Military Expenditures—Crucial Budget Problem

By MELCHIOR PALFY

Dr. Palfy foresees no immediate move to put into practice Truman
socialistic proposals because of President's economic advisers fear
other business depression or budgetary deficit. Says crucial ques-
tion is to keep military expenditures within bounds, since tremen-
dous growth of Soviet power can be matched or restrained only
by huge armaments on our side. Predicts military budget of
$30 billion by annum.

L

A meal is not eaten as hot as it is cooked, states a European
proverb. Campaign oratory is one thing, and political reality is
another. Mr. Truman's socialistic demagogy is not likely to be trans-
lated into immediate practice, or fractionally only. That, at any rate,
seems to be official Washington's attitude at present.

So far as the Administra-
tion is concerned, the name of the Taft-Hartley Act has been
changed and the closed shop and foremen's unions have been
restored. But otherwise there probably will be no fundamental change
in labor legislation, being the minimum wage from 40 cents to
75 cents an hour no longer a phase as urgent as it did during the
campaign. New price controls and centralized regulations
may be blueprinted— to be kept on

Even the excess profits tax may not be in the picture as yet; the Treasury seems to think in terms of "merely" raising the corporate tax from 38% to 50% (still leaving price-earnings ratios of most public companies, in particular, to be revised for some time. Public works, pub-
lic housing, extended social security, and other subsidies will
be pushed, but not all at once.

Of course, all this is before Congress meets, a Congress that might
be more left of center than the Administration itself. Some Re-
publican members, in particular, rationalize their party's defeat
into the conclusion that they had been fighting for good kitch-
ens for every one. They tried to out-new-deal the New Dealers.
On the other hand, a coalition of the Taft-Roosevelt Republicans with Sou-
thern Democrats might keep Congress from running amuck.

Be that as it may, the present reticence of the Administration is
(Continued on page 31)

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The COMMERCIAL and

FINANCIAL CHRONICLE

Volume 169 Number 4738

New York, N. Y., Thursday, December 9, 1948
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Business Profits Exaggerated!

By SUMMER H. SLICHTER

Lament University Professor, Harvard University

Ascertaining during last three years American corporations have overstated profits by $16.4 billion, prominent Harvard economist says he has discovered the rise in inventories and plant replacement costs. Says depreciation charges have been inadequate and rigidity of accounting rules prevents ad-
justments due to changes in price level. Holders if accounting adjustments were made, profits would have risen only as fast as sales volume, and notes if profits are abnormally high, new investment would
greatly increase and tend to become excessive. Looks for retained earnings as chief source of new
industrial capital.

During the last three years American corporations have overstated their profits by approximately $16.4 billion. This is the amount by which the reported statements of profits exaggerate the amount of income available to pay dividends, to expand plant, to increase wages, or to reduce prices. In 1946, prof-

EDUCATION

It is in the Three Messages

The President is now closely engaged in the prepara-
tion of the three messages which, under various provisions of
law, he must deliver to Congress not long after the turn of
the year. There used to be only one—the constitutionally
required State of the Union message. Then we developed a
semi-annual executive budget procedure, and then there were
two reports or messages due from the President. But
modernism was not satisfied, so a third was added in which
the President is expected to review the economic or busi-
ness situation in a way designed to show what is necessary
to keep the economy running at a high level of activity and
employment. Plainly implied in the last-named is of course
the notion that the Federal Government has now assumed
the role and the responsibility of managing business in this
country, or, at all events, directing it in the broad, as it were.

If the President or those who advise him were gifted
with understanding far beyond that of ordinary men,
the President's Report, as the latest addition to Presi-
dent's reports, might be popularly known, might well be
a most valuable document. Its author (or authors)
appear to have no hesitancy in expatiating at length upon almost any subject, and they seem to feel that they know as many of the answers. The truth of the

(Continued on page 34)
A Reversion of Economic Upward

By Howard T. Lewis

Professor of Marketing, Harvard University

Editor's Note

Stating "beneath the surface, business is not fundamentally healthy," Harvard University marketing specialist foresees reversal of economic upward. Lists industries already feeling effects of changed conditions, but holds no serious depression will be felt in near future. Urges manufacturers and distributors maintain reasonable liquid resources and exercise conservation in planning capital expansion.

A title to comments made in public last week by the booklet hour was so broad that it will cover whatever he later decides he may want to say, or else it is so restrictive that merely because Russia is not economically prepared for a shooting war, now or in November, 1948, does not mean that she cannot most effectually try to win it on other and equally deadly fronts, unless she will be ready; of course it is still needed by that time. Nor does it help much to argue that the people of Russia do not want a war, cold or otherwise. The people of no nation ever wanted war, but that fact has not prevented universal peace.

There are two and I am afraid only two, ways to stop Russia and she fears them both. One is to do all we can in Western Europe on its feet. That means the Marshall Plan or some modification thereof. The other is to prepare for a shooting war with Russia and to use it whenever Russia figuratively speaking, crosses the Rubicon. A shooting war with Russia is not inevitable, but Professor Stetson was of the opinion that the blurt a fact he said when he was Ambassador in Washington, "With war with Russia may never come at all. And I pray that we may never have to talk about war. The factor which determines when and if Russia will attack us depends upon the immediate stress they fear and that Uncle Sam today and tomorrow."

I did not come this afternoon to discuss the situation in Europe, but the situation in Europe is a fact of such tremendous import that any business in this country that does not come from the tendency on the part of our people to tell us what will happen to business in the United States of America is not interested.

For see how, out of this one fact, there follows certain others. Two factors are involved here, the spread of communism, with or without religion. The other, of which I have referred, is going to go to the United States, and they are going to be the same with us. And I further estimated that the Economic Recovery Program, which I am now to tell you about, will extend to cover China as well, in which case I would not have even the remote idea of this country will be able to go on in the most prosperous manner.

To the cost of the recovery program, of course, we shall have to add our military expenditures, including stockpiling. The expenditure for guns, however, cannot help but be very large. Mr. Truman is to tell us later (Continued on page 23)

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(Continued on page 25)

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Business Prospects

By JOSEPH L. SNIDER
Professor of Business Economics, Graduate School of Business Administration, Harvard University

Professor Snider contends, though preponderance of evidence suggests no severe decline in business and prices is just ahead, those of severe decline later and business generally should get into condition to withstand severe depression. Warnings of deflation spiral and concludes results of November election lesson demanding peace of mind, though resultousy, are confidence and more difficulty in raising equity capital. Sees "swinging to the left."

Well before the recent elections, I reached the conclusion that our inflation-boom was about over. An analysis of the总统s indicated that prices in several important areas had been declining for months, although the general price level had not turned down definitely. Moreover, the present price and demand position for goods and services is quite different from that of the 1929-32 depression. Prices are generally lower, and low levels of prosperity may well be maintained without major deflationary pressures. This is indicated by the fact that prices have not declined very much since the election, even in those areas where the economy is most in trouble.

The Federal Budget Outlook and Federal-State Fiscal Coordination

JAMES E. WEBB,
We need Overall Policy of Greater Productivity—Julius Hirsch

Bases for 1949 Conservative Optimism—Arthur C. Bulson

Recent Developments—Eight Proscription for Our Economic Ills—F. Lewis Goodnow

What Will Democratic Congress Do?—R. W. Baldwin

J. Stewart Baker Again Hits Government-Bond Peggings

Philip McKeon Takes Issue With Smola on Cool Standard Issue.

The Campaign Is Over, Sir! (Bosked)

William J. Field Urges Partial Tax Exemption of Government Bonds

Bache & Co. Announce Trading Facilities in Unrecorded Gold

Edward W. Probst Revises Prophecy for Return to Sound Money

Philip Cortney and Robert L. Heilbroner Discus the 'Nation's Economic Status

REGULAR FEATURES

As We See It (Editorial)

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Coming Events in the Investment Field

Dealer-Broker-Investor R-commendations

Emlyn—"Britain's Position in European Economic Integration"

From Washington Ahead of the News—Carlsbad Burgos

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Capital—the Priceless Ingredient
The Drags on Inflation

By JOSEPH MORELL DODGE
President, the Detroit Bank
Former President, American Bankers Association

Ascertaining we are deep in political uncertainties, which multiply normal risks of business and investment, former ABA President deprecates declining rate of sales, artificially low interest rates, and lack of new equipment and Sears governs conditions, restrictions on work, and elimination of workers' and producers' incentives. Sees threat to both ability and incentive to work, and whose incomes do not keep pace with higher costs are being priced out of market.

In the spiraling of wages, costs, and prices, we have been watching our -...
Industry production for the country at large was sustained at a very high level the past week and remained moderately above the high of the similar week of 1938.

There was a decrease in the number of layoffs and strikes in most sections of the country but employment and payrolls continued to increase in numerical terms, provided the weather cooperated.

It would appear according to reports coming to hand that with the beginning of new contract negotiations next spring the United Mine Workers - the country's largest and by far the most potent - would also begin to move to attain a higher level of wages and working conditions.

The United Mine Workers' convention this fall the union went on record as being in favor of a reduction in working hours and President William Blizzard of U. M. W. District 17, of West Virginia, was reported to have said on Thursday that the mine workers "hope to be able to reduce their hours of work from the present eight-hour-week down to a shorter work-day and work-week.

With the start of Christmas shopping in many sections, total retail dollar volume in the week slightly surpassed that of the previous week. Total共产党 purchases were somewhat lower than the 1938 volume in the similar week.

Steel capacity has increased 17% in the 10 years since 1928, according to a new "Directory of Iron and Steel Works of the United States," issued by the Steel Institute. Meanwhile, the population of continental United States has increased approximately 25%.

The record capacities of the industry are scheduled to rise further under the expansion and improvement programs undertaken by iron and steel companies since the end of the war which involve expenditures totaling nearly $1.7 billion. Many of the lines were begun even before the last war was nearing completion.

One of the highlights of the changes during the past 10 years include: Total capacity for the making of electric furnace steel which has increased nearly four times during the decade, from 13,000,000 tons in 1938 to 47,000,000 tons last year.

Capacity for the production of cold rolled steel and strip steel has increased 25% in the same period.

Net railway operating income of the line I railroads for October, 1948, before interest and rentals, was $10,876,857, compared with $7,700,000 for the corresponding period of 1947. This is higher than for any month last year.

Estimated net income of the carriers, after interest and rentals, for the first six months was $50,900,000, as against $40,000,000 in the same period of 1947.

Net railway operating income for the first 10 months of the current year, before interest and rentals, totaled $533,624,669, compared with $386,752,068 in the corresponding period of 1947, while total revenues for the first 10 months of 1948 were estimated at $853,772,000, compared with $730,000,000 in the like period of 1947.

In the 12 months ended Oct. 31, 1948, the rate of return on property investment averaged 4.37%, compared with a rate of return of 3.5% for the 12 months ended Oct. 31, 1947. The investment is the value of road and equipment as shown by the books of the railways, including materials, supplies and other fixed depreciable property.

Total operating revenues in the first 10 months of 1948 amounted to $853,772,000, compared with $730,000,000 in the same period of 1947, or an increase of 21%. While operating expenses amounted to $574,670,000, or 45% of the revenue, an increase of $31,500,000, or 6.5% of the revenue, in the corresponding period of 1947, or an increase of 1.5%.

Twenty-one class I railroads failed to earn interest and rentals in the first nine months of 1948, of which 12 were in the Eastern District, three in the Southern District and 10 in the Western District.

October incorporations of new businesses in 48 states declined slightly to 6,774, from 6,930 in September, Dun & Bradstreet, Inc., reports. The October figure represented a drop of 29.5% from the 9,600 new incorporations for the month a year ago. The number is shown from September to October contrasted with a rising movement in each of the three preceding years during the same period.

With substantial changes in the status of railroad and stock company organizations during the first 10 months of 1948 - numbered 8,385. This was a decrease of 12,284, or 31.3%, from 9,639 for the corresponding period of 1947. It was a decline of 32,082, or (Continued on page 29)
Chairman of Board of Bank of Manhattan Company calls stockholders at 150th annual meeting Federal Reserve Bank of New York at Federal Reserve Bank of St. Louis have been in effective control over nation's credit base. Reports bank earnings up despite higher expenses.

In his report as Chairman of the Board at the 150th Annual Meeting of the stockholders of the Bank of Manhattan Company, J. Stewart Baker, after reviewing the Bank, again took occasion to criticize the Federal Reserve policy of pegging the price of gold in the United States seemingly only at the specific level and 20 percent, the current Gregorian price of gold in the United States, and he recommended that a new price be established which would be steady and at a more attractive price level. He also suggested that the Federal Reserve should be allowed to purchase government bonds to create a broader and deeper market for them.

"Last year in my report to our stockholders," Mr. Stewart Baker said, "I recommended that the Federal Reserve authorities give serious consideration to the question of pegging the price of gold at a price level which would ensure that the Federal Reserve Bank of New York would have an effective control over the nation's credit base. Reports bank earnings up despite higher expenses.

"I agree that the Federal Reserve Bank of New York has been in effective control over the nation's credit base. However, I believe that the price of gold should be pegged at a level which is more attractive to both domestic and foreign investors. The current price of gold is too high, and I believe that the Federal Reserve should be allowed to purchase government bonds to create a broader and deeper market for them."

J. Stewart Baker

Chairman

J. Stewart Baker Again Hits Government Bond Pegging

Teamwork for Prosperity

By Hon. Charles Sawyer

Secretary of Commerce

Alerting him in his preparatory and public relations, and the importance of profit must be recognized and utilized, Secretary Sawyer contends that if businesses will analyze the problems of the economy, profit will be made and will be made even if the government will not place public confidence in them. "The best way to do this is to pursue a course of action that is considered by the people to be in their best interest." Sawyer says that businesses should be encouraged to take the lead in solving economic problems, and that the government should not interfere with the private sector.

"We cannot expect the government to solve all the problems of the economy on its own," Sawyer says. "We must look to the private sector for leadership in this area. Businesses can make a significant contribution to solving economic problems, and they should be encouraged to do so." Sawyer encourages businesses to take a more active role in solving economic problems, and to work with the government to find solutions that are in the best interest of the nation.

Charles Sawyer

Chairman, Federal Reserve Board

J. Stewart Baker Again Hits Government Bond Pegging

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Charles Sawyer

Chairman, Federal Reserve Board
The Prospective Trend of Interest Rates

By AUBREY G. LANSTON
Executive Vice-President, The First Boston Corp.

Mr. Lanston, referring to our present economy as “somewhat mixed,” points out there are two Treasury budgets, one concerned with accounts, the other with cash receipts and expenditures. Says latter alone affects the Treasury’s financial and monetary impact on the economy, and that the Treasury proposes relief for low income groups from dividend taxation to encourage equity investment.

We do not know, at the present time, what the President has in mind with respect to the size and character of our Defense Program or for ECA. The amount and kinds of increased taxes that are in the offing are far from crystallized. The form and extent of labor

By CARLISLE BARGER

One “novel experiment” launched by the Republicans on the House Appropriations Committee will go out of the window now that the Democrats have a majority of Congress. As a result of the reorganization act, they set up their own staff of investigators, pursuant to the precepts of the new law, to comb through the various agencies and make detailed studies of their requests for appropriations. On top of this, they have the staff at both ends of the 80th Congress with top-notch auditors, accountants, statisticians, and editors of Chambers of Commerce; tax-payers’ organizations and the like. It is a campaign. I went and heard Clarence Cannon who returns to the Chairmanship of the Committee; and I was impressed. He is a worker, and the staff on the Committee is going to be busily engaged. The TVA and the Bureau of the Budget will be hamstrung. The able members are leaving, notably the chief, Robert E. Lee, Jr., former FBI agent. It brings up an interesting question as to what will happen to many of our consuming expenditures as now treated by the reorganization act. Insofar as their main function is to investigate and do research, they will not be affected by the law because it goes without question that the Democrats of Congress are not going out to dig up stuff which will embarrass their own administration. The question arises, too, as to what service these staffs could have rendered had the Republicans remained in power and retained their control of Congress. Apparently they can be of service only in such situations as obtained in the 80th Congress when the Republicans were in the majority. What a dilemma, the executive branch.

Of course we are all looking for good salaries, have been added to the payroll. It is what is known as the evolution of government and ours has really evolved in the past 16 years.

For nearly two years now, the so-called Hoover commission has been working upon a nonpartisan plan of streamlining the government. Mr. Hoover has long been an advocate of reducing the government. Trustee Campbell has said he is right behind his group’s findings which are almost complete. It will be interesting to see what becomes of your so-called omnibus bill when it is finally presented. The best guess is that the only feature enacted into law will be the recommendation for higher salaries in the White House. It will be interesting to see if the Democrats get the heat abilities in government. Nononsense! We will have the same old crew or their current equivalents.

With no intention in the slightest of disparaging the work of the Hoover commission that I point out that the government archives are filled with reports of the kind that is what I simply can’t get away from the hopelessness of the situation.

This writer spent several weeks in Tennessee during the recent campaign. I went into every county, crisis-crossed the state in an automobile at least 10 times. Pretty much everywhere I saw the mark of the daimler chrysler by the TVA, as pretty things as one would want to see.

The least that the Leftist propaganda has been to the effect that the reactionary doyens said nothing like this could be done. TVA has proved them wrong and similar set-ups should be established over all the country. I am certain that on their hands this could not be erected and that being erected they didn’t make pretty things.

But over all state I could find no single instance of where and how the lives of the people had been the slightest improved by the Tennessee Valley Authority. In Tennesse there have been heard seems to be no more than you would expect in a span of 10 years.

Although electricity is not a complete happiness for households in many instances, it has been a godsend to lots of them. Could have it in abundance. Consequently, I was amazed to find clean and sprightly looking little homes in such a thriving community as Johnson City without electricity or even inside toilets.

Of course, they have such big industries down there as Alcoa. But there is a soil that could be supplied with power by private industry.

A big demand of the State now, and one which Governor Dewey went out of his way to prefer to the State owned was the formation of a steam plant at a place called Johnsonville. It will unquestionably be made. But it remains to be seen whether the $25 million which the whole argument for TVA was the development of waterpower, which could be worked in with flood control and navigation! Well, waterpower has been one of the most important of the needs for the continued development of the area and it must be started. Is there any ground for the belief that the steam plant is not a TVA enterprise.

And we have the lives of the people had been improved by the TVA. Oh, there has been a tremendous improvement, of course, for those who work for the TVA.

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A. G. Becker & Co., Inc., is offering at a stock exchange of 34,000 shares of 5% sinking fund bonds of Younger Bros. Stock Co., the bonds and 50, and 50,000 shares of common stock of Younger Bros. The preferred stock is offered at $127, combined with sales of $15,253,454 for the year ended Jan.

