aug. 9 (letter of notification) to subscribe at rate of one for each five shares held. Rights expire Oct. 15. Underwriting—None. General improvements, etc.

Hall (C. M.) Lamp Co., Detroit
August 1 (letter of notification) 8,779 shares of common stock (par $5). Offered for subscription to stockholders of record Aug. 20 on basis of one new share for each five shares held. Price—$25. No underwriting. For advances to a subsidiary, Indiana Die Casting Co., Inc., to improve shipping and storing facilities. No underwriting.

June 21 filed 2,000,000 shares of class A common stock and 5,000,000 shares of class B common stock ($100). Price—$100 per share. Underwriter—None. Proceeds—$200,000,000 to be used for supermarket grandstand and land for related purposes.

Heyden Chemical Corp., New York, N. Y.
June 29 filed 39,079 shares of cumulative convertible preferred stock (par $100) to be sold to stockholders in the ratio of one share of preferred for each five shares held. Price—$100 per share. Underwriter—A. G. Becker & Co. will acquire the entire issue. Proceeds—to be used in part for improvement and expansion of manufacturing facilities. Offering postponed.

Kolby Sugar Corp. (9/15-16)
August 18 filed 180,000 shares of cumulative preferred convertible stock (par $100) to be offered to present holders of preferred and common stocks and to the extent unsold, to the general public. Underwriters—A. G. Becker & Co., New York, N. Y.; Hall (C. M.) Lamp Co., Detroit; and H. G. Davis & Co., New York, N. Y. Proceeds—to be used in part to increase working capital.

Koppert Paper Co., Omaha, Neb.
August 19 filed 6,778 shares of 4% convertible preferred stock (par $100). Price—$100 per share. Underwriter—None. Proceeds—to be offered to present holders of preferred and common stocks and to the public. Underwriters—A. G. Becker & Co., New York, N. Y.; Hall (C. M.) Lamp Co., Detroit; and H. G. Davis & Co., New York, N. Y. Proceeds—to be used in part to increase working capital.


Kroger Co. of America, Cincinnati, Ohio
August 24 (letter of notification) 4,400,000 shares of common stock (par $10). Price—$52.50 per share. Underwriter—J. J. Rippel, Cincinnati, Ohio. Proceeds—to be used in part to increase working capital.

Kroger Co. of Cincinnati, Inc., Cincinnati, Ohio
August 26 (letter of notification) 5,000,000 shares of common stock (par $10). Price—$52.50 per share. Underwriter—J. J. Rippel, Cincinnati, Ohio. Proceeds—to be used in part to increase working capital.

Kroger Co., Cincinnati, Ohio
August 24 (letter of notification) 350,000 shares of common stock (par $10). Price—$52.50 per share. Underwriter—J. J. Rippel, Cincinnati, Ohio. Proceeds—to be used in part to increase working capital.

Kroger Co., Cincinnati, Ohio
August 26 (letter of notification) 4,500,000 shares of common stock (par $10). Price—$52.50 per share. Underwriter—J. J. Rippel, Cincinnati, Ohio. Proceeds—to be used in part to increase working capital.

Kroger Co., Cincinnati, Ohio
August 27 (letter of notification) 2,000,000 shares of common stock (par $10). Price—$52.50 per share. Underwriter—J. J. Rippel, Cincinnati, Ohio. Proceeds—to be used in part to increase working capital.

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Kroger Co., Cincinnati, Ohio
August 28 (letter of notification) 4,500,000 shares of common stock (par $10). Price—$52.50 per share. Underwriter—J. J. Rippel, Cincinnati, Ohio. Proceeds—to be used in part to increase working capital.

Kroger Co., Cincinnati, Ohio
August 29 (letter of notification) 5,000,000 shares of common stock (par $10). Price—$52.50 per share. Underwriter—J. J. Rippel, Cincinnati, Ohio. Proceeds—to be used in part to increase working capital.

Kroger Co., Cincinnati, Ohio
August 30 (letter of notification) 3,000,000 shares of common stock (par $10). Price—$52.50 per share. Underwriter—J. J. Rippel, Cincinnati, Ohio. Proceeds—to be used in part to increase working capital.

Kroger Co., Cincinnati, Ohio
August 31 (letter of notification) 4,000,000 shares of common stock (par $10). Price—$52.50 per share. Underwriter—J. J. Rippel, Cincinnati, Ohio. Proceeds—to be used in part to increase working capital.

