Municipal Bond Market Prospects

By JOHN S. LINEN
Vice-President, Chase National Bank

Federal Reserve Bank of St. Louis

1949

Commissioner concerning have been Manufacturers business. Prices

happen to relate the developments important as not to

obtained and, expressed and vice prospective large volume of

tax exempt issues does not mean forcing down their prices. Lists

heavy financial burdens on State governments, but concludes States

will not be inclined to assume obligations they can't meet.

A discussion in January of any form of securities whether it be
government, municipal or corporate issues, almost without exception
calls for a review, brief or otherwise, of the preceding year and some
observations or possible prognostications for the year ahead.

Because the year 1948 established some noteworthy records in the
experience of municipal finance, it is appropriate, I believe, that we
review just a few of the most interesting events.

An all time high was reached in total amount of municipal
bonds sold, the "Bond Buyer" reporting the figure at $2,383,-
$77,667. This compares with totals for 1942 of $507,566,666
1943, $1,203,037,909; 1944, $2,053,-
771,362.

There were, of course, special reasons for this large volume, the
most important one being basic financing by of our large
States, notably New York, Illinois and Ohio. An increasing volume of
public revenue financing which included an issue well and favorably
known to your local market, the $134,000,000 Pennsylvania
Turnpike Bonds and a growing volume, as well, of bonds in support
of Federal, State, or locally sided housing projects contributed
importantly to the total. In regard

(Continued on page 46)

What Can Business Expect from Congress?

BY HON. KENNETH S. WHERRY
U. S. Senator from Nebraska

Blasting President's "reckless, spendthrift, and socialistic platform," Senate
Republican Floor Leader attacks Federal budget and pro-
posals for heavier taxes. Says country "is suffering from Big Gov-
ernment, Big Labor and Big Business," and warns decline in national
income under rising taxation would threaten nation's solvency.

Scores Truman's spending proposals; calls for scrutinization
of every proposition submitted by President.

The principal question that many of your members are asking me is—Where do we go from here? What can business expect from the 81st Congress?

The only answer that can be given to that question is—What business can expect from the 81st Congress will depend upon what the 81st Congress can expect from business. If business is to tolerate the imposition of controls, allocations, regula-
tion, and confiscation, legislative methods will probably be submitted without protest or effective resistance. In the second, what the President had to say was for the most part couched in such highly generalized terms that it is not easy to determine what he really has in mind, if anything of a nature different from the various current programs. Of course, he took occasion officially to denounce Russia and all her doings in somewhat the manner of President Roose-
velt when he paid his respects to Hitler and Mussolini in his much publicized "quarantine" address, but such event ever
heard of behavior in the realm of international affairs apparently 

We are, however, again impressed with the fact which we hope our readers will not lose to sight. It is that this address, like virtually all of the President's utterances of late—and for that matter like most if not all of the postwar utterances of good New Dealers every-

(Continued on page 40)
In view of drastic health readjustments already occurring, stock market economist believes Congress should and will limit government spending by cutting down President's new social welfare proposals; and will "wait and see" before granting his tax reduction program. Concludes it safe to disregard com-

This study centers around the program of the President set forth in the State of the Union Message and the policies defined more closely in the budget and report of the Presi-

dent's Council of Economic Advisers. The President is said to long for the advent of an era

of goods and services as a current function of government and also to look for the development of a national policy that will ultimately guide national economy.

The indication is that the President, as an elected President, has awakened new fears. Are we on the road to statism or disinflation? How are we moving in the direction of greater stability? Security values over the next year will be determined in great measure by the policies which we shall choose in this study.

The sputter of the stock ticker responds to hourly develop-

ments and reports that are often forgotten in the next 48 hours. But what about such matters as fiscal and national economic policy? The other hand are of a more enduring nature.

Nothing is gained by impugning the motives of the President or those who share his views. Sin-
cerity of purpose rather than mere window dressing, we prefer to believe, is what we look for in the closing words in the President's Economic Report to the Congress. "We are committed to the work-

ing out of our economic problems in such a way that combines economic and social progress with demo-

cratic self-respect."

Pending

It is thoroughly recognized that the budget for fiscal 1960 is largely

based on such premises as national defense and interna-

tional affairs, and that the President is aware of the

needs and demands of the American people.

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in our opinion, the most disturbing feature of the budget is the President's acknowledgment of mistakes made in the estimates of Federal revenue, which we believe are optimistic. Doubt is cast on the ac-
du

curacy of salting revenues, thereby bringing into question the validity of requests for additional taxes and the entire as-

sessment that the budget will not be in balance this year or in fiscal

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...
"What About the Market?"

BY ROBERT P. BOYLAN

Chairman of the Board, New York Stock Exchange

Holding despite decline in stock exchange activity, "we can look forward to good new days, if we recover our confidence in America and its way of life," N. Y. Stock Exchange's Robert Boylan argues investment houses take aggressive action in interesting 15,000,000 new potential investors in usefulness of our financial markets. Deplores spread of fear and depression regarding economy, calls upon investors to exert powerful influence on government. Says common stocks are good today, and securities business should aid NYSE in campaign to restore confidence in American enterprises.

Whenever investment men and other businessmen are gathered together they see the state of the market and the future with optimism. "What about the market?" someone asks, and that's the question I'd like to discuss without the campaign without the emotion. I'd be very happy to me to put the cards on the table, face-up and see how they look.

This year, 1949 marks the Twentieth Anniversary of the market convulsion of 1929, which brought to its knees the confidence of the people, fully, to the extent of the entire community and to the extent of the certain realities. Among these realities is the fact that everybody is bigger than anybody—a lesson of 1929 that still applies in 1949. Our people labored under the delusion in the twenties—and one which some thoughtful people still accept—that certain laws and bankers and industrialists and political leaders could, by their combined efforts, influence the course of economic events. After the dust settles, the remnants of these men was eagerly sought in New York, in Washington, and elsewhere, but they were not found, and the intelligent public eventually reached the conclusion that the crash resulted largely from panic and fear, and the depression which followed was aggravated and prolonged by unsound experiments and by ventures into forms of socialism.

Many previous panics were of comparable magnitude in relation to their times and to the era of 1929. Let us tell that the panic of 1929 was no more severe in comparison to the previous ones than that of 1907. American business was set back, that of 1929. We all realize, however, that the aftermath and the consequences of 1929 were of greater significance.

The United States not only recovered from 1929, but those who suffered particularly saw prosperity rise to unheard of heights. There have been other panics and depressions, but after each one our people have resumed their accustomed and leisurely pace. The same has happened since 1929. Following the American panic of 1929 we have built an economy which was an address by Mr. Boylan at a dinner given by the financial associations of Buffalo, Buffalo, N. Y., Jan. 20, 1949.

(Continued on page 4)

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New York, N. Y.
Campaign to Increase Confidence in Equity Capital

By HAROLD P. GOODBODY

Partner, Goodbody & Co., President Association of Stock Exchange Firms

Mr. Goodbody holds the problem today is to restore confidence in American methods of producing public capital for the development and expansion of the industry. To regain the confidence of those new owners of capital who have never used those facilities.

That is exactly what we are setting out to do. That our job is to deal in the national economy—finance industry and commerce. We are setting out to make a complete job of it, and to do so we have to work as a team.

We are now setting out to encourage the use of the Stock Exchange industry and to encourage the investment banking industry by the owners of capital whenever they are and wherever they are. There is only one alternative to private financing. And we do not believe that the American people were ever more alternative.

I am frank to admit that our industry has been rather timid in recent years as to the use of its facilities. We have been somewhat partial to our country's welfare in the Stock Exchange industry, a part of a national economic fabric. And our market place for securities, operates under rigid rules and regulations of good business practice and a public interest the benefit of the country.

Those meetings have, I am sure, contributed to the knowledge that, working together, labor, management and the public. If Wall Street, have made possible, the highly efficient market for the business of the country. And the other splendid achievement of the Stock Exchange in the nation is the life and public.

On the other hand, the competition to a larger extent that we, representing industry that our industry has evolved in the beginning of a program in the right direction. I am glad to say that in its development the thinking of the Board of Governors and of the exchanges of the industry is based on the fact that our government and others in professional contacts have been assured that it will be forthcoming.

There is a general opinion that our industry has the beginning of a program in the right direction. I am glad to say that in its development the thinking of the Board of Governors and of the exchanges of the industry is based on the fact that our government and others in professional contacts have been assured that it will be forthcoming.

Our nation-wide organization is not like your own. We have no influence on the distribution of funds for the benefit of the country. We have no influence on the distribution of funds for the benefit of the country. We are small units, not representative of the country. But we are small units, not representative of the country.

We are all working together, labor, management and the public. It is not possible to describe our respective programs in detail.

Improved Public Understanding

No, our industry has not been idle. It has made some progress toward an improved public understanding of its functions as a part of the nation's economy. (Continued on page 37)
STOCKHOLDER PROBLEMS HIGHLIGHTED
BY THE MEETING SEASON

A tall increase was reported in total industrial output for the country as a large week and moderately exceeded that of the similar week a year ago.

The survey shows that industry, as represented by manufactur- ing, transportation, and utilities, is now planning to invest $14.1 billion in 1948. That is only 5% less than the record-breaking total actually spent in 1947. If these plans are carried through, 1948 expenditures might well exceed those of 1948. Actual expenditures have been larger than planned in the years shown below.

Industry now has a net worth of $40,000,000,000 in the four years 1930-33. Plans taper off as they are pushed further into the uncertain future. These results are all the more remarkable.

The survey provides for the first time information on which to judge the level of capital investment in relation to both total present value and needs. It shows the total value of existing facilities is manufacturing is $6 billion and the cost of replacing them completely with the most modern plants and equipment available would be $20 billion.

"American industry," the report concludes, "is prepared with a program of near-normal industrial growth and equipment which can increase national security, raise the American standard of living, and make a key contribution to a continuation of high-level prosperity.

But whether or not national policy makers in Washington and elsewhere are prepared to let American industry have that opportu- nity remains to be determined. The policy makers have what may well be a decisive role to play if the future is to be altered.

Business failures rate 15% in December to 31%. This brought the total change number since 1945. Although casual- ties in 1948 increased 5% from the preceding year, the rate of decrease was well above the 1946-47 rate of 26%.

December liabilities were up nearly 30% to $31,731,000 bringing the total to $310,560,000, the largest volume since 1935. The smallest recent was 7% among failures involving liabilities totaling at least $5,000,000.

December building permit valuations showed a further mild seasonal decline, totaling $275,549,434 for 21 cities reporting to Due- and Bradstreet, Inc. This represented a drop of 2.6% from $292,974,572 reported for the same period in 1947. In this total, the volume of permits for homes increased 6%, but was offset by a 13% decrease in non-residential building. This decline is attributed to a sharp drop in commercial construction, manufacturing as well as the smaller number of families in the last year.

Contrary to the former year, a high proportion of the permits were obtained by applicants who had not previously been in the business. This suggests a trend toward specialization in the building industry, which is greatly increasing.
Business and Finance Speaks After the Turn of the Year

[EDITOR'S NOTE: The accompanying statements on the outlook for trade, industry and finance during 1949 were received too late for publication. See ANNUAL REVIEW ISSUE of Thursday, Jan. 20, in which these there are started, on page 18, several hundred of equivalent comments.]

POWEL CROSEY, JR.

With growing public realization that high-grade auto-
mobile transportation can now be bought economically, the year 1949 should see a continued growth of the industry as its biggest volume in history. That, I believe, is more than a prophecy. The passenger-car business became clearly defined in 1948. The year just closed, of course, was the biggest showing in the history of the industry, with office producing 34,000,000 cars. There is every reason to believe that these sales, which were far in excess of those of any previous year, will be substantially exceeded in 1949.

In addition to the pressure of general economic conditions, which are making people conscious not only of original cost but of the cost of main- taining automobiles, there is in favor of the smaller car. The modern lightweight car has been both praised and blamed, to meet the standards demanded by the anxious American motoring public.

Traditionally, Americans have always wanted power under their feet, whether in a car for fairly long trips as well as for intra-urban driv- ing, the factors of speed and power will always be of the primary concern, and therefore must be reckoned with by the manufacturer. In our own case, we have mightily combated this problem, and therefore we are further assured that the public's purchase power is still intact. On the other hand, becoming more and more aware of the car is the realization that there is little doubt that this is another factor in the growing popularity of the lightweight car. The public will always be a wary and skeptical public made possible by the Crosley.

As the car population increases, I think we will increase another 30 percent over the next five years as will roads and streets become more crowded. Parking has become an academic study; the problem is even more of an problem in the smaller towns. The owner of a lightweight car will probably use his car to a much larger extent. The driver of the conventional car, women shoppers, out for the town, etc., and that their neighbors or potential car owners are more quickly and conveniently.

No one can deny that we believe the lightweight car will supplant other types of cars. We at Crosley have always taken a realistic view of our market. However, we do in the field is a potential market for at least 150,000,000 lightweight cars a year. This is only 1% of the new Soiled cars purchased annually in this country. In 1940, Crosley Motors expects to produce and sell at least one-third of this 150,000 potential.

HON. CLAUDE PEPPER

U. S. Senator from Florida

The 81st Congress must pass legislation which would establish a more stable price structure in the steel industry.

We must expand and enlarge our health, education and social security system, especially in the agriculture and teaching standards must be raised. The proposed funds allocated to the United States Department of Agriculture for state and local health programs does not go far enough. The Administration's Program of aid to our Public Health Service must be continued.

There is an overwhelming demand for a National System of health insurance. This demand is so great that if any county in the nation requires new school buildings and new hospitals, and the salaries and teaching standards must be raised. The present funds allocated to the Farm Security Administration for state and local health programs does not go far enough. The Administration's Program of aid to our Public Health Services must be continued.

We need more doctors, dentists, nurses and hospital personnel. For this reason, there must be further legislation for medical schools where American boys and girls can go back to school, and that it is the principle of insurance rather than charity. We need more doctors, dentists, nurses and hospital personnel. For this reason, there must be further legislation for medical schools where American boys and girls can go back to school, and that it is the principle of insurance rather than charity.

Stainless Steel

Following the pattern of previous years, the steel industry in the United Kingdom, Canada and the United States has experienced an increase of nickel during 1948. Production during the year of chromium- nickel stainless steel reached 27 million tons, the highest level of this type of steel in the history. About 45,000 tons of this tonnage is expected to exceed any previous year. It is estimated that the balance of this steel will be almost 15% above that of 1947.

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Nickel-Plating

The United States automotive industry continues to use nickel-plating. Bright nickel under chromium still accounts for the major portion of sales in the plating industry in the United States, being almost universal on automobiles and elec-

(Continued on page 42)
From Washington
Ahead of the News

By CARLISLE BARGER

The Republicans on the Senate Labor Committee have been
prompted to ridicule the contortions of the Committee Democrats in
an effort to meet organized labor's demand for outright repeal of the
Taft-Hartley Act. Consideration is given to a restored Wagner Act. Mr. Truman, himself, never
spoke of it. The Senate, however, will continue to
consider the matter. The Republicans have vowed not to
be out of the picture. They believe that organized labor is so
wary of dangers of socialization. Points out further increases in wages without offsetting price increases,
will kill the golden goose. See proposal of government entering steel business an opening gun in program
of industry nationalization.

At the outset, I should like to say that I am not pessimistic about the future of this country. I believe that the American people are so lacking in common
sense as readily to permit any foreign importation to replace our long tried-out system of
competition.

We all truth is always the most con-

tructive way to meet any prob-

lem. Through education and sound
argument a convincing case can
be...
At 75th Anniversary of Montreal Stock Exchange, Mr. Schram lauds unity of U. S. and Canada in adhering to North American system of democratic capitalism, Holds Canada will not abandon free enterprise in favour of socialistic or communism, and finds no cause for alarm in free stock exchanges. Says exchanges are a catalyst between investor and man medium, and if not badly handicapped by unnecessary regulation, they direct now into proper channels.

I am proudly honored to have this opportunity to share my news coming to Montreal that warms the heart with whom one is associated...
$50,000,000

STATE OF LOUISIANA

World War II Veterans’ Bonus Bonds
Series “A”

Dated January 15, 1949

Due January 15, as shown below.

Bonds maturing January 15, 1954, and thereafter, are redeemable in whole or in part, in inverse order of maturity, by the State of Louisiana at the option of the Board of Liquidation of the State Debt on January 15, 1953, or on any interest payment date thereafter upon payment of the par value thereof plus a premium of 2% and accrued interest to the date fixed for redemption of the bonds.

Principal and semi-annual interest (July 15 and January 15) payable at the office of the Treasurer of the State of Louisiana, Baton Rouge, Louisiana, or at the State’s fiscal agency in the City of New York, N.Y. Coupon bonds in the denomination of $1,000, registerable as to principal only or as to both principal and interest. Fully registered bonds may be reconverted into coupon bonds.

Interest exempt, in the opinion of Counsel, from all present Federal Income Taxes.

Legal investment, in our opinion, for Savings Banks and Trust Funds in New York, Connecticut and certain other states and for Savings Banks in Massachusetts.

THESE BONDS, to be issued to provide funds for the payment of bonuses to World War II Veterans of the State of Louisiana, are part of an authorized issue of $60,000,000 authorized by Constitutional Amendment at an election held November 2, 1948. Said bonds will constitute, in the opinion of counsel, valid general obligations of the State of Louisiana for the payment of the principal and interest of which the full faith and credit of said State will be pledged. In the opinion of counsel also, these bonds will be payable primarily from the avails and proceeds of the tax levied on beer, authorized by Act No. 8 of the Regular Session of 1948 of the Legislature of Louisiana.

AMOUNTS, MATURITIES AND PRICES

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<tr>
<th>Amount</th>
<th>Coupon Rate</th>
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<td>3.10%</td>
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<td>3.10%</td>
<td>1960</td>
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(accrued interest to be added)

These bonds are offered here, as and if issued and received by us, subject to affirmation by the Supreme Court of the State of Louisiana that the bonds are general obligations of the State of Louisiana for the payment of the principal and interest of which the full faith and credit of the State are irrevocably pledged, and subject to approval of legality by Messrs. Fox, Dade & Drumm, Attorneys, New York, N.Y.

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WALLACE MARSHALL WITH

LOS ANGELES, CALIF.—Hill Richards & Co., 621 South Spring Street, members of the Los Angeles Stock Exchange, announce the association with their firm of Wallace A. Marshall as Executive Vice-President, Carey S. Hill has been elected Chairman of the Board of Directors, and Murray Ward, President. Mr. Marshall was formerly partner in Maxwell, Marshall & Co.
Mutual Funds

By HENRY HUNT

25% Up; 1% Unchanged; 74% Down

The Dow-Jones average of 30 industrial stocks has been so long and widely publicized that people accept it pretty generally as a standard measure of stock price trends. The market "advances" or "declines" according to what the Dow-Jones average does.

One might think, therefore, from glancing at the following table that for the past two years the market had "done nothing," and in fact that it had been remarkably stable.

But if you recognize that your lines or points. The market "advances" or "declines" according to what the Dow-Jones average does.

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But if you recognize that your lines or points. The market "advances" or "declines" according to what the Dow-Jones average does.
substantial effect on profit margins, particularly in the early stages of realignment. Such a condition would however be spotty rather than general, and it would indicate that the realignments to 'normal' and some others will unquestionably continue to show high earnings during 1940.

"In the light of these conditions and the prospect of a general decline of corporate earnings, what of the stock market? Is it reason-

able now to expect the market to decline as it did in 1946?" It seems likely that the market will decline, as it did then, but not to the extent to which the market could decline, as it did, when the post-war boom was just getting underway.

In a word, the value of their assets, which are incidentally largely valued in 1939 dollars, and the market has exhibited caution and foresight—possibly to an exaggerated degree—in appraising current earnings. In view of the sobriety and the caution exhibited by the market, the market cannot be said to be in a vulnerable position. As a matter of fact, the market appears prepared for almost any contingency except good news. Again, as in the past two years, the prospective economic environment suggests that selection should prove of paramount importance in shaping investment policy."—An excerpt from Calvin Bullock's "Perspective."

Louis E. Stone With
Goodbody Co. & Staff

Edward Long, Others
With Estabrook & Co.

Transcripts of Mutual
Fund Lectures

The announcement last week of the course in Mutual Fund Lectures was given by the New York Institute of Finance. 25 North
Street, resulted in an overflow of the available seats in the Institute's largest classroom.

To meet this unsatisfied demand in New York and the many re-
quests received from all parts of the country the Institute plans to publish transcripts of the lectures. The course will be conducted by
Douglas K. Porteous, Vice-President and Sales Manager of the
Cohn Co. He will be assisted by nine guest lecturers. The list
includes: Arthur Wiesenberger & Co., Harold A. Anson. Calvin Bullock; Frank L. Valenta, Vice-President, Distributors
Group, Inc.; Louis H. Whitehead, Louis H. Whitehead Co., Douglas Laird, Vice-President and Secretary, National Securities & Re-
search Co.; Hug. Bullock, President, Dividend Shares; James H. Kimball, Partner, The Kimball Co. of Boston; Vernon-Vivian, Vice-President, Richard W. Long
and Co., Inc.; Kimball, Valentine Partner, Vance Sanders & Co.