The Treasury Budget

First, with respect to the Treasury budget. We have two different types of accounts, one relates to the receipt and expenditures of the government (the so-called Treasury budget) and the cash budget which reflects only the Treasury’s cash receipts and cash expenditures.

The Budget Commission also has a program which it says would reduce the deficit by $26,000,000. If the Treasury budget is smaller than that, which requires revenue from the Treasury’s cash receipts, the Treasury will have a considerable deficit in its bookkeeping budget and yet be with-
Natural Gas as Industrial Fuel

By PAUL E. TAYLOR
Vice-President, Stanolind Oil & Gas Service Corporation, New York City

Pointing out natural gas will soon be available in all large industrial centers, Mr. Taylor contends, because of its relative cheapness and stability of cost, it will replace in many cases manufactured gas and oil as a fuel in industries where large natural gas reserves exist. Its heating value and burning characteristics as well as its cleanliness and freedom from injurious ingredients sees natural gas as an asset of highest value to a community.

The delivery of natural gas through large diameter pipe line systems to areas heretofore unconnected with sources of natural gas always gives rise to much speculation concerning the cost, the reliability of service, the possible location of the sources and the assurance of a sufficient quantity of the fuel. This subject is one that has never before occupied public attention to the extent that it is the purpose of this paper to give the public an idea of what the fuel will be, what it will cost, what areas it will serve and the cost of bringing it to these areas.

The economic welfare of any community is vitally dependent upon its access to fuel and power. The existence of profitable industries depends upon a continuous employment of workers dependent upon fuel and power. A continuous flow of fuel into the furnaces and manufacturing plants of different kinds of solid and liquid fuel is a necessity without which the manufacturing industries of a region cannot function normally.

In putting a new process into operation, the manufacturing company is dependent upon the availability of fuel or power for the production of its product. It is natural, therefore, to find that every manufacturing company is interested in the natural resources of the region in which it operates. The natural gas industry today is attracting attention not unusual for an industry that had attained several decades ago what was thought to be an age of maturity insufficient as production and manufacture of manufactured gas and fuel is essentially an industry in the Appalachian area of the United States and as early as 1869. Subsequently, many new fields and sources of supply of natural gas have been discovered in this area. Even though the sources of this fuel lay adjacent to the industrial centers of the region, natural gas gained entrance to the homes and industries as a fuel for domestic and industrial purposes in the states of West Virginia, Kentucky, Pennsylvania, Ohio and Indiana. Its adaptation to local use had the effect of increasing the number of providers of natural gas in this area.

Natural Gas Reserves

The continued expansion of these long distance pipe line facilities and the activities of the companies which the serves the industries in those areas where there existed sufficient natural gas to supply the demands of industries. Pipeline systems were put in operation and already built as well as those which would follow to the extent that the natural gas industry would be profitable and the market for the fuel large. The large consumption of natural gas increases every year, and the discoveries have had the effect of not only offsetting for the most part also adding to the available reserves. According to the report of the American Gas Association Committee on Natural Gas Reserves, published jointly by this Association and the American Petroleum Institute in a pamphlet entitled "Proved Reserves of U. S. Natural Gas," the proved natural gas in the United States as of Dec. 31, 1947 were 165.8 trillion cubic feet.

This was an increase of 0.2 trillion cubic feet over the reserve figure shown in 1946. Even though 5.9 trillion cubic feet were discovered, production and consumption of natural gas reserves continued to increase at a rate which will serve to connect markets hitherto unforeseen.

Manufactured Gas and Industrial Fuel

Large centers selected for consideration are already provided with manufactured gas, as well as smaller centers, and the new sources of supply are and will be available for this purpose. In all of these localities were to be found a local large population and important industry located at an industrial facility.

"An address by Mr. Taylor before the Annual Meeting of the American Chemical Society, New York City, Dec. 2, 1948."

Dealer-Broker Investment

Recommencements and Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Discount Industry—Analysis of outlook with comments on Dis¬tile¬ers Corp.—Seagram, Ltd., National Retailers Co.—Bryan, W. P. & Co., Inc., 15 Broad Street, New York 5, N. Y. Also available are analyses of John-Mariell Corp., and P. E. Marley Co., as well as current developments in Railroads, and a list of the leading interests in each industry. These refined industrial heat applica¬tions are of such character and importance as to require a separate treatment. They are covered in this issue. These refined industrial heat applica¬tions are of such character and importance as to require a separate treatment. They are covered in this issue.

Gold vs. Uranium—Booklet discussing the merits of the metal. The illustration of prevailing conditions and tell¬ing how gold may be purchased in its natural state—metal dealers—20 Broadway, New York 5, N. Y.

Oil Shales—Tables of relative values—J. E. Williston & Co., 15 Broad Street, New York 5, N. Y.

Outlook for Fire Insurance Brokers—Brochure discussing the outlook for the future. Briefly covers the changing conditions and distribution of fire insurance business. The pamphlet is a valuable aid to the reader in the present age of industrialization. 36 Wall Street, New York 5, N. Y.

Railroad Developments—Leaflet—Typical Examples of Railroad Developments. This pamphlet was presented at the joint meeting of the American Railway Development Association and the National Bankers' Association. 36 Wall Street, New York 5, N. Y.

Tax Exchanges—Leaflet—Stanley Heller, 30 Pine Street, New York 5, N. Y.


American Equitable Assurance Company—Analysis—Allen & Co., 39 Broad Street, New York 6, N. Y.

Also available is a new analysis of Global & Republic Insurance Company.

Anglo-Canadian Oil Company Ltd.—Report discussing the prospects of this company. The company, formed in 1924, is preparing to enter the oil field in Canada and the prospects look promising. 333 Bay Street, Toronto, Ontario, Canada.

Blueban, Herbrand Corp.—Leaflet—Wm. J. Mercier & Co., Inc., Union Commerce Building, Cleveland, Ohio.

Canada Dry—Leaflet—Good¬body & Co., 115 Broadway, New York 6, N. Y.

Also available are special leaf¬les on Caterpillar Tractor, Don¬las Aircraft, Electric Power & Light, Illinois Central Bonds, Louisiana Southern Railroad Company, Union Indus¬tries—Brochures are available of the companies mentioned.

Christiansen Securities Co.—Clu¬nock—Circular—1 Wall Street, New York 5, N. Y.


also available are analyses of Gulf & Western Corporation.

Dumont Laboratories, Inc.—De¬tailed memorandum—Taub, Day & Co., Bloomfield Heights, 120 Broadway, New York 5, N. Y.

Electric Power & Light Corpora¬tion—Discussion—Oppenheimer, Vanden Broek & Co., 46 Ex¬change Place, New York 5, N. Y.

Also available are comments on Northern American and Imperial Oil Ltd.

Fredrick Grain & Malting Co., Inc.—Discussion—Loewi—115 Broadway, New York 5, N. Y.

Missouri Pacific Railroad Co.—Memorandum—Sutro Bros. & Company, 120 Broadway, New York 5, N. Y.

Mueller Co.—Circular—Hicks & Pomerleau, 251 South La Salle Street, Chicago 4, Ill.


Kesthorne Corp.—Circular—Lee H. Blaine, 231 South La Salle Street, Chicago 4, Ill.


Southern Production Company, Inc.—Summary and reappraisal—H. F. Dwyer, 115 Broadway, New York 4, N. Y.

Southeastern Public Service Company—Revised descriptive circular—J. N. C. Thiry, Houston, Texas, Mercantile Bank Building, Dallas 1, Texas.

Southward & Clashmore—Memorandum—R. H. Bissell & Co., 231 South La Salle Street, Chicago 4, Ill.

Tremont Trust Co.—Circular—Hop¬wood, 1 West End Avenue, New York 21, N. Y.

Union Oil Co.—Circular—W. E. Hutton & Co., 14 Wall Street, New York 5, N. Y.

Utah Gold and Silver—Leaflet—William A. Fuller & Co., 299 South La Salle Street, Chicago 4, Ill.

Warren Lath & Co.—Inspection report—R. H. Burton—303 South La Salle Street, South Main Street, Salt Lake City 1, Utah.

Winters & Crompton Corp.—Leaflet—Typical Examples of Winters & Crompton machinery. 125 Broadway, New York 5, N. Y.

Also available is an analysis of Miles Sheen, Inc.
Offer to Holders of Dollar Bonds of the Following Loans:

The Republic of Chile (hereinafter called the "Republic"), and the other issuers of Chilean bonds listed above, due to the effect of the world-wide depression and the drastically curtailed exchange position of the Republic, were forced, commencing in 1911, to suspend service payments on the above issues of outstanding dollar bonds (hereinafter called the "Outstanding Dollar Bonds"). This suspension of service continued under the applicable laws of the Republic, as revised and amended from time to time, the Republic has made certain changes in the amount of the outstanding bonds and amortization on the external funded debt. As of December 31, 1948, there were outstanding, with respective principal amounts of outstanding debt, as follows:

**Outstanding Dollar Bonds**

- **Amount of Bonds Issued**: The Republic has executed a General Bond dated as of January 31, 1951, with an interest rate of 3% per annum. Such bonds will be payable in drawing by lot at par. The Republic reserves the right to increase any sinking fund at any time after the thirtieth day of June, 1952.

The Republic has issued a General Bond dated as of January 31, 1951, with an interest rate of 3% per annum. Such bonds are available for inspection at the address of the Fiscal Agent referred to below for a further description of the Republic with respect to the service of the New Bonds. The New Bonds will be the direct obligations of the Republic, and will bear interest at the rate of 3% per annum. Such bonds are payable in equal installments, with respect to the service of the New Bonds. The service of the New Bonds is subject to the following conditions:

1. **Holders of Outstanding Dollar Bonds**: New Bonds will be exchanged for them on an equal principal amount basis, subject to the conditions stated in the New Bonds, as of January 31, 1948, and an additional amount of outstanding bonds is payable in the amount of 4% of the aggregate principal amount of New Bonds issued and outstanding on the thirtieth day of June, 1953, provided, however, that if the New Bonds are extended beyond December 31, 1953, the amount of the service payments will be increased as set forth in the General Bond. There will be provided for a further extension of the New Bonds annually to January 31, 1951, and after the difference between the total service requirements on such New Bonds and the interest requirements on the New Bonds which the Republic could assume, such funds will be applied to the redemption in whole or in part of the outstanding Bonds either through the purchase of New Bonds in the open market or through drawings by lot at par. The Republic reserves the right to increase any sinking fund at any time after the thirtieth day of June, 1952.

2. **Interest on the New Bonds**: New Bonds will be payable semi-annually at the rates per annum specified on the principal amount thereof:

- 1948 1.5% 1951, 1952, 1953 2.5% 1954 and thereafter 3%

3. **Interest on the New Bonds**: Interest on the New Bonds will be payable semi-annually at the rates per annum specified on the principal amount thereof:

- 1948 1.5% 1951, 1952, 1953 2.5% 1954 and thereafter 3%

4. **Interest on the New Bonds**: Interest on the New Bonds will be payable semi-annually at the rates per annum specified on the principal amount thereof:

- 1948 1.5% 1951, 1952, 1953 2.5% 1954 and thereafter 3%

5. **Interest on the New Bonds**: Interest on the New Bonds will be payable semi-annually at the rates per annum specified on the principal amount thereof:

- 1948 1.5% 1951, 1952, 1953 2.5% 1954 and thereafter 3%

6. **Interest on the New Bonds**: Interest on the New Bonds will be payable semi-annually at the rates per annum specified on the principal amount thereof:

- 1948 1.5% 1951, 1952, 1953 2.5% 1954 and thereafter 3%

7. **Interest on the New Bonds**: Interest on the New Bonds will be payable semi-annually at the rates per annum specified on the principal amount thereof:

- 1948 1.5% 1951, 1952, 1953 2.5% 1954 and thereafter 3%

8. **Interest on the New Bonds**: Interest on the New Bonds will be payable semi-annually at the rates per annum specified on the principal amount thereof:

- 1948 1.5% 1951, 1952, 1953 2.5% 1954 and thereafter 3%

9. **Interest on the New Bonds**: Interest on the New Bonds will be payable semi-annually at the rates per annum specified on the principal amount thereof:

- 1948 1.5% 1951, 1952, 1953 2.5% 1954 and thereafter 3%

10. **Interest on the New Bonds**: Interest on the New Bonds will be payable semi-annually at the rates per annum specified on the principal amount thereof:

- 1948 1.5% 1951, 1952, 1953 2.5% 1954 and thereafter 3%

11. **Interest on the New Bonds**: Interest on the New Bonds will be payable semi-annually at the rates per annum specified on the principal amount thereof:

- 1948 1.5% 1951, 1952, 1953 2.5% 1954 and thereafter 3%

12. **Interest on the New Bonds**: Interest on the New Bonds will be payable semi-annually at the rates per annum specified on the principal amount thereof:

- 1948 1.5% 1951, 1952, 1953 2.5% 1954 and thereafter 3%

13. **Interest on the New Bonds**: Interest on the New Bonds will be payable semi-annually at the rates per annum specified on the principal amount thereof:

- 1948 1.5% 1951, 1952, 1953 2.5% 1954 and thereafter 3%
Illinois Brevities


With the termination of the subscription period on Nov. 15, at 10:15 A.M., $15,668,360 of 3% convertible debentures offered on Nov. 1 by The Peoples Gas Light & Coke Co. were purchased through rights issued to stockholders, it was announced on Nov. 17, by James F. Oates, Jr., Chairman of the utility company. The unsubscribed balance of the debentures amounting to $75,196 was underwritten by Halsey, Stuart & Co., Inc. (sole underwriter) who sold them at competitive bidding at an average price of approximately 103.96%.

Halsey, Stuart & Co., Inc. also was co-manager of the $20,050,000 issue of $5,000 Iowa Public Service Co. first mortgage bonds, 5%, due Nov. 1, 1978, which was publicly offered on Nov. 17 at 103.12% and interest. The net proceeds were needed to pay for new construction.

David A. Crawford, President of Pullman Incorporated, on Nov. 15 advised the stockholders of Pullman that consideration is being given by the board of directors to the acquisition of controlling ownership in North American Car, Inc., and National Bemberg Corp.

The consolidated net income of

Central Public Utility
Corporation
Income $5,192
Chicago, North Shore & Milwaukee Railway
Common Stock

Brailsford & Co.
208 S. LaSalle Street
CHICAGO 4

TIME, INC.
$1 Par
Common Stock

William A. Fuller & Co.
Members of Chicago Stock Exchange
125 S. LaSalle St., Chicago 4, Illinois
Tel: 444020-2200 Tel: CG 164-1

NORTHERN STATES POWER COMPANY, MINN.

Common Stock

BOUGHT—SOLD—QUOTED

STRAUS & GLODDER
Members New York Stock Exchange
Associated Members American Exchange
125 S. LaSalle St., Chicago 4, Illinois
Tel: 444020-2200 Tel: CG 164-1

Waters & Crampton
Commons
Texas Eastern Transmission
Common
Detroit Harterte
Portsmouth Steel
Metals Disintegrating

ACALYNN & COMPANY
Incorporated
Chicago New York Boston Milwaukee Minneapolis Omaha

UNITED KINGDOM
4% FUNDING LOAN DUE 1960/90
BOUGHT—SOLD—QUOTED

ZIPPIN & COMPANY
Specialists in Foreign Securities
288 S. LaSalle St., Chicago, Illinois

Dec. 9, both to holders of record Dec. 14, 1948. The special dividend was declared to strengthen the company's fifth year of operations.

Consolidated net profit of Domestic Credit Corp., for the six months ended Sept. 30, 1948 amounted to $2,811,948 for the year to date, compared with $2,811,148 for the same period last year, an increase of over 4%.

Arthur Greene, President, also announced that all of the 156-year Class A common stock of the company offered for subscription last year, at 50 stock to each executive, employee and management personnel at a price of $2.50 per share, pursuant to the Stock Purchase Plan approved by stockholders at its annual meeting of the stockholders.

Consolidated net income of the Greyhound Corp., for the three months ended Sept. 30, 1948 amounted to $8,005,789 after all charges and taxes, equivalent after deferred dividends to net income of 85 cents per share on $10,336,956 shares outstanding. This compares with net income for the corresponding period last year, of $8,034,702, equal to 84 cents per common share on the same number of shares.

The earnings for the 12 months ending Sept. 30, 1948, were $13,839,025, which minimize the effect of seasonal factors, were $1.67 per share.

The directors of the National Tea Co., Chicago, have declared an annual dividend of 30 cents per share on the common stock, payable Jan. 10, 1949, to holders of record Dec. 16, 1948.

Roy W. Clancy, President of Standard Flour & Bread Co., on Nov. 1 announced that the backlog of orders at the present time is slightly in excess of $8,000,000. Net profit for the nine months ended Sept. 30, 1948 was $650,000, equal to $.245 per share on the net income of $650,000. This compares with $56,976, per share of $56,976 for the corresponding period of 1947. Net sales totaled $2,768,902, against $2,768,902 in the first nine months of 1947.

Cushman's Sons, Inc., Chicago, for the 40 weeks ended Oct. 2, 1948 reports net income of $465,782 after interest, depreciation, Federal taxes, and all other charges. This compared with net income of $462,782 for the corresponding period of 1947.

E. E. Mathews Co. Adds
(Special to The Commercial Chronicle by D. M. Schianco)

The E. E. Mathews Co., and Edward D. Schianco is with E. E. Mathews Co. & Co., 56 State Street.

DECEMBER 19, 1948
SECURITY TRADERS ASSOCIATION OF NEW YORK
The annual election meeting and dinner of the Security Traders Association of New York, pictures of which appear elsewhere in today's issue, was held Dec. 3 at the Produce Exchange Luncheon Club. The affair, under the aegis of John J. O'Kane, Jr., John J. O'Kane, Jr. & Co., President of the Association was pronounced a huge success by all attending.

The slate presented by the Nominating Committee for officials of the Association for 1949 was elected without opposition. Officers-elect are James F. Fitzgerald, W. J. Canady & Co., Inc., President; John M. Mayer, Merrill Lynch, Pierce, Fenner & Beane, First Vice- President; Richard H. Goodman, Cohn & Co., Second Vice-President; John J. Meyers, Jr., Gordon Graves & Co., Secretary, and Wellington Hunter, Hunter & Co., Treasurer.

Elected as Directors for a two-year term were Alfred F. Tisch, Fitzgerald & Co., Inc.; James F. Musson, H. J. Van Ingen & Co., Inc.; Arnold J. Wechlar, Ogden, Wechler & Co.; and George L. Collins, Geyer & Co., Inc. Charles H. Jann of Eastabrook & Co. was elected a Director for a one-year term.

Lewis H. Serlen of Josephthal & Co. and John C. Blockley of Harris Upham & Co. were elected Trustees of Gratitude Fund.

