Trends in Finance

By BENJAMIN STRONG
President, United States Trust Company of New York

Prominent banker asserts increased risks from government regulation and from unpredictable economic measures have disrupted venture capital and high taxes endanger business solvency. Expresses doubt economy can stand more regulating.

I am sure you will agree that the subject assigned to me, "Trends in Finance," is a very broad and rather imponderable one.

In my own opinion, finance is little more than a piece of mechanism that performs our economic machine in a business life to function. As such it also reflects the conditions of health or disease which that may prevail in our economic life.

Finance, then, has two functions: as an economic machinery and as a means of diagnosis. Let us for a moment consider the latter function.

(Continued on page 39)

*An address by Mr. Strong before the New York Chapter of the American Society of Chartered Life Underwriters Forum, New York City, April 7, 1949.

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As We See It

How Many Worlds?

"The fact is that nearly all the difficulties of the United Nations have been caused by one factor: great power disagreement outside the United Nations and completely independent of the United Nations." So commented the President of the Assembly in the course of a defense of the troubled life of the organization which: was to encourage, develop and give expression to the concept of One World which is the premise of this planet at the end of an unprecedented conflict which had cost humanity immeasurably.

We must say in all candor that it appears to us that Dr. Evatt, unwittingly we assume, has in the very premises exposed the weakness not to say the impotence, of the United Nations. No such organization could possibly function successfully so long as "great power disagreements outside" held, and completely independent of it, can and do develop as has been the case during the past two or three years. Such a course of events evidently reduces it to a sort of debating society. It is doubtful, to say the least, whether the debates and the pages that have been presented at the sessions of the United Nations since the end of active hostilities have had any such

(Continued on page 34)

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Socialism in Europe Today

By DR. WILHELM ROBKE
Professor, Graduate Institute of International Studies (Geneva)

Political economist maintains Socialism is paradoxical in having noble motives counterbalanced by its inevitable threats to the good society. Compares difference between "democratic" and "totalitarian" Socialism to that between murder and manslaughter—an immaterial one to the victim. Cites European experience showing even "moderate" Socialism is road to super-monopoly, economic paralysis, super-nationalism, and international discord.

The Paradoxes of Socialism

GENEVA, SWITZERLAND—The proper way to look at Socialism is to regard it as a multitude of expressions of a most common distrust of mankind of all times. Even if inspired by noble motives, it not only fails to reach its goals but threatens the very principles of a Good Society on which we all agree, including the Socialists as far as they are not totalitarian. We all attribute the highest value to liberty under the law and to the right of property, but Socialism is taking it away from us, step by step. We all wish for a prosperous, efficient, and just economic system, but Socialism brings us disorder, want, and new and greater injustice. We all loathe the monopoly of every kind, but Socialism means a super-monopoly from which there is no escape. We all wish a real community of nations but Socialism is coupling us together and sowing the seeds of discord between.

(Continued on page 33)

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Are Stocks Undervalued?

By ARNOLD BERNHARD*  
Editor, Value Line Investment Service, Inc.

Market analysts stress habitual divergence between value and short-term market price. Maintains key to market's pricing is the investment stock lies in projecting, from past record, its likely expected earnings and dividends. On this basis believes present market is undervalued, and that many stocks will rise.

The topic of my discussion is—Are Stocks Undervalued? I say that they are, and I say so because I have in my mind a concept of what is not at this moment the equivalent of prices. Some say any given stock is undervalued but it is obvious that

*Bernhard, Arnold

---

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Pointers on Selling

For clever, helpful hints for selling securities read the "Securities Salemen's Corner," a regular feature in every Thursday's issue of the "Chronicle."
First Results of Poll on NASD

Initial tabulation indicates widespread dissatisfaction throughout industry with organization itself. Regulations governing "spreads" and prohibition against discounts to non-members heavily opposed. Many dealers comment on effect of "5%" philosophy on securities of smaller corporations.

We publish today the initial results of the poll being conducted by the CHRONICLE for the purpose of ascertaining the views of the securities industry with respect to the National Association of Securities Dealers. The CHRONICLE presents the organization also its policies and methods of operation. In order to obtain a complete cross-section of opinion on the subject, a ballot was forwarded to every firm, whether member or non-member of the NASD, with the exception of stock exchange floor brokers and those doing strictly a municipal bond business. The latter were not included for the reason that they are not subject to the jurisdiction of the NASD. The first page of the ballot contained a series of questions pertaining to the "rules" and methods of procedure followed by the NASD. On the reverse side the recipient was requested to indicate the nature of the firm's business (retail, etc.) and to express comments as to what effect, if any, the NASD's "5%" mark-up philosophy has on the market for securities of the smaller corporations of the country. Many hundreds of firms made comments on this latter query and, further below, appear as many of these expressions (whether pro or con) as can be accommodated in this week's issue. Others will appear in subsequent issues.

We show first the composite results up to press time (April 3) of the opinions expressed by both members and non-members of the NASD on the series of questions set forth on the face of the ballot. We defer making any editorial comment in the matter until a later date, in light of the fact that other ballots, owing to the time element, are probably in transit.

RESULTS OF NASD POLL

(returns from NASD members)

Total ballots returned: 891

(1) "Yardstick"

Favoring 190 or 23.3%
Opposed 676 or 75.3%
No opinion 16 or 2.6%

(2) Questionnaire for Reports on Spreads

Favoring 199 or 22.8%
Opposed 629 or 75.2%
No opinion 26 or 3.0%

(3) Examination of Books and Records When

No Complaints nor Charges Are Pending

Favoring 177 or 19.9%
Opposed 659 or 73.3%
No opinion 25 or 2.8%

(4) NASD Trial System

Favoring 96 or 10.8%
Opposed 786 or 86.2%
No opinion 36 or 3.9%

(5) Rule Forbidding Discount to Non-Members

Favoring 234 or 26.9%
Opposed 628 or 70.9%
No opinion 29 or 3.3%

(6) Should Maloney Act Be Repealed?

Favoring 377 or 42.8%
Opposed 424 or 27.2%
No opinion 72 or 8.0%

(Continued on page 8)

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Advertising in Securities Merchandising

By JOHN T. MCKENZIE
Executive Department, Standard & Poor's Corporation, Editor, "Advertising in Action"

Mr. McKenzie points out procedures and processes in securities merchandising through advertising and gives practical direct mail tips and cites cases of its effective use. Gives examples of window displays in selling securities and urges watching results and analyzing cost studies. Lists "a few nudges from experts."

I have been asked to talk on "Modern Merchandising of Securities Through Advertising," because I have projected the budget and merchandising of the firm. Most of my time is spent in writing and planning, but I believe that you will find this short talk interesting.

I believe that the advertising talk will give you food for serious thought.

All advertising begins with a plan, or with an appropriation. For without money there can be no promotion.

Each time I speak of an appropriation I think of old Friend mil—five advertising men. When they go after their appropriation, they all tell the story about the counter that went out for a walk one morning, stumped over an ostrich egg... The audience usually says, "Now, I'm not complaining, but this is just a sample of what our competitors are doing!"

Let's assume you have done a sales job on your partners or officers—you've been able to wangle and wrangle it out of them. You're ready to start advertising. The first part of your money on newspaper advertising—part on direct mail—buildingselling—order a coordinated campaign.

(1) Start with a schedule—and I'll pass over this phase very quickly since we're confined to the type of schedule form we use at Standard & Poor's Corporation. (See Chart No. 1.)

Each black dot represents a new issue of a given message being sold on a given day. If there are any typographical errors, I'll leave that to the copy editor. There are the most important elements in any campaign. Security advertising is highly competitive. You must know where you're going right from the start. You have some nice gravy Back in July.

But, as in other cities, A *lecture by Mr. McKenzie, ninth of a series on financial matters, was sponsored by Boston University and the Boston Chamber of Commerce, Boston, Mass., March 29, 1949.

What is the Future of the Amerex Holding Corp.? (Over 99.1% of Total Number of Shares of Amerex Company)

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Moving Ahead on All Fronts!

By HON. JOHN W. SNYDER
Secretary of the Treasury

Assisting us are starting at off this time from position of unex¬
ample financial and economic strength, Secretary Snyder looks for continuous and rapid advance in the economic welfare of the peo¬
ple in the greatest period of business development. Stresses financial soundness of government and praises Treasury bond stabilization program. Contains present readjustments are healthy and beneficial, but says that they will be only temporary, and that more steps are needed to secure a balanced economy. In peace time as well as in war, we must be stronger and more prosperous, and this the Treasury will do by American tradition and American experience.

Our country has had great changes in the past 50 years. We have had price supports for farmers, Federal loan guaranteed for rural and small-town economy to a highly complex urban and in¬

(Continued on page 24)

Thursday, April 14, 1949

THE COMMERICAL & FINANCIAL CHRONICLE
Steel Production Electric Output Retail Trade Consumer's Index Food Price Index Auto Sales Business Failures

Observations:

By A. Wilfred May

Margin Regulation and Economic Policy

Although the recent levying of many margin requirements has proved a dual marketwise, its political implications are broad and the government management gets to stepping outside the bounds of its functions, and high- ligh ts the absurdities of administratives which have to run.

Let us at the extent to which the Reserve Board has interpreted the requirements which have resulted from the original margin regulations in this field. Carriage of credit used for further security speculation was made a pillar of the 1933-34 Federal Securities laws. Such control was deemed necessary to prevent the sell-off in derivative disclosures of the way that financial powers had hamstrung into which machinery had become involved in the Federal Reserve System of the 1920s (to the tune of $56 billion in brokers' loans and almost double that amount in all loans on securities).

The FRB's Mandate

Whereas the Securities Exchange Act of 1934 delegated powers of administration and enforcement to a number of other provisions of the newly-founded Securities and Exchange Commission, the Reserve Board is expressly vested in the Federal Reserve Board or superintending the nation's credit system from speculative excesses. As stated in the Act's opening section, the primary purposes is to "protect... the national credit system and make more effective the national banking system and Federal Reserve System, and to insure the maintenance of fair and honest markets in such transactions.

And the purposes of margin requirements as detailed in the laws in the preamble to the detailed specifications in Section 7: 'to maintain and assure the maximum use of credit for the purpose of financing the effective use of credit for the purpose of financing the national credit system and Federal Reserve Board shall...'

No intention was expressed or implied in the law or in the discussion leading up to the Board power to use margin regulation as an instrument to deal with the country's general inflationary situation or even to control the more narrow area of stock market prices.

1946 Philosophy

The Board's overstepping of the law's original intent was decisive because it introduced a number of small factors at the time of its imposition of 100% margin, or a virtual "cash market." For it frankly lied its action to the country's inflationary situation and it was in full confidence in its effectiveness even in the face of the Eccles or Hutton view in expectation of the time: "The action is desirable as a preventive step at this time of inflationary dangers and until such time as inflationary dangers are passed.

The biggest of a fortnight ago in lowering the margin requirement has the effect here was based on 50% was taken in a fitting manner, and it is the road to general economic management. That the margin action was taken in the same context of general economic philosophy and current policy rather than simply as an intra-market fiscal step is indicated by surrounding events as well as by explanations offered by Board officials.

When the Board was issued Mr. Eccles explained that the committee "has been a regular several months," and that the lowering of margin requirements in dicating that Board consideration deflation more imminent at this time. Another Board spokesman explained similarly that the action was "a recognition of the anti-deflationary with respect to the stock market.

Margins Tied to Economic Aims

But the implications of re-structured intra-market purpose must be questioned in the light of recent prices and low-existing price levels of speculative credit has been established, and it has been maintained that the Board had been progressive for the last years and years turned these considerations in a margin-reduction, in spite of the cut-downs of the Boarding which is thoroughly deflated around its all-time low.

Not only was the margin action taken in the background of Mr. Eccles' revolutionary deflation fears, but also following its major announcement, the Board's control over consumer credit.

Adds to Planners' Confusion

Besides the transportation enabled by the margin control as still another instrument in the Board's overstepping, the Board's action is highly significant in highlighting the situation to which such government direction inevitably leads. The Reserve Board experts have been worrying about deflation (Mr. Eccles stating that "the recession has been under way for several months"). On the other hand, the economists Advisers Kelsey and Clark have persisted in seeking new controls to fight the "continuing" that the Speaker, with their chairman predicting "deflation." Again the Secretary of the Treasury is following whatever plan he must do on interpretation of the Board's action: "the deflation of the country and "continuing prosperous.

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Impact of Military Preparedness on Our Economy
By EDWIN G. NOURSE*
Chairman, Council of Economic Advisers, Executive Office of the President

President's emergency military advisors are military officers, psychologists, social scientists, and economists with backgrounds in economic planning. Their major problem is to determine what the nation can afford to spend on military preparedness without impairing its ability to meet the needs of the consumer. The primary need is for increased production capacity, not government consumption itself. The basic need is for expanded production capacity and a policy of price stabilization.

The national output is not big enough, and the nation's economic resources are not being used as efficiently as they could be. This is the main problem facing the nation. The current military preparedness effort is a relatively small part of the total national effort needed to meet the nation's economic problems. The nation's labor force, capital resources, and basic economic capacity are not being fully utilized.

The nation's economic resources are not being used as efficiently as they could be. This is the main problem facing the nation. The current military preparedness effort is a relatively small part of the total national effort needed to meet the nation's economic problems. The nation's labor force, capital resources, and basic economic capacity are not being fully utilized.

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Let Congress Encourage Producers

By ROGER W. BARSON

Mr. Babson, quoting advice of Thomas Jefferson, warns against government wasting labor of people under pretense of caring for them. Says New Deal but all started a system in order to extinguish it, Congress should change policy and legislative benefits to all corporations and individuals engaged in useful work. If we can prevent the government from wasting the public's work, we would preserve our independence, we must not let our rulers make our choice between economy and liberty.

Roger W. Babson

How Placing Corporate Earnings Under Individual Income Tax Affects Risk Capital

By H. P. R. JENKINS

Professor Jenkins considers proposal of repealing Federal corporate income taxes and applying corporate-earnings taxation to shareholders under current rates. Shows effect of proposals on paid by different income-brackets and concludes, because higher bracket incomes will be hit hardest by change, the availability of risk capital will be greatly diminished. Says stockholders in high income brackets would be adversely affected by elimination of dividend tax.

Federal taxation of corporate earnings is the object of vigorous controversy from two directions. On the one side, spokesmen for certain labor and political groups are urging Congress to levy still higher taxes on corporate profits. On the other side, spokesmen for the great majority of producers, who believe in free enterprise, are vigorously opposing any such proposal.

Bert R. Jones with Lord Abbott on Coast

(Special To The Post Dispatch)

LOS ANGELES, CALIF.—Bert R. Jones has become associated with Lord & Abbott, 210 West Seventh Street, Mr. Jones was formerly with King Merrill & Co., Walter Gleich has joined the staff of Dempsey-Tegeler Co., 210 West Seventh Street. He was formerly with the Federal Reserve Bank of St. Louis.

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The Challenge to Democratic Capitalism

By MARRINER S. ECCLES

Member of the Board of Governors, Federal Reserve System

Former Chairman of Reserve Board, asserting present deflationary drift is unavoidable and is less ominous than the last severe depression because now we have more credit. Foreign redoubled depreciation holds too much credit has gone into housing and consumer goods, and defends government interference to maintain economic stability. Says long-term outlook is clouded by Soviet policy and pegs our democratic capitalism behind stimulation by foreign developments and temporary stop-gaps. Holds overshadowing problem is attainment of peace.

Today I should like to discuss three subjects because they are closely related: First, the current economic situation; second, the long-range problem of economic stability; and third, the need for establishing peace in the world before we can successfully deal with these.

Wages also increased from a very low base. This disparity in price rises was thus the result of housing and other dislocations that made for future trouble. Meanwhile, we have rectified the living conditions of the working classes, off all the worst backlog demands of our banks and businesses, supplied their current demands, and provided for future by a very large net import of goods financed by existing and gold balances and government loans and grants. In addition, we have maintained the budgets and the foreign aid programs.

Readjustments Needed

Last October, at the meeting of the Iowa bankers, when some early evidences of the current deflation were beginning to appear, I expressed the hope that needed readjustments would be made to prevent it. It is imperative that we face the basic elements of strength and our cushions against the current recession in time to avoid the economize at present inflated levels, and thus prevent the dislocations that developed in the inflation process. These readjustments or shifts in recent months have not occurred to some, but beneficial to others. They have been temporarily unavailable at some stage and is less severe in its progress, but it can be delayed further by one or another delay. One danger is that we will not face up to the necessity for adequate readjustments. It is politically difficult to resist the numerous minority pressure groups. Each one wants the benefits of inflation for himself; but he wants the others to pay for them. The farmer, the worker, under his prices at present high levels, he wants lower labor and living conditions, he wants to lower prices, but he wants lower wage increases. But even the smaller banks, free enterprise, does not want to make competitive price reductions.

Price readjustments needed, and the best way of forcing them is by pumping more easy credit into the economy. In my opinion too much credit has already gone into housing and purchases of consumer goods at inflated prices.

The Long-range Problem

But the more important aspect of the economic problem is not the temporary difficulties, but has now been just being discussed. It is the problem of the permanently changed mind set by the astonishing ease with which our economy has met the tremendous production demands placed in it in the war and post-war period. Our remarkable achievements here, however, pose new and serious long-range problems, given conditions of peace in the world. That problem is: How can we keep our economy moving along at the productive levels of which our economic industry has met the tremendous production demands placed in it in the war and post-war period. Given these achievements here, however, pose new and serious long-range problems, given conditions of peace in the world. That problem is: How can we keep our economy moving along at the productive levels of which our economic industry has met the tremendous production demands placed in it in the war and post-war period. Given these achievements here, however, pose new and serious long-range problems, given conditions of peace in the world. That problem is: How can we keep our economy moving along at the productive levels of which our economic industry has met the tremendous production demands placed in it in the war and post-war period.
The Inflation Spiral May Reshape

By LAWRENCE CLAYTON

Member, Board of Governors, Federal Reserve System

Federal Reserve Governor reviews recent economic slowdown, and gives reasons for relaxing installment credit restrictions and margin requirements. Warns there is no likelihood government’s fiscal policies can change, and that budget for coming year may be balanced. Holds inflationary spiral may return and certain economic groups will have to go out of business.

I begin by giving you a few definitions of terms that I think you will find useful. I have broken them down into categories, and I shall mention them in order from the most general to the most specific.

The concept of inflation is a general term used to describe a situation in which the price level of goods and services is rising. Inflation can be measured in terms of the Consumer Price Index (CPI), which tracks the average change in prices of a basket of goods and services purchased by urban consumers.

The concept of deflation is the opposite of inflation, where the price level of goods and services is falling. Deflation can occur when there is an excess supply of goods and services relative to demand.

The concept of stagflation is a situation where the economy is experiencing both inflation and recession simultaneously. This can occur when the inflationary spiral is not fully contained by monetary and fiscal policies.

The concept of hyperinflation is a situation where the inflation rate is extremely high, often leading to a complete breakdown of the monetary system.

The concept of hysteresis is a phenomenon where the current state of the economy is influenced by past changes in policy or economic conditions. This can lead to a lag in the effects of policy changes.

The concept of monetarism is a school of economic thought that emphasizes the role of the money supply in determining economic activity. Monetarists argue that monetary policy is the most effective tool for controlling inflation.

The concept of Keynesianism is a school of economic thought that emphasizes the role of government intervention in the economy. Keynesians argue that fiscal policy is the most effective tool for controlling inflation.

The concept of supply-side economics is a school of economic thought that emphasizes the role of taxes and government regulations in determining economic activity. Supply-siders argue that reducing taxes and regulations will increase economic growth and reduce inflation.

The concept of structural unemployment is a situation where people are unemployed because of fundamental changes in the economy, such as technological advances.

The concept of frictional unemployment is a situation where people are unemployed because of temporary factors, such as searching for a new job.

The concept of cyclical unemployment is a situation where people are unemployed because of a downturn in the business cycle.

The concept of natural rate of unemployment is the level of unemployment that is expected in the short run when the economy is at full employment.

The concept of full employment is a situation where the economy is at its maximum sustainable growth rate.
Illinois Brevities

New high records in both sales and earnings were established by the members of the Illinois Wholesale Clubs for the fiscal year ending January 31, 1949. The 1949 net sales were $36,923,107, an increase of $6,887,917, or 23.3%, over the 1948 volume of $29,035,190, and the net earnings were $683,322,076, or $101.2% higher than the 1948 earnings of $341,779,215.

Halsey, Stuart & Co., Inc., of Chicago, headed three different groups of underwriters who participated in the following utility securities: On March 24, $35,000,000 New England Telephone & Telegraph Co., par value $500,000, 4% debentures due March 15, 1974, at 100.75% of par value; on March 24, $12,000,000 Eastern Gas and Fuel Associates first mortgage and collateral trust bonds, series B, par value $500,000, 3% due March 1, 1949, at 100.75% of par value; on March 19, $10,000,000 West Penn Power Co., par value $500,000, 3% debentures due Jan. 1, 1949, at 100.75% of par value; and on March 1, $4,000,000 New England Electric System, par value $500,000, 3% debentures due Jan. 1, 1949, at 100.75% of par value.

The sales of National Tea Co., Chicago, for the four weeks ended March 26, 1949, amounted to $21,779,654, an increase of $1,182,149 for the preceding four weeks period, or 5.5% above for the corresponding period of 1948.

Other Illinois banking institutions participating in these offerings were W. W. Farwell & Co., Inc., Chicago; Farwell & Co., Inc., Chicago; and Third National Bank, Chicago, participating in the former offering.

The sales of Jewett Tea Co., Chicago, for the four weeks ended March 26, 1949, amounted to $21,779,654, an increase of $1,182,149 for the preceding four weeks period, or 5.5% above for the corresponding period of 1948.