Kroger Co., Cincinnati, Ohio
September 1 (letter of notification) 2,000,000 shares of common stock (par $10). Price—$52.50 per share. Underwriter—J. J. Rippel, Cincinnati, Ohio. Proceeds—to be used in part to increase working capital.

Kroger Co., Cincinnati, Ohio
September 2 (letter of notification) 2,000,000 shares of common stock (par $10). Price—$52.50 per share. Underwriter—J. J. Rippel, Cincinnati, Ohio. Proceeds—to be used in part to increase working capital.

Kroger Co., Cincinnati, Ohio
September 3 (letter of notification) 2,000,000 shares of common stock (par $10). Price—$52.50 per share. Underwriter—J. J. Rippel, Cincinnati, Ohio. Proceeds—to be used in part to increase working capital.
Lithium Corp., of America, Inc., Minneapolis Aug. 11 (letter of notification) 4,871 common shares (par $1) sold for $20,587.50. The proceeds will be held for future expansion purposes.

Maline Co., New York Aug. 11 (letter of notification) 2,000 ordinary shares (par $1) sold for $1,000. The proceeds will be used for working capital.

Matheson Co., Inc., East Rutherford, N. J. (9/14) Sept. 7 (letter of notification) 5,000 shares of 6% cumulative preferred stock (par $100) and 1,000 shares of common stock (no par). Underwriter—Morgan Stanley & Co. Inc. Issued 1,434,500 shares of preferred and 1,000,000 shares of common stock held. Rights expire Sept. 20. Underwriting—None.

Metropolitan Edison Co. (9/28) Aug. 19 filed $5,000,000 first mortgage bonds due 1978, and 40,000 shares ($100 par) cumulative preferred stock. Underwriters—Names to be determined. The bonds will be sold by competitive bidding. Probable underwriters: Morgan Stanley & Co., Halsey, Stuart & Co. Inc. Proceeds to re-invest in the company's facilities and to set aside $3,500,000 for working capital.

Midland Cooperative Wholesale, Minneapolis, Minn. Aug. 9 filed 15,000 shares of Preferred Stock D, non-voting, $100 par. Underwriting—None. Shares to be sold at par plus a premium of $1, $2, and $3 respectively. Proceeds will be used for the company's facilities, Registration statement effective Sept. 15.


National Bond & Share Corp. (9/15) Aug. 13 filed 31,000 shares (no par) capital stock. Underwriter—Blyth, Blyth & Co., Inc. Proceeds—Stock is to be sold at $1.50 per share. Underwriting—None. Proceeds—For general purposes.

Northern Enterprise Co., Inc. (Philippines) Sept. 2 filed 3,000 shares of class A stock and 1,500 shares of class B stock. Price—Class A, $10.25 per share and class B $100 per share. Underwriting—None. Proceeds—For new equipment and plant.

Official Flims, Inc., New York (9/20) July 16 (letter of notification) 49,000 shares 5% cumulative preferred stock (par $50) and 49,000 shares of common stock (par $1). Price—$150 per share, consisting of $150 per share for capital and general corporate purposes. Underwriter—Aetna Securities Corp., New York.


Old North State Insurance Co. June 24 filed 100,000 shares of common stock (par $5) Price—$15 per share. Underwriter—First Securities Corp., New York. The company offered a "when, as and if issued" basis at $10 per share. The shares were sold to the public at $15 per share. The underwriters paid $10 per share and the company contributed $5 per share. The company's net proceeds were $1,000,000.

Pennsylvania Power & Light Co. Aug. 17 filed 318,863 shares (no par) common stock. Underwriter—Underwriters' Syndicate. Offering—Offered to common stockholders of record on Aug. 5 for the amount of $3,500,000. Proceeds will be used for working capital and for the acquisition of capital stock of Pennsylvania Power & Light Co., for the purpose of financing improvements in the electric service industry.

Public Service Electric & Gas Co. June 11 filed 200,000 shares ($100 par) cumulative preferred stock. Proceeds—For property additions and improvements. Underwriter—None. The stock was sold at $100 per share. Proceeds will be used for the company's facilities.