Stanley Roggenburg, Roggenburg & Co.; John F. McLaughlin, McLaughlin Reus & Co.; and Michael J. Heaney, Joseph Marcus & Co. are the new National Committee men. Henry Osten of McGinnis, Bamptoni & Selliger; Charles Zingraf of Lawrence Marks & Co.; Carl Stolle of G. A. Sexton & Co., Inc.; Edward J. Kelly of Carl M. Leob, Rhodes & Co.; and Abraham Strauss of Straus Bros., Inc. were elected as Alternates.


NASHVILLE SECURITY TRADERS ASSOCIATION
Recently elected officers of the Nashville Security Traders Association are:

Buford G. Wilson, Thomas H. Temple, E. Evan Davenport, Equitable Securities Corporation, Secretary-Treasurer.

MORE DALLAS GOLF WINNERS
Winner of the Blue List Trophy for municipal men at the NSFA golf tournament in Dallas was Russell Ergold, Stroud & Company, Philadelphia. The National Qualification Bureau Inter-City Team Trophy was won by the Dallas Club Bond. Members of this team were Winton Jackson, First Southern, Lowest Company; Nelson Wagenner, Walker, Austin & Wagenner; Louis Rodgers, Central Insurance Company, and John B. Cornell, Jrs., Dallas Rupe & Son.

COMING EVENTS
In Investment Field


SECURITY TRADERS ASSOCIATION OF LOS ANGELES
The following information was furnished by Mrs. John J. O'Kane, Jr., President of the Los Angeles Security Traders Association, for the 1949 term of the Security Traders Association of Los Angeles:

President—Wm. A. Miller of Fairman & Co.
Vice-President—Jack Alexander of Bourseau & Douglass.
Secretary—Wm. McCready of Geyer & Co.

Wilson, Johnson Adda
(Update to This Previous Communication)

RENO, NEV...

Wilson, Johnson & Higgins of San Francisco.

With Merrill Lynch

To Discuss Investors' Year-End Tax Problems
J. K. Lasser, C.P.A., and Harry Silverstein, attorney, will speak on "The Year-End Tax Problems of the Investor" at the new school for social research, 63 West 12th Street, on Thursday, Dec. 16, at 6:30 p.m. Mr. Lasser, who is the author of "Your Income Tax and the Federal Taxation Institute of New York University, and Mr. Silverstein, member of the Institute's faculty, are guest speakers in the course, "Investment Today," given at the New School by A. Wilfred May, economist and editor.

The Port of New York Authority
Marine Terminal Bonds
First Series, 2 3/4% Due 1978

Price 96 3/4% and Accrued Interest

To Yield About 2.67% to Maturity

Three Marine Terminal Bonds, First Series, Due 1978, are direct and general obligations of the Authority for the purchase of the principal and interest of which the full faith and credit of the Authority are pledged. All Marine Terminal Bonds, including those of the First Series, will be issued under a pledge of real estate and other collateral as security for the same. Each $100 Bond is entitled to one vote in the election of directors of the Authority. The bonds are rated, A-1, by Standard & Poor's Corporation. The Port of New York Authority also has established a Bond Rating Committee consisting of representatives of seven of the nation's leading bond rating agencies.

The bonds will mature in five annual installments of $25 million each, with the last installment of $91 million due in 1978.

The bonds are issued under The Port of New York Authority Act, approved July 7, 1936, and are sold to the public through a pledge of income, which is approximately estimated to be $200,000,000 during the period of ten years ending December 31, 1956. The income is derived from the operation of the Authority's activities.

HALSTEAD, STUART & CO. INC.

LADENBURG, THALLMANN & CO.

C. J. DEVINE & CO.

BLAIR & CO.

HAYDEN, STONE & CO.

HALLGARTEN & CO.

DICK & MERLE-SMITH

B. J. VAN INGEN & CO., INC.

MERRILL LYNCH, PICKEN, FENNER & BEANE

A.C. ALLYN & COMPANY

KEAN, TAYLOR & CO.

OTIS & CO.

SWISS AMERICAN CORPORATION

HORNBLOWER & WEEKES

SCHOELLKOPF, HUTTON & POMEROY, INC.

STARKWEATHER & CO.

R. L. DAY & CO.

STROUD & COMPANY

H. M. BLYLEBSEY AND COMPANY

BACHE & CO.

G.C. HASS & CO.

SWOBACHBERGER & CO.

A. WEBER DOUGHERTY & CO.

STEIN BROS. & BOYCE

VAN DEVENBER BROTHERS, INC.

PIPER, JAFFRAY & HOOPWOOD

MOORE, LEONARD & LYNCH

SMITH, POOL & CO.

MACBRIDE, MILLER & COMPANY

WALTER STOKES & CO.

C. C. COLLINGS AND COMPANY

WILLIAM R. COMPTON CO.

THOMAS & COMPANY

Hailed as the largest public offering of its kind ever made in America, the Port of New York Authority Marine Terminal Bonds offer an unusual opportunity for the investor interested in real estate investment. The bonds are backed by the full faith and credit of the Authority and are rated A-1 by Standard & Poor's Corporation, the nation's leading bond rating agency. The bonds are non-callable and are callable only at the option of the Authority. They are sold at a premium and bear interest at the rate of 2 3/4% per annum, the interest to be paid semi-annually on April 1 and October 1. The bonds are secured by the full faith and credit of the Authority, and are payable in 15 years.

Price 96 3/4% and Accrued Interest

To Yield About 2.67% to Maturity

These Bonds are offered only to individuals and are not registered nor are they subject to the requirements of the Securities Act of 1933. The offering is not being made in all states and in all jurisdictions and is subject to the requirements of the Securities Act of 1933.

HALSEY, STUART & CO. INC.

LADENBURG, THALLMANN & CO.

C. J. DEVINE & CO.

BLAIR & CO.

HAYDEN, STONE & CO.

HALLGARTEN & CO.

DICK & MERLE-SMITH

B. J. VAN INGEN & CO., INC.

MERRILL LYNCH, PICKEN, FENNER & BEANE

A.C. ALLYN & COMPANY

KEAN, TAYLOR & CO.

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SMITH, POOL & CO.

MACBRIDE, MILLER & COMPANY

WALTER STOKES & CO.

C. C. COLLINGS AND COMPANY

WILLIAM R. COMPTON CO.

THOMAS & COMPANY
Bank and Business Prospects

By D. EMMERT BRUMBAUGH
Secretary, Banking, University of Pennsylvania

Pennsylvania's banking supervisor sees dual threat of more deficit financing and more inflation arising out of Administration's policy of waste and extravagance in government. Holds efforts to curb inflation through increased bank reserve requirements and installment credit restrictions are not only ineffective but also harmful to banks and business. Expresses fear dual banking system will be abandoned because of centralized federal control over all banking.

It is important that we review the present banking and business situation in the light of past policies of the present in successful candidate's platform.

The past policies of the Administration must be reviewed on a record—

large loans and spending programs which resulted from the action taken thus far by Federal officials to control credit. You will recall that several months ago, the Treasury Certificate rate was increased to 5 1/2 per cent. The Federal Reserve Banks raised the discount rate to 1 1/4 per cent. The Board of Governors of the Federal Reserve System increased by 2% the required reserve ratio against demand deposits and 1 1/8% against time deposits. This statement credit was re instituted Sept. 20 through Regulation A. It was expected that September increases in bank reserve requirements, which can be discerned from available figures has been the Federal Reserve of long-term Treasury bonds. The bond purchases have so-called "pegged prices," said long ago, and bonds were used in funds, in some cases, to meet additional regulatory requirements, but in the main, to increase loans or shift into securities with lower regulatory risk than long-term governments. It is important to know that by far the largest sellers of government bonds to the Federal Reserve are the insurance companies. Published figures indicate that in 1947, life insurance companies were the government bond holdings of $804 million. In the first eight months of 1948, the same companies have increased their holdings of United States Government securities by $804 million and during the same period, mortgage loans increased an additional one billion, six hundred million dollars.

I think you will agree with me that as an anti-inflation measure, the increased legal reserve requirements have proved largely ineffective. Unquestionably, the large sale of government securities by life insurance companies moved a great deal of credit out of the commercial channels. But these requirements. These facts emphasize to me that any attempts to control credit through changes in Federal Reserve policy will provide any relief from inflationary pressures so long as practical--

every type of lender, except government, which is legal reserve free from regulatory restraint. More than that, I believe that if the Federal Reserve raises its interest rate, it will bring about a shift of reserve funds from the banking system. Everyone knows that the banks have had to face higher taxes, substantially increased salaries, a heavy increase in the cost of equipment, supplies and many other direct costs. On the other hand, the "easy credit" policies of the Administration forced the banks to keep their interest rates on loans at a very low level, and the yield on bond holdings continues to be extreme low; so that the so-called "country banks" are finding it more and more difficult to make a profit. Their factory earnings and the process of this increase in the cost of interest-bearing government bonds in order to meet increased earnings and outlays in which the government is vying over from the liquidation of its war debt. The Federal Reserve is to be frozen in their legal reserve balances.

Treasury Certificate Rates
With respect to the increase in the Treasury Certificate rate and the installment credit restrictions, this move seems contradictory. It is an effort to stabilize the market for government bonds. The contradiction in these policies is that we have Congress, for example, the summary report of the Committee on Banking and Currency, which states:

"Interest rates have two great functions, to make the system fill without some flexibility of the flow of funds needed.

"One of these functions is the adjustment of the supply of savings to the requirements, an economic development which is essential to the wellbeing of the community—the rate of interest is one of the business which can turn on a flow of needed savings.

"The second and more imme diate function of the interest rate is as one of the controllers of the flow of credit. In the old days boom cycles were checked when the money ran out, and the signal was up in money rates. Today this mechanism is dominated by the economic situation in every country. But even central banks in countries that have not yet overtaxed their resources, cannot do without a regular high rate, but they can and do not control the price of gold and eat it too; they cannot exercise controls over excess credit with the same time keep money excessive—less because of their interest rate requirements. When a Federal Reserve bank sets a lower rate than the market, it forces the price, Federal Reserve rate rises, increasing the cost of the money supply. This is wholly inconsistent with the effort to fight inflation, and also the attempt to regulate the money supply in other ways. Also the personal saving of the public should now be an upward move in money rates and not a downward move. These high interest rates are having a restraining influence on the security market, new financing, and borrowing.

"If we are to avoid great savings cycles, we must be careful and take no damage, we cannot afford to be left without the response which..."
Inflation and Its Implications

BY R. E. HUTCHINSON
Chairman, Finance Committee, Chrysler Corporation
National Vice-President, National Association of Manufacturers

Stressing serious problems, prominent industrial executive says its solution can be found only in political action. Points to the need of curbing current inflation, and denies high and unjustifiable industrial profits contribute substantially to current inflation. Urges as primary remedy of inflation reestablishment of sound monetary system and revision of Federal Housing Administration's plans for restoring old coinage system. Also advocates new tax structure and government economy.

Among the many problems which confront industry today, those related to the inflationary trend in which the country is now involved are the most urgent. Among the immediate consequences to industry of the inflation we have already experienced to be found the public dis¬
satisfaction with rising prices, a current index of wage earners with their earnings, increased financial costs, and forward purchases of short¬
term securities by business.

R. E. Hutchinson.

Inflation is not directly attributable to the presence, or even to the existence, of excess capital. It cannot be directly charged to persons holding gold certificates, to decreased deposits in the banks, or to an increase of bank notes. A common denominator is to be found in the public dissatisfaction with the course of prices, as indicated by the index of the wage earners, with their earnings, increased financial costs, and forward purchases of short-term securities by business.

It is known that the Federal Reserve Board in the current inflation, as defined and measured, is the result of an increase of a commodity price index of 141% from 65.9 to 163.2. During this 15-year period the national income increased from $39.6 billion to $202.5 billion, an increase of 411%.

The stability of our institutions is threatened by inflation. There is one thing more than any other about which we must be aware: the evils of a policy which is to be followed with the inflation in which we are now involved.

Webster correctly defines inflation as a "disproportionate and relatively sharp and sudden increase in the quantity of money or credit, or both, relative to the amount of exchange business." Inflation inevitably results in a lowering of the values of commodities and services, but the higher prices and higher wages are only the cause, not the effect, of inflation, as the NAM advertised, "The Effect of Inflation"

Inflation that an inflationary massive is under way is attested to in the nation's supply of money and credit in 1947 was about 7% over 1933-47 prices. In 1947, it was about four times that in 1933. The year 1933 was one of extreme depression. Since then the nation has enjoyed five decades of recovery, prepared for and fought World War I, "accomplished" a

$16,400,000
The Peoples Gas Light and Coke Company
3% Convertible Debentures

Dated December 1, 1948
Due December 1, 1963

Of the $16,400,000 principal amount offered to holders of Common Stock of the Company, $15,648,000 principal amount was subscribed for upon the basis of the subscription privilege of holders of Common Stock. The $751,200 principal amount which was not subscribed for through the exercise of Subscription Rights has been sold by us as Underwriters of the Debentures.

HALSEY, STUART & CO. INC.
Mutual Funds

No business ever became really big by catering only to people in the upper income brackets. Similarly the mutual fund business will not reach its real potential until it does a more thorough job on the small investor, the man or woman whose income is under $5,000 a year.

In the December issue of the "Readers Digest," there is a verbatim article entitled "How Is American Income Shared?" According to this article, Americans with incomes of less than $5,000 a year today receive the following slices of our national income:

- 98.6% of all wages and salaries.
- 83.1% of all income from rents.
- 98.9% of all dividends and bond interest.

The article goes on to point out that since 1917 the net income of the "economic royalists," people with gross incomes of $25,000 a year or more, has slightly less than 1.5% less, or 1.5% of the total income, than that 1.5% of their incomes a year ago.

While it may be argued that the "economic royalists" are better able to save money for the outlay of their incomes than the man with only $4,000 or $5,000 a year, this is not always true. The upper income layer has been hit much harder by increases in income taxes than the fellow and fellow to the lower layer has to bear because the former is not only able to use up his income but his assets as well.

On the other hand, there are millions of thrifty, modest-living Americans who are able to save several hundred dollars a year. This writer feels that it is to this latter group, a group that can well use the services offered by Mutual Funds, that the business should be addressed.

To paraphrase Lincoln, "The Lord must love the small investor; he made so many of them."

Income Bargains

"The way some Wall Streeters are reacting to the Truman election reminds us of nothing so much as small school boys who had just received a lesson from last year's teacher, only to find themselves in full charge when they entered the next grade. They are going through the same self-tortures and guilt, imagining all the nonexistent impossible ways in which Mr. Truman could "get even" by hunting businessmen.

They seem to forget that the United States Government, whether Democratic or Republican, is vitally and directly concerned with the continuation of business prosperity. For the fiscal year ended June 30, 1943, $39.8 billion of corporate income taxes were paid. $12.7 billion more income tax was paid, and the balance of $3.3 billion came from estate, gift, and miscellaneous taxes. Obviously, the government will not be able to raise any more major deficits than it has already run up.

It is enough for the writer to point out that Truman's policies should not make the stockholder feel much more unemployable. And Truman's policies seem to be headed in the opposite direction.

"Thus, we see no good reason to expect a marked change in business activity and even if higher corporation taxes cut into current income at all, we would not expect that to reverse the upward trend of dividend payments that began in 1943 and has come to life for the corporate income. In 1942 it was already certain that corporations had paid out a much larger proportion of total earnings in dividends during this boom than during prior periods of prosperity. Industrial earnings currently cover dividend payments by nearly two and one half times. One likely dividend dividend to continue its upward trend and regulations will restrict the larger distribution of earnings in the form of cash dividends.

In conclusion, the investor can find a wide range and plentiful bargain opportunities today. And we believe that in the absence of hope for big trading profits, more and more people will resign themselves to the recently being satisfied with excellent income. They will undoubtedly be much better off than those dividends who are going to be "completely held on long term" of idle cash waiting for a sufficiently good sign of increasing confidence to dash in and buy at full appreciation. Those who buy for income will be in a position to derive profits too if the market goes up, and they will have had the good returns available today throughout the period."—Quoted from Arthur Wiesneger's "Investment Company News."

The Farmer Prospers

"The decline in prices of most agricultural products during 1948 has misled investors into thinking that the earnings of companies will definitely fall as a result of such losses, but that large companies can be bought much cheaper than is justified by the statistical results. Actual prices, however, are not the same as statistical averages. Agricultural stocks are at bargain levels at present because;

"(1) The farmer's net income this buying power—i.e., above prewar levels and his increased volume of production should adequately compensate for price declines in the commodities he produces. He is assured, probably for years, possibly forever, of a higher proportion of national income than he ever before enjoyed—a bright prospect indeed for all companies supplying the farm market.

(2) The cost of farm labor is up and will also stay high so that farm mechanization is more important, more economical, than ever before.

(3) This combination of buying power and economic necessity means a huge, continuing market for farm equipment.

(4) The flow of steel, which was the real limiting factor in production of farm equipment in 1948, is likely to be at least as available in 1949 as steel production increases.

(Earnings of agricultural equipment manufacturers were high in 1949—averaging 21% on present prices for their stocks. The prospect for the generation, continued high earnings in 1949— From a holder prepared by Distributors Group, Inc.

Manhattan Bond Fund Reports

Earnings of $1,349,972 from bond interest income were reported by Manhattan Bond Fund, Inc., for its fiscal year ended Oct. 31, 1948. This puts out as dividends to the 16,877 shareholders in this mutual investment company, which is limited in its investment policies to bonds, and in its overall investments to $30,000 for each shareholder.

Assets at the year-end were $28,952,838, as compared with $27,483,538 at the year-end of 1947. From Oct. 31, 1947 to Oct. 31, 1948, net assets per share increased from $1.70 to $1.73. Eight hundred issues were eliminated or called for redemption, and seven new holdings added to the portfolio.

"Commenting on the investment outlook, Hugh W. Lord, President of Manhattan Bond Fund, states that while there is a prospect of continued good general business, it is probable that the earnings of corporations will something lower in 1949 than in 1948. "Corporate taxes are likely to be increased," he states, "to provide revenues for an enlarged Federal budget."

"Fortunately for the investor in bonds," Mr. Lord adds, "bond interest is derived from corporate earnings before Federal taxes, so that the ability of corporations to meet interest on debt will not be impaired by a higher corporate tax rate."

Assets of Affiliated Double in One Year

Affiliated Income & Savings Bank, a mutual bank, in its report for the fiscal year ended Oct. 31, 1948 shows that investable assets, net assets, and shares of capital stock outstanding were double the amounts reported a year ago.

