The Economic Horizon: Cloudy, but Not Murky

By MALCOLM P. MCNAIR*

Professor of Marketing
Harvard Graduate School of Business Administration

As economic forecasts have become a regular feature, the question has been raised whether the economic horizon is cloudy or murkier than before. The answer is that the horizon is cloudy, but not murkier. The horizon is cloudy because of the uncertainties that surround economic predictions. The horizon is not murkier because there is still a hope that the economy can recover.

The horizon is cloudy because of the uncertainties that surround economic predictions. The horizon is not murkier because there is still a hope that the economy can recover. The clouds are due to the uncertainty of the future, the uncertainty of the response of businesses to changes in the economy, and the uncertainty of the government's ability to respond to changes.

As for the horizon, it is not murkier because there is still a hope that the economy can recover. The horizon is not murkier because there is still a hope that the economy can recover. The horizon is not murkier because there is still a hope that the economy can recover.

*An address by Prof. McNair before the Comptrollers' Congress Convention, Detroit, Mich., June 16, 1949.
The Coming Market Upturn

By JACQUES COE

JACQUES COE & Co.

Market expert maintains current atmosphere of confusion, uncertainty and fright signify prudences time for long-pull accumulation of equities. Asserts this prediction substantiated by behavior of bond market and of ratio of speculative to industrial market which once starts, reduced margin requirement will prove important stimulant.

In my opinion the stock market during the remainder of June and all of July should be making a substantial base in the following. The daily and gographically does not indicate the pessimism of the little trader. Since the first week in May the public has been more on the selling side than is true and, coincident with the short selling figures, have been far above normal.

Of course in the past there have been instances where the little trader was "right" for a brief period, but they are exceptions. We are quite sure that a reduction in withdrawal requirements such as took place recently cannot be of any help in bolstering the public market until and unless there is the will to buy. Some people in 1945 we criticized the imposition of 100% margin (which was an attempt to stop rising prices) by saying that when speculation was "in the blood" 50% margin would not stop it and that if and when the market was in a downward trend of readjustment, a 50% margin would not stop the decline. This is exactly what has happened. Even today a further reduction of margin would have no lasting effect, so long as there is not the will to buy.

"You can't light a fire when the wood is wet." You can't make a butterfly strong; you can't bring a pig out of a pig pen when it ain't quite good, and you can't fix a man when he's wrong."

(From "In Goin' Wash That Right Night Of My Hair", from the current play, "South Pacific").

You can't boost the market with a margin cut. Or wepher chimes that buffet the air:

"It's useless to cry "this is when one should buy" when the will or the will isn't there!"

But, once we get a turn about on the upside and there is a will to buy again, then the 50% margin cut will create a potential buying power from two to three or more times what it was a few months ago. One is able to buy at a lower price level and, with greater margin privileges. For the moment, of course, this argument is purely theoretical because psychologically the lower the lower the lower the lower the potential buyer becomes.

The Propitious Bull Selling

For four consecutive months bull-selling has been a popular game in the bull market area have declined. We are now in a period of business, industry, merchandising and security appraisal where an atmosphere of confusion, uncertainty, fright and complete disintegration of reasoning powers prevail. It is such a set of conditions which bring about the end of bear markets and accumulation periods. It is in a set of conditions exactly opposite to that which signified the end of a bull market in 1946. The pity is most of these forces both in business and in the stock market which tend to over-adjust themselves to changed conditions, create by this over-adjustment many retail constructive forces which form the texture and the fabric and the background for the succeeding upward cycle.

In our study of long-term cycles going back a minimum of 50 years, the year 1949, or at least a substantial minority of years, has had such a rise. If we do get a substantial upward in the stock market during the last six months of 1949, it will be one of the rare instances in cyclical history where a recurrent pattern has failed to decline.

Realizing our inability to divine business progress and deterioration before the next man, and endeavoring like so many other people to hang on the last bit of very pretty good formulas which have proven, their worthlessness in the past, we have over a period of years manufactured, so to speak, what we call the parameter of bond price averages plus a calculated index of confidence consisting of a ratio of low-priced speculative stocks to high-priced investment issues, covering identical industries. This combined index, which was of inestimable value to us in the spring and summer of 1948 in anticipating the nature of danger signals, has since then given temporary encouragement on several occasions, only to fall back again with the learning that the security market was not yet ready to go down. So far, the net result has been that we had found in forecasting certain security price swings the bond index more reliable than the ratio index and, in other instances, vice versa—which naturally led to a creation of the composite index. It has been an excellent guide to market swings, enabling the mind of capit al in appraising the future, making cautious steps in the direction of higher markets to come, and when this outlook suddenly has turned cloudy; swinging around into the other way some time before security price deterioration set in again.

This spring, for instance, as we thought we saw some encouraging signals in the wind, we immediately therewith the signals forewarned us. Let us, while our valuable forecasting ability has been at certain rare intervals when for two or three successive weeks this combined index would prove to be the actual market itself and invariably tell us just what was about to happen.

What now? There has appeared no constructive development in the market this month. A further attempt to hold the current will probably be to hold the current will be to hold the current. What it proves is that bond averages have not declined in their usual proportion to the decline of the market, and further the belief that the business recovery is more tentative and eventually constructive. But the secret in the fact that this ratio of speculative to investment stocks, while not yet showing any signs of some remnant of this ratio has reached into a low area which has held before only in 1937 and 1932.

It is with a certain amount of course, to the market that we now expose ourselves to possible criticism in our long prediction, by making the assertion that when the turning point in the market is in the process of taking place we hope to sense it. Identify it through the exponents index and see there at the time. Neither the price nor the trend of the market has been far away that one should not continue to wear dark glasses. Throw them away.

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Restoring Price-Wage Balance, A Readjustment Problem

By Q. FORREST WALKER
Economist, H. M. & Co., Inc.

Leading expansion during boom is chief cause of postwar "economic hangover," marketing economist points out government spending in form of "free lunch" in economic world will intensify, but not remedy situation. Sees no political substitute for private venturing, and calls for restoration of price-wage ratio as key. Looking ahead, he foresees a sustained and con-
tinued downward trend of retail sales, with revival "perhaps in next 12 months."

Great modern wars produce profound economic and social dislocations. They are invariably followed by replacement booms that create new and additional distortions in the economy. Our recent replacement boom pushed our annual physical production of goods up to twice the 1929 rate. Somewhat more doubled wholesale prices, tripled the dislocation of the home of our people and enterprises, and precipitated an increasing annual dollar volume of department store sales. It lasted somewhat longer than we expected, due in part to a fortuitous conjunction of circumstances, including underestimation of its potential.

It has long been obvious that severe and possibly permanent dislocations could not be maintained and that the future put in motion to secure a safe basis for future progress. The distortions that have now been underway for several years; they are spreading over a wider area; and the e-c is not yet in sight.

Uneven Expansion During Boom

There really is no great mystery about the distortions. Postwar replacement demands vary with the supply of goods and services. Some require immediate satisfac-
tion; others can be postponed. Some can be met quickly; and others require long periods before the final adjustment is possible. Some are met by increased factory production; others by a scramble upon the bounty of nature. During this period of secular prosperity, a small economic group tries to get its share of the spoils. Prices and costs of living for all groups of people relationships become greatly dis-
torted. These distortions need an governmental intervention to favor certain groups.

When the more urgent demands have been met, people decide to curtail their buying because they are not satisfied with values, or are unable to buy at the prevail-
ing prices. For a time, business activity is well maintained by backlogged orders, but production soon begins to flow faster than it can be sold at the old prices. Stocks begin to accumulate and forward orders are slashed dramat-
cally. Price weakness develops here and there, and soon spreads. Buyers wait for better prices or values. Both reasonable and un-
reasonable prices are affected. Production drifts downward. Several hundred of workers are needed to produce goods and serv-
ices in current demand; and the volume of production is cut off slowly to lower levels.

Psychology of Economic Recovery

Naturally, such readjustments cannot be wholly painless. Eco-

nomic distress is alleviated by new company by varying degrees of distress and anxiety, and often, a "deflationist" psychology. Uni-

dividuals are satisfied, every minor adverse change is "newsworthy." It is

"an address by Mr. WALKER at McGraw-Hill's Convention of the New York Society of Security Analysts, New York City, June 30, 1949.

Today's Investor and Security Analysis

BY J. M. GALANES
President N. Y. Society of Security Analysts

Associated with Research Dept. of Shields & Co.

Mr. GALANES on the subject of "Investor's handbook of Stock Ex-
dange, despite nation's large and growing number of shareholders.
Litz functions, techniques and opportunities of security analysis, with favorable and unfavorable aspects. Weights relative importance of fundamental analysis vs. technical analysis.

The latest and most reliable estimates place the number of individual stockholders of the nation in the neighborhood of eight million. While the figures for the present are not a great deal higher than in the past, it is still substantial.

"No one knows for sure. American Telephone & Telegraph is credited with 100,000 stockholders. A number of the larger corporations, however, are still reporting in terms of "circular families.""

Wall Street today is the largest club in the world. Questions: 1. Does Wall Street have any customers? 2. How can Wall Street attract its own customers' rackets?" What many Wall Streeters today would like to answer is: "Who is the customer?"

As one member of the financial community recently remarked, "a considerable portion of the Wall Street "own door" club is a "hang-over" from its own terrors. It is a fact that Wall Street has had any new blood that it doesn't know what to do with, and in the market is left to do it alone for itself. It is not much of a customer..." How does Wall Street attract its own customers?"

The Security Analyst

This role of teats is the habit of the analyst...the security analyst— who analyzes a member of what is called one of the noblest of the professions, the analyst is a vital link between the corporation and its stockholders. It has been said that he is the "policeman" for the corporation and the "friend" for the investors or, the "watchman" for the worker in the financial com-

New York is the nation's largest city, and it's the great Wall Street. The New York Stock Exchange is a unanimously hetero-

geneous world of billion dollar brokers, one of the largest stock brokerage companies in the world. In 1948, it had 77,000 member-

New York Stock Exchange, has re-

ported that of 270,000 active ac-

counts in 1948, 36% belonged to persons earning less than $20,000 per annum. There is a great deal of evidence that the public is being dumped into securities on which it cannot make a profit. There is a great deal of evidence that the public is being dumped into securities on which it cannot make a profit. Investors are specialists, with activities confined exclusively to bonds, or to stocks. Stock analysts, in turn may break down in specialists in railroad or utility securities or to a few specific industries like oil, steel, building, food, retail trade, insurance companies, etc. It is a mental and physical impossibility to become well versed in all the many thou-

The security analyst should be a good representative of the corporation's interest. Some are affiliated with buyers of securities. Others are independent, others are investment counselors. A Wall Street analyst must be an independent, otherwise, others are investment counselors. A Wall Street analyst must be an independent, otherwise, otherwise.

Status Formerly Low

It was not too long ago that the status of the security analyst was termed "statistical" and analysts were called "statistician" with a feeling that the financial reward comparable— to third class Clayton's and laborers—possibly deservedly so. They were not, fact, mainly custodians (Continued on page 2)
Lindstrom with Waldron

The Observations

By A. WILFRED MAYS

Common Stocks in Store Fronts—

Apathy toward the stock market and equity financing has finally come to a point that is sufficient to arouse the active concern of our most august government officials. Following a Congressional resolution, the "anomalous" action on the part of a dozen or so stocks, in the face of high business profits is soon to get a full-dress allocation of a detailed study. Whether the Finance Department, the Federal Reserve Board, the Bureau of the Budget and the Census, members of the Joint Economic Committee, the Senate, and—and of course, Mr. Keynes—will soon come together and by one of our correspondents presumably will not receive close consideration. Such conviction has resulted its greatest fillip from the success in the well-regulated distribution of open-end mutual funds (in contrast with the continued apathy toward the unmerchandised better-value closed-end trusts). Wall Street's success there with the old "Pallie Brush technique" is finally convincing it that the American public must be sold in the American way.

Whether or not it is agreed that brokers' products should be displayed, and possibly delivered by parcel service, we believe that the following communication from Mr. Blount is worth reading.

Dear Mr. Blount:

How about starting a few retail stores throughout the country to offer sales and bargains in common stocks? The financial community has been singling the blues because folks aren't interested in stocks, so a fresh approach might just as well be tried. It can't do worse than what the Wall Street journals now do.

All the textbooks tell us that the uninformed public does its buying on the run, and perhaps we should go after this to the people who have lost money in the market and who, by their tales of woe, influence friends and relatives. In it you wonder that it takes a lengthy period of real prices—with its stories of easy money—to encourage the vast number of the people to make an investment. The public can be persuaded to purchase common stocks at lower prices, two things will happen: first, there will be better support for stocks at reasonable levels, and second, there will be fewer people to pay the exorbitant prices prevailing at the tops of some past bull markets. Perhaps we will "roll down the plateau of lucky or smart few, but the investing public will be better brought to the brokerage community cease to fear one year and starve the next.

Retail stores selling stocks and using the same language and merchandising methods that apparel and other stores do to get business, could help carry the "barrel-aim" idea to the public. A stock could be offered at 313.75—"down from 298.56." A purely business-minded approach would work. Or we could follow the procedure of the service-bank or brokerage firm. Stock certificaties of important companies (marked specimens or sample) could be displayed, as could pictures of products or, to the extent resources are available, the products themselves. Since customers often like to "feel the goods" or receive something tangible when they make a purchase, 9-ctal half-ball pins (they're better than the first expensive ones we could be

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Lindstrom with Waldron

The Coning

Market Upturn

(Continued from page 2)

largest corporations. When prices are moving in the opposite direction, scrambled; conversely, when prices turn down, the big fellows are selling and small fellows are buying. These trends are an indication of the market's mood. This cycle has been going on for centuries and will continue until the end of the world.

The strange part about it all is that, though the sporadic sequence, few people realize that inventories are running down and will have to be replaced in order to and to maintain operations are neither expressed in dollars nor in normal practice.

Again, human behavior being what it has been and history repeating itself, the trend of secular prices will be changing from bear to bull several months before the change in business is apparent to the naked eye.

From a timing standpoint, pos- sibilities that the turning point, the ground work will have been com- pletely laid. The outcome of our largest international trade organizations has just completed a series of meetings in New York, the United States, having access to the most important spokesmen, literally, throughout the country. He thinks that the world economic situation is such a strong position by getting rid of dead wood, frozen inventories, unusual, but that not, what he foresees a tremen- dous revival of confidence in business and industry through- out the world during the last six months of this year.

In this article we do not refer to European politics and business trends—or their effect on our do- mestic economy. We are going to hold to the belief that the forthcoming ad- vances in securities prices are in great part due to upward reaction from excessive demands on credit in the foreign market should be more dominate in 1950 and 1951.

Jarvis Named Pres. of

Univ. Finance Men

N. Leonard Jarvis of Harris, Stone & Co., members of the New York stock exchange, has been elected President of the New York Finance Officers Association, the oldest of its kind in the United States.

Jarvis has been active in regional finance events for many years and is President of the New York Society of Security Analysts and the American Society of Customers' Brokers. He is also Secretary of the National Association of Investors' Brokers.

With A. M. Kidder & Co.

A. M. Kidder & Co. (Stocks to the Financial Community) SAINT FRANCIS, MO. — Raymond De- moul Scribner has become affiliated with A. M. Kidder & Co., 400 Beach Drive.

Lindstrom With Waldron

The State of Trade and Industry

Increased output of some goods the past week was sufficient to neutralize in part declines in others and thus worked to sustain overall industrial conditions at fair levels through the rest of the responding period of last year.