Remington Corp., Cortland, N. Y. Aug. 31 (letter of notification) 5,000,000 shares of common stock (par $5) Price—$1.75 per share. The stock was sold to the public at $2 per share. The shares were sold to 79 underwriters. The company received a total of $4,900,000.

Shoe Corp. of America, Columbus, D. Aug. 21 filed 125,000 shares of common stock. Underwriter—Wells Fargo & Co., for sale to the public at $1.75 per share. The shares were sold to the public at $2 per share. The company's proceeds were $212,500.

Silver Ridge Mining Co., Ltd., Nelson, B. C., Canada Aug. 24 filed 1,000,000 shares of common stock (par $1). Proceeds—$1 per share. The stock was sold to the public at $1 per share. The company's proceeds were $1,000,000.

Telephone & Telegraph Co. (9/21) Aug. 20 filed 73,000,000 25-year debentures, due 1983, at $98.50. The company received a total of $70,250,000.

Telephone & Telegraph Co. (9/21) Aug. 20 filed 184,245 shares of common stock ($5 par) Underwriters—Blyth & Co., Inc., and Schwabacher & Co., Inc. Proceeds—To be used for general corporate purposes. The company issued 15,500 shares of preferred stock and sold 15,500,000 shares of common stock. The company's net proceeds were $73,000,000.

Telephone & Telegraph Co., (9/21) Aug. 19 filed 25,000,000 shares of common stock ($5 par). Proceeds—$1.05 per share. The stock was sold to the public at $1 per share. The company's proceeds were $25,000,000.

Telephone & Telegraph Co. (9/21) Aug. 19 filed 73,000,000 25-year debentures, due 1983, at $98.50. The company received a total of $70,250,000.

Underwriters—First Securities Corp., New York. The company offered a "when, as and if issued" basis at $10 per share. The shares were sold to the public at $15 per share. The underwriters paid $10 per share and the company contributed $5 per share. The company's net proceeds were $1,000,000.

Pacific Coast Aggregates, Inc., San Francisco, Calif. Dec. 20 filed 50,000 shares of common stock ($10 par) for sale to the public at $25 per share. The company's proceeds were $1,250,000.

Pacific Telephone & Telegraph Co. Aug. 20 filed 184,245 shares of common stock ($5 par) Underwriters—Blyth & Co., Inc., and Schwabacher & Co., Inc. Proceeds—To be used for general corporate purposes. The company issued 15,500 shares of preferred stock and sold 15,500,000 shares of common stock. The company's net proceeds were $73,000,000.

Northern Underwriter—First Securities Corp., New York. The company offered a "when, as and if issued" basis at $10 per share. The shares were sold to the public at $15 per share. The underwriters paid $10 per share and the company contributed $5 per share. The company's net proceeds were $1,000,000.

Public Service Electric & Gas Co. June 11 filed 200,000 shares ($100 par) cumulative preferred stock. Proceeds—For property additions and improvements. Underwriter—None. The stock was sold at $100 per share. Proceeds will be used for the company's facilities.


Remington Corp., Cortland, N. Y. Aug. 31 (letter of notification) 5,000,000 shares of common stock (par $5) Price—$1.75 per share. The stock was sold to the public at $2 per share. The shares were sold to 79 underwriters. The company received a total of $4,900,000.

Shoe Corp. of America, Columbus, D. Aug. 21 filed 125,000 shares of common stock. Underwriter—Wells Fargo & Co., for sale to the public at $1.75 per share. The shares were sold to the public at $2 per share. The company's proceeds were $212,500.

Silver Ridge Mining Co., Ltd., Nelson, B. C., Canada Aug. 24 filed 1,000,000 shares of common stock (par $1). Proceeds—$1 per share. The stock was sold to the public at $1 per share. The company's proceeds were $1,000,000.
Ilion Brevets

(Continued from page 10)


Southwestern Associated Telephone Co. (9/17) Aug. 24 filed 30,000 shares of $5 par preferred stock. Underwriters—North, Webster, Doherty & Co. and Curtis, Stone & Webster Securities Corp.; Hause- chneider & Co. The shares are to be paid in, bank loans used for construction purposes.


Tennessee Gas Transmission Co., Houston, Texas Sept. 7 filed 400,000 shares of $5 par common stock. Underwriters—Stone & Webster Securities Corp. and White & Weld, Ltd. Price by amendment. Proceeds—For expansion of the company's pipe line system.