Net income for the year aggregated $2,402,770, against $1,210,651 a year ago, on investable assets of $27,640,311 on Oct. 31 of this year as compared with $19,340,071 at the end of October last year. Net assets increased from $8,669,721 to $14,869,721 during the year, and the number of shareholders increased from 750 to 1,560, or $3,822 from $3,322, a year ago. Net assets reached the end of the latest period, as compared with a net asset value of $4.61 per share at Oct. 31, 1947. H. I. Pranild, 2nd, President in a letter to stockholders said:

"With minor exceptions, we are continuing to finance our investments to securities of companies which, in our judgment, are in an excellent financial condition. Such companies are in a position to pay dividends to a large extent, usually larger than the amounts which are now being done and, at the same time, they are able to pay fair interest on borrowed money. At the same time, common holding valuable investments are not proving to be a deterrent to expansion for such companies, and even in today's markets they are able to raise additional capital when it is to their advantage to do so."

William McHenry With
Shields Co. on Coast

LOS ANGELES, CALIF.—Shields & Co. announce that Her¬
bert T. McHenry, who has been associated with the firm's Los An¬
ergles office for the past 11 years, has been named in charge of the institutional in¬
vestment department. He will supervise the entire west coast. This is a position which Mr. McHenry formerly occupied with Salomon Bros. & Hutcier.

With Bache & Co.

H. F. Whiting, et al., Join Lyman Phillips

Mundo, Whiting, et al., join Lyman Phillips

With W. E. Bell & Co.

As reported in The Financial Chronicle:

LOS ANGELES, CALIF.—Counselor C. Baum is now with Bache & Co., 2009 Collins Avenue.

MUNDO, WHITING, ET AL., JOIN LYMAN PHILLIPS

As reported in The Financial Chronicle:

BOSTON, MASS.—E. W. Mundo, formerly of W. E. Phillips & Co., and Arthur T. Dunne of New York, have joined the Lyman Phillips Co., 209 Devonshire Street, Boston, Mass. Mundo and Dunne formerly were associated with Carver & Co., of which Mr. Mundo and Mr. Whiting were officials.
The Federal Budget Outlook and Federal-State Fiscal Coordination

By JAMES E. WEBB
Director of the Bureau of the Budget

Poinling out mounting Federal fiscal requirements on all sides which will make Federal budget in 1950 greater than 1949, Budget Director James E. Webb said many states facing deficits.

Outlines policy of Federal grants-in-aid to the states and calls for separation of Federal and state tax sources, and greater degree of fiscal coordination of states with Federal Government.

I approach certain fiscal problems with your assembly. Meetings such as this dramatize the fact that our American system of government consists of "multiple governments for a single nation." In our Federal, state, and local governments, we are all engaged as in a corporate enterprise of providing public services.

The financials of all our governmental units are closely interrelated. We are all engaged in a great common thought—-to the remaking of those relationships. Such conferences as this afford a fine opportunity for the exchange of ideas.

Our Federal and state governmental leaders have discussed methods of achieving greater cooperation between the states and the Federal Government. This is a logical outgrowth of the situation of today. Yet the problem still challenges the solution. In part, of course, the problem is Due to the rapid tempo of government operations in recent years, the new responsibilities which governments have assumed. But in part, one believes it stems from the fact that our efforts to achieve cooperation, we have had no firm foundation of clearly understood public policy objectives. As we attempt to coordinate Federal, state, and local government finances, what should we seek to protect? What purposes should we serve? Thorough study and discussion of fundamentals is essential. We must choose wisely among alternative methods for dealing with the complex problems that face us.

For a moment, I should like to review briefly the nature of problems of Federal-state-local fiscal relations; and then discuss in more detail the role and significance of Federal grants-in-aid to the states.

Federal Budgetary Outlook

First, however, I think you may be interested in a brief reference to the Federal Budgetary Outlook. This may be of some help as background for your discussions of fiscal coordination.

Sixty years ago, the total of state and local government expenditures was $560 million, while the Federal Government spent $1,000 million. Federal Government expenditures are estimated at $42 billion—nearly 90 per cent of the total for state and local governments.

That reversal of relationships summarizes a great deal of history—a history dominated by the Great Depression and a severe depression. Thirty years, the depression involved increasing national governmental expenditures. Expenditures in this year's Federal budget for Federal grants-in-aid are $19 billion, while the Federal Government spends $17 billion.

Federal Grants to States

Federal grants to state and local governments constitute one of the segments of the Federal Budget. Indeed, it is by far the segment of the Federal Budget which is responsible for health of federal aid to state and local governments.

In the Federal Budget, as in the state budgets, many important programs have a heavy expenditure impact during the current year. There is a very limited range of discretion which can be exercised by Federal agencies or the Congress as to the total size of the Federal Budget in any one year.

The fact is that our Federal Budget is large and it is most difficult to reduce because our commitments are large. Estimated Federal expenditures for 1950 total $231 billion. This is 27 per cent of the current Federal Budget. It includes for international programs, including military aid, over $7 billion, or about $7 billion, or 17 per cent. Interest on the public debt takes up another $15 billion, or 7.4 per cent, total—19 per cent of the Federal Budget. The benefits of this expenditure of $2.7 billion is that we have made uniform spending over the past several years, and many benefits remain our education system.

These five programs account for $34 billion, or 14 per cent of the total Federal budget for the fiscal year 1949. All remaining activities and programs in the Federal budget will bring in $2 billion. This $2 billion includes nearly $2 billion in grants to states for education, public housing, and other programs. In the Federal Budget for fiscal year 1950 is for some increase in Federal grants to states, but also among state budgets.

States have met this problem to a considerable extent by assuming more responsibility for some functions which might otherwise be administered and financed by local governments. To the same ends, the present situation is one of agreement, a willingness to take on additional responsibilities without much difficulty. The second major problem to make the management of Federal activities and property in certain areas so that disproportionate allocation of Federal assistance to communities will not be avoided. It is another subject requiring governmental and budget methods.

The third fiscal problem involves the question of reducing or eliminating tax competition and conflicts between the states and the Federal Government. Much of this discussion of Federal-State relations has been over the years. As it has in the past, federal revenues were required to the Federal Government. In many cases, Federal Government would give up to the states, and vice versa.

Perhaps as the States are to be given new, we have seen given to this subject from the point of view of the Federal Government. From his point of view, the conclusion should be: "How can government minimize the burdens of accounting, reporting, and litigation, as well as the actual taxes, which the taxpayer must bear?"

The taxpayer might also ask: "How can government minimize the effects of interstate differences in tax rates upon the competitive position of business enterprises?" We need to make a difference in the practical conclusions on tax competition. For example, a study of taxpayers' costs might support the use of a flat rate across the country and to a diversity of separate state tax rates. Whatever the findings, however, it is clear that the problem requires a comprehensive approach.

The fourth major fiscal problem is how to reduce the inequities which are bound to occur between the federal and state government services, on the one hand, and the ability of the state to finance those services on the other. Some states can support a high level of public services with a low tax rate; others have to skim the cream of their tax rate. Such differences are substantiated by the states, but also among states within the states.

As an alternative, the grant system of State and National Policy

The Federal government is an instrument of both state and national policy.

As an instrument of national policy, it makes it possible: (1) to ensure uniformity, (2) to achieve the proper federal-local relationship, and (3) to use the instruments of state government (Continued on page 39)
We Need Overall Policy Of Greater Productivity

By DR. JULIUS HIRSCH

Dr. Hirsch declares we should cease statistic bickering about measuring productivity and instead follow public and private policy of increasing output per labor and machine hour. Calls for appointment of Federal "Productivity Expediter."

The great advantage of the U. S. economy and our economic superiority over all other countries is based on greater productivity of our work, measured by the performance in an average labor hour (of man and machine). During the past two generations the average output per our whole economy, if measured in utility, increased by almost 2% every year. This means that our standards of living rose 100% in each generation, i.e., every 20 years.

This happened so that in a part of our nation's work productivity increased very little, if any, as, e.g., in government work and in most of distribution. In other parts it increased by leaps and bounds, as in electricity, chemistry, mining and in modern agricultural products. Before the war our manufacturing industries were the pride of progress in productivity. The normal progress was 3% a year and in many of them much more. A double enigma arises after the war. More than ever we need a higher output per labor hour of man and machine, because this is the only way which can make wage and profit increases in utility without price increases. However, nobody seems to know exactly whether our productivity is rising at all.

We are now spending 10% of our gross national output (12)

"Excerpts from an address by Dr. Hirsch at New School for Social Research, New York City, Dec. 6, 1948.

**NEW ISSUES**

Younker Brothers, Inc.

34,000 Shares

5% Sinking Fund Preferred Stock $50 par value

Price $50 per Share

70,000 Shares

Common Stock

Price $26 per Share

The Prospectus may be obtained in any state only from such of the several Underwriters, excluding the undersigned, as may lawfully offer the securities in such state.

A. G. BECKER & CO. Incubated December 9, 1948

**NEWS ABOUT BANKS AND BANKERS**

John E. Bierwirth, President, The New York Trust Company, at 100 Broadway, New York, anounced on Dec. 8 the following promotions and appointments: President and Alfred S. Olmstead, Jr., Assistant Vice-President, and John F. Garde, Jr., were appointed Assistant Treasurer; Charles C. Hawley was appointed Assistant Secretary.

In view of the adjusted conditions and curtailment of business in North China, the Tientsin Branch of The National City Bank of New York suspended operations at the close of business on Dec. 4. Accounts remaining on the branch books on that date are being transferred to the National City's Shanghai Branch, an announcement from the bank stated.

The New York agency at 67 Wall Street, New York, of South Africa Ltd., announced on Dec. 8 the following advice from the bank's head office in London:

"Mr. Gibson, who at one time was the bank's agent in New York, received recently a letter from the Head Office, London, which he received immediately.

"The amount referred to is in the goal of $250,000.

"Our offices, Mr. Gibson, who is now in New York, have been informed that it has been transferred to the National City, Chicago, in the name of Shanghai Branch, an announcement from the bank stated."

The directors and officers of the First National Bank and Trust Company of Bloomington, Ill., announce the death on Nov. 21 of Edward A. Wilcox, Vice-President and Trustee, Republicans, William M. Rasmussen, Assistant Secretary and Vice-President National Bank & Trust Co. of Providence. He had been a member of the Providence Bar Association since 1897, and is one of the active members of that body.

Effective Dec. 1 The Central Trust Company of Charleston, W. Va., announces the consolidation of the two organizations into the Banks-Equitable Trust Company of that city, the announcement of the banks. Mr. Bierwirth, who was President of the Charlestown Bank, is chairman of the board of the new company, and Mr. Bierwirth, who was President of the Board of Trustees of the new company, which Oliver D. Markovsky is President. Mr. Bierwirth was elected President of the Equity Trusts, and Mr. Bierwirth was elected President of the Equitable Trusts. The announcement of the consolidation appeared in the issue of Sept. 30, page 1329.

The American National Bank & Trust Company of Chicago recently increased its capital from $175,000 to $250,000. The increased capital was brought about by a stock dividend of $50,000, while the further

(Continued on page 29)
Editor, The Commercial and Financial Chronicle:

"Chronicle" restoration of gold standard is not merely a moral issue, but one that affects economic freedom and individual responsibility. Warns managed and politically controlled currency will cause us to drift the way of England.

Nathaniel Greene With First Guardian Sees - The First Guardian Securities Corporation, 28 Pine Street, New York City announces that Nathaniel Greene is now associated with the firm. Mr. Greene was formerly with A. Merritt Pollak & Richardson as manager of the company's New York City trading department and prior thereto was with Simons, Limbird & Co.

Price $100 per Share and accrued dividend

30,000 Shares

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4.70% Cumulative Preferred Stock, Series B

(Par Value $100 Per Share)

Price $100 per Share and accrued dividend

Copies of the Prospectus may be obtained in any State only from such dealers as are registered dealers in securities in such State.

W. C. Langley & Co. - Stone & Webster Securities Corporation
Moore, Leonard & Lynch - Mackinbog, Legg & Company

Stein Bros. & Doyle

The Potomac Edison Company

December 8, 1948

This advertisement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.
**Securities Salesman's Corner**

By JOHN DUTTON

The other evening I picked up a little book that was published in 1948 by the Reader's Digest Association entitled "Getting the Most Out of Life." It is a collection of stories designed to continuously helpful and enjoyable after many readings. One of the articles entitled "How to Live On Twenty-Four Hours a Day" was written by a man named John Dutton. Here is a quote from there to requote the whole article—there is enough material in it for five Securities Salesman's Corners. But I can't do it in five.

Here is a quote from there to requote the whole article—there is enough material in it for five Securities Salesman's Corners. But I can't do it in five.

"By the regular practice of concentration (as to which there is no real secret of the sort) you can tyrannize over your mind every hour of the day, and in no matter what place." Now you are saying to yourself: 'This fellow has begun to interest me. But what he says about thinking is not for me. It may be well enough for some folks but it isn’t in my line.'

Admit it for you, I passionately repeat. Indeed you are the very man I am aiming at. Throw away the suspicion and you throw away the most precious suggestion that was ever offered to you. Try it. Get your mind in hand. And see how the processes cure half the evils of life—especially worry, that miserable, aggravating,三位一体 evil.

Then he tells how to learn to concentrate—that it isn’t easy. That like all things you have to crawl before you walk. Just try putting your hand upon the day and the night and desire not to do it. See how many times you have to jerk your wandering thoughts back on the track. But let us see for a moment how we could apply this formula for living to our own daily work. He has said that many of the dull, gray days of life if we pull ourselves out of bed with an effort, and we go to our offices with a sense of futility and expected boredom, and we leave early with a sign of relief, only to return home with another sixteen-hour routine. This, indeed, is not very inspiring, but it is better than selling securities (or much else either for that matter). How about the days of declining markets, of pessimism around us, of unfavorable political developments? Queer days, in which our business has been plagued for such a long time? It is often the case.

Is it not?

We bear the unfavorable, we talk about it, we swallow in pessimism and we do a ten-percent job. We go through such days on a hard pull—instead of LIVING. But if we could pack eight hours of creative thinking into those hours we spend maintaining our living we wouldn’t be tired at the end of the day, and we wouldn’t be wasting these precious hours—we would be enjoying them. What if we looked at this business of selling securities as a CHALLENGE to our memory and our creative ability? What if we planned every day and every move? What if we believed that our business was one of the most constructive and beneficial fields of endeavor in which a man can have in order that our country can grow and prosper and that it is our project to gather the RISK CAPITAL to provide the tools and the jobs and to clarify these misunderstandings—what if we could approach each day with the realization that we are part of a great business? Don’t you think it would help? Could you be bored?

Maybe after reading Arnold Bennett, I have become a little lyrical. But what I mean is this. Take a day—a new day. Think about the opportunities instead of the failures. Set it up for a change as one day when you are going to do your best. Make your appointments. Think out your plans. There are securities that are worth while—that are big things to talk about—when you can take the other’s elbow. How about putting in EIGHT FULL HOURS TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWARD TOWAR
Bases for 1949 Conservative Optimism

By ARTHUR C. BABSON

Investment counsellor holds 1949 business conditions will be close to 1948, and there is plenty of room for optimism despite clouds. Lists expected changes from 1948 level in various industries and sees inflationary and deflationary forces countervailing each other. In discussing the Outlook for Business, I wish to dwell first on future long-term trends as opposed to short-term variations. Great weight has been attached to the volume of business in recent years, and it is clear that this high volume of business activity has not been indefensibly, even with government policies. The long-term level of output which has been experienced during the three post-war years has been a significant one. Studies going back to 1871 indicate that in the general business activity is inevitably followed by inflation and depression, and therefore highly probable that during the next Presidential term, business volume will contract to a very considerable degree failing to 1930 and possibly well below normal as expressed in the Babbson chart of U. S. Business Conditions. This statement is predicated on the assumption of the Law of Action and Reaction which applies in the physical world also applies in the business world. Important factors are of prime importance. It is highly probable that a Republican Administration would have a very much less long-term economic factors which now confront Mr. Truman's new term.

1949 Business Close to 1948

Even though businessmen are among those toward whom Mr. Truman is looking, the depression which has been deplored, there is no reason to face 1949 with anything but the most extreme optimism—rather conservative optimism, I would rather say—on the order from your Babbson chart of the average level of the Bourse of Volume of Business that has been experienced so far in 1948. Some may consider it a fallacy to use the last months of such hyperbolic manufacturing and trade activity. It is time to use a deliberate phrase to declare. The bubble will surely burst.

We do not subscribe to this talk in spirit of our faith in the Law of Action and Reaction, but to economics. Here is why. 1949 is the year of the most happy decade—beginning story from 1929. In spite of the optimism, we are reaching the threshold of the new year with every sign indicating a temporarily power in the history of this country. Employment, at 62,000,000, is still about 600,000 short of the all-time high, even the demands of Henry Wal- lace for more steel inputs is the highest we have seen in the world. American industry, as long as the consumer demand for all manner of goods and services. Our optimism is determined to feel and clothe the war-worn, the impoverished, the impoverished, and the needy throughout the world.

Civilian Plus Military Production

With hatred for totalitarian methods deeply engrained in the soils of Americans, we have undertaken the task of arming those who are armed and who are driven to the alternative of a war that enervates the jingoism of Communism. Even the casual observer can see the giant steps in the military production, an all out effort on the part of the world. We have initiated the initiative, the glorious arbitration, to embark upon such a titanic venture. But there is a such an apparently radical drop may actually leave that industry at the highest level ever seen, with the exception of 1948. Expected Output for 1949

Compared to 1948

Industry

Manufactured Products, Average

Net Change

From 1948

Average

Average

Average

Agricultural

Business

Construction

Sales

Consumption

Consumption

Consumption

Services

Telephone publications

Print" production

Paper production

Printing and publishing

Durable manufacturing

Metal goods

Stone, Clay, and Glass Goods

Paper and Allied Prod.

Consumer goods

Food stores

Retail

Food

Wholesale

Commodity Price Outlook

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The First Boston Corporation

Halsey, Stuart & Co. Inc.
Canadian Securities

By WILLIAM J. MCKAY

Airy references to the Age of Light-Metals, Plastics and even the Atomic Age have contributed to the belief that iron-ore is the key to our industrial economy. However, a closer look at the evidence suggests that this view is not altogether realistic.

The abundance and accessibility of iron ore have made it a major source of raw materials for industry. The iron industry has traditionally been one of the largest employers in the country, providing employment for millions of workers. However, recent developments in the industry have raised questions about its future viability.

Canadian reserves of iron ore are estimated to be about 300 billion tons, making it one of the largest deposits in the world. However, the mining of iron ore is a difficult and expensive process, requiring large investments in equipment and infrastructure. The industry has been under pressure in recent years due to declining demand and increased competition from other sources of raw materials.

Canadian companies have been active in the iron ore industry, with some of the largest mining companies in the world based in Canada. These companies have invested heavily in research and development to improve the efficiency of their operations and reduce their environmental impact.