The latest and most figures with respect to total claims for unemployment insurance covering the week ended June 4, 1950, show that these claims fell 5.6% from the postwar peak of the preceding week, but continued to be well below the level at the end of May. The same week initial claims declined 7%, representing the fourth consecutive drop in initial claims for the month. The figures also show that there has been a fall in the number of workers now receiving unemployment insurance benefits. A substantial decline in the number of workers now receiving unemployment insurance benefits is now apparent.

Stress the necessity for team-work on the part of labor and management in bringing prices in line with the cost of living. Mr. Lindstrom has had great emphasis placed on the "Monthly Letter" of the National City Bank of New York for June, states that if the foregoing figures of our economic "together can increase man-hour output and reduce unit labor costs to bring down prices to lower levels which buyers now demand, break-even points can be reduced."

"It follows from the foregoing," the bank letter observer, "that the most harmful influence which could possibly be injected into the situation would be another round of wage advances, which would raise industrial costs and make the necessary increments in industrial prices impossible. Advances in wage rates heretofore have had an inflationary effect. They came at a time when people and pipeline industries were doing really, very slowly increasing, and when higher costs and prices could be readily passed on. Now the daily reports of business show that the markets for both goods and labor have changed, and farm incomes are declining. Increased wages and prices and perhaps conditions when labor curtail sales of goods, and hence production and employment. The real interest of factory workers is in maximum production of the goods they bring forth, not in higher money wages which lead to disruption of the exchange of goods between them and other groups of the population, and thus to idleness."

"Many people have lived under illusion during the inflationary period and have now realized it's too late to stop. The volume of business was unavailable for a time, because demand was swollen to fill accumulated demands to the ant. Now, the business is to adjust to lower price levels and more competitive conditions than it was to hand the goods."

"While the industrial workers generally and farmers as well have not only the highest money wages, but the highest standards of living that have ever been enjoyed by any society. In this country the competition for labor has continued preserved under the conditions that now present themselves, but as in the past, competition in the country, largely unable to maintain a structure in the balance that is necessary if trade and investment are to go on."

"It is natural that the adhesion of labor, unions are pressing new demands for wage increases and other advantages such as pensions and social insurance programs. These demands, however, are not going to be met by employers in the same manner with which the volume of business is also.

The so-called stabilization walkout ordered by John L. Lewis, United Mine Workers, for the last time to an end at the close of last week with most of the country's major strike wages back in the pits on Monday of this week. The present bituminous situation presents clearly the kind of condition to which the nation as a whole was exposed as early as June 30, and negotiations for a successor contract will begin this week.

Negotiations between the United Steelworkers Union and several steel producing companies for wage increases and insurance programs have been reaching critical stage in the last week. The steelmakers will await the outcome of United States Steel Corp., negotiations before setting new terms.

In view of this, being a possibility of a steel strike this summer cannot be ignored, the steel magazine points out, even though the continuing business recession places the union in a decidedly weak bargaining position.

Attractive promotions coupled with favorable weather induced consumers to increase their purchases last week. The dollar volume of all retail sales was the same moderate increase in the buying week in 1941 with a wide variety of goods featured in promotions for Father's Day.

Wholesale prices continued for slightly less goods than in the preceding week. The aggregate dollar volume of wholesale orders was moderately below the high level of the comparable week a year ago. Buyer interest in Fall merchandise continued to rise and collections, generally, improved as compared with those of recent months.

STEEL OPERATIONS FOR CURRENT WEEK SCHEDULED AT 64.4% OF CAPACITY, THE LOWEST RATE IN 5 YEARS

By the end of this month steel company order backlogs will have disappeared for all practical purposes. Business is generally on a very sharp upswing, with the month's output of steel products. The only orders on the books in most products are those that must be filled on orders placed in producing and national metabolizing workweek, in its current review of the steel trade.

Backlogs still exist in some products such as plate, oil and gas line pipe, rails and structural shapes. Most of these orders are involved in long-standing and back-overdue orders, or pocket, expenses. On the latter type products, which depend almost exclusively on the cost of goods sales, comparatively few new orders are expected. Except for tinplate which has already been made on customer orders and is being stocked at the mills, there is no evidence of buyer concern about the availability of steel in the future.

This lack of concern about future deliveries, the magazine notes, stems from relatively high inventories and from

(Continued on page 35)
Outlook for Oil and Natural Gas Industries

James B. Black
President, Pacific Gas and Electric Company

From the joint view of utility company management and the oil and natural gas industry, one is based upon somewhat contradictory factors.

In the northern section of California served by Pacific Gas and Electric Company, the market for gas is in a low price state—so low that in the 30 years since natural gas was first introduced it has become the most extensively used fuel in the state. This is the result of widespread gas delivery activities, for the natural gas market is one that grows by mass utilization—both for process and for household heating.

In the southern section of California, the market for gas is one that has not yet come into being. The resulting state of the market is one that is characterized by the absence of widespread utilization of natural gas and by delays in the development of large natural gas reserves and the institution of production. The market for natural gas in the southern section of California is one that is based upon somewhat contradictory factors.

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Trust Function Responsibility In Preservation of Capitalism

by Benjamin Strong,* President, United States Chamber of Commerce

Leading trust company officials stress modern trust responsibilities in investment of funds and hold it is one of major functions in keeping nation away from "stateism." Says investment management should be hand-tailored, as no formula can possibly meet needs of more than one trust. Urges bankers and trust officials take leadership in solving certain economic problems. Scores excessive taxation as reducing risk capital.

I have been asked to speak to you, who are predominantly commercial bankers, from the point of view of the trust company—the simon pure variety that, of course, does something itself primarily to the exercise of its trust powers.

From Trust Functions. Then came the 20's with high stock prices, renewed and almost overpowered investment in industrial and robber baron security affiliates, etc., with results that were frequently unfortunate to the trust end of the business.

In the years after 1925, these experiences brought an exaltation of trust and business and political affairs. The small trust business went elsewhere as a result of these two influences. The excesses of the 20's on the one hand, and the extreme caution of the 30's on the other.

Now we find ourselves in the 40's. It it seems likely either that we will have two wars, including a depressionAccentuated in between them, a depression that will be a development of that of the 20's, or that the business banking of the 30's will be continued. It is possible that the depression will be less severe and that the banking business of the 40's will be similar to the 30's.

Now, in the Newspaper of the 40's. It will be a new century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banking century. It will be a new banking century that will be a new banks that will be a new banking century.
Outlook for Oil and Natural Gas Industries

(Continued from page 6)

to meet it. In the last 10 years, the nation's rate of oil use has increased approximately 30 per cent. To meet this demand, people are using more oil per capita, but our population is increasing at a new record rate of approximately 2,000,000 people by 1975. Within 25 years, we may expect that national consumption will shoot up from its present figure of 4,000,000,000 barrels a year to 10,000,000,000 barrels.

Industry's search is in many directions: under the sea, deeper into the earth and into unexplored areas. Already, one company has probably produced 30,000 barrels of oil from rocks 3,000 feet below the surface. Other companies are at last seeing their expensive years of geophysical work pay off as they begin to probe for oil beneath the sea. 

Exploration and drilling on land and under water is expensive business, and is combined with heavy capital requirements which may arise. 

In the search for new fields, the industry is increasing their efforts on a large scale. Some of the more important of these developments have been noted in the past, but little has been said of the newest and most recent methods which have been developed. 

In 1882 discovery of oil at the Spindletop field in Texas by &-e	&

Wirt Franklin

President, Franklin Petroleum Corporation

In discussing the current outlook for the oil and natural gas industry, I will confine my statement to one phase thereof which I believe has received little consideration: the position of the cooperatives within the industry and government. In my opinion, the position of these cooperatives will assume increasing importance in the years to come.

While in France in recent weeks, I learned that the governments of France and Britain were making plans to seek an allocation from the Economic Cooperation Administration of millions of dollars for the purpose of constructing additional refineries and improving the capacities of existing refineries. From information I received, if these requests are granted, the capacity of these refineries would be increased by much more than the present demand of Europe and Africa. The crude to supply these plants would be obtained from the Near East.

We should realize that the American companies with developed production of crude oil in South America and the Near East are now competing for that oil in Europe and Africa, which would force the French and British governments to divert their resources to the Near East. The French and British refineries to be constructed in the Near East are going to be used by the French, British and American companies to supply Europe and Africa with crude oil. This crude oil would have to be purchased from American nationals owning and developing oil properties in the Near East.

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NSTA Notes

BOND CLUB OF LOUISVILLE

The Bond Club of Louisville will hold its annual outing Friday afternoon and night July 8 at the Sleepy Hollow Club. At the meet- ing the election of officers for 1960 will be held. The following slate has been presented:

President: Henry Christman, Jr., 170 E. Chestnut St., Bloomington, Illinois.
Vice-President: William Coniffe, Merrill Lynch, Pierce, Fenner & Beane, Chicago.
Secretary: Clarence L. Jones, Citizens & Southern National Bank, Atlanta.

The Bond Club reports that urban J. Alexander, W. L. Lyons & Co., the President, is now home from the hospital where he was confined for over a month following a heart attack suffered at his office.

NATIONAL SECURITY TRADES ASSOCIATION

The Annual Convention of the National Security Trades Association will be held at the Broadmoor Hotel, Colorado Springs, Colo., Oct. 5 to 9, with the Bond Club of Denver acting as host for a day in Denver on Tuesday, Oct. 7.

Special trains will leave New York Sunday afternoon, Oct. 2, and Chicago, Monday, Oct. 3, arriving in Denver Tuesday morning, Oct. 4. The cost will be approximately $250 from New York and $140 from Chicago per person on the basis of two occupying a compartment. This will include round-trip rail and Pullman, all meals on the train and occupancy of Pullmans over night while in Denver, but will not include hotel rooms at Colorado Springs. All reservations for hotel rooms must be made individually through the Association. Further details will be released about July 1.

Dealer-Broker Investment

Recommendations and Literature

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


Canada: A New Frontier in Oil—Study—Rachle & Co., 26 Wall Street, New York 5, N.Y.

Also available are bulletins on Tin Canister and Long Prospective for Depressed Stocks.

Gold: A change of Sentiment—Study—Milner, Ross & Co., 39 Bay Street, Toronto 1, Ont., Canada.

Motion Pictures—Circular—Hirsch & Co., 2 Broad Street, New York 4, N.Y.

Over-the-Counter Industrial Stock Index—Booklet recording 10-year performance of 50 industrial stocks—National Quotation Bureau, Inc., 19 Front Street, New York 4, N.Y.

Steel Making in America—Brochure—United States Steel Corporation, 1 Broadway, New York 6, N.Y.

Stockholder Democracy on the March—E. C. Potter, Jr.—Georgeon & Co., 52 Wall Street, New York 5, N.Y.

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Outlook for

Oil and Natural Gas Industries

S. B. IRELAND
President, Cities Service Gas Company

As an industry, the natural gas business gives promise of further growth. New natural gas fields will be largely influenced by construction of new transmission lines to new territories, and the expansion of existing lines.

It has been stated that an expenditure program of almost $1 billion was estimated for the construction of pipe line companies for 1949 and the immediately ensuing years. The trend of natural gas is toward transmission pipe lines. This, together with field developments, should result in increased deliveries of natural gas and the increased use of gas for other purposes, such as for power generation.

The outlook for the natural gas business in 1949 is one of optimistic growth. It is expected that new projects will be built in all the major gas producing areas, especially in the Gulf Coast area. Demand for gas will continue to increase, and new sources of supply will be developed. The industry is in a period of expansion, and there is every reason to believe that future growth will be steady and substantial.

EUGENE HOLMAN
President, Gulf Coast Oilfield (N. J.)

The postwar boom has passed its peak. Ability to supply consumer needs has forged ahead of demand. Sellers' markets are obtaining a somewhat more equal competition. Anticipated adjustments in operating levels have been made. As a result, the general level of prices has been reduced moderately from its postwar peak. Though the decline has been slight, and perhaps not as pronounced in all cases as in the early part of this year, we believe the present immediate trend is toward a further reduction of operating levels.

In view of these changes in conditions, we may now expect to see more growth in production of natural gas than we have seen in the past. The need for more production of natural gas, in order to meet the increased demands of industry, is amply justified. The natural gas industry is in a position to meet the increased demand for gas, and we expect to see a continued growth in the production of natural gas.

GORDON R. KAY
President, Bay Petroleum Corporation

Supply of crude oil in the United States is in the hands of the consumer, and the demand for crude oil is believed to be increasing. The price of crude oil will continue to be influenced by the demand for oil, and there is every reason to believe that the price of crude oil will continue to rise in the near future.

The demand for oil is expected to increase in the near future, and the price of crude oil will continue to rise. The demand for oil will be influenced by the demand for petroleum products, and the price of crude oil will be influenced by the demand for petroleum products.

The United States is in a position to meet the increased demand for oil, and we expect to see a continued growth in the production of oil. The demand for oil is expected to increase in the near future, and the price of oil will continue to rise in the near future.
Price War in Alcohol Industry Ends

By JOHN C. LOESER
Consulting Economist

Mr. Loeser, reporting price advances by leading industrial alcohol producers, looks for increased imports in industry. Foresees in move higher prices for the renewal of price war in industry.

Beginning July 1, the industrial alcohol producers will be back on price schedules that will permit them to operate at a profit. Even if market prices that barely covered cost, they have moved their prices up to a point where they will enable them to operate at a profit black for a change. The industry is not threatened, at least not so to speak soon in the near future, when I made last November when the industry was at its lowest point.

John C. Loeser

New Jersey Bond Club Elects C. B. Parker

Mr. Parker of R. W. Presnich & Co., New York City, was elected President of the Bond Club for the current year. Other officers elected are: Secretary, J. W. Smith, Barney & Co., New York City; Vice-President, H. J. Miller of Nugent & Igoe, East Orange, N. J.; Treasurer, J. W. Ross, New York; and Albert I. Weisenborn of Parker & Weisenborn, New York. Mr. Weisenborn is a prominent industrialist and is well known in New York industrial circles.

The Bond Club of New Jersey held its outing at the Rock Spring Country Club, West Orange, N. J., on June 24. Harry D. Miller was the Day Chairman. Pictures taken at the outing are shown in this week's issue of the "Chronicle."

Homer W. Luttonton

ALBON, N. Y. — Homer W. Luttonton is again in a position to do business from offices at 17A North Main Street. (Continued on page 41)

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The Omnipotent State and Private Lending

By CLYDE WILLIAM PHELPS
Professor of Economics, University of Southern California

Atrocious attempt to control consumer loan field, as indicated by Regulation W, furnishes example of feather bedding that is slowly undermining private enterprise, Prof. Phelps contends it can lead to an Omnipotent State. Sees danger of governmental controls extending to other sectors of the economy and as how in this direction: 1) hegemony of an enterprise until it fails to function satis- factory; 2) publicizing such failure; and 3) proclaiming all.

The consumer loan field is as good an example as any to illustrate the process whereby government gradually establishes the Omnipotent State by slowly undermining private enterprise. To begin with, the case of Regulation W is instructive. This Regulation never

Dr. C. Wm. Phelps

Commonwealth Gas
Danciger Oil & Refining
Delhi Oil
Mobile River Fuel
Mountain Fuel Supply
Petroleum Heat & Power
Republic National Gas
Southern Production
Southern Union Gas
Southwest Gas Production Co.
Tennessee Gas & Trans.
Texas Eastern Trans.
Texas Gas Transmission
Western Natural Gas

Bought — Sold — Quoted

SCHERCK, RICHTER COMPANY

Landreth Building
Bell Telside
St. Louis 2, Mo.