Chicago investment houses participating in the public offerings of the above securities include: Chicago Public Service Co., at $16 per share; Central Republic Co. (Inc.), at $20; Blunt Elms & Simmons, at $48 per share; and the Illinois Co., at $26 per share. The firms are the securities firms, being the firms to which the proceeds of the offerings were to be used for the expansion of their facilities.

In addition, Halsey, Stuart & Co., Inc., as sole underwriter on March 24, publicly offered $2,500,000 Gulf Power Co. first mortgage bonds, 5% series due 1957, at 100.85% of par value.

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The Illinois Co., also on March 10, was included in a group of 16 investment bankers who publicly offered $8,000,000 of West Penn Power Co. 4.25% preferred stock, series C (par $100) at $103.50 per share.

Walter E. Heller & Co., Chicago, participated in the public offering of shares of the Illinois Co., at $10 per share.

Herman Nelson Corp., Maryland Heights, Mo., was included in the following Illinois bankers: Central Republic Co., (Inc.); Jewett Tea Co., Inc., 3%; Halsey, Stuart & Co., 5%; and Mayer, Henecke & Co., 5%.

Central Public Utility
Income 1931-1952

Chicago, North Shore & Milwaukee Railroad
Common Stock

Investment Securities

Investment Security

Public Utility
Industrial Railroad Municipal

ACALYNN & COMPANY

Incorporated

CHICAGO

NEW YORK BOSTON PHILADELPHIA MILWAUKEE MINNEAPOLIS KANSAS CITY WASHINGTON

Pittsburgh Rys. Co., (debtor under Section 77 of the Bankruptcy Act) and its subsidiaries and other Creditors of the American Railways Co., and Philadelphia Co., amounted to $6,585,700. For 1947 the consolidated net income was $5,342,195, for their important purposes by exclusion of the operating division, to whose Gas & Electric Co. (De.) and Citizens Gas & Electric Co. (Ky.), both of which companies ceased to be majority-owned subsidiaries in the year ended June 30, 1948, $5,342,195.

Richard A. Whiting
To Open Own Offices

Dropped in the FINANCIAL CHRONICLE

BOSTON, MAURICE A. WHITING is opening offices at 103 Federal Street to engage in the securities business. Mr. Whiting was formerly vice-president of Bond & Goodwin, Inc.
The Outlook for Interest Rates

BY RAYMOND RODGERS
Professor of Banking, New York University

Holding private saving does not necessarily affect supply of credit and capital, Dr. Rodgers contends. Monetary authorities alone can and do finally determine interest rates. Foresees ample capital, chiefly by way of debt creation, if there is an outburst of equity investment. Looks for smaller capital demand and lists as influencing interest rates: (1) government deficit, (2) broadening of social security; (3) increased public housing; and (4) debt management policy. Concludes mortgage rates will stiffen, commercial rates will remain firm, and rates on corporate issues of debt will decrease.

The interest rate is the very heart of competitive capitalism. Paradoxically, it is both cause and effect. It is the result of basic natural forces in the economy, many of which are initiated and, sometimes, fostered by it. In addition to the natural pressures flowing from underlying factors in economic growth, the supply of funds is affected by the monetary and fiscal policies of government and government agencies.

For the last year the Federal Reserve Board has been engaged in a program of more active control of the nation’s money supply.สอง The national government is engaged in a program of deficit financing. These programs have been directed to reduce the supply of funds and to raise interest rates, or at least to keep them from falling. The effects of these government programs on the interest rate have been as follows:

1. The interest rate has been raised.
2. The demand for funds has decreased.
3. The supply of funds has decreased.
4. The price level has decreased.

In the future, the interest rate will probably be determined by the following factors:

1. The supply of funds will be determined by the national government deficit and by the government’s fiscal policy.
2. The demand for funds will be determined by the business cycle and by the government’s monetary policy.
3. The price level will be determined by the supply and demand of goods and services.

In conclusion, the interest rate is a complex and important factor in the economy. It is affected by many factors, both within and outside the country, and its future will depend on the course of events in the world economy.
The Irving Trust Company on April 1 announced the promotion of Arthur G. Boardman, Jr., from Assistant Controller to Vice-President and the election of James A. Austin as a Vice-President.

The State Banking Department announced on April 1 the issuing of a bond for $30,000 by Robert J. McManus & Co., 59 Wall Street, New York, N.Y., to continue business as private bankers with $2,000,000 capital. The new authorization was issued to the company by reason of admission of Robert A. Lowell as a general partner.

General partners were listed as Thomas E. Dewey and State Comptroller Frank C. Moore.

The Chinese National Trust & Banking Co., which was attended by the officers and directors of this historic institution, recently held its 150th anniversary.

An exhibition of products imported through the American Chamber of Commerce, Inc., has been placed on display in the windows of the Colonial Trust Co., Avenue of the Americas and Forty-eighth Street, New York City.

At the same time, the banking institution has published a series of monographs, "World Recovery through Trade," imported with "Italy," described as an increased interest in Italy from the Western Hemisphere, and "New York," which has been on display in the windows of Colonial Trust Co., Avenue of the Americas and Forty-eighth Street, New York City.

The trade exhibition and monographs are results of visits to Italy by textile manufacturers and President of Colonial Trust Co., and of Dale, Inc.

Penney & Powell

NEW YORK
A Depression—Neither Inevitable Nor Probable
By W. Baylor Williams*

Chairman, Committee for Economic Development
Continental, Inc., St. Louis, Wash.

Mr. Williams reviews recent trends and lays down as conditions for continued prosperity: (1) appreciation that our economic system has capacity to maintain stability; (2) clarified understanding between government and business; (3) recognition by business and labor that continuous increase of their total wants without proportionate increase in productive capacity is not advisable; (4) recognition of the lag in movement of unemployment to return to normal pricing to marketing; (5) wise use of Federal budget to stabilize state and (6) monetary and debt policy for preventing depression.

It takes a rash man to speak on the subject designated, which is "The General Business Outlook for 1949." Prophecy is always dangerous, particularly when prophecy makes bold and adoption of wrong policies. For that reason this discussion will be hasty and

*He said he did not want to dilute with the wrong emotions. Sometimes it seems that the current and economic drama is being staged in a language that nobody understands. Some economists say we are about to experience a resumption of inflation once seasonal farm employment gets under way and once the full impact of government spending is felt. Another economist has referred to the present situation as distribution. Other economists talk about the great deal of money and one even likened the existing situation to a baby that milk is now. And is now coming. But that was only a few months ago (Continued on page 11)

The market, meanwhile, having indicated higher price levels, has been lower. It will be interesting to see if the market will do just that, but for at least another two weeks. During such periods, however, buying can be calmly undertaken.

A few weeks ago I recommended a few stocks, having added to the list whenever these became available. As the market fluctuates constantly, I am of the long following the September 16th article. 

schwabacher & Co.

Orders Executed on Pacific Coast Exchanges

Members

New York Surf Exchange
New York Carub Exchange (Association)

San Francisco Surf Exchange

Chicago Board of Trade

14 Wall Street, New York 5, N.Y.

Continent 7-4110

1-928

Pacific Coast Presidential Office

San Francisco-Santa Barbara

Christiansen- Sacramento

Francisco-Santa Rosa

Pacific Coast Securities

Leeds Brothers

Merrill Lynch, Pierce, Fenner & Beane

Equitable Securities Corporation

Hambrecht & Nance, Walther, Jackson & Curtis

Tucker, Anthony & Co.

American Securities Corporation

Beacon, Whipple & Co.

Hendrick & Co.

Inch & Company

Wheeler & Co.

Salle

Simpson's,

March 25, 1949

A. H. Newbold & Co.

Mr. Williams was previously with Thomson & McMillon.

This is an open wonderment as to be controlled in an office of these Depression for sale, or as an offer to buy in any state or any city, or any Depression. This offer is made only by the parties to the Proposition.

$50,000,000

Commonwealth Edison Company

3% Sinking Fund Debentures

Due April 1, 1949

Due April 1, 1949

Price 101.30% and accrued interest

Chicago, Illinois

The conditions for the Depression have been basically very similar to the Depression. The speed with which American business recovered from the war is an outstanding achievement of the free enterprise system, which has limited and enlarged capacity, improved products and

The First Boston Corporation

Direct & Co.

Eastman, Dill & Co.

Leland Brothers

Merrill Lynch, Pierce, Fenner & Beane

Equitable Securities Corporation

Hambrecht & Nance, Walther, Jackson & Curtis

Tucker, Anthony & Co.

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Bank and Insurance Stocks

By H. E. JOHNSON

This Week—Bank Stocks

The various banks in New York City last week issued their quarterly statements and the advance in profits continued. Such was the case of the National City which reported $67.7 per share for the first quarter of 1949 as against $74.0 a share a year earlier.

For comparative purposes the indicated earnings per share of the various New York banks for the first quarter of 1949 compared with those of the previous year are presented below. Also shown are the deposits at the end of the periods and as of Dec. 31, 1948.

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Earnings Per Share</th>
<th>Deposits 3-31-49</th>
<th>Deposits 12-31-48</th>
</tr>
</thead>
<tbody>
<tr>
<td>National City</td>
<td>67.7</td>
<td>1,180,872</td>
<td>1,180,872</td>
</tr>
<tr>
<td>Whitney</td>
<td>42.6</td>
<td>838,459</td>
<td>838,459</td>
</tr>
<tr>
<td>Manufacturers</td>
<td>35.3</td>
<td>738,459</td>
<td>738,459</td>
</tr>
<tr>
<td>Chemical</td>
<td>23.5</td>
<td>538,459</td>
<td>538,459</td>
</tr>
<tr>
<td>Equitable</td>
<td>19.5</td>
<td>438,459</td>
<td>438,459</td>
</tr>
<tr>
<td>ChaseNB</td>
<td>16.5</td>
<td>338,459</td>
<td>338,459</td>
</tr>
<tr>
<td>1st</td>
<td>14.5</td>
<td>238,459</td>
<td>238,459</td>
</tr>
<tr>
<td>Irving Trust</td>
<td>8.5</td>
<td>138,459</td>
<td>138,459</td>
</tr>
<tr>
<td>Manufacturers Trust</td>
<td>7.5</td>
<td>138,459</td>
<td>138,459</td>
</tr>
<tr>
<td>National City</td>
<td>6.5</td>
<td>138,459</td>
<td>138,459</td>
</tr>
<tr>
<td>New York Trust</td>
<td>4.5</td>
<td>138,459</td>
<td>138,459</td>
</tr>
</tbody>
</table>


The trend of deposits for the quarter was generally down. The Treasury was an important factor in this connection.

The trend of loans and investments was also down and totals at the end of the quarter were, with a few exceptions, lower than at the end of 1948.

Comparative tables are presented below:

The following is a comparative table:

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Loans 3-31-49</th>
<th>Loans 12-31-48</th>
</tr>
</thead>
<tbody>
<tr>
<td>National City</td>
<td>9,505,858</td>
<td>9,505,858</td>
</tr>
<tr>
<td>Whitney</td>
<td>4,616,665</td>
<td>4,616,665</td>
</tr>
<tr>
<td>Manufacturers</td>
<td>2,309,540</td>
<td>2,309,540</td>
</tr>
<tr>
<td>Chemical</td>
<td>1,551,260</td>
<td>1,551,260</td>
</tr>
<tr>
<td>Equitable</td>
<td>915,260</td>
<td>915,260</td>
</tr>
<tr>
<td>ChaseNB</td>
<td>802,858</td>
<td>802,858</td>
</tr>
<tr>
<td>1st</td>
<td>195,260</td>
<td>195,260</td>
</tr>
<tr>
<td>Irving Trust</td>
<td>75,260</td>
<td>75,260</td>
</tr>
<tr>
<td>Manufacturers Trust</td>
<td>25,260</td>
<td>25,260</td>
</tr>
<tr>
<td>National City</td>
<td>10,295,260</td>
<td>10,295,260</td>
</tr>
<tr>
<td>New York Trust</td>
<td>6,342,789</td>
<td>6,342,789</td>
</tr>
</tbody>
</table>

For the quarter the trend of declines in sympathy with general business conditions was generally observed. In most cases, however, the totals outstanding were above a year ago. Five of the banks listed, Chenaver, Chase National, National City, Manufacturers and Irving Trust, were able to show a slight gain for the last quarter.

The trend of investment securities also showed a declining trend for most banks. Treasury operations were a dominating factor in this connection.

Conservative New England Fund Management Launched by Parker

As Reported by DOUGLAS K. PORTEOUS

Chief executive of Incorporated investors like today's careful mutual fund management is from experienced administrators. When William A. Parker, the chief executive officer of Incorporated Investors, Inc., is to present a new p a n d a d d r e s s to the management of the New England Fund Management Co., the firm's first entry into the mutual fund field, it's a matter of the Yankee spirit which is behind the move. The New England Fund Management Co., like many others in the mutual fund world, has been steadily upward in recent years, a definite observable trend. This also shows in retail distribution of funds.

Mr. Parker urged against discussion of stocks, market action, stating that Funds should not be purchased for market action. He emphasized not to avoid discussions of individual investments policies, but just as insurance salesmen avoid discussing the merits and weaknesses of issues in a company's portfolio. A fund is not an item. It's a way of investing for the future, and is designed for future performance, including the preservation of purchasing power.

The appeal to the Big Investor

Mr. Parker feels that large investors are not purchasing any investments at present because they feel the market is unstable. The market outlook, the international situation and other factors make the investor liquidate some of his holdings and to invest heavily into unproductive cash, or the alternative of employing "detached" competent full-time management for a large portion of his trust—thereby providing a hedge against the large investor's own judgment.

Mr. J. Denny May, of Incorporated Investors, offered a sales demonstration with Mr. Parker as the prospect. This stimulated the exchange of objections and answers brought to the fore a number of interesting points.

In answer to the question "Why buy a lot of things in a fund in order to get the stocks you want?" Mr. May stated that mutual funds are one of the best ways of stock selection by fund managers, they have been better long-term investments than the lists of individual investors. In other words, the funds have proved their ability to select both the highly favored stocks as well as the unpopular undervalued stocks that the combination of these types has performed outstandingly over the years.

The large investor could also be appealed to from the standpoint of the receipt of purchase and sale prices of the various portions of an estate for the same fund. It also has the advantage of reducing the cost of estate administration and might assure complete and prompt answers for the whole period of years for these bene

Richard J. Wallace

Wallace With Dempsey-Tegeler

Richard J. Wallace, of Dempsey-Tegeler Co., 208 South La Salle Street, Mr. Wallace has been associated with the firm for over 25 years and with the firm's predecessor, Arthur M. Reischel & Co., for many years in the field of banking and insurance.

Paul R. Warwick, Jr., Co. Formed in Dallas

DALLAS, TEX.—Paul R. Warwick, Jr., in forming Paul R. Warwick, Jr. & Co. with offices in the Southwestern Life Building to conduct a securities business. Mr. Warwick was formerly Dallas sales representative for Distributors Group of New York.

Hugh J. Devlin to Open Own Firm in New York

Hugh J. Devlin will open offices at 14 Wall Street in New York as a securities business. Mr. Devlin was formerly with Fitzgerald & Co., 14 Wall Street.

With Shaw, Hooker & Co.

SAN FRANCISCO, CAL.—Lorain B. McKay is now with Shaw, Hooker & Co., 1 Montgomery Street, Mr. McKay was in the past with Brush, Slocomb & Co. and E. H. Rolins & Sons.
1848—Discovery of Gold in California! The ringing cry—"Gold"—heard around the world brought miners, merchants, industrialists, farmers and men of science to develop and use the vast natural resources of the State. Almost since the Gold Rush days, Pacific Gas and Electric Company or its predecessor companies have worked side by side with commerce, agriculture and industry to provide dependable public utility service essential to growth and development of the State. The Company looks forward to even greater opportunities for service to the public in the years ahead.

Highlights of the 43rd Annual Report...1948

REVENUES

Gross operating revenues passed the two hundred million dollar mark in 1948, reaching a total of $204,242,000. This was an increase of $19,922,000, or 10.8%, over the preceding year. Other income, largely from interest and dividends, amounted to $950,000. Revenues from electric service totaled $135,276,000 and accounted for 66.7% of gross operating revenues. Sales of gas produced revenues of $66,562,000, or 32.6%, and sales of water and steam $1,404,000, or .7% of the gross.

SALES

Sales of electricity reached a new high record of 9,057,000,000 kilowatt-hours. The gain over the previous year was 561,000,000 kilowatt-hours, or 6.7%. This gain was achieved despite the temporary curtailment of sales occasioned by the unprecedented midwinter drought in our territory. Sales of gas also established a new peak, increasing 15,000,000,000 cubic feet, or 10.2%, over the previous year's record to a total of 163,082,000,000 cubic feet.

CUSTOMERS

At the close of the year the Company was supplying service to a total of 2,145,560 customers, the net gain of 128,086 surpassing even the 1947 record. Electric customers totaled 1,208,579, gas customers 919,083, and water and steam 17,598. In the past two years, the Company has extended service to more than 660,000 new customers, a striking evidence of the extraordinary growth in population which has occurred in our field of operations.

EARNINGS

Earnings for the common stock were $2.51 per share upon an average of 7,372,582 shares outstanding during the year. This compares with $2.57 per share upon an average of 6,365,358 shares outstanding during 1947. Total common shares in the hands of the public at the end of 1948 were 7,540,296, compared with 6,809,491 at the close of 1947. On these year-end totals, earnings were $2.46 for 1948 and $2.45 for 1947.

For the past quarter of a century the trend of our rates has been consistently downward. Practically alone among all the goods and services included in the average household budget, our charges for both electricity and gas are substantially below prevw levels.

Now, however, the cumulative effect of higher costs has made it necessary to apply to the California Public Utilities Commission for authority to increase gas rates. This was the first application of its kind in twenty-eight years.

On its vast postwar development program the Company has already spent in excess of $500,000,000. Expenditures during the next three years probably will be even larger. To enable us to obtain this additional capital most economically, it is essential that the rates charged for our services continue to produce sufficient revenue to cover operating costs and yield a fair return on the money invested in the business.

Pacific Gas and Electric Company

A copy of our 1948 Annual Report to Stockholders will be mailed upon request to E. J. Beckett, Treasurer.
**Mutual Funds**

**BY HENRY HUNT**

**Market Review**

"As in 1948, the March market came in like a lamb and went out like a lion. While there were further declines in business activity, unemployment, and employment earnings, the picture seemed rather pleased that the adjustments to a normal peacetime basis have come. By the end of early March it was at least willing to buy well situated stocks that give good yields since the value of the annual seasonal form in business is suggested by the report of the National Association of Purchasing Agents that production generally is being maintained and in some cases is improving. The sentiment that the decline in industrial activity which was evident at the end of 1948 has lost momentum for the time being. There may be some of the unfavorable trends in business, the feeling that President Truman's honeymoon is over, that Con¬

ment of a deep abiding independence of the situation, the North Atlantic Defense Pact has improved the position of the free enterprise nations, and that Inflation is considered a 'dead duck' by the Wall Street. The F.A.A.'s installment receipts were up 17 percent, while security margins reduced. Encouraging was the example set in Canada for business to keep its willingness to sell your modest 10% of the dividend income of individuals is to be derived from them. "To produce any dividend. While our garden was being drawn more money from our economy than it has put back in recent months, that trend is expected to be reversed in the near future."

"Most encouraging of all has been the action of the market itself in holding down the February lows and showing a greater volume of advancing on than on declining days. During March there has been an increase. Take the greater and smaller stock which has made our Index of Speculative Confidence rise in each of the last five weeks. It has been eight months since we have had two con¬secutive months of rallying in the market. Only in two years out of the last 20 (1931 and 1920) has the market failed to rally for at least two consecutive months of rallies. A truant lasting as long as this one has. In column in the 'Wall Street Journal'. Oliver Girdgild pointed out that the condition of the market in March should have been able to take a long-term six months profit on Sept 15 in 12 out of the last 16 years. Some of the services that were so correct in their predictions like the Mutual Fund studies in New York and other declining stock, regardless of which party won, are now predicting an equally sharp advance."

Written by Ralph Bostrom, New York, Apr. 15.

**A $10 Bill for $5**

"The March 21 issue of 'Life' points out that the stocks of many well-known and established American companies are selling at less than half the price at which they traded only a few years ago. Is the stock can be purchased at a price which discounts the actual dol¬

r value of the company's assets. As such a company can and should be scrutinized completely ignores the value of the plant equipment, good will, patents and processes and manage¬

ment."

"This is no new phenomenon but it is a rare one. Perhaps once or twice in the average person's lifetime does a combination of circum¬stances create such an opportunity. Such an opportunity was the case in 1932. At that time, not only was the ownership of business in the bargain but the return on investment was outstandingly generous. A relatively few investors founded the foundations for fortunes by recognizing value and acting on their judgment."

"Today, although there has not been the sharp decline in price that the 1932 panic created, there has been a tremendous rise in the under¬valuation of business. As an investment, a business which has the opportunity to buy 'dollars at a discount.' A few investors are already looking for opportunities to buy securities at outstandingly generous income rates and with every confidence that their capital will grow."

"Unfortunately, there will be only a few. Such opportunities, of course, do not exist for long, and they are taken advantage of fairly quickly when they are recognized. The spotting of these unusual factors by a magazine with the editorial standing of 'Life' may well prove to be the most important event of the year in the mutual fund field. The opportunities in the next few months are therefore a little more than a little bit of good news, but in the mutual fund field. "From 'Keynotes' published by The Keystone Company of Boston."

**Four Time-Tested Rules**

"The acid test as to whether or not they truly are in the Mutual Fund business for keeps is your willingness to sell your modest 10% of the dividend income of individuals is to be derived from them. To produce any dividend. While our garden was being drawn more money from our economy than it has put back in recent months, that trend is expected to be reversed in the near future."

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r value of the company's assets. As such a company can and should be scrutinized completely ignores the value of the plant equipment, good will, patents and processes and manage¬

ment."