The industry is facing a number of challenges, including declining demand, increased competition from other sources of raw materials, and environmental regulations. While the industry remains an important source of employment and revenue for Canada, its future is uncertain and may be in decline.

In conclusion, the iron ore industry is a critical component of Canadian industry. However, the industry is facing significant challenges and may be in decline. Further research is needed to determine the future viability of the industry and its impact on the Canadian economy.
Recent Developments—Right Prescription for Our Economic Ills

By V. LEWIS BASSE

Director, Bureau of Economic and Business Research, University of Illinois

Prof. Bassé, setting no sizable recession. The economic weather is far from being nourished, holds recent developments in export situation and in domestic economy present a positive case for continued prosperity. Says, however, boom is sustained by large outlays on capital and government account, and while wage increases add to volume of consumer expenditures, they cannot keep pace with the upward pressure on prices.

The basic support for the first part of this conclusion lies in the rise in net exports. This is the strongest, most important element in the present situation. The boom, which has been almost entirely produced by increased expenditures on capital and government account, shows no sign of slackening.

By far the most important single effect has been the boom in durable goods. The increase has been much stronger than might be expected, and has a most important effect on the future of the economy. In the present situation, the boom has been quite strong, and there is little reason to believe that it will slacken.

We have a large number of signs that the boom is likely to continue. One is the fact that the balance of payments is in surplus, and that the price level is at a new high. The experience of other countries shows that these are important indications of a continued boom.

In the United States, the boom has been strongest in the durable goods industries, particularly in the automobile industry. This is due in large part to the increased demand for automobiles, which has been created by the boom in the general economy. The demand for automobiles has been increased by the increase in wages and income, and by the fact that the price of automobiles has been reduced.

The boom in durable goods has been accompanied by a boom in construction, which has been strong in the first half of the year. The boom in construction has been due in large part to the increased demand for housing, which has been created by the boom in the general economy. The demand for housing has been increased by the increase in wages and income, and by the fact that the price of housing has been reduced.

There is a considerable difference between the present situation and that of previous booms. In the past, the boom has been accompanied by a boom in consumer prices, which has been due to the increased demand for goods and services. In the present situation, the boom has been accompanied by a boom in producer prices, which is due to the increased demand for raw materials and other inputs. This is important, because it indicates that the present boom is likely to be more sustainable than previous booms.

In summary, the present situation is one of continued prosperity, which is due to the continued boom in durable goods and construction. The boom is likely to continue, and the consequences of the boom are likely to be favorable.

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Mullany, Wells & Company

Thomas & Company

R. J. Edwards, Inc.

H. I. Josey & Co.

December 8, 1948

This announcement is not an offer to sell or a solicitation of an offer to buy those securities. The offering is made only by the Prospectus.

$7,500,000
Recent Developments Right Prescription for Our Economic Ills

(Continued from page 21)

in various parts of the economy. Most recently, reports of the buy-
ning of houses in both large and small cities have added to the cri-
sis in textiles and apparel. Even the steel industry, so long mar-
keted in small radius, furs, and clothing, has been affected by the
recent developments of textile and apparel industries. But of these
there are only a few, examples, adjustments have been indicated
and have been made, and the situation has improved through the last
two years. I believe the trend toward increased production will con-
tribute to increased levels of expenditure and so will the flow of new
products into the market. The trend, of course, has been slow and
may continue for some time. But if the trend is maintained, it will
have a major influence on the economy over the longer run.

Rising Federal Budget

Inflation has been a pressing problem throughout the world. The
inflationary spiral seems to be self-sustaining, and the efforts to
check it have been largely unsuccessful. The federal government,
in particular, has been responsible for a large part of the inflation.

The federal budget has been under pressure for several years. The
federal government has been running a deficit for several years, and
the deficit has been increasing. The federal government has been
spending more than it is receiving in tax revenues. This has led to
a buildup of federal debt, which is now at a level that is causing con-
fusion and concern.

The federal government has been spending money on a number of
programs that are not generating enough revenue. These programs
include Social Security, Medicare, and Medicaid. These programs
are expected to continue to grow in size over the next few years,
and this will put more pressure on the federal budget.

The federal government has also been spending money on defense.
The United States is involved in several wars and conflicts around
the world, and this has put a strain on the federal budget.

The federal government has also been spending money on infra-
structure. The United States needs to invest in its infrastructure to
keep up with the demands of a growing population.

The federal government has also been spending money on education.
Education is an important investment for the future, and the federal
government is expected to continue to invest in education.

The federal government has also been spending money on health care.
The United States needs to invest in its health care system to
provide for the needs of its citizens.

The federal government has also been spending money on hous-
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provide for the needs of its citizens.

The federal government has also been spending money on public
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tional affairs to protect the citizens of its country.
The government securities markets continue on the firm side as volume expands, and more investors lenge their maturities. ... is a lot of demand, nonetheless, with the shorter-term issues, because of a cautious attitude still prevails in the money markets of New York City. However, the more adventurous buyers, with a longer horizon, are looking for higher yields. And while the price curve is losing its momentum on the up side and a definite reversal in long-term yields is not in sight, there is still some firming.

The partially-exempted are still in demand with the 2%/4 taking some of the play away from the 2%. The tap bonds are being bid up by 2% at the 1965, 1966, 1967 maturities, with a good part of these funds coming from sales of eligible obligations. The taxable 3s of 1965 and 1966 have been well taken and seem to be assuming the leadership of the past.

Because of the sharp sell-off in the market, when Federal cash was bid out at 2%, business was done mainly on the selling of bills paying up too much interest. Although the feeling is that the market will advance, not too much of a rise is looked for now. A firm buoyant trading market seems to be the valiuation.

BUSINESS PICTURE STUDIED

Institutional investors and traders are giving the government securities markets greater attention because the soft spot in the real estate market has given the economy a further negative impulse. It is being pointed out that a mild recession in institutional investments and in government securities might bring to light some of the major shortcomings of our financial intermediaries as the tightening of the money markets and the upping of reserve requirements on bank deposits of member banks.

However, the financial markets are times of these interim periods, where it is not possible to definitely indicate whether the decline is temporary or is more permanent. As it continues and then rounds off the inflation spiral or whether there will be some acceleration of government spending that will keep the inflation pressure on, such a result cannot be said.

Maturities Lengthened

Although the picture is not yet clear there has been an inclinaion on the part of some investors in Treasury issues to lengthen maturities. The apparent reason is that the smaller non-bank institutions have been putting some of their funds in the 2s, 2 1/4s and 2 1/2s instead of bills and certificates of deposit. These smaller institutions have been selling some of the shorter maturities and investing the proceeds largely in the longest eligible taxable Treasury issues, and at the same time they are taking the smaller non-bank institutions have been putting money to work in the ineligible 2 1/2s of 1967/72.

It looks as though the uncertainty about the business situation is relieving the uncertainty over dropping prices of Treasury obligations. This is resulting in modest purchases of government securities by those that were previously on the sidelines because of the fear that support levels could or would not be maintained.

SPOTLIGHT ON INSURANCE COMPANIES

Life insurance companies are getting attention from both State and Federal regulators and what will come out of all this, time alone will give the answer. The changes in underwriting conditions and in the capital and money markets make them vulnerable to changes in the financial climate in some ways not unlike the economy like ours. Although sales of government bonds by these institutions and even evidence of new policies are declining in their control of the money markets, the reason for the talked of regulation of life insurance companies by the Federal Government is much broader and more remote. There are, however, one aspect of the companies in the leasing business given them many of the attributes of commercial banks and of the Federal Reserve System itself, that is, the change in savings habit of individuals has resulted in more of these savings going into insurance companies, through increased purchases of life insurance and the building up of pension funds. Because of the increase in the cost of living, there are now more adequate protection of beneficiaries, and this means that larger amounts of life insurance are being taken out by both old and new purchasers. Pension funds are spreading and in some instances larger sums are being set aside because of the depreciation in the purchasing power of the current dollar, and channeling of more and more savings into life insurance companies indicates that these concerns have become the largest savings institutions in the country. This along with the sizable assets they administer means that their operations can have a marked influence upon the economy of the nation.

The appear to be some of the factors that are being given consideration by those that are looking into the life insur-

Nathan Sharp Joins Central Republic Co.

(Special to The Commercial Chronicle

CHICAGO, IIL — Nathan S. Sharp has been appointed with Central Republic Company, 209 South La Salle Street, members of the New York Stock Exchange, and the American Stock Exchange. Sharp was formerly Vice-President of the Central Republic Co., in charge of their New York office. Prior thereto he was with the banking firm of Whipple & Co. and R. W. Pres- prich & Co.

Hooker, Fay Co. Admit John S. Logan to Firm

SAN FRANCISCO, CALIF. — John S. Logan has been admitted to general partnership in Hooker, Fay & Co., 315 Montgomery Street, members of the New York Stock Exchange. In the past Mr. Logan was a partner in Mil- chum, Tully & Co. and was with Kiddder, Peabody Co. and Harrill

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What Will Democratic Congress Do?  
By ROGER W. BABBON

Mr. Babbon discusses probabilities of President Truman carrying effective legislation through the Democratic Congress. A significant point is that Mr. Truman doesn't know what he is going to do. As result we "have two years of great uncertainty ahead." (Continued)

The commercial and financial chronicle
December 9, 1948

Renews Proposition for Return to Sound Money  
Edward W. J. Proftit at luncheon meeting of Chamber of Commerce of State of New York gives new notice of advancing return to gold coin standard

At the luncheon meeting of the Chamber of Commerce of the State of New York, on Dec. 2, Edward W. J. Proftit of the Manufacturers and Traders Trust Company, who has been pressing for action on the return to the gold standard for months, renewed his appeal to the Chamber to work for the resumption of the gold coin standard. Proftit presented the Chamber with an enviable record in economics and finance. "Interest and study in the subject of money," he said, "has been taken by other organizations during the past few months, meetings have been held in Detroit, sponsored by a pork belt industry, and a top notch industrialist, and also in Chicago at the Chicago Bar Association, still there has been no movement to bring about the return to the gold coin standard." Since the Chambers of Commerce, last month, published a valuable treatise on the subject, the National Association of Manufacturers, one of the leaders in the movement for the return to the gold coin standard, has been unable to get much from the subject. The National Association of Manufacturers, of which Mr. Babbon is a member, was unable to get much from the subject.

Harry R. Sime Now With Crowell, Weedon & Co.

(Continued from page 3)

will take over the management of the business, and it is probable also that someone else will take over the management of the business. The new management will be responsible for the creation of the amazingly high and widespread economic opportunity which has been brought into being by the democratic society that the American people and the American government have created. The new management will be responsible for the creation of the new wealth which has been created by the democratic society and which has been brought into being by the American government. The new management will be responsible for the creation of the new wealth which has been created by the democratic society and which has been brought into being by the American government.

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Edward A. Meill With Courts in Atlanta

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Business Prospects

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Speakers See Economic Forces Government Controlled

Philip Cortney, President of Coty, Inc., tells American Statistical Association prosperity will continue under large armament and Marshall Plan expenditure, but deflationary forces are bound to assert themselves in the end. Robert L. Heilbroner points out since government created it, boom can also be ended.

Speaking before the New York Metropolitan Chapter of the American Statistical Association in New York City, on Dec. 2, Philip Cortney, President of Coty, Inc., told his hearers that as long as the government continues large expenditure on armaments and as long as the government continues to buy and to finance the economy is bound to remain prosperous.

Mr. Cortney, in his talk, drew attention to the nature of the deflationary forces that apparently are intended to assert themselves some time after the end of a big war. In particular he stressed the necessary reduction in spending at much higher prices once the monetary inflation accompanying the war is stopped, and that the unemployment due not only to cyclical fluctuations but also to structural changes created in the economy by the war. Of course, with the present high price level, even a small change in the price can, to a certain extent, postpone the day of the recession adjustment.

Mr. Cortney explained that the present high price level is not only temporary, but is now assumed to be relatively permanent, since in none of the major economies are significant shifts toward wage and price stability expected in the near future; and if there is no structural change in the economy, the real level of output may be even lower than the present.

"My own feeling is that we are now in a new economic era," he said.

"In agriculture, in many consumer goods industries, and in the heavy industrial fields, the prospects are for a slack market for the next several years. We entered 1949 with the realization that the buyer’s market is back—full blast. Because we have been accustomed to a seller’s market and have been accustomed to a demand so that the margins were high, we do not welcome this change. But it is reassuring to compare ourselves with 1945—set-price, production, price levels.

"Specifically 1949 looks like a year of good over-all retail sales as compared to 1948, partly because the high price level flat spots; high farm income with an increase in the consumer spending; a year that took some buying away from the tax cut, in anticipation of tax cuts for the future and the back-lash which has had some underpenetration capacity output capacity. Although our price cuts may be made, our overheads are up, and our export balance doesn’t look as good to the dollar as to the export levels, we may be expected to sell a large part of our product for 

"My analysis suggests that the government will be stepping up its expenditures—roughly from $19.6 billion in 1948, about $21 billion in 1949. This means that the government is realizing that it is going to build a lot of new housing for the population, and that this is going to be a strain on the national income stream. The government is going to support a great deal of new construction.

"The key to the price picture swings the entire emphasis of the budget from the capital outlay items to the more direct consumer items. This year, by far the largest item of the budget will be $12 billion, expenditures up by over $5 billion. In other words, nearly $12 billion more will be available for spending by the public."

Railroad Securities

At this time of the year it is customary to talk about the price levels of railroad securities. Much has been written, both by railroad brokers and other writers, about the general level of interest rates being lower than the past. This is not news, or news of the first importance; it is a fact that has been known for some time. It has also been well known that the price levels of railroad securities have been lower than the past for some time. It has also been well known that the price levels of railroad securities have been lower than the past for some time. It has also been well known that the price levels of railroad securities have been lower than the past for some time. It has also been well known that the price levels of railroad securities have been lower than the past for some time. It has also been well known that the price levels of railroad securities have been lower than the past for some time. It has also been well known that the price levels of railroad securities have been lower than the past for some time. It has also been well known that the price levels of railroad securities have been lower than the past for some time. It has also been well known that the price levels of railroad securities have been lower than the past for some time. It has also been well known that the price levels of railroad securities have been lower than the past for some time. It has also been well known that the price levels of railroad securities have been lower than the past for some time. It has also been well known that the price levels of railroad securities have been lower than the past for some time. It has also been well known that the price levels of railroad securities have been lower than the past for some time. It has also been well known that the price levels of railroad securities have been lower than the past for some time. It has also been well known that the price levels of railroad securities have been lower than the past for some time.
A Reversion of Economic Upright

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down, 

Military expenditures and those on the books of this paper constitute two of the major items in our federal budget. I need to point out that right now we are adding to our inventory something on the order of $15,000,000 a month. We may continue doing so at this pace for many months, and the sum total of all these may be such an effect as to cut our supply of consumer goods. Military goods are highly specialized, they are not consumed, and securities that go into them must be used to satisfy consumption and the companies will not profit from these federal expenditures—companies won't.

Much the same thing is true of state and municipal purchases. It looks as though this program will run for some months and the amount Congress will have to spend is enormous. In addition, the State Department is reported to favor a stockpiling program, which may add certain strategic materials, not only for the defense of our nation but for the nation as a whole. It would appear that Mr. Burgan, and other congressmen, are trying to determine the major part of our budget for us.

In addition to the effect of all this on the national budget, it is not too distant a view of what this does to the available supplies of material for industry. The tendency is to increase the impact will be "relativistic" (whatever that does on to point out it is cognizant of the possibility of the public indifference to it is a most disa¬\n\n\nThe President's budget, as sub¬
mitted to the last session of Con¬
gress, was a total of $77,000,000. For 1949, he has given estimates even this figure has been cut to $68,000,000. Mr. Truman pointed out that four¬
the effects of the war, and our efforts (1) "Higher-than-market-price"

Two plans for increasing output have been set in motion. The first, either or both of which may be practical, is a plan for the (2) margined paper pool, or (3) a plan for amount to a subsidy similar to that used by the national government for some materials.

Militaries already at 25% of production might be offered an "added - facilitated - amortization" plan. Under this program, the man¬

er will be allowed to add to his facilities, turn over his old stock, and pay off the cost of the new equipment at a con¬

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words, a producer would add to his capacity, at no cost to himself, in return for promising definite amounts to the stockpilers.
The rush for places to live is playing out. For one thing the times are changing. A
year and old is increasing. Moreover, they have gained this year over last. In the cost of building and building of new houses has just
25% that among the new families setting up

Many real estate operators are very anxious about the ability of veterans to meet their mortgage payments and the construction of the steel and automotive industries are going strong. Nothing serious can happen. They may be in a little trouble, however, in the

In this same vein, a comment in the August issue of the Detroit
outlook right now is the growing regularity with which we see an increase in the size of the automobile market. The current pressures on the automobile companies is the effect of the postwar

Companies are being quotes on the stock exchange. I wish to point that the price rise may be a result of the price slump which would have the effect of reducing manufacturers' profits. This is reflected in the table below:

Suppose we look at construction in the light of the
pig market is an index always to be watched, not only because of its volume and value, but because some measure of the judgment of business holds and because of the indirect effect of employment and prices. Business
spent last year something in the order of $16 billion on its planned postwar plans, and this may be thought of as a signal that the program for initial postwar rehabilitation is now completed, and that the quarterly figures from
gram will be 55. Complete and for the period since the war
and equipment expenditures are being worked out. Another quarter of this year is estimated to be below
the costs of the second quarter; so far as the

(1) Costs of a construction job in 1947 in dollar volume, the physical

(3) Reinvestment of capital in recent weeks has intensified

(4) The average price level for 1947 is not far from

(5) All of the things I would like to write about car prices is that I was able to

All the things I have been saying would appear to present a pretty gloomy picture. I do not mean to say that our
not for our own efforts, but on Federal expenditures to keep us going. We have been building our house on the sand, and the situation we are in is not
better in their forecast as the prices decline if it came. We do have reason to believe that the things we may have to do to stay on top of the

Are we keeping our inventories of on-hand goods to make 1949 cheaper goods down to reason? Are we exercising
due care in the extension of credit to customers? If our loan and personnel situation in as good as we can put it? Are we exercising conservation in planning

The study will be made under the supervision of Mr. Joseph Hoffman, Professor of Insurance and Marketing at the Wharton School. The project will be sponsored by the U.S. Department of Commerce, Washington, D.C., and the Albert C. Winn, Instructor of Finance at the Wharton School.

In the final words of the current issue of the Business Week, "Someone is going to be

..."American Machinist," Oct. 7, 1947, 151. ...
The Prospective Trend of Interest Rates

(Continued from page 28)

The prospective trend of interest rates depends on the stage of the business cycle. The Federal Reserve Bank of St. Louis, in its "Prospective Trend of Interest Rates," has determined that interest rates are likely to decrease during the latter part of the year due to factors such as an expected increase in the money supply, a decline in the rate of inflation, and a reduction in the demand for credit.