The Institute announces that registration is still open in all of its other lecture courses in Current Developments in Utilities, Current Economic Developments Affecting Security Values, Analysis of Public Utility Operating Companies, Securities of Analytic Railroads, and Current Developments in Selected Industries. Each course includes two lectures on the Televisi-
ion Industry Classes start the first week in February in the classrooms of the
Institute located in the Stock Ex-
change building at 20 Broadway, New York City.

City of Brisbane Bonds

Drawn for Redemption

Holders of City of Brisbane, 50-year
Bonds for $3,200,000, with a face
market price of 83, or 83.5 per cent., will be reimbursed by $2,900,000, or 90.7 per cent., the total amount of the bonds. The
stockholders of the bonds are to be paid $3,140,000, or 98 per cent., the total amount of the bonds.

The bonds will be redeemed in the head office of The National City Bank of New York, 53 Wall Street, New York.

O HIO, with its prosperous and balanced economy of farm and factory, and Otis & Co., a pioneer in the State's financial and industrial develop-
ment, have grown up to-
gether.

When Otis & Co. entered the investment banking busi-
ness in 1884, to meet the demand for high-grade
securities, Ohio, either at their inception or in the later phases of their development. Listed here are a few of the Ohio compan-
ies with which we have thus far been associated, and the growth of each company has been outstanding. Many of them, like Otis & Co., had their be-
nings at the turn of the century.

With headquarters in Cleveland and offices in other great cities throughout the State and the Nation, Otis & Co. today occupies a leading position in its field at home and abroad. In constant and close contact with the leaders of labor and agriculture, as well as business and industry, Otis & Co. is able to draw on its rich experience of a half-century of leadership to advise both to established enterprises and to guide the dynamics of under-
taking, not only in its home State of Ohio but wherever they may be located.

In the year just closed, Otis & Co. has had a dollar volume of high-grade bond issues totaling approximately two billion dollars.

OTIS & CO.

(Incorporated)

Established 1884

New York Chicago Denver CLEVELAND Cincinnati Columbus Toledo
By H. E. JOHNSON

This Week—Insurance Stocks

The two principal companies of the "America Fore" insurance group, The Continental Insurance Company and Fidelity-Phenix Fire Insurance Company, are extending their geographical area from California to Texas, via Arizona in the case of the former, and to Louisiana in the case of the latter. The companies may continue their expansion, which might increase the volume of business of each to as much as $200,000,000, as each company has a surplus of $20,000,000, which is a fairly high ratio of surplus to premium income.

The Fidelity-Phenix was founded in 1906, at a time when the fire insurance industry was at a disadvantage due to the high rate of fire insurance. The company was founded with the idea of providing fire insurance to the people of the United States, and it has been successful in doing so. The company has a surplus of $20,000,000, which is a fairly high ratio of surplus to premium income.

Dr. Martin Nadler

The Economic Report of the President, submitted to Congress on Jan. 7, 1949, contains the following statement: "The public debt will continue to be a major factor in the stabilization of the economy. An important task in

By MARGUS NADLER* Professor of Finance, Graduate School of Business Administration, New York University

the program will continue to be the maintenance of stability in the government bond market."

The above statement is a part of a larger statement, which states that: "It is conceivable that the government bond market will be able to support a large volume of government bonds, at moderate interest rates, without any risk of a large number of defaults."

The government bond market is a market in which government bonds are bought and sold. The market is controlled by a small number of large banks, which buy and sell government bonds on behalf of their customers. The market is important because it is a source of liquidity for the government, and it is a way for the government to borrow money.

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The SEC and the Capital Market

By EDMOND M. HANRAHAN*

Chairman

Chairman Hanrahan maintains new money is being pumped into capital markets at a high rate and securities are experiencing increased growth and development. Says as long as commercial banks remain conservative, private investor must furnish market for equities, and argues importance of having substantial equity capital. Points out over-regulation which impedes financing without protecting investor is disservice, and holds aim of SEC is to substantially facilitate securities markets.

I was glad to be invited to talk to you today. Unlike other speakers before the Association I am not an economist; and I have no disposition to leave my depth for dangerous waters. I accepted your invitation because the Securities and Exchange Commission, although it has not much direct control over banks directly—nevertheless, is concerned, and has been for a long time, with the problem of over-saving. Our theory lies that the most important factor in our American economic system today is the flow of new money into the capital markets. This money, in turn, will re-call the terse-ness with which the most recent message said that the rate of the Union was "good." I hesitate to use any single adjective in describing the present state of the market. From a strictly technical point of view the markets are still in the recovery stage and the distribution of the securities is still such that it is impracticable to identify specific investments in which the market is growing. If, however, one is willing to set aside the technical considerations, a number of broad outlines of the market are evident. One is the great shift of income from the small investor to the large institutional investor. The other is the break-up of the small investor class and the concentration of his holdings in a few large securities. The result of this is that the individual investor is finding it increasingly difficult to view the market as a whole." (Continued on page 3).

Consolidated Edison Company of New York, Inc.

First and Refunding Mortgage Bonds, 3% Series E

Due January 1, 1979

Price 102.399% more accrued interest from January 1, 1949

$50,000,000

The First Boston Corporation

Newman, Diller & Co.

E. H. Rollins & Sons

Harriss, Hall & Company

Hempilly, Noyes & Co.

Smith & Company

Taylor, Anthony & Co.

Francis L. DuPont & Co.

The Milwaukee Company

Ball, Burns & Kraus

Irma Haupt & Co.

Lindel, Berge & Sheed

McLeod, Taras, Wier & Co.

J. Barth & Co.

The First Cleveland Corporation

Courts & Co.

Cowell, Weeden & Co.

Dellhaven & Townsend, Compton & Bodie

Gumery, Marquard & Co.

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A. M. Masters & Company

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H. L. Emerson & Co.

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D. A. Lassman & Co.

Toole, Devine & Tyron

Richard W. Clarke & Company

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Jock, Kirkland & Co.

Irving Landburg & Co.

Farrel, Wright & Window, Inc.

Ridgway, Newman & Co.

Sherrill, Backus & Paul, Inc.

Thayer, Baker & Co.


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

NEW ISSUE

January 26, 1949

GENERAL DESCRIPTION OF SECURITIES

$50,000,000


Last week the subject of discussion here was the undistributed profits tax and the economic theory to which it is related, namely, classical theory. Professor Conant has written a footnote. He writes:

"It is not possible to combat against the underconsumptionist theories of recent years by the weapon of a tax. The definition of tax implies that it is imposed because the allegedly strengthened the propensity to consume. By the same token, it would be logical to advocate in inflationary periods to shift labor income in the entrepreneur through a lowering of wages, etc. It is not manifested at such times that prices are not dependent upon demand and supply, but are deliberately determined by the manufacturers."

"There is no doubt that part, at least, of the skepticism with which many persons regard the underconsumptionist theories, is the fact that it is invoked frequently for the purpose of justifying militarily popular actions by proprietors, to whom we do in a manner of speaking, with their fingers crossed.

"It is easy to understand that the official policy of the United States comes to mind in the case of a war, and then to see that it is not always the war, but the war on the war. Business had started up in 1938 and was a tremendous business. Many of the great industries were running at capacity, and in 1937. On the strength of this it was generally assumed that the two great world wars were now financially capable of raising wages. But just about then the business boom collapsed of its own weight. Now it is the turn of the railroads to seek relief of their over-capitalization and asked the government to the wage increase be set aside, for the time being. Many of the carriers, they showed, were operating in the red, with the real need being to cut the rate structure. But now the President's fact-find ing board decided that railroad earnings, on which the wage increase had been justified, were no longer determining in the case. It would be unthinkable, it said, to suspend the wage increase. Why? Because that would reduce productivity and intensify the deflationary depression.

"Challenged to the underconsumption and ever-saving theories is the idea of the Compensated Economic Depression. Advocates of this particular brand of utopianism view the depression as a stage in the development of an extensive. The way to stabilize the economy, they say, is to reduce taxes and permit the budget to be balanced. Then, when business begins to hum again, surpluses will increase, and the surplus will be finally off through higher taxes. Not only would the budget be balanced, but the debt will be retired in the process.

"It will tell you that, this is, of course, a fine theory. But we also becomes of these one-way theorists in time of economic fair and..."
Use of Institutional Investment Funds in 1949

BY EARL B. SCHWULTZ

Executive Vice-President, Bowery Savings Bank, New York

Mr. Schwultz, predicting total dollars collected by private financial institutions from the 1945 amount of $71,951,000, foresees larger use by savings banks and other banks of new mortgage loans, while life insurance companies will continue to favor corporate bonds. Holds sale of government bonds by insurance companies steady.

There are three major groups of savings institutions—banks, insurance companies and building and loan associations. These three groups issued a combined $52,500,000 of savings bonds of the American people in 1947. Almost another quarter of the savings was used for loans to Government insurance funds, corporate and other bonds.

Commercial banks have slowed up markedly over the past year further cementing their ties with the industrial bond market and longer-term mortgage loans to business.

Mutual Savings Banks Mutual savings banks reported a gain in deposits during 1948 about equal to the rise in time deposits of all commercial banks. This is noteworthy, considering that the mutuals are located mainly in the northeastern part of the country where the bulk of the deposits is little affected by the substantial rise in deposits of the nation's commercial banks.

Savings banks last year invested additional deposits received, funds derived from other mortgage and other mortgage investments and deposits and mortgages and partly in corporate bonds, the first three quarters of the year. The amount of new funds available for new investments is expected to be in the coming year and how the funds may be invested.

Commercial Banks

Savings and other time deposits received by commercial banks are invested in corporate stocks, mortgages, and corporate bonds. In a recent study of the money market, for example, it was reported that the investment of $71,951,000 in 1945 was only $7,000,000 in 1948. The amount of new funds available for new investments is expected to be in the coming year and how the funds may be invested.

During 1948, commercial banks expanded their loans and reduced their Government security holdings. Assuming that a mildly restrictive credit policy will continue during 1949, we are likely to see a smaller rise in loans during the forthcoming year. At the same time, having reduced their Government security portfolios by over a quarter since the end of 1948, commercial banks will probably be more reluctant to reduce these holdings further, since they are desired investments in the viewpoints of liquidity and income.

Commercial banks have increased only to a small extent their holdings of the larger United States Government obligations. There is no reason to think that their attitude towards the bond market will change materially. Federal Reserve policies for the near future will probably be adjusted to the needs of the economy.

The fact that the rise in savings and other time deposits at banks is

*Excerpt from a discussion by Mr. Schwultz given before the Conference on Finance of the American Bankers Associa-

Thursday, January 27, 1949

(Continued on page 49)


KENNEY & POWELL

NEW YORK
Higher Price of Gold

By PAUL EINZIG

Dr. Einzig, noting demand of South African gold miners for 39% wage increase, sees it in either subsidizing gold production or increasing price of gold. Says higher gold price would enable payment of U. S. export surplus in dollars, but detracting African interests by "give away." Denies universal higher gold price would be inflationary.

LONDON, ENGL.-The demand of a 39% increase of wages by the South African gold miners presents the question whether the price of gold should be increased. If this demand is satisfied, the rise in the cost of production would make the world, and many of the poorer nations, more unprofitable, and would diminish the foreign gold exports. Instead, the gold output would fall sharply unless producers were able to obtain prices for their gold. As gold is the key metal in Africa's principal exports, the government could not afford to allow such a deterioration of the already unsatisfactory situation. By raising the price of gold Britain would view with indifference a substantial increase in the foreign exchange earnings of the most important dollar-earning export of Africa. It is no wonder that suggestions for a higher price of gold have been made. The arguments would be to sell the gold in the face of a strengthener of the pound or, the poundster, or to subsidize gold production. The third point would be the most resisted, for the precedent had been to let the East, due to monetary instability in the world, find the prices to which the whole South African export could be sold. The gold price is set at there at very low prices. Payment would not be received in gold; instead, in hard currencies, and the gold producers' gains would therefore be the government's losses. The International Monetary Fund is working on a crusade against that sol- lution. While it is unable to enforce the much more important rule of non-convertibility of hyperinflationary currencies, it has been so far as high as possible: the application of the device of subsidies which would be applied in other countries having existing circumstances serve a constructive purpose by attracting exports to those countries needing hard currency. This would mean a solution which would carry away the hope on subsidies of achieving gold of the cost of production. A higher price of gold. The question is: what form the latter solution would have? Should the South African or any other countries exporting their home-produced gold could of course result in an inflationary consequence? Should this solution be chosen, however, the relief ob- tained would only be temporary. If the South African pound should be devalued there would be an increase in the price of foreign imports and other goods, and the cost of the living or the cost of living would be increased as well. Before very long the adjustment would have to take place in the gold producers, and gold producers would be no better off than they were before the devaluation.

The only way in which gold producers would benefit would be through the inflationary scheme of increasing the price of gold. This depends, of course entirely on the United States. A rise in the price of gold would be raised from its present level of $20 to a figure of $35. All other countries represented on the International Monetary Fund may be willing act upon it. It would be easy to obtain a unanimous decision of the countries representing 80% of the gold in the world.

With Colin Bur & Middlebrook

HARTFORD, Conn.-Edward Walker, a correspondent of The Commercial Financial Chronicle, and formerly connected with Brain- hard-Judd & Co.

With J. H. Hulimcan & Co.

(Harp) The Commercial Financial Chronicle.

SAMUEL G. Walker is with J. H. Hulimcan & Co., of 346 South Street, Southern Building. In the past Mr. Walker was with Norris & Hirschberg, Inc.

"A talk by Mr. Graham before N. Y. State Bankers Ass'n, New York City, Jan. 24, 1949.
Managing the Bank Portfolio in 1949

By WALTER L. REHFIELD
President, Robert Morris Associates

Wednesday, January 27, 1949

WALTER L. REHFIELD
President, Robert Morris Associates

In the special issue on managing the bank portfolio, an idea that I have been talking about for a number of years and have been following very closely is that there is a very large amount of capital available, both from a central bank and from the commercial banks, that is not being used, that is not being put to work in the most productive manner. This is true not only from my own banking experience but from many years of participation in, and association with, the ac-

The Western Canada
Oil Industry

By Charles King & Co.

Members Toronto Stock Exchange

Beverly P. Byers

Direct Wire to Toronto

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TWO WALL STREET
NEW YORK S. Y.

The COMMERCIAL & FINANCIAL CHRONICLE
Federal Reserve Bank of St. Louis
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The COMMER CIAL & FINANCIAL CHRONICLE
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TWO WALL STREET
NEW YORK S. Y.
Montreal Exchange Celebrates 75th Anniversary

Jacques Forget, Chairman, presides at dinner commemorating three-quarters of century of progress at Windsor Hotel, Montreal, on Jan. 26. Exchange brokers and officials were guests.

The Montreal Stock Exchange celebrated the 75th anniversary of its incorporation with a dinner in the Windsor Hotel, Montreal, on Jan. 26, 1945. As was the custom, the dinner was held on the Thursday preceding the anniversary, Jan. 20. Among those present were the heads of corporations whose shares are traded on the exchange.

The Montreal Stock Exchange, with a capital of $400,000, was incorporated on Feb. 1, 1870. It is now the 10th largest stock exchange in the United States and the largest in Canada. The Stock Exchange has 25,000 members, of which 11 are located outside the city of Montreal. The membership includes 10 brokers, 10 agents, 10 landlords, and 10 others, all of whom are members of the press.

The members present included Mr. Alfred B. Boulton, the exchange's secretary, and Mr. J. G. Daves, the assistant manager.

Hyder to Conduct Course at Columbia

Carl T. Hyder, of the brokerage firm of Hyder, Goodwin, & Co., New York, will conduct a survey course in general investments during the current semester at the Columbia University Teachers College, according to Mr. Hyder. The purpose of the survey course is to help laymen understand what to look for in a good investment and what to avoid as unsound.

Mr. Hyder has dealt with the general investment field for more than 25 years, specializing in the equity portion of the portfolio for his course, he will call in the course to discuss industrial, railroad, public utility, oil, chemical and other kinds of securities.

Among the specialists to address the students are: Paul H. Goodwin, Jr., of Joseph and Company, public utilities; Herbert S. Weyer, of Field, Shields and Co., public utilities; Clinton A. Hipkins of Braun, Crowther and Co., tax exempt securities; Edmund W. Tabell of Watson, Goodwin, and a technical analysis of the market; Alfred S. Budd of Shield and Co., heavy industries.

The course will also include a session on how to read and understand the financial pages of the daily newspapers.

For the course will be $15. Registration application may be obtained at the Institute Office at 304 School of Business Building, New York City.

Southern Mat'l Inv. Corp. Is Formed

SAN ANTONIO, TEX. — The Southern Material Investment Corporation has been formed in San Antonio to act as originators and dealers in securities. Mr. McIntyre is President of the new corporation and E. P. Kinkead is Vice President.

Mr. McIntyre has been conducting business in San Antonio under the firm name of Robert McIntyre Company for some years.

J. F. Reilly & Co. To Be Formed in N.Y.C.

John F. Reilly and Harold M. Matus, both members of the New York Stock Exchange, announced that they would form J. F. Reilly & Co. with offices at 46 Exchange Place, New York, Feb. 1. Mr. Reilly has represented large financial institutions in buying and selling government securities, and conducted large transactions in the purchase and sale of corporate bonds. Mr. Reilly is also a partner in a large real estate business.

MIT Receives Grant from Merrill Foundation

A grant of $50,000 to the Massachusetts Institute of Technology for a research program on the control of industrial-strength forms of this virus was announced by the Merrill Foundation, a leader in the control of Financial Knowledge.

In making the announcement, Dr. W. F. Reilly and his associates, members of the Foundation and managing editor for Merrill, stated, "The MIT scientists, led by Professor E. J. Goodwin, and the research team have spent much time and effort towards understanding the process of the virus."

The program which will cover a study by Prof. Reilly and his associates includes investigation of the factors of the virus, the effect of the virus on the production of the virus, the chemical nature of the virus and the biological effects of the virus on the virus.

Mitochondria are believed to be the main source of energy for the virus, and the study by Reilly and his associates is expected to provide valuable information on the basis for the production of the virus.

MIT economists are pleased that the new research program will cover a study by Professor E. J. Goodwin, and the research team have spent much time and effort towards understanding the process of the virus.
This year I want to make a prediction or two and talk about some of the government's policies affecting international trade. Government policies in the field of international trade are not easy to establish. They are far more difficult than government policies in any other field of national economy. As a matter of fact, the government policies in the field of domestic trade may be very clear to us, but the government policies in the field of international trade are rather confusing if not altogether incomprehensible.

New Blaisdell

In the past two years, we have seen a great increase in the volume of trade. In some cases, the increase has been very large. In other cases, the increase has been comparatively small. The question is, what is the reason for this increase in trade? Is it due to the fact that the economic conditions in the world have improved? Or is it due to the fact that the governments of the world have made greater efforts to promote trade? Or is it due to the fact that the people of the world have become more willing to trade with each other?

Closing Export-Import Gap

This difference between total exports and total imports, considered as a percentage of GNP, has been of great concern to us for some time. It is one of the most significant indicators of the state of our economy. If exports exceed imports, then the balance of trade is in our favor and we are able to earn a surplus on our balance of trade. If imports exceed exports, then the balance of trade is against us and we are forced to borrow from abroad to finance our imports.

Phasing Out Capital Controls

It is interesting to note that while the United States has made large capital movements abroad, the other countries have been making small capital movements abroad. This has led to a situation where the United States has a large amount of capital available for investment abroad, while other countries have a smaller amount of capital available for investment abroad. This has led to a situation where the United States has been able to attract large amounts of foreign capital, while other countries have been unable to attract large amounts of foreign capital.

Future Prospects

Despite the fact that the United States has been able to attract large amounts of foreign capital, it is clear that the United States is not going to be able to maintain this position indefinitely. As the economies of other countries become more developed, they will be able to attract a larger amount of foreign capital. Therefore, it is important for the United States to consider ways in which it can adjust its policies to accommodate this change in the international economic environment.
Otis & Co. Appoints New Officers and Directors; Launching Program of Expansion

Cleveland, Ohio.—With the appointment of six new officers and directors, Otis & Co., Terminal Tower, launched an aggressive program of expansion for its business. The Cleveland investment firm was founded in 1899.