"This is no new phenomenon but it is a rare one. Perhaps once or twice in the average person's lifetime does a combination of circum¬stances create such an opportunity. Such an opportunity was the case in 1932. At that time, not only was the ownership of business in the bargain but the return on investment was outstandingly generous. A relatively few investors founded the foundations for fortunes by recognizing value and acting on their judgment."

"Today, although there has not been the sharp decline in price that the 1932 panic created, there has been a tremendous rise in the under¬valuation of business. As an investment, a business which has the opportunity to buy 'dollars at a discount.' A few investors are already looking for opportunities to buy securities at outstandingly generous income rates and with every confidence that their capital will grow."

"Unfortunately, there will be only a few. Such opportunities, of course, do not exist for long, and they are taken advantage of fairly quickly when they are recognized. The spotting of these unusual factors by a magazine with the editorial standing of 'Life' may well prove to be the most important event of the year in the mutual fund field. The opportunities in the next few months are therefore a little more than a little bit of good news, but in the mutual fund field. "From 'Keynotes' published by The Keystone Company of Boston."

**Don't Be a "Willy Loman"**

"One of the hits of the season on Broadway is a play called 'The Death of a Salesman.' It is the story of a middle-class, ordinary-of-mill salesman, who could not or would not see the wisdom of building a business future on a foundation of SERVICE TO THE CUSTOMER."

"Concept well, cherished ideas, worked hard according to his lights, and felt able to retell his own experience. He became side-tracked with false goals and sales-who-works. With, who, who, when, where. He realized his life had become a failure, simply because he had over¬sold everything. He had lived and he had been mistaken. He lived the life of his faithful wife and two sons—Beset with worry, his nerves showed. He had been disheartened, his spirit broken and his health ruined, Willy took what comfort in life. He had been a good man who had been unappreciated, all because he had failed to understand the meaning of your position. It was a simple, direct, honest sales job—""

"There was a time when selling was considered a display of shortcomings. Today it is a demonstration of SERVICE. Many salesmen in the old days were Willy Lomans. They were 'hit and run' boys—one over men. They never visited a given territory a second time because too many victims were waiting for them with shot guns. They were disciples of 'Caveat Emptor.' But those days are gone forever. Today, if anyone must beware, it is the salesman. He has not learned the value and importance of SERVICE, is either willfully or in a state of deep sleep or blind, and can barely expect to enjoy the measure of success and progress to which he aspires, no matter what he sells."

"An excerpt from "The Broadcastor," published by Investors Diver¬

tified Services, Inc."

**Secondary Upward Indicated**

"A wholehearted signal that the secondary trend of the market is upward has been given by both the Dow-Jones industrial and railroad averages when they passed previous highs last week. At the week's highs the industrials had advanced over seven points from the Feb. 28 close of 177.50. Since then they have risen another three points above the Feb. 24 low of 165.8.

"According to precedent, secondary upward trends last from three weeks to three months and retrace from one-third to two-thirds of the last leg of the primary movement."

"But before we measure the possible extent of the current (or possibly recent) secondary upward, let's consider the condition which sets the price to the Dow-Jones industrial average at the close of various quarters in recent years:

<table>
<thead>
<tr>
<th>Date</th>
<th>Price</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec. 31, 1946</td>
<td>177.20</td>
<td>177.20</td>
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<tr>
<td>March 31, 1947</td>
<td>177.20</td>
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</tr>
<tr>
<td>June 30, 1947</td>
<td>177.30</td>
<td>177.10</td>
</tr>
</tbody>
</table>

"Within the period covered in the above list there have been bull and bear market signals, but the almost stationary average during these periods speaks of an advantage to be gained from following them."—"The Dow Analyst."
American
Incident
-done in
oil!

THE WORLD TODAY is at grips over the age-old question whether rulers can plan the economic life of the people as well as the people themselves. Dictators—Mussolini, Hitler, Stalin, et al.—abolish their edicts for economic law. Every "emergency state" must do that. Every effort has followed the same pattern since Hammurabi fixed prices 4000 years ago. First, more and more complications with greater and greater penalties. Then follows popular revolt, expressing itself in an acceptance of black markets, the last resort of people who have more respect for natural law in the marketplace than in man-made law.

In America, we have gone on the principle that economic laws are discovered—not made.

Seldom has a nation had the opportunity to demonstrate on such a large scale and in such a short period of time the workings of a free economy on the principle of getting things done.

A YEAR ago, there was fear of an acute shortage of oil and gasoline. Government agencies estimated the United States needed 12 per cent more of crude oil to meet 1948 needs, and saw little hope of wiping out this deficit. There was even agitation in Congress to give the Executive the power to ration and fix prices. Only a miracle, it was said, could prevent widespread suffering.

What happened? Plenty of oil and gas. In fact, by the end of the year, 100,000,000 barrels of petroleum had been added to the stockpile of the nation, and proved reserves of crude oil and natural gas reserves were increased by two billion barrels, and natural gas by 8 trillion cubic feet! It was not a miracle. On the contrary, it was the natural American way of guiding production and consuming by the free operation of the price mechanism.

The anticipated shortage caused competition to bid up prices of crude oil. This created greater incentive to discover and produce crude, but incentive, however great, is not enough. There must be the cash or credit to furnish the wares and tools for the expanded activity.

Without the profit incentive and the profits of earlier years it would have been impossible for the oil industry to convert an economy of scarcity in 1948 to one of plenty today in 1949. Furthermore, just as rising prices automatically stimulated production so today excess production swings the price pendulum downward.

Economic law, unhampered, thus works day and night to bring back the balanced economy toward which it is always striving. It has never been done by Executive Order.

You can't "push" oil around—nor men of spirit.

 Cities Service played its part in this transition from scarcity to plenty. As a result, you, the public, were able to buy—now you did buy—more Cities Service products and services than in the previous year, in fact, a total of $101,000,000 worth.

In order to do this Cities Service increased its production of crude oil by 17%.

It refined 71,000,000 barrels, an increase over 1947 of 17%.

It furnished customers 372 billion cubic feet of natural gas, an increase of 17%.

Its sales of electric energy were just short of 3 billion kilowatt hours, an increase of 12%.

In spite of these increased activities, Cities Service carried forward its program of development and expansion, investing $112,000,000 in 1949. Stimulated by the free air of American enterprise, unhamp¬pered by totalitarian planning", it is getting ready for further demands of the public for oil gas and electric power. It also added to its financial resources in order to meet these demands.

This Company believes that the United States of America under the free enterprise system is still a going concern, and proposes by precept and example to do its part in keeping it so.

Cities Service
W. ALTON JONES, President

A more detailed account of the "American Incident" is given in the Company's Annual Report to stockholders, a copy of which will be sent upon request. Address: 70 Pine Street, New York 5, N. Y.
Mutual Funds’ Role in Investment Business

Charles F. Eaton, Jr., President of Eaton & Howard, Inc., tells New York Investment Association proper use of investment trust shares can supplement regular functions of securities industry.

In an informal talk given recently before the New York Investment Association, Charles F. Eaton, Jr., President of Eaton & Howard, Inc., investment managers, discussed the role of open-end investment trusts in the investment building and their advantages and disadvantages.

"Mutual Investment trusts not only can and should, but must be used to complement other financial instruments," Mr. Eaton declared. "The sooner financial institutions become familiar with the possibilities of this type of investment, the better it will be for the investor and the financial system as a whole."

Mr. Eaton pointed out that the investment trust is a new and relatively uncharted area of the financial field, and that it is therefore especially important for investors to understand the advantages and disadvantages of this investment instrument. He said that investors should be aware of the fact that the investment trust is not a substitute for other investment instruments, but rather a supplement to them.

Mr. Eaton also pointed out that the investment trust is a relatively new and uncharted area of the financial field, and that it is therefore especially important for investors to understand the advantages and disadvantages of this investment instrument. He said that investors should be aware of the fact that the investment trust is not a substitute for other investment instruments, but rather a supplement to them.

Mr. Eaton concluded his talk by saying that the investment trust is a valuable and important investment instrument, and that it should be used by investors to supplement their other investment activities.
Housing Authority Bond Study Issued

Govt. Finance Review Also Released by C. J. Devine

"Local Housing Authority Bonds and Notes," an analysis of the present Federal-subsidized housing program and proposed amendments to this program, has been prepared by C. J. Devine & Co., Inc., 48 Wall Street, New York City, and is now available for distribution. Specialists in government and municipal securities, the investment banking firm has closely followed housing financing at the Federal, state and local levels. The current booklet was written to give banks, investment dealers, insurance companies and other investors a "basic data book" on low rent housing on which may be superimposed any subsequent amendatory changes.

Divided into two sections, the study reviews first the organization and obligations of the Public Housing Administration and local housing authorities throughout the country. The second section is devoted to an analysis of bill S.B. 1796 now ready for deliberation in the United States Senate in which would amend the United States Housing Act of 1949 and authorize the possibility of $7,000,000,000 new financing with bonds of substantially improved caliber.

Describing as distinctly high grade the bonds which would be issued under the Act of 1937 with amendments proposed by Senate bill 1796, the brochure points out that such securities should have broad market acceptance at prices related to tax exempt money market conditions.

The 1949 edition of the C. J. Devine & Co., Inc. review of U. S. Government financing operations also just issued discloses that commercial bank holdings of marketable U. S. Treasury securities decreased approximately $7 billion between Jan. 31, 1945, and Nov. 30, 1948. In its analysis of changes in ownership of Treasury securities, the review also shows that during the same period, other categories of investors increased their holdings of Treasury bonds. This has been especially true of Federal Reserve banks and private investors. Increased by 25%, the total of outstanding marketable Government securities was reduced only $2.7 billion over the five-year period.

The review, prepared in booklet form, includes a graph of market prices of representative U. S. Government issues covering the last 10 years and a discussion of occurrences which influenced market prices during this period. Other sections of the review contain a chronology of important financial and economic events from V-J Day through 1948, details of public offerings of marketable U. S. Treasury issues from June, 1945 through 1948, records of marketable and non-marketable issues outstanding Dec. 31, 1948 and total government debt, direct and guaranteed, at various dates.

The statistics on ownership of marketable U. S. Government securities show distribution of each issue of bonds, notes and certificates among investor classes as of Nov. 30, 1948. Tabulations of receipts and expenditures of the Treasury are recorded for fiscal years, with actual records covering 1941-1948 and budget estimates for 1949-1950.

As in previous years, the review contains graphs and tables showing yields on all classes of marketable U. S. Treasury issues and descriptive tables of U. S. Treasury and Agency obligations.

MINNESOTA has benefited from many sources in achieving 100 years of growth from a rough frontier territory to a rich, fertile state. This great state is indebted to the first sturdy band of pioneers who braved danger and hardship to hold the first settlements... to an abundant nature which furnished lakes, streams, forests, fertile soil and a treasure chest of natural resources... to a free system of enterprise that permitted her citizens to work without restrictions, to cooperate with each other and to strive individually for success.

Minnesota is fortunate in the high caliber of its sturdy, hard-working citizens and the development of modern machines and modern methods for the building of a firm and stable agricultural economy. Without mechanical farm tools and greatly increased knowledge, the first crude fields in the forest and on the prairie would have remained small and unproductive... the slow hand methods of working the soil, seeding and harvesting would have persisted... the state's modern farms could not have helped to feed a hungry world.

MMA'S GROWTH HAS HELPED AGRICULTURE DEVELOP

In adding the 100 years of progress in Minnesota, Minneapolis-Moline recalls its own 94 years of steady growth. From humble beginnings in a blacksmith shop and two machine shops, MM has become famous throughout the world for its Modern Machines, Vision- lined Tractors and Power Units to help the farmer get greater yields, conserve the soil and reduce the cost and danger of farming. MM's growth in the manufacture of mechanized tools for the farmer is closely linked with the progress of Minnesota and other great farm areas... to maintain this progress we must work and even better Modern Machines, Vision-lined Tractors and Power Units in Minnesota's constant quest for progress.
We Shall See!

The Republican leaders seem to think the plain people can be hoodwinked, butIdaho. I have the plain experience the average citizen in the United States is bright enough to tell his enemies from his friends.

"So far, the Democratic party has failed to discipline the hands of Southern Democrats, led by Senator Harry F. Byrd, Democrat of Virginia, who have deserted their party leaders, their party principles and their party names again and again and again."—Harvey B. Brown, President of the International Association of Machinists.

"During this period it is imperative that every possible step be taken to provide secure meetings which the CIO organized workers, the Congress of Industrial Organizations and the United States Senate. They must be impressed with the fact that labor and the people of this nation have had sufficient reason to demand that the 81st Congress during its first three months and they must demand immediate and positive action."—Philip Murray, President of the CIO.

Now we shall have to see whether the Murays and the Minakis of the country have the same respect as the elected representatives of the people have minds of their own.

See More Savings Going Into Non-Governments

In reporting volume and composition of individual savings in 1948, SEC finds that individuals' holdings of securities were about the same as in 1947, a large portion was in securities other than U. S. Government obligations. Individuals' holdings of cash and bank deposits lower.

During the year 1948 individuals' savings amounted to $3.5 billion in cash and bank deposits and about $70 billion in securities. Of the total of cash and deposits, $188 billion was in the form of money, $56 billion in savings and $56 billion in checking accounts. U. S. Government securities were $37 billion, mainly U. S. savings bonds, $34 billion. Insurance companies held $14 billion of Series P and G bonds, with other U. S. Government securities of about $37 billion. In addition to savings in liquid form, individuals held about $250 billion in personal holdings, of new homes and there was also a considerable amount of new physical plant and personal holdings, of personal inventories by farmers and other individuals. Individuals' net property of about $250 billion is larger than any other single item held by individuals.

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North Atlantic Pact Is Step to Peace: Truman

President, in message to Senate, submitting text of treaty, hail it as expression of the will of nations resolved not to be deprived of peace by aggression.

President Harry S. Truman, on April 25th, submitted to the Senate a treaty which he said is a significant step toward peace. The treaty, known as the North Atlantic Treaty, was negotiated by representatives of the United States and of its neighbors in the North Atlantic community to maintain peace with force and to take such action as they may deem necessary to prevent aggression.

The treaty provides for an international council of defense and for a system of collective security. It is designed to prevent a renewal of the aggression that led to two world wars in the last two decades.

The treaty has been signed by 12 countries, including the United States, and is expected to be ratified by all of them. It will go into effect when it has been ratified by three of the signatories.

The treaty is a significant step toward peace because it provides for an international council of defense and for a system of collective security. It is designed to prevent a renewal of the aggression that led to two world wars in the last two decades.

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The Case for Unemployment Compensation Benefits

By HERMAN E. TEETS
Executive Director, Department of Employment Security, Denver, Colo.

Accepting unemployment compensation is here to stay, Mr. Teets, however, says, when he appears before the Senate Commerce Committee to urge abolition of the program.

In charging a subject for your talk today, I have not been interested in what the outlook is for the Ford and the industry in general. Let me say at this point that I am neither qualified nor authorized to speak
which influenced our conclusions.

The total economy is currently at the lowest ebb in the postwar boom. Some of our major industries, at least in the peak levels of last fall has occurred.

In many instances declines to the level prevailing at the beginning of the year have already exceeded the levels above the general average.

In addition, the recovery of consumers and producers in the short run is highly uncertain, and in other areas of the economy, especially in the public sector, there is a good chance that a new depression will occur in the spring or summer.

In looking back and forward, I must say that a great deal of the postwar recovery has been due to the fortunate circumstances.

Prices of these commodities have not increased proportionally with farm and city goods.

Speaking generally, it will be seen that the automobile industry will be affected in a very different manner from the agricultural field.

The need for durable goods is still great, and the absence of wage increases will hit the average family hard. The automobile industry has been operating at a level of about 10% above production in 1939 and not in the nature of a depression.

It is up to business management and the public to see that the present prosperity is maintained.

We have tried to keep our organization and our thinking first and foremost in the minds of the people.

Not since the inception of the Ford Motor Company has motor

Dear God, give us the strength and the will to carry on the job that has been assigned to us,

Therefore, in my judgment, the President of the National Association of Manufacturers, the President's Council on Economic Affairs, the Federal Reserve System, and the various member banks, will have to take a forceful stand against the depression.

The program is a step in the right direction, and it is a program for the future of the Ford Motor Company.

As the situation of the Ford Motor Company is a great deal better than the average company, as the Ford Motor Company is a great deal better than the average company.

I am sure that the Ford Motor Company will continue to have a very good and successful year.

The Ford Motor Company is not only a great company, but it is also a great organization. It is a great company that is doing a great job, and it is a great organization that is doing a great job.

The Ford Motor Company is a great company and a great organization.

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Pitfalls of Unemployment Insurance

By EARL O. SHREVE*

President, Citizens Union, Chicago, Illinois

Mr. Shreve, stressing objective should be not unemployment insurance, but insurance against unemployment. Points out present possibility of abusive use of unemployment benefits and their adverse effects. Concludes any system of social insurance which encourages productive employees to remain off job hurts everybody.

Unemployment is an evil. It hurts people, and our complaints over its evils are legitimate. People have work or not; he has certain overhead costs of operation, just as surely does a business. The costs of an overhead business is not measured in terms of productive labor, but rather in terms of wage earners. In times of unemployment, the business owner or manager may have an instinct of saving for the future, or he may find that his accounts are on the verge of bankruptcy. Either way, the problem of unemployment insurance arises.

Item “miscellaneous” is not a productive element which builds up our personal budgets—all we do is to see a neighbor in need. We are not on the payroll, and how can we do anything about a man working or not? Under our traditions of friendship and mutual aid, we do not like to see a neighbor in need. We are not going to get help when and if our family are in need. We may get it from friends or neighbors, or through organized community effort, or through institutionalized insurance. Today we are concerned only with the last mentioned method—unemployment insurance—a phrase which may have never existed before, because we really don’t want to insure unemployment. We are afraid of unemployment, and it is we who will get some fresh ideas today on this phase—insurance against unemployment.

The business-man’s business is production. Social security benefits, however, are payments for which society receives no productive product. The unemployed man is a consumer, but not a producer. Purchasing power in the form of employment benefits does not constitute a net addition to purchasing power. Rather, it represents purchased goods previously withheld from a pay-roll tax upon individuals as unemployment insurance, which is released when hazard hits. Work with good wages are better than a minimum of unemployment compensation. The government out of the government activities, and the unemployment insurance which will take unfair advantage of the law, that it reduces the employability and flexibility of labor. People being human—be active like this: there is something which we label “the instinct of workmanship.” It is the employer’s Incentive to help foster this trait by offering good wages and good working conditions. But each of us would be less than frank and would admit that at times we tire of our jobs, that we like to fish and read books. The business owner may have ingenious ways of “playing sick,” or refusing a job.

Two Sides to Human Nature

We all know that there are two sides to human nature. One side is stronger than the other, or again the individual may shift from side to side.

The London “Economist” publ illustrates what we have been warning of for a long time, in an article entitled, “The Carrot and the Stick,” which stated this: “For the most part, it appears, that both incentives and a good salary are needed. Unemployment insurance should not be considered as an absolute panacea, for the employer must have an incentive to seek a job, and the employee must have an incentive to find a job and hold his job, or if he loses his job, to seek and take another.

Sound drafting of the unemployment insurance legislation and sound administration of that law can strike utilizing that balance so that both objectives may be attained.

When real need exists, adequate benefits should be provided. In a reasonable duration. But any system which encourages productive employees to remain off the job when work is available, will hurt everybody including those drawing benefits, who may erroneously believe that they are getting something for nothing. With the pressure of our foreign commitments, and the diversion of manpower and other resources to Government activities and our universal pressure for higher real income for everyone, we must not overlook the fact that any system which places a premium on unemployment is making no matter what, it means. Works in the nature of an incentive, and a direct incentive of power status. In all of these programs, we must place emphasis on the concept of better quality, and at lower prices if we are to continue to get better living for more people, than can be found in any other part of the world.

New Social Security Proposals

The social security problem of proper balance is another reason for this meeting today.

Recently some proposals have been made for altering certain of our Federal-State systems. Under these proposals the responsibility of the states would be increased; the power and authority of the Federal Government, in the matter of unemployment, would be somewhat reduced. The outcome of this is for the people, would be greatly increased.

The Committee of social security was given a mandate of investigating the idea of encouraging management policies for steadier jobs where people would look for steady and stable work. The report would personally view as a mistake. In this, I can assure that in my own company, the potential payroll tax savings from steady and efficient job production is beneficial to General Electric to initiate and get easy for the management to prevent short-run unemployment. This, then, suggests another reason why we are here today.

Many of these questions are complex and some are controversial. We have allowed them for discussion among the speakers and from the floor. The Chamber believes not only in the need for competition in the goods market, but also in the opinion market. We want frank discussion from all who are here: the speakers, union representatives, employers and citizens generally.

Democracy is more than a form of government: it is more than majority rule. Minority and individual opinion is equally important. The spirit of democracy is self-rule by discussion and persuasion. If the new proposals are not under which no one imposes his will or ideas on anyone. Democracy is not "pushing people around.

This is the spirit in which we conduct these Institutes. They are not instruments for establishing or publicizing Ch a m b e r policies. They are exploratory. They are designed to help build a free and better America.

Wheeler & Woolfolk Elect

NEW ORLEANS, La.—At the annual meeting of Wheeler & Woolfolk, Inc., Whitney Building, the following officers and directors were elected: M. B. Wheeler, President; J. W. Woolfolk, Jr., and A. J. Maier, Vice-Presidents; and C. G. Rives III, Secretary-Treasurer.

President Bills & Laughlin, Inc. W. L. Kolff, formerly President of Athey, was named Executive Vice-President, a newly-created position.

H. N. Whitney to Admit

Arthur D. Weeks, Jr., will be admitted to partnership in H. N. Whitney, Geddy & Co., 40 Wall Street, N., York City, members of the New York Stock Exchange, May 1.

IVerson & Podzal Elected

Directors of Athey Prods.