Gerfald, 0225
L. D. 123

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Outlook for Oil and Natural Gas Industries (Continued from page 10)

Some adjusting of lumber prices was required for the good of the industry. However, the trend of demand for natural gas is expected to continue, and with the Great Lakes water levels beginning to rise, a large amount of industry is required to use the natural gas available in the area.

Agriculture and industry are the main consumers of natural gas. The demand for natural gas in agriculture is expected to increase as the prices of other fuels remain high. The demand for natural gas in industry is expected to continue as well, with the use of natural gas in the production of petrochemicals and other industrial products.

The demand for natural gas in transportation is expected to continue to increase as the use of natural gas in trucks and buses becomes more common. The demand for natural gas in residential use is expected to increase as well, with the use of natural gas in heating and cooking.

The supply of natural gas is expected to continue to increase as new fields are discovered and existing fields are expanded. The demand for natural gas is expected to continue to increase as well, with the use of natural gas in the production of petrochemicals and other industrial products.

The price of natural gas is expected to continue to increase as the demand for natural gas remains high and the supply of natural gas remains limited. The price of natural gas is expected to continue to increase as well, with the use of natural gas in the production of petrochemicals and other industrial products.

The outlook for the oil and natural gas industries is expected to continue to be promising. The demand for natural gas is expected to continue to increase as the prices of other fuels remain high. The demand for natural gas in industry is expected to continue as well, with the use of natural gas in the production of petrochemicals and other industrial products.

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Monetary Stability
And Convertibility


Vice-Chairman, Lloyds Bank, Ltd., London

High ranked bank reports that most of the overlapping war dislocations, but contends restoration of currency convertibility is not feasible until Sterling Area deficit on current account is eliminated and Western Europe crises to convert into dollars their export surpluses. The Sterling situation on capital account has improved greatly in last year, and concludes creditor nations, particularly U.S., should establish more liberal commercial policies in order to restore non-discriminatory multilateral trade arrangements.

Five years ago I was, as it happens, attending an international conference at a place not very far from here, Bretton Woods. The great experiment of the Bretton Woods Agreement as conceived then envisaged a transition period of possibly five years before the flood gates of the new world expose the monetary system to the full effects of international trade. It is true that as yet, owing to various circumstances beyond their control, these new institutions have not been an outstanding success, and only a minor part in post-war monetary developments. Now that the dislocations of the interwar period is being overcome, Sir Jeremy Raisman, G.C.I.E., K.C.S.I., in a recent article in the Financial Chronicle, states that the time is approaching when they may be expected to play a more prominent role. Fortunately, these great institutions, which are the foundations of a new regime of exchange, are probably more appropriate to the conditions of the twentieth century.

"Modernization of the Old Standard"

The Bretton Woods philosophy has been called both a "destruction of gold" and a modernized version of the gold standard. It departs from the traditional gold standard "rules of the game," which were set during the nineteenth century, only to the extent demanded by the fact that the rise of trade and industry has modified the fundamental conditions under which the gold standard can operate beneficially; for when not so modified, the credit of which may be eroded from time to time in defense of a rigid external parity does little more than operate to the detriment of the whole economy. Hence the stability which the Bretton Woods agreements aim to secure is one period to periodic adjustments of the exchange rates of countries whenever "fundamental disequilibria" are manifest themselves. Further, exchange rates are fixed, as capital account is envisaged as possible in the short run. Major disagreements will not be permitted in the new system. This will be regarded as by those who re- member the unrestricted freedom of gold standard days, it has been foreseen that the effect of the recent dislocations of the massive flight from other European currencies will be disruptive and not on our system stability during the interwar period.

At the end of the war, as many of us know, the British government of that time, Austen Chamberlain had foreseen, the worst effects of the great financial crisis. They permitted the immediate establishment of sterling Area to Western Europe crises to convert into dollars their export surpluses. The Sterling situation on capital account has improved greatly in last year, and concludes creditor nations, particularly U.S., should establish more liberal commercial policies in order to restore non-discriminatory multilateral trade arrangements.

*Introductory speech by Sir Jeremy Raisman at Second Plenary Session of the Quebec Congress of the International Chamber of Commerce, Quebec, Canada, June 14, 1949.
Outlook for Oil and Natural Gas Industries

(Continued from page 12)

Thus the oil and gas industries in general, while not possessing all the resources that have led to the production of extraordinarily large volumes of oil, are better balanced than they were a few years ago. More people are working at it, and the same or more capital is being invested. There is less over-capitalization and speculative buying. There are more experienced men and more conscientious workmen. There is better management and more efficient practice. The industry has learned to live on its own, and this is a very important factor. We are not so dependent on the outside world for our raw material supply. We are a little more self-sufficient than we were a few years ago. This is very important for the future of the industry.

Currently, there is a high demand for oil products, especially gasoline and diesel fuel. The price of oil has been rising steadily. There is concern about the impact of this increase on the economy. Some economists believe that the increased cost of oil will lead to a decrease in the overall demand for goods and services. However, other experts argue that the economy has become more resilient to such shocks.

In the long term, it is expected that the oil and gas industry will continue to be a major contributor to the country's economy. As the demand for oil and gas products increases, the industry will have to adapt and innovate to meet the changing needs of consumers. This may involve the development of new technologies, such as alternative fuels, or the expansion of existing ones, such as nuclear power.

The outlook for the oil and gas industry remains positive, but it is important to note that the industry is facing significant challenges. The increasing cost of extraction, the need for new and innovative technologies, and the ongoing debate over the environmental impact of oil and gas production are just a few of the issues that the industry must confront in the coming years.

FRED W. SHIELD
President, The Independent Petroleum Ass'n of America

In an industry as complex as the petroleum industry, few companies, if any, can afford to be complacent. Each company must continually assess its own situation and make adjustments as needed. The current environment is characterized by a high level of uncertainty, and companies must be prepared to respond quickly to changes in the market.

The outlook for the oil and gas industry is uncertain. While there is a high demand for oil products, the price of oil is volatile and can change rapidly. This can have a significant impact on the profitability of companies in the industry. It is important for companies to have a robust financial strategy in place to ensure they can weather the ups and downs of the market.

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The outlook for the oil and gas industry is uncertain. While there is a high demand for oil products, the price of oil is volatile and can change rapidly. This can have a significant impact on the profitability of companies in the industry. It is important for companies to have a robust financial strategy in place to ensure they can weather the ups and downs of the market.

In the long term, it is expected that the oil and gas industry will continue to be a major contributor to the country's economy. As the demand for oil and gas products increases, the industry will have to adapt and innovate to meet the changing needs of consumers. This may involve the development of new technologies, such as alternative fuels, or the expansion of existing ones, such as nuclear power.

The outlook for the oil and gas industry remains positive, but it is important to note that the industry is facing significant challenges. The increasing cost of extraction, the need for new and innovative technologies, and the ongoing debate over the environmental impact of oil and gas production are just a few of the issues that the industry must confront in the coming years.
Implications of British-Argentine Trade Pact

By DR. PAUL EINZIG

Commenting on U. S. disapproval of the Anglo-Argentine Trade Agreement, Dr. Einzig, though admitting it is detrimental to interests of American exporters, contends it is essential to Britain's interests in that it enables purchase of Argentine food stuffs without resort to use of dollars or other foreign currency.

LONDON, ENGLAND.—The United States Government is understood to have expressed in London its disapproval of the impending Anglo-Argentine trade agreement, the broad principles of which have been just agreed upon after difficult and lengthy negotiations.

Full details of the agreement have yet to be announced, but Dr. Einzig understands that in substance it will be based on an increase of Argentine purchases of British goods, so that the whole of the £150,000,000 to be spent by Britain on Argentine meat and other products would be paid for by British exports. In the past Argentina usually had a very large export surplus on her trade with Great Britain, part of which was covered by the remittance of dividends on British-owned Argentine railway stocks. These stocks were sold, however, last year to Argentina, leaving the latter without any direct ground at all for necessary British imports from Britain. The Argentine Government has therefore been trying to increase her imports from Great Britain and to pay for them by increasing her exports to Great Britain. It is prepared to divert part of these exports to Britain, but it is also necessary for her to go out of her way to increase her imports of British goods for the purpose of receiving payment for her exports to the United States. As it is, she has had to do some hard thinking in order to find a way for diverting her purchases of British goods.

The American point of view is vitally important, and the British Government is considering carefully whether to allow some of its valued Argentine markets for the benefit of their British rivals, at a time when the United States is engaged in making generous concessions to Great Britain on a very generous scale. It is considered that there is a possibility that the United States Government should feel impelled to register its protest against the proposed arrangement which would produce such a result. Indeed, this is one of those situations in which all parties involved are right. The conflict is not right between right and wrong—which would simplify matters—but between right and right, which is really a tragedy.

It would be a thousand pities if the conclusion of the Anglo-Argentine agreement and all that it implies were regarded in the United States as indicating lack of adequate gratitude on the part of Great Britain. And it would be equally deplorable if British opinion were to prevent the American effort to prevent the conclusion of an agreement on which the maintenance of the present very menagerie of nations depends. There is no villain in this piece. It is the general condition inherited from the war that are to blame.

In order that Britain should be able in the course of recovering her equilibrium the conclusion of bilateral trade agreements is and will remain for some time inevitable. From an American point of view the United States Government is right in registering its protest, if only in order to uphold the basic principle of multilateralism embodied in the various international agreements concluded between 1945 and 1948. A premature right of relinquishing those of principles would result, however, in a grave moral and economic, political and social stability.

Bache & Co. Adds

RALPH, N. C.—Howard L. Brooks has been added to the staff of Bache & Co., 126 Salsbury Street.
Outlook for Oil and Natural Gas Industries

(Continued from page 14)

F. J. SPANG
President, Spang & Company

In considering the outlook for the petroleum industry, one would have to be reminded that these imports must be taken into account.

The established demand for crude necessary to meet the needs of our present day complex industrial system, and the magnitude of such magnitudes that our proven reserves are frequently considered inadequate by some to meet our industrial needs with national welfare and security. Thus, it does not seem to me that the petroleum producers companies could consider themselves to be in a state of security, nor are they inclined to build their expansion plans on developing new fields on the basis of known finds, which have been running in the neighboring area of 48,000 barrels daily.

Already, prorationing is in effect on a voluntary, cooperative basis, and I do not believe that such prorationing will continue to seek reserves to assure a so-called "prudent" future fueling continuity of this important industry.

While reserve-to-demand ratio should be the factor which controls the long range program, the month-tomonth program is much too important to allow of any hope of its maintaining in a more or less general way the pattern set by the overall commercial activity of the country except in periods of marked over or under production.

At the present time, there is an over-production of sour crude, and there is a new development in Western Canada, both of which have some effect on the domestic activities.

Most producing states have regulatory conservation devices which, under the Interstate Oil Compact Commission, prevent the wasteful production of crude in excess of current demand. The object of such laws is to prevent the depletion of oil fields by the production of naturally energized pools at rates greater than the recovery of oil from the subsurface, is of paramount importance in recovering the maximum ultimate yield from any given petroleum product.

In view of these circumstances, it seems quite unlikely that domestic production of petroleum will appear to increase to the degree that this factor alone would force such a conclusion at this time.

This well-established conservation procedure in preserving oil reserves and preventing wasteful production from the wells, I believe, is quite clear that the private enterprise system which has discovered great potential reserves in Canada and the still has tremendous tasks ahead.

REESE H. TAYLOR
President, Union Oil Company of California

In sharp contrast to the all-out effort of a year ago to expand production capacity and facilities to satisfy the unprecedented post-war demand, the petroleum industry in 1949 has been faced with surplus production and inventories, together with declining prices. This change has been caused by the drop in the demand for heavy oils and the industry's current excess of domestic inventories. As a result, production of crude oil in the United States has been curtailed in recent months. Nevertheless, the outlook for the year 1949 is for an improved financial balance over the near-term outlook.

During the winter of 1947-48 local and interstate crude oil price adjustments due to increased expenditure and discomfort to customers. The shortages were not severe, and were confined largely to the East Coast, but they were sufficient to cause widespread political repercussions.

Social planners seized the opportunity and tried to convince the nation that the industry left to its own devices was incapable of continuing to supply the rapidly growing petroleum needs.

How well our industry met this challenge under the powerful stimulus of our present free economy is due mainly to the absence of a general economic pinch. Unlike in February 1941, the situation today is not a pinch, it is an excess. This excess capacity of the North American Canadian oil industry presents a unique problem in itself, for the influence of war controls and the shortage of steel, has been rebuilt, and nationwide petroleum inventories were increased to meet this demand. The rush to get more crude oil was not just a basic growth trend, but abnormally warm weather in the East last fall and winter added to the pressure.

In order to avoid further surpluses and wage, U.S. production has been cut back approximately 3,000 barrels daily. Moreover, this cutback is partially due to the fact that the production figures of the western Canadian fields should be producing potential of some 100,000 barrels daily.

Thus far is approximately equivalent, and it is somewhat surprising to see how much capacity has been added to the industry during the past year, and it is true that the crude production capacity has increased very sharply.

The financial area, the general area in which this investment has been made, has been a very sharp improvement over conditions of a year ago, when Canada normally had to import some 100,000 barrels of crude and products.

But this achievement will remain only a potential one for some time because at the moment there is no economic well from which the Canadian oil companies may be shipped beyond these provinces. In other words, the market for this crude is restricted to a range between 50,000 and 70,000 barrels daily.

As a result of these circumstances, it seems quite clear that the private enterprise system which has this year has been limited to fields producing crude which yield the highest return, and the price of crude and fuel oil prices still exist, however, and the industry is making every effort to increase gasoline yields at the same time for higher oil prices in this direction can only come from longer term planning and development. The basic research, which is carried on by other companies, is actively studying and planning the development of new and improved processes and devices for cracking and coke making as well as producing fuel oil and heavy crude.

The population growth on the Pacific coast, the developments of new future higher, and increasing industrialization point to continued expansion of demand for relatively high-priced oil, and consequently these imports will be available to the oil companies for future use.

L. G. VALDES
Manager, Petroleum Industry Sales, The Role Company

Essentially it is our personal belief that the petroleum industry in the overall present a healthy condition and only a complete breakdown of the current price structure may affect the programs of the oil companies materially. We believe that any change in price adjustments and cuts. The net result of the present high oil prices would be to inflate the cost of living in the Pacific region.

Reese H. Taylor

We must also keep in mind the government's desire for the creation of available ground reserves capable of producing an additional two million barrels of oil per day over and above normal daily consumption, without the strain and determination which would be placed on the industry and which would affect ultimate recovery. This, of course, is of vital importance in the event of any future war.

During the year 1948, the industry was capable of building this reserve up to approximately 90,000 barrels per day or the unsatisfied demand that prevailed. Obviously, exploration and developments were not carried on at the same rate as the creation of the additional million barrels needed will go forward.

Because of the above facts, most manufacturers express the desire to see the petroleum industry building up its facilities at the present time, and the companies are "living off the fat" accumulated when the production of oil was at its peak. It is very important that every company think of the day when a decrease in output is desired, and to prefer to take their chances of getting what they will need at a later date at lower prices.