Glen R. Miller

Robert L. Kaiser

Harry W. Irwin

Cyril H. Wagle

Glenn R. Miller, who has been manager of Otis & Co. Public Utility Department since 1946, becomes Vice-President and a Director. A native of Elgin, Ill., a graduate of Northwestern University School of Commerce and an Ohio certified public accountant, Mr. Miller has spent the past 15 years in the investment business with his company, three years' service in the Army with the Contract Renegotiation Division of the Cleveland Ordinance District. Prior to the war he spent two years as an investment analyst with the Continental Casualty Company of Chicago and seven years in a similar capacity with Sheridan, Farrell & Morris, Chicago investment counselors.

John A. Kruse becomes Vice-President in Charge of Syndicates and Sales and a Director. Mr. Kruse has been with Otis & Co. since 1932 and has been Manager of the Trading Department for 15 years. Mr. Kruse, a native Clevelandian, was a bond dealer with the Union Trust Company before joining Otis & Co. Mr. Kruse was Secretary-Treasurer of the Northern Ohio District of the Investment Bankers Association in 1946 and Vice-President of the Cleveland Security Traders Association in 1947. He succeeds C. B. Lincoln, who retired after a long and active career with Otis & Co. He has been associated with Otis & Co. since 1921.

John E. Dwyer, Vice-President in charge of the Chicago office, has also been elected a Director of the company.

Nasad District No. 10

Election Officers

Columbus, Ohio.—At its annual meeting the following officers were elected by District No. 10 of the National Association of Securities Dealers: Herman J. Sheedy, McDonald & Co., Cleveland; Chairman; Robert G. Sheppard, Prescott, Hawley, Sheppard & Co., Cleveland; Frank Reid, Mayorga, & Co., New York; and Don M. Kraft, Collin, Norton & Co., Toledo, members of the District Committee.

Robert L. Kaiser, who has been Vice-President in Charge of the Municipal Department and a Director. A native of Nova Scotia, where he spends his summer vacations, Mr. Wagle came with Otis & Co. in 1928, and is its senior salesman, handling many institutional accounts.

The Future of the Security Business

By HAROLD B. DORSEY

President, Argus Research Corporation

Holding securities business as an industry is a house divided, weak and ineffective. Mr. Dorsey urges centralized representative organization for all segments and branches, with coordinating sub-committees, as a multi-million dollar relations and educational campaign to regale respect and policy of improving earnings and morale of securities business personnel. Argus becomes a leader in the field of educating of securities, together with modernizing and creative leadership in making securities business a vital cog in the economic machine.

To a considerable extent, the future of the security business depends upon the initiative, energy and ingenuity with which it plans and works for its future. Such a contention may seem to overlook the effects of current economic trends, but a vigorous and well coordinated campaign to regain the respect of the public.

But of equal importance in this matter of public relations is the realization that there is a very large proportion of the public, even aware of the economic facts of the matter, who do not thoroughly realize that capital can be created or lost and pay delighted wages. The average man realizes much less than he can, but the number of justifiable and of people who are not working for the benefit of the people. It is not our business to suggest that capital accounts be increased to correct inequities, but it can be demonstrated that the investment business with its present resources and capacity, has not been reformed.

Perhaps as a consequence of the increasing and uneconomic trends among these conditions, I think most of us also will admit that the morale of the personnel of the securities business is very low. It seems to be punchdrunk and a great deal of time and money is being thrown away in punchdrunk, but correctives are inadequate, and on a small scale, at best.

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Let's Get Down to Earth

I doubt the wisdom of wide-scale guarantees to private industry. There is uncertainty as to the way Governments operate, particularly so- cialistic Governments. Such operations may lead to the formation of a new sort of the best world, to be held the bag. We have not been advised as to detail on the new plans. We may say that they are expected to do this work, but we may assume that they will follow the Marshall Plan. The government has spent the half-billion dollars, grants being made to the United States, and is expected to spend another half-billion dollars. In construction, the work must be done to the usual standards. The government will not be as familiar with the work as we are. The government is not a builder. We are not as popular as a collector, and we are not as good at it as the government.

At the same time, we are not strong enough to undertake this program, except under limited expense. Real danger lies in overestimating the value of all such a program would work. Greater dangers lie in a disappointing over-promising. If the objective is to build a new world, this is not the method to proceed to. The objectives must be achieved, to the best of the Marshall Plan. The government should be a partner in the work. We want to see the government do the work, but we should like to see the government do for us.

—Senator Robert A. Taft.

The Senate appears to have made at least a start in bringing this "broad new program" down to earth. We can only hope he gets the whole work up.

Public Utility Securities

BY OWEN ELY

American Telephone & Telegraph

The Department of Justice recently filed suit against the American Telephone & Telegraph Company (AT&T), proposing that Western Electric Company (which has been part of the Bell System for 65 years) should be broken up into three publicly-owned companies. It is assumed that all Bell System companies should be sold to other companies. Moreover, A. T. & T. and Western Electric would be forced to sell Bell's investment in various subsidiaries (with technical assistance supplied) which would own the Bell equipment. In some cases, A. T. & T. and Western Electric have considerable holdings in Bell System companies purely for the purpose of ensuring competitive policies on equipment and supply procurement.

The question of whether American Electric Tel. & Tel. consolidated earnings of Western Electric, which amounted to a record high of almost $24 billion in 1945, which was considered by many to be a guarantee that all Bell System companies should own the Bell equipment. (The Electric, which was a guarantee that all Bell System companies should own the Bell equipment, was sold to the public, or rather to telephone companies for the purpose of enabling these companies to increase their rates. In the future, substantial funds would be obtained which of course would return to American Telephone when used in its telephone construction program. A return of 10.5 per cent on the Bell holding of $23 billion would mean a return of $1.7 billion annually. The return would be reduced to about 5.2 per cent for the purpose of raising the rate of return to (Western Electric) average less than 4 per cent. These earnings were obtained before Sept. 30, 1948. In the 12 months ended Dec. 30, 1948, Bell System earnings were $20.21 a share compared with $7.85 in the previous corresponding period. In 1948, Mr. Strike was President of the Economists' National Committee on Monetary Policy.

Dr. Strike was President of Columbia University and an Associate of the National Academy of Sciences. Mr. Strike is scheduled for publication shortly. Dr. Anderson was President of the Economists' National Committee on Monetary Policy.

Robert M. Anderson

Washington Univ.

Course in Investments

ST. LOUIS, MO. — University of Washington will present an advance course on "Investments for the Layman." This course will deal chiefly with the analysis of specific securities and the interpretation of current developments. The course will be held in the evenings.

This new course will begin Feb. 10 and continue for ten Thursday evenings, beginning Jan. 31 to Feb. 5; tuition, $16.

A repetition of the more elementary course on the same subject given last fall will be presented on ten Wednesday evenings beginning Feb. 8.

David Cerf II With

Harold Levitt Vice-President

Fred W. Fairman & Co.

400 Nov. Hurst

Los Angeles, Calif. — Har- old Levitt and Fred W. Fairman have been associated. Mr. Fairman was with the Bell Telephone Laboratories, and Mr. Levitt was with the Consolidated Telephone Co. Both men have been with the firm for some time. Mr. Levitt was formerly an assistant in the research department of the company.

(For the Financial Chronicle) CHICAGO, Ill., April 30 — It has been announced that Fred W. Fairman, 37, former director of the Sahara Nymphon, and La Salle Street, members of the Chicago Exchange. Francis M. Cerf was formerly an assistant in the research department of the company.

For Floyd D. Cerf Co.

Subsequently, he is likely to have a position in Palm Spring.

Owen Ely
The Investment Portfolio as Bank Income

By F. BRIAN REUTER

Mr. Reuter, asserting banking is still a business, contends income motives in its operations should extend to its investment policies, and a bank's portfolio should mean purchasing investments with view of obtaining highest flow of continuous income possible, after being conversant with structure of one's own bank and its deposit fluctuations and trends. Foresees stability in present volume of bank deposits and stresses dependence of investment policy on deposits. Urges actuarial viewpoint in judging investment results.

In an investment pamphlet which reached my desk a few months ago there was a brief dissertation on bank investments which pointed out that fortunately a banker is able to make a reasonably accurate projection of operating costs and then went on to say...after proving a dozen and sufficient little arguments

The following have been pointed to the Nominating Committee (of the banks) considered. (Note: The 

The American produced a little argument

It is not suggested that anyone can make a bigger bank portfolio than that or how to make it better.

To be continued. 

F. BRIAN REUTER

The American produced a mone-

...Thus the 25½ due 1955/56 and the 25½ due 1956/57 are being well bought. ...the last four partially-exempts continue under attention of the 1968-69 issue of this group. ...the tap bonds are getting good buying as the longest and most liquid of the entire group and are seemingly getting a bit more of the play at this time.

Sellers Now Buyers

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Securities Salesman's Corner

By JOHN DUTTON

There is one way that you can be sure to make a good effort and still get nowhere—and that is to go around in a circle. There are times when a man acts with the same people TOO OFTEN. Familiar faces and places grow on us.

But we don't want to make a mistake. Time and sometimes does not provide the most nourishment—grass that is most eaten is often grows short and stout. There are times when "distances pathures are the greatest.

Unfortunately, one of the inherent features of the securities business is the desire to get the maximum volume of income from each investment client. It is this desire that new business constantly if one is to ever keep a steady stream of new business. The secret is that the salesmen are kept away from the natural derangement of doing that. Yet, many salesmen continue to go back again and again, over the same individuals—and by necessity to branch out into new fields.

There is another advantage in going out among new people besides the fact that it must be done in order to keep the business. There is always the possibility that you will uncover some new Chiller order is sometimes grade. They are always there. What happens is that as the game is not worth the candle, repeated calls are made. Many a man who has disposed of one or two business with people who shop around so much that the profit in their one case is a matter of not quite a half cent. If the dog is tired and not much better off financially than when he started.

There is a great deal of better business available than that which you are not doing. It will pay no matter what you know about some of the others. There are other salesmen have just by going out and seeing everyone in 2 days' work. But a lot of the money is here and not much better off financially than when he started.

There are cases where salesmen have called upon prospects in an area that has no volume. The case is a short period. Again the best. One, which I am familiar, led to a four million dollar in 60 days. It was a very big account that can you if you patiently keep on your toes this way.

As new and larger accounts are obtained you can still keep in touch with the smaller ones by telephone. The time you spend obtaining word a better picture. Suddenly when a doctor who is a general practitioner gets too many $200 payers in a day, what should you do? The best way is to go out on your own or in self defense. Bigger accounts, better accounts, are the difference between the top lawyer and the bottom lawyer in every business. It is man believes he can do (and you should know his earnings—just by the way if you have your subscription in this or any other business) then go after the important account and make your mark, that is where success and better earnings are sure to come.

N. Y. Curb Exch. to Vote on Higher Commissions

A proposed increase in the schedule of New York Curb Exchange commissions, to be voted upon by mail to the regular members of the Curb Exchange by Francis A. Bunting.

Amendments to Section 2, Article VI, of the constitution of the Curb Exchange incorporating the proposed commission changes were approved by the board of governors at its meeting on Wednesday, Jan. 9, 1949. To become effective the amendments must be approved by a majority of the votes cast at by the majority of the regular members of the Curb Exchange. The voting period will run for two weeks' duration with an additional two weeks' possibility in the absence of sufficient votes.

If so approved, the revised commission schedules would provide an estimated $37 million increase in stock commissions and would become effective as of the opening of business on Monday, Feb. 14, 1949.

$50,000,000 Louisiana Bonus Bonds Marketed

The State of Louisiana on Jan. 23 issued bonds by mail to the regular members of the Curb Exchange by Francis A. Bunting, president of the firm.

The bond bid a premium of $111,110 naming a 4% interest rate for the 1948 bond and a 3% rate for the 1954 bond and 3% for those maturing in 1956. The maturity is.

The $50,000,000 of bonds represents part of an issue of $80,000,000 of bonds which the state of Louisiana at an amendment at election held in May, 1945, and will constitute the general bonds of the state. The state is the principal beneficiary of the sale and the proceeds will be used to retired the bonds.

The $50,000,000 of bonds were offered for sale to the public through the usual channels of the state's capital city, Baton Rouge, and were marketed by the firm of Bunting, Maxwell & Co.

Curb 5 and 20 Club Elects O'Brien Pres.

Edward A. O'Brien, a regular member of the Curb Exchange since 1953, was elected President of the Curb Exchange member at a recent annual meeting in the Curb Exchange. Mr. O'Brien, Vice-President of the Curb Exchange, made the group for its formation in 1947, succeed James J. Hopkinson as Vice-President.

Mid-West Stock Exch. Merger Parleys Resumed

Representatives of exchanges of the Chicago Stock Exchange on Jan. 21 to prepare to be able to be voted on.

On Jan. 21, representatives of five Mid-West stock exchanges, comprising Chicago, Cleveland, Cincinnati, Minneapolis and St. Louis, convened at Chicago to discuss the formation of one major cemter securities market. The meeting is the second of a series of conferences regarding the proposed merger. Harry Bink, President of the Chicago Stock Exchange, was present at the meeting as an observer. Neither the Detroit nor New Orleans Stock Exchange were represented.

"anns &. Day, President of the Chicago Exchange, who has been the leader in promoting the consolidation of the plan, will be represented on the reports of the various committees which have been studying the proposal. He is expected to submit a plan to be prepared and two or three additional months before it would be submitted for a vote by the various memberships.

Phil-Ball. Exchange Merger Nears Completion

The growing of members of the Baltimore Stock Exchange on Jan. 20 to become members of the Philadelphia Exchange constitutes one of the final steps incident to the formal consolidation of the two stock exchanges. There remains the approval by the membership of the constitutional amendments to make the merger complete.

The Baltimore candidates, to be voted on Feb. 2, are J. Dorsey Brown, Vice-President, Baltimore Stock Exchange; Floyd W. Bousman of Sterling Morris & Bonsma; Loe H. Block of Simon Black & Co., and the and…

Brocho on Faculty of Rutgers Session

TULSA, OKLA. - Palmer C. Brocho, member of the Faculty of the Graduate School of the School of Economics, University of Rutgers, has been appointed to be one of the speakers of the summer's season.

Appointment to the faculty of the Graduate School is a coveted honor among professional bankers, Brocho, the only Oklahoma on the faculty, will be serving his second year. His first tenure was two summers.

As a faculty member, Brocho will be one of the speakers at the lecture in the Investments section. The course will cover a study of the Federal Reserve System, the money market, government and agency securities, bank financing, earning policies and practices for the bank's internal policies.

The 1949 sessions of the Graduate School are scheduled for June 29 to July 18 this year on the campus of Rutgers University, at New Brunswick, N.J.

The Graduate School was established in 1933 by the American Bankers Association to offer to bank officers and certain bank employees vocational opportunities of an advanced character in the fields of their professional interest.

About 900 students will attend this year's sessions, some of whom will complete the three-year tenen course necessary to receiving a diploma.

The diploma is awarded jointly by Rutgers University and W. Graduate School.

Trinity Univ. Course In Investmen Technique

SAN ANTONIO, TEX. - Because of the fall term, Trinity University is offering an Investment Technique for the spring semester. This course, for adults, will be given at the downtown Division of the University every Tuesday evening from 7 p.m. to 9:40 p.m., beginning Feb. 1. The course will provide three semester hours of college credit and is approved for veterans under the G.I. Bill.

The course, under the instruction of Mr. Paul Enslow, who will cover investor's Dilemma, Capital, Income and Dividend, Economic Cycles, Supply and Demand, Characteristics of Capital Goods, Technical Indicators, Price Pattern Development, Logic of the Stock Market, Market Analysis, Cash Construction, Indexes, Capital Description, Line Charting, Bar Charting, and Figure Charting, etc.

Enrollment is limited to 25 persons.

Eugene F. Durand With E. F. Hutton & Co.

TUCSON, ARIZ. - Eugene F. Durand, with the firm of E. F. Hutton & Co., 30 East Administration Building, has been appointed by the firm as the latest member of the financial staff. He is formerly senior partner of Eugene F. Durand & Co., which is being dissolved as of Feb. 1.
1949 Business Outlook and Retail Problems
By A. W. ZELONEK
Economist, International Statistical Bureau, Inc.
Mr. Zelonek forecasts an average decline in general business during 1949 of around 5%, with sharpest drop in last half of year. Says retailers are in more liquid position than they were before World War II, but still will be more affected than other businessmen.

Stresses importance of sound buying by merchants and an aggressive selling policy.

I suspect very much that, if I were an economist who merely published business forecasts, I would try to impress you with the importance of general business conditions in the year ahead. Working as closely as we do with a large number of retailers, however, I am

Sees Ratio of Stock Sales and Prices to Personal Incomes at Lowest Level
Cleveland Trust Company shows by diagrams almost steady in increase in personal incomes, with stock prices and sales volume lagging.

The January issue of the "Business Bulletin" of the Cleveland stock market of 1948, calls attention to the stagnation of stock prices and sales volume as compared with the almost steady rise in personal incomes since 1933. "It has been substantially true," the Bulletin says, "that the stock market has shown less response to changes in the business boom than almost anything else. The average price of common stocks, as measured by Standard and Poor's index, is only about 19% above the 1925-1929 average. Most other business and financial indicators have recorded for greater increases.

To mention only one, the wholesale commodity price index is 103% higher for 1948 than for 1925-1929, and the physical volume of industrial production is 94% higher."

"As shown on the diagrams, the relatively low level of the stock market is apparent not only in stock prices, but also in the volume of buying. The diagram at the left compares total personal income with common stock prices, the data being obtained from the Commerce Department between 1923 and 1948. Both the base period of the annual averages or the base period of the index is 100 the 1925-1929 average. The former was represented by Standard and Poor's index of 416 common stocks."

"In the bond market, all price and income diagrams, the market value of all bonds bought from all issues is shown by years as a percentage of total personal income. The market value of stock sales is the Securities and Exchange Commission's figures, which begins in 1923. In both diagrams, the vertical axis measures the values of all issues, those of the Department of Commerce. This series does not differ greatly from the one for personal income, and is available by quarters beginning with 1923."
Prospects of Railway Equipment Industry

By JOHN J. SNYDER, JR.
Chairman of Board, W. W. May Brothers Steel Co., Inc.

Chief executive of railway equipment producer reviews shortage of railway equipment during last decade and describes handicaps in rebuilding old cars, railroads repairing and rebuilding outdated cars, and continuing freight car crisis is new freight cars in much larger numbers than it has been possible to produce in the past.

As an illustration of the quantity in which railroads themselves, consider the Pennsylvania Railroad. It moved its biggest freight-carrying road and handle nearly one-tenth of the nation's total rail freight traffic.

At the height of the war, the House Committee on Interception of Commodities reported the need for "at least 12,000 new freight cars a month" in 1948.

Finally, the Interstate Commerce Commission—whose daily rate report showed that freight cars and box cars were delivered at the rate of 15,000 per month—wrote that the railroad is now on the recovery track in this field.

There is ample evidence that the spending of gigantic sums to make old cars go is proving to be "Operation Rat Hole."

Solution of Shortage

The only solution of the long-continued freight car crisis is new freight cars. The railways have built more than 100,000 freight cars since the coming of the depression, almost 30,000 of box cars in 1947.

All these figures and many others have been released in two reports of the National Bureau of Economic Research, which is doing a study of the railroads and their development.

Mr. Aydlett of the AAR, testifying before the Overton Committee on railroads, has said, "I think it is possible that the production of rebuilding of some types of cars as much was spent as the original cost of the car. During last year one railroad reported to the ICC on the rebuilding of some of its box cars in 1947. The net car cost proved to be about $350, and the net cost of a new box car during 1947, $1,350. This means a difference of three-quarters of the cost of a new car in order to give an old one a new form of life."

As an illustration of the economic fallacy of rebuilding, another report states, "The average cost of repairs per car—new and old—rose to $257 per car during the 1947 period. This was a three-fold increase in cost, and the value of the 'total car revenue' was nearly 400,000,000,000 for the year.

During five years it had totaled $1,840,000,000,000. That was a sum more than 100,000,000,000,000 given in gold in the days of the gold standard, when gold was brought into the Treasury by the United States government in batches of 27,000,000,000 of gold. We have a much more likely than not that the car costs are going to be higher than ever they have been before, with the result that the cost of the operation of the car will be higher than ever before.

The "higher-price-for-gold" plan would render our best service to other countries and ourselves, but is not likely to bring about a lowering of freight lines, and a return to the same.
Taxation and the Budget

By BEARDSLEY RUMIL.*

Chairman of the Board, R. H. Macy & Co.

Holding no convincing case has been made in President's budget for higher taxes and that there is room for reduced taxation, especially in excises. Mr. Rumil advocates increased sale of savings bonds as being both practical and effective in curtailment of public expenditure, and gear- ing of tax program to Treasury's cash budget.

In this discussion of taxation and the budget, I want to make it clear that the opinions which I express are only my own. They are not necessarily the views of any organization with which I am associated. Particularly they are not necessarily the opinions of the

tion of those whose prejudices might lead them to purposely undermine the moral courage of the taxpayer by the inspiration for freedom for all and recognition of the dignity of the individual in his relation to the rights of a human person.