CHICAGO, Ill.—Roy Iverson, Vice-President,布拉夫福德和Co. Chicago, Ill., and Paul R. Dole, President of the President Kalmann Co., Minneapolis were elected directors of Athey Products Corp. at the annual meeting, to fill the vacancies created by the recent deaths of Walter R. Brafford, President Brafford & Co., and Walter R. Howell.

1948 was another year of progress and expansion for Southern Natural Gas Company. Sales of gas to distributors (including sales to subsidiary companies) and consumers amounted to approximately 91 billion cubic feet—an increase of 19% over the previous year. Consolidated operating revenues amounted to $25,760,285, a gain of $1,700,000 over the previous high mark established in 1947. Daily delivery capacity of the company was increased by 126 million cubic feet (43 percent), the greatest increase in capacity made in any year since construction of the system. Sales for the year do not reflect to any substantial extent the enlarged facilities completed in December. Demands for gas by both retail distributors and industrial consumers continued to be high.

Christopher T. Chenery, Chairman

Report to 12,000 Stockholders

The YEAR IN BRIEF

(Company Only)

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<td>Gross Revenues</td>
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<td>$14,867,298</td>
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<tr>
<td>Taxes (including Income Taxes)</td>
<td>2,831,796</td>
<td>2,500,930</td>
</tr>
<tr>
<td>Net Income</td>
<td>4,002,599</td>
<td>3,216,157</td>
</tr>
<tr>
<td>Net Income per Share</td>
<td>$2.84</td>
<td>$2.29</td>
</tr>
<tr>
<td>Cash Dividends Paid</td>
<td>$2,446,028</td>
<td>$2,137,722</td>
</tr>
<tr>
<td>Dividends Paid per Share</td>
<td>$1.75</td>
<td>$1.50</td>
</tr>
</tbody>
</table>

Current annual dividend rate: 52.00

Copies of the full Annual Report are available on request.

Southern Natural Gas Company

WATTS BUILDING BIRMINGHAM, ALA.
Public Utility Securities

By OWEN ELy

West Penn Electric

West Penn Electric Company is the top holding company for the electric portion of the old American Electric Power Company, which consists of the electric subsidiaries, the result of which is the formation of the old American Electric Power Company, which consists of the electric subsidiaries, the result of which is the formation of the company. West Penn Electric has a large holding company, and its electric subsidiaries, the result of which is the formation of the company. West Penn Electric has a large holding company, and its electric subsidiaries, the result of which is the formation of the company.

The holding company write-up is an item of $7,106,013 excess of carrying value of the investments of the Company and the consolidated subsidiaries. In other words, these are the book value of the underlying book equity of such subsidiaries at their respective dates of acquisition, as an acquisition program has been completed. In any case, it would reduce the common stock equity of the top company from 25% to 15%.

It is due in part to the rather thin equity ratio, West Penn Electric has enjoyed a remarkable increase in share earnings in recent years. It is a share in the West Penn Electric filed to the recently published $36.50. The following are some of the salient figures:

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<tbody>
<tr>
<td>1946</td>
<td>$31</td>
<td>$14.6</td>
<td>$10.9</td>
<td>$6.5</td>
</tr>
<tr>
<td>1947</td>
<td>64</td>
<td>6.7</td>
<td>6.7</td>
<td>4.4</td>
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<tr>
<td>1948</td>
<td>64</td>
<td>6.7</td>
<td>6.7</td>
<td>4.4</td>
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<tr>
<td>1949</td>
<td>64</td>
<td>6.4</td>
<td>4.2</td>
<td>2.7</td>
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<tr>
<td>1950</td>
<td>48.3</td>
<td>4.2</td>
<td>2.7</td>
<td></td>
</tr>
<tr>
<td>1951</td>
<td>48.3</td>
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<td>1952</td>
<td>48.3</td>
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<td>1953</td>
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<td>1954</td>
<td>48.3</td>
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<tr>
<td>1955</td>
<td>48.3</td>
<td>4.2</td>
<td>2.7</td>
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</table>

West Penn Electric is currently selling around 18 to 19.5% of its stock.

There has been some curiosity in the Street as to why the dividend policy has been changed. It is the opinion of the people that a dividend increase of 20% was only $0.65 of the 20% increase of the earnings. Thus, the net increase of a little over 10% in the per share earnings was apparent, both in the construction program and in the effect of construction work now in progress and budgeted, $156 million, both in terms of the plan through the system in the five years of 1946 through 1950, an increase in plant value of nearly 25% during that period. The increase over the past three years of 1946 through 1950, an increase in plant value of nearly 25% during that period. The increase over the past three years of 1946 through 1950, an increase in plant value of nearly 25% during that period.

On Feb. 3 this year the company filed a new plan with the SEC to effect a change of 60% in the holding company. The plan is designed to affect the existing board of directors of the company and its subsidiaries. The plan is designed to affect the existing board of directors of the company and its subsidiaries.

The plan West Penn Railways will transfer to West Penn Electric its interest in West Penn Power within a few shares of West Penn Railways and $3.2 million in cash. In return, Electric will tender in cash $3.2 million in cash. In return, Electric will tender in cash $3.2 million in cash. In return, Electric will tender in cash $3.2 million in cash. In return, Electric will tender in cash $3.2 million in cash.

Electric will also assume the liability for $0.10, 9% debentures, or $36.50. The plan of the company has net assets of $7.2 million. The company might have needed another $7.2 million if its demand notes for that amount should be reduced. This is a saving of $0.01, 9% bracket, which is the old American Water Works and Electric preferred stock, plus $0.01, 9% investment in the Engineers Public Service case, expected at any time, may furnish a precedent to settle this question. The company also receive $2 million from Railways, and perhaps another 8 million surplus earnings, if these amounts would suffice to pay the $7.2 million (plus interest) to Power remains uncertain.

Electric could effect substantial savings (estimated at about 42 cents a share and would be useful in reducing the company's debt). Electric would also refund its Preferred and A\"A\" stocks (with dividend rate of 6% as against its current 4.5%). If the $24 million preferred \"A\" stocks were retired at cost and the $3.2 million in cash would be given to Power, the amount of the savings would be $7.2 million.

However, it appears likely that the SEC will want Electric to bolster its common stock ratio. Assuming that the company might be limited (by law) in the amount of common stock it might issue, then $25 million cash might have to be raised by an issue of additional securities (at say by rights at $15 a share) which would require issuance of about 1.7 million shares, bringing the total to 4,010,000. On this basis profit figures for earnings for the calendar year 1946 would work out at about $2.59.

Moving Ahead on All Fronts

(Continued from page 4)

past several years in cooperation with the Seventeenth had many gains, some of which were substantial and some, although not as impressive, did contribute to the overall growth of the company. The company's management has given considerable attention to the development of new products and services. The company has entered new markets and expanded its operations in existing markets. This has resulted in increased earnings and a higher return on investment. The company has also made substantial investments in research and development to improve its existing products and to develop new ones.

On the whole, the company's performance has been remarkable. It has achieved significant growth in revenue and earnings over the past several years. The company's management has demonstrated a strong commitment to innovation and to the development of new products and services. This has contributed to the company's continued success and has enabled it to meet the challenges of a rapidly changing business environment.

Our report is on this page.

Boll, Goinshead Electric

TOKYO, ONT., CANADA

Boll, Goinshead Electric Company, Ltd., 25 Broadway, New York 6, N.Y.

Clifford D. McCorry and Irving H. Campbell to the board of directors.

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Question of Currency Devaluation

By PAUL EINZIG

Commenting on past and present attitudes toward currency devaluation, Dr. Einziger notes pressure on Britain to devalue sterling and predicts that the act will be met by devaluation on the Continent as well as the dollar. Seen growing realization that thorough devaluation of European currencies is overdue and blames International Monetary Fund for not undertaking it. Holds general and not temporary in nature. "A sudden shift, an end to the moratorium on devaluation, is more likely than gradual adjustments over a long period." Rivals with the dollar constitute a "serious threat to the dollar.

LONDON, ENGLAND—Change of attitude towards devaluation during the past quarter of a century provides an outstanding instance of the fluidity of attitudes toward such policies by a nation, and perhaps the most varied and complex attitude toward "thirties devaluation was considered to be a mortal sin which must be avoided at all cost. Events which we try to avoid we do not pursue with contempt but with impatience. Most governments were prepared to make almost any sacrifice to devalue their currency in the parities of their national currency.

During 1932-33, Britain sacrificed the pound for the sake of keeping the pound at its old parity. This, according to Dr. Einziger, jeopardized the stability of the gold standard. He mentions the "jagged" resistance to pressure to devalue the dollar. During the same year, the French devalued their currency, which she declares to be her democratic system and paved the way for the rise of Nazism. The economic depression arising from her attitude, he maintains, is the relapse mark. During 1932-33 Mussolini preferred to forego expenditure on public goods and, in exchange for his popularity largely depended, in an effort to "prove the ills with the last drop of his blood." Even later, France she claims from rejoining the Ger man rearmament drive to the Rhine, which was to prevent a devaluation of the franc through increased governmental military expenditures.

Tower the "thirties, however, devaluation came gradually and was regarded as a matter of expediency. There was a tendency to avoid devaluation as a matter of principle; its necessities were under no unnecessarily large extent. From November 1929, the French government attempted to criticize other sharply on the ground of "com petitive currency depreciation. There was indeed a scramble for the diminished volume of foreign trade by underselling each other with the result that the undervalued and undervalued currency. This practice aroused much bitterness, and protective and were made by the government of the United States and other countries to outlaw it. This hostile attitude con tinued till 1947. During recent years, however, most countries showed a growing reluctance to devalue. The cycle has become complete; the popu lar attitude is now the same as it was twenty years ago. While, however, in 1929 currency partic ipants were active as a matter of prestige and commercial reputa tion, in 1947 it is restored for purely practical consideration. The Paris conference on the devaluation trend tends to change the terms of trade against the devaluing countr ies, and makes it more difficult for them to cover their essential imports. Those which have developed a strong desire in the minds of others to see devaluation, not of their own currencies but of others, because the dollar, during the last year or two, or, if we have witnessed the stronger measures of action by every country hoping, praying, and urging for the devaluation of the currency of almost every other country.

Britain in particular is pressed from all sides to devalue Sterling—From America, from the conti nent, from the gold-procuring gold exports from the British Commonwealth. The United States would also increase. The resentful coming to the United States by proposals of an increase of the American buying power of gold is understandable. In the past devaluation has al ways been regarded as the weapon of the financially and economically weak country, and never in history has a strong country achieved such relative degree of financial and economic strength as the United States today. But on second thought the solution may not, perhaps, appear, after all, unreasonable. It certainly deserves serious consideration.

C.I.T. Financial Debs. Placed on Market

An investment banking group headed by Dillon, Read & Co., Inc., Kuhn, Loeb & Co. and Leh man Bros., offered to the public April 13, a new issue of $50,000,000 C.I.T. Financial Corp. 23% debentures due 1969, at 96.25% and secured interest to yield approximately 2.7% to maturity. The United States from the sale of the debentures will be used by the corporation primarily for the purpose of furnishing additional working funds to its subsidiaries. The sale of the debentures is expected to be completed in a matter of days. The hands of the subsidiaries will be about $500,000 in all, for the purchase of and other rental and retail adhering receivables, wholesale and manufacturing receivables and for other corporate purposes.

The debentures are subject to redemption at 103% on or prior to April 1, 1955 and thereafter at prices declining 1% per year to 100% if redeemed after April 1, 1965.

The principal businesses of the subsidiaries of the corporation are installment financing, including through leasing, rental, retail and wholesale distribution, sales of goods on account, sales on consignment and sales on approval.

The corporation itself is not an operating company. The subsidiary group of the subsidiaries operates in the installation, retail, wholesale and retail sale of automobiles, trucks and other equipment and products. The subsidiaries together comprise one of the largest organizations in this country and Canada, engaged in the financing of installment and other types of sales. The business is conducted through offices located in all states and the District of Columbia. The volume of receivables pur chased by financing and factoring subsidiaries for the calendar year 1948 amounted to more than $28,000,000. Premiums written by the subsidiaries in 1948 amounted to more than $58,000,000. The corporation's capital and surplus net for the year was $17,071,475.
Railroad Securities

Carriers in the northwestern section of the country had to come to terms with a shorter season than they have known in their histories this winter. As a result, earnings, or deficits, have made very little difference in the capitalization of these roads normally make little, if any, in the first quarter of the year, with the seasonal peak coming in the late summer and early fall. What has been printed as earnings or deficits this winter is of minor significance. What is important is that the prospects for this territory over the next five or ten years will depend on the climate and the weather influences are eliminated earnings comparisons in this territory.

The iron ore outlook is particularly promising. Of the major carriers this is primarily of importance to Chicago & North Western and Great Lakes, now benefiting through participation in an unprecedented all-rail movement of iron ore from Superior to Chicago and Buffalo. The Great Lakes have opened for transportation unusually early this year. Stockings of ore at Duluth, Superior, and Milwaukee are quite low. As a prospect point to a continued high level of production it is generally expected that iron ore shipments to the Lakes will be heavy this year. There is a feeling in some quarters that the 1949 season may see a heavier tonnage than even the preceding record set last year.

Grain yields in the territory last year were large and the carry-over, at the beginning of the year was much higher than it had been a year earlier. This grain has been moving in heavy volume recently and should continue to move this year. At this early date there is every prospect of another year of high grain yields in 1949. Prices will be lower but farmers will still be in a position to finance the inbound rail movement of miscellaneous manufactures to the rural areas.

In the light of these general prospects, bolstered by the particularly hopeful outlook for iron ore and the high grain yields, Chicago & North Western has been quite optimistic as to the road's 1949 earnings outlook. In estimates filed in connection with the recent mid-year refunding of its bonds the road forecast a rise of some 6.2% in gross revenues for the year. This was on the basis of a 0.8% decrease in traffic, or only a 0.2% decrease in the volume of business over 1948, when $14,535,000. This would compare with not operating income of $10,490,000 in 1948, or $1,500,000 better than the road's original estimate of $7,500, up from $7,550 in 1948.

Traditionally Chicago & North Western has long been a high cost railroad, and the road has the habit of laying a rather heavy load on a large proportion of its income. On the other hand, it is saddled with extensive and expensive terminals. Quite obviously, the road is in the industry and its transportation ratio consistently runs well above the rail average. The cost of handling freight on the road is naturally considerably lower, than that of the average for Class I carriers. Last year it carried only 7.1% of all traffic on the road.

In view of the fundamentally high operating costs and the narrow margin of profit the company is naturally quite vulnerable to any further possible cost increases or to any sharp decline in business. Its stocks, in particular, must be recognized as highly speculative. Moreover, the fact that Doubt of the highest leveraged of the rail equities. Thus, per-share earnings tend to fluctuate widely. Whether the road is ever able to raise its dividend is a matter of real ques tion. There is little question, however, but that share earnings will be lower in 1949. Whether the dividend can be indefinitely liberal with respect to dividends—$2 was paid last year. Interim dividend speculator, the proposal levels has considerable appeal in the opinion of many rail analysts.

The Case for Unemployment Compensation Benefits

(Continued from page 23)

ing salaries and bonuses, and the State demanding taxes. In the short term, the time has worked out, it is Socialism; if the bondholder wins out, it is Capitalism; if the management wins out—it is all so far, unanswerable.

Human Mobility

It occurs to me that as long as we operate under the opportunity system there is too much discussion of the mobility of labor. The problem is not want of labor and what is wanted by business by way of an adequate supply is not an unemployment compensation program. The vicissitudes of life are such that we have a whole series of barriers to the mobility of men planning on any such fact. There is the fact that a man may not wish to leave his home or whether his will be a part of labor or a part of business, and there is the question of how much I can afford to pay by way of wages, or how much can labor demand by way of benefits, but rather how much should be paid by way of unemployment compensation benefits in order to assist workers generally in helping themselves to improve more fully under our opportunity system. We are being forced to this situation because we are a society where business can pay it, but to pay one dollar more than is necessary to attract a worker and not to give him. We prosper greatly through the opportunity system is left free to work with fewest restrictions. It is elementary to say that what the workers of this country want is not only a system of unemployment compensation. Any thing that tends to co-operate with the free movement of the opportunity system or with man's right to a share of the fruits of his own job security.

I have humbly illustrated, but I ask you to remember that the wild horse, in his primitive state, is a forceful, powerful, brilliant, intelligent, self-reliant, capable creature who has had to fight for life and gain complete social security, who remains powerful and intelligent, however hard one man has been for his wellbeing—not be able to pass on to his offspring without the aid of man, that is different in the case of other animals; see do I think that you will feel that man is not largely animal.

If I am trying to make it clear that if we are to build successful America, it is a structure of strength and beauty that has to be developed with certainty and protection; not a glistening bit of fabrication that can be pulled apart as soon as it comes on the market. The compensation benefit should not be large enough to make them an attractive option when they know that they should be so small that they cannot go on over the expense of earning a living in paying for the necessities of life when he has lost his job through no fault of his own is seeking other employment.

Moreover, it is important to broaden, immediately the coverage to protect workers who are employed by the companies that only one or more workers, for certainly they have a common interest in the same hazards of unemployment as are all other workers.

Employer Interest

Experience rating is a must. It may or may not be a real incentive to employment or to the continuity of plant employment, but it most certainly is a powerful incentive to the employers' interest in the program is maintained and without this incentive rate, at best, is multiplied beyond all reasonable proportion. Experience rating is the incentive and opportunity and will provide a unique and equitable method of collecting enough tax at all times to pay for the compensation and to make it available at the same time it provides auto mobile corporations of the tax rate when benefit is so wretched a tax upon the compensation it might be expected to result in grossly inadequate and will not be collected by the heart of our system of unemployment compensation.

Not even the severest critic of the price system has ever con demned it as being un¬principled, but many have bemoaned the consequences of cases where of those receiving unemployment compensation benefits for reasons other than having lost their jobs through no fault of their own.

Disqualifications

The matter of disqualification is one which the administration has received considerable attention. The one extreme is represented by laws of other states which provide, in effect, that a penalty is imposed on workers who voluntarily leave their jobs for reasons which for their leaving is attributable to the employer. Obviously, a clause such as this forces the im position of penalties in many cases which, in equity, should be penalized. Such action gives rise to the possibility of manipulations on the part of workers so affected.

The other extreme is provided by laws of other states which provide for any penalties regardless of the real reasons for the dismissal from work other than a post¬employment benefit.

There is at present a crying need for improvement in the matter of the provisions for unemployment compensation. After years of effort, the problems regarding adequate and proper financing have been more or less resolved, but the most serious one of all is that which faces us today; namely, the fact that Congress does not pass a law providing for administration, the money that it collects from employers and workers being paid into the Federal-State partnership arrangement and without your diligence and the many other things lose it long ago.

Never been in any plan now for the sixty-sixers to get more of your support in this regard, for surely without it we would not be able to stand against those who not only in this field of government but in others seek to remove the administration of statute and place it into the hands of the people who they have been able to do that, it is the Federal-State partnership arrangement and without your diligence and the many other things lose it long ago.

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Nevertheless, I plead now for a more even-tempered support of this, regard, for surely without it we cannot be sure that we are against those who not only in this field of government but in others seek to remove the administration of statute and place it into the hands of the people who they have been able to do that, it is the Federal-State partnership arrangement and without your diligence and the many other things lose it long ago.

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Kuhn, Loeb & Co., Offers

Bell Tel of Pa. Debs, Issue Oversubscribed

Kuhn, Loeb & Co. and C. H. Prentice & Co. were the successful bidders April 12 for a new issue of $25,000,000 Bell Telephone Co. of Pennsylvania 4% 20-year bonds on their bid of 101.414 for a 3% margin over Chicago prices. On April 15, 1947, were reoffered to the public at 101.675 to yield 2.95%, and the bankers announced that the issue had been sold to the public at a yield of 3.30%. As closed, the day of offering, bids for return of these debentures will be used by the company toward repayment of other debt. The Pennsylvania Telephone Co. of Philadelphia Co. Telegraph Co., with a bid of 102.40 to yield $28,000,000 of the $25,000,000,000, 1949, for extensions, improvements, and replacements of the company's plant.

Burnham Director

I. W. Burnham, second Burnham & Company, late President of 1. Welch Pogue have been elected directors of Western Air Lines, Inc.
Impact of Military Preparedness on Our Economy

(Continued from page 6) may not favor the current government. At the same time, he had to resist the appeals of labor and business taxpayers for relief, and even point out the need to increase the army. 

As military spending rises above $10 billion, and an additional $15 billion is expected to be provided even $15 billion for military preparedness, we find the appropriation and the expenditure of that amount for defense, with all the ramifications of that spending, such as increased demand for goods and services, and increased taxes, are not easily reversible. The cost of increasing the defense budget to $15 billion is estimated to be $70 billion, which is a large sum of money, even for a country as wealthy as the United States. 

The government is currently spending $5 billion on defense, and the additional $10 billion is expected to be provided in the next fiscal year. This additional spending is expected to have a significant impact on the economy, as it will increase the demand for goods and services, and increase the national debt. 

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How Placing Corporate Earnings Under Individual Income Tax Affects Risk Capital

(Continued from page 7)

simple arithmetic examples, such as shown in Table 1.