Toledo Edison Co. (9/20) Aug. 13 filed 30,000 shares of $50 par outstanding preferred stock—Class A 4 1/2% preference stock (291 1/2) Par value. Underwriters—Carr & Co., Detroit. Offering—To be offered at $22 1/2 per share. Proceeds—to build and equip a plant and replace working capital.

United Cadillac Co., Cedar Rapids August 18 (letter of notification) 10,000 shares of convertible preferred stock ($10 par), with priv-

Prospective Offerings

- Chicago & North Western Ry. Sept. 4 company asked the Federal Reserve Board for authority to issue $3,250,000 equipment trust certificates to help finance the purchase of 20 Diesel locomotives and 500 gondola cars, the total cost of which is expected to be $6,072,340. Certificates are to be dated Nov. 1, 1948. Probable bidders: Halsey, Sturtz & Co. Inc.; Harris, Hall & Co. (Inc.); First Boston Corp. Offering—The additional shares of common stock are to be offered to common stockholders of record Sept. 9 for subscription at $13.50 per share at the rate of one additional share for each four shares held. Right expires Sept. 28. Proceeds—To reimburse company for construction expenditures made or to be made, except that $949,000 will be used to prop a like amount of outstanding 2% serial notes.

WOOD (Alan) Steel Co. (7/22) Aug. 25 filed $3,000,000 first mortgage sinking fund bonds, due 1963. Underwriter—Drexel & Co. Proceeds—Will be used for working capital and treasury funds, to complete the purchase and installation of new hot-rolled strip mill and the construction of accessory equipment.


Cleveland Electric Illuminating Co. recently obtained a bond credit of $25,600,000, the temporary fund will be replaced later this year or early in 1949 with the sale of preferred stock and common stock and long-term debt, it is reported.

Dayton Power & Light Co. Sept. 3 company asked the Ohio Utilities Commission permission to issue up to $14,468,763 for stocks and bonds.

Gulf Coast Northern Gas Co., Tulsa, Okla. Aug. 31 company applied to FCC for authority to construct and operate a system of natural gas from Texas to Chicago and to solicit through rate authority, to be financed by issuance of bonds, preferred stock and common stock.

Kansas Gas & Electric Co. Aug. 25 stockholders voted to increase authorized common stock from 100,000 to 100,000 shares (par $1). Only 100,000 shares of the stock is to be issued this next year. Probable underwriter, Union Security Corp.


Public Service Co. of Colorado Oct. 19 stockholders will vote on creating a new series of convertible preferred stock, the initial series is consist of 75,000 shares of $100 par preferred stock. Probable bidders: The First Boston Corp., Drexel & Co. and Lehman Brothers (Jointly).

Southern Pacific Co. Sept. 3 company plans a large offering of preferred stock, probably in the $50,000,000 to $60,000,000 range. Probable underwriters: Dillon, Read & Co. inc. or Lehman Brothers.

Southern Railway (8/29) August 26 reported company has under consideration the sale of approximately $40,000,000 in equipment trust certificates. The offering is expected to be ready for bidding on or about Sept. 29. Probable bidders: Halsey, Sturtz & Co. Inc.; The First Boston Corp. and Lehman Brothers (Jointly); Salomon Bros. & Hotitzer; Harriman Ripley & Co. and Lehman Brothers (Jointly).

Cory Corp. Chicago manufacturer of flash coffee brewing equipment, Fred-Aire electric sircir constructors and home builders, announced that sales, in the month of September, Cory Corp. (Canada) Ltd., for the six months ended June 30, 1948, amounted to $1,277,147, while profit after provision for Federal and Provincial income taxes was $161,438, or 7 cents per common share.

E. A. Staley Manufacturing Co., Chicago, reports a net profit of $1,779,275, for the second quarter of 1948, compared with $1,983,233, for the corresponding quarter of 1947. For the six months ended June 30, 1948, the company reported a net profit of $3,250,232, compared with $4,071,704, or $1.22 per share, for the same period of 1947 when earnings were reduced by an unusual non-recurring in- ventory gain.

Record sales of $15,920,950 were reported by Thor Corp., Chicago, for the quarter ended June 30, 1948, as compared with $14,903,198, for the corresponding period of 1947. The company also reported an increase in inventory, for the six months ended June 30, 1948, of $938,000, as compared with $1,983,233, for the corresponding period of 1947.