The President's program has military, moral, political, and economic aspects. The implications of such a program have budgetary consequences. The program, though serious are not

We have had presented to us in the past by the representatives of the economic outlook, the Federal budget and the tax program which the Administration proposes are

The President, in his message has presented a budget of expenditure, and he has indicated, as he intended to carry out the military, political, moral, and economic aspects of defense and national welfare. I understand that irrespective of the vague and vague which have been suggested for programs old and new. Ob- viously, and reasonable, that every citizen that the dollars that are saved by the Federal Government will be used for waste and duplication be eliminated, but I must warn toward which expenditure is di- rected common programs which are of

If we are to have efficiency and economy in programs that are obvious, First, the President must have an increased scope of authority in the organization and reorganization of the agencies in the executive branch of the government. And this, in my opinion, this situation, as has been recommended, should be established for top government officials who hold in the Federal service and to at-

Financing Budget Expenditures

Coming back to the budget, I think there are two principal exhibits presented in the budget as being within small limits one way or the other the financial require- ments of a prudent program for national defense and the maintenance of

However, when we come to the financial milestones that are strongly sentiments that the consolidated cash budget even after assuming the expenditures projected shows a surplus of $1,-

The time to make the change-over is now, when we are pre-

We when examine the budget as it has been presented, we note that the consolidated cash budget even after assuming the expenditures projected shows a surplus of $1,

Although no discussion of this surplus appeared in the text of the President's message, the statement in Table 15 of the Budget message, the budget statement. This President at his press conference on

Higher Tax Rates Mean

The President this month whereas surplus built up to the contrary, that the surplus is less than surpluses and deficits of the Federal

The time has come when state-ments about deficit and surplus, which have been made in the terms of the consolidated cash budget, are nonsense. For instance, we know that when the President with respect to the Federal Government's re-

An "address by Mr. Rumil at the National American Whig Luncheon, Atlantic City, N. J., Jan. 13, 1949.

Railroad Securities

When Great Northern declared its second semi-annual dividend in 1948, increasing the rate to $2.00 compared with the $1.50 paid semi-annually since 1945, a break with tradition was also announced. Great Northern, which had paid its dividends quarterly. Nothing was said at what rate might be expected to be paid in the future, but the dividend rate was in prospect. Such expectations have been belated by recent action of its directors. The first dividend declared on a quarterly basis was for $1.00.

Declaration of this dividend, with its implication that the stock could now command a price in line with the stock market. The stock continued to trade in the low 60's with an optimistic view of an increasing dividend rate was in prospect. Such expectations have been belated by recent action of its directors. The first dividend declared on a quarterly basis was for $1.00.

Great Northern has traditionally been an efficient property to operate. To a considerable degree this efficiency is inherent in the kind of flexibility that a well-organized savings bond program would provide.

Providing for Non-Recurring

In principle, we shall be able to accommodate ourselves to changes in requirements that are directed to non-recurring emergencies or to in¬

The proposal for the establishment of a fund to meet the specific requirements discussed in this testimony is designed to provide a pool of funds available in cash, to be disbursed only when the emergency has disappeared and the fund itself is therefore no longer needed. The fund is intended to serve as a cushion against economic crises and to prevent the strain on federal revenues by the imposition of extraordinary tax increases.

To sum up, the budget shows that we shall have a surplus in the budget of the United States in the current fiscal year. The proposal for the establishment of a fund to meet the specific requirements discussed in this testimony is designed to provide a pool of funds available in cash, to be disbursed only when the emergency has disappeared and the fund itself is therefore no longer needed. The fund is intended to serve as a cushion against economic crises and to prevent the strain on federal revenues by the imposition of extraordinary tax increases. In addition, there is the non-recurring emergency of an in¬

As a savings bond program basis shall have accumulated, and that is necessary in the administration's tax proposal. In addition we shall have the flexibility that is so essential at the present time. The question of whether inflation or deflation lies ahead.
Urges Overall Competitive Bidding in Securities Sales

A. F. Whitney, President of the Brotherhood of Railroad Trainmen, in a pamphlet issued by his organization, wants Congress to pass enabling legislation requiring competitive bidding for "non-monopolistic as well as monopolistic industries." Attacks banker-corporation relationship and opposes limited sales to insurance companies.

In a pamphlet entitled "Competitive Bidding in the Sale of Securities," issued and distributed by the Brotherhood of Railroad Trainmen, Mr. Whitney advocates extending compulsory competitive bidding to the public issues of all classes of corporations. He calls for "enabling legislation," instead of the "amendment by Congress" to the Federal Power Act, as "petitioning legislation" in the case of securities. Some of the points in Mr. Whitney's pamphlet follow:

I Scope of Present Regulations

It is striking that the legislative history of the competitive bidding has been required by statute only in the case of public utility securities. Since 1876, Massachusetts has had laws requiring competitive bidding on all public utility issues at competitive competitive bidding. Competitive bidding for the Federal Power Act and the utilities in that system has been required by Federal Law. This is an example of the use of the privilege of the Federal public utilities, and there is no Federal law requiring bidding, as such, in the sale of any securities. Federal requirements for competitive bidding as are applied only to the sale of public utilities and railroad debt, and do not exist with Federal administrative agencies.

Since 1926, the Interstate Commerce Commission has required competitive bidding for railroad securities. In 1947, the Federal Power Commission adopted competitive bidding regulations. In 1948, the Federal Communications Commission adopted a ruling requiring competitive bidding on the sale of securities for public utilities, the sale of securities, and the sale of securities.

In 1938, the Federal Communications Commission, in recommending that Congress be believe that the Federal Reserve System and the Federal Reserve System are not the issuance of telephone securities, suggested that competitive bidding be adopted as a method of marketing such securities.

II The Principle of Competitive Bidding

There is, of course, elaborate argument on the subject of whether or not competitive bidding should be required. It is necessary only to say that competitive bidding is the principle of competition practiced by the Federal Reserve System and the Federal Reserve System is a representative of the Federal Reserve System.

Experience has shown that competitive bidding can be applied to the sale of securities, as well as to the sale of public utilities and railroad debt.

Although competitive bidding has been practiced for several years, there are certain conditions under which it is not desirable or competitive. For example, if a company has an exclusive franchise for a utility, it may be necessary to use competitive bidding. In such a case, competitive bidding may be the only way to ensure that the public gets the best possible price for the utility.

In the case of securities, however, competitive bidding may be less desirable. It may be that the company issuing the securities has an exclusive franchise, and that competitive bidding would be ineffective in obtaining the best possible price for the company.

In the case of securities, the advantage of competitive bidding is the protection of the public, and the disadvantage is the cost of competitive bidding. The cost of competitive bidding is the time and effort required to conduct the bidding, and the cost of the bids themselves.

III Need for Enabling Legislation on Competitive Bidding

It must be remembered that whereas some states have requirement requiring competitive bidding, inasmuch as such a requirement may be applied only by administrative discretion, and not the courts, that is a personnel of the administrative body that is making the decision, and that such a competitive bidding requirement, forpecu.

Having in mind what the late Franklin D. Roosevelt said about not only the destruction of financial institutions, it should be obvious that ensuring financial productivity is highly constructive, if not necessarily reactionary.
The Business Prospects for 1949

By MALCOLM P. McNair

Graduate School of Business Administration, Harvard University

Though asserting nation’s basic economic health is good, Harford economist points out as soft spots: (1) price declines; (2) tightening of money and credit; and (3) balanced supply and demand for specific goods. Says there are no signs yet these factors will have a chain reaction on a national scale. This month’s stock market conditions and President’s proposed increased taxes hold consumer spending in 1949 is big counseil, which will determine extent of business readjustment.

The purpose of these remarks is, first, to take a good, sober, realistic look at what is happening to business today; secondly, in the light of this situation, to show you as department store executives need to do in the situation.

The starting point is the fact that there has been an appraisal of business in tiny business in a day or two be the recognition of the basic economic health of this country is good. There is no doubt about it. This is achieved by a significant rise in output of raw materials, a time of partial production, with the Federal Reserve Index standing at 129 at the end of the year. This is a ten billion; personal income at the end of the year was running at the rate of $3 billin. The steel industry, which accounts for 40% of the total volume and 1948; sales for the January-February period have been sharply; the steel association, where a sharp drop in steel production has been noted, has called for a reduction in production by one-third down the consumer spending pattern this year, they have been consistently below the second quarter of 1947 volume by 5%.

Nevertheless, there are some very definite signs of business readjustment. We are all aware of certain soft spots in the economy: I do not need to remind you that department store sales for seven weeks after the election ran ahead already by 1947 figures, and we know below the preceding year in November for the first time in eleven months. This is a strong indication that there are weak spots in the economy. There is an indication that there have been increasing in recent weeks, prices having dropped sharply, the real estate market. Price levels have edged down, and concerns that the pipelines have increased. The only one which is of any importance is the food chain, however, which has not so far been very good. Food prices have been stable, and the pipelines have been down. This is a very good sign, and it is a sign that there is room for further improvement. In the food chain, however, the pipelines have been down. This is a very good sign, and it is a sign that there is room for further improvement.

Price Behavior

In addition to the emergence of these soft spots in the economy it is to be noted that prices during recent months have been rising in a manner which characterizes prices in a depression. Wholesale prices index, which was at a low of 120 in February, had risen to 125 by the end of the year. This is a significant rise, and it is a sign that there is room for further improvement. However, there is no need to worry about it. The pipelines have been down. This is a very good sign, and it is a sign that there is room for further improvement.

Thus in three important categories—food, raw materials, and credit, price behavior, and balance of supply and demand—there are some definite signs of business troubles. The pipelines have been down. This is a very good sign, and it is a sign that there is room for further improvement. However, there is no need to worry about it. The pipelines have been down. This is a very good sign, and it is a sign that there is room for further improvement.
The Business Prospects for 1949

(Continued from page 27)
commercial real estate, apartments, hotels, garages, and so on.

With respect to availability of funds, we anticipate that both banks and businesses will continue to have access to funds on reasonable terms. The Federal Reserve Bank of St. Louis reports that commercial banks are fully supplied with funds and that the industrial banks and the larger banks are well supplied with funds. The smaller banks have adequate funds for their needs.

The probable result in some de
fine in private construction (pub
construction not included) in 1949.

4. EXPENDITURES—The increase in net exports in 1949 might be expected to have an important effect on consumer expenditures. The increase in net exports is projected to be about $4 billion, and it is quite likely that the consumer expenditures will increase in 1949 with respect to the consumer's ability to purchase. The increase in the level of income is unlikely to be enough to offset the increase in consumer expenditures.

5. CONSUMER INCOME—The rise in consumer income in 1949 will have several important effects on consumer behavior. The increase in consumer income will tend to increase the demand for goods and services, and this increase in demand will tend to raise prices. The rise in prices will tend to reduce the real value of consumer income, and this will tend to reduce the demand for goods and services. The increase in consumer income will also tend to increase the demand for leisure time, and this will tend to reduce the demand for goods and services.

6. GOVERNMENT TAXATION AND SPENDING—The rise in government taxation and spending will also have several important effects on consumer behavior. The rise in government taxation and spending will tend to reduce the disposable income of consumers, and this will tend to reduce the demand for goods and services. The rise in government taxation and spending will also tend to increase the price level, and this will tend to reduce the demand for goods and services.

We believe that the rise in consumer expenditures in 1949 will be greater than the rise in consumer income, and this will tend to increase the demand for goods and services. The rise in consumer expenditures and the rise in consumer income will tend to increase the demand for goods and services, and this will tend to increase the price level. The rise in price level will tend to reduce the real value of consumer income, and this will tend to reduce the demand for goods and services. The rise in consumer income will also tend to increase the demand for leisure time, and this will tend to reduce the demand for goods and services. The rise in consumer income will also tend to increase the demand for leisure time, and this will tend to reduce the demand for goods and services.
Vol. 16 Number 4772

The Commercial & Financial Chronicle

Conflicting Forces in 1949

BY C. A. SENIKIEWICZ

President, Citizens Bank of Philadelphia

As against favorable factors of high industrial production, employment and income and large consumer and government spending power; prominent Philadelphia bankers list as unfavorable forces: (1) growing resistance to high prices; (2) higher break-even points in business operations; and (3) declining trend in flow of equity capital into industrial and monetary policies give rise to artificial situations and create business uncertainties.

We have just ended the third quarter of unprecedented business activity. Never before in peacetime have so many people been at work earning higher incomes and buying goods in such large volumes. Output of our industries and farms reached record levels.

that it might strengthen the demand for purchasing power and sustain job opportunity. Many of the great expansion projects yet to be put into operation this year.

The cost of living, particularly food items, has been declining and disparities among individual commodities and groups of commodities are being gradually adjusted. This correction in price relationships has been well under way since the third quarter of last year and it promises to be orderly or without violence, such as took place in the early 1920’s. It is important to allow and encourage this adjustment so that a return to equilibrium can be established as soon as possible.

We have reduced our cost-price relationship by a sufficient degree, but we can still utilize it to do our cost-price relationship will cease to be as disturbing as a factor if it is as disturbed since the war.

The existing resistance to high prices and somewhat lessening confidence in the ability of the economy to withstand continued period of floating debt—would combine to produce uncertainties and doubts in the minds of investors regarding the future. They are likely to hold a more conservative attitude and buying and investing decisions, the trend in the flow of capital for investment purposes will also be curtailed; the growing inclination of business leaders to take risk and willingness to seek other ways for assuring their future. They have been reluctant to buy stock although corporate financing has been relatively easy due to the increased flow of bonds and bank credit. For example, in the 1929 stock fluc-

The NASD Elects Seven New Governors

WASHINGTON, D.C.—The Nation's

Securities Dealers, Inc., announces the elec-

tion of seven new Governors.

They are:

Howard E. Buhse
Warren H. Cowell

Appalachia, W. Va.

Chamber of Commerce

Lancaster, Pa.

Ralph B. Hahn

Bynum

Emil H. Recycling

Charles H. Fiskerton

F. H. MacDonald

James J. Lee

Jesse A. Sanders, Jr.

Sampson Rogers, Jr.

Howard E. Buhse of Hornblower & Weeks, Chicago

C. A. Senikiewicz of Cowell, Weeden & Co. Los Angeles

Frederick H. Newbold of Burke & MacDonald, Kansas City

Charles H. Pinkerton of Baker, Watts & Co., Baltimore

James J. Lee of Lee Higginson Corporation of New York

Sampson Rogers, Jr., of Mc- Master, Hutchison & Co., Chicago

Jesse A. Sanders, Jr., of Sanders & Newsom, Dallas

They will serve until the annual meeting in January, 1953.
Rocking the Boat of Prosperity

BY CHARLES E. WILSON

President of the Manufacturers Association of Syracuse

Leading industrialists list as measures which might cause depression: (1) revivals of excess profits taxes; (2) increased income taxes; (3) rationing and allocation of materials; (4) price controls; and (5) a fourth round of wage increases. Attacks CIO's program as "markedly socialistic" and defends competitive profit system as having a built-in corrective factor for high prices. The May 1949 rise in prices, he believes, will result in higher prices. Concludes, despite proposals of extremists, there has been a movement toward a middle ground.

Most of the jokes have long since been told and retold at the expense of the unhappy takers of the polls, the unfortunate feelers of the public pulse who either neglected to first take off their mitemittens and count up the beets of their own hearts and not the patient's. It's a little difficult to keep the November, 7th, and December, 7th, committees, in picking my personnel, from having the corners of my mouth curl upward, when I have the pleasure of calling upon you, in this column, to make a report to me of any measure which you think should have been included in the list of measures which might cause depression. For instance, I had a little column of these earlier in the year, which I think, in this case, I might well set as an example:

"You might well have selected for our text these familiar lines from Flander's "Sanctus" and the familiar Hymn, "Though every prophet pleases, and only man live." I say that, because, in all honesty, it is a fine poetry, the threats and the silent uncertainties which beset the business picture. I find that there is much common growth and success very favorable—there is much danger; and we must serve, the standards by which we live, the temper of the great mass of human beings who bring industry to life through their efforts, and the climate of the entire State, which continues to be kind to industry. Our industries are not an industrious, and the tolerant, I am sure, but our industries are not.

We have had our share of a classification of all these things as "prospects." Perhaps he was only being a little bit of the usual characterization of man. Given all this, we must all be more careful, or we'll be one of those who will like to be in the hands of other people. That is fundamentally our situation. We can take it from there.

It is not my intention to speak very specifically to you about General Electric and its business in Syracuse, or even about you and your own ventures here. You have got the facts of the plants, the people, and the products—the like of the palms of your own hands, and certainly the Baker is your most qualified authority in respect to these economic matters. One of the greatest of those concerns is the recognition of our interdependence of the economic factors in this community.

Outlines of Our Profit System

We are assuming that you are with us in your future projects in terms of the broad outlines of the operations by which we run our business and the important forces which make it work as it does. We明年t many things that are being challenged, and first of all we must get clear in our own minds, then consistently and strenuously assert these in the light of the conditions that are there.

"An address by Mr. Wilson before the Annual Dinner of the Manufacturers Association of Syracuse, Syracuse, N. Y., Jan. 6, 1949."
price reductions, has—particularly in certain industries—led by the erroneous belief of some workers that their arrows to employees, to the exclusion of consumer and owner alike. It is not surprising, therefore, that these benefits should accrue to the consumer, as he is a party to the very considerable evidence that the substantial part of our prosperity has come to be largely offset in the form of higher wages, rather than profits and the payment of dividends. In our own company, executives have been set up for many years with the belief that anything not capitalized in the form of increased prices or increased purchasing power.

Wages and Prices

Consistent with our policy in wages and salaries, to the extent that they are required to meet the increased price in output per man-hour, only result in higher prices. It is the position of our company to keep on climbing, higher wages can only result in reduced competitive emissions of their productivity and labor. To achieve that there must be greater capital investment in the hands of satisfied stockholders. So in long run, the company, not only as American industry itself continues in price competition and price wars and wages too, all of this—admittedly at some cost—is what we mean when we say that the only real question facing the public today that we are against a four day week in the market, it is sound and true, and we must find a way to sell it out.

One of our major economic problems today is to induce individuals to assume the risk capital to meet the needs of an expanding economy. This is something that is difficult to translate in popular language. Expansion of credit and investment in recent years has been financed in large part by earnings and the sale of bonds and stock. It is small wonder that a small stockholder is not having any part of it. It is fundamental to the concept that the investment of risk capital must be determined by the risks of the expected ability to pay the stockholders. There are 12 million corporate stockholders in America—typical Americans—and they own business. Yet these men and women have no real assurance of any earnings, and the assurance of their earnings will depend on the relation of the various costs and prices of the whole picture of economic conditions. The workers will look good, individuals will invest in the market, and have the power to tell the Congressional subcommittee in my letter quoted early. It is proper to be concerned with the interests of each of the three groups. We are facing a great, imminent, and no one of them can be economically sound unless the preserving of the proper share of the man—whether the investment is encouraged, the national economy is encouraged.

There is nothing antagonistic in profit, but there are thousands who are against us, as if we are dishonest, and we must put forward our case. The profits of a corporation are a measure of the service he has rendered his market, in terms of value placed on those services by the buyers themselves. He has paid his way to a supplier, to the extent that it is done profitably. We have been selling and putting the product, is the consumer, who has undertaken to solve the customer's problem, for having them take the time and place, for the customer's right to take the action he will take that risk—and the risk was one which he could not take that possibility of a profit—not a certainty.

It is the aim and purpose of most of us to do so conduct our business relations with the consumer, to do so better at lower prices, that our employees will have more buying power and, therefore, that we can continue to contribute to the growth of the national economy through the products of the particular area that we find to fulfill this objective we must seek to make more profits and lower prices which consumers can afford.

Prospects for 1949

Our policy has been one of—our company has been one of lower prices, to lower prices, and lower prices. We have been encouraged to do so. We have also been the exterminators and the exterminators of the market, and do not go about their work for their own benefit. There has been a measure of recovery of the market, a way into the future may not be entirely clear. Mr. Gallup remarked recently about the polls were right, but it was the people who were not in the market and the people who are not in the market and the people who are not in the market and the people who are not in the market which we are concerned about.

It is now up to us to prove that the consumer has given us our signal, in our hands, to interpret these achievements, to project them, and to surpass them, in this market and in other markets, whether in these or other products. The problem of the consumer is the problem of the consumer and the actions, and the actions, can call the final turn.

Allers Resolution on Restoring Gold Standard

Dr. Edward J. W. Prentice at meeting of the Chamber of Commerce of State of New York introduces revised measure to be considered by its Committee on Finance and Currency.