The bank has also noted that interest rates are likely to remain low in the early part of the year due to the need for more credit in the economy. However, the bank cautions that interest rates may increase in the late part of the year if inflationary pressures continue to build.

In conclusion, the Federal Reserve Bank of St. Louis recommends that businesses and consumers should plan for the expected decrease in interest rates and take advantage of lower borrowing costs. However, they should also be prepared for an increase in interest rates if inflationary pressures continue to build.

Thursday, December 9, 1948
The State of Trade and Industry

(Continued from page 4)

or 26.0%, from the record number of 114,437 corporations formed during the year

STEEL OUTPUT SCHEDULED AT 100% OF CAPACITY FOR CURRENT WEEK

A checking of home appliance sales volume in the Midwest has taken a notable increase in the wind for that industry, according to "The Iron Age," national

The Live Oak National Bank of Omaha, Neb., has announced, effective Nov. 22, from $50,000,000 of stock dividend, according

Los Angeles, CAL—William E. Leih, Jr., Gerald Leitch and James R. Plant have become affiliated with Maloney & Meyer, Inc., previously with Wm. R. Staats Co. and John B. Dunbar & Co.

Van Leah McCarty Opens Non-Residential Electrical Engineering Office in Los Angeles

Maloney & Meyer adds (Special to the Financial Chronicle)

Herrick & Wadde Add successors to the Los Angeles office of the Connecticut Life Insurance Co. Van Leah McCarty is engaging in a non-residential electrical business at 2563 Wilshire Boulevard.

The State of Trade and Industry (Continued from page 5)

cent. The current index level compares with $7.17 at this time last year.

COMMODITY PRICE INDEX RECedes SLIGHTLY IN LATEST WEEK

The daily wholesale commodity price index, compiled by Dun & Bradstreet, continued slight declines for the third week in a row, at 272.31 on Nov. 30, compared with 272.79 a week previous.

Grain markets trended lower in the latter part of the week following the other comodity indicators.

Wheat developed an easier tone as the result of increased selling of stored grain by farmers as prices advanced to around $1 the bushel.

Other factors were further beneficial moisture in the Southwest and recent deliveries of winter wheat plantings. A resumption of exports was expected to continue during the week. Corn showed a sagging tendency, the decline being accelerated by Hudson River steerers. Also, an expected export of 250,000 bales of cash corn from the country continued in good volume. Reports from various points indicated that a significant proportion of this year's corn crop would be placed in the government loan warehouse.

The domestic flour market was featured by a softening of prices and continued small bookings. Slow demand from chain houses disturbed by a decline in wholesale finished flour sales, caused prices to retreat from the week previous.

Export flour buying for European account was reported at a slower pace.

Cocoa developed pronounced weakness due to liquidation induced by the ending of the shipping tie-up and prospects of an easing in the world situation. Imports of cocoa so far this year are estimated at about 3,500,000 tons, compared with 3,600,000 in the same period last year.

Butter spurred upward at the close after prices had fallen close to the year's low.

The market was irregular with prices ruled moderately for the week. Land ended slightly lower following early gains.

The cotton market was somewhat irregular and prices held to a narrow range of 92.74-93.00 shortly after week's open. Demand was less active although inquiries were fairly numerous. Reports indicated that a considerable volume of cotton was purchased during the holiday-shortened week, around 236,600 the previous week against 206,400 the year ago.

Entries of cotton into the government loan continued in large volume, totaling about 380,000 bales during the week ended Nov. 26.

This compared with the previous peak of around 340,000 for the week ended Nov. 21. The cotton market was generally lower in the early part of the week, with the market closing at 92.74-93.00 and brought the total entries for the season through Nov. 18 to more than 2,602,000 bales. Cotton textiles were more active with prices steady to firm.

RETAIL AND WHOLESALE TRADE REFLECTS SLIGHTLY MARKET VOLUME

As many consumers returned to traditional shopping habits and began their Christmas buying after Thanksgiving Day, retail dollar volume increased slightly in the week ended Nov. 19, compared to the year ago.

Total volume was fractionally less than in the corresponding week a year ago. Special sales and holiday promotions were prevalent in many areas. Most shoppers insisted on quality goods.

Consumer interest in furniture and housewares reflected a modest increase last week. Electrical appliances were purchased at a retail volume level close to that of the previous week. The demand for washers, dryers and television was up slightly, while consumer interest in refrigerators and small radio declines moderately.

Retail volume was estimated to be from 3% below to 1% above a year ago.

Regional estimates varied from the corresponding 1947 levels by the following factors: Portland-Oregon down 3%, Puget Sound, Seattle and Southwest down 3% to up 1, South and Midwest down 4 to 6, Northern New England and the Pacific Coast down 6 to down.

Moderate dips in wholesale order volume in all categories were offset by increases in others in the past week. Total dollar volume continued to exceed that of the comparable week last year. Deliveries continued to exceed that of the comparable week last year. The number of buyers attending many wholesale markets slightly exceeded that of the previous week and in the corresponding week a year ago.

September sales, compiled from the Federal Reserve Board's index for the week ended Nov. 27, 1949, were lower than the comparable week a year ago, with a decrease of 5% recorded in the preceding week. For the four weeks ended Nov. 27, 1948, sales decreased by 7% and for the year to date increased 4%.

Here in New York retail sales volume the past week was again below the comparable week last year.

It was reported that Christmas gift buying is tending to develop late this year.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period to Nov. 27, 1949, showed a decline of 5% compared to 6% in the comparable week last year, a week which was characterized by a decrease of 5% registered over the similar week of 1947.
Military Expenditures: Crucial Budget Problem

(Continued from first page)

not indicative of a condition which leads to bankruptcy. Going into a new deficit on which the government has to depend for its continued function is the only hope for the immediatefuture. It is not enough that the government, as a whole, runs a deficit. It must be a well-managed deficit, one that does not undermine the fabric of the whole economy. The deficit must be used to support the economy, not to suppress it.

In conclusion, it is clear that the government must take a proactive approach to its budgetary decisions. It cannot continue to spend beyond its means indefinitely. It must find a way to bring its spending in line with its revenue and to reduce its debt burden. This will require both a reduction in spending and an increase in revenue. The government must also take steps to ensure that its spending is directed towards the most important priorities, such as education, health care, and national defense.

Additional sources
- The Wall Street Journal
- The New York Times
- The Economist

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restrictions and trade barriers (except in Denmark).

The British, in particular, take the view that the risk of recession rises in production or decline in consumption is nowhere near as great as it is. But currently, their expectation of a downturn is relatively high, at the annual rate of $1.8 billion; their stabilizing schemes of payments may be even larger.

Measures that a cut in their outlays might have, therefore, above up Marshall Plan contributions, and may serve below the danger point.

The fourth of the three problems mentioned before to England is that the joint commitment to Europe must be increased substantially if a crisis is to be prevented. This must be the most prevalent in France, where the demand for Marshall Plan contributions in actual cost has reached an even greater high. As a result, the extent of depreciation in the dollar, and the actual cost, may have to be increased further.

The Marshall Plan works in reverse, too, so it speaks. It is little understood that without it the dollar's relativities in Europe would not have been an endowment to France. Unable to obtain food from the United States, France came to believe it could not have been drained from the French pits, however low they might be. And it does not visibly affect either the United States' export prospects, or one another.

How the combination of Marshall Plans, Truman doctrines, lend-lease agreements, and reduced military armaments would yield the total of the unproductive expenditures of this nation far beyond the amount allocated to the Marshall Plan, without the aid of the unproductive expenditures.

But the picture should be completed by realizing the extent of the amount of military and other preparations, and the history that makes not only gradual but also sudden and possibly even unwise. The combined efforts of the United States and the United Kingdom may be imperative. In addition, any projecting of any inroads on the dollars that would have to be paid to the carrying of the Marshall Plan expenditure would be a violation of its terms.

With First California Co.
(Special to The Commercial & Financial Chronicle)

HOLLYWOOD — Hills and Kleinhein II has become associated with the finishing of North-East Drive. Mr. Kleinhein II, who was formerly associated with Kleinhein Co., is now President of Kleinhein Co., and is the vice-president of the firm. Valley

Edward Jones Resumes
JACKSON, MISS. — Edward Jones Resumes is a business name under the business of Edward Jones Associates, Kleinhein Co., and Groves, Van Court & Co.

With Buckley Brothers
(Special to The Commercial & Financial Chronicle)

LOS ANGELES, CAL. — Eeny C. Julia is now with Buckley Brothers, 530 West Sixth Street.
Business Profits Exaggerated!

(Continued from first page)"}

In 1940, the amount of corporate income available to pay dividends, including dividends paid to owners of surplus and capital stock, was roughly $6.5 billion. In 1947, the amount of corporate income available to pay dividends, including dividends paid to owners of surplus and capital stock, was roughly $8.5 billion. The difference between these two amounts is roughly 25%, an increase of roughly $2 billion. However, this increase, as already noted, was largely due to the fact that the profits of American corporations were higher in 1947 than they were in 1940.

The amount of income available to pay dividends, including dividends paid to owners of surplus and capital stock, was $8.5 billion in 1947, as compared with $6.5 billion in 1940. This represents an increase of roughly 15%, an increase of $2 billion. However, this increase, as already noted, was largely due to the fact that the profits of American corporations were higher in 1947 than they were in 1940.

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The amount of income available to pay dividends, including dividends paid to owners of surplus and capital stock, was $8.5 billion in 1947, as compared with $6.5 billion in 1940. This represents an increase of rough
years ago, which determine the profits necessary to attract new capital to industry.

(e) Replacement cost of plant and equipment. The replacement cost of the industrial plant and equipment is superior to any of the others because it is based on actual replacement upon construction, new plant, and new equipment and, therefore, represents what those items might be expected on new plant and equipment. By replacement cost, of course, it is not the replacement of identical plant and equipment, but the cost of the product of modern productive capacity. Allowance must be made for the fact that modern machines and equipment may require less labor and less raw material than the older equipment. These considerations complicate the problem of measurement, but do not affect the essential point that the replacement cost of plant and equipment is the only one which comes closest to determining the profit from ownership and is the only one that is prospective profits. It is for this reason that the replacement cost of plant and equipment is used by the government and the government reports on replacement costs of equipment. This is the only method which determines the rate of increasing productive capacity.

One reason why it is not conclusive is that present profits are not reliable as a guide to prospective profits—and it is the prospective profits that interest us. The present profits of industry are affected by the rate of increase of effective demand and the rate of increase of productive capacity. The effective demand is either increasing at a rate too fast as the community would like it, or slow. In either case, the prospect for profits is too uncertain to be of any special interest. The special reason relating to prospective profits is the price the market is willing to pay for new plant and equipment. On the other hand, the rate of increase of productive capacity is far faster than the community wishes it to be, and at the present profit, the prospects for profits are too uncertain.

VIII

How does one determine whether or not the profits of industry are too high? As far as the community would like it to occur or faster than the community is willing to provide for the increase of productive capacity. There is no entirely satisfactory method of determining the actual demand of the community for goods. If industry is productive capacity, and if people bid up the prices of goods, this indicates that people are willing to spend more for goods than they have had in the past and that the community would like to see more new plant and equipment. The present price of goods is a measure of the urgency of the public demand for goods and, hence, for more productive capacity. The price of goods is obtained by a restriction of production, this reasoning does not apply. Prices of goods at the present time are, however, high and it is reasonable to suppose that industry is increasing its productive capacity.

Due to the rapidly growing productivity, the replacement cost of plant and equipment is continuously increasing. The replacement cost of plant and equipment is always higher than the price of goods, and it is always higher than the price of goods. The price of goods is the price of goods and is always higher than the price of goods. The price of goods is a measure of the urgency of the public demand for goods and, hence, for more productive capacity. The price of goods is obtained by a restriction of production, this reasoning does not apply. Prices of goods at the present time are, however, high and it is reasonable to suppose that industry is increasing its productive capacity.

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Tomorrow's Markets

Walter Whyte Says—
By WALTER WHYTE

Market continues to mark time. Quality stocks point lower in direction, but early signs indicate resistance.

Nothing has happened since the previous column was written except the passing of days, so the stock market is still in a wobbly position and the stocks that make it up act the same way.

* 
* 
* This doesn't mean that all stocks look bad. Here and there an occasional issue makes efforts to break away from the pack, an effort which might well bring it success once the market itself permits such independent action. In line with this observation allow me to remind you that a tops are usually made by the entire market. Conversely, bottoms are made with individual stocks slowly turning away from the main trend.

* But if here and there, there is some indication of vitality, there are also other stocks which have danger signs posted all around them. Here are just a few of them:
  - Nash-Kelvinator, Union Carbide, Mack, National Cash Register, Loewes, Lockheed, General Motors, Borg Warner, American Steel Foundries, Air Reduction and others.

Under different conditions, including timing, I would be tempted to look upon the above-mentioned stocks as short sales, though not necessarily at present prices.

* The other side of the market picture presents stocks such as the following:
  - Allegheny Ludlum, Great Northern Iron Ore, American Radiator, American Home Products, American Cyanamid, Crane and Cuban American Sugar. All these forego-

Pacific Coast Securities

Orders Executed on Pacific Coast Exchanges

Schwabacher & Co.

(Continued from page 33)

increase in dividends will go to the government in the form of higher taxes rather than to the stockholders in the form of larger disposable income. Under these conditions, the dividend rate has little effectiveness in inducing persons in the middle working class to buy securities if the corporations of the United States have billions in large quantities to individuals, they will probably have to develop a market for them among persons whose incomes are low enough that their income tax does not rob the security of a substantial part of the gain. For the time being the corporations have raised the dividend rate in the main by the sale of bonds and by paying back earnings. The largest possible proportion would be the proportion of earnings plowed back.

The willingness of corporate managements to plow back a substantial portion of their earnings has had great advantages for the country, for a larger proportion of corporate income has enabled industry to make large expenditures on much-needed equipment and to improve the inadequate supply of outside capital that industry has limited the extent to which industry management has been able to increase capital expenditures by methods which brought about an expansion of credit, such as borrowing from commercial banks or insurance companies. The inflationary effect of larger dividend payments has frequently been overlooked. Larger dividend payments, of course, would have meant that stockholders would have received a larger income after taxes. Most of this increased income would have been spent or consumer goods. Since industry has been operating at capacity this year, consumer goods would not have been large, and it would result in being accomplished at the expense of the out-

of capital goods. The price of consumer goods would have been bid up still higher. Corporations would have been compelled to finance capital expenditures in part by borrowing either from commercial banks or from life insurance companies. In the past, a commercial-

bank is inflationary and borrowing from life insurance companies is inflationary also if it has been done in part by the life insurance companies selling government bonds to the Reserve Banks. That has been the case this year. In the third place, the re-

duction in taxes have made industry more competitive because it increases the productive ca-

One must wish that industry

Union speech, or the speech itself.

A partial indication of the direction in which the Truman Administration winds can be seen in the new anti-trust ac-

will be facing anything stronger than com-

plaints of wrong numbers. But it is best to get away from the Stock Exchange Chronicle. It is in for some heavy blasting.

Next Thursday,

The views expressed in this article do not necessarily reflect the views of the editors of the Stock Exchange Chronicle. They are presented as those of the author only.

Business Profits Exaggerated!

(Continued from page 33)

The Budget message obliges the President to come somewhat more nearly down to earth, and informed interest will this year come in very substantial degree upon this document. Of course it is true that there are many promising black spots in the President's message. But here and there a bit of clarification of the vague and often unrealistic statements or promises of candidate Truman, that is about all that can be done of the way the President intends to do and wants Congress to do, at least during the earlier years of his new term, will in all probability have to await more specific and material legislation.

Generosity to Agriculture

Here doubtless the matricule will be able to find con-
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Here doubtless the matricule will be able to find con-
of some of its judgments placed in evidence during the campaign. Prices have grown somewhat hesitant of late. The upward movement has not been marked even during the weeks preceding in the autumn. Since the election signs here and there have appeared that have caused some observers to wonder about the immediate course of business. This would not be at all safe enough to guess that the general tenor of much that the President presently has to say to Congress, and in particular certain of his budgetary recommendations, will be guided considerable business during the next few weeks and the real outlook will be measured in no small degree by what the Administration does.

Capital—The Priceless Ingredient

(Continued from page 4)

a reasonable maximum produc- tion or the lower costs which should be dependent on the
Social and Economic Booby Trap

Not long ago we were tagged as a mature economy, with nothing to fear from depressions. We have since disproved that fal¬ lacy and demonstrated the folly of our sources. It is from being milked of our capital they have accumulated and use capital as we have in the past, and from uncon¬ cious levies which are a part of a series of social and eco¬ nomic laws.

Among these, inflation heads the list, and next is a series of destructive, distinguished, by the fact that its early symp¬ tons are usually not perceptible. Allowed to run its course, it is socially and economically de¬ structive. It is the principal tool of the state. It always has been, and is a capital levy. There are no recognized exceptions. While it is not a felony in this country to pay a tax, the penalty of this tax, no one is allowed to vote on.

Inflation has been the more destructive force in history, other things being equal. It is not just the mean of destroying the vitality of a people, but of destroying the political and governmental action, and the only force of action which can stop it.

In the abstract, the trouble with inflation is that, likewise, everyone is against it in principle. Every¬ one thinks it should be stopped, but it should always be stopped only for the other, and any apparent benefits of reduc¬ tions arising from it should be cut down to the traditional floor of taxation. The action to acquire, perpetuate, or expand props and splints from the great body of legis¬ latures to effective anti-inflationary measures.

Proposals For More Contests

To meet the problems, we are facing proposals to restructure and stabilize the system for police, to acquire, perpetuate, or expand props and splints from the great body of legis¬ latures to effective anti-inflationary measures.

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### Indications of Business Current Activity

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

#### AMERICAN IRON AND STEEL INSTITUTE

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<tr>
<th>Latest Week</th>
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#### AMERICAN PETROLEUM INSTITUTE

- Crude oil output, average of 96,000 barrels per day.
- Total gasoline output, average of 1,615,906 barrels per day.
- Total sales of kerosene, gasoline, and aviation fuel, average of 1,832,476 barrels per day.
- Total natural gas output, average of 4,700,000 million cubic feet per day.
- Total natural gas sold, average of 4,700,000 million cubic feet per day.
- Total natural gas used for home and industrial purposes, average of 4,700,000 million cubic feet per day.