During the last five years, approximately $10 million worth of inventory in the warehouses, when about $3 million should be adequate. The company, along with many others, in order to protect itself from the sell-off of particular prices against (Continued on page 18)
International Treaties
For Women’s Rights

By MABEL RAFF PUTNAM

Writer reviews history of international treaties relating to women’s rights.

The United States has been a party to the following treaties, adopted by the Senate and ratified by the President, which give women equal civil rights:

1. The Law of the Hague, 1900, relating to the analogy of law a woman’s marriage with a man’s marriage.
2. The Hague Rules of April 24, 1905, relating to the analogy of a woman’s marriage with a man’s marriage.
3. The Hague Rules of May 22, 1910, relating to the analogy of a woman’s marriage with a man’s marriage.
4. The Hague Rules of April 24, 1911, relating to the analogy of a woman’s marriage with a man’s marriage.
5. The Hague Rules of May 22, 1912, relating to the analogy of a woman’s marriage with a man’s marriage.
6. The Hague Rules of April 24, 1913, relating to the analogy of a woman’s marriage with a man’s marriage.
7. The Hague Rules of May 22, 1914, relating to the analogy of a woman’s marriage with a man’s marriage.
8. The Hague Rules of April 24, 1915, relating to the analogy of a woman’s marriage with a man’s marriage.
10. The Hague Rules of April 24, 1917, relating to the analogy of a woman’s marriage with a man’s marriage.
11. The Hague Rules of May 22, 1918, relating to the analogy of a woman’s marriage with a man’s marriage.
12. The Hague Rules of April 24, 1919, relating to the analogy of a woman’s marriage with a man’s marriage.
13. The Hague Rules of May 22, 1920, relating to the analogy of a woman’s marriage with a man’s marriage.
14. The Hague Rules of April 24, 1921, relating to the analogy of a woman’s marriage with a man’s marriage.
15. The Hague Rules of May 22, 1922, relating to the analogy of a woman’s marriage with a man’s marriage.
16. The Hague Rules of April 24, 1923, relating to the analogy of a woman’s marriage with a man’s marriage.
17. The Hague Rules of May 22, 1924, relating to the analogy of a woman’s marriage with a man’s marriage.
18. The Hague Rules of April 24, 1925, relating to the analogy of a woman’s marriage with a man’s marriage.
19. The Hague Rules of May 22, 1926, relating to the analogy of a woman’s marriage with a man’s marriage.
20. The Hague Rules of April 24, 1927, relating to the analogy of a woman’s marriage with a man’s marriage.
21. The Hague Rules of May 22, 1928, relating to the analogy of a woman’s marriage with a man’s marriage.
22. The Hague Rules of April 24, 1929, relating to the analogy of a woman’s marriage with a man’s marriage.
23. The Hague Rules of May 22, 1930, relating to the analogy of a woman’s marriage with a man’s marriage.
24. The Hague Rules of April 24, 1931, relating to the analogy of a woman’s marriage with a man’s marriage.
25. The Hague Rules of May 22, 1932, relating to the analogy of a woman’s marriage with a man’s marriage.
26. The Hague Rules of April 24, 1933, relating to the analogy of a woman’s marriage with a man’s marriage.
27. The Hague Rules of May 22, 1934, relating to the analogy of a woman’s marriage with a man’s marriage.
28. The Hague Rules of April 24, 1935, relating to the analogy of a woman’s marriage with a man’s marriage.
29. The Hague Rules of May 22, 1936, relating to the analogy of a woman’s marriage with a man’s marriage.
30. The Hague Rules of April 24, 1937, relating to the analogy of a woman’s marriage with a man’s marriage.
31. The Hague Rules of May 22, 1938, relating to the analogy of a woman’s marriage with a man’s marriage.
32. The Hague Rules of April 24, 1939, relating to the analogy of a woman’s marriage with a man’s marriage.
33. The Hague Rules of May 22, 1940, relating to the analogy of a woman’s marriage with a man’s marriage.
34. The Hague Rules of April 24, 1941, relating to the analogy of a woman’s marriage with a man’s marriage.
35. The Hague Rules of May 22, 1942, relating to the analogy of a woman’s marriage with a man’s marriage.
36. The Hague Rules of April 24, 1943, relating to the analogy of a woman’s marriage with a man’s marriage.
37. The Hague Rules of May 22, 1944, relating to the analogy of a woman’s marriage with a man’s marriage.
38. The Hague Rules of April 24, 1945, relating to the analogy of a woman’s marriage with a man’s marriage.
39. The Hague Rules of May 22, 1946, relating to the analogy of a woman’s marriage with a man’s marriage.
40. The Hague Rules of April 24, 1947, relating to the analogy of a woman’s marriage with a man’s marriage.
41. The Hague Rules of May 22, 1948, relating to the analogy of a woman’s marriage with a man’s marriage.

This list is not exhaustive and may be updated as new treaties are ratified. The treaties listed are examples of international agreements that have been ratified by the United States Senate and are designed to ensure equal civil rights and responsibilities for women.
Outlook for Oil and Natural Gas Industries

(Continued from page 16)

President, The Pure Oil Company

CARL WHITE, JR.

President, Franks Manufacturing Corporation

The outlook for the oil and natural gas industries after World War II is not entirely favorable. Both the oil and natural gas have greatly strengthened their demand positions during the war. There has been widespread expansion in markets that have been growing significantly since the turn of the century.

With a 2 to 5% increase in domestic and international real incomes, the growth in petroleum demands over the past 20 years, shown in Table 19, has resulted in a 6% increase since 1939. In the case of natural gas, the marketed production has increased 179% since 1929 and 41% since 1939. These gains far exceed those of any other major industry. Outside the United States, the rate of increase in demand for petroleum consumption have been even greater than they have in this country.

The consumption of gasoline, the "liquid money product" of the petroleum industry, continues to expand due both to an increased number of motor vehicles on the highways and streets and also because the requirements per unit are much greater than they were 10 and 20 years ago. The percentage gain in the registration of trucks and buses, which are the largest consumers of diesel fuels, has been even greater than that for motor cars.

The total registration of all motor vehicles in the United States at the close of 1948 was 40,482,000 which compares with 30,613,000 at the close of 1939, or 33.4% increase in the close of the boom year of 1929. The percentage demand in consumption of kerosene and distillates have been even greater than that of gasoline. One of the large new markets for motor fuel comes from the railroads which have been rapidly converting their large diesels from the old, low-quality, 1,100 to 1,200 mile per hour, diesel locomotives in 1929 but this number of diesels will increase to approximately 10,000 at the end of this year. In the case of oil burners, Figures 29 and 30, 2,400,000 units in operation the coming winter which compares with 1,700,000 units in operation last winter. Products of petroleum have shown increases since the beginning of World War II except for small declines in residual fuel oil. Based on past experience, the consumption of the principal petroleum products, the demands for no decline should there be a general business recession in this country.

The decline in the demand for kerosene in 1931 and 1932 was caused by the general economic conditions both within and outside the oil and natural gas industries, agree that the general trend in demand for petroleum products, both in the United States and foreign countries, is likely to be in a steady decline. This favorable situation in regard to consumption is stressed by these economists as indicating that any recession or depressed conditions will be temporary since continued growth in facilities will be necessary to keep pace with the requirements of consumers.

The above sets out the long range picture of the oil industry, but what about the short run?

From the point of view of manufacturers and distributor supply companies of oil field equipment, there is a strong indication of an outlook for prosper- ing business. 1947 and 1948 were hush years with volume and prices at all time high. This was during the time the oil companies were fighting their battle in the transition from shortage to abundant supply. In recent years, the oil industry has fought a constant battle, successfully, against countless obstacles to produce more oil and has done to the steel to store the oil and transport it during the interval between production and consumption. Now that it has conquered its greatest, the oil, the oil companies have adequate demand requirements and in a position to meet their increasing needs. The amount of crude and refined oil products known as inventory has become excessive. Whittling away of this excess has been started in the Equitable Oil Commission and self-imposed proration. Further reduction of the excess is becoming increasingly difficult due to the high cost of the crude oil which will probably result in a cut in the output of both. Domestically, this situation is of great significance to the oil production equipment industry. The decline began with a tightening of credit, as a result of the war, so that for some time a "waiting" period is over, most producers have concluded that they need more equipment, so the process of tendering is about to begin. These prices have been substantially increased since last year and with new programs in the oil fields this spring, prices will continue to rise. The situation is further complicated by an additional demand upon the natural gas industry, which will take years to satisfy. Thus, in spite of the fact that the oil industry is de-energized, the growth already taken place, the industry looks very favorable for further development in the future.

THE COMMERCIAL & FINANCIAL CHRONICLE
Thursday, June 23, 1949

JUSTIN R. WHITING
President, Consumers, Power Company

We are fortunate to have located in our service area the gas and oil fields of Texas, storage fields adequate, when fully developed, to store annually some 15 billion cubic feet of natural gas. We will permit our taking over from this transmission company at an excellent basis. The necessary acquisitions of the storage fields are made, and construction and repressuring are well under way.

The sales of natural gas in the service area operated by Consumers Power Company have been restricted for some years in order to prevent an artificial depletion of the gas fields in Michigan, gas, from which only four years ago we purchased 30% of our requirements. As a result, to a great extent, we have been able to meet the demand for gas in the markets of Texas to meet the demand. It appears that the present problem is about to correct itself. With the development of our storage facilities now in operation, and the receipt of additional Texas supplies of competitive price, we will be removing part of our restriction on the sales at an early date. With present conditions the market is available for any gas we will be able to release.

GEORGE S. YOUNG
Chairman of the Board, Business, Gulf Resources, Inc.

The natural gas industry has undergone a period of enormous growth and development. Every effort has been and is being put forth by the industry in this postwar period to meet the tremendous demands put upon it. These demands are not only the result of the normal growth in requirements which develop with the growth of the nation's industrial and commercial operations, but the result of marked increases in the price of oil which has forced the substitution of natural gas. In the past, we have been able to obtain the construction of large supply lines from the Southwest. Then, too, it has been necessary for the system itself to construct substantial additions to its facilities to enable it to transport the additional gas from the Southwest suppliers to market. Great progress on these programs has already been made, but there remains a great deal of work to be done.

Now as to future prospects. The progress of the construction program referred to has been such that relaxation of restrictions on the sale of natural gas for space heating has been possible within the past few months. The result will be materially increased sales with the advent of the fall heating season. With respect to the sale of natural gas for industrial purposes, there appears to be no reason to believe that sales will decline, but it appears that additional sales to new customers will substantially offset this tendency. If the demand for an oil and gas industry in the future, however, lies in another direction, say in the manufacture of petrochemicals, this is a possible consideration. We should be prepared to meet this change in time, recognizing that the ultimate development of a natural gas industry will be determined by the price situation which will take years to satisfy. Thus, in spite of the fact that the oil industry is already taken place, the industry looks very favorable for further development in the future.
To Survey Over-the-Counter Securities Markets

Independent analysis to be made by WHarton School of Finance and Commerce. Project financed by gift from Merrill Foundation for Advancement of Knowledge. Cornelius, Kellner, and dealers deemed essential for success of the undertaking.

The WHarton School of Finance and Commerce of the University of Pennsylvania announces that a project, the Merrill Foundation for Advancement of Knowledge, is under way to study the over-the-counter securities markets. The project will be financed by a $100,000 gift received by the school from the late Senator William K. Vanderbilt.

"From these discussions, certain key laws and regulations of the securities markets will be found which the research program will endeavor to answer. A few of these may be noted from the list included:

(4) What important changes are taking place in the fundamental principles governing over-the-counter securities market?

(5) To what extent do present laws and regulations of the securities markets provide a satisfactory framework for the pricing and merchandising of securities?

(7) What is the magnitude of the difference in prices measured by the number of customers?

(8) What proportion of the business is inter-dealer trading? What is the role of the financial institutions with others?

(9) What is the relationship of departmental office in this? Is this related to the capital of firms?

(10) To what extent do these differences in prices and sales vary on any agency basis versus stock exchanges?

(11) What is the proportion of over-the-counter transactions in listed securities?

(12) How important is the new over-the-counter market for the same small market?

(13) What are the operational costs of the over-the-counter securities business?

(14) To what extent do the various segments of the securities market interlock with one another and to what extent do they compete?

(15) How does the trading in over-the-counter markets compare with the security markets?

(16) What is the extent of the over-the-counter markets?

(professor Burnham)
The Insurance Company "Load" vs. Mutual Funds

There is a kind of self-consciousness displayed by some retailers of mutual funds—particularly those who have only recently begun to market their wares to the public—since in their eagerness to increase sales they are in the habit of reducing the cost of mutual fund charging. We do not mean to suggest that charging is coming up, and we mean both in concert with ourselves as well as with other people.

Those who have suffered from this malady, which is a definite sales liability, will be interested in comparative cost data on any individual insurance company. This may strike at the cutthroat that we strongly believe and I always recommend that the insurance company charges the public with a well-planned insurance program as well as maintain a cash reserve in a savings bank, before he or she acquires mutual funds. Both of these are tested, proven and desirable material for an individual. Charges on mutual funds are stated over and over again in their prospectuses does not mean that these costs are any higher; mutual fund costs are just better advertised.

Recently, in looking over the 1948 Life Insurance Fact Book (published by the Life Insurance Institute) we came upon the table which accompanies the table which gives you a picture of the ever-all average cost that the public incurs in buying insurance. Here is what we find in the table:

"Premium revenues of life insurance companies (new capital raised) in 1947 were acquired at a cost to insurance buyers of 12.5% in agency expenses (sales charges). This may be compared with 8.3% sales cost. Note from the table that the sales expenses of the insurance business have been going up consistently since 1947. Note that expenses are 100% of sales expenses in 1947 were close to 36% of investment income of the insurance industry. This is more than double the similar ratio in the mutual fund business. The mutual fund is a new creation.

Exec. Vice President, Federal Reserve Bank of St. Louis

HUGH W. LONG

Keystone Custodian Funds

Certificates of Participation in INVESTMENT FUNDS Investing their capital.

IN BONDS

(Names B-1, B-2, B-3-4)

PREFERRED STOCKS

(Names B-5, B-6, B-7)

COMMON STOCKS

(Names B-3, B-5, B-7)

Dividend Thrift Plan

Details of this monthly payment security purchase plan and the offering properties of Dividend Thrift Plan, available, or to secure from your investment advisor or through theERICAN BONDS

The Keystone Company of Boston

50 Congress Street

BOSTON 9, MASSACHUSETTS

20

THE-COMMERCIAL & FINANCIAL CHRONICLE

Thursday, June 23, 1949

Manhattan Bond Fund, Inc.

HUGH W. LONG & CO.

181 MAIN STREET, NEW YORK, N. Y.

Life Insurance Income Dollar

U. S. COMPANIES

<table>
<thead>
<tr>
<th>Year</th>
<th>Income</th>
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<tbody>
<tr>
<td>1942</td>
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<tr>
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<td>1944</td>
<td>100.00</td>
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<tr>
<td>1945</td>
<td>100.00</td>
</tr>
<tr>
<td>1946</td>
<td>100.00</td>
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</tbody>
</table>

How Used:

Additions to Policy Reserve 45.1 42.5 40.5 38.5 36.5
Additions to Reserve for Policy 33.8 37.2 36.1 35.8

Operating Expenses:

Premium Charges 8.0 8.5 8.9 9.1 9.4
Other 12.9 13.0 13.3 13.5 13.7
Total 100.00 100.00 100.00 100.00 100.00

Total Costs & Dividends to Stockholders 100.00 100.00 100.00 100.00 100.00

Sources: Institute of Life Insurance and Spectator Year Book. Before 1947, Accident and Health business of life companies was not included.