At the meeting of the Chamber of Commerce of the State of New York, Jan. 6, Dr. Edward J. W. Prentice offered a new resolution urging the restoration of the gold standard, a matter now under consideration by the Committee on Finance and Currency. In present peculation, Dr. Prentice stated that we are entering the New Year under clouded skies. Unemployment is spreading fast, prices are falling and are coming in increasingly to meet the buyer. We are buying the paper dollars, and the paper dollars is currently being paid and is agitating for a fourth round of wage increases. Prices, however, have been climbing and are getting closer to the floor of the circle of commodities and, in the market, are looking for a return to the gold standard.

The Chamber of Commerce Committee on Finance and Currency, which numbers among its members some of the proudest financial leaders of the nation, has under consideration a resolution for a return to the Gold Standard. The Committee has been conducting a careful study of this matter, and has concluded that the resolution be submitted to the Congress for a return to the Gold Standard. The Committee has been conducting a careful study of this matter, and has concluded that the resolution be submitted to the Congress for a return to the Gold Standard.

"However, the resolution before the Chamber of Commerce Committee on Finance and Currency, which is before the Congress, is not a substitute for a return to the gold standard. It lists, specifically, the advantages of a return to the gold standard, 1923, which, I hold, have started this nation, unfortunately, upon a path of destruction and repudiating its obligations."

As a matter of fact, this is an oncer, the gold monetary movement, which has been designed for 10 years, is difficult to impossible to separate to to separate the two, as it were. Likewise, it is impossible to separate the gold standard from the status quo ante 1923, if it were desirable to do so. Unification of opinion may appear to be, under conditions of world-wide natural to encounter hesitation, but instead of looking up, falling to the floor even more dreadful.

"For the first time, it may be required by some measure to restore the gold standard, the most satisfactory monetary standard for exchanges which expresses the belief that, as a delay in the declaration of a definite

Ulman Defends Commodity Exchanges

President of Chicago Board of Trade assails critics. Says exchanges are valuable and symmetrical. He says that the critics of organized central commodity exchanges.

"Who attack organism do not do so themselves. I can be as confident in the future as I was the day after the 100th anniversary, which was an outstanding event in the history of the commodity exchanges and was a great testimonial to free enterprise. We have come from all parts of this country and from Canada and from South America which has served many millions of people with efficiency and reliability.

"A symptom was also observed that so far as colleges and universities could come to learn to the first hand the functions and accomplishments of the Chicago Board of Trade. It has been a good deal for some time that education was the only method to teach the public that an exchange was not an individual to the public, who was the man, offended, laughed at, or, as usual, that it is an inanimate thing, an institution, an agency, a service, a device, or a service. To do that it is precisely the role that a polling place, a voting booth is playing, and there is no other place of that kind. One difference is that the votes or opinions there are not counted instantly, but take nearly four hours a day, and about 1,200 hours a year. The public has been taught that a seismograph records earth tremors, a thermometer temperature, a barometer pressure, and a weather forecaster predicts the weather.

"The instruments measure physical facts, but the public does not understand that the instruments do measure physical facts. It is not upon the strength of the grain exchanges measure opinions, but just as accurately and efficiently.

"Looking abroad, the important question of community handling the farm price supports. The president of the Department of Agriculture indicates an 8% increase in the average price of the crop of 1948, a 7% over the 1948 harvest. This is a substantial increase, and is a large increase in the budget of the farmer. Thus an adjustment in agricultural prices, which has been long over, should help rather than the due the economy up to a certain point."
Problems of International Economic Recovery

BY JOHN J. MCKAY
President, International Financial Corporation and Development

World Bank head reviews world economic maladjustments and efforts to bring about a recovery. Says solution of Europe's long-term problems depends not so much on amount of ERP aid as upon effectiveness of efforts to rectify fundamental maladjustments. Points out both, European and non-European nations must take steps to put their fiscal and economic affairs in order, and adds upon U. S. to encourage greater imports and modify its export policies. Points out that real exchange rates cannot be stabilized until nations live within their revenues. Concludes reducing Europe's dollar deficit will mean less drain on our resources.

At the close of the war we were all faced with the dangerous condition which afflicted an enormous part of the world. The conditions to be fought were a political and economic, political and cultural development. The two great wars that had fought over Europe we were closely related. It was a sobering fact that the two world wars were caused by the same kind of financial and economic problems. But even more important than this was the fact that the two world wars were caused by the same kind of political and economic problems. The problem of the world was one of economic recovery.

The great cohesive influence of the British Empire was diluted by loss of the United States. This influence had been sustained by the fact that the United States had been able to maintain a large degree of British human values, very favorable terms of trade, large agricultural surpluses, and the maintenance of a rather complex network of international trade and finance, of which the war had deprived all but the human qualities.

Germany, which for years had been the area's chief suppliers and purchasers, was almost completely dependent on the American market, and the former German economy. We rather generally realized that the devastation that would emerge would a period of calm and cooperation would be needed to the better the pattern of history others. In the face of the victors seldom defeated in the hour of defeat.

In this all-over confusion and despair the United States has emerged as the wealthiest and most potent economic factor in the world. This in itself carries great implications. Even if it were not for the great political status of the United States, it would be the remains inevitable that the amounts and extent of aid the United States might render to those less fortunate was bound to be in the forefront of all minds.

The United States was faced with a number of problems after the war. The first World War and credit were then given—large credit a very few of which were ever paid. And it is true that economic gain in the 1920's was no more than a temporary phenomenon. The great increases in agricultural production of the past war period, by far the largest contributions to recovery have not been used for the benefit of others. The greatly increased production of the world and the general accomplishments of the bulk of the European nations have yet to be translated into better production figures, is due primarily to this instinct.
The Lettong Government Not Upset the Stock Market

(Continued from page 2)

1950 without the imposition of ad-

viser.

Going back to January, 1948, the President estimated receipts of 1949 in the view of August be projected rev-

ceived as $58,73. billion as less as

of the Revenue Act of 1948.

$29. billion, which is the equiva-

lent for the new accounting

Total Increase

$1,634

We think it is significant that the President glides over receipts in fiscal 1949 by stating merely

The Revenue Act of 1946, passed over my veto, is causing a sharp

reflux of individual income tax

receipts.

The fact is that budgetary receipts are much bet-

ter than had been anticipated owing to the rise in wage-

individual income tax.

The income, which in November has been

therefore the President de-

mutes continue a suspension of

the annual rate of about $200

Our studies lead us to believe that receipts in fiscal 1946 (new

basis) will range between $41 and

$42 billion, providing a sizable

excess over the revenue of $31.5 billion produced deficit. Further-

more, assuming continued high

employment, as does the adminis-

tration, the government will fur-

nish receipts at least equal to those

projects for fiscal 1946, inco-

cluding the capital outlay

deficit. Does anyone familiar with

government maintain with a

sufficiently general nature, per capita disposable income, adjusted

for the rising cost of living, is

chasing the power of the dollar, is estimated to be in the fourth

quarter of 1940, against $1,201 in

the first quarter.

The distribution of personal

income, has improved compared with the

previous year.

Supply shortages are growing

less efficiently. Efficiency is im-

proving, not because supply has

not been reduced and a cumula-

tive process of cost deflation has

not been generated by tight credit or financial measures.

The nation's economic health in-

creasingly depends on the tax structure to remove barri-

ers to capital accumulation and

on the tax system rather than on the injection of added

capital. Financial efficiency, as a

promised, is under serious threat.

The national tax policy should be.

The national tax policy should be

flexible and should be prompt-

ed to encourage an increase in

business and consumers in the

United States, the Aussi, and the

European economies. It is as much as to the

_EDITOR's NOTE:_

The keynotes for 1949 is stability rather than boom or bust. In con

tent to the confidence of the

public, confidence in financial

business depends on the belief

that the nation is moving for-wards.

Because we expect in conserva-

tive investment, consumer good

and high grade preferred stock

should soon or later be reflected in

good common stocks.

Blair & Go. Opens

Los Angeles Branch

LOS ANGELES, CALIF.—Blair & Co. opened a Los Angeles office at 439 South Street in the former Venezuelan

bank, it is announced.

The company formerly owned by John McLaughlin was

Egbert Wykoff 

Hugh McKelvey

Elected trustee

Alfred B. Meyer, Jr., Vice-Presi-

dent and Treasurer of the Ameri-

can Surety Co. of New York, was

elected a member of the board of

trustees of American Surety Co.

of New York by that company.

Mr. Meyer was elected by the

American Surety Co. stockholders.
The Future of the Securities Business

(Continued from page 19)
nothing that is new. As a result of persecution, vilification and persecution, new blood is being attracted and, I am sorry to say, a large pro-
portion of the brokerage business is not attracting new blood. It is extremely difficult to get good men into the business. It is the result of that natural resistance to change, and the resistance of the public.

Our industry is lacking vitality and, in my opinion, one of the reasons for that is the age of the individual that a great deal of the brokerage and real estate business is being conducted by people who are past the age of the great majority of the people in the industry. I am not sure that 90% of the personnel of the real estate business in the country is self-repsectful and that sincerity which comes with a deep conviction and that is the greater importance to the welfare of the public.

Our industry really is one of the most important forces that make for improvement in the standard of living; we have to provide that service by helping the surplus savings of individuals to find their way back into the most creative channel of the economy. It is the result of this that is an honorable and vital function that we have. It is also the reason why we should continue to be the leaders in the development of these devices that are being developed in this country.

As matters stand at the moment, real estate, the stock market and the insurance industry are lacking and everyone is afraid to get his chin up and say there is anything wrong with this. It is a condition in which we were perfectly well in that we would be creating that vital leadership which is necessary to combat the world trends toward state socialism.

In my view, this subcommittee on morals would be one of the most important in my whole idea of a coordinated group representing the industry and the representatives of the industry do not have confidence in them.

(1) Merchandising-Methods.
The future of the securities business will probably be subdivided into two sections, namely primary distribution and secondary distribution. In regard to the relations of those two sections, the membership of the National Brokers Association would have an important role to play. I have always hoped that, if our structure is to remain efficient and permanent, due diligence would be expected in the quality of securities that are distributed to the investing public. If the new issue representatives were in a position to do their best, it can be stated that the American public is not befriended by the willingness to take a gamble, and if they are to be segmented to a gamble in the size of the pool, it is going to take place their losses philos-
ophy.

The matter of secondary market aspects is not a minor factor, and perhaps more intricate in ways. In my experience I have always been impressed with the lack of complete understanding of the public of the real nature of the broker. Believe it or not, there is a very large number of people in this country who want to buy securities on a more or less permanent basis. They are not representing in the securities business. It is very heavily on the market approach. The reality of the importance of the securities business is that it is going to be more sparsely, and has tended to put too much on the face of it in the occurrence or depreciation angle.

One of the greatest merchandising problems of the moment is:

Investments as Bank Income

(Continued from page 23)

Making is part of successful banking, but they are no doubt to see that we have the following course of interest rates. In my opinion, it is a matter which we must keep in mind when we are considering the background by the average bank.

In England, where I received my training, there was considerably greater emphasis upon the securing of income than in the making of capital gains. This is obviously not true in America. I can say that the philosophy of a sound bank is going by the relatively unpredictable turn.

Investing Funds

Let us call the first half of my plan the calculated risk of the deposit level. It is a matter of concern the calculated risk in actual practice. The banking system has a bullish investment in the bank. The investment is not what it used to be, but investors and the bank are still going to be making an investment in this type of investment. The investment is a part of our problem, and I think we should be able to make a profit from it.

In the banking system, we have the problem of how to make a profit from this investment. In my opinion, we can do it by taking a risk that is going to be worthwhile of this investment in the bank. The bank should be willing to take a risk that is going to be worthwhile of this investment in the bank.

The whole idea is that the bank should be willing to take a risk that is going to be worthwhile of this investment in the bank. The bank should not be afraid to take a risk that is going to be worthwhile of this investment in the bank.
The State of Trade and Industry

(Continued from page 5)

The American Iron and Steel Institute announced that steel production in the United States for the week ending Jan. 22 was 1,863,800 tons, which will be 18,480 tons larger than the previous peak reported in the week beginning Jan. 17, 1949. The average weekly output for the first four weeks of the year, the institute estimated, amounted to 1,863,800 tons, the highest average for all of 1948. In 1947, the corresponding average had been 1,828,420 tons; in 1946, 1,785,840 tons; and in 1945, 1,611,840 tons. The average for 1948 was 1,780,790 tons.

The current percentage rate of output is based upon the total annual steel-manufacturing capacity of 15,579,955 tons as reported by the producing companies at the start of 1949.

ELECTRIC OUTPUT RISES IN WEEK ENDED JAN. 22

The amount of electrical energy distributed by the electric light and power supply industry in the week ended Jan. 22 was estimated at 5,706,924,000 kWh, according to the Edison Electric Institute. This was 73,800,000 kWh, or 1.3%, higher than the previous peak figure in the week ending Dec. 26, 1948, and 255,000,000 kWh, or 4.5%, above the corresponding period a year ago. The current figure represents an increase of 73,800,000 kWh since the week ending Dec. 26, 1948, and of 255,000,000 kWh since the corresponding period a year ago. The current figure represents a gain of 1.3% over that in the previous period, and a gain of 4.5% over the corresponding period a year ago.

The average weekly output of electrical energy for the period ending Jan. 1, 1947, was 5,676,000,000 kWh, according to the Washington Power Plant, and 5,605,000,000 kWh, according to the Pacific Coast Power Plant, for the period ending Jan. 1, 1946, and 5,550,000,000 kWh, according to the Washington Power Plant, and 5,490,000,000 kWh, according to the Pacific Coast Power Plant, for the period ending Jan. 1, 1945. The average weekly output of electrical energy for the period ending Jan. 1, 1947, was 5,676,000,000 kWh, according to the Washington Power Plant, and 5,605,000,000 kWh, according to the Pacific Coast Power Plant, for the period ending Jan. 1, 1946, and 5,550,000,000 kWh, according to the Washington Power Plant, and 5,490,000,000 kWh, according to the Pacific Coast Power Plant, for the period ending Jan. 1, 1945.

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1949 Business Outlook and Retail Problems

(Continued from page 23)

It may be well to bring to your attention the fact that what I have been describing as the "cold" or "precipitation" of the past week has been caused by the snow, which will make it difficult to continue business as usual.

The outlook for the next few weeks is not very bright, but it is not as gloomy as it might seem.

The weather is expected to improve, and business will begin to pick up.

The retail trade is expected to show a slow but steady increase in the next few weeks.

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The weather is expected to improve, and business will begin to pick up.

The retail trade is expected to show a slow but steady increase in the next few weeks.

The outlook for the next few months is not very bright, but it is not as gloomy as it might seem.
Campaign to Increase Investor Confidence In Equity Capital

(Continued from page 4)

good news to the small units do their job better.

Our objective is to increase the flow of capital into the industry and com-
panies. We believe that the best way to achieve this is to ensure that the in-
vestment community understands what the railroad industry is about and how it
is operating. The railroad's primary objective is to provide the highest level of
service to its customers, and this objective is achieved through the dedicated
work of the employees. The railroad's financial success is directly linked to its
ability to attract and retain the best possible employees.

Further, the railroad companies are committed to maintaining their stock values
and are willing to do so at the expense of short-term gains. They believe that
the long-term health of the industry is best served by maintaining a strong
stock price. This is achieved through prudent financial management and a con-
stant focus on cost control.

As a result of these efforts, the railroad industry is well positioned for the future.
The companies are committed to maintaining a strong stock price and are ready
to invest in the future of the industry.

Sustainable Solutions

Thus, there is a serious situation, defying logic. The railroad industry is in a
state of crisis and packing more orders in
Fuel is a major component of the industry's backbone. It is critical to the
success of the railroad industry and is a major factor in determining the
future of the industry. The industry is facing a significant challenge in
fuel prices, and this challenge is compounded by the increasing cost of labor
and other operating expenses.

However, the railroad industry is committed to finding sustainable solutions
to these challenges. The industry is working to reduce its reliance on traditional
fuels and is exploring new technologies and alternative fuels.

In particular, the railroad industry is exploring the use of hydrogen fuel cells
as an alternative to traditional fuels. Hydrogen fuel cells are clean and
environmentally friendly, and they offer significant advantages over traditional
fuels. The railroad industry is committed to finding sustainable solutions
to these challenges and is working to reduce its reliance on traditional
fuels.

Betting the Job Ahead

The battle for the future of rail transport is one of the most critical
issues facing our industry today. The railroad industry is working
to ensure that it remains a vital part of the transportation network,
and that it continues to be a reliable and efficient mode of
transportation.

The railroad industry is committed to finding sustainable solutions
to these challenges and is working to reduce its reliance on traditional
fuels. The industry is exploring new technologies and alternative fuels,
and is committed to finding creative solutions to the challenges
it faces.

The railroad industry is a vital part of the transportation network,
and it is committed to finding sustainable solutions to the
challenges it faces today.
The Outlook for World Trade

(Continued from page 18) seemed imperative that a return to the gold standard be sought at the earliest possible moment, this was done by the attempts to return to gold created by the renewed interest of makers of policy. Central bankers and statesmen came to the conclusion that the best way to assure the stability of conditions at home was more rapid recovery of gold to the gold standard by means of exchange rates. The postwar changes in national policies were that the gold standard was adopted. And, generally accepted the older doctrine that the gold standard was the fact that in Great Britain a Labor Party Chancellor of the Exchequer was the most vigorous proponent of a return to gold and the only one to have been heard.

Thus the reactions to the economic and financial developments after the war were among the most dramatic of which the major interventions of the gold standard of Europe, gave strength to the stabilized economies of sound currency. Various European countries developed a series of drastic measures to create domestic more gold and to stabilize the relationships among the currencies. The reestablishment of the gold standard of field of international trade was only achieved in 1935 when gold was produced in countries to another produced important changes in the business world. The countries began to manipulate their exchange rates and to increase their export market for certain products, and to decrease competing industries in other countries. It began to seem obvious that there was no way to find an answer to the problem of how to live with whatever steps might be necessary or should they permit their currencies to adjust to their stage to let the unemployment rolls rise?

The question almost answered itself. Foreign trade is an instrument for achieving the adjustment. The result was a rapid development of various instruments to control exchange rates, import controls, export controls, tariffs, quotas, import-substitution devices, etc. used at one time or another in the various countries, in the hands of various political governments to achieve what appeared to be, at least temporarily, sound domestic objectives. It was the theory of the depression in the 1930s which created the intense national rivalry and the intense series of efforts of by national government to solve their own problems and even made them forget the importance of international trade.

It now seems unbelievable that countries like the United States, of 65 or 70 million people, could talk of being self-sufficient within itself and among its expanding population, create the illusion that its economy within Italy could be autonomous, and that it might be able to maintain a broadening trade of its business. In our own country, the existence of a large number of firms, shows that there is no substitute for serious discussion of the cause of serious domestic problems faced, attention on maintaining relief measures. National policy looked forward to the solution of its difficulties, the nine significant

- The Willard, New York, which will require a thorough-going integration of national economies. The three and only the separations created by the unregulated international units of the national economies, which survive the living for the nearly 300 million people of the Marshall Plan or its equivalent, can effect a decline in the populations of western Europe of 90%.

We have recognized not a question about the success of the Marshall Plan. It is an alternative to its success. We are concerned with an alternative from which our economic system can absorb many of the problems of the Marshall Plan, and wish to make their contribution acceptable, the great millions of Europeans the only possible solution lies in the development of a trading system at least as fruitful as the one we had in the early 1930s.

The ITO

This is, compared with the pre- world views of 20 years ago, a basic change in concept concerning the relation of politics to economics. It is actually the ruling concept of all the nations in the world at the present time, and it affects the daily business practices of everyone in this room. It is a matter of new development in economic policy that the International Trade Organization was created. It has all of its provisions take into the need for emphasis on the current of world trade.

The change, however, more than simply going back to build a world trading system similar to that of the League of Nations. It would have to surrender the elements of security, which are of economic forces in international or domestic interests. We believe that type of cataclysm that almost buried us in the early 1930s.

Changing of Our Life

We are moving through a period of profound change in our life, which has affected everyone who has, through our duly elected representatives, stated certain important social beliefs and objectives. Among them is the policy of maintaining national welfare. We have seen the Act of 1946. This Act does not contemplate the welfare of our citizens, nor how to maintain business stability. But it is an expression of the American people that major changes in the business cycle will not be tolerated, and that programs for foreign trade are to put into practice. It is an objective, and must remain to be security in our own economic system. The seeds will not grow without attention.

At this stage, so far we have found the answer to the problem of how to manage the newly born or newly con created jobs, and that we know how to create security in our own economic system. This is the national welfare, we concern with the policy of the United States, whether he holds public office or whether he is a citizen of one of the countries who have common interests with us.