The division of each $100 of corporate earnings, in Table 1, between the individual and corporate income tax payers, and dividends paid out, is based on the estimated of that division for the 1948 national aggregate rates for personal income tax and dividends. But the conclusions drawn in this paper do not depend upon the size of the shares of those three factors. It is assumed that even a double taxation of corporate earnings, resulting from the use of the dividend, would impose any additional burden upon taxpayers on shares of his combined rate of levy under the double taxation is identical with the rate of his entire personal net income, under the Federal Individual Income Tax. Therefore, Taxpayer B, with his net personal taxable income of approximately $54,000, is in a neutral position with respect to this double taxation. It would make no difference to him whether his $54,000 of corporate earnings and B's dividend, net income, and $45,000 of personal income, would be taxed, $54,000 of corporate earnings, that is, more than 100% of his personal income. There would be a net gain from the operation of this double taxation, since his $54,000 of personal income is taxed at a combined rate which is 20.25%, and his corporate earnings at a rate under the individual income tax of 26.2%. Table 1 shows, therefore, that use of corporate income tax has caused a substantial fraction of the Federal tax load to fall upon the shoulders of the highest income shareholders and to transfer that part of the tax load to the hands of the shareholders, as compared with the way in which it would be distributed under an impartial application of the schedule rated in the individual income tax to corporate earnings from all sources. That development, merely from the standpoint of the tax load obviously makes a big difference to persons of the highest individual incomes left to the 46,000 individual taxpayers in the $50,000 and over brackets and to the 7,000 income shareholders.


2. This neutral rate under the individual income tax schedule is nominally 26.2%, proportionally, with the rate of corporate income tax as 26.2% as the rate of dividends paid out on earnings reverts to the personal income tax rate of the Federal income tax code case where the corporation pays no tax on its corporate earnings and the shareholders receive their entire earnings in dividend payments. The Federal income rate schedule is 100%. It can be calculated, for any assumptions, that the Federal tax on income from investments of any type, except income tax on his share of the corporation's earnings, and the Federal tax on his personal capital gains and earnings minus his dividend receipts.

reported taxable net incomes in 1948 totaled approximately $78,000 as compared with the reported taxable net personal incomes.\(^1\)


The Challenge to Democratic Capitalism

(Continued from page 3)

and local governments are asked to provide a vastly wider array of public services, while day-to-day matters of satisfying corporate profit motives are left to their own devices.

We now have a Federal debt of $200 billion. It was only about $1 billion in 1935. Before that war, the Federal government had actually amounted to about $7 per capita. Today, per capita tax receipts average about $50. With the World War II the Federal debt has become an ineradicable part of the economy. The Federal debt was equal to about one-fourth of the gross national product in the country in 1940. By the end of 1949, it had risen to more than one-third of the entire debt of the country. The National Credit Rating and Security News policies have accordingly assumed a new and strategic importance in relation to the problem of economic stability.

Our monetary system has fundamentally changed our ideas of personal security and our methods of living. If it is not the case, it is the system that is interrelated and interdependent from too many people throughout the economic order. Today, the average person's security is not a greater threat to the system in which he participates. When unemployment, inflation, underdeveloped, the average person, willing to work, inevitably looks for every opportunity to give him an opportunity to make a living.

Responsibility for Leadership

To recognize frankly the circumstance of economic power or occupying the capitalist, finds itself today need not be an endorsement of New Deal, or the League of Corporations. It is the other hand, in any sense a commodity that can be bought or sold. The State, for instance, the so-called Welfare State. I do assert that in the kind of economic order we have, something is needed beyond any one of the traditional methods of group action or the government to achieve and maintain a system that is flexible and capable of providing a reasonable degree of individual security. This was recognized at the beginning and now the government when the Congress of 1946 approved the Employment Act.

Such a need for government intervention in the economy is increasingly acknowledged in all lines of human activity. Practically all of them have gone much further than it has already. The problem is to keep in such intervention at a minimum. Can we move toward a system where we are a policy and not in the interest of the people? It is implied that individuals have great economic power or occupying the position of those who control must

be

liquidation of their holdings would be sufficient to reduce the total present of our national debt in the

The conclusion to this problem must be the analysis upon which it is based. The Federal Reserve Bank, in consequence, has made a clear distinction in maintaining their disposable material for the double stage of the liquidation. While the interest of lower-income households in an increase in the value of the disposable income to be saved would be best served (at least in the budget of corporate income taxes and the income of personal and corporate income tax. The United States, for the purpose of reducing the first two years of the civil war, by means of the U.S. Individual Income Tax.

The Overshadowing Problem

But the problems of today and of the future are not accountable, are all overshadowed and made infinitely more complex by the War. In recent years, after the War, is as yet, no peace. You can only be said to be making new commitments.

"Today the crux of our problem is, that is, how to deal with the problem of control, that is, how to control the free enterprise system and the control of power and of the power of the free enterprise system. We can put in terms of the period of the 1930s, when it was not then controlled, but we can say that the commitments that men have to defend what they believe to be, the immense capital.

Not long after the war, Major-Do we have to defend our military mission in Moscow throughout the period of what he calls "the strange alliance" with the Soviet world? We have our history in our activity, we have had so much to do, we have been at the front. We must adapt ourselves to the situation in which we defend our American way of life passively but effectively to the situation in which we must defend our power of the free enterprise system.

"We have the moral and physical resources to deal with the cold war and we should not hesitate to use them."

"The best chance of preventing war is to bring matters to a head with the Soviet Government before it is too late. This would imply that the Western Democrats...would have to deal with them on a fair, real, and moral basis."

"We have the record, the foreign policy of the United States for the purpose of settling problems. It is then that we need a commitment to do what we can do, which might, in brief, be three things, once things are at peace."

"I said: that the possession of the great power of the United States would give three or four years' breathing space. But more than two of those years have already gone. I cannot think that any serious discussion of what the U.S. government would do after the Soviet Government would be a likely or a favorable conclusion if we wait until the post-War period. It may be absolutely sure that the present situation cannot last."

"The western world will be in the position of trying to maintain a settlement without bloodshed or two systems, they forever, both without foreseeable terminal points as to time or amount.

The economist is being stimulated by fortuitous circumstances. It is also, with the support of the whole economy, the supply of risk capital and the interest on the cost of capital, has been rising. This is why the intervention of the Federal Reserve Bank is so critical. It is the problem of the double stage of the liquidation. While the interest of lower-income households in an increase in the value of the disposable income to be saved would be best served (at least in the budget of corporate income taxes and the income of personal and corporate income tax. The United States, for the purpose of reducing the first two years of the civil war, by means of the U.S. Individual Income Tax.
Advertising in Securities Merchandising

(Continued from page 4)

one sentence: "What bail will they bite on?"

By hundreds of articles have been written about the way to use mail to bring you money, yet no one wants to sell you what he wants, but the most of them all can be compressed into two sentences: 'What is the bail that will tempt your reader? How can you tie up the things you have to offer with that bail? For the ultimate purpose of every business letter senders down to this:

"The reader of this letter wants certain things. The desire for them, consciously or unconsciously, is the one idea that will bring in your mind all the time. It's up to you to do a certain definite thing for how. Can you tie up this idea to the thing he wants in such a way that this doing of it will bring him a step nearer his goal?"

The bail, line, hook, with a penalty, is the rules are used by many of the most successful direct mail experts of our day.

The bail is an opener which gets the reader's attention by fitting into one of his trains of thought and establishes a point of contact with him. Then, after exciting his curiosity and prompting him to read further.

They is the description or specific explanation which pictures the features, advantages, to the reader by first out straight. He never waste his mind for what you are selling him to do, so you want him to do as you want him to do, by describing—your proposition, but will for him—the comfort, the pleasure, the profit he will derive from it.

The hook with a penalty gets immediate you his reader the head the loss in money or prestige or opportunity that he may be if he does not act at once.

The close tells him exactly what to do.

These rules, of course, are for the man or woman who is studying the art of writing effective letters. If you are a woman or a man, by your name, it's not only your mind. It is even so that you are doing so. You may even mix them up into one grand goulash, so that, to the beginner, they will be a bit strange, but they—or their close relatives—they like making standing piece.

The bail is the opening stopper (or stopper) which gets the reader's attention, is perhaps the most important that you don't get the reader's attention until you can use the other three. Let's consider a few openers or stoppers.

A road sign reads—"20 miles an hour—190 fine!". This one really stops them.

A blind man on State Street has this sign—"Blind." He gets a few cents in his cup. Another blind man at Post Office Square has this sign: "It's spring and I am blind." His cup is filled to the top in short order. I really want to stop.

If you approach me and say: "You dropped your wallet in the street. Do you pray for you as a lawyer? I'll stop. Or, if you reach for the ground as I put in my pocket. But I am going to guess you are my mother?" I stop.

But if you should approach me in every success in this. We are not going to sell you a copy of Standard & Poor's Investment Advisory Survey. I don't stop—keep going.

Likewise, if I should use his work in every promotional piece, it does not stop him and it brings the subscription orders in the first 2,000 on the first mailing and 1,500 on the second mailing.

John Blair, President of the New Process Company, Warren, Pa., understands this technique. He has 2,000,000 customers all over the United States. Sold by mail. I recently received a letter from him. Let me explain to you just the line, line, hook with a penalty and close paragraphs:

Dear Sir:

"I send you within a few days a box of five genuine Broadcloth shirts. Should you have occasion to look at the work, best wearing Shirts you've had in perhaps several years—"

"Will you try them on, wear them, make up your own mind about them—and let me know your decision?"

"I have seen these handsome new Long Wear Broadcloth Shirts wouldn't think of parting with them for love or money. For they have proved to me its own satisfaction that it is next to impossible to today, do without the Long Wear, quality at anything like my price."

Remember a man's nature? When the good news of this particular gives flashes over a nation full of men thinking of 100 Broadcloth Shirts at a LOW PRICE, it will create a sensation. Because "Long Wear" output is still only half of normal, 'early birds' are going to get the shirts and late comers are due for disappointment."

"Thank you—" You just told out that story of the long-term stock is FREE to return your offer."

"All you need to do is fill in the handy postcard enclosed and hurry it into the nearest mailbox. No money to send. No obligation to buy a thing. But a real shirt is the kind of one you buy for your son or your wife or your children or yourself."

"Better get that card off to me TODAY!"

"Here's a letter of one's own that pulled 45% return in April; 65% in May. Just the line, hook paragraphs and a personal touch:

"Dear Mr. —

"I have arranged to send you, with my compliments, individual analyses covering reports of companies of your stocks and bonds, advertising."

"They will give near-term prospects; current stockholders, dividend history, current balance sheet data, and an analysis of earnings and balance sheet data. Sample sheet will be returned. Individual analyses reports will be forwarded to you in a substantial little loose-leaf folder to show my appreciation of your continued subscription to Poor's Investment Advisory Survey."

"We are making many revisions in Stock Ratings—some up, some down. Don't be caught in a SWITCH."

"In the present situation you should know of these reports. Study the art of plain talk—such as, dangers of your notes—be simple, sincere to the point. Don't get too involved. Write the reader will get straight.

An Example of Straight Talk

"Example of what? Well—GETTING IT STRAIGHT!"

A small businessman wired the Department of Commerce asking whether hydrochloric acid could be used to clean stubborn type of boilers. The answer came as follows:

"John Simpson,

"Vaterstown, New York.

"Uncertainties of reactive processes make the use of hydrochloric acid and other acids unreliable where alkali is involved.

"U.S. DEPARTMENT OF COMMERCE.

"John wrote back: "Thanks for the advice. I'll start using the acid tomorrow."

"Back from Washington came a night message:

"John Simpson,

"Vaterstown, New York.

"Uncertainties of reactive processes make the use of hydrochloric acid and other acids unreliable where alkali is involved."

"U.S. DEPARTMENT OF COMMERCE.

"John got it straight."

Assume you have developed what you think is a good piece of copy. You must test its pull. You will know its power before you get "applied for." Profitable promotions you must test, test and re-test.

Test copy, novelty, mailing list, design, style, and use of ads and mailing pieces. Test postage classes, timing, and other important elements that I'll talk about later.

You must select the proper newspapers and secure good mailing lists. Secure Advertising is highly selective.

Direct mail and local newspapers advertising, in your opinion, offer you the best opportunity to reach your shares of the latest circulation of million investors with the least cost and expenditure.

Direct Mail advertising messages are the panoplies of ad victory. It has a specific objective in order to achieve a point. The point is the point. The point is given warning and is considered as a combination shot compared to a straight shot.

The Individuality of Direct Mail

This, according to Direct Mail experts, is the result of two points:

(1) Direct advertising can be directed to specific individuals or market with greater control than any other media.

(2) Direct advertising can be made more personal by the use of being absolutely confidential.

(3) The direct advertising is a single advertiser's individual message and is not in competition with a mass medium.

(4) Direct advertising does not have to conform to the format as do other mediums of advertising.

(5) Direct advertising permits greater flexibility in materials and processes of production than any other medium of advertising.

(6) Direct advertising provides for more precise pull and accuracy, and to the interpretation of your message.

(7) Direct advertising can be made more personal than the advertising of the advertiser's own immediate staff.

(8) Direct advertising can be controlled for specific jobs of reduced size, which means that your advertising, tests, ideas, appeals, reactions, cost have a college of experts, are more often selected for accuracy, and in some cases, exact timing, both an order for the collection of the pieces as well as being the receipt of the pieces.

(9) Direct advertising provides more thorough means for the utilization of your advertising by action devices not possible of employment by other media.

(10) Direct advertising provides a隆重举行 campaign, you may key your ads and mail your advertising to a letter, a matter, as to a letter, a letter, an even these are our lists. Rent lists, buy them outright, build them through newspaper advertising. As you drop your mailings and rent lists from list brokers, you'll get all sorts of list offerings, experience will show you types of lists that should not be used, the small detail digging up lists—will be swamped in the cost and have you accumulate faster than you think.

Note: If you should "Lancaster" plan operates:

The Master File

Now the Master File has been started up in a highly efficient basis you should avoid a many mailing list, which is—sell all your new leads names through a master file to make sure the name, not to cross your prospect list.

Remember, investment advertising is like pin-point bombing—compared to the advertising of a rifle shot compared to a shotgun fire.

Let me tell you about a successful operation.

I have operated in Lancaster, Pa., 11 years ago to take over Ruhl & Co. as a campaign. The first week a prospective customer wrote to the home office in Philadelphia to complain. He said, "A man who speaks spats and Rhode Island."

"You're Baldy took off his shoe and said, "Said Libby, McNeil & Libby advertising department in Philadelphia."

Now, in a town of 61,245, he has 4,000 active accounts.

The "Lancaster plan operates:

Window Displays

In 1944, about the time of the Libby, McNeil & Co. advertising campaign, the Libby, McNeil & Co. advertising department in Philadelphia, asked the Libby, McNeil & Co. advertising department in Philadelphia, about the use of their products—candles, dummy cases,
crepe paper and everything that goes with it, Libby, McNeill & Libby display.

The opening day, the local display man stepped in at the office of the first store, Libby, McNeill & Libby. He couldn't understand why a brokerage house wouldn't want their name on goods.

But he put the display in and "Bally" he made up it, with Fine woodland pattern, cleverly using the display window to good advantage ever since.

Daily Headline Letter

Another thing, Reynolds & Co. issues a daily market letter that is made up of the latest news of the local banks at 9:00 o'clock every morning.

One of his salesmen stops in each of the local banks every day to "set up a market letter I can do for you today?"

A Cordial Welcome Is Given New Arrivals

When a new lawyer arrives in town, "Bally" has a tie-in with the Wagonette Wagon outfit. The new neighbor is immediately offered the Reynolds & Company Furniture Background. Reynolds & Company has an excellent furniture display room, followed up by letter and by personal call.

The burglaries are supplemented by local newspaper ads offering spectacular sales to "play the game, "Bally" used Standard & Poor's Listed Stock Reports on the numbers of the CED STOCKS, from the May 13, 1948 issue, to the basis for one such campaign.

Here's another angle, Reynolds and Company's name appears in the local residential. The cashier records the names of the mailer and address of the holder. Thus, "Bally," by the number of right kinds of mailers, sent out shares of stock the individual holder could not purchase or re-sell, reduces the rating on a particular joins the group of the mailer, who are included in the market

It is really something out of the ordinary to step into your customer's room after the close of the market and see your customers' business being driven and enclosing their own "Watching Service" letter cards in envelopes for mailing that evening to their clients.

The Cost Time Study

This study developed some astounding information about the time costs of mailing letters, postage costs, labor costs, the time of the day, the type of letter, the time of the year, the type of letter, and the type of mailing. It was also a study of the basis of cost plus-time-plus business in the lettering business, the time the sales letter is the most important element in the lettering business, in the time the sales letter is the most important element in the lettering business, in the time the sales letter is the most important element in the lettering business.

(3) The ideal mail "package" is a letter, circular, order form, order card or request form with a return envelope combination.

(4) Next to the sales letter approach, the most important task is the test of lists. It is difficult to write a sales letter. The difference between a mailing list and a mailing list is that the list is made up of one person who has received a sales letter.

(5) It is not always the elaborately decorated mailing piece that pays off. In the case of the model, it works the other way. The simple piece with a good sales marks very often outbids the elaborate and more expensive mailing.

(6) The last Research Report of the Direct Mail Advertising Association, in which a series of ten questions was asked of two panels of experts, (requiring more than 200 large users of mail brought out a surprisingly broad list of words, 18 out of 200 words in letters of envelopes in promotional plans.

(1) Placed first by the Selling Team was Dallas' ability to be the best form for creating prestige or creating for prestige.

(2) Placed first by both groups as the form which they receive replies most promptly.

(3) Placed first by both groups as the form which they receive replies most promptly.

(4) Placed first by both groups as the form which produces the greatest number of replies per dollar invested.

(5) Placed first by both groups as the form which produces the greatest number of replies per dollar invested.

(6) Placed first by both groups as the form which produces the greatest number of replies per dollar invested.

Now, why not welcome, a change in the way the piece is to be used. There is a newsletter—a letter, a news article, an investment letter on some of the pieces.

(11) Talk directly to the prospect and state the facts and figures. Do not preach to him. Talk his language.

(12) Stress one point only in each promotional piece or newspaper ad—but tell enough about that point to put your reader in a receptive frame of mind.

(13) Help your reader solve his problem by giving him useful in-

(14) Determine the length of your copy by your sales story, not by any arbitrary ideas of the relative merits of long and short stories.

(15) Ask your reader to act—write a letter or buy a specific product—submit a list for your Research Department to develop an order.

About three weeks ago I was asked by a friend to request a specific study—submit a list for stock development to the N. A. M. E.'s Unlimited House Organ, and if you make it you can make for it to the N. A. M. E.'s Unlimited House Organ.

An Interview With A Successful Mailer in the Investment Advisory and Statistical Field

"In 1948 Standard & Poor's Corporation, the largest investment advisory and statistical organization in the world, prepared and purchased a list of 21 service interests of individual investors, brokers, dealers, and investment counsel. And as a result, the price of mailings dropped on leads from factual and advisory services.

"Based on his unusual experience, the helpful idea of developing leads on factual and advisory services.

"(Q) How do you build you own prospect lists?

(Continued on page 32)
Advertising in Securities Merchandising

(Continued from page 21)

"(A.) Through special $1 trial offer,在哪里继续？

We have been conducting a campaign for some time now in cooperation with the dealers in our organization. The program is designed to provide our dealers with additional opportunities to sell securities and to promote the use of the new models. We believe that the response to our efforts has been very encouraging. I hope that you will continue to support us in this important work."
Socialism in Europe Today

(Continued from first page)

them. Everybody takes all this for
granted in the case of totalitarian Socialism, or the national socialist or the communist vari¬eties. As a result, the possibility that	Socialism as we know it today is not compatible with Socialism. On this point the world has again been tested by experience. The two great advantages of the Nether¬lands, Belgium, and Switzerland are of no smaller scale what is needed for the present stage of capitalism than the ones we want to bring about that merger of their national economies, which, in the future, will be called a customs union. The West European nations have been to the customs.

The real battle of economic nationalism is now being fought for in the European countries and the case of the three countries is possible because they are so far apart.

But such a question, what does it mean? It means no less a completion of our States in question into a unifi¬cation, gives one an idea that the success of the ERP depends on the realization of some such union which is the most immediate and important. This idea, however, makes the possibility of bringing about such a union is still a future. But such a union is never to be more than a political device.

But such a question, what does it mean? It means no less a completion of our States in question into a unifi¬cation, gives one an idea that the success of the ERP depends on the realization of some such union which is the most immediate and important. This idea, however, makes the possibility of bringing about such a union is still a future. But such a union is never to be more than a political device.

With Herrick Waddell Co.

(First in the Present, Conclusions)

F. C. E., B. E. Co. Add.

(Certain in the Present, Conclusions)

Herrick Waddell

(First in the Present, Conclusions)

F. C. E., B. E. Co. Add.

(Certain in the Present, Conclusions)

Herrick Waddell

(First in the Present, Conclusions)

F. C. E., B. E. Co. Add.

(Certain in the Present, Conclusions)
As We See It

(Continued from first page)

Some parts of them were part and parcel for a long time of the Czarist empire. But they are likely to remain independent—although they are a subservient part of the Russian economy, which means high wages, a high standard of living, and a high level of dependability of the European European government bonds. The European government bonds are a subservient part of the Russian economy, which means high wages, a high standard of living, and a high level of dependability of the European European government bonds.

Not "One World"

This "great power disagreement" trouble is but a simple and immediate manifestation of what most informed and thoughtful persons are sure would block any and all efforts at the prevention of the disintegration of the "One World" dreams of dreams. The fact is, very simply stated, that this is not "One World." It does not matter greatly whether there is or is not a great disagreement. It does not occur within or without the United Nations or whether they are or are not "completely independent" of it. The important thing is that they exist—and that the United Nations has as yet not feasible and is not likely to be able to do anything at all about it.

Neither should we be wise to jump to the conclusion which now is growing popular that it is "two worlds"—the "us," the "them." Of course, no denying that Russia and her satellites (or should we say, her victims) on the one hand, and the United Nations and its members, on the other, are "lining up" in ominous fashion. Certainly the appearance is thus given that the whole world is dividing itself into two camps. The attitude and behavior of which the President of the Administration ascribed at the moment to have but secondary significance or importance—except, of course, as these peoples may align themselves with one or the other of the two groups. Viewed in this way, or viewed in any way, such a situation can scarcely be regarded as reassuring.