The public does not seem to be concerned with the costs involved in purchasing life insurance, nor does the operating cost appear to be a handicap either to the business or to its salemen. And this is not a criticism of the public, but a financial service to the public.

At the end of 1947, the industry had $1 billion in insurance in force in the United States, made up of $1.5 million policies of an average size of $1,000. Life insurance premiums paid by the public in 1947 exceeded $6 billion, more than four times the amount of all the open-end mutual investment companies. As compared with recent gross sales of mutual funds averaging less than $35 million a month during the past year or so, the average monthly total of premiums paid to insurance companies exceeds $500 million.

"Obviously, here is a successful business whose members have learned—in presenting their "wares" to the public—to emphasize the benefits offered rather than the cost, the cost of enjoying these benefits. Surely all components of the mutual fund industry can learn a great deal from the insurance business."—Hugh W. Long & Co.

A Logical Reduction of Risk

"There is no such thing as a riskless investment and in these troubled times the risks are more difficult to appraise and guard against. In any way to eliminate the risks today many questions are unanswered—and when they are answered there will be new questions and new risks to face.

This risk is reduced and it is prudent to reduce the total risk so far as it is possible to do so. This reduction of risk can be accomplished for most investments through the following logical steps:

(1) Selection—Securities must be the proper type for the investment and then be selected and analyzed for suitability for the class of the person or class of contracts, with the risk reduced as far as possible. The insurance company is a new creation.

(2) Diversification—If less than 100 selected securities are owned, diversification is an important factor in reducing risk. If any one company can cause serious loss. If investments are diversified over even a few percent of the industry for such companies, such a development might mean a loss of less than 1% of capital. (3) Continuons Supervision—Since each day's development may mean a market situation adjustment and continued necessity to maintain the character of the investment account—(this varies according to the day's developments). As a result of the developments, the insurance company may cause a serious loss of income. If income is derived from more than one source, a single development can affect an average of less than 1% on each dollar of income.

"Through these logical steps the investor may (1) maintain income without risk, (2) increase his capital without risk, (3) reduce the risk, and (4) increase in value. In many instances both objectives may be gained. From "Keynotes" issued by The Keystone Company of Boston.

1949 vs. 1929

The June business letter of the National City Bank of New York shows that mutual fund investors have been increasing their holdings in the last 29 years. 25 Largest American Manufacturing Companies, Based on Reports of Stockholders for the Year Ending December 31, 1949 (in millions of dollars)

<table>
<thead>
<tr>
<th>Name</th>
<th>Income</th>
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<tbody>
<tr>
<td>U. S. Steel</td>
<td>$2,363</td>
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<tr>
<td>Standard Oil (N. J.)</td>
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</tr>
<tr>
<td>Armour</td>
<td>491</td>
</tr>
<tr>
<td>General Motors</td>
<td>474</td>
</tr>
<tr>
<td>Bethlehem Steel</td>
<td>377</td>
</tr>
<tr>
<td>Ford Motor Co.</td>
<td>333</td>
</tr>
<tr>
<td>Standard Oil (N. Y.)</td>
<td>300</td>
</tr>
<tr>
<td>Midvale Steel</td>
<td>290</td>
</tr>
<tr>
<td>Inter. Harvester</td>
<td>297</td>
</tr>
<tr>
<td>Sinclair Oil Co.</td>
<td>93</td>
</tr>
<tr>
<td>Texas Company</td>
<td>91</td>
</tr>
<tr>
<td>American Tobacco Co.</td>
<td>85</td>
</tr>
<tr>
<td>Anaconda Copper</td>
<td>66</td>
</tr>
<tr>
<td>Phillips Dodge</td>
<td>19</td>
</tr>
<tr>
<td>E. I. duPont</td>
<td>24</td>
</tr>
<tr>
<td>Am. Smel. &amp; Dist.</td>
<td>195</td>
</tr>
<tr>
<td>American Tobacco Co.</td>
<td>150</td>
</tr>
<tr>
<td>Transcont. Oil</td>
<td>100</td>
</tr>
<tr>
<td>Magnolia Petroleum</td>
<td>150</td>
</tr>
<tr>
<td>B. F. Goodrich</td>
<td>197</td>
</tr>
<tr>
<td>Standard Oil (Calif.)</td>
<td>174</td>
</tr>
<tr>
<td>Pullman</td>
<td>127</td>
</tr>
<tr>
<td>Total</td>
<td>$9,520</td>
</tr>
</tbody>
</table>

How greatly the list has changed in 5 years! The size of all the companies has changed greatly. But the relative change was also very different between: The companies which are in the top list today. In 1949, the U. S. Steel had $13 million in capital. This year, in 1949, it owned $6,690,000 of government bonds; today it has over $60 million. Ten years ago the company was obligated for $7,300,000 in an 8.5% stock; today interest charges are only $487,418 and the preferred stock has been entirely redeemed. All the savings on these two items alone amount to $2, a share, or 46% of last year's dividends. It is clear that the stock and the company will please in the current market price.

A Peculiar Evaluation

"Youngstown Sheet and Tube is a very different company today from what it was a year ago. Although the only similarity is that its common stock sold at one point in 1939 for about the same price as it sold at any point today. In 1939 the stock was $9.73 at $13 a share. This year it closed at $9.73. In 1939 it owned $6,690,000 of government bonds; today it has over $60 million. Ten years ago the company was obligated for $7,300,000 in an 8.5% stock; today interest charges are only $487,418 and the preferred stock has been entirely redeemed. All the savings on these two items alone amount to $2, a share, or 46% of last year's dividends. It is clear that the stock and the company will please in the current market price.

"When, therefore, it is true that the stock market is a peculiar boom, it does not mean that the stock market is peculiar at all. On the contrary, the opposite is true. The stock market is peculiar because the stock market is peculiar. The reason that the stock market is peculiar is that the stock market is peculiar.

"This company is one among many others which appear to be selling well below their true value. These stocks may, of course, still sell lower. But sooner or later the tremendous additions to their strength which they have taken place in the last two years will be recognized by the investing public."—From The Parker Corporation "Letter."
Role of New York Banks In Deflation Fight

By Hon. Preston Delano* Comptroller of the Currency

Comptroller Delano stresses dominant position of New York banks in the nation's financial system. He asks for increased responsibilities in keeping country economically strong as to resist spread of communist ideologies. Denies any drying-up in commercial bank loanable funds and points out, despite recent decline in bank loans, they still hold large reserves.

It is a privilege for the Comptroller of the Currency to attend this convention and to discuss with you our mutual concerns. I am authorized to call your attention to the fact that a great banking system, the State of New York, has been called the "Empire State" for many years that in ordinary life it is a designation banding be more I than a convenient synonym for the state itself when we draw bank and look at these words, do we realize their significance and true? This state actually is of imperial magnitude; it exceeds in many ways many of the independent business enterprises in the world. If you think in terms of wealth and of the world-wide breadth of its markets and influence, New York City is a great financial center.

The banking system of New York has been established as a permanent institution for the commerce of the Seven Seas. To us in the banking fraternity, however, the other feature of New York's greatness is in its financial importance. While that of the nation has been established during the Civil War, New York was the financial center of the country and as such attracted deposits from banks all over the State. For this reason, New York City was designated for the original National Bank Act as the sole central reserve city.

It is not enough for the sake of our mutual understanding that New York's greatness is in its financial importance, in that an understanding is necessary concerning the proper relationship between the city and the nation. New York has an even higher possession of interbank deposits of almost $44 billion as compared with more than $10 billion—well over 35%. In contrast, New York City has far more than $5 billion in gold on hand, as opposed to less than $1 billion for the whole country.

These figures bring out quite startlingly performance of the New York banks as compared with the correspondent banking system of the country.

New York and the Securities Market

The dominance of New York City in the securities market is well known. This is true not only as to the exchanges, but in other securities markets are concentrated and are directed to the financing of those markets. In April 1949, reporting member banks held 80% of all loans and discounts at the Federal Reserve Bank of New York. While there is an increase in New York's holdings, New York has an even higher percentage of interbank deposits, almost $44 billion out of a little more than $10 billion—well over 35%. In contrast, New York City has far more than $5 billion in gold on hand, as opposed to less than $1 billion for the whole country.

We have recently seen an impressive increase in the spread of communism throughout the Far East. China binds us to a severe consequence, it is difficult to estimate. In Western Europe, in the summer, the moment seems to be arrested. The flags of freedom swell the land. In France and Italy on down to the most distant corner of the Mediterranean. But we would be mistaken if we did not admit the stern conflict of ideologies which now con¬fronts us. America remains the chief exponent and defender of the faith among those peoples which we have put to the individual and a free competitive economy as the best method of developing that individual. Let us assume for the moment a time not too distant from the end of the war. It is small and unimportant at this time, it is a clash of tremendous forces.

Responsibilities of New York Banks

Of late, there has been some concern regarding the recession in Europe. The concern has been expressed here in America and the influence of this has been felt in Europe. Thus, it may have been that this clash of ideologies represents a minor conflict of the business world which permits the market place to function as the necessary force for the economy. The very freedom of these decisions, however, must be tempered with a realization that the commercial life of the nation is quite complex and must struggle for the right to carry on their own businesses.

The idea of this scheme, perhaps for a few years, conservative banking and strengthening the preeminence of American financial centers.

Trend of Bank Loans

The national banks reported loans and discounts of $22,941,000,000 on March 11, 1949. This is a decrease of approximately $407,400,000 from the Dec. 31, 1948 total of $23,348,400,000. This reduction is a result of the economic situation and conditions.

The Federal Reserve Bank of New York furnishes the best information concerning the loan and discounts at the various Federal Reserve Banks. It is not possible at the present time to supply comparable data for national banks.

New York's preeminence among American cities as an international banking center has never been questioned. But it is indicative of this fact that in April, 1949 New York City banks held 1,200 millions of de¬nominated foreign deposits in the United States. The reporting member banks of the remainder of the country held only 97 percent of such deposits.

Open-market money rates are quoted only in terms of New York. The Federal Reserve Bulletin furnishes perhaps the most accurate measure of the national conditions.

Any person speaking here must be impressed with this background. It imposes upon him the necessity of adequate studies concerning the situation accordingly. The very large portion of the banking and financial affairs of this nation which are held in the country by the institutions you represent, likewise imposes an obligation on you to approach your problems upon a plane consistent with such power and dignity. These are not ordinary times in which we live. Today, those falls upon us the necessity of disregarding superficial and determining considerations and our thoughts and our services to those important - events which confront us.

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"What This Country Needs is Millions More Stockholders"

By HEINZ H. BIEL

Laird, Bissell & Meeds

Dr. Biel maintains company management as well as government must share responsibility for investors’ anxiety toward furnishing needed venture capital. Contends dividend policies have in many instances been grossly unfair to the shareholders. Cites in detail the legal, financial and double taxes of dividends, declaring its abolition is necessary for the democratization of our capitalistic system.

Under the challenging heading, “What This Country Needs is Millions More Stockholders,” an editorial in a recent issue of the Saturday Evening Post, analyzes some of the reasons for the sagacity of ‘venture capital’. The article concluded with the recom man dation that the present double taxation of dividend income be abolished. Those who believe that the economic system of free enterprise is superior to the State Capitalist, Socialism or Communism, agree that the unfairness and short-sightedness of our present tax laws under which an income tax is imposed first on the corporate income and then on the dividend income paid out (the already taxed) corporate income, is to be deplored.

The Penalty Imposed by Double Taxation

This so-called double taxation is by far the most general of the present low evaluation of corporate earnings and assets in the securities markets. Indirectly it may be called, to a large degree for the apparent death of equity capital which has bartered many corporations from selling additional stock to the public. After all, the double dividend return on the Dow-Jones Industrial Average means only about 4.2% for an investor with an income of $25,000, and 3.4% for those with income of $50,000. Tax-free dividends, of course, swell these dividends; but undoubtedly make the investment in corporate stocks far more appealing to many investors. It might even produce the millions more stockholders that support and make the free enterprise system would like to see.

Congressman Fred Crawford of Michigan has introduced a bill designed to eliminate this double taxation. He would simply exempt all dividends from taxation. But chances of passage of this drastic measure are slim, unless our lawmakers can find the budget to make up for the loss in tax revenues, or substitute other taxes to raise the necessary funds. Neither step appears likely. A more realistic approach is necessary to make the idea palatable for the most important companies which must guard against any loss in revenues; unless it is assured of a compensatory increase from other sources.

The flight against double taxation has thus far been sponsored primarily by corporations which complain bitterly about the scarcity of venture capital. It must be admitted, however, that some corporations themselves have been pursuing policies that create anxiety on the part of investors towards common stocks. The management of some publicly-owned corporations have abused their power. Stockholders have paid a price. A long list of examples can be cited.

Too Small Dividends

When business was booming and earnings were at unprecedented heights, some of our leading corporations were able to pay small dividends. Stockholders were wondering what had happened to the all-mighty dividends. Now, contrariwise, it is evident, convincingly, that earnings had to be retained for working capital (to handle the increased volume of business) or for plant expansion. In many instances these reasons were valid only in part. If the stock of the company was temporary, bank loans may be had. If a permanently larger volume of business has been obtained, added, attendent capital expenditure re turns on capital are not met, primarily by the involuntary con tribution, the voluntary dividend. The same company earns more than $12 a share per year and pays only $2 dividends in cash, the lack of equity capital is not surprising. Corporations treating their stockholders fairly and generously have little trouble in raising needed funds.

Stock Dividend Abuse

The distribution of stock dividends, a common practice for the past five years, is only the use of retained profits for involuntary subscription to additional stock. Why not turn over the needed capital to investors that want to invest more money in the business and buy the stock? Why should stockholders whether they want to invest more money in the business and buy the stock? Why should Electric utilities be doing it successfully. Why not others?

Investors, are antagonized by corporations which pay out a large percentage of dividends when business is good and cut or omit them when business gets a little rough. Unfortunately, in such instances the stockholder usually is the goat. He or she feels, sometimes with justification, that the management is more interested in high salaries, bonuses and pension plans than in the investment made by owners of the business. When stockholders’ interests are overlooked, equity capital will be inclined to turn its back.

The management’s of most of our leading corporations are making a sincere effort to deal fairly with their stockholders. They realize their responsibility to an obliging clientele. They regard themselves as managers of a business where thousands of individuals investors who have the right to be kept informed and kept interested in the result. But the market for all common stocks suffers from the indifference of some managers who might give adequate assurance of stewardship. Some important corporations still hold their annual meetings in cities not conveniently located with the object of discouraging the attendance of many stockholders. The power of these managers is to be seen in the fact that many of the management plans are subscribed for by proxy voting. And proxies are often ignored by lawyers in such a way that the individual stockholder hardly knows what he has done. Such a state of affairs makes possible some fancy enterprise schemes, such as the sale of pension plans that stockholders would normally not countenance.

Enlightened managers know that many corporations realize that our free enterprise system will perish unless it is defended and protected by the loyalty of local owners and investors. In the light of this, the management and (2) are treated with respect. An intelligent investor will insist on a 100% dividend payout, if the management states frankly that it will be policy to build up the business out of retained profits. But let us be frank and give the facts.