Halsey, Sturtz & Co. Inc. an- nounces that the permanent first mortgage bonds, series B, 5 1/2% bonds, series C, due May 1, 1948, and $500,000 of second mortgage bonds, due May 1, 1948, of the company are now ready and available for public subscription. The temporary temporary bonds original scheduled to mature on May 1, 1948, have been changed to the first half of the current year, with the result that bondholders interested in the bonds has been reduced by $1,010,678, or $3.41 per share, for the six months ended June 30, 1947; this decline in profit, it was announced, was due to a decrease in the volume of its selling and advertising expenditures.
Our Reporter's Report

The underlying industry appreciation is the result of the continued increase in demand for housing and related services. The housing market has continued to strengthen, particularly in the latter part of the year, as builders and developers have been encouraged by high interest rates and the improving economy. The strong demand has led to a shortage of new homes, which has pushed up prices and spurred construction activity.

James W. Means is to Be Partner in Courts Co.

Atlanta, Ga. — James W. Means has resigned as president of the Trust Co. in Atlanta, Georgia, and will become a partner in the courts firm of W. L. Loewly & Co. Means, for the past seven years served as superintendent of the department of the Trust Co. of Georgia.

Kenneth Ebbitt With Shelby Cullom Davis

The New York Stock Exchange shares in the junior partner in the courts firm of J. McClean having retired from the firm.

Edmund C. Stanton Dead

Edmund Courtlandt Stanton, junior partner in the court Exchange firm of Stanton & Co., died at his summer home at age of 75.

Record Funds Going into Home Construction

Savings associations' lending has been concentrated on low-priced construction financing.

The shift that savings and loan associations have made from the construction of low-income homes to the financing of single-family homes has been well documented. However, the shift to home building has also been accompanied by a shift in the type of home being built. While low-income housing has been the focus of many associations, the shift has also included an increase in the construction of higher-income homes. This trend is likely to continue as the demand for homes continues to grow.

DIVIDEND NOTICES

New York & Henderson Rosario Mining Company, Inc.

30 Broadway, New York, N. Y.

A dividend of 75% per share has been declared payable to holders of record on the 3rd day of October, 1948, to stockholders of record as of the 2nd day of October, 1948.

The Board of Directors of this company, at a meeting held on the 1st day of September, 1948, declared a dividend of $4.00 per common share payable on the 1st day of October, 1948, to stockholders of record as of the 1st day of September, 1948.

E. C. C. Blunt, President.

F. W. L. LAMBERT, Treasurer.

LIBERTY BANCORP INC.

200 Broadway, New York, N. Y.

A dividend of $0.50 per share has been declared payable to holders of record on the 1st day of October, 1948, to stockholders of record as of the 2nd day of October, 1948.

The Board of Directors of this company, at a meeting held on the 1st day of September, 1948, declared a dividend of $0.50 per common share payable on the 1st day of October, 1948, to stockholders of record as of the 1st day of September, 1948.

T. S. L. RONALD, Secretary.

ATLANTIC REFINING CO.


At a meeting of the Board of Directors held on the 2nd day of August, 1948, a dividend of $0.50 per share has been declared payable to holders of record as of the 1st day of September, 1948, to stockholders of record as of the 1st day of October, 1948, payable on the 1st day of October, 1948, to holders of record at the close of business on the 31st day of September, 1948.

A. L. T. TULLY, Treasurer.

New York, N. Y.

September 3, 1948.
Washington... And You

WASHINGTON, D.C.—If any one wants to see what a beguiling job a Federal agency does when it bids for more power, more influence, more money, and more perquisites, he should pick up and glance through a copy of the Federal Reserve Bank's Ten Year Program, a report to the President by Mr. Ewing, Federal Security Administrator. The commiss in this were all approved by the Senate, but apparently those who were not in the bill. However, it did not happen to the eye-appealing cover, its superb type, its wonderful layout, its ingeniously charted, to invite reading. This is one of the best prints in dull Government Printing Office style in this document, and it is freely made available in every newspaper reporter's office.

Now it is different with the report of the Federal Reserve Bank of the Old Age Insurance and Survivors Trust Fund. This is printed in dull GPO style. Its columns of figures are almost unreadable, and it is impossible to spell out what those figures mean. It would perhaps be economically literate to understand them. Nevertheless, they tell a story of a greater national problem being operated under the eye of Mr. Ewing, who is only limited in his capacities by the limits of his title.