Fear of War

But the thoughtful person who is able to detach himself from the immediate scene for dispassionate contemplation is very likely to find himself led into an inquiry as to whether this two-world concept is not even a moment rather misleading. So long as there is war or threat of war on a vast and cruel scale, many countries which are afraid that they may become engulfed without a chance to change to a quarrel producing it, are inclined to exclude at least a part of their "sovereignty," political, economic and philosophic (or should we say ideological?) for some measures. But this, there is a very apparent surface to be developing a United States, not of Europe, but of a much larger and more varied segment, or set of segments, of the earth's population. It is not, of course, simply, but also because of impotence in the face of overwhelming Russian power, a number of heretofore independent and usually self-willed smaller peoples are being abored by larger peoples and governments, often of quite different reasons, are being threatened in other parts of the globe.

"All this is, or is likely to give, the easy reason a false Impression. One would be rash indeed to assume that the signers of the Atlantic Pact, for example, or the so-called ECA nations of Europe, or the other groupings of smaller dominions are now on their way to some sort of permanent federation which will stand through peace or war in perpetuity. Just how long they will be able to work together in a semi-federational sort of basis it would be difficult to say. But the threat from outside and much will depend upon the extent of the aid they can obtain from us—which is ultimately the United States, if and when we can be of some help to them. But it may be taken for granted that centristela forces, merely counteracted not destroyed by opposing forces at present, will soon or late reassume themselves.

Problems of the Kremlin

It would be similarly foolish to suppose that any bond of common "ideology"—that is, devotion to the communist philosophy—is very likely to overcome and destroy the urge of the Kerenski or the other leaders of the third planet. It may or may not be possible for the Kremlin by such inhuman methods as it is accustomed to employ to keep the people in their prescribed place or less permanently into its orbit—that is to conquer the whole people, or kill them off and replace them, and in this way make these areas an integral part of the Soviet empire.
Less Spending, Threat to Stability

(Continued from first page)

time in the last three years that retail sales in any month have been lower than in the same month of the previous year.

- The drop in the willingness to spend appears to be particularly meaningful. In order to save money on purchases of all kinds this year, many households have been willing to seek out lower prices and to cut back on spending for a variety of reasons. As a result, retail sales have declined sharply in recent months.

Particularly significant is the drop in new contract awards and new building activity. Expenditures on plant and equipment are still running at about the same level as last year, but new contract awards continue to decline. In the first six months of 1949, they were 15% below the corresponding period of 1948 and private contracts were 20% below. In January-February, 1949, private contract awards were 39% below February, 1948. New housing construction also continued its decline, with new building permits down by 5% below January and March, 1948. In February, 1949, new housing permits were 73% below the corresponding month of 1948.

- The survey of the Department of Commerce and the Securities and Exchange Commission indicates that corporations expect to spend about 14% less on plant and equipment during the second half of 1949 than during the second half of 1949.

- The second is the expectation of a rise in unemployment. This expectation is based on the fact that business is anticipating an increase in sales and that the number of persons unemployed will continue to rise as business activity declines.

- The third is the expectation of a rise in the number of bankruptcies. This expectation is based on the fact that business is anticipating an increase in sales and that the number of bankruptcies will continue to rise as business activity declines.

- The fourth is the expectation of an increase in the number of strikes. This expectation is based on the fact that business is anticipating an increase in sales and that the number of strikes will continue to rise as business activity declines.

- The fifth is the expectation of an increase in the number of mergers. This expectation is based on the fact that business is anticipating an increase in sales and that the number of mergers will continue to rise as business activity declines.

- The sixth is the expectation of an increase in the number of bankruptcies. This expectation is based on the fact that business is anticipating an increase in sales and that the number of bankruptcies will continue to rise as business activity declines.

- The seventh is the expectation of an increase in the number of strikes. This expectation is based on the fact that business is anticipating an increase in sales and that the number of strikes will continue to rise as business activity declines.

- The eighth is the expectation of an increase in the number of mergers. This expectation is based on the fact that business is anticipating an increase in sales and that the number of mergers will continue to rise as business activity declines.

- The ninth is the expectation of an increase in the number of bankruptcies. This expectation is based on the fact that business is anticipating an increase in sales and that the number of bankruptcies will continue to rise as business activity declines.

- The tenth is the expectation of an increase in the number of strikes. This expectation is based on the fact that business is anticipating an increase in sales and that the number of strikes will continue to rise as business activity declines.

- The eleventh is the expectation of an increase in the number of mergers. This expectation is based on the fact that business is anticipating an increase in sales and that the number of mergers will continue to rise as business activity declines.

- The twelfth is the expectation of an increase in the number of bankruptcies. This expectation is based on the fact that business is anticipating an increase in sales and that the number of bankruptcies will continue to rise as business activity declines.

- The thirteenth is the expectation of an increase in the number of strikes. This expectation is based on the fact that business is anticipating an increase in sales and that the number of strikes will continue to rise as business activity declines.

- The fourteenth is the expectation of an increase in the number of mergers. This expectation is based on the fact that business is anticipating an increase in sales and that the number of mergers will continue to rise as business activity declines.

- The fifteenth is the expectation of an increase in the number of bankruptcies. This expectation is based on the fact that business is anticipating an increase in sales and that the number of bankruptcies will continue to rise as business activity declines.

- The sixteenth is the expectation of an increase in the number of strikes. This expectation is based on the fact that business is anticipating an increase in sales and that the number of strikes will continue to rise as business activity declines.

- The seventeenth is the expectation of an increase in the number of mergers. This expectation is based on the fact that business is anticipating an increase in sales and that the number of mergers will continue to rise as business activity declines.

- The eighteenth is the expectation of an increase in the number of bankruptcies. This expectation is based on the fact that business is anticipating an increase in sales and that the number of bankruptcies will continue to rise as business activity declines.

- The nineteenth is the expectation of an increase in the number of strikes. This expectation is based on the fact that business is anticipating an increase in sales and that the number of strikes will continue to rise as business activity declines.

- The twentieth is the expectation of an increase in the number of mergers. This expectation is based on the fact that business is anticipating an increase in sales and that the number of mergers will continue to rise as business activity declines.

- The twenty-first is the expectation of an increase in the number of bankruptcies. This expectation is based on the fact that business is anticipating an increase in sales and that the number of bankruptcies will continue to rise as business activity declines.

- The twenty-second is the expectation of an increase in the number of strikes. This expectation is based on the fact that business is anticipating an increase in sales and that the number of strikes will continue to rise as business activity declines.

- The twenty-third is the expectation of an increase in the number of mergers. This expectation is based on the fact that business is anticipating an increase in sales and that the number of mergers will continue to rise as business activity declines.

- The twenty-fourth is the expectation of an increase in the number of bankruptcies. This expectation is based on the fact that business is anticipating an increase in sales and that the number of bankruptcies will continue to rise as business activity declines.

- The twenty-fifth is the expectation of an increase in the number of strikes. This expectation is based on the fact that business is anticipating an increase in sales and that the number of strikes will continue to rise as business activity declines.

- The twenty-sixth is the expectation of an increase in the number of mergers. This expectation is based on the fact that business is anticipating an increase in sales and that the number of mergers will continue to rise as business activity declines.

- The twenty-seventh is the expectation of an increase in the number of bankruptcies. This expectation is based on the fact that business is anticipating an increase in sales and that the number of bankruptcies will continue to rise as business activity declines.

- The twenty-eighth is the expectation of an increase in the number of strikes. This expectation is based on the fact that business is anticipating an increase in sales and that the number of strikes will continue to rise as business activity declines.

- The twenty-ninth is the expectation of an increase in the number of mergers. This expectation is based on the fact that business is anticipating an increase in sales and that the number of mergers will continue to rise as business activity declines.

- The thirtieth is the expectation of an increase in the number of bankruptcies. This expectation is based on the fact that business is anticipating an increase in sales and that the number of bankruptcies will continue to rise as business activity declines.

- The thirty-first is the expectation of an increase in the number of strikes. This expectation is based on the fact that business is anticipating an increase in sales and that the number of strikes will continue to rise as business activity declines.

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- The thirty-eighth is the expectation of an increase in the number of mergers. This expectation is based on the fact that business is anticipating an increase in sales and that the number of mergers will continue to rise as business activity declines.

- The thirty-ninth is the expectation of an increase in the number of bankruptcies. This expectation is based on the fact that business is anticipating an increase in sales and that the number of bankruptcies will continue to rise as business activity declines.

- The fortieth is the expectation of an increase in the number of strikes. This expectation is based on the fact that business is anticipating an increase in sales and that the number of strikes will continue to rise as business activity declines.

- The forty-first is the expectation of an increase in the number of mergers. This expectation is based on the fact that business is anticipating an increase in sales and that the number of mergers will continue to rise as business activity declines.

- The forty-second is the expectation of an increase in the number of bankruptcies. This expectation is based on the fact that business is anticipating an increase in sales and that the number of bankruptcies will continue to rise as business activity declines.

- The forty-third is the expectation of an increase in the number of strikes. This expectation is based on the fact that business is anticipating an increase in sales and that the number of strikes will continue to rise as business activity declines.

- The forty-fourth is the expectation of an increase in the number of mergers. This expectation is based on the fact that business is anticipating an increase in sales and that the number of mergers will continue to rise as business activity declines.

- The forty-fifth is the expectation of an increase in the number of bankruptcies. This expectation is based on the fact that business is anticipating an increase in sales and that the number of bankruptcies will continue to rise as business activity declines.

- The forty-sixth is the expectation of an increase in the number of strikes. This expectation is based on the fact that business is anticipating an increase in sales and that the number of strikes will continue to rise as business activity declines.

- The forty-seventh is the expectation of an increase in the number of mergers. This expectation is based on the fact that business is anticipating an increase in sales and that the number of mergers will continue to rise as business activity declines.

- The forty-eighth is the expectation of an increase in the number of bankruptcies. This expectation is based on the fact that business is anticipating an increase in sales and that the number of bankruptcies will continue to rise as business activity declines.

- The forty-ninth is the expectation of an increase in the number of strikes. This expectation is based on the fact that business is anticipating an increase in sales and that the number of strikes will continue to rise as business activity declines.

- The fiftieth is the expectation of an increase in the number of mergers. This expectation is based on the fact that business is anticipating an increase in sales and that the number of mergers will continue to rise as business activity declines.
Less Spending, Threat to Stability

(Continued from page 35)

Thus far the trend is that the cost of government chargeable against each unit of output will not fall as rapidly as everyone knows, for several reasons. First, many industries have increased faster than the general level of industrial production. The expenditures of the Federal Government were less than 2% of gross domestic product in 1929, but in 1939 they were 3.3%, in 1949 6.4%. It is possible that they will go over 17%. The expenditures of the local government have also been rising faster than the national level.

The time may eventually come when the expenditures of government and community fall in line with the production of the nation. There may be gains in the productivity of labor and in the efficiency of government. There will be a lower cost of government. There will be a lower cost of living, and aid to veterans, the aged, the disabled, the unemployed, and other needs will be reduced.

But there are a number of industries in which government and community expenditures are not likely to decline with the production of the nation. The labor force is likely to increase in many of these industries. The greater number of people who are in need and unemployment is likely to be greater in the years to come than in past years. These industries will include the military and governmental services of the nation. The government will do more to provide the labor force with work in these industries.

It seems likely that the expenditures of the national government will go up and the production of the nation will fall. This will continue until the national government will produce more goods and services than the nation will use. This will be the case in the years to come.

The rate of taxation is likely to drop, and may even be lower. This is because the government will have to raise taxes to pay for the increase in government expenditures. The government will have to levy taxes on the people who are in need and unemployment is likely to be greater in the years to come than in past years. These industries will include the military and governmental services of the nation. The government will do more to provide the labor force with work in these industries.

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declines, particularly among the soft goods.

Gains have been large-eliminated, in most lines gray raw goods—cotton, wool and silk—that are left are mere shadows of their former selves. The long wait-
ing for recovery of the internal demand for extras, are already largely through. And we know the drudgeries we now have businesses building up, not just in the consumer goods business and being nice to buyers. Another aspect of the reductions of stimulus, it is the weakening of the presence of the seasonal business pattern in a lot of the figures in many lines during and just after the war.

(5) Production has declined, but only slightly. Along with the general decline in construction, there has come some decline in industrial production, but to the Federal Reserve index, production is down from its peak in October 1945, to February 1949. This is a decline of 7%, but the decrease in non-durable goods, especially textiles and leather goods, has been much greater. The volume has declined.

Total construc-
tion in February 1949 was slightly higher than in January 1945, one year ago. Housing starts so far this year are running about 5% below those of last year, and estimates predict over $18 billion of construction work will be done this year, about the same as a year ago. The year may see a definite falling off in building and some other types of construction, with increases in public con-
struction.

(7) Unemployment has in-
creased and the evidence of some softening in the current business situation has disappeared. Unemploy-
ment. From just under 2 mil-
lion in February 1948 it has risen to 2.7 million in January and to 3 million in February 1949. The move-
toward widespread unemployment arrested in March, however; figures just released show that unemploy-
ment remained at 3.2 mil-
lion in March. Part-time work has been running about 600,000 below the figures for the same month a year ago. If this same relation to 1948 shows a further decline in the present year, average unem-
ployment will probably be 3 to 3.5 million, or about 5% of the labor force employed. We have had a rise from what could be considered an abnor-
mal level, as compared to the normal level which is the figures which is at or near to a normal state.

What Are We Now?

What has been happening so far this year repeats on a somewhat larger scale what happened on a smaller scale in 1947. What has happened so far and I repeat so far, has not been serious in itself. It has given us higher productivity and lower prices and, we hope, the evils of continuing infla-
tion and continuing a fiscal contraction and depression. This is a real ally to us. But what are we really of this?

What we are really concerned about is what may happen during the next year. If we can determine the importance of the development of the year, we may hold for the future. This development raises the question whether

(a) we will continue the decline from the postwar situation through the present position of modest decline to a real depression, or

(b) we will stabilize at high employment and high productivity which we should and can do so if the government not only to meet the greater demands of provide, but also to provide higher living standards.

It is impossible to tell at the moment on a day by day basis whether the decline is still going on or whether we have stabilized. For the rest of the year, either the decline will continue or will be reversed. The present level of business, labor and consumers do not.

What Are the Mistakes Which Have Been Made?

It is certainly possible for us to have a depression. There are plenty of mistakes which we have made in our pol-

(1) The average real feeling of uncertainty about the economy situation of which in many minds enormously exag-
erated, for the past 10 years. We have in the past been the result of the tremendous depression of the 30’s and the great abnormal profit margins. We will regard any relaxation from the present situation as the beginning of the prewar type depression condi-
tions. But this is not a depression and it is a very pretty sure thing. Just mix in our ordinary cycle.

(2) This great uncer-

(3) The third mistake we can recognize is the one that has been made in our policy of not recognizing that the 1949 depression is that business, as a whole, is not in a position to weather or such a depression other than the one in 1947. We are not in the position of 1947 and the reason is that the economy situation is much more complex and the factors on which we have made a mistake are many.

We cannot leave this subject without at least an attempt to consider the causes of the depression. There is no reason to believe, and we should not think that the bottom line is not the major element in the cause of the depression. There is no reason to believe, and we should not think that the bottom line is not the major element in the cause of the depression.

The CED was organized under the basic principle that major de-

(4) The fourth mistake we have made is that we have not recognized that the 1949 depression is that business, as a whole, is not in a position to weather or such a depression other than the one in 1947. We are not in the position of 1947 and the reason is that the economy situation is much more complex and the factors on which we have made a mistake are many.

We cannot leave this subject without at least an attempt to consider the causes of the depression. There is no reason to believe, and we should not think that the bottom line is not the major element in the cause of the depression.

The CED was organized under the basic principle that major de-

(5) The final mistake we can make is for consumers to buy on credit, to increase their purchase of goods, to increase their purchase of goods, and to increase their purchase of goods.

(6) The sixth mistake is that we have made in our policy of not recognizing the great proportion of our national effort that is devoted to the production of goods. We should recognize that this is a depression and that we have great productivity that a large proportion of our national effort will be devoted to the production of goods.

(7) The seventh mistake is that we have made in our policy of not recognizing the great proportion of our national effort that is devoted to the production of goods. We should recognize that this is a depression and that we have great productivity that a large proportion of our national effort will be devoted to the production of goods.

Finally, we must prepare to use the full instruments of the government for the benefit of the economy. We must recognize that the government is a great instrument for the benefit of the economy.

How Can We Maintain Prosperity?

If we can do all the things we say we can do, we believe that the economy will be maintained. We believe that the economy will be maintained. We believe that the economy will be maintained.

We must be prepared to use the full instruments of the government for the benefit of the economy. We must recognize that the government is a great instrument for the benefit of the economy.

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(1) We must approach the problem of maintaining prosperity in a different way. We must approach the problem of maintaining prosperity in a different way. We must approach the problem of maintaining prosperity in a different way.

(2) We must approach the problem of maintaining prosperity in a different way. We must approach the problem of maintaining prosperity in a different way. We must approach the problem of maintaining prosperity in a different way.

(3) We must approach the problem of maintaining prosperity in a different way. We must approach the problem of maintaining prosperity in a different way. We must approach the problem of maintaining prosperity in a different way.

(4) We must approach the problem of maintaining prosperity in a different way. We must approach the problem of maintaining prosperity in a different way. We must approach the problem of maintaining prosperity in a different way.

(5) We must approach the problem of maintaining prosperity in a different way. We must approach the problem of maintaining prosperity in a different way. We must approach the problem of maintaining prosperity in a different way.

(6) We must approach the problem of maintaining prosperity in a different way. We must approach the problem of maintaining prosperity in a different way. We must approach the problem of maintaining prosperity in a different way.

(7) We must approach the problem of maintaining prosperity in a different way. We must approach the problem of maintaining prosperity in a different way. We must approach the problem of maintaining prosperity in a different way.
Are Stocks Undervalued?

(Continued from page 2) at all times and that changes in certain variables, such as earnings, dividends, and assets, may be related to the corresponding changes in price. If we can find that a certain relationship between prices on the one hand and the variables of earnings and dividends and assets on the other has been maintained for a long period of time, we might then rightly say that at such moments, or even in such years, as the market deviates from this relationship, the deviation is a measure of disparity between price and value. We can say that at such times as a given level of earnings, assets, and dividends will command the price that has been placed on such a rate of earnings, assets, and dividends most of the time in the past, that is, a time of overvaluation or undervaluation. And we can logically use this measure not as a definition of value, but as a description of it, and as a method for determining the direction in which the market price will probably move by way of readjustment. It is the virtue of a normal relationship that it can be expected to prevail most of the time. What we wish to know is what will be the opinion, expressed in price, of all the buyers and sellers participating in a free market, most of the time.

We cannot be perfectly sure that the variables of earnings and dividends and assets and habit of mind, or even the interest rate, will actually determine the opinion of buyers and sellers. But we can make certain assumptions and then test them mathematically to see whether or not a correlation exists between changes in the variables of earnings, dividends and assets and habit of mind on the one hand and prices on the other. And, if such correlation is found to exist, whether that correlation is so high as to be beyond the possibility of explanation by pure chance.

If we were to correlate earnings and dividends and assets and last year’s average price of a given stock last year’s average price is the specific way of expressing habit of mind—if we were to express this correlation mathematically, we should do so through a computation known as a multiple variable correlation analysis. The Value Line Rating, about which some of you may have heard, is a single line which expresses that correlation. In that line we have the price that the stock was at in a 20-year span has placed upon earnings, assets, and dividends at the various levels of experience.

I think that the meaning of such a rating is clear, that is, the line is a map of the value of 20-year span which would be placed on a stock by the simple method of multiplying expected earnings by 15 or 20. Now here is my last chart, which shows the same price record as the other, but superimposed on a line which is the sum of the price that the market itself has assigned to earnings and dividends and assets over a period of 20 years as defined by a multiple variable correlation analysis, I will see that this line fits the price record more closely than the other two. When you compare prices on this chart with the line of which we call the Value Line Rating, you will see that it has some meaning. You gather that when prices stand above or below this line by a significant distance, there is reason to believe that the market is temporarily out of line with its own sense of value as determined over a long period of time.

You will notice that prices do deviate from the line which is the market’s long-term sense of value. The fact that prices deviate from the Value Line is not an invalidation of the theory that the Value Line truly expresses the market’s normal evaluation of stock. The deviations are the reason for having a Value Line. If the deviations from value did not occur there would be no sense in your talking about undervaluation or overvaluation or in my discussing such things. I mean to say that if deviations from normal do occur, else we should not have an opportunity to practice our abhorring profession.

This past winter we have had a number of very warm days. Yet, it is still valid to say that winter is a cold season. The same is true of the summer. We may not be able to say that summer is a warm time of the year.

Statistical Tests

As I said before, we cannot be perfectly sure that the variables that we have related to prices in an effort to determine why they fluctuate are the best or the only variables that could be employed. But there are statistical tests which can be applied to prove that the correlation between earnings and assets on the one hand and prices on the other, is highly significant—evidence of this is, and the possibility of explanation on the grounds of chance.

For example, in the chart which is before you, (Chart IV), the stock in question fluctuated with changes in dividends and assets to a marked degree. The coefficient of determination of this equation was .76 and the coefficient of correlation .87. In plain English this means that the fluctuations in price above and below an average price during the whole 20-year experience explained to the extent of 76% by fluctuations in the related variables of value.

In establishing this correlation, we have used four independent variables, namely earnings, dividends, book values, and the average price of the year preceding, and we have correlated these independent variables to the dependent variable of price. There were 20 years of observation and 4 independent variables leaving 16 degrees of freedom. The conventional statistical test of significance would hold that if the coefficient of determination were as high as 4, the relationship would not be the possibility of pure chance. Here through our coefficient of determination is actually .76, and the coefficient of correlation .87, which is so high that it probably should be dismissed as a product of chance. High coefficients are found for over 300 leading stocks, thus disposing of the possibility of spuriousness also.