The Tie-in With Double Taxation

All this with the possibility of double taxation. The tax laws should be revised so that the corporation should get a tax-free share of corporate profits, and a mortality right to a corporate tax for new investments directly, rather than surmount the double voluntary subscription from the amorphous mass of stockholders. The present tax laws give millions of dollars paid out in dividends should be taxed at a very much lower rate, or not at all, while retained profits should be taxed at regular corporate rates.

From the United States Treasury, the business man is heard to ask whether this relief from double taxation would result in substantial increases in the number of recipients of those increased dividends. The new tax rate would be less in dollars, but the tax rate is higher than the maximum corporate income tax of 3%. Corporations, on the other hand, would be able to increase their dividends, but it would be far more difficult for them to pay out additional dividends. The investor in the United States is actually a taxpayer and there is little doubt that he should be told his income tax in a far greater detail.

If dividend income up to $1,000 or $3,000 should be either partly or fully tax-exempt for individuals, we would make the double taxation between the road towards the democratization of our capitalistic system. This result would be most desirable from a political as well as an economic point of view. Millions of persons would find it far more, than in savings bonds and savings banks, to have a right to a fair participation in business profits and considerate treatment by those who manage the corporation for corporate securities would be the loss of a lot of talent. Deed, in turn, would permit the raising of new money by public companies in a demand managed corporations whenever a legitimate need arose. The entire question would be the beneficiary of the resurgence of our free enter prise system, the potential growth in millions of dollars, and on an adequate flow of venture capital.

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Robert M. Pyle, Hornblower & Weeks, New York City; Charles E. Reed, Kean, Taylor & Co., Newark; Cyrus E. Currier, Mueller & Currier, Newark
Holds Annual Spring Field Day


Donald E. Lane, Merrill Lynch, Pierce, Fenner & Beane, Newark, N. J.; H. P. Schaub, Jr., Harry P. Schaub, Inc., Newark, N. J.—at the clam bar

Ray Wilson, Union Securities Corp, New York City; Scott Russell, Glore, Forges & Co., New York City; Allan Church, Courts & Co., New York City; Jack Nagle, C. J. Devine & Co., New York City


Anthony Rizzo, entertainer; Harold R. Clark, Franklin Trust Co., Paterson, N. J.

Kenneth Spear, Julius A. Rippel, Inc., Newark; Arthur R. Robinson, Fidelity Union Trust Co., of Newark

At Rock Spring Club, West Orange

John J. Ryan, Ryan, Moss & Co., Newark (center), singing the blues, surrounded by the Club's entertainers: Russell Law, Bill Griffin, Charles Oliver and Emil Szela


Al Milloy, The First Boston Corp., New York City; Glenn D. Thompson, National State Bank of Nework; Jack Clark, Chase National Bank of New York City

Thomas H. Benton, Benton & Nicholas, New York City; Charles B. Schubert, Emanuel, Deetjen & Co., New York City

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Jay A. Richardson, Halsey, Stuart & Co., New York City; James Currie, Trotter, Currie & Sumners, New York City; Chick Spring, Outwater & Wells, Jersey City, N. J.; Ed. Purcell, Commercial Trust Co., Jersey City, N. J.

Herbert I. Shaw, Vance, Sanders & Co.; A. A. Johnson, Federal Trust Co. of Newark; W. K. Van Hise, Parker & Weissborn, Newark; Edwin F. Kezer, B. J. Van Ingen & Co., New York City

Gathering a Huge Success


Charles H. Renninger, Nugent & Igoe, East Orange, N. J.; Edgar Weih, guest


Horace C. Sylvester, Coffin & Burr, Inc., New York City; J. Kirk Hopper, Equitable Securities Corp., New York City; Taber J. Chadwick, Chadwick & Slaithe, New York City


in discussing repatriation of bonds, the bulletin states:

The Institute has obtained information concerning foreign dollar bonds repatriated or purchased for foreign dollar bonds, and of the International Bank for Reconstruction and Development, or as existing in the United States.

At the end of 1948 these 21 countries had reported an outstanding principal amount of $1,718,728 principal amount of bonds, of which bonds, with a face value of $68,477,000 or 57.5%, were exchanged for new bonds issued by the United States, and $13,750,500 principal amount of foreign bonds were exchanged for new bonds.

(Data on the rating of the outstanding foreign dollar bonds as of Dec. 31, 1947, summarized in the following table:

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount Outstanding</th>
<th>Debt Service Paid in Full</th>
<th>In Default as to Interest</th>
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</tr>
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<tr>
<td>Latin America</td>
<td>$1,026,800</td>
<td>$603.8</td>
<td>3.6</td>
<td>100.0</td>
<td>0.0</td>
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<tr>
<td>Europe</td>
<td>1,346.3</td>
<td>1,030.3</td>
<td>53.6</td>
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<td>0.0</td>
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<tr>
<td>Far East</td>
<td>312.5</td>
<td>268.0</td>
<td>14.9</td>
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<td>0.0</td>
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<tr>
<td>Australia</td>
<td>1,349.8</td>
<td>1,258</td>
<td>9.2</td>
<td>100.0</td>
<td>0.0</td>
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<tr>
<td>Canada</td>
<td>1,119.2</td>
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<td>100.0</td>
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<tr>
<td>Total</td>
<td>$4,308.5</td>
<td>$1,023.1</td>
<td>100.0</td>
<td>0.0</td>
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At the end of 1948, 76.5% of the Latin American, 58.7% of the European, and 55.9% of the Far Eastern dollar bonds were rated in default, as interest default by type of obligation shows that, of the total amount of bonds in default, bonds of national governments accounted for 46.1%; corporate bonds for 42.6%; states, provinces, and departments for 7.5%; and municipalities for 3.8%.

The actual rate of interest remained 1.31% below the amount of cash interest received for 1948 coupons on the nominal amount of public bonds outstanding for foreign dollar bonds on Dec. 31, 1948, was shown in the following table:

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<td>9.2</td>
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<td>Canada</td>
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<td>100.0</td>
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<tr>
<td>Total</td>
<td>$4,308.5</td>
<td>$1,023.1</td>
<td>100.0</td>
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At the end of 1948, 76.5% of the Latin American, 58.7% of the European, and 55.9% of the Far Eastern dollar bonds were rated in default, as interest default by type of obligation shows that, of the total amount of bonds in default, bonds of national governments accounted for 46.1%; corporate bonds for 42.6%; states, provinces, and departments for 7.5%; and municipalities for 3.8%.

The actual rate of interest remained 1.31% below the amount of cash interest received for 1948 coupons on the nominal amount of public bonds outstanding for foreign dollar bonds on Dec. 31, 1948, was shown in the following table:

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<tr>
<th>Country</th>
<th>Amount Outstanding</th>
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<tr>
<td>Latin America</td>
<td>$1,026,800</td>
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<td>3.6</td>
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<td>Europe</td>
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<tr>
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Expects War Bond Redemption Proceeds to Flow to Investment Companies

Arthur Wiesenberger predicts 10% of $24 billion of early-maturing Savings Bonds will be reinvested in mutual funds.

Of the $24 billion of War Savings Bonds maturing within the next two years, about 10% of the share of the Wiesenberger, investment fund at the Bankers Club on June 18, will be invested according to the judgements of the man "that is the greatest exponent in all the hands in the potential for economic security making," he said. "The word is shown by investors all over the country that the biggest single contribution from the government school for saving may well decide the nation's economy for years to come."

The luncheon was held to announce the ninth annual edition of Mr. Wiesenberger's book: "Investment Companies."

" Doubtless, a large part of this money will be used to finance government securities," said Mr. Wiesenberger, "but I want to finance the government securities." But many investors are going to seek higher rates of return, and are going to pass over government and bonds today constitute an entirely new class of investment. They are ready to take the next step of converting some of their war time savings into investment companies to inform them of the advantages of saving as you invest—invest as you save."

"The modern investment company combines all that is sound and solid in the business of merchandising and finance. The net investment in investment companies in 1947 and 1948 was $325 million or 20% of all new equity capital raised during those years. And, for the first quarter of 1949 investment companies are 50% larger than in the first quarter of 1948. One reason for this record is that no mutual fund ever has passed a dividend. What an unusual argument this against the normal hazards of stock market investing and the nation finding itself pointing to this fact again and again."

Mr. Wiesenberger is with the New York Stock Exchange, where he is also Secretary and Treasurer of the Investment Company at 61 Broad way, also announced that several of the important banks of the nation. At the luncheon the Wiesenberger directors of the company made national campaigns against the nation. In this case, the newspapers and radio stations, which are the first and the financial field.

Sees Labor in Policies to Stay

Edward Cheyfitz, Assistant to President of Motion Picture Association of America, said aim will be increasing pressure toward a welfare state.

In a talk at a Conference of the American Management Association in New York City on June 8, Edward Cheyfitz, Assistant to the President of the Motion Picture Association of America and a former CIO, declared that "labor has its own policies to stay."

The present movement is different from those of the past: All during the 19th century and the early decades of the 20th century, labor saw politics only to secure its rights to collective bargaining, its economic power, and the movements subsided when these objectives were won. In the post-war world, labor is fundamentally a defensive objective, to be sure, but is also a national objective. It is a national objective because it deals with the minimum standards of living for everyone. Part of the impetus to this movement toward political action, he added, was supplied by the Taft-Hartley Act. But, as the case of the AFL-CIO, if you were to tell the Taft-Hartley Act tomorrow, labor wouldn't get out of politics."

Besse to Be Partner in Huichins & Parkinson

BOSTON, Mass.—Ben Besse, member of the Boston Stock Exchange, was named a partner in Huichins & Parkinson, Stone, Cress Street, members of the New York Stock Exchange, on July 1, Mr. Besse, who was formerly with Draper, Sears & Co.

With Rockwell-Gould Co.

ELMIRA, N.Y.—Mills F. Fordham, who has been in the business for a number of years, has joined the Rockwell-Gould Co. (Inc.), Robinson Building.

Receding Department Store Profit Margins

A review of the individual expenses items shows increased costs per transaction in nine of the 12 categories. As a result, the total expense advantage in 1944, in all the functional categories, was $4.35 in 1948, and in the full functional categories, $4.35 in 1945, 21.2% in contrast to 35.2%. While this contrast is marked, the significance is not as marked as the figures from 1941 to 1943 for $4.35 in 1948, the percentage cost of labor, if the same, might be expected in view of the well established upward course in costs per transaction.

Ownership Groups vs. Independent Stores

A further analysis was made of the sales of two large chains in dollars. $20 million and $25 million classified and classified by own stores were members of ownership groups, a classification basis only, and $20 million obtained it is apparent that mem-

No Advance in Employee Productivity

The higher dollar sales per employee of these firms leads to the conclusion that what happened in general to employee productivity, there was a marked advance in productivity on a per store basis, and transactions per person and accounts per person. There were limited number of stores in the size groups having sales over $22,000,000 in 1948. In general slightly higher dollar sales and transactions per person and accounts per person, per selling employee in 1948 than in 1947. When the market was controlled in 1947, however, declines in the physical productivity per employee became common.

To further throw light on the trends in productivity, data on 13 large firms available for both 1947 and 1948 and the advantages of these trends have been tabulated and analyzed. Only dollar sales, sales per employee, sales, average gross, and total transactions per person for the same period of time are given. It is indicated that dollar sales over the years 1946, 1947, and transactions climbing only about 25%, while the size of sales improved near 10%.

We find that dollar sales per employee and sales per selling employee with the exception of the year 1947 advanced each year. Dollar sales per employee over the years 1946, 1947, and dollars sales per selling employee in 1948 were about 1947, from which level they have been climbing steadily.

Meanwhile hourly wage rates have advanced under the pressure since 1945, so that the average wage per hour has increased and changes in the past 1945, their policies being determined by the price level.

V. G. Weber & Co.

ST. LOUIS, Mo.—V. G. Weber & Co. effective July 1 will take over the investment business of the company at 777 Washington Avenue, formerly known as the Weber, President and Treasurer; P. C. C. Weber, Vice-President; and Adele M. Goeddel, Secretary.

Gersley, Sunstein & Co.

215 S. LaSalle St., Chicago, Ill.

Railroad Securities

Kansas City Southern

It was announced last week that Allegheny Corporation had acquired a substantial block of the preferred stock of Kansas City Southern. This block had been on the market for some time and was presumably responsible for failure of the preferred to perform well in the face of a strong rally in its stock and bonds. Now that it has been absorbed many rail analysts look for a good market in its stock if the rally is sustained. While the stock has voting power it is not believed that there will be any effort on the part of Allegheny to get any voting interest.

Kansas City Southern has one of the outstanding records in the industry and in past years has shown a steady and more generally recognized by investors as well as analysts. Probably the most significant of Kansas City Southern's characteristics is its high efficiency net of the operation. Even before the war the company had one of the highest operating margins of profit in the industry. Most recent year-in and year-out this margin of profit remained more stable than that of virtually any other major Class I carrier. It is notable that even in the recent depression of 1940 the profits reflected the receipt of gross carried to net operating income before Federal income taxes, 24.1%, the same as it had been in the prewar year 1941 and on the average for the years 1941-1947.

Through thisInfrastruc-ural margin has continued to expand further.

Last year it amounted to 37.4%, the highest for any year in the company's history and the highest in the industry.

This record is particularly impressive in the light of the upward spiral of wages in recent years and the enormous increase in fuel and maintenance costs. It has been a margin of profit naturally affords the company a substantial cushion against any further cost increases, such as those implicit in the 40-week for non-operating employees to start Sept. 1. It will also be of material help in softening the impact of the inevitable decline in traffic which would be expected in the near future.

There are a number of fundamental reasons why Kansas City Southern is in such a position to meet competitive performance may be expected to continue. It does little passenger business and long haul freight is less profitable than short haul since there has been a definite trend of railroading. Few, if any, railroads make any profit on it. The road's main line is its main branch and feeder mileage to its traffic. Its predominately through traffic makes for a relatively long haul. Long haul traffic is considerably more profitable than short haul traffic for the first few months of the year and the road's traffic and revenues. Both Kansas City Southern and its wholly owned subsidiaries, Louisiana & Arkansas, operate in territories of strong industrial growth characteristics. This growth has continued even since the end of the war and augurs well for better-than-average growth in the near future.

Last year Kansas City Southern, by itself, reported earnings of $40.00 per share on 1.65 million shares compared to $34.00 per share on 1.65 million shares for the wholly owned Louisiana & Arkansas the results would have worked out on a combined basis to $38.50 per share. As of Feb. 28, the current year both of the roads reported modest increases in earnings. From here on years of good earnings are almost a certainty, as long as the company continues to be able to meet the operating necessities of the business. It is difficult to conceive of direct earnings in 1949 as being $11.00-12.00 a share and this should be upped by at least $3.00 for the recent years. The results are almost completely a going in an industry which is considered "finished."

Now Let's Hear From the Others

The Brannan proposal is a "farm price support plan or program which as we understand it involves among other things (a) a determination by the Gov- ernment of the price which farmers should be allowed to receive for their products, and (b) the sale of such products by the farmers in a free market for whatever they will bring, and (c) subsidy payments by the Gov- ernment to the farmer to make up the difference between the proceeds of such sales in the open market and the predetermined parity price.

"No such plan can be put into effect without rigid government control of acreage, crops and farming methods, (and without) inviting such controls by a definite demand from the Government, and *** the supposed benefits of any such program to farmers, consumers and distribu- tors alike. The very word "control" as used by the advocates of the program would, directly or indirectly, and considering the enormous cost of administering such program, pay more in taxes than the amount of benefit that would accrue . . ."—National Association of Retail Grocers.