#### ASSOCIATION OF AMERICAN RAILROADS

<table>
<thead>
<tr>
<th>Revenue freight (net tons)</th>
<th>Revenue passenger (net tons)</th>
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#### CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD

#### EDISON ELECTRIC INSTITUTE

- Total electricity output (in 1,000 kw). 4,540,038,000 kw.
- Total electricity output (in kw). 4,540,038,000 kw.

#### PERFORMANCE (COMMERCIAL AND INDUSTRIAL) — DEC & BROAD-STREET, INC.

#### IRON AGE COMPOSITE PRICES

<table>
<thead>
<tr>
<th>Pig iron (per ton)</th>
<th>Scrap (per ton)</th>
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#### METAL PRICES (C. & M. J. QUOTATIONS):

- Iron — Domestic delivery at.
- Carbon steel — Domestic delivery at.
- Steel mill by (per ton).
- R. N. (New York) at.
- R. (New York) at.
- R. (New St. Louis) at.

#### BOODY'S BOND PRICES DAILY AVERAGES:

#### BOODY'S BOND YIELD DAILY AVERAGES:

#### BOODY'S COMMODITY INDEX

#### NATIONAL FERTILIZER ASSOCIATION — WHOLESALE COMMODITY PRICES

#### OIL, PAINT AND DRUG REPORTER PRICING INDEX — 150-26

#### WHOLESALE PRICES NEW SERIES — U. S. DEPT. OF LABOR

<table>
<thead>
<tr>
<th>All commodities</th>
<th>Foods</th>
<th>Farm products</th>
<th>Drakes</th>
<th>Drugs</th>
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#### NATIONAL PAPERBOARD ASSOCIATION

<table>
<thead>
<tr>
<th>Order received (ton)</th>
<th>Unit value received (ton)</th>
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#### MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U.S. — NATIONAL FARMERS' ASSOCIATION

#### EARNS — CLASS I ROADS (ASSOCIATION OF AMERICAN RAILROADS)

- Total operating revenues.
- Total operating expenses.
- Total net operating income.

#### RE: EARNINGS — CLASS I ROADS (ASSOCIATION OF AMERICAN RAILROADS)

- Total net operating income.

#### NEW BUSINESS INCORPORATIONS — DEC & BROAD-STREET, INC.

- Number of new business incorporations.

#### GENERAL

- Earnings and Losses.
- Number of new business incorporations.

---

### ALUMINUM (BUREAU OF MINES)

#### CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD

- Volume of construction.
- Volume of building.
- Volume of roadbuilding.

#### COAL (U.S. BUREAU OF MINES)

- Volume of coal production.

#### CONSUMER PRICE INDEX FOR MODERATE INCOMES IN LARGE CITIES: 1913-1917 Average — Oct. of October

- Numbers of unemployed.

#### EDGEWORTH-BROOKS PROJECTS (DEPT. OF COMMERCE)

- Total number of acres.
- Total number of acres.

#### MAGNESIUM BROTHERS PROJECTS (DEPT. OF COMMERCE)

- Total number of acres.
- Total number of acres.

#### MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U.S. — NATIONAL FARMERS' ASSOCIATION

- Total number of new business incorporations.

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### THURSDAY, DECEMBER 9, 1948

#### THE COMMERCIAL & FINANCIAL INDEX

- Price quotations.
- Price quotations.
- Price quotations.

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*Gazetted for FRASER at fraser.stlouisfed.org.*
Natural Gas as Industrial Fuel

(Continued from page 8)

Businessmen who were opposed to the siting of natural-gas pipelines in their localities had often been impossible for most good local arguments against having to produce mixed-gas pipelines in definite proportions of local use.

In many of these situations, local-gas companies successfully worked out agreements with the industry to participate in the use of natural gas. By reason of the extension of more important indus-

tries in the service area, it was feasible to develop a part of the distribution system or of the pipeline system for the use of naturally-gas only. In this manner, it was possible to provide for the installation of mixed-gas to its residential, commercial, and industrial consumers and at the same time develop new industries in areas where industries in quantities limited by not the manufactured gas facil-

ities. Therefore, in this paper the discussion has been directed generally to the natural-gas by the industrial distribution companies which purchase their raw-materials from the pipeline companies. The population, industrial plants, are generally not by the franchise by local concerns handling them in the interest of local distributors of natural gas.

However, all the industrial gas companies in the same areas have been formulated by certain natural-gas companies by the company of rendering local and industrial gas, and the local companies whose service requirements are constant with every type of use. It also reduces the likelihood of reasonable competition between the pipeline companies and the local distributors of natural gas.

In some industries, there has been a trend to use the natural-gas products have been industrial, and the distribution companies have been located in certain areas for the purpose of providing gas for industrial use. Some few years ago, the natural-gas companies have profited from these situations by several companies.

The foregoing shows clearly high value-added products of the community’s manufactured gas industries by natural-gas not only aided the expansion of existing industries, but also attracted outside industries making the returns to be of valuable high-

Natural Gas For Enrichment

In some areas approached by natural-gas companies, there were gas companies, in the same areas for which the service area has been approached by producing a mixed-gas of higher thermal content than had been previously distributed.

Mixed gas is a fuel that pre-

serves a quality of manufactured gas. It renders un-

necessary the handling and storage of large quantities of oil. Tar and light oils disappear and their attendant products from the area become unnecessary. Plant labor is reduced in these situations by certain manufacturing costs re-

mained as the project is nearly impossible to ensure the good use of mixed gas up to a point that makes it possible for use in large quantities of manufactured gas where the type of customers desired is to be controlled.

Plans for Extending Natural Gas Availability

Thus the situations already served by natural gas have been discussed. Recent plans have been made by natural-gas companies, and these plans are discussed in certain areas. This is the case because the pipeline companies have declared their intention to build an extension into these areas.

These areas are now served by natural-gas companies and are the largest and best operated rep-

resentatives of the gas industry. The natural-gas companies and operations in the manufacture and use of the gas industry are presented in this report. It is to be found in this report that the largest remaining proportions of manufactured gas, and this is done in areas of the country.

This industry is beset by many problems. Gas making-materials in some cases are of a relatively higher price than before. Sur-

price at a new high. Never has the labor costs of labor increased so high. Labor disputes are from time to time a menace of the distribution system will not be found necessary.

Price Stability

There is the assurance of price stability that is reflected in the costs of natural gas for the industrial consumer. Natural-gas prices that were secured in the field by pipeline companies are charged for on the basis of fixed prices, and these prices are to remain in effect for at least 10 years. The earnings of these companies are regulated by the Federal Power Commission in such a way that the average consumer will not benefit from any changes in the price of the gas charged to the distributor. This will be the result of stabilizing the product.

The Drags on Inflation

(Continued from page 4)

natural-gas companies in what got out of that rise in payroll.

At one end of the scale you can take the coal mining group and say that their increases from $24 a week, the average in 1939, to the $74 they are getting now, represents, even after you allow for price changes, a very substantial rise in real income. If you were to take a group like the farmers, who is the group that would find that they got increases in their prices and hence in their incomes 10% betterment over 1938, you will have added up to a net increase in real incomes of the percentage of price changes. If you take, for another example, the general run of workers in the manufacturing industries, both public and private, you find that the percentage of workers who have fared so little that in relation to the present basic level, their purchasing power has been increased by what it was before and they have been able to pinch their buying more drastically than they had before the war.

So we do have to recognize the fact that this spiral is not working upward, but we are getting some evidence of some slowing down in reflation of new industrial expenditures in certain areas that have been expanding up to now.

Drag on Consumer Incomes

Consumers whose incomes did not keep pace with the postwar trend in factor payrolls and real prices have been able to maintain a good part of their purchasing power through savings, and that the next stage of the spiral will have no significant drop in the output of mixed-gas unless plant facilities are reduced.

These facts will lead the dis-

tribution companies to investigate the possibility of encouraging further industries to use natural gas in an industrially as an industrial gas. It is not to be expected that the utilization of natural-gas companies will be found to be good use of natural-gas companies, and the local distributors of natural gas.

The future of this problem is open to the discretion of the Federal Reserve Board and the Federal Reserve system, which is the...
Banking and Business Prospects

(Continued from page 37)

payment to buy a new automobile and to pay it off in 15 to 30 years, even if the person is relatively un- responsi-
ble and will be beneficial or harmful in the long run.

What is the outlook for banking and business? I am pleased to say that the outlook for banking institutions in Pennsyl-

cania is now more promising than at any time during the past 30 years and business then are in a strong position to take advantage of improving economic situation which the Administration’s platform promises for the near future. I noticed in one day in September that more banks were taking deposits than had been the case for many years.

Despite this, I am afraid that one of the irrefutable facts about our banking system is that it still has a long way to go before it is fully stabilized.

Face of Dual Banking

I am afraid that one of the results of such a program may be to strengthen the position in the economy of central banks or their competitors, and to make them more important than ever before.

In conclusion, I believe the real cure for inflation lies in the efficient operation of the Federal Reserve System. This requires a strengthening of its power and the creation of a consumer price index that is based on the actual cost of living.

Inflation and Its Implications

(Continued from page 13)

I think the monetary system is a key element in the fight against inflation. The national income, the Federal Reserve System, and the Treasury should be coordinated to achieve price stability.

Federal Reserve Bank of St. Louis

http://fraser.stlouisfed.org/

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38 (2418)

THE COMMERCIAL AND FINANCIAL CHRONICLE

Thursday, December 9, 1948

tile under law, was carefully self-

guaranteed by a Constitutional and a Bill of Rights défining the limita-
tions that government should operate.

Taxation Principles

In this scheme of things our foremost concern is to give the utmost attention to the subject of taxa-
tion. The tax structure in the United States has been a problem for over a century, and it is clear that the existing tax structure is not working. It is time that we re-examine the whole question of taxation and see what can be done to improve it.

In the past, taxation has been largely a matter of the government's need for revenue. But today, with the growth of government, the need for revenue is no longer the only reason for taxation. The government must also take into account the effects of taxation on individuals and on the economy as a whole.

The amount of taxes collected by the government must be sufficient to meet its obligations but not so great as to burden the taxpayer unduly. The rate structure of taxes should be such as to encourage production and investment. The tax system should be simple and easy to understand.

Inflation, on the other hand, is un

Der "Promises to Pay" in the form of paper cur-

rency does not sound like a problem.

but it is junk.

The introduction of "promises to pay" in the form of paper cur-

rency opens up vast new op-

Fortune has fallen into such evil ways and the world is now in a state of panic. And yet one of the forecasts for 1949 is that there will be a further decline in prices and a further increase in unemployment and poverty.

The pressure to resort to infla-

tionary measures is not only widen-

ing but the proposals for it are not inevi-

table, and, to my mind, are due to condi-

tions that may be reversed in the

near future. After all, as a war meas-

ure, perhaps inflationary finan-

cing is understandable. But it is

extremely difficult to stop the virtu-

ous cycle which has been set in motion.

It is, perhaps, the most dif-

ficult of all the decisions that have

been presented in a post-war perio-

d, and after a serious and

frank discussion, it is reasonable to

hope that it will be done with success.

Nation Is New Under Test of Inflation

Again this country is now under

test, and it will be most important to

全国人民 between the

Government should provide

for the administration of justice and the sub-

stance of the law. They should not be used to

prove their financial interests. All

expenditures should be justified by

sound and honest objectives.

The mechanisms of the Federal Reserve System should be further strengthened to

Inflation is one of these, and the
eroneous opinion is widely held that inordinately high prices and inflation are the result of sound policies. It is true that inflation has been a problem in this country, but it is not the result of sound policies. Inflation is due to the"Promises to Pay", the currency that is in circulation today.

The apparent reason for this is that the government has been forced to finance its operations by printing money.

This is a serious problem, and it is one that we must face squarely. The government must be careful not to print too much money, or to print money too quickly. The government must be careful to keep a close watch on the supply of money, and to ensure that the money is being used for its intended purposes.

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The government must also be careful to keep a close watch on the supply of money, and to ensure that the money is being used for its intended purposes.
A critical point is that the Federal bank has no direct incentive to economize in the use of the Federal funds. The Federal government is responsible for the expansion of the national economy, and the Federal Reserve Bank is responsible for maintaining price stability. The two goals are often in conflict, and the Federal Reserve Bank may choose to prioritize one over the other. This can lead to inflationary pressures, which can have negative consequences for the economy.

In conclusion, the Federal Reserve Bank plays a critical role in managing the economy, but its actions can have unintended consequences. It is important for policymakers to carefully consider the potential effects of their decisions and to work to ensure that the economy remains stable and healthy.

The Federal Budget Outlook

(Continued from page 15)

a minimal level of certain government services, and (2) to allow the government to protect itself from any unwanted "too little and too late" outcomes.

The grant-in-aid method has two basic merits when compared with clear-cut separation of the tax sources and functions of the Federal and State governments. In the first place, the grant helps to resolve intergovernmental inequities in the level of government services or of tax rates. On the other hand, separate taxation and spending by the State and Federal governments are consistent with the principles of Federalism and the need for fiscal independence of each government. In the second place, the grant-in-aid method is designed to operate within a framework of broad Federal-State policies for the economy and the social services to be provided by the two levels of government. Thus, while the Federal government has the responsibility for the national economy and the social services, it cannot impose its policies on the States. In this way, the Federal government can help to resolve intergovernmental inequities without imposing its policies on the States.

The grant-in-aid method is also generally preferable in Federal-State relations to the granting of Federal-collected programs. The Federal-collected program is a more expensive form of Federal financial assistance, and it requires close supervision and administrative control. In contrast, the grant-in-aid method is a simpler and more efficient form of Federal financial assistance.

The grant-in-aid method is also more flexible, and it can be adapted to the needs of the States. Federal-collected programs are rigid and inflexible, and they require a high degree of administrative control. In contrast, the grant-in-aid method can be tailored to the needs of the States, and it can be adapted to local conditions.

In conclusion, the grant-in-aid method is a more effective and efficient form of Federal financial assistance than the Federal-collected program. It is more flexible and can be adapted to the needs of the States. It is also more efficient, and it requires a lower degree of administrative control.

The Federal Reserve Bank is not only responsible for the economic stability of the country, but it is also responsible for the financial stability of the country. It is important for policymakers to carefully consider the potential effects of their decisions and to work to ensure that the economy remains stable and healthy.

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The Federal Reserve Bank is not only responsible for the economic stability of the country, but it is also responsible for the financial stability of the country. It is important for policymakers to carefully consider the potential effects of their decisions and to work to ensure that the economy remains stable and healthy.
Securities Now in Registration

- **Affiliated Gas Equipment, Inc., Cleveland, Ohio:** Dec. 6 filed 40,000 shares of $3 cumulative preferred stock (par $50) and 1,000,000 shares common stock (par $1). Underwriter—Kidder, Cyrus & Co., New York. Purpose—To purchase all of the assets of three subsidiaries of Dresser Industries, Inc., viz: Bryant Heater Co., Beverly Hills, Calif. (Affiliated with $1,000,000 private sale of 15-year 3% notes to insurance companies.)

- **All States Life Insurance Co., Montgomery, Ala.:** Nov. 24 filed 30,000 shares of capital stock. No underwriting. Offering to be offered to stockholders at $10 per share. Proceeds—To complete company’s purchase of Eureka-Maryland Assurance Corp., of Baltimore, and to keep surplus intact.

- **American Bemberg Corp.** (12/13) Oct. 19 filed (by Attorney General of the United States) 6,175 shares of class B 4.5% cumulative preference stock (par $100), 91,851 shares of class C common (no par) and $4,033 shares of class D common (no par). Underwriters—Morgan & Co., Chicago. Sale, sold at competitive bidding. Probable bidders: Kuhn, Loeb & Co., Lehman Brothers and Glore, Forgan & Co. (jointly), Kidder, Peabody & Co., Blyth & Co., Inc., and Merrill Lynch, Pierce, Fenner & Beane. Pullman, Inc., may also bid. Bills—Bills for the purchase of the stock will be received at the Department of Justice, Office of Alien Property, 120 Broadway, New York, up to 12 noon, Nov. 23. Filed for information.

- **American Investment Co. of Illinois:** Nov. 18 filed 108,425.5 shares of $1.25 convertible preferred stock (par $25) and 68,175.6 shares of 4 1/2% preferred stock (par $100). Offering—The $1.25 preferred stock to be issued in exchange for Ohio Finance Co. stock. Proceeds—To sell stock to the public. Filed for information. Price—$10 per share. Underwriting—Northern Securities Co., New York.


- **American Steel & Pump Corp.:** Sept. 21 filed 200,000 shares ($2 par) convertible class A stock (par $.25) and 68,175.6 shares of 4 1/2% preferred stock (par $100). Offering—To be offered in exchange for outstanding (par $.30) or as an outstanding issue. Underwriter—None. Proceeds—To retire outstanding common and par notes; balance to erect pasta mill. Filed for information.

- **Arcata (Calif.) Timber Products Co.:** Nov. 15 filed 100,100 shares 8% cumulative preferred and 500,000 shares of common stock (par $5.00). Offering—To be offered in exchange for outstanding (par $100) or as an outstanding issue. Underwriter—None. Proceeds—To retire outstanding common and par notes; balance to erect pasta mill. Filed for information.

- **Arlington Corp., Pittsburgh, Pa.:** Dec. 6 filed voting trust certificates for 41,166 shares of common stock (no par).

- **Capital Broadcasting Co., Annapolis, Md.:** Nov. 15 filed 7,100 shares ($10 par) common. Price, par. No underwriting. For the construction, maintenance and operation of a standard broadcast radio station.

- **Central Illinois Electric & Gas Co.:** Dec. 3 filed 20,000 shares ($10 par) common stock. Underwriter—Coffin & Burr, Inc. Offering—to be offered initially to existing stockholders both preferred and common. Proceeds—to reduce outstanding short-term bank notes payable to The First National Bank of Boston.

- **Central Power & Light Co.:** Nov. 21, 1947, filed 40,000 shares ($100 par) cumulative preferred. Underwriters—Lehman Brothers; Glore, Forgan & Co.; Dewar, Robertson & Pancoast negotiated a stock. Price—$10 per share. Underwriting. On July 27, 1948, this company’s common stock was delisted from the New York Stock Exchange. Underwriter—Herrick, Chicago.

- **Chester Oil & Gas Co., Butler, Mo.:** Nov. 30 (letter of notification) 25,000 shares (par $10) common stock. Price—$10 per share. Underwriting. To develop oil field. Underwriter—McDonald & Co. will act as dealer-manager.


- **Columbine Development Co., Grand Junction, Colo.:** Nov. 30 (letter of notification) 2,800 shares of common stock (par $10). Price, par. No underwriting. For exploratory and development work.

- **Cooke & Co., Chicago, Ill.:** Dec. 2 (letter of notification) 1,000 shares of common stock (par $100) and 500 shares of preferred stock (par $100). Price, par. For both classes. No underwriting. For working capital.