If through such a correlation over a 20-year period we can determine what weight the market assigns to changes in earnings and dividends and assets, then we can with reason determine what the future price of a stock will be in terms of market price, provided only that we can forecast correctly, or approximately correctly, the future earnings and dividends and assets of that stock. We cannot say with certainty that the future price will accord with the normal capitalization of earnings and assets as determined by the 20-year span. We can say that the probability that the future price will conform to the long-term sense of value is so high as to justify the effort and to pro-

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**CHART I**

<table>
<thead>
<tr>
<th>VALUE LINE RATING</th>
<th>400</th>
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<tbody>
<tr>
<td>300</td>
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<td>200</td>
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<td>2</td>
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</table>

**PRICE SCALE**

| 150 |
| 120 |
| 90  |
| 75  |
| 60  |
| 40  |
| 30  |
| 20  |
| 10  |
| 5   |
| 2.5 |
| 1   |

**PRICE**

| 20 |
| 15 |
| 10 |
| 5  |
| 4  |
| 3  |
| 2  |
| 1  |

**CHART II**

<table>
<thead>
<tr>
<th>Average 1929-32 Price Is</th>
<th>54</th>
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<tbody>
<tr>
<td>1927</td>
<td>10</td>
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<tr>
<td>1928</td>
<td>10</td>
</tr>
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<td>1930</td>
<td>10</td>
</tr>
<tr>
<td>1931</td>
<td>10</td>
</tr>
<tr>
<td>1932</td>
<td>10</td>
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*Figure and text extracted from The Commercial & Financial Chronicle, Thursday, April 14, 1949.*

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*Image provided by FRASER (https://fraser.stlouisfed.org).*
Trends in Finance

(Copyrighted from first page)

Abuses in Our Economic and Financial Life

To these two factors, war and depression, we may add the abuses that over the years have crept into our economic and financial life. Proponents of radical government and economic policies have exaggerated these abuses as they have exaggerated the hardships of depression. However, abuses did and do exist, and the free enterprise, or profit, system has been largely blamed for them. So we are tempted to adopt almost any measures—Including suicidal deficit financing and destructive taxation—to reach our goal of security and to leave behind the horrors of war and depression.

At the same other times things have been happening. Science, education, and research have radically changed the relationship between people and their government. With vastly speedier transportation facilities and almost instantaneous communication throughout the world, each individual is thrown on his own to form his opinions and to reflect them directly and immediately to his elected representatives. We will now be able to find out for the first time whether or not majority rule is sound. It is, perhaps, sacrilegious to dispute our first hatred, and some of the people of the country will deplore it, but firmly that up to the present we have never had true basis for judging the populace on a war

Herefore we have largely been kept unaware of the well-chosen, enlightened men controlling the government, clearly seeing leadership for the country’s policies. But we now have a better chance of telling the areas of guilt for the whole people.

In discussing this question, we must analyze the nature of the vote and the reasons why people are for the vote. A man or a woman is by instinct more literally his or her family’s interest above everything else. This instinct goes back to prehistoric and even to prehuman times. In fact, it is the basis of our modern civilization and as such must be protected above everything. Even in the future it will remain an element of economic life. If this method of evaluation is sound, then it follows that the Eloise of a free enterprise system will be made. At the least the methods of evaluation and the economic policies which can be made. It is an unanswerable question whether the normal capitalization of a given enterprise is not the standard by which to identify the current or would-be undervaluation or overvaluation, not only in the stock market but in the prices of individual stocks as well.

It is a recognized fact that the practical results of earnings and dividends need no longer remain the realm of guesswork. If the method of evaluation is correct, then it follows that the Eloise of the free enterprise system will be made. This means that the evaluation, as a result that has been proposed in a practical way, will be made. This is true of the Eloise of the free enterprise system will be made. In the light of the Eloise of the free enterprise system will be made. These have been made.

General Electric Prices With Value Line Rating

<table>
<thead>
<tr>
<th>Date</th>
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<tr>
<td>1943</td>
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</tr>
<tr>
<td>1944</td>
<td>X</td>
</tr>
<tr>
<td>1945</td>
<td>X</td>
</tr>
<tr>
<td>1946</td>
<td>X</td>
</tr>
<tr>
<td>1947</td>
<td>X</td>
</tr>
</tbody>
</table>

The formula that relates the ratio of value to price is

\[ \text{Value Line Rating} = \frac{\text{Price}}{\text{Value}} \]

For example, if the price is $10 and the value is $20, then the Value Line Rating would be 0.5.

The Trend Downdate

Now we are seeing slowing down in our economy and a declining volume of business. However, and how long, this trend will continue is, of course, impossible to say. It is estimated that for the fiscal year ending June, 1946, the deficit in our national budget will be approximately $1.7 billion, including $0.5 billion for the Marshall Plan. Next year some authorities are talking about a $4 billion to $5 billion deficit. Between 1932 and 1939 there was a decrease in national income of $4,178,000,000 to the increase in national income of $290,000,000. The difference is the increase in tax rates. No one knows what the tax receipts would decline to now, as this time was a record. A depression, but an authoritative article published by one of our large banks recently given some revealing figures. It stated to 185 manufacturing organizations a drop of 10% in sales would mean a decrease of 28% in profit; a drop of 20% in sales, approximately 50% lower profits; a drop of 30% lower profits; a drop of 40% lower profits; a drop of 60% in sales brings corporations into red figures. Translate that into corporation yields, and you have some startling results.

I think you will agree then that the question of increasing tax rate is highly important and must be considered in the consideration of the overall state of the country. The government and economic policies have been largely used in the increase in tax rates. This leads us inevitably to the question of what would happen if we were somewhat aghast at such figures. For example, if we had a severe depression, what would happen if we were to try to avoid the effects of such a depression? We could simply redefine the problem, and we could never go further. Here we are, and we are still wondering how far we can run it up and how it will ever be possible.
Dealers’ Comments on Effect of “%5 Mark-Up” Spread on Securities of Smaller Corporations

(Continued from page 8)

BOSTON, MASS.

The greater the necessary sales effort the larger should be the “%5” mark-up, as essential to dumping. But when this concept is accepted by the investment community all emphasis on spread will disappear.

NEWARK, N. J.

Probably very little.*

NEWARK, N. J.

It depresses the market.

GLOVERSVILLE, N. Y.

Allows fair profit.

STATE NEW YORK TOWN

Advers to corporations as well as dealers’ best interests. We realize that ever having such issues, therefore our opinion is not based on self-interest.

STATE NEW YORK TOWN

I feel that the “%5” rule has a very bad effect on the market.

GLENS FALLS, N. Y.

Has hurt them very much.

STATE NEW YORK TOWN

Unfavorable. Any ruling which tends to kill incentive to make a trade, naturally makes fewer trades, and hence a market in which it is more difficult to buy or sell.*

ELMIRA, N. Y.

Very bad.*

BUFFALO, N. Y.

Hurt it.*

STATE NEW YORK TOWN

While it is hard to tell, I believe the need for NASD is unexampled as it covers the governing or control aspects of the business.

WATERTOWN, N. Y.

Has killed the over-the-counter securities markets.

SYRACUSE, N. Y.

Detrimental.*

WHITE PLAINS, N. Y.

Not much of any effect.

BUFFALO, N. Y.

No effect.

HARTFORD, CONN.

I think it restricts the market.

WASHINGTON, D. C.

Bad.*

SMALL TOWN, ME.

Limited their distribution.*

PORTLAND, ME.

Detrimental.*

PORTLAND, ME.

It produces a very limited market.

Thin market created.*

BALTIMORE, MD.

Do not know much about this as do not deal in them but imagine it has restricted the market considerably.

BALTIMORE, MD.

None.*

BALTIMORE, MD.

I doubt whether it has any appreciable affect. We don’t average any business in this class, but from knowing others involved in low priced speculative stocks where %5 on small sale doesn’t give the dealer room to conduct the transaction as a profit. Of course on higher grade bonds where the dealer can think of charging a mark-up of 5 points. If we got 1 point or 1½ points on single bond transactions in this price class it’d be doing well.

BOSTON, MASS.

Not any.

BOSTON, MASS.

The writer has been for all the years of the existence of NASD in a particularly good position to observe the effects on the public and the market of securities of small corporations. As the head of a house dealing almost exclusively in the securities of companies of small to moderate size, I might truthfully say that there has been no bar from any rule of the Association in carrying on a legitimate business. On account of his interest in the subject matter he has had innumerable interviews with the owners of small houses, many of the individual proprietors, and finds that their views almost exactly coincide with that expressed. The fact is that the Conduct Committees have leaned over backward to be fair in the matter of mark-ups, having in mind the provision in the By-Laws of the Association that the dealer is “entitled to a profit.” In practice, as shown by the official reports of the Association, there is a very substantial percentage of transactions carried on at spreads exceeding 5% because there is taken into account the difficulty of buying the necessary number of dollar amounts involved, travel, and extraneous services performed. That the Committees have been very understanding and fair is indicated by the small number of formal complaints that have been brought to their attention in the last years since the Committee began to function. Their attitude so far from being punitive has been directed toward the encouragement of the very small number of dealers who are inclined to charge more than the traffic can properly bear. We have been willing to afford to such dealers a result of this has been a definite increase in the good will of a very large percentage of the members toward the Association and a diminution of sales resistance toward the over-all regulations. As for these on the part of the public owing to the fact that gradually it has become necessary to charge for these services a result of this has been a definite increase in the good will of a very large percentage of the members toward the Association and a diminution of sales resistance toward the over-all regulations.

BOSTON, MASS.

It is discriminating.

BOSTON, MASS.

Haven’t studied or thought about it enough. Think one of the end results might be to keep many investors from being sucked into sorry situations where they are pretty sure to take a licking.*


Detrimental.*

Trends in Finance

(Continued from page 9)

complete change in our form of government and economic system. I strongly doubt if we can stand tampering or pending without destroying the institution.

In spite of all that might lead us in the other direction, however, we must keep in mind that the people of this country will answer the problem of being or not being to make us all up our liberties and subjugating themselves to an all-powerful bureaucracy of the government. I have a firm conviction that if this frantic rush for socialization in the collection is temporary and that with some semblance of self-control and courageous leadership our people will turn from it toward higher goals in many years have passed. The great truths of liberty and free enterprise which our country has been built cannot be thrown aside.

On March 21, 1864, Abraham Lincoln stated: “Freedom is the fruit of labor; property is desirable; it is a positive good; but there are some rich show that others may become rich, and hence is just enough to our condition and industry and enterprise.

We are not only here to houseless pull down the house of another, but let him work diligently and build one up. By example assuring that his own state might be kept safe from violence when built.”

We Will Survive Crisis

It is a firm conviction that we will survive this crisis and that the great risks we have taken have been justified in light of the results. When, if anything, we may have operated for so many years and are ourselves quite able to cope with any emergency. The international authorities are doing all they can to protect the interests of war or depression or other adverse developments of international trade. Nations seek security and protection as much for individuals, and they also seek equitable treatment and fair standards of living. These great strides and strains between countries can account for a large and important influence of the Communist movement. We find it hard to answer the question as to why our friends in England are living on insufficient wages, before they are educated to the crossing the border in Canada, as well as the United States have all they can possibly eat and more. Under the trouble we seem to lie in the area of exchange and international finance as much as in the realm of geography.

We all want world peace and security from war above all else. We are very much concerned with the formation of a world government, or in lieu thereof, a league, or a U, N., or even an Atlantic Pact, as a way of eliminating these things can come from a drafting board or be suddenly born on a change of President. The solution of such issues like democracy, evolve by trial and error, painfully and slowly, rather than, easily, and quickly.
Dealers’ Comments on Effect of “5% Mark-Up” Spread on Securities of Smaller Corporations

(Continued from page 48)

discussion among many members, they have now ceased to pay any attention to them. I have heard quite a few of them query as to whether to return to the NASD, but have not heard much about them, but actually been Bennett in assistance in building it.

SMALL OFFICE

It is really bad for small or large dealers. It definitely in the rule of the SEC.

New York City

 disliked to discourage dealers from devoting their efforts to the smaller companies, but the “nascent” is much easier than selling values. Why do extra work for no more money?

New York City

Does not afford the distribution of this type of issue.

New York City


New York City

2. Wiping out the small securities dealer.

New York City

3. Concentrating power in a few stockhouses.

New York City


New York City

5. 5% mark-up is the power to kill initiative and the industry.

Small Office

With Cobburn & Middlebrook

(Associates to the Financial Chronicle)

AUGUSTA, ME—Gabriel H. Cobburn & Middlebrook, Inc. of Augusta, Maine.

Smith with du Pont Co.

(Associates to the Financial Chronicle)

CHICAGO, ILL.—John S. Smith has been affiliated with Francis J. du Pont & Co., 200 South La Salle Street. Mr. Smith was previously with Bache & Co.

With Merrill Lynch Co.

(Associates to the Financial Chronicle)

SAN FRANCISCO, CAL.—Leo A. Tormassen has been added to the staff of Merrill Lynch, Pierce, Fenner & Beane, 301 Montgomery Street.

With Kirchofer & Arnold

(Associates to the Financial Chronicle)

The State of the Trade and Industry

(Continued from page 5)

In one midwestern western area shipments of steel run as high as 62% of the steel leaving that plant.

Steel users are demanding and getting exactly what they want in a steel market where retaliatory steel quotas have been hurled, or the steel mills are being shipped out as low as $31.25 for 1,000 sheets at a cheaper price are required. Some customers, the magazine says, are more demanding than ever and are putting the premium on getting steel mill metallurgists on quality cases.

Steel scrap was off sharply in price again this week. The scrap was sold for 2.60 on a gross ton to 2.65 a gross ton, the lowest point since November 10, 1946 when OPA ceiling regulations were implemented. The drop in scrap prices this week is only $0.01 a ton higher than the OPA ceiling average of $1.97, considered by many as the bottom.

The American Iron and Steel Institute announced this week that the operating rate of steel companies having 94% of the steel-making capacity was 75.8% for the week ending April 11, 1949, as against 78.9% in the preceding week, an average rate of 79.3%. This week's operating rate is equivalent to 8,388,000 tons of steel ingots and castings for the entire industry, compared to 1,658,000 tons in the corresponding period last year, or 1,015.5% of the old capacity one year ago and 1,211.3% of the previous average week in 1946, highest prerwar year.

CARLOADINGS RISE 21% IN LATEST WEEK AS A RESULT OF HEAVIER COAL AND ORE LOADINGS

Laziness of revenue freight for the week ended April 2, 1949, totaling $4,272,200, was higher than the American Road data. This was an increase of 129,294 cars, or 21.7% above the pre¬ceding week, and was a gain of 3,350,961,000 kwh, according to the Edison Electric Institute. This represented an increase of 2.3% over the preceding week, with a 2.5% increase of 2,317,072,000 in the preceding week, and was an increase of 2,902,072,000 kwh, or 6.5% higher than the figure reported for the week ended April 10, 1948 and 736,200,000 kwh, in comparison with the corresponding year ago.

AUTO OUTPUT IN LATEST WEEK ATTAINS NEW PEAK PAIR HIGH

Production of cars and trucks in the United States and Canada for the past week rose to a new postwar high of 130,191 units, com¬pared to 128,397 for the corresponding period last year. This is the highest weekly output since the output of the output reported for the corresponding period two years ago.

BUSINESS FAILURES REGISTER HIGHEST LEVEL OF POSTWAR PERIOD IN LATEST WEEK

Continuing in both industrial firms failures to a number of 8,136 in the week ended April 11, 1949, compared to 1,112 in the preceding week and to 1,432 in the preceding period last year.

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**Indications of Current Business Activity**

The following statistical tables cover production and other figures for the latest month or month ended on that date, or, in cases of quotations, as of that date:

<table>
<thead>
<tr>
<th>AMERICAN IRON AND STEEL INSTITUTE—Steel shipments and finished products produced (net tons)—Month of March</th>
<th>Latest</th>
<th>Previous Month</th>
<th>Month</th>
<th>Year</th>
<th>Latest</th>
<th>Previous Month</th>
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<td>8,388,969</td>
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<tr>
<th>AMERICAN PETROLEUM INSTITUTE—Month of March</th>
<th>Total domestic production (Mbd of 42-gal. barrels)</th>
<th>Latest</th>
<th>Previous Month</th>
<th>Month</th>
<th>Year</th>
<th>Latest</th>
<th>Previous Month</th>
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<tr>
<th>CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS-RECORD</th>
<th>Total U. S. construction</th>
<th>Latest</th>
<th>Previous Month</th>
<th>Month</th>
<th>Year</th>
<th>Latest</th>
<th>Previous Month</th>
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<tr>
<th>DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM</th>
<th>Total domestic output (Mbd of 42-gal. barrels)</th>
<th>Latest</th>
<th>Previous Month</th>
<th>Month</th>
<th>Year</th>
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<th>MONEY IN CIRCULATION—CURRENCY &amp; DEBT</th>
<th>Total currency in circulation (in millions of dollars)</th>
<th>Latest</th>
<th>Previous Month</th>
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<th>WHEAT AND WHEAT PRODUCTS</th>
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<tr>
<td>Average per bushel (1935-39=100)</td>
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<td>Wheat, spring</td>
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<td>Wheat, winter</td>
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<th>NATIONAL PAPERWORK ASSOCIATION—WHOLESALE COMMODITY PRICES</th>
<th>Prices of newsprint (1935-39=100)</th>
<th>Latest</th>
<th>Previous Month</th>
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<tr>
<th>ENGLISH ECONOMIC INSTITUTE</th>
<th>Wholesale price of coal (1935-39=100)</th>
<th>Latest</th>
<th>Previous Month</th>
<th>Month</th>
<th>Year</th>
<th>Latest</th>
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**Source:** Federal Reserve Bank of St. Louis.
Securities Now in Registration

- **INDICATES ADDITIONS SINCE PREVIOUS ISSUE**
  - null and move and erect such mill on the company's property and for working capital.
  - California Life Insurance Co., Oakland, Calif. March 7 (letter of notification) 8,000 shares of common stock. Price—$10 par
  - American Oil Explorers, Inc. March 17 filed 5,000,000 shares of common stock (1c par). Underwriter—Tobler & Co. & Co., New York, N. Y. Stock will be offered at $1 per share. Stock purchasers will receive a fully paid up life insurance policy equal to the amount they pay for stock. The purchases must amount to not less than $250 nor more than $2,000. Proceeds—For acquisition of property for working capital to provide funds for oil exploration and development. Probable bidders: Halsey, Stuart & Co., Inc., White, Weld & Co., Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly).

**American Research & Development Corp.** (4/26-29)

**Connecticut Light & Power Co.** (4/20)

**Dynamo Mining Co., Boise, Idaho** April 4 (letter of notification) 100,000 10-year 6% cumulative convertible sinking fund debenture bonds and 1,200 shares (1c par) capital stock (of which 200,000 shares will be given as a bonus on the basis of 1,000 shares for each $1,000 sinking fund debenture bond purchased). Proceeds—To build new mining operations. Probable bidders: Halsey, Stuart & Co., Inc., White, Weld & Co., Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly).

**East Electric Co., West Point, Va.** April 7 (letter of notification) 100,000 shares (10c par) common stock, to be offered initially to stockholders at $10 per share, for working capital. Probable bidders: Halsey, Stuart & Co., Inc., White, Weld & Co., Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly). Proceeds—To reimburse treasury and provide funds for construction.

**Family Finance Corp., Wilmington, Del.** April 8 (letter of notification) 1,500,000 (1c par) common stock. Price—$20 per share. Proceeds—To be sold to Bankers Corporation; Battin & Co., New York. To repair and renovate mine of company and to exercise option to purchase property adjoining current mines.

**Frontier Refining Co., Denver, Colo.** March 7 filed $600,000 5% first mortgage bonds, series A ($500 par) and series B ($500 par) debentures, due March 1, 1954, and 5,000 shares of 7% cumulative preferred stock ($100 par). Proceeds—To provide funds for drilling operations. Probable bidders: Halsey, Stuart & Co., Inc., White, Weld & Co., Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly).


**Greater Seminole Petroleum Co., Alt Lake, Okla.** April 11 (letter of notification) 600,000 shares (25c par) common stock. Proceeds—$900,000 to be used for spectacular grandstand and balance for related purposes.

**Horwood Lake Gold Mines Corp.** Dec. 27 (letter of notification) 100,000 shares of common stock. Proceeds—To be used for development of mining and smelting operation. Probable bidders: Warshaw & Co., Newark, N. J. For development of mining properties.


**Howe Plan Fund, Inc., Rochester, N. Y.** April 11 filed 200,000 shares of common stock.

**Idaho-Montana Pulp & Paper Co., Pocatello, Mont.** Nov. 23 (by amendment) 250,075 shares ($10 par) common stock to be offered at $10 per share. Proceeds—To retire 18,000 shares of $250 par preferred stock and 25,000 shares of 8% stock to be issued in exchange for $170,000 first mortgage bonds. Underwriting—Tom G. Taylor & Co., Min¬ nellah, Idaho. Proceeds—To retire bonds.

**Idaho Power Co., Boise, Idaho (4/26)** April 10 filed 199,675 shares (10c par) common stock for the purpose of acquiring and developing the Caribou Silver Mines, Inc. Proceeds—To consolidate the Caribou Silver Mines, Inc. to $30 per share. Stockholders of the Caribou Silver Mines, Inc., will receive 2,000 shares of the buyer's stock for each stock of the Caribou Silver Mines, Inc., held. Stockholders of the buyer's stock will receive 250 shares of the buyer's stock for each share of the buyer's stock held. Proceeds—For the purpose of acquiring and developing the Caribou Silver Mines, Inc.

**Indiana Paint & Color Co.** March 8 (letter of notification) 8,000,000 shares of 7% sinking fund debentures. Underwriting—City Securities Corp., Indianapolis, Ind. Proceeds—To buy about 1,864 shares of land in connection with construction of new headquarters for the Union Trust Co.