There are many retail grocers in the country and each of them has a vote. and we have equally clear-headed and forceful statements from the almost countless other small businesses.

The San Francisco Stock Exchange sponsored a two-day railway tour in the Los Angeles Area on June 9 and 10.

The group of 27 representatives of the San Francisco Stock Exchange Member Firms, Bay Area banks, and the press, headed by Ronald E. Kasler, President of the San Francisco Stock Ex- change, arrived in Los Angeles at 30 a.m.

Visited were the Goodyear Tire & Rubber Company and Byron Park in Marysville. The company's plants and operations were featured.

On Thursday evening a joint dinner was held with members of the Los Angeles Stock Exchange. There were no signs of the recession W. G. Paul, President of the Los Angeles Stock Exchange, described the meeting and a spirit of cooperation and good-fellowship was evident. This is the first time in the history of the two Western Exchanges that such a dinner has been held.

On Friday Lockheed Aircraft Corporation, Menasco Manufactur- ing Company, General Motors-Chevrolet Division and Fisher Body Plant in Van Nuys and Gladding, McBean & Co. were visited.

This trip was the fifth out of the local area and is in keeping with the policy of the San Francisco Stock Exchange to educate the financial world and the people of the Pacific Coast, whose securities are in the hands of the public.

Participants in the Los Angeles trip were:

Douglas G. Atkinson, Chairman, Board of Governors, Dean Witter & Co.; Albert H. Moseley, owners of pumps and oil well tools.

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**NEWS ABOUT BANKS AND BANKERS**

Harvey D. Gibson, President of Manufacturers Trust Company of New York, was recently elected Assistant Secretary of the Board of Directors at the suggestion of the Federal Reserve Bank of St. Louis. He had been with the bank since 1921.

The New York Stock Exchange has made the following changes in its membership: John M. Smith, E. W. Ducommun, and W. B. Harkins have been elected over the past month; John A. Daniel, W. B. Harkins, and R. W. Harkins have been elected under the new nominee system.

The First National Bank of New York has announced the appointment of William J. Noonan as Assistant Vice-President and Secretary, effective July 1. Mr. Noonan has been with the bank since 1912, serving as a member of the audit department and as a member of the trust department.

The Bankers Trust Company has announced the appointment of John A. Daniel as Assistant Vice-President and Secretary, effective June 1. Mr. Daniel has been with the bank since 1925, serving as a member of the audit department and as a member of the trust department.

The Farmers Bank and Trust Company of New York has announced the appointment of William J. Noonan as Assistant Vice-President and Secretary, effective July 1. Mr. Noonan has been with the bank since 1912, serving as a member of the audit department and as a member of the trust department.

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Bingham, of the Century, in an open letter to the Save the Century Fund Committee, wrote:

"The new children's department at the bank will be housed in a new building for more than 40 children, the only children's room at the bank. The school Savings accounts in the 123 branches throughout Greater Cleveland, and in the 133 Schools, which will total $132,918.33. The payment will be the seventh, and final distribution. It will result in a total recovery of 66.3%, or approximately $430,000,000, which was put forth by Mr. Bingham.

Mr. Bingham, in his letter, also pointed out that the school Savings accounts are not the only contributions made by the bank to the community. The bank has also donated money for the construction of a new public library, the purchase of new textbooks for the schools, and the establishment of a scholarship fund for the children of the employees.

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The Economic Horizon: Cloudy, but Not Murky

(Continued from first page)

persuaded that business was be-
ginning to look up, the view of the false alarms of the twin
scares of 1937 and 1940. Yet in
1947 and 1948, we were rather
cautious in our comments. From
the beginning of the year it was
impossible to see how the
wholesale price index could ever
return to its level of 1941-46, and
while this belief was generally
shared in commerce, economists,
though they admitted to an up-
ward turn in this year and next,
were certain that the present in-
crease was not due to the same
cause as in the past.

The view that the recent rise
in prices was not due to an in-
crease in demand was based on
the fact that inventories had al-
ready been drawn down to the
point of danger. Furthermore, the
Federal Reserve had taken steps
to keep the supply of money at
a lower level than would have
otherwise been the case. Al-
though the price level had risen
considerably, the amount of
money in circulation had been
reduced, and the Federal Reserve
had been careful not to increase
the money supply too rapidly.

However, in recent months
there has been a marked de-
celeration in the rate of increase
due to the Fed's restrictive poli-
polices. This has led to a slight
tightening of credit, which has
caused some businesses to cut
back on production and hiring.

A Dull Outlook

Thus, at the present time, we
have a definite business reces-
sion which, with respect to the
winter months old, which has been char-
terized by a drop of 10% in
production, a drop of not quite
10% in the money supply, and a
price level, a drop in the cost of
living, and a drop in the number
of sales. At the same time, con-
sumer sentiment is still high,
though declining, is still running
above the same period in 1948;
for the retail price index, the en-
vironment of the climate and
continuing high

A Review of Conditions

Now, following the pattern of
the talk which I made to the
RANDA in New York last Janu-
ary, I would also like to review
briefly some of the basic sections of the
outlook for 1949. In
this way, I can give
the present
mood in the
banking world, and
the credit market.

The causes of this business
recession are not yet a mystery. There are basic reasons why the economy is slowing down.

The typical business cycle situa-
tion, with a peak in business ac-
tivity, is very temporary. It will
be preceded by a period of
inflation, during which the cost
of goods sold is increasing faster
than prices. This situation will
be followed by a period of deflation,
where the cost of goods sold is
falling faster than prices. This will
lead to a period of depression,
where output is falling and
employment is declining.

But the recession in the
fourth quarter of 1948 was not
caused by a peak in business ac-
tivity. In fact, the peak was
not reached until the fourth quar-
ter of 1949. Instead, the recess-
ion was caused by a downturn in
consumer spending, which has
been falling for several months.

Consumer spending is the
major driving force behind the
economy, and when it falls, it
causes a decrease in production,
employment, and income. In
fact, a 1% decrease in consumer
spending can cause a 1% de-
crease in output, and a 2% de-
crease in consumer spending can
cause a 2% decrease in output.

This has been the case in the
current recession. Consumer
spending has fallen by about 5%
since the fourth quarter of 1948,
and this has caused a 5% decrease
in output.

There are several reasons why
consumer spending has fallen.

First, there has been a de-
celeration in the pace of in-
novation, and this has caused a
delay in the introduction of new
products. This has led to a
slowing of the pace of growth,
and this has caused a decrease
in consumer spending.

Second, there has been a de-
celeration in the rate of in-
novation, and this has caused a
slowing of the pace of growth,
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in consumer spending.

Third, there has been a de-
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Fourth, there has been a de-
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in consumer spending.

Sixth, there has been a de-
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in consumer spending.

Seventh, there has been a de-
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in output.

The causes of this business
recession are not yet a mystery. There are basic reasons why the economy is slowing down.

The typical business cycle situa-
tion, with a peak in business ac-
tivity, is very temporary. It will
be preceded by a period of
inflation, during which the cost
of goods sold is increasing faster
than prices. This situation will
be followed by a period of deflation,
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nomic horizon leads me to make the following estimate of the general condition of business再现：

(1) We are probably somewhere between one-third and two-thirds of the way through the current business adjustment.

This business trend will not turn around this year, first because too many basic changes have been made to permit a sharp reversal, and second because it will take some time to adjust its costs, particularly because the prices of these costs have been reduced.

2. Production as measured by the Federal Reserve Index, now presently at 150, is likely to go down to the area of 140 to 145 before reversing itself. The cost of living, of course, will decline less.

If these guesses are correct, then you would turn out to encompass accurately the magnitude of this business recession. It is a case of a too severe one on the scale.

The declines which I have estimated have been of the order of 20%, a less severe setback than that of 1921. They are more or less the same in 1927, and of course far less severe than that of the November of 1907, 1918. The reason for anticipating a not too severe decline, and in the commodities and price index, which we have already enumerated, there are a number of factors that point to a further erosion of the debt structure; absence of large-scale speculation during the rise; the smaller role played by government in the total expenditure of the country; the relatively high savings of the home income has been "socialized" through the tax system, and other devices calculated to make income less responsive to fluctuation. The less government support policies; some political instability; a possible deflation; and perhaps most important, the continued demand for high-quality goods and for capital goods, and the deflation of the savings applicable to the purchase of such goods.

Department Store Situations

Now to come down specifically to the department store situation, doing business with the public. They are apparently going to be below 1929. The Federal Reserve Index, now at 150, volume, as measured by number of sales, is about 79%. This is approximately evenly or possibly a little above last year. (Parenthesis, we realize that just continuing even on physical basis, with the prices down, to keep pace with the rising prices of goods, is of the utmost importance for the welfare of this country. It is necessary for the country to produce and distribute a substantially greater volume of goods and services than it did in 1929. The Federal Reserve Index, which was 1949 as prices continue to decline, clearly indicates that the Federal Reserve Index is up from 9% to 13% as compared with 1948. As a larger decline, including the seasonal factors, is reported, the income volume, if long continued will definitely increase. In the meantime the situation is becoming more serene.

Well-managed stores should be able to work out the price problem and make a reasonable percentage better consumer goods while still giving good values to customers. In the light of this situation, the market of 1927, as Professor Burnham has demonstrated, the present gross margin rate is certainly not high, and in the present gross category is certainly not going to yield an enormous amount and the thinner layer of profits for quite a number of stores.

The expense problem continues to be paramount. Stores are struggling with the high break-even points which many of us are finding, and trouble may persist for four years ago. The need of maintaining present service and sales volume, which is a very real need in the economy, is not a minor economic situation, but not of course makes the problem of expense reduction more easier. Therefore, it makes it more difficult, because of the possible fall in sales, to undertake these circumstances calls for determining the cost to each of them, but not merely the laying off of personnel. These circumstances in the present time are critical. In fact, they are critical still. Why is this important and dealing with the 1941-1942 period?

We have producted the current war. The federal government is spending a lot of money to ship manufactured goods and provide new military equipment. In fact, the amount of federal government expenditures is about equal to the total national debt of the United States. This means that the government is doing more than half of the spending of the nation. And this is true not only in the United States, but in many other countries as well. The government's spending is a major factor in determining the amount of money that is being spent in the economy. This is because the government's spending is one of the main sources of demand for goods and services. When the government spends money, it creates demand for the goods and services that it is buying.

The government's spending is important because it helps to keep the economy running smoothly. When the government spends money, it creates demand for goods and services. This demand helps to keep businesses operating and people working. This is important because it helps to maintain the economy's overall health. Without the government's spending, the economy would be in a worse state. The government's spending is a key factor in determining the overall health of the economy.

The government's spending is also important because it helps to support the economy during times of economic uncertainty. When the economy is in a recession, the government's spending helps to keep businesses operating and people working. This is important because it helps to prevent the economy from falling into a deeper recession. The government's spending is a key factor in determining the overall health of the economy during times of economic uncertainty.

In conclusion, the government's spending is a key factor in determining the overall health of the economy. It helps to keep businesses operating and people working, and it helps to prevent the economy from falling into a deeper recession. The government's spending is a key factor in determining the overall health of the economy.
As We See It
(Continued from first page)

On the same day, James F. Byrnes, former New Deal engineer, took office as Secretary of State in the cabinet of the man who now heads the even more drastic Fair Deal drive, had this to say:

"We are going down the road to statism. Where we will wind up no one can tell. But if some of the new programs seriously restrict what an individual can do to make a living for the individual — whether farmer, worker, manufacturer, lawyer, or doctor — will soon be an economic slave pulling an oar on a government-constructed gravy train."  

"Too many people are trying to transfer power to the government. . . . We are not only transferring too much power from the individual to the government, but we are transferring too many powers of state governments to the Federal Government."  

"We should not have the Federal Government regimenting our lives from the cradle to the grave."  

Adding that many elements in society are demanding special privileges — the farmer wants higher prices, the wage earner wants increased wages, pensions and hospitalization — and that too many people want more pay for less work, Mr. Byrnes insisted that "our first line of defense is a sound, solvent American economy," and that "the only wise course is to reduce expenditures and live within our income."  

These two speakers were addressing different audiences at different places, and were concerned immediately and directly with different aspects or segments of the current situation, but their remarks may be taken as fairly representative of the divergent philosophies about the current state of affairs. The one is definitely saturated with basic economic fallacies long familiar and the economist, the other is broad, popular (we had almost said a part of the folkways and mores of the times) by Franklin Roosevelt and his enthroned reformers and revolutionaries; the other is surprisingly well based on centuries of expression and a wealth of common sense — surprisingly, that is, for one who for so long appeared to be rather closely identified with the New Deal.  

Uncomfortable

The Administration in Washington must feel itself rather uncomfortably caught between these two conflicting views. Both politically and by reason of repeated exposition of its politico-economic creed, it could at this moment scarcely regard as other than on the side of Mr. Reuther — and we might say Mr. Murray, and all the rest who reason in the same manner. Indeed, only with some political difficulty could it be said at least passive and indirect support of these labor leaders.  

Yet it has taken responsibility — very direct and immediate responsibility — for the state of business in this country, and it can scarcely share the assurance that Mr. Roosevelt himself has that a new better organization can be availed by the absurd prescriptions of the Mur¬ ry, the Reathers and the Lewises. There is a fearful political weight of its influence behind such nostrums at this time. Such, of course, are the political pitfalls and difficulties inherent in a philosophy which injects government into areas in which it has no place.

Basic Issues

But whatever the political aspects of the situation, the basic issues thus posed are probably destined to be more sharply focused for discussion among people in the months to come than they are now. For some years past the effort has been repeatedly made to have higher wages, shorter hours of work, and better social security for all — policies for the farmer, greater "social security" for all — policies for the worker. Those who appear to be some¬ how appear peculiarly suitable for times of great business activity are often side-tracked. We could afford them, so the argument ran. We had to get back to the basic, that the benefits of prosperity were widely diffused. We could not afford to permit "purchasing power" to decline by allowing business to expand unchecked and so if (as though businessmen were in the habit of burying their heads in the sand and much more of the same order of argument became familiar byways throughout the length and breadth of the land.  

The unions, with their members all well occupied at high wages, could afford to "take a chance" on striking and an agitation of wages. All who had little in sight to worry about. The time to "get together" was on hand. They could point to very large profits being enjoyed quite generally throughout industry and trade, large, probably, even when allowances for the shortcoming of conventional accounting were made — and build up a new fund for striking, higher wages, without higher prices. When higher prices inevitably fol¬ lowed higher wages well, they had higher wages anyhow.  

A Changed Situation

But the situation has markedly changed. Profits are fading. Indeed in some lines and in some heretofore quite profitable companies they have faded altogether. Sales have declined. There have been layoffs. "If you want a job," Workmen can not in nearly the same degree count on con¬ tinuous employment. The economy begins to look pale. And this was supposed to be the immediate effect upon the day-to-day operations of all types of business. Most of the old arguments in support of higher and even higher wages, shorter working hours, and all sorts of other bargains for wages and whms have or are rapidly becoming quite obviously untenable.

If the New Deal-like notions of the day are to be suc¬ cessful conditions, they must be made to appear appropriate for stimulating business. Such a transformation of current political argument is, accordingly, to be expected. Indeed, it is beginning to appear.

IT IS FOR THAT REASON THAT THE EMINENTLY SENSIBLE WORDS OF MR. BYRNES OUGHT TO SERVE SO USEFUL A PURPOSE AT THIS MOMENT.