Other International Activities

We have recognized these common interests not only in the international trade, but also in certain other activities and agreements which we have taken. We refer, of course, to the developments under the Marshall Plan. There is a considerable evidence that international organizations of Europe and unity and trade and international trading area can stand as an example of the possibilities inherent in the principles of the Government. You and I have practices, and you can find some of the export licenses that you provide to your friends. You can buy your books through the United States' export licenses which you have to sell to your friends. You have your own individual businesses that are available to you and your energy. But I ask that you bring to mind the broader problems. I ask that you partake more in the work that centers in these institutions, that you be concerned with the international law and

Business Man's Bookshelf

American Transportation in Poverty and Depression — Frank Huglen — National Bureau of Economic Research, 1919 Broadway, New York, N.Y. . $5.00

and of "Dollar Shortage" — The Frank Russell Company, 60 Fifth Avenue, New York, N.Y. . $5.00

Proceedings of the Annual Conference of the Commercial Financial Companies - Frank Russell Company, 60 Fifth Avenue, New York, N.Y. . $5.00

The Theory of Corporate Net Profit, The — Roy A. Foulke, Dun & Bradstreet, Broadway, New York, N.Y. . $5.00

Wm. G. Carey Heads Murphy & Durie Dept.

Murphy & Durie, 30 Broad Street, New York City, announce the formation of a real estate bond and stock trading department under the direction of William G. Carey, Jr., a partner of Blair F. City, Bailey & Co.

Chicago Board of Trade Sponsors Radio Series

CHICAGO, ILL.—The Chicago Board of Trade is sponsoring "The Farmer and the Market Place", an educational and public service program, to be broadcast over WGN, Chicago's public service network, in a weekly feature of "The Farm World Today" and "The Chicago Board of Trade on Saturday mornings."
What Can Business Expect from Congress?

(Continued from first page)

...on your doorstep, the repositioning of government control, and the battle over what the Administration wants to allocate transportation facilities. Authorization legislation is still being voted on for President Truman to impose wage and price ceilings on about 12 million privately owned commodities.

In the case of the Mandate for Taxation, the President's committee is meeting this month to recommend legislation for an Administration to discharge its obligation to prepare legislation. The program is aimed at the whole of American society, including business, and is intended to achieve a more general and lasting solution of the economic and social problems that face our people.

Further in his proposals, the President is asking the Congress to consider the following:

1. Repeal of the Glass-Steagall Act, which established a separation between commercial and investment banking.

2. Legislation to provide for a national investment bank.

3. A law to establish a Federal Deposit Insurance Corporation.

4. Legislation to extend Federal deposit insurance to non-bank financial institutions.

5. Legislation to provide for a national securities exchange.

6. Legislation to establish a national consumer credit agency.

Legislation to address these issues is expected to be introduced soon, and the President is urging the Congress to act quickly to ensure that the proposals are enacted into law as quickly as possible.

The President has also made a request to the Congress to consider the following:

1. Legislation to provide for the establishment of a national health insurance program.

2. Legislation to provide for the establishment of a national education system.

3. Legislation to provide for the establishment of a national transportation system.

4. Legislation to provide for the establishment of a national energy system.

The President has also asked the Congress to consider the following:

1. Legislation to provide for the establishment of a national housing program.

2. Legislation to provide for the establishment of a national water supply system.

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As We See It

(Continued from first page)

where—fairly reeks with the assumption that Government in this country has found the formula for unending prosperity. The thought of how many millions, really, the notion of a way that has been found to abolish poverty. If there are any who suppose that it is we suggest that they go to their files and consult the Republican campaign addresses of 1928, and a good deal of the literature—some of it bearing rather sacred academic names—of the later years of the second Coolidge Administration. The Republican party of the first two years of its existence has been abolished or has been about to be abolished.

What Is the Record?

But aside from the pride which so often goeth before the fall, what is the New Deal record in this matter of dis- cussed. The best that the apologists for that regime would like to be judged on the record of 1947 or 1948. They are the best years they have ever experienced, but whether the high indexes of these years are to be attributed to them or to a world cata-

trophe is certainly a pertinent question—as is the further consideration as to whether any or all of the current indexes of production or distribution really tell the story of what has happened during the past two or three years. But to argue the case for the moment on the ground chosen by the apologists (or the braggarts) themselves, let us look at the record.

What has become known as "disposable income" of the individual—that is, what he has of his income after paying his taxes—has just been estimated by the Presi-
dent's Advisory Commission. This report gives an increase over the 19-year period of roughly 37%. Statisticians generally have not been quite so bold in coming up with glib figures about such things for periods prior to 1929, but there are some estimates. The Department of Com-

merce has estimated per capita national income in 1939 dollars at $352 in 1929 and at $463 in 1910. This is an increase of 29%. The New Deal Board some years ago prepared and published a little book entitled "Realized National Income." It is, possibly, more nearly comparable to any other to the current series published by the Department of Commerce under the title "Disposable Income." The Board's per capita figure for 1910 in 1929 dollars stood at $57 against 45 in 1929. Here we have an increase of some-
thing over 25%.

The Not Real Story

If there is anyone in the length and breadth of this land who supposes that these figures tell the whole story or the re-
sults, he is laboring under a misconception. In these two periods of equal length, let him try to find a housewife or an apartment for his family. Let him try to find an auto-
mobile in his normal price class. Let him compare the quetness of his stocks with the prices which were available in 1929. It would be difficult to say whether such differences as these made up for the greater apparent gain during the past 10 years or not, but little doubt can possibly exist that they do go a long way in that direction.

But what about the basic nature of the comparison we have been making? We are now, or have been during the past two or three years, struggling to get goods we have been obliged to deny ourselves more than a decade and a half. First the depression and then the war denied most of us an opportunity to keep ourselves supplied in a normal way. At the close the New Deal and we immensely enlarged the volume of money affluent. We are rid of the crest of that tidal wave at the moment, and the years of the past two or three years, and for every dollar of demand that this flood displaced we have had the economy has created—if it has created any at all—thous-

ands upon thousands of dollars have been generated by the most spectacular of all—like inflationary increase of the volume of potential inflation history has ever known. That Prewar Years

If we really want to know—so far as such figures can show us—what success the New Deal type of managed econ-
you have an introduction with a million on our, we must go back to the prewar years. The President's experts have provided figures for the purpose. These data are, of course, subject to considerable margins of error, but they are the best we have. Here are the figures which the New Deal managers themselves em-
ploy to make their points. Turning again to the series entitled "per capita disposable income" expressed in "con-
stant 1947 dollars," we find that not once prior to 1940

were the managers at Washington able to match the 1929 peak. In the past year, they were overthrown, yet fell by more than 24% to reach the goal of 1929 by the reactionary elements which, according to New Deal critics, so mishandled everything they touched. This was six years after the New Deal which really had the man-

ner to task of putting the nation on its economic feet again.

Far from Successful

In the six years ended in 1929 per capita national income expressed in constant 1929 dollars, according to the De-
partment of Commerce, stood at $522 to 1929, or about 11% Again, ac-
cording to this Board, there were nine and a half million unemployed people in this country in 1930, and over.

about 5.4 million less than the peak in 1933. In 1929, ac-

cording to these same experts, unemployment amounted to something under 4%. Judged by its 17 works, this period in terms of unemployment, it should be regarded as anything but successful in accomplishing what the President and his advisors appear to assume that it has in fact accomplished.

But at points the President and the others appear to have some doubts on the pointse st. At least they are not always quite sure that they have already achieved what they have been in the process of continued peak prosperity. But if this is true, they do not hesitate to claim, either in so many words or by phrase,

we know how to do so. On the record, it would be a good thing if the late and file developed a healthy skepticism on the subject.

Spread the True Story

Of American Business!

(Continued from page 7)

people of a planned economy security? Such a step in the wrong direction.

opinion, would be the beginning of the road of disaster. Certainly each industrial concern controls his own destiny. He determines the facts of his life to its foremen and other employees. Certainly each individual industrial concern can bring its story to the attention of the Senate of its State and to its Representative in Congress. Certainly each industrial concern can do a great deal toward telling the people of its own community what is happening and of the benefits to be derived from the American business system. This is something on which a great many other groups, such as public ad-

dresses, press releases, advertise-

ments, movies, and similar other ways.

Musing Understandings Regarding Corporate Income

A general misunderstanding appears to exist about the extent of current corporate profits. Let me take United States Steel Corporation as an illustration. We have been charged with now realizing profits which are characterized as 'exorbitant' and 'outrageously low.' Such an ac-

count is based on an obvious mis-

fact. Even if we treat our sales as dollar profits throughout the years, which of course is false, the dollar profits of our corporation are not higher in any other earnings than in earlier years when our business was not so large. Despite this huge steel production in 1928, the income of the Steel Corporation on the basis of a percentage of sales was the smallest for any year of anywhere nearly comparable rates of oper-

ation in United States Steel's entire

timeline performance.

Many people share the view that the Steel Corporation receives the majority of its income from its sales and that through its sales to the public. This is such an assumption! In the first place, the sale of a car made by a Steel Corporation, direct employment costs (wages, taxes, and social security taxes) took 45% of our sales dollar dur-

ing the period. The cost of purchased goods and services accounted for 46% addi-
tional. Taxes were the next largest cost, taking approximately 65% of our sales dollar. The next largest item was the amount set aside for wear and exhaustion of facilities. Our plant must be re-

placed when it wears out, so we are to continue in business. That depreciation on the total amount of our sales dollar. Interest on our long-

term debt represented 4%. After taking care of the advantages, there remained only 15% of the gross profit of dividends to our stock-
holders. This is the amount left to the business. Is that the lion's share? Certainly not. In contrast, if we take the average of profits of all manufacturing and trade, we find that the business is not more than 3% of the dividends paid to stockholders.

All of us have heard that prices are high in general. In fact, in accord that we undoubtedly would have to put a price on them today, if prices and costs had re-

mained at a lower level. However,

ever, if we take a close look, we will simply reflect the higher costs of today, as well as the devaluation of the dollar, which has taken place since 1933. Certainly the

ufacturer cannot fairly be held responsible for such higher costs or for such monetary deviations.

For some time past we have been generally without advances in the prices of manufactured goods. That theory has been ad-

vanced by the old guard, and it has been generally accepted by the public because of the fact that prices have not gone up in recent years. This situation is not so much due to the inability of the govern-

ment to control prices as to the fact that the executive has been unable to control prices. Prices have remained at a high level because the manufac-

"Threat of Fourth Round of Wage Increases"

As I mentioned a moment ago, last year we dealt with four rounds of wage increases. For the 30-year period, 1928 to 1947, the pattern has been approximately the same. Average

general wage increase in the course of both the corporate and non-corporate sectors was about 10%, or other substantial advance in our wages. Thus, we have a pattern of absolutely no relationship to the adequacy of our wage and salary levels. It would be unreasonable to expect the government to act in either of these areas. We see that what I call the "third round" of the future and the "fourth round" of wage increases from American industry, I do not see how it can possibly be avoided. It is absolutely clear that higher general price level will be the result of the increased wages for all of our people. In that event, and when we would be left with the cost of living index will prove to be of short duration.

When in the past a new round of wage increases and other ad-
nouncements took place, it had forced the Steel Corporation, if prices, the charge has been made that goods prices are higher in the case of the higher labor costs and un-

employment. It is true that we have to obtain all that the market will bear. It has been alleged that this is the manner in which the business is supposed to be conducted. It is not such an accusation is faulty in that it completely overlooks the fact that the Steel Corporation, if services which we must purchase to maintain our business is almost equal to our Steel Corporation, if services which we must purchase to maintain our business is almost equal to our Steel Corporation, if services which we must purchase to maintain our business is almost equal to our Steel Corporation, if services which we must purchase to maintain our business is almost equal to our Steel Corporation, if services which we must purchase to maintain our business is almost equal to our
No Holding Back of Steel

How false and ridiculous it is to accuse the steel industry of deliberate refusal to produce sufficient tonnage of steel! Anyone who takes the time to read the steel industry, week after week, has been operated at full-steel-making capacity. In 1948, the industry produced 158,103,000 long tons of steel products—the kind of steel that makes the engines and steel users buy and use every day. I am happy to say that this output, contrary to certain accusations, was not based on any war year, wartime or peace-time, in the nation's history. The statistics of the industry. That production per ton of capacity, at the high rate of steel-making operation is being maintained regularly, and the output is fair in all respects, for a job well done, and not for a job which the public has not time to enjoy. But the critics of the steel industry talk at length about the alleged undercapacity of the nation's steel-making capacity. To the uninformed it is easy to believe that the steel industry's action is due to the fact that the iron and steel-making plants own an element of the nation's business. It is true that some of the companies may have built in excess of their facilities, and it is also true that some of the companies have not been able to operate at full capacity in the past. However, the fact remains that the total capacity of the steel industry is more than sufficient to meet the needs of the nation.

Government Bond Outlook and Interest Rates

We are told that the steel industry refuses to expand its facilities, and the reason is supposed to be purely self-interest. This is a fallacy, since the steel industry is required to expand its facilities to meet the needs of the nation. The steel industry is not only essential to the nation's economy, but it is also essential to the production of steel. The steel industry is required to expand its facilities in order to meet the needs of the nation.

The supply of capital, short-term as well as long-term, can be influenced by the policies of the Reserve Banks. The Federal Reserve Banks are responsible for the control of the money market, and they have the power to influence the supply of capital. The Reserve Banks can influence the supply of capital by increasing or decreasing the amount of money available for loans.

Washington Stock Ex. Elects New Officers

WASHINGTON, D.C.—At the annual meeting of the Washington Stock Exchange, the following list of officers was elected:

President, Thomas L. Anglin, McKey & Co., Washington.


Second Vice President, John R. Redpath, Treasurer, Austin B. Robinson, Ruben & Co.

Members of the governing committee were elected as follows: William H. Nees, Johnston, Lomen & Co., the retiring President and Chairman of the Board; Phillip F. Anglin, Ferris & Co., and Myles H. Quill, Aitken & Sons.

Los Angeles Analysts Reelect Freuhling

LOS ANGELES, CALIF.—Wal- ter Freuhling of Wagners St. Louis and an- cient of the Los Angeles Society of Finance was re-elected at a recent meeting of the Society.

Los Angeles, CA—The Los Angeles Society of Finance held a meeting, the Society announced that it had elected August Slater, Wm. Rs. Staats Co., Secretary, and Walter Podbals, of the Los Angeles Stock Exchange, Directors in addition to officers, to serve for the year 1949.

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Nickel Alloy Cast Irons
The amount of nickel used in the production of engineering nickel castings has been increasing slowly over the years. These alloys, known for their strength and resistance to wear, are used in many applications.

The iron and copper mining industries in particular have increased their consumption of nickel in recent years, with a significant increase of 25% in the total production of these industries. Although the steel industry has maintained a high rate of usage, other uses for Ni-Hard have increased so rapidly that in 1949 the total production of nickel cast iron was higher than in previous years.

Ni-Resist, a nickel-containing austenitic alloy of high corrosion-resistance, has shown expanded applications in the United States and Canada in new fields of application. Production items in Ni-Resist that are being successfully produced in the United States and France include a wide range of components.

Iron-Nickel Alloys Specialties
The iron-nickel alloys, containing 50 to 80% nickel, have been the most widely used alloys among the nickel-containing cast irons. These alloys have been developed in recent years to withstand elevated temperatures and corrosion, and have been found to be particularly useful for applications requiring high ductility and strength.

The Alnico series of nickel-containing alloys used for permanent magnets has proved its value in creating powerful magnets. Magnets made from these alloys have shown increasing usage in the electrical and magnetic industries.

Electrical Resistance Alloys
The wrought electric resistance alloys containing 80% nickel have shown expansion in usage during the past year. These alloys have been particularly useful in the electrical and magnetic industries for their high thermal stability and magnetic properties.

Coinage
The replacement of the emergency coinage alloys which came into use during the war years is proceeding, and while basic reforms must await the stabilization of the monetary units in many countries the return to the use of nickel and nickel alloys for subsidiary coinage at a defined rate is a definite trend.

During 1948, three governments adopted pure nickel for two or more of their subsidiary coinages, namely, Hyderabad, Pakistan and The Netherlands, making a total of 41 countries which have used pure nickel coins to date. Many other countries have reduced the usage of the popular cupro-nickel alloy coin, the use of which was insignificant in the past.

Mill and Foundry Nickel Alloys
Malleable nickel, Monel, Inconel and other high nickel alloys in rolled, drawn, extruded and other forms have found expanded uses in the oil industry, as catalytic converters, in chemical process industries and in the production of chemical products for shipping drums of nickel, Monel and Inconel for batch shipments.

As a result of continued research and experimentation at the Linde Gas Company it is now possible to produce extruded seamless tubes in diameters 1/4 in. and larger of varying wall thickness and extruded sizes available are 1 4 in. in diameter. Nickel, Monel and Inconel alloys are produced by many industries, including petroleum processing and refining. Among other applications are table linings, engine parts for steam engines, rolls in miniature precision bearings, such as the picture tube in the home receiver. All the vacuum tubes in the receiver and most of the amplifying tubes in the transmitter use nickel for their construction.

The television industry's expansion has been reflected in increased use of nickel-steel alloys. In Canada, for example, nickel steel forgings, made up of a nickel-steel alloy, has been found to be a big factor in improved operating conditions.

The special nickel alloys for gas turbine and jet applications show a similar trend. As these metal specimens are being produced in increasing quantities, the Nirosta and Ni-Resist manufacturers are expanding their facilities, while their uniquely high magnetic permeability makes them invaluable to the communication apparatus and photographic industries.

The Alnico series of nickel-containing alloys used for permanent magnets has proved its worth in creating powerful magnets. Magnets made from these alloys have shown increasing usage in the electrical and magnetic industries.

Outlook
The present outlook indicates the continued strong demand for nickel, in which the nickel industry in 1940 should again enjoy a satisfactory year.

CHESTER D. TRIPP
Economic and Industrial Consultant-Chicago
President, Consolidated Coppermines Corporation

From the indications given by The Economic Trend Line, it is clear that the Line has truly reflected pressures on the economy as they have been accumulated, with the year 1949 marking one of the longer stretches in over 20 years. For 3 full years, we have ended our weekly Comments with the statement, "in our judgment, all the major economic indicators were calling for lower prices, as evidenced by the pressure brought to bear on prices by reduced demands resulting from the lagging in the economic trend. It is a most significant fact that the recent drop in the prices of most major stocks is a movement which is gathering momentum as the economic trend shows a marked upward pattern. These indicators are reflecting the enormous amount of money which has been pouring into the market and the demand for a large volume of new stock offerings has been met with a virtual collapse at the spread in prices and the volume of the market.

Just what has happened to change the pattern of re¬action in the market and what is it that we must do in order to get started back to the old-established reaction in the market and get going again, as we had hoped for many months, is the question that the market者 must ask themselves today. It is clear that the money coming in from the public has been used to finance the market at a far higher rate than we had hoped for, and it is clear that the rate of increase in stock offerings has been far too rapid for the market to absorb.

Our economy experienced a violent upsurge in commodity prices after the termination of hostilities follow¬ing World War II and the parasitic effect of stockholders' share of the profit, and the rise in stock prices. This rise was the result of a period of buying the bond issues of many of the great companies, which at the time were facing the curtailment of both friends and enemies, and it is well remembered in the minds of many of us that these securities were purchased at a time when the United States government was guaranteeing that every borrower could procure the necessary exchange in the United States, and that the commodity producers had been given the right to be paid when the commodity was paid for.

Following World War II, with the default experience of World War I staring us in the face, we changed our pattern in three important particulars. First, the advan¬ces have been more or less in the form of gifts rather than loans demanding service and repayment. Sec¬
The Commercial Banker
As Investment Counsellor

(Continued from page 15)

which combine an economic soundness with an attractive yield.

Common Stocks

You may well ask how, with my conviction that the speculative approach is unwise, I can be recommending a substantial committed stock position for the defensive investor. Understandably, this must be a point with which many of you will agree. We share an interest in the important question of the importance of the consumer, which has a direct bearing upon the rate of inflation in our economy, and we must always be alert to the need for stability in the nation's financial system.

I believe that the speculative approach is unwise for two reasons. First, it violates the principles of prudence and soundness that are essential to the financial well-being of any institution, and it is likely to result in losses for the investor. Second, it is likely to lead to an overvaluation of stocks, which will ultimately result in losses for those who purchase them.

I am not suggesting that you should not invest in stocks, but that you should invest in stocks in a conservative manner, and not in a way that is likely to result in losses for you or for the institution to which you belong.

The Chief Hazard

The chief hazard of a careful common-stock program is that it will not produce the highest possible return. But that is not a risk you should take. You should not invest in stocks that are not likely to produce a reasonable return. You should not invest in stocks that are likely to produce a loss. You should not invest in stocks that are likely to produce a loss unless you are willing to take that risk.

The Business Approach

I am not suggesting that you should not invest in stocks, but that you should invest in stocks in a conservative manner, and not in a way that is likely to result in losses for you or for the institution to which you belong.