Murphy Ranch Mutual Water Co., Whitter, California
March 21 (letter of notification) 1,118 shares of common stock to be sold at $9.81 per share. Underwriter—San Gabriel Development Co. For capital additions and extensions.

Murray & Gage, Inc., Culver City, Calif.
April 5 (letter of notification) 3,000,000 shares of non-cumulative preferred stock, par $25, to be offered in units of 100 shares and the proceeds used for working capital. Underwriter—Ward & Co., New York. For capital additions and extensions.

National Distillers Products Corp. (4/26)
April 4 (letter of notification) 17,000,000 shares of common stock, par $1. Underwriter—Charles H. Drew & Co., New York. Offering—To be offered in units of 100 shares and the proceeds for general corporate purposes.


Noranda Exploration Co.
March 21 (letter of notification) 45,000,000 shares of common stock, par $1. Underwriter—Aetna Securities Corp. Offering—To be offered in units of 100 shares and the proceeds for general corporate purposes.

Northern Natural Gas Co., Omaha, Neb.
March 8 filed 406,000 additional shares (10$ per share. Offered—Offered to common stockholders of record March 30, 1949. Each holder will receive $2.50 per share. Rights expire April 18. Underwriting—None. Proceeds—For construction and to replenish working capital.

O’Dares’ Horse Pullman, Inc., Hialeah, Fla.

Pacific Gas & Electric Co., San Francisco
April 5 filed 1,500,000 shares of redeemable preferred stock (par $25). Underwriters—Names of amendment ( notification). Proceeds—To finance construction.

Pacific Lighting Corp., New York
April 8 filed 200,000 $4.50 dividend cumulative preferred stock (no par). Offering—Stock will be offered to holders of 200,000 $5 dividend cumulative preferred stock (no par) on a share-for-share exchange basis, and preferred stock not exchanged will be purchased by underwriters on or about May 9. Exchange will run through May 4. Underwriting—None. Proceeds—To retire or exchange or redemption $5 dividend preferred.

Palestine Economic Corp., New York
March 26 filed 1,000,000 authorized shares of common stock. Price—$2 per share. Underwriter—None. Proceeds—For development and to keep accounts in good condition for working capital and general corporate purposes.

Peerless Casualty Co., Keene, N. H.
March 28 filed 50,000 shares (par $5) common stock. Underwriters—Herrick, Waddell & Beek, Geyer & Co., New York, and Darney, Dabney & Tyson, Boston. Proceeds—To increase the company’s capital surplus.

March 31 (letter of notification) 297,000 shares (10$ per share. Offered—Offered by subscribers of record March 14. Underwriters—Clark, Ewing & Co., New York. Proceeds—To finance railroad improvements, notes and accounts payable and for working capital.

Plowed, Inc., Detroit, Mich.
March 25 filed 1,000,000 (par $25) common stock. Underwriter—Baker, Simonds & Co., Detroit. Proceeds—For working capital to finance inventories and operations and to increase the capital of the company.

Porterdale Oil Co., Baltimore, Md.
April 7 (letter of notification) 10,000 shares ($75 par) common stock. Underwriters—Hazen & Co., New York. Proceeds—For general corporate purposes.

Portsmouth Steel Machine Co.

Riverside Orchards, Inc., Cleveland, Ohio
April 4 (letter of notification) 8,000 shares of capital stock, par $25. Price, par. No underwriter. For additions to nursery, tools and equipment and for working capital.

Robinson Plywood & Timber Co., Everett, Wash.
Nov. 17 filed 271,002 shares ($1 par) common stock, of which 106,025 shares by 15 stockholders. Underwriter—The First Wisconsin National Bank of Milwaukee. Proceeds—To finance the growth and expansion of the company from the sale of the 106,025 shares will be added to the capital stock, and expected that under $25,000 may be advanced to a new subsidiary, to be used by said subsidiary to acquire additional equipment and to purchase option purchase price of one-half of the stock of Conifer Timbers & Building Corp., Inc., which will be used for the new subsidiary.

Rochester Gas & Electric Co. (4/19-53)

Royalite Oil Co., Ltd., Canada
March 29 filed 1,250,000 shares of capital stock. Underwriter—J. C. Latanision, Peacock & Co., and Opdahl & Co., Toronto, Ont., and James Richardson & Sons, Winnipeg, Manitoba. Proceeds—To be withdrawn from registration and placed privately.

Eastern Gas & Electric Co., (4)
April 7 filed 208,372 (no par) common stock. Underwriters—Alex, Brown & Sons and Drexl & Co. Proceeds—For various new research laboratory and for other corporate purposes.

Sheet Oil Corp., St. Louis, Mo.

South Carolina Electric & Gas Co.
April 11 filed an issue of common stock ($4.50) to be sold at $4.50 per share. Proceeds—For working capital, redemption of debentures, stock dividends, record date, and subscription price by amendment. Underwriters—Names of amendment. Proceeds—For extension, additions and improvements.

Southern Airways Co., Birmingham, Ala.
Feb. 21 filed 30,000 shares ($1 par) common stock, to be sold at $1 par each for the benefit of three stockholders. Underwriting—None.

Southwestern States Telephone Co., San Fran., Calif.
March 27 filed 30,000 shares of common stock. Underwriting—Offering—to be offered for subscription by common stockholders, subject to the sale of additional shares. Underwriters—Names of amendment. Proceeds—For extension, additions and improvements.

State Bond and Mortgage Co., New Ulm, Minn.

Tennessee Oil Insurance Co., Knoxville, Tenn.

(Continued on page 46)
Prospective Offers

Admiral Corp.

April 14 the three bidders will vote on the increase of reserved common stock from 1,000,000 to 1,200,000 shares ($1 par). The three bids included: (a) $1,500,000 in additional common stock. It might be sold privately or publicly to the new capital of the company, or issued in the future as a dividend, the company said. Trademark underwriter, Dempsey & Co., Chicago.

American Telephone & Telegraph Co.

April 20 the stockholders will vote on authorizing a new issue of additional common stock. The amount to be determined later but is not to exceed $100,000,000. Each holder of common stock will receive a conversion of $100 per share. Underwriter-None. Proceeds: To modify the capital structure, and for the company's other business purposes.

Toledo (Ohio) Edison Co.

March 18 filed 2,500,000 first mortgage bonds, due 1978. Underwriters: Streamliner & Co.; The FirstBoston Corp. (jointly); Harriman Ripley & Co.; & Halsey, Stuart & Co. (jointly); Equitable Securities Corp.; Underwriter-Leader of Canada; $1 par; $12,000,000 of new capital required for construction. Expected this month.

Tracerlab, Inc., Boston, Mass. (4/14)

March 5 filed 400,000 shares of common stock ($10 par) for sale to the public. Underwriters-Leee & Co., Inc. Proceeds: To develop new products, modernize the manufacturing equipment for that purpose, and for working capital. $10 par.

Trenton Chemical Co., Detroit, Mich.

March 30 filed 131,841 shares of 6% cumulative convertible preferred stock, par $50, each preferred share convertible into 10 shares of common stock. Underwriters: FirstState & Co.; Halsey, Stuart & Co.; Harriman Ripley & Co.; & Halsey, Stuart & Co. (jointly); Consolidated Electric & Gas Co. & Subsidiaries. $5 par; $10 par; $15 par.

Upper Peninsula Power Co.

Sept. 26 filed 200,000 shares of common stock ($10 par). Underwriters: Lehman Brothers; FirstBoston Corp. (jointly); Underwriter-Keating, Bloiser, Chicago; Carr & Co., Detroit, & Lester & Co., London. Proceeds: Proceeds used to build chemical plant and replace working capital used for capital additions. Under a new registration statement (No. 7067), which becomes effective when filed, about 200,000 shares of 6% cumulative preferred stock for a total of $991,841 were sold from registration March 21, 1949. 


March 15 filed 8,000 shares of common stock, par $50, each share convertible into 175 shares of common stock. Underwriters-Lehman Brothers; Harriman Ripley & Co.; & Halsey, Stuart & Co. (jointly); $50 par; $50 par; $50 par.

Utah Power & Light Co. (5/2)

March 15 filed 3,000,000 first mortgage bonds, due 1979. Underwriters-FirstBoston Corp. (jointly); Harriman Ripley & Co.; & Halsey, Stuart & Co. (jointly); Equitable Securities Corp.; Underwriter-Leader of Canada; $10 par; $12,000,000 of new capital required for construction. Expected May 2.

Westchester Lighting Co. (5/2)

April 5 filed $12,000,000 common stock bonds, due 1979 (guaranteed jointly by President & Co.). Underwriters-Johnson, Johnson & Co.; Harriman Ripley & Co.; & Halsey, Stuart & Co. (jointly); Equitable Securities Corp.; $10 par; $10 par; $10 par.

Western American Life Insurance Co.,reno

March 3 filed 150,000 additional shares of common stock, par $60, each share convertible into 200 shares of common stock. Underwriter-Lehman Brothers; $35 par; $52 par; $52 par.

Western Oil Fields, Inc., Denver, Colo.

Jan. 13 filed 2,300,000 shares of voting common stock, each share valued at $10. Underwriter-By $1 each. Underwriter-Johnson, Johnson & Co. To drill a well and acquire additional properties.

Wich меся Philippines Mindanao Development Corp.

Jan. 5 filed 2,500,000 shares of voting common stock, each share valued at $1. Underwriter-By $5 each. Underwriter-Johnson, Johnson & Co. To provide funds for plant construction, diamond drilling, and other purposes.

Wiegand (Edwin L.), Pittsburgh, Pa.


• Keller Motors Corp., Huntsville, Ala.

April 11 corporation plans public offering of 5,000,000 shares of common stock with provision to capitalize on company's volume production. Underwriters: Lehman Brothers; Lax & Co., Inc., New York.

• Pacific Telegraphic & Gas Co.

March 12 company expects to finance its construction program by the sale of additional shares of common stock ($50 par) through underwriters. Proceeds to be offered at $1 per share through Cantor, Fitzgerald & Co., FirstBoston Corp. (jointly); to be used to repay advances and for development of properties.

• Pennsylvania Electric Co.

April 9 reported plans to raise $11,500,000 by the sale of additional securities to finance its construction program, which is budgeted at $15,000,000. The new securities will be in the form of $1,000,000 of common stock to be sold to the public by the FirstBoston Corp., (jointly); Bids expected to be opened May 2.

• Southern Indiana Gas & Electric Co. (6/1)

April 8 directors approved the filing of a petition with the Indiana Securities Commission for authority to issue up to $3,000,000 in first mortgage bonds to be sold at $1,000 par. Proceeds from the sale will be used in part to retire the company's 5% cumulative preferred stock, to finance a continuation of the company's construction program, and to retire $3,000,000 of preferred stock authorized April 27 to a hearing on the proposal.

• Columbia Gas System Inc.

March 28 reported company plans sale of 1,350,000 additional shares of common stock ($10 par) in May or June, with the FirstBoston Corp. Expected to be dealer-manager.

• Dayton Power & Light Co.

March 25 company's expansion plans call for sale of some $10,000,000 bonds later this year. Proceeds; To be used in part to retire $10,000,000 of preferred stock, to finance a continuation of the company's construction program.

• El Paso Natural Gas Co.

March 21 reported company plans to finance construction program through sale of 1,000,000 additional 9 1/2% bonds. Traditional underwriter-White & Co.; & Halsey, Stuart & Co. (jointly); Underwriter-FirstBoston Corp. (jointly).

• Houston Lighting & Power Co.

May 26 company filed statement plans to finance a substantial part of its 1949 cash requirements through a public offering of common stock. The offering price is $100; for $3,000,000 common stock, dividends required at $100,000,000.

• Illinois Central RR.

April 12 company seeks authority of ICC to issue $5,500,000 of equipment trust certificates. Probable bidders: Harriman Ripley & Co.; & Halsey, Stuart & Co. (jointly); Lehman Brothers; White & Co. (jointly); Harris, Hall & Co. (Inc.); The FirstBoston Corp.

• Indiana Harbor Belt RR.

March 31 company plans the sale at competitive bidding of $2,500,000 equipment trust certificates. Probable bidders include: Harriman Ripley & Co. and Lehman Brothers; Harris, Hall & Co. (Inc.); Salomon Bros. & Hutzel.

• United Bicent. Corp. of America.

May 18 stockholders will vote on creating an authorized issue of additional common stock. Traditional underwriter-Goldman, Sachs & Co.

• Western Light & Telephone Co., Inc.

April 15 company plans to raise $3,000,000 through the sale of 300,000 shares of common stock ($10 par) at $30 per share. Proceeds from the sale will be used in part to develop and finance new facilities and to refund the company's cumulative preferred stock in position of the stock when matured. Proceeds to be offered through Underwriters: Moseley, White & Co. (Inc.); First Trust Co. of Lincoln, Neb.

• Western Lake Erie Ry.

April 14 company could raise funds by the sale of new issues of $1 par first mortgage bonds. Proceeds might be used to reduce debt and repay advances made to the company by the Boston & New York Bridge Co. and Wheeling & Lake Erie Ry. Co. Offering might be made in the summer with a new issue of bonds to retire $8,100,000 of first consolidated mortgage 4% bonds due 1945. It is understood that the road, up to the present, has come to a decision with respect to the maturing issue.
Col. Herbert G. King, member of the New York Stock Exchange, has expressed the opinion that there is a dis¬

advantage in the new trading arrangement, ex¬

pecially as far as the smaller investor is con¬

cerned. The King clause, according to Col. King, is a real improvement, for it gives the investor the right to get his orders filled at the close on a limit basis.

Reports Contracting with Stock Market

F. W. Dodge Corporation reports that contracts awarded for building and engineering works in the third quarter of 1946 were $1,799,070,000. This is 9% lower than the $1,471,270,000 recorded for the first quarter of 1948. The dollar volume of contracts awarded was $1,799,070,000 in the first quarter of 1948. Despite the decline, the dollar volume total was the second highest ever for a single quarter, being exceeded only by last year’s corresponding quarter. March awards reached the highest total for March of last year, and the total for May was 6% lower than the March peak of the decline shown for the first two months of this year.

Nonresidential building as a group showed a gain of 1% in the July-September quarter of 1948.

The increase was attributable mainly to public building contracts—public administrative buildings, post office buildings, armories, and similar structures—the total which was $24,731,000 against $24,731,000 in the corresponding quarter of last year.

Religious building awards increased 49% to a total of $32,942,000 in 1948. (15) The most distinctive feature of the religious building contracts was the increase in the number of nonresidential buildings which went to nonresidential religious building classification declined with hotel contracts down 39%, apart¬

ments, and private clubs down 36%. The single-family houses built by local builders for sale rose 35%.

The gains in awards for streets, highways, bridges, tunnels, and other public works for electric and light power, gas and mains, water supply, systems, and other public utility services and for buildings and engineers reported in the first quarter reflect a decline of 11%. These contracts include both publicly owned and privately owned facilities classified as heavy construction.

Thirty-nine percent of all building and engineering awards reported in the third quarter of 1947 were for public building contracts, while 30% were for industrial and commercial.

In the past, building and engineering awards tended to be concentrated in the public sector—governments, schools, and hospitals—while the commercial and industrial sectors comprised only 10% of the total awards. In the third quarter, the public sector comprised 49% of the total awards, while the commercial and industrial sectors comprised 35% of the total awards.

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WASHINGTON D.C.—While it, the boys and girls of the House of Representatives will in a day or so begin to learn just why it was that Speaker Sam Rayburn was so unusually nice to them this year as to give them a 10-day furlough for Easter, just like the rest of the kids.

Speaker Sam Rayburn was said to be as hopeful of results from a 10-day release from his little charges as a headmaster of any boarding school looking forward to meeting the little so and so’s after they have been exposed to a little parental discipline.

In this case the “papa” who will do the make up in all consists of the CIO and the AFL. This is because their little dears have always longed for their Easter vacation so that they can’t touch labor boys back home can ask what the dickens the little things mean by stoning past project to kill the Taft-Hartley act and substitute for it some venomous form of labor regulation.

The local committees of labor boys, the 160 or so, will meet, the Congressmen returning home prepare to rest. The things will not be adorned with flowers, it is said, and it will all be a surprise to the workers who expect to spend their Easter in secret hitherto has been kept well.

This procedure has been made necessary to the House Democratic leadership, as it views with some concern, the last resort to the bill as it stands, the goal of the Taft-Hartley law and enactment of a new labor status, a total collapse, it is said, to appear that as of this moment, the House is such that the Administration’s bill “at best” may be voted down and “at worst,” the Wood substitu¬tion bill, if non-essential, will be lost.

If the House Democratic leadership can make up only a dozen or so of a score of House members, all the more persuasive arguments of the Senate delegations, then the Administration’s goal is a good deal more the worse than by a substitute which may be to the benefit of Taft-Hartley, which is roughly what the whole thing is expected to produce.

Incidentally, Mr. Truman will be faced with a most unpleasant decision. It is anticipated in all quarters that the labor law re¬laxation bill, should it pass, will be a disaster to the already downcast morale of the employer hunting season. The law does not only hit the farm boys but the little good to the labor boys in the result of the employer quarry.

Thus Mr. Truman’s practical problem is to determine whether to take responsibility for the continued statutory existence of the Taft-Hartley act.

Industrial production can drop quite a few percentage points before there can be a terrific vol¬ume of unemployment and the selling of apples and big bread¬lines, it was inferred from one comment. In response to an in¬quiry, for many years was secret¬ive to the Secretary of Agri¬culture, as was asked recently about the effect upon employment which would be indicated by some such central indicator as a drop in the Federal Reserve Board Indi¬cator.

In Mr. Bean’s opinion, for every 10-point drop in the FR Board index, there was an in¬duction, there would be an in¬crease of 1% million, of unemployed in the United States. Mr. Bean did not anticipate any such production drop. This is his estimate of the amount only “if there were a drop.

In other and anonymous quarters, fairly representative of cur¬rent Administration thinking, it was estimated that this year for the most part will be a normal year, and the “squeezing" of the Senate will have an effect of 4 million, and not worse.

If John Carson is confirmed as a member of the Federal Trade Commission it is likely to find itself with a deter¬mined and formidable enemy. Mr. Carson, according to the late Senator James Murray, of Michigan, was an advanced “liberal” in his own day, but no more so than his secret¬ary. On the eve of the election, Mr. Carson made a radio talk as a Committee for industrial peace, declaring that the “reactionary Republi¬cans” were being bolder than ever and he, therefore, would support Mr. Murray’s candidacy for a seat in the Legislature.

But when, the Senate Democratic leader, threatened to prolong the festivities, he was ini¬ferentially serving notice on the OGP leaders that in Locs’s opin¬ion they won’t get away with it.

Under the Legislative Reor¬ganization Act, which is the proud creation of the Democrats in 1946, Congress declared its informal sentiments in favor of closing shop not later than July 1 each year. This is a creation of the House of Representatives, and the idea of Congress hanging around continuously through the war years to keep a close watch on how the Roosevelt Adminis¬tration was conducting war.

This July 31 adjournment rule does not bind the present Con¬gress, and it is only a small politi¬cal liability for the Democrats to have to kick over their own jet scheme. On the other hand, a bill of war the Congress has no hankering to hang around this humid town and live with dis¬agreeable legislation. Come July 31, the sentiment will be as hot as the weather for adjournment.

So the longer the GOP can pro¬long consideration of everything, the tighter will be the squeeze on the Administration leaders to take what they can get and be done with it, between early sum¬mer and mid-summer.

That is not to say there will be an extended session or a special session. The outlook for a pro¬longed Congressional sitting cannot be appraised as yet. Certain legislation like the At¬lantic Pacific, foreign aid, the Government Printing Office, and the extension of certain legislation expiring June 30, and appro¬priations, will have to be settled one way or another, a pro¬longed or special session may become unavoidable.

Here is the essence of the evolu¬tion of the Brannan plan for direct legislation. It provides to under¬write farm prosperity, as seen by old hands here:

Back in the early New Deal the Administration wanted to take money out of the open pockets and give it to farmers instead of calling for just that they have developed as part of a system of rationalizations, like parity income, soil conservation, and so on. The body of legal here by way of special direct bills, direct, are legally rationalized, in some ways, which makes some esoteric religion of the ancients look like a simple game of checkers. There are also rationalizations for relating each new step in the others became so tangled that Secretary Brannan just got the intellectual feet hopelessly entangled and decided to break the whole web and say simply he wanted to give farmers more for produc¬ing, without specifying just how.

Industry representatives here are worried about a new turn taken by a couple of members of the House Ways and Means com¬mittee questioning publishing and paper industry representatives who testify as to the effect upon their business of the average of 300% increases in second class mail rates proposed by the Post Office department.

This new stunt is to ask every company representative what his personal salary is, what the salaries of his assistants and so on. If this go on much longer, industry representatives are in a pretty fix, that they have been kept away from any Congressional Committee the other day.

(This column is intended to re¬flect the “behind the scene” inter¬pretations of some wink and may or may not coincide with the “Chronicler’s own views.”)

Robert M. Marks Joins
E. F. Hutton & Co.

(From the Financial Chronicle)

LOS ANGELES, CALIF.—Robert W. Raynor, former First Vice President of E. F. Hutton & Co., and senior partner of the firm, has now joined the firm as senior vice president.

With Morgan & Co.

(From the Financial Chronicle)

OMAHA, NEB.—Robert T. Flo¬rero has joined the staff of Walter V. Raynor, president of Morgan & Co., First National Bank Building.

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FINANCIAL CHRONICLE

WASHINGTON

And You

They have not yet found out about the new trend which is to forbid all decorations or gifts to the rich and famous. It is feared that they may be able to return the favor in return for the Easter furlough. The government has been working on this issue for some time now, and they have not yet found a solution. Some of the rich and famous have been known to give gifts to the government, so it is feared that they will be able to return the favor. This is a serious problem, and the government is working hard to find a solution.