What can you read in the report of the trustees is the invaluable statistics toward which a non-government person would be able to devote the invidious labors of the social security trust fund. These figures show that the time in which the future of social security pension and insurance is determined, is whether the youngsters of today, a generation ago, would have been content to tax themselves heavily to provide the social security pension and insurance for the generation of a generation ago promised.

Then too, you have to look around to get the full sort of information in the report of the trustees. And nobody else in this country is interested in it. What happens when more money will be going out than can come in, even assuming the "trust fund" is "inverted." .

Mr. Ewing's latest bid for a social security pension is based on the idea of providing more doctors, hospitals, laboratories, and the wherewithal to pay for this in some obvious way. This is a part of the national health program.

"Protection of ample health and medical services everywhere is of course fundamental, but many other factors will make important contribution to our success. With this brush off of the pall of $4 billion insurance whereby the social security is Ewing gets to the meat of the problem. "

Our standard of living, the conditions under which people live, work, eat, move, play, and all affect health. In a broader sense, health is the ideal of competitive living, of financial security, of economic security, of omnibus, of community.

What Tom Clark really had in mind was a regional group of trust-hunting attorneys paid to go Washington a couple of weeks ago was "to stop that racket, which is being conducted whereby scores of small businessmen are publicized all their gripes against "big business."" Attending the hearings were the representatives of small manufacturers, since this is not only the Administration's election bid to small business during the current political season.

Actually what happened was that between government rancors—all of these—must be ameliorated if we are to achieve, for every one, a full measure of abundant and physical health. He apparently believes that the competitive life should be done away with. Since Mr. Ewing believes in the free enterprise system it is not fair to impute to him the suggestion that for an increase to intercept his drinking for young people, will be held out to a job that would increase the increment of the "trust fund" is not going to happen.

There is a curious paradox to the story that the "trust fund" will supply for domestic consumers. Last winter at the C.C.C., the Administration was all stumped up over the shop supply, based on isolated cases where in some communities the supply ran temporar¬ily over the total of oil industry was saying quietly that except for local shortages and local shortages, it would be able to take care of. In the Taft voluntary allocations plan, the industry has worked out a system whereby local oil supplies can be pooled legally next winter to avert any threatened shortages.

A few industries and semi-official ones are of the opinion that optimistic to the supply of oil is very high. It is not certain that there will be no saving oil for future use, but it happens that industry now is being saved.

If there are storms or other accidents which interrupt transportation, including strikes, the level of consumption, which is expected to run close to supply, these accidents would be of their own kind. What, I fear, however, is the dark shadow that continues on the installation of new oil heating equipment. All the relatively optimistic approach of the outlook has been predicated, the assumption that consumption of oil will be lower. If there are many new homes, higher than last winter's levels. The rush to substitute oil for coal may cost people.

So, the industry thinks, the business will be able to think twice before shifting to oil from some other fuel.

Thursday, September 9, 1942

"Listen, Stupid! You were right there when the broker told me to be me to sit on my securities!!"

The shutdown of the special section of securities just adds substantially to the frontiers of government support for housing. How extensive this new field will be used, remains to be seen as builders and investors avail ign or the new provisions.

It is generally agreed by all, except perhaps a minority in the housing bureau, that the scheme of insuring a yield of 2½% on important projects will catch few fish. There are too many strings to the government aid for in¬ furiate all the recent provisions which would seem to have been for the final order of the munitions board.

Those who are familiar with accounting practices assert that these kinds of conventions are very often bear little resemblance to accounting practices used in industry. Thus, a manufacturer would be disallowed the interest he would be compelled to pay to a loan to enlarge or modify his factory so as to handle a war order. While the cost of delaying the order would not be actually increased, but would be advertized with a de¬ ducible cost advertised in "trade papers," not otherwise defined, but all advertising would have to come out of profits.

Although buttressed by President Truman, the new housing plan passed by the special section of July 19 must add substantially to the frontiers of government support for housing. How extensive this new field will be used, remains to be seen as builders and investors avail itself or the new provisions.

With King Merrill Co. (Special to The Portland Commercial) POTTS TAC, MICH. — Louis R. Belanger is with King Merrill Co., Inc., 531 West Turon Street.

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