The SEC and the Capital Market

(Continued from page 15)

In passing let me make it plain, however, that the combination of these requirements must be open-minded and flexible as well as forward-looking. Over-regulation which impedes financing without substantial benefits for investors is a disservice rather than a service. And, as I have said, our laws we administer assume the American system of investment; not a servile servitude, but one that is not to be resisted by the flow of capital, we must remember that we live in a changing world. On the other hand, our policies become obsolete as new problems arise and new policies are needed. Only constant vigilance to keep ourselves aware of the problems of legitimate business and to keep ourselves flexibly responsive to the changing circumstances of the economy, the SEC remains active in these matters.

SEC Open for Suggestions

The Commissions keeps itself open to conferences for the time being. What do you think we should do? The SEC is open to suggestions, to ideas, and to criticism. It is open to any and all suggestions, to any and all ideas, and to any and all criticism. It is open to any and all suggestions, to any and all ideas, and to any and all criticism.
"What About the Market?"

(Continued from page 3)

Making Bank Portfolio in 1949

(Continued from page 16)

to help pull the economy out of the depression, to combat the old fear complex, to encourage people to buy new cars and to finance the increase in building activity, and to reduce the risk of a depression in the future. The Treasury at present has a cash balance. What will happen if the public, as in the past, is going to carry these things? Is there a general will have an effect on the money supply? We are supposed to have a rise in prices and a reduction in the amount of pressure on deposits. All of these steps are factors to be considered in the changing economic picture.

A Program of Management

Despite these factors, the management of a loan portfolio in 1949 involves three basic questions: (1) What is the appropriate level of loans for a given bank? (2) What steps should be taken to increase or decrease the management of existing loans? (3) What should be the guidelines for the management of the portfolio in the event of a general increase in the demand for funds? What is the outlook for 1949 considering the current policy and the liquid condition of the banks and the economy?

(Continued from page 16)

conditional policies that the Federal Reserve Board, in spite of the fact that the demand for loans may increase, is not doing much about it. The Board on Stock Exchange securities is increasing the requirements of the securities market, that owners of such securities may borrow only 25% of their market value and that there is a limit on the amount of securities that may be bought. This limit is applied indiscriminately to listed securities and to all other securities. It is generous enough to encourage the thrift to take up to $100 in securities, but this amount is small and only $50 of an investment of $100 is allowed. It is generous enough to encourage the thrift to take up to $100 in securities, but this amount is small and only $50 of an investment of $100 is allowed. It is generous enough to encourage the thrift to take up to $100 in securities, but this amount is small and only $50 of an investment of $100 is allowed.
Making Profit Reports Realistic

(Continued from page 18)

by in my opinion, it is because no company wants to be the first or the second to make the plunge. Although the idea that maximizing profits for stockholders is the major objective of business has become pure fiction so far as large public corporations are concerned, the opportunity to report large profits, whether real or not, is rather pleasant. It would take courage to report losses or very low profits at a time when other firms, operating no more efficiently, were reporting exceptionally large profits. Here, in fact, is a real dilemma. No single corporation can continue over so the economic basis of reporting without incurring the not inconsequential risk of being out of step with other firms in the industry and yet be sure of some practical if not legal difficulties in the way of a simultaneous change-over by agreement. The fact of your presence here, however, indicates a belief or hope that something can be done.

There are many technical problems—partial replacements or improvements in the company structure, properties being depreciated on a group basis but few dollars being written off for which solutions would have to be found; the recognition of depreciation on an economic responsibility basis, for which there are no solutions except by research and consultation; Congress, to take another example, has tried to harmonize business mechanism more sensitively since they represent a dilemma. Inflation feeds on the fact that the right of legislatures to interfere with communications until the battle was over.

Inertia and Wishful Thinking

In addition to inertia and wishful thinking, however, there are some legal difficulties. Statutes and administrative regulations, which are to a large extent the result of a general who told his subordinates that the whole of American industry was to be stopped, are often rather vague. It is reasonable then to make no effort to eliminate dissipation during the very periods when policy decisions are most difficult! Without a general who told his subordinates that the whole of American industry was to be stopped, are often rather vague. It is reasonable then to make no effort to eliminate dissipation during the very periods when policy decisions are most difficult! Without a general who told his subordinates that the whole of American industry was to be stopped, are often rather vague. It is reasonable then to make no effort to eliminate dissipation during the very periods when policy decisions are most difficult! 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Steel extra and split can well become the spark to set off new price rise.

As this was being pounded out, the United Press wire and the tape clack-clacked the news that in addition to its regular dividend Big Steel had made a 3c extra and was splitting its stock three for one.

The New York market had already closed so there was no reflection of this news, except the exciting chatter in the board room. It won't be long though would mean. But on the West Coast the market was still going along. And there Steel was up 3c from its New York close.

I wish I could foresee the effect of Steel's action on the market. In fact I wish for a lot of things, few of which I'll ever get. In recent months, wishing has been about the only pastime I can afford. But that's the way it can't make me see around corners, it can't stop me from having opinions and I have two on this latest development.

The first one is that this news can be the spark to set off the price rise the market has indicated for the past several weeks, but failed to prove. There are markets which do. Everything about everything but go up (or down—depending on the current trend). Frequently the probable results before the fact, and they out of their unsuspected stage is a piece of unexpected news. But a steel news could well be the catalyst this time around.

The second opinion is a combination of factors that aren't particularly cheering. The public has almost stopped talking about everything but go up (or down—depending on the current trend). Frequently the probable results before the fact, and they out of their unsuspected stage is a piece of unexpected news. But a steel news could well be the catalyst this time around.

Pacific Coast Securities

Orders Executed on Pacific Coast Exchanges

Schwabacher & Co.

Members
New York Stock Exchange
New York Curb Exchange (Associate)
Investment Bankers
14 Wall Street New York N.Y.
Capitol Tel 4138
Private Wire to Principal Offices
San Francisco—Santa Barbara

Tomorrow’s Markets Walter Whyte Says—

By WALTER WHYTE

Steel extra and split can well become the spark to set off new price rise.

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would incorporate quarterly dividends at the rate of $2.50 per share.

The proposal of Harper C. Clark from Cashier to Vice-President of the First National Bank of Chicago, on Jan. 12 following a meeting of the Board of Directors, was adopted by the Board. Mr. Clark was elected Cashier and Mr. Richards, with other Directors, was re-elected.

Mr. Clark had been elected to the Board of Directors of the Citron National Bank of New York in 1923 as runners for the Citron National Bank. Mr. Richards was later merged with the Merchants National to form the First National Bank of Chicago.

The stockholders of the Bank of Virginia, at Richmond, Va., at the annual meeting on Jan. 15 elected W. Brooks George, Assistant to the President, Dr. H. L. Stewart, Jr., as new Director. All former directors were re-elected, and Ralph F. Baggett, Sr., an officer of the First National Bank of Virginia, was elected by the Board of Directors of the First National Bank of Virginia to the Board of Directors of the Bank of Virginia. He was made President of the Virginia Bank on July 1, 1944-45.

Ray M. Gideon, President of Federal Reserve Bank of Cleveland, announced on Jan. 15 that Harry L. Davis had been elected D. Fulton, now Vice-President in charge of the Bank's South branch, effective March 1, at which date Benedict F. Lazarus will have plans to retire. Paul C. Stetler, charged with the implementation of the Virginia Reserve Association's Division of Director, will retire effective Jan. 1, 1945.

At the examination meeting of the Board of Directors of the First National Bank of Chicago, on Jan. 14, the addition of Martyn Morgan, Assistant Vice-President, was announced. Mr. Morgan has been in charge of the Bank's Central Office, and function of co-ordinator, which will be placed in charge of the Bank's Central Office, and will report directly to Mr. Gideon, President of the Bank. It is announced that Thomas N. Murray, Jr.,of the Bank's Central Office, has been appointed to the Bank's Central Office, and will be responsible for the Bank's Central Office. It is also announced that John F. Ryan, Jr., of the Bank's Central Office, has been appointed to the Bank's Central Office, and will be responsible for the Bank's Central Office. It is also announced that John F. Ryan, Jr., of the Bank's Central Office, has been appointed to the Bank's Central Office, and will be responsible for the Bank's Central Office.
Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest month or week available (dates 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

<table>
<thead>
<tr>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
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</thead>
<tbody>
<tr>
<td>105.4</td>
<td>105.1</td>
<td>97.3</td>
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Steels and castings (net tons).

<table>
<thead>
<tr>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
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<tbody>
<tr>
<td>1,052,800</td>
<td>1,045,500</td>
<td>1,053,900</td>
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### American Petroleum Institute

<table>
<thead>
<tr>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
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<tr>
<td>5.428,200</td>
<td>5.453,600</td>
<td>5.446,250</td>
<td>5.328,137</td>
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Crude sales to refinery daily average (bbls.).

<table>
<thead>
<tr>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
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<tbody>
<tr>
<td>14,422,000</td>
<td>14,378,700</td>
<td>14,318,240</td>
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Mena sales and deliveries of refined products (bbls.).

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<th>Latest Month</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
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<tr>
<td>7,796,000</td>
<td>7,852,000</td>
<td>7,792,550</td>
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### Association of American Railroads

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<th>Latest Month</th>
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<th>Month Ago</th>
<th>Year Ago</th>
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<tr>
<td>100,000</td>
<td>102,000</td>
<td>103,000</td>
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Revenue freight handled (number of cars).

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<th>Latest Month</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
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<tr>
<td>904,012</td>
<td>905,910</td>
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### Construction Engineering Construction-Engineering News-Record

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<th>Latest Month</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
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<tr>
<td>99,000,000</td>
<td>100,000,000</td>
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### Coal Output (U. S. Bureau of Mines)

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<tr>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
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<tr>
<td>11,680,000</td>
<td>11,695,000</td>
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### Department Store Sales Index—Federal Reserve System

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<th>Latest Month</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
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<tr>
<td>140,000</td>
<td>142,000</td>
<td>144,000</td>
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### Edison Electric Institute

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<th>Latest Month</th>
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<th>Month Ago</th>
<th>Year Ago</th>
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<tr>
<td>7,500,000</td>
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### Failures (Commercial and Industrial)—Bessemer, Ind.

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<th>Latest Month</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
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<tbody>
<tr>
<td>142</td>
<td>127</td>
<td>116</td>
<td>110</td>
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### Food Commodity Prices

<table>
<thead>
<tr>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
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<tbody>
<tr>
<td>$84.92</td>
<td>$84.92</td>
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### Fuel Prices (K. & E. J. Quotations)

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<th>Latest Month</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
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<tr>
<td>25.25</td>
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### Moody's Bond Prices Daily Averages

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<th>Latest Month</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
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<tr>
<td>101.97</td>
<td>101.97</td>
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### Moody's Bond Yields Daily Averages

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<th>Latest Month</th>
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<th>Year Ago</th>
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<td>101.97</td>
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### Moody's Commodity Index

<table>
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<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
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<tr>
<td>205.8</td>
<td>205.3</td>
<td>204.8</td>
<td>204.8</td>
</tr>
</tbody>
</table>

### National Fertilizer Association—Wholesale Commodity Index by Groups—1935-39=100

<table>
<thead>
<tr>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>252.2</td>
<td>252.2</td>
<td>252.2</td>
<td>252.2</td>
</tr>
</tbody>
</table>

### Paint and Drug Reporter Price Index—1916-16

<table>
<thead>
<tr>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>157.2</td>
<td>157.0</td>
<td>156.5</td>
<td>156.5</td>
</tr>
</tbody>
</table>

### Wholesale Prices New Series—U. S. Dept. of Labor—

<table>
<thead>
<tr>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>157.2</td>
<td>157.0</td>
<td>156.5</td>
<td>156.5</td>
</tr>
</tbody>
</table>

### Aluminum (Bureau of Mines)

<table>
<thead>
<tr>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,115,000</td>
<td>1,115,000</td>
<td>1,115,000</td>
<td>1,115,000</td>
</tr>
</tbody>
</table>

Production of primary aluminum in the U. S. for the week ending on the date shown.

### American Iron and Steel Institute

<table>
<thead>
<tr>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>7,796,000</td>
<td>7,852,000</td>
<td>7,792,550</td>
<td>7,792,550</td>
</tr>
</tbody>
</table>

Miles of steel rails on hand at mill.

<table>
<thead>
<tr>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,532,000</td>
<td>5,534,000</td>
<td>5,534,000</td>
<td>5,534,000</td>
</tr>
</tbody>
</table>

### American Trucking Association

<table>
<thead>
<tr>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>23,000</td>
<td>23,100</td>
<td>23,200</td>
<td>23,300</td>
</tr>
</tbody>
</table>

Number of motor carriers reporting.

### Building Construction—U. S. Dept. of Commerce

<table>
<thead>
<tr>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>7,322,000</td>
<td>7,324,000</td>
<td>7,322,000</td>
<td>7,322,000</td>
</tr>
</tbody>
</table>

Volume of building contracts awarded (in millions of dollars).
Use of Institutional Investment Funds in 1949

(Continued from page 14)

About half the total of gross personal liquid savings are taking the form of deposits in banks, savings banks, savings and loan associations, and mutual savings banks. These depositories, along with the mutual insurance companies, nearly all have adding machines that can be relied upon to be widely adopted, mortgage lending might fall temporarily below the increase in assets for some associations, as this liquid fund in which these funds are likely to flow, can be assessed best throughout the world. The operations of our major groups of financial institutions are sometimes inadequate, so because savings have been very large, institutionalized in recent years.

J. S. Canadian Exchanges—Bulwarks of Free Markets

(continued from page 8)

of free markets which is taking place in the United States is also taking place in Canada. After World War I, Canada's institutions and policies were similar to those of the United States. Today, however, Canada's financial system is very different from that of the United States. Canada has a highly developed market economy with a strong emphasis on free trade and private enterprise. The Canadian stock market is one of the most important in the world, and it is a major source of capital for Canadian businesses.

In Canada, the exchange is a committee of the stock exchange to fix the closing price of a security. The closing price is determined by the highest price at which the security was bought or sold at the closing of trading. The closing price is used to calculate the value of a security at the end of the trading day. The closing price is also used to calculate the return on investment for investors who hold the security at the end of the trading day.

The Canadian stock market is a major source of capital for Canadian businesses. The market is highly developed and well-regulated, and it is a major source of capital for businesses in the country. The market is also a major source of capital for other countries, as it is a major source of capital for foreign investors who invest in Canada.

In summary, the Canadian stock market is an important source of capital for businesses in the country. The market is highly developed and well-regulated, and it is a major source of capital for businesses in the country. The market is also a major source of capital for foreign investors who invest in Canada.
Municipal Bond Market Prospects

(Continued from first page)

To the latter, it should be noted that the Federal Reserve has raised all the major issues involving the municipal bond market in its review. These issues are discussed at length below.

Volume Affected

Most of us, I believe, who are active in the field of municipal securities, have observed that the municipal bond market has been rather limited during the last several years. This is due in part to the fact that there has been a decrease in the volume of new issues throughout the country. However, the decrease has been more marked in the larger cities than in the smaller cities, which have been more active than the larger cities.

The "Bond Buyer" Index on an aggregate basis is now down about 20% from its peak in 1967. This represents a significant decrease for six different months during the year and the average decline over the period is about 20%, with many months showing a decline of 30% or more. This is the lowest level in the market for the first time in March, with sales in the $200,000,000 to $250,000,000 range.

The low point in the market for the first year in March was in the $200,000,000 to $250,000,000 range and is listed as to how satisfactorily the market is meeting these large issues.

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revenues. It is important to un¬
derstand in this connection that it is too early to jump to any con¬
clusions. There is some possibility of the whole proposition being re¬
pealed by referendum vote.
Local Relief—New York State
There are other demands or ac¬
suer—New York State—voluntarily assumed among other obli¬
gations, a commitment for the public welfare needs for local units of government. The
home relief (the most important item), old age assistance, aid to disabled veterans and
blind. The total Social Welfare payments in each of the fiscal years 1947-48 was
about $312,000.
The Federal Government in turn matches the costs assumed by states for old age assistance, aid to
dependent children and home relief, but not for home relief. This has the distinct advantage for
the municipalities, of absorbing a major portion of the shock which
some home relief which may be
wrestling with decreasing
revenue. The State is in a far
better position to anticipate such
requests by shifting smaller notices and these are also more elastic. The obliga-
tions in the fiscal year 1947-48 were
should be noted as a possible im-
portant factor in the State's budget.

Summary
I have tried to mention primarily the financial demands on state governencces because I believe they will be more varied than in times past and more sig-
nificant. The economic and social life may be subtly changed, rather than
sharply recognized. It is my opinion in general that state governments might consider some
obligations which will cause
undue strain on their ability to
meet them. I do feel in some in-
stances, however, that some state
credits and high grade municipal obligations will tend to draw
closer together than has ever been the case in years past.

Dealers-Broker Investment
Recommendations and Literature

(Continued from page 8)

H. C. Boebach Co., Inc.—Analysis—Cisco
44 Wall Street, New York 5, N.Y.

Boston & Maine Railroad—New
recapitalization plan—Price, Mc-
Neil & Co., 165 Broadway, New
York, N.Y.

Brown & Birzlow—Analysis—Stanley Relcy & Co., 30 Pine
Street, New York 5, N.Y.

Calwese Corporation of Amer-
tica—New issue—Price, McNeil & Co.,
24 Wall Street, New York 5, N.Y.

Central Arizona Light & Power Co.—Discussion in current issue
of “Public Utilities Fortnightly.”

Denver & Rio Grande Western
Railway—New issue—Price, McNeil &
Co., 24 Wall Street, New York 5, N.Y.

Dow Chemical—Analysis—Cuh & Co., 1 Wall Street, New
York 5, N.Y.

Fl. Lauderdale, Fla. 4% munici-
pal bonds (new issue)—Circular—Munici-
pal Department, Allen & Co., 39
Broad Street, New York 4, N.Y.

Gasper Oil Ventures, Ltd.—Circu-
lar—Hiscox, Vag Meter & Co.,
Lewis Tower, Philadelphia 2, Pa.

Greer Hydraulics, Inc.—Circu-
lar—514 Grand Central Terminal, 145 State
Street, Boston 9, Mass.

Mollison Gas & Electric Co.—Circu-
lar—25 East 42nd Street, New York 17, N.Y.

Lehman Corporation—Bulletin
on changes in portfolio—Ira
Haupt & Co., 111 Broadway, New
York 6, N. Y.

Minnesota and Ontario Paper
Company—Study—William A. Page
Co., 309 South LaSalle Street,
Chicago 4, Ill.

Also available are studies on
Clearing Machine Corporation,
National Aluminco Corporation,
Philip Carey Manufacturing Com-
pany, Fuller Manufacturing Com-
pany, Whipp-Poor-Will Corporation,
Inc., Webster-Chicago Corporation,
Motorola, Inc., Chicago Stock
Guarantee Corporation, Chicago
Electric Co., Inc., Analysis—Circu-
lar—G. A. Saxton & Co., 70 Pine
Street, New York 5, N.Y.

Motorola, Inc.—Analysis—Hickey & Co., Inc., 135 South LaSalle
Street, Chicago 5, Ill.

Northern States Power Co.
110 Monroe Street, Chicago 2,
Illinois.

Oklahoma City Ada-Aleka Rail-
way—Descriptive circular—Ge-
ratar Corporation, 40 Exchange
Place, New York 8, N.Y.

Palmera, N.J.—Memorandum—Fidelity Union Trust Co., Tall
Broad Street, Newark, N.J.

Chas. Pfizer & Co., Inc.—An-
alysis—Eastman, Dillon, & Co., 13
Broadway, New York 6, N.Y.

Republic of Italy External De-
lar Bonds—Descriptive circular—Sutro Bros. & Co., 120 Broadway,
New York 5, N.Y.

Reynolds Metals Company—
Analysis—John H. Lewis & Co.,
New York, N.Y.

Southern Indiana Gas & Elec-
trie Co.—Analysis—Kiser, Cohn
& Shumaker, Inc., Circle Tower,
Indianapolis, Ind.

Strawbridge & Clothier—Memo-
ral circular in their company, 421
Stock Exchange Building, Phila-
delphia 2, Pa.