- **Denver (Colo.) Ice Dental Corp.:** Nov. 3 (letter of notification) 25,000 shares of common stock. Price—$1 per share. Underwriting—Stock will be offered for conversion of preferred. Proceeds—to amount to 1,000 shares of 5% convertible preferred stock at par ($25).

- **Economy Portable Building Mfg. Co., Winfield, Kan.:** Dec. 3 (letter of notification) 6,750 shares of common stock (par $10) and 2,700 shares of 6% non-cumulative preferred stock (at par $25). Price, par for both issues.

- **Indicates Additions Since Previous Issue**

- **Bradshaw Mining Co., Tonopah, Nev.:** Oct. 8 (letter of notification) 1,500,000 shares (5c par) common stock. Price—20 cents per share. Underwriter—Batkin & Co., New York. To repair and renovate mine of company and to exercise option to purchase processing mill and move and erect such mill on the company’s property and for working capital.

- **Central Illinois Electric & Gas Co.:** Dec. 3 filed 20,000 shares ($10 par) common stock. Underwriter—Coffin & Burr, Inc. Offering—to be offered initially to existing stockholders both preferred and common. Proceeds—to reduce outstanding short-term bank notes payable to The First National Bank of Boston.


- **Fulmer Brush Co., Hartford, Conn.:** Nov. 8 filed 11,200 shares of 4% cumulative nonvoting preferred stock (par $240). Price—$25 1/2 per share. Underwriting—Wona. Price, par. Proceeds—To increase working capital.

- **Gary Publishers Service Co., New York:** Dec. 6 (letter of notification) 20,000 shares of preferred stock. Price—$10 per share. Underwriting—None. For purchasing plant, new equipment and expansion.

- **Gulf Insurance Co., Dallas, Texas:** Nov. 15 (letter of notification) 10,000 shares of common stock (par $10). To be offered for subscription by stockholders in ratio of one new share for each 12 shares held. Price—$27.50 per share to stockholders. On rights not exercised stock will be sold to public at $30 per share. No underwriting. To increase capital and surplus funds.

- **Hajoca Corp., Philadelphia:** Nov. 8 (letter of notification) 5,756 shares of common stock (par $1) for sale to existing stockholders and 1,000 shares for sale to employees. Price—$35 to stockholders; $40 to employees. Underwriter—Charles E. Bailey & Co., Detroit, Mich. For plans of plant expansion, purchase of new building and building equipment and for working capital.

- **Heidelberg Sports Enterprises, Inc., Pittsburgh, Pa.:** June 25 filed 5,000 shares of class B common stock (par $100). Price—$100 per share. Underwriter—None. Proceeds—to $600,000 to be used for spectator grandstand and balance for related purposes.
Hendey Chemical Corp., New York, N. Y. June 29 filed 50,578 shares of cumulative convertible preferred stock. Underwriting, none. No unsecured holders in the ratio of one share of preferred for each 20 shares of common stock held. Price—By arrangement. Underwriters—A. O. Beek & Co. will acquire the unsubscribed shares. Proceeds—To be used in part for improvements and expansion of manufacturing facilities. Offering postponed.


Kingsfall (Calif.) Cotton Oil Co. Nov. 17 (by letter of notification) 7,802 shares of common stock. Offering—Warrants to be issued to common stockholders entitling them to purchase one share of common for each five shares held of record Nov. 30, at $2.50 per share. Rights expire Dec. 15. Proceeds—To increase working capital.


Pervel Corp., New York. Nov. 16 (by letter of notification) 24,079 shares of capital stock. Proceeds—To provide working capital and to reduce amount of short-term bank loans.

Public Service Electric & Gas Co. June 11 filed 7,000 shares of cumulative preferred stock. Proceeds—For property additions and improvements. Underwriting—The company rejected bids of $101 to $102 per share. Proceed was accepted at $102 per share. Proceeds—To be used in part for the purchase of a proposed sale from the competitive bidding rule. Sale on emergency basis.

Quebec Oil Development Ltd., Montreal, Can. Aug. 4 filed 2,000,000 shares of common stock, ($1 par Canadian funds). Underwriter—Hiscox, Van Meter & Co., New York. Price—$10 per share. For each 20,000 shares of stock sold, the company will deliver to the underwriter the stock warrant purchases entitling the holder to purchase, on or before Sept. 1, 1950, 1,000 shares of the common stock at $7.50 per share. Proceeds—For drilling operations.

Reinvasence Films Distribution, Inc., Montreal, Que. Oct. 29 filed 30,000 shares (par $25) 5% cumulative convertible class B preferred stock and 10,000 shares of C stock (no par). Underwriting—None. Offerings—Class C preferred stock will be offered at $25 per share with a bonus of 4 shares of class C given as a bonus with 4 each of class B purchased. Proceeds—To pay balance of current liabilities and working capital.

River Valley Finance Co., Davenport, la. Nov. 13 filed 1,000 preferred stock, par $100. Price, par. Underwriter—Quail & Co., Davenport, la. To increase working capital.

Robison, Photograph & Timber Co., Everett, Washington Nov. 17 filed 271,025 shares ($1 par) common stock; of which 102,025 shares are offered by company, and 169,002 shares by selling stockholders. Underwriter—Roulette & Co., Davenport, la. From the sale of the 104,000 shares will be added to working capital, except about $25,000 may be advanced to a new subsidiary company. Price, par. Underwriting—Roulette & Co., Davenport, la. Option purchase price of one-half of the stock of Conifer Timber Co., Fortuna, Wash., will be advanced.

Roleh & Haas Co., Philadelphia, Pa. Dec. 2, 1,816,843 shares of cumulative preferred stock, $50 par ($100) and 197,917 shares of common par ($200) offered by being proposed acquisition of Office of Alien Property Custodian, at competitive bidding. Underwriter—Roleh & Haas Co. The maximum number of shares included in the registration but they are not being offered at this time because of a pending suit for return of these shares under the Trading with the Enemy Act.

August 6 filed 1,088,843 common shares (par $1). Price, 40 cents per share. Underwriter—Old Colony Securities Co., Boston. Proceeds for gold mining operations.

St. Creix, Inc., Minneapolis, Minn. Nov. 30 (by letter of notification) 20,000 shares ($1 par) preferred stock and 100 shares (no par) stock. No underwriting. Proceeds—For working capital and to carry on the existing business.

Schrader (H. J.) Co., South Bend, Ind. Oct. 5 (by letter of notification) 1,000 shares of 6% cumula¬tive preferred stock, $100 par. Proceeds—To purchase 1,75,000 shares of class B ($2.00 par) common. Underwriters—Hawley, Lehman & Co., Inc., South Bend, Ind. Price, preferred common 525 shares of stock ($2.50); for working capital and to carry on the existing business.


Southwestern Associated Telephone Co., Austin, Tex. Oct. 20 filed 600,000 shares (par) common stock owned by the Commonwealth & Southern Corp. and 75,000 shares of common stock to be sold by Southern Associated Telephone Co., Austin, Tex. Underwriter—Smith, Barney & Co. Price, $5 per share. Proceeds—$3,750,000. Underwriters will use its proceeds for property additions and betterments. Offerings deferred.

Southern Oil Corp., Jackson, Miss. Oct. 8 filed 1,500,000 shares of common stock (par $1c) of which 1,500,000 will be sold by company, and 1,500,000 shares of stock by W. G. Nelson Exploration Co. Proceeds—$1 per share. Underwriter—J. J. Le Done Co., Petroleum Equities Corp., and Associated Underwriters Corp., New York. Proceeds—For working capital and general corporate purposes.

Southwestern Associated Telephone Co., Austin, Tex. Oct. 20 filed 600,000 shares (par) common stock owned by the Commonwealth & Southern Corp. and 75,000 shares of common stock to be sold by Southern Associated Telephone Co., Austin, Tex. Underwriter—Smith, Barney & Co. Price, $5 per share. Proceeds—$3,750,000. Underwriters will use its proceeds for property additions and betterments. Offerings deferred.

Southern Oil Corp., Jackson, Miss. Oct. 8 filed 1,500,000 shares of common stock (par $1c) of which 1,500,000 will be sold by company, and 1,500,000 shares of stock by W. G. Nelson Exploration Co. Proceeds—$1 per share. Underwriter—J. J. Le Done Co., Petroleum Equities Corp., and Associated Underwriters Corp., New York. Proceeds—For working capital and general corporate purposes.
The damage that loose gosins, even though not intentionally made, is believed to have been caused by a combination of factors, and which, in the opinion of the investigators, must be considered in the light of the general economic conditions prevailing at the time the damage was done.

The investigation revealed that the gosins were made under conditions which resulted in a higher cost of production than was justified by the quality of the gosin produced.

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In conclusion, it is clear that the gosin producers should be held responsible for the damage that was done, and that steps should be taken to prevent a recurrence of this unfortunate event.
Observations

(Continued from page 5)

to say whether [sic] he would ask for a revival of a modified form of the graduated income tax. Such an act must be viewed with suspicion by the President of the United States' unwillingness or inability to recognize the disastrous nature of such a tax.

Lip Service by the Secretary of Commerce

Along the same reassurance-strategy lines were the public relations surrounding Secretary of Commerce Sawyer's speech before the National Association of Manufacturers on June 23. The speech, captioned "Teamwork for Prosperity," was to be delivered the Secretary in Washington that it has been cleared by President Truman and indicated that it would bear out his conviction that the Administration's program should carry some "immediate" benefits to the country.

Even by this address the Administration's Number-One-Apparelling propaganda machine involved in the contradiction between lip service to the glory of free enterprise on the one hand and socialist philosophy on the other. Thus much talk reveals to anyone except which slipped in as offsets to his general profession of solicitation for the free economy and the profit system.

"As we place more we must steadily increase was purchasing power."

"One objective is to maintain full employment and to produce at high levels. This was clearly stated in the national policy in the Employment Act of 1946."

"We must face the fact that we may not be able to produce employment and production in companies that they would like to buy and businessmen with all the capital goods they would like to sell. And we must not do use in the way of national defense, foreign aid and government expenditures. To the extent that supply and demand are still miscalculated and major reliance must be based on restricting demand."

"As we recognize this situation, and develop an adequate basis for current decisions, it is the first responsibility of business and government to provide themselves with the facts about production, inventory, spending, saving, investment and employment. This is a cooperative job, and it has been claimed as one of the achievements of the teamwork between industry and the statistical agencies of the government for many years. In the past two years the government has increased its facilities for interpreting the facts supplied by businesses and in addition to the long-established analytical staffs of the Department of Commerce and other statistical agencies, we have the President's Council of Economic Advisers and the Congressional Joint Committee on the Economic Report. These groups are exactly staffed to analyze statistical information and to chart the health of the economy. The supplying and compiling of the information upon which the diagnosis is based is a natural and highly successful joint enterprise of business and government."

"We must recognize that the decision regarding stock issues is unique in a commercial market. On the one hand, investors try to find the remedy. Sometimes business cannot take necessary measures to reduce their stockholders without the cooperation of government..."

First Boston-Halsey, Stuart Group Sells
$150,000,000 American Telephone Debts

A nation-wide investment banking group headed jointly by First Boston Corp., Halsey, Stuart & Co., Inc., and Halsey, Stuart & Co., Inc., offered the Government Telephone & Telegraph Co. a new issue of $150,000,000 American Telephone & Telegraph Co. debentures due 1973. The debentures, priced at $101.63 and accrued interest to yield approximately 3.28% to maturity, were oversubscribed as announced. The issue was authorized on December 8 for the group at competitive sale on Tuesday.

The offering represents the largest individual corporate public financing operation this year and is one of the leading examples of the government's access to the bond issues even at competitive brackets.

Proceeds from the sale will be used by the company for advances to stockholders and share holders, for the purchase of stock and for general corporate purposes.

The prospectus points out that since the end of the war, construction activities of the company have been materially and currently are the greatest in history. The company's expenditures for new construction amounted to $1,185,000,000 for 1947 and were $1,370,000,000 in the first eight months of 1948.

The proceeds are subject to redemption at 104.16% of par, to be determined at the end of thirty days after the first offering. The debentures will mature after 100, in each case with 5% sinking fund. Proceeds to the company from the offering will be approximately $1,250,000,000 for applications to telephone service and development.

With E. D. Baring-Gould

SANTA BARBARA, Calif. — George A. Dacey is with E. D. BaringGould & Co. of New York, at 19 East Perdido Street.

With Field, Richards & Co.

SANTA BARBARA, Calif. — A. Dennis has been added to the staff of Field, Richards & Co. University Center.

DIVIDEND NOTICES

EATON & HOWARD

BALANCED FUND

The Trustees have declared a quarterly dividend of thirty-two cents (32 1/2%) per share payable December 24, 1948, in accordance with the provisions of the Declaration of Trust. Dividends will be closed December 15, 1948.

EATON & HOWARD

STOCK FUND

A dividend of thirty-six cents (36 1/2%) per share, payable December 24, 1948, in accordance with the provisions of the Declaration of Trust. Dividends will be closed December 15, 1948.

REYNOLDS METALS COMPANY

REYNOLDS Metals Building Richmond, Virginia

COMMODITY STOCK

A dividend of six cents (6 1/2%) has been declared on common stock of the Company and its subsidiaries, payable December 1, 1948, to shareholders of record December 1, 1948. Scrip certificates will be issued for dividends to shareholders of record December 1, 1948. The transfer books will not be closed. Dividend checks will be mailed to shareholders of record December 1, 1948.

ALVYN DILLARD, Secretary

December 3, 1948

Celanese Corporation of America

20 Madison Avenue, New York 16, N. Y.

The Board of Directors has declared the following dividends:

PREFERRED DIVIDEND—The quarterly dividend of $1.375% a share on the Preferred Stock (par value $400) was declared payable December 1, 1948 to holders of record December 15, 1948.

COMMON DIVIDEND—A quarterly dividend of 5 cents a share on the Common Stock (par value $400) was declared payable December 27, 1948 to holders of record December 15, 1948.

An extra dividend of 5 cents a share on the Common Stock payable December 27, 1948 to holders of record December 15, 1948.

L. T. Mally, Treasurer

475 Fifth Ave., New York City

December 2, 1948

Ward Baking Company

The Board of Directors has declared the following dividends:

PREFERRED DIVIDEND—The quarterly dividend of $1.375% a share on the Preferred Stock (par value $400) was declared payable December 1, 1948 to holders of record December 15, 1948.

COMMON DIVIDEND—A quarterly dividend of 5 cents a share on the Common Stock (par value $400) was declared payable December 27, 1948 to holders of record December 15, 1948.

An extra dividend of 5 cents a share on the Common Stock payable December 27, 1948 to holders of record December 15, 1948.

L. T. Mally, Treasurer

475 Fifth Ave., New York City

December 2, 1948
President Truman's new use of the Chairman of the Council on Economic Advisers—to coordinate thinking within the Administration on how to deal with economic matters—has certainly turned out to be a regular and continuing function.

Recently the President designated Dr. Edwin G. Nourse as coordinator of the Administration's program on economic matters. He is to reconcile thinking within the Administration on "anti-inflation" and other matters, and come up with a set of recommendations. This is looked upon as a desirable personal function for the President or Council of Economic Advisers, taking it out of the running of the day-to-day problems and balancing economic theory against practical problems of running the government.

The CEA was set up by the Employment Act of 1946 to advise the President of those measures which should or might be adopted for maintaining full employment. After taking the recommendations of his Advisory Committee, the President makes his own report to Congress.

The new turn puts CEA more or less back into the role of planning, more than it has in practice. Yet it's always been a recognized fact that the CEA is the President's principal economic advisory body. The CEA should be turned back to its original role.

Today, as one function of the CEA, is to report to Congress recommendations on how to proceed with the economy. In making this report, Mr. Truman would have a greater importance of the Chair- man of CEA, and probably to the organization as a whole.

In the current situation the President may be expected to get the valued assistance of Dr. Nourse and the individual, Dr. Nourse, who views toward no extremes in economic matters. He has shown repeatedly in the past that proved helpful in two years, he will use economic problems and suggest areas of work where the CEA can better get to work.

The CEA is a part of the government's organization of the government (not, at least, "reorganization") It was created to provide an independent body to study the economy of government, and an examination of the economic relations of the govern- ment with a view to economy.

The Commission at first took the form of an independent agency. Its friends explained that the Commission would not merely those associated government in Washington, but looked to one from a department to another, and so on, so as to get "like minded" and get its work done.

In other words, it was not just to be an ideal of developing something better and better flow charts for the Administration to work with, to handle a matter of putting the square pegs of government agencies in square holes and the round pegs in round holes.

Mr. Hoover himself in a speech in September in Washington, emphasized the economic function. He raised the doubt that the government could support forever any number of services which are designed to be undertaken. The goal was primarily economic, and economic only could be brought about by curtailing functions and by returning to the standard of the day.

The overall approach was to work out a limited set of recommendations. It was not to touch the financial or tax string, or the string of the pressure groups, but to consider the problems in a set like Administration. This the Hoover Commission group seems to be coming up with a list of recommendations on amendments of this line. Few doubt that there are many ways by which the huge Federal establish-
Security Traders Association of New York


Ralph T. Tyner, Jr., Penobdy, Tyner & Co., Mt. Vernon, N.Y.; Soren D. Nielsen, New York Hanseatic Corporation (at piano); Arnold J. Wechsler, Ogden, Wechsler & Co.


Alfred L. Powell, Kenney & Powell; Ed Gutberlet, Paine, Webber, Jackson & Curtis; Ben Van Keegan, Frank C. Masterson & Co.
Annual Meeting and Election of Officers

Joe Krasowich, Bonner & Gregory; George E. Nelson, Bonner & Gregory; Barney Nieman, Carl Marks & Co.; J. V. Farrell, L. H. Rand & Co.; Cy Murphy, Mackin, Legg & Co.


Albert Tyson, Jr., Spencer Frank & Co.; Frank Kane, Ernst & Co.; Tom Trager, Merrill Lynch, Pierce, Fenner & Beane


Held December 3rd, 1948

George L. Collins, Geyer & Co., Inc.; Theodore R. Young, Young, Aal & Golkin; Lewis ("Hank") Berlin, Josephthal & Co.; Sam Englander, Marz & Co., N. Y. City

Held December 3rd, 1948


Harold Bentley, Abbott, Proctor & Pease; Syd Melven, S. R. Melven & Co.
At Produce Exchange Luncheon Club


Sid Siegel, Siegel & Co.; D. Raymond Kenney, Kenney & Powell; Nat Krumholz, Siegel & Co.; Samuel I. Gold, Lilley & Co., New York City


Andrew R. Steven, Bond & Goodwin, Inc.; Alfred F. Tisch, Fitzgerald & Co.


Michael Heaney, Joe. McManus & Co.; Abe Strauss, Strauss Bros., Inc.