The American Red Cross
Carried the Torch

Value of Proper Selection
Under the heading of the things we have not done that we ought to have
done, there is the matter of trying to tell the success stories of Wall
Street. In the press of the daily
news, for example, we have ne-
glected to point out that proper
selection of our investments would have enabled us to make a profit
despite the money no matter when we started in the last 30 years. I wonder how
many of you investors realize that $1,000 invested in Coca Cola in January of 1920 would be
worth more than $25,000 today, or that $1,000 invested in General Motors in April of 1922
would be worth $10,000 today, or that $1,000 invested in du Pont in June of 1922 would be worth
nearly $10,000 today. I do not want to bore you by reading more such exa-
mles, but it has been possible to buy a
fraction of 

The investment of $1,000 in Abbott Laboratories in October of 1929 would be worth more than
$9,000 today. There have been the
monetary boom in Monsanto Chemical in November of 1920 would be worth more than
$21,000 today. The investment of
$1,000 in Celanese in December of 1919 would be worth more than
$25,000 today. I mention those
$1,000 investment in New York Mutual was the years now commonly re-
ferred to as a bull market, and it might be possible to make money in securities to be
out of the market at the right time, but it would not have been worth
right time. Might it not be better for the average stock owner to rely on mon-
etary advisers, and for the public to trust the experts, to serve, if we occasionally stop-
and and saw, to be engaged in the same measure Wall Street end of finance that the
the bankers to the least part of our troubles must be found within
Federal Reserve Board survey last summer showed $1,000 invested in 1920, or to buy stocks than their
elders, and gave as their principal reason that common stock was not safe.
risks. Yet a recent “Fortune” sur-
vey made last year of 5,000 young people interviewed between the ages of 18 and 25 in favor of
making bank paying a good income, was not clear cut, but did show a slight
income with a low income in no

risks. Yet a recent “Fortune” sur-
vey made last year of 5,000 young people interviewed between the ages of 18 and 25 in favor of
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in income with a low income in no

risks. Yet a recent “Fortune” sur-
vey made last year of 5,000 young people interviewed between the ages of 18 and 25 in favor of
making bank paying a good income, was not clear cut, but did show a slight
in income with a low income in no

risks.
Securities Now in Registration


- **Hastings (Minn.) Gas Co.** Dec. 27 (of $14,000,000 6% first mortgage sinking fund 5% bonds, due Aug. 1, 1969) offered by Hastings (Minn.) Gas Co., Hastings, Minn. Price—$100 per bond. Underwriters—First National Bank of Chicago, Chicago.

- **Heidelberg Sports Enterprises, Inc., Pittsburgh, Pa.** June 25 filed 5,000 shares of class B common stock (par $100). Price—$100 per share. Underwriters—None. Proceeds—$500,000 to be used for spectacular grandstand and balance for related purposes.

- **Heyden Chemical Corp., New York, N. Y.** June 29 filed 89,579 shares of cumulative convertible preferred stock (no par) to be offered as common stock—holder in the ratio of 1 share of preferred for each 20 shares of common stock held. Price—By amendment.

- **Homeco, Inc., L. I., City, N. Y.** (2-1/2%) Nov. 3 filed 160,000 shares (par $1) class A stock. Underwriter—Cantor, Fitzgerald & Co., Inc., New York. Price—$1 per share. Underwriters—A. G. Becker & Co. will act as the selling stockholder. Proceeds—To be used for general corporate purposes.

- **Horwood Lake Gold Mines Corp.** (1-3/1) Dec. 27 (of $1,000,000 5% convertible preference stock, $100 par) offered by Horwood Lake Gold Mines Corp., New York. Price—$100 par per share. Underwriters—None. Proceeds—$500,000 to be used for spectacles, grandstands and a new ball park.

- **Dominion Paper & Paper Co., Pulaski, Mont.** Nov. 23 (by amendment) 223,657 shares ($10 par) common stock. Underwriter—Tom G. Taylor & Co., Missoula, Mont. Price—$10 par per share. Proceeds—to erect and operate a bleached sulphite pulp mill with a 200-ton per day capacity.


- **Magma Copper Co., New York** Jan. 25 filed 204,000 shares of common stock. Offerings—To be offered for subscription by stockholders in ratio of one for each share held. Underwriters—Grace, Freer & Co. and Newmont Mining Corp. have agreed to purchase all unsubscribed shares. Proceeds: Proceeds: Expected late in January or early in February.


- **Mayflower Co., Salt Lake City, Utah** Jan. 17 (of $12,000,000 6 1/2% mortgage bonds, par $100, sold in $1000 denominations) offered by Mayflower Co., Salt Lake City, Utah. Price—$100 per bond. Proceeds—to be used for general corporate purposes.

- **Mississippi Chemical Corp., Jackson, Miss.** Jan. 3 filed 2,000,000 shares of common stock (par 85). No underwriters. Offerings—Of the total 2,000,000 shares subject to delivery under the stock subscriptions now exist the excess subscription price of $12.00 per share. Proceeds—To construct ammonia plant.

- **Mohawk Business Machines Corp., N. Y.** Jan. 21 (of $1,000,000 5% convertible preference stock, $25 par) offered for subscription by stockholders in the ratio of one share for each share held. Underwriter—Curtiss-Wright & Hicks & Co., New York. Price—$1 per share. Corporate purposes,


- **Pennsylvania Public Service Co.** New York, Jan. 22 (of $25,000,000 3% cumulative preferred stock, $50 par) offered by Pennsylvania Public Service Co., New York. Price—$25 per share. Underwriters—None.


- **Farnsworth Television & Radio Corp.** Jan. 13 (of 100,000 5% mortgage bonds, par $100) offered by Farnsworth Television & Radio Corp., Chicago. Price—$100 per bond. Underwriter—The First National Bank of Chicago, Chicago. Proceeds—To continue operation of the company.

- **Golden Ensign Mining Co., Salt Lake City, Utah** Jan. 17 (of $1,000,000 5% convertible preferred stock, $25 par) offered by Golden Ensign Mining Co., Salt Lake City, Utah. Price—$25 per share. Underwriters—None. Proceeds—To continue operation of the company.

- **Hastings (Minn.) Gas Co.** Dec. 27 (of $14,000,000 6% first mortgage sinking fund 5% bonds, due Aug. 1, 1969) offered by Hastings (Minn.) Gas Co., Hastings, Minn. Price—$100 per bond. Underwriters—First National Bank of Chicago, Chicago.

- **Heidelberg Sports Enterprises, Inc., Pittsburgh, Pa.** June 25 filed 5,000 shares of class B common stock (par $100). Price—$100 per share. Underwriters—None. Proceeds—$500,000 to be used for spectacular grandstand and balance for related purposes.

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- **Homeco, Inc., L. I., City, N. Y.** (2-1/2%) Nov. 3 filed 160,000 shares (par $1) class A stock. Underwriter—Cantor, Fitzgerald & Co., Inc., New York. Price—$1 per share. Underwriters—A. G. Becker & Co. will act as the selling stockholder. Proceeds—To be used for general corporate purposes.
Monarch Machine Tool Co.  

Wonderful Pump & Machinery Corp.  

Atlantic Coast Line RR. (2/7)  
Bids for the purchase of $16,000,000 equipment trust certificates will be received by the Company. Probable bidders include: Halsey, Stuart & Co.; Inc.; Salomon Brothers & Hutzler; The First Boston Corp.; Harriman Ripley & Co.; and Lehman Brothers (jointly).

California Electric Power Co.  
Jan. 24 officially stated Company intends, as soon as practicable, to sell 3,000,000 first mortgage bonds, 3% series, due May 15, 1949, and maturing in 15 equal annual installments from May 15, 1949 through May 15, 1964. Probable underwriters include: Halsey, Stuart & Co.; Inc.; Blyth & Company; and Lehman Brothers (jointly).

Chicago Indianapolis & Louisville Ry. (2/8)  
The Company has issued invitations for bids to be received by 11 a.m. (EST), at 15 State St., Chicago, for the purchase of $4,500,000 equipment trust certificates, due May 21, 1949 and maturing in 15 annual installments of $300,000 each, due May 21, 1964. Probable underwriters include: Halsey, Stuart & Co.; Inc.; Blyth & Company; and Lehman Brothers (jointly).

Delaware & Hudson RR. Corp. (3/3)  
Jan. 21 reported Company expects to ask for bids during the month of March for the purchase of $5,000,000 equipment trust issue due 1948. The date for opening bids will be March 15. Probable bidders: Halsey, Stuart & Co.; Inc.; Harriman Ripley & Co.; and Lehman Brothers (jointly).

Erie RR. (2/1)  
Jan. 24 received until noon Feb. 1 at company’s office, Cleveland, for the purchase of $6,200,000 equipment trust certificates, dated Dec. 15, 1948 and due 1948-1968. Probable bidders: Halsey, Stuart & Co.; Inc.; Harriman Ripley & Co.; and Lehman Brothers (jointly); Salomon Bros. & Hutzler; Harris, Hall & Co. (inc.); Lee Higginson Corp.

Fitchburg Gas & Electric Light Co.  
Jan. 24 company petitioned the Massachusetts Department of Public Utilities for authority to issue $3,500,000 19-year 3 1/2% bonds. The notes are to be dated March 1, 1949, and mature March 1, 1964. Company has elected to retire 1,350,000 19-year 3 1/2% bonds and provide Company with $2,150,000 in additional financing. Company plans to issue the notes at par privy to two institutional investors.

Great Northern Paper Co.  
Jan. 15 company announced it would sell 1,000,000 shares of common stock (no par) to be issued at $35 per share. Underwriters include: Halsey, Stuart & Co.; Inc.; Merrill Lynch, Pierce, Fenner & Beane and Company; and Montgomery & Company.

Maywood Chemical Works (N. J.) (1/27)  
Bids for the purchase of 6,800,000 common shares (no par), 56,000,000 shares of participating preferred stock (no par) and 8,881,000 shares of cumulative preferred stock (no par) constituting 468,000, 33 1/2% and 9 1/2% series, respectively, of the outstanding stock of the Company to be held for resale by the underwriters at office of Allen, Property, 120 Broadway, New York. The company itself has formally agreed to submit a bid of $847,000 for the stock.

(Continued on page 54)
Southern Ry. (3/9)

Bids for the purchase of $11,850,000 equipment trust certificates issued in March 9. Probable bidders: Halsey, Stuatt & Co.; Harriman Ripley & Co. and Lehman Brothers (jointly); The First Boston Corp.; Ripley & Co.; and Homer Brothers (jointly); Salomon Bros. & Hutzler; Harris, Hall & Co. (Inc.); Harriman Ripley & Co. and Lehman Brothers (jointly).

Texas & Pacific Ry. (2/10)

The company has invited bids by Feb. 10 for the purchase of $2,250,000 equipment trust certificates series F July 15, 1919. Probable bidders: Morgan Stanley & Co.; Halsey, Stuatt & Co. Inc.; Harriman Ripley & Co. and Lehman Brothers (jointly); The First Boston Corp.; Ripley & Co.; and Homer Brothers (jointly); Salomon Bros. & Hutzler; Harris, Hall & Co. Inc.; Harriman Ripley & Co. and Lehman Brothers (jointly).

Transcontinental & Western Air Inc.

The company has invited bids by Feb. 10 for the proceeding with the financing program under discussion for weeks. Company is planning to file a registration statement shortly for approximately 400,000 shares of common stock, which will be offered to existing stockholders at the present price. Underwriters—Lynch, Pierce, Fenner & Beane will head the underwriters.

Utah Power & Light Co.

Jan. 21, reported company is expected to sell $6,000,000 bonds in April to finance its plant expansion. Probable bidders: Hall, Stuatt & Co., Harriman Ripley & Co. and Lehman Brothers (jointly); Salomon Bros. & Hutzler; Harris, Hall & Co. (Inc.); Harriman Ripley & Co. and Lehman Brothers (jointly).

Southern Railway System

Bids for the purchase of $11,850,000 equipment trust certificates issued on March 9. Probable bidders: Halsey, Stuatt & Co.; Harriman Ripley & Co. and Lehman Brothers (jointly); The First Boston Corp.; Ripley & Co.; and Homer Brothers (jointly); Salomon Bros. & Hutzler; Harris, Hall & Co. Inc.; Harriman Ripley & Co. and Lehman Brothers (jointly).

Texas & Pacific Railway

The company has invited bids by Feb. 10 for the purchase of $2,250,000 equipment trust certificates series F July 15, 1919. Probable bidders: Morgan Stanley & Co.; Halsey, Stuatt & Co. Inc.; Harriman Ripley & Co. and Lehman Brothers (jointly); The First Boston Corp.; Ripley & Co.; and Homer Brothers (jointly); Salomon Bros. & Hutzler; Harris, Hall & Co. (Inc.); Harriman Ripley & Co. and Lehman Brothers (jointly).

Transcontinental & Western Air Inc.

The company has invited bids by Feb. 10 for the proceeding with the financing program under discussion for weeks. Company is planning to file a registration statement shortly for approximately 400,000 shares of common stock, which will be offered to existing stockholders at the present price. Underwriters—Lynch, Pierce, Fenner & Beane will head the underwriters.

Utah Power & Light Co.

Jan. 21, reported company is expected to sell $6,000,000 bonds in April to finance its plant expansion. Probable bidders: Hall, Stuatt & Co., Harriman Ripley & Co. and Lehman Brothers (jointly); Salomon Bros. & Hutzler; Harris, Hall & Co. (Inc.); Harriman Ripley & Co. and Lehman Brothers (jointly).

Southern Railway System

Bids for the purchase of $11,850,000 equipment trust certificates issued on March 9. Probable bidders: Halsey, Stuatt & Co.; Harriman Ripley & Co. and Lehman Brothers (jointly); The First Boston Corp.; Ripley & Co.; and Homer Brothers (jointly); Salomon Bros. & Hutzler; Harris, Hall & Co. Inc.; Harriman Ripley & Co. and Lehman Brothers (jointly).

Texas & Pacific Railway

The company has invited bids by Feb. 10 for the purchase of $2,250,000 equipment trust certificates series F July 15, 1919. Probable bidders: Morgan Stanley & Co.; Halsey, Stuatt & Co. Inc.; Harriman Ripley & Co. and Lehman Brothers (jointly); The First Boston Corp.; Ripley & Co.; and Homer Brothers (jointly); Salomon Bros. & Hutzler; Harris, Hall & Co. (Inc.); Harriman Ripley & Co. and Lehman Brothers (jointly).
Our Report's Report

The seasoned bond market is developing a noticeably firmer tone than it has shown during the past few weeks. The reason for this is the demand on the part of large institutional buyers. The shift in buying behavior appears to have been caused by the Federal Reserve Board's action in raising the discount rate. This move has had a favorable effect on the bond market, and the yield on long-term bonds has declined for the first time in several weeks.

March, however, shapes up as a period of high activity in the bond market. The selling tendency which has dominated the market in recent weeks may continue, but there is a good chance that the yield on long-term bonds will decline in the coming month. The Federal Reserve Board has raised the discount rate, and the discount rate is expected to remain at the new level for some time. This move is likely to have a favorable effect on the bond market, and the yield on long-term bonds may decline in the coming month.

We are optimistic that the bond market will continue to develop a firmer tone. The Federal Reserve Board's action in raising the discount rate has had a favorable effect on the bond market, and the yield on long-term bonds is likely to decline in the coming month. The bond market may experience some selling pressure, but the yield on long-term bonds is likely to decline in the coming month.

Dull Spot Ahead

Next week has little to offer in the way of new issues. It is divided by a glance at the calendar. And there is little sense of the way of actual business immediately in sight. February could prove relatively quiet.

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WASHINGTON... And You

WASHINGTON, D. C.—There is enough political dynamite in the "secret" report of the Hoover Commission task force on government lending agencies to rock all the big, policed brass cupids on Capitol Hill when the text of the report is published.

This is true notwithstanding the probability, as previously reported in the column, that the Commission's whole effort may be of no greater ultimate significance than to hasten the request for power to effect a sweeping merger move that will enable it to be able to launch its own New, New called "Fair" Deal.

For one thing, the task force group would abolish the Reconstruction Finance Corp. For another it would make the Federal Home Loan Insurance Corp., a subsidiary of the Federal Reserve Bank, into a loan-guarantee agency. The latter move goes on in the way of lending of the so-called second mortgage nature.

Loan-guarantee agencies are not only dull, but will set off many heated arguments, regardless of the unlikelihood that the agency would ever be used. The commission recommendation will go along with the recommendation to wipe out whole lending functions.

There may be some significant indication to the effect that the Commission, which has made public several editions of its fiscal findings, has this one closely to its own breast. All task force group recommendations are only task force recommendations. They may or may not be adopted in the final overall Commission recommendation.

Whatever the final decision may be, there is a presumption that the Commission's recommendation of the task group report will in some measure be made public by the Commission itself.

With respect to the RFC, the task force feels that as an agency savings is the key to government loans. It should be liquidated. The group praises the RFC's record during the past administration. The chief reason usually advanced for continuing the agency is that it be kept available as a source of emergency. In the opinion of the task force the present functions of RFC are "impractical" and have "no purpose for some future emergency, the time duration of which is uncertain and which are unpredictable."

All that remains is that the task force report offer a substitute for the RFC, and the substitute will stir up controversy. It is proposed that the Federal Reserve Banks be granted authority to guarantee certain certificates of deposits for commercial banks. The type of loan which would be guaranteed is the short-term loan. The rating or guarantee of what productive purposes, which is as of a marginal nature, would be unpredictable. As much as a commercial bank would be unpredictable. As such, the particular case to take the entire risk itself.

In the appearance of the Secretary of Labor at least, the very recommendation which the Federal Reserve Board itself advocates, and which got a favorable report from the Senate Banking Committee during the 80th Congress, but, with a few qualifications, is as of a marginal nature, would be unpredictable. As much as a commercial bank would be unpredictable. As such, the particular case to take the entire risk itself.

It's the views of Stanford Guy Tuftwell the Federal Government set up the Rural Resettlement Administration, the Farm Security Administration, the Farm Security Bank, and the Farmers Home Administration, an agency of the Department of Agriculture. Its theoretical job is to provide credit for farmers whose rating credits are as poor as those of the government's.

There is room for improvement, the report says, in the area of lending agencies that could be improved, like not be reformed. That the Federal Savings and Loan Insurance Corp., the Federal National Mortgage Association, and the Farm Security Administration, and the Farmers Home Administration all be placed under the jurisdiction of the Farm Loan Board. The Board now handles government and cooperative lending agencies.

At the moment farm groups do not appear to be fully aware that this means that the minimum wage would be abolished and the Wage-Hour Act repealed draft of the bill. Those who had heard about it expressed the opinion that it was a ploy between the labor crowd and the farm crowd would be renewed on this issue.

Thus, in the first Administration draft of the wage-hour bill includes these twists, it seems only natural that the House committee, created by the Supreme Court in its opinion on the constitutionality of the law, would not be disposed to forget the history of the law. It appears to define "regular" rate of wage in such a way as to avoid computation of premium time for unusual hours, as part of the regular wage, up to overtime is figured.

What President Truman may have in sight is to spread the law throughout the world, the benefits of the U. S. New Deal, is still a mystery to all nations of the world, including the big, policed brass cupids, national leaders, and government agencies. What the history of the law in his inaugural address was as complete to the surprise to study.

The Treasury Department at the New Deal preparations to spread the law with an inaugural address has been nothing more serious than one of the actualization it talks about foreign affairs. Others, more closely about the Russian penetration of the world, foreign aid, think that the President dreamed up this idea as something more "moderate" in his requests which he anticipated. He apparently is backing an actual minimum wage of $1.00 per hour, subject to industry approval, if those informants who report the President's comments are correct. Another of the twists slipped into the Administration wage-hour bill is the removal of the exemption from the bill's terms for first processors of food and dairy products. Some 10 years ago the farm lobby fought bitterly to exempt the employees of fruit growers, dairy planters, and other food processors, from the statutory minimum wage requirement. The farm group, ostensibly won, although the Wage-Hour division of the Department of Labor has been backing away from this exemption and has been narrowing its scope by administrative interpretations.

I'd faint if I ever found his phone on the first ring?

Finally, and in a different direction, the task force group sets up a national system of mortgage insurance banks. With some government capital initially, but capable of raising private capital through sale of its own securities. The National System of Mortgage Discount Banks would be patterned after the Home Loan Bank System, but would do business in all real estate mortgages, not merely home mortgages, and would be accessible to all types of institutions in the real estate mortgage field.

There are a couple of side twists in the Administration-written wage-hour bill now pending before the Senate Labor Committee. This is the bill which is designed to raise the statutory minimum wage from 40 cents to 75 cents per hour.

One of the twists is that the proposed new minimum wage isn't secured pegged at 75 cents per hour. In some cases it may go as high as 90 cents. With a proviso that when "industry committees", as such, are formed, the Secretary of Labor may be expected to arrange for the selection of "industry committees", which will lean toward a higher minimum, and to lend all aid and comfort to labor to seek the higher minimum. What hasn't been written is that, in the bill, and probably not be settled until the bill is ready for final passage, is a proviso that, if set minimum wage is raised, that the Secretary of Labor, in turn, will set minimum wage. It is reported that the President wants that figure at $1.00 per hour, Congress will probably approve less.

It was the President's request for a new minimum wage of 75 cents, expressed in his annual message to Congress, which with other things created the impression that Mr. Truman was somewhat more "moderate" in his requests which he anticipated. He apparently is backing an actual minimum wage of $1.00 per hour, subject to industry approval, if those informants who report the President's comments are correct.

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