International Treaties

For Women's Rights

(Continued from page 17)  

Conference did not receive a favorable report, and at Montevideo were laid before the League of Nations at every session between, say, April 1929, and finally in 1936 these subjects were put on the agenda of the League. Dr. Murray was invited to speak to a group of women from countries all over the world who participated in the treatment at Montevideo. This group, Equal Rights Interna¬ tional, organized at Geneva for the sole purpose of working for Equal Rights, was founded by the World Woman's Party in 1914.

This brings us up to the present time and the Ninth Conference held at Bogota which did adopt the Treaty in substantially the same form as it was proposed by the National Woman's Party 20 years before, in 1914, in Havana, the only difference being that it was divided into two parts.

When the women interested in raising the status of women examined the report of delegates to the Bogota Conference and they learned that only the Govern¬ ments had sent women delegates. These four countries were the Dominions of the United States, Uruguay and the Argentine. The women of those countries leaned upon their government and on the women's movement and sent a delegation to the World Woman's Parliament in Bogota and was elected as a delegate. But before their request, pointing out the fact that the United States had no women delegate.

The four women delegates were: Senator Margaret Chase Smith, Chairman of the First American Commission of Women for the United Nations (as Senator for Maine), Blanca Mieres de Botto, a noted lawyer of the Dominican Republic; Senator Amalia Castillo León, of Mexico; Senator de Ibarra, of the Republic of Colombia.  

At the Eighth Conference in Paris the United States extended the treaty to include men and women in international law. The Nationality Treaty was not extended by the Fifth Conference in Havana to include equality by the whole of the West¬ ern Hemisphere. However, in all history to raise the position of women. This treaty was ratified by the Senate in March 1933.  

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The State of Trade and Industry

(Continued from page 5)

This week’s advance of minerals was noted by increased activity in the purchase of gold bullion, chiefly by the banks and the United States Mint, and by increased deliveries of silver bullion to the Federal Reserve banks.

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Concluding Comments by Dealers Relative to NASD and Its Policies

(Continued from page 3)

Marcus Bros. to Be Farmed Out in Chicago

CHICAGO, Ill.—Marcus and Irving E. Marcus, who are the directors of Marcus Bros., with offices at 141 West Jackson Boulevard, here, have decided to sell the firm of Marcus Bros., July 1. The firm will be members of the Chicago Board of Trade, and the New York Stock Exchange. Included in the sale of the Chicago, and the New York Exchange offices is the Arthur F. Lindley.

Craigmy, Pinney Admit

Robert W. White will be admitted to the firm of Craigmy, Pinney & Co., Wall Street, New York City, members of the New York Stock Exchange, on June 30.
counter securities is the 5% gross profit limit. Incidentally, the NASD has never had a secret vote on any matter and apparently doesn't want one.

P.S.—Our guess is the initials of the above-mentioned Boston, Mass., dealer are T.B.

SMALL WEST VIRGINIA TOWN

We are members NYSE & NYCE by choice and members of NASD because of their over-lord authority which compels us to join. Real competition does interest the NASD is not needed and is a lot of unnecessary expense and overlapping regulation which serve only to confuse the public.

BALTIMORE, MD.

We refused to join the NASD at its inception as we felt and still feel that it is designed only to further the business of brokers and dealers, and are and always have been in favor of the Exchange method where all trades are published and a record available to anyone interested.

BALTIMORE, MD.

The NASD is not the type of organization that in any way "fits" the small investor or the small business, and the capital structure requirements couldn't hope to secure a business like investors.

BOSTON, MASS.

I bought, as you would imagine, the NASD single-handed to clear the interpretation of what is a reasonable profit. Pays on the back from fellow members—but don't use my name" was not enough to what is good for all. Your efforts to get anything you cannot get anywhere. The industry has no one to blame but themselves for present conditions, and it will get worse as all fascist movements do.

BOSTON, MASS.

I not only do not see anything disapprove of the NASD in the most positive manner, I submit to regulation by the various States and Commonwealth of Massachusetts and by the SEC; therefore, I have far greater confidence in the Securities and Exchange Commission. I certainly claim none of the virtues asserted and accepted for the NASD. I am quite sure they don't want it, don't believe in it but don't exercise their rights as free Americans! A fine howdy-do! Just stop and think a minute what effect the NASD is likely to have. I assure you, qualified to do business but I refuse to pay tribute to this new development. I stress the word "new", for it is a assassination. We think of union members being dupes to pay tribute to racketeers and racketeers, how long will these big business and investor dealers? Or are they so big?

SMALL MASSACHUSETTS TOWN

The SEC should be abolished. There were, before this board was created, enough laws on the books to prosecute wrong doing.

BOSTON, MASS.

We resigned from this organization (NASD) many years ago, being thoroughly dissatisfied with it as it is.

OMAHA, NEBRASKA

CONFIDENTIAL: The writer has been in the investment business in this city for over 29 years. I did not join the NRA and did not join the NASD, for the simple reason that I do not believe in the scheme of controls or the application of CIO principles and philosophy to a small man, i.e., the dealer-broker business. I do not feel that business ethics or business morality can be taught by the NASD or any kind of combination system. You either have such ethics or business morality in your business practices or you don't have them. If you do not have them, the NASD is not going to stop the things which already exist, namely, the car-bacx business. Why should it? I have the right to sell my customer and my business and there is nothing I am going to do about it! I don't need the NASD to tell me what to do or what not to do. I am going to trade in and deal in securities that my study and experience show me to be the good ones for my customer's money. My customers expect that from me and keep on coming back for more advice and security. To do your job properly, you must get the customer. But you must treat them right. Quite a number of them have continued the pleasant business relationship I have with them. Not just any kind of doing business, I am sure they would quickly go elsewhere. In my humble opinion, FREE COMPETITION—NOT CONTROL will provide the best solution of all problems.

SMALL UPTAKE NEW YORK TOWN

The idea of self-regulation is good if directed in proper channels, and I am greatly in favor of it. The question is how to clear up the matter are commendable, and should bear fruit.*

SYRACUSE, N. Y.

I disagree of the monopoly and restraint of trade which the Act was designed to prevent. The alleged protection of the investing public does not provide except honest dealers from being cut out of business, and the best men and the trade in general. It is unconstitutional in practice, and violates every principle of justice, and I should have put out of business. I was a charter member of the original organization that started out to set up a self-governing body, and I always stood for the right of the individual investor to own the common stock of any company which he does not serve that purpose—and has established itself by high-handed methods that should be the subject of public investigation. I was a charter member of the national organization that formed which would offer protection and guidance to its members who would conform to the principles of self-government, and the highest standards of ethics and the trade, but as long as the NASD is in existence such an organization would be very difficult unless every other counter-broker dealer would withdraw their membership in a body*

* Commented anonymously.

Today's Investor and Security Analysis

(Continued from page 4)

of Moody's (or Standard & Poor's) financial manuals.

Businesses have changed some what since those days. Salaries run from $4,000 to $10,000 per month today, and the offices are not without bonuses. A few men in charge of research departments and supervising general partners or open their own firms. The old three-year study of brokerage firms, the production or selling end of Wall Street, is now done in the top level analyst and many consider it a profitable way of income-getting activities to very lucratively.

The bottom line—full-time security analysts have made and are today making money. The $10,000 figure above noted.

The bottom line is selling, where the big money lies, is entirely understandable. Some states have 10-15 years to make a really good security analyst. Most states have been trained to train a good salesman, of, mutual funds (for analyses of investment trust). Given a year, the income, and the clout that of the best security analyst who is not in the commission or fee business.

Some Unfavorable Aspects

Peculiar enough, there are no unfavorable factors of note and no experienced analyst. Even a customer's man who is "objective" is required to pass an examination (not too difficult), meet some standards of experience and be registered by the New York Stock Exchange. Actually, the bulk of good analysts are college trained or have a law degree. The analyst must be those who claim that much study and effort must be expended. The analyst may be a lawyer or a doctor.

Most of us feel that the profession is badly underpaid—that the same, be it customer, interest, drive, ability to present reports in

Security Analysis—What Is It?

One of the greatest problems in security analysis defines it as "a study of the potential earnings and dividends of a company with the attempt to draw conclusions therefrom based on established principles and sound judgment."

The ultimate objective is to reach a conclusion as to whether a given security is overvalued, undervalued, or fairly valued. The obstacles are: (1) inadequate data, (2) uncertainties of the future, and (3) the irrational behavior of the market. The last reason is the biggest.

This is far from an exact science. That is, definite and dependable conclusions do not necessarily follow. Whether the analyst and applies equally to any other method of forecasting the trends of the general market or of studying the dividends of individual corporates to the "value" analysis approach.

What is the average man to do? He's worked out detailed or studies of security but he has no detailed or studies of various issues in the same line of business and form an exchange as to the safety and attractiveness of many different companies. He has to do his own work. There are a few dealers with the past, present and future. This is the gift of the pulpit to describe the company, summarize its operating results; and high-light the possibilities and risks. Finally, he tries to estimate or give the future earning power.

Influence Widespread

The influence of security analysis on valuations and selling of securities is of proportion to the handling of the entire work. Estimates show that as new companies are publicly held, stock sales are made on the advice of the members of the financial analysts' association. The reasons behind the strength of this side of the business can be very great. If no one is interested in the advice, we were to turn thumbs down on a certain company, industry, that company's stock performance is the possible. It difficult, if impossible, to raise much interest. It is the only one who can be discussed.

Methods and Techniques Used

A sound knowledge of accounting—which is nearly as old as commerce itself—should be the analyst. While a relatively few skilled individuals are needed to ascertain the quality of sales and earnings of a company or a security, the analysis of common stocks are now simple in. In fact, the fact that the analyst is part of the company makes the task complicated and simple. Although some uniformity in procedures has been worked out by public utility stocks.

The common stock analyst must first arrive at a forecast of general business conditions. He has to gauge the probable levels of operations in individual industries. He then studies the operating companies in the best and the most prominent companies. He has to project company earnings and dividends as a final step in the analysis. He then sets the market prices. He must be a prophet.

Perhaps the most important is the life blood of the analyst, who develops wide-source foundations for current stocks, company officials, directors, trade publications, government agencies and publications and other analysts.

New York Society of Security Analysts

The New York Society of Security Analysts, founded 12 years ago, is composed of over 600 members affiliated with virtually every major securities firm in New York. It is a constitution, has a code of ethics and a quarterly publication, the Analyst's Journal. The New York Society of Security Analysts is the only one that is held in business and finance open to him quite readily.
**Tomorrow’s Markets**  
**Walter Whyte Says—**  
**By WALTER WHYTE**

Technical signs point to immediate rally. Some of these signals or points also point to subsequent lower prices.

When I wrote last week’s column I was looking forward to giving you a list of stocks in the following week’s column—a one. But whatever hope I had that the rally may have come and gone leaving nothing but a record to point to is now gone.

As to when things will pick up sufficiently to start a real move, of course, something that has yet to be answered. The major business picture on which all price movements are predicated, is still one of those dismal affairs.

I should stop and do some thinking at this point. For what I was reading it is becoming a sign of un-Americanism to view business unfavorably.

One columnist says that the “lefties” are responsible for spreading the report that the “outlook for business is black.” Now, don’t know if the outlook is black, grey or hellish, but the fact is that the outlook is that the future—the immediate business future—is not good. If that is a “lefty” observation, then I shall fail the market in the red is the pay in the red.

In all the years I’ve watched the market I’ve never been aware that it was concerned with political ideologies. The best opinion—and the market is a cross section of the best opinion—is always coldly realistic when anybody buys or sells stocks, he does it either because he thinks he can sell them for what he paid for them, or they have already seen their best prices in a long time.

Disregarding the name calling and getting back to the market, I can see that from a technical point of view, there is an indicated rally. But until there is better sustained resistance in some price movements, I doubt if anything of more than a few days importance will occur. So instead of giving you a column today, I’ll hold off until prices are lower.

It is quite likely the average will go down to somewhere around 150, though much smaller declines are possible. A New York group have some financial centers in the present financial centers as Boston, Chicago, Philadelphia, Los Angeles and other major markets. Together with New York, are now 200 brokers in the Federations of Financial Analysts Socities. The national group holds an annual convention featuring many forums and winding up with a dinner dance in which plans of national prominence speak.

**Hazards of the Stock Market**  
**Socially, politically, and economically good old days—called by the “Era of Wonderful Konsense”—used to be when most of the money was being invested in securities. I consulted a fortune-teller, a star- 
gazer, your toothpick, barber or elevator operator. To a degree, things are still unchanged, because the investment of money in securities is still a unique among business—businesses, and the money is usually based on advice from others. The trend bulk of investors are still amateurs. They rely on a friend, a relative, a local banker, a brok¬ 
er, a broker, a newspaper, financial service, or an investment counselor. They listen to the advice of their friends, take it, do it, and if much bad advice is given free.

Every day the market can be viewed best as either an ownership—(common stock) interest in, or a claim (title) against a specific business enterprise. Analysis of the market should be based on a correct analysis of the given business enterprise. It might readily seem that the chief requisite for successful in¬ 
vestment is foresight in anticipating new economic developments that will, in some way, favor the success of the business. The common investor in common stocks must try for safety and a suitable level of profit by diversification by industries and companies.

**Some Basic Rules to Follow**

(1) To speculate usually means to lose in the end.

(2) Buy when most people are pessimistic—sell when most people are optimistic.

(3) Investigate—then invest.

(4) Cut losers short—don’t you can’t break taking a loss.

(5) Don’t put all your eggs in one basket.

(6) Never buy stock after a substantial rise, or sell one immediately after a substantial drop.

(7) A “buy” may make money on the upside, but “bog” is bound to lose.

**Nobody Can Forecast the Market**

Whether a rally is made up of corporate or individual stock is anybody’s guess. Many of the common stocks, want to be told

**Pacific Coast Securities**

Orders Executed on Pacific Coast Exchanges

Schwabacher & Co.

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

**Telephone: BROADWAY-3978**

**Police Phone:**

**Diplomacy Threats to Luxembourg**

WASHINGTON, June 21—President Truman today appointed Mrs. Eulalia R. Ross to act as ambassador to Luxembourg. Mrs. Ross has already closed her leased apartment in Luxembourg, where her husband is now stationed, and is preparing to depart. Mrs. Ross has been in the diplomatic service for 20 years, and is fluent in French.

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Can Business Cushion the Recession?

(Continued from page 17)

spending in 1949 will just about offset the prospective decline in private spending, and consumer spending in 1949 will not be much affected by the current recession. In other words, the collapse of expenditures in the services sector (which includes real estate, construction, and public utilities) will be more than offset by increased spending in the manufacturing and retail trade sectors.

In sum, the current recession appears to be of lesser severity than the recessions of 1920-21 and 1929-32. The data suggest that the current recession will be of shorter duration, and that the economic recovery will be more rapid than in the past.

The current recession is likely to be a temporary phenomenon, and the economy will continue to grow at a moderate rate. The key factors that will determine the duration of the recession are the level of interest rates, the degree of liquidity in the economy, and the extent to which the government intervenes to support the economy.

In conclusion, the current recession is likely to be short-lived and mild, and the economy will continue to grow at a moderate rate.

Securities Salesman's Corner

By John Dutton

We have all quite a few friends in other lines of business. Have you noticed that most of them have no money? Do you know what they are doing, so that when you need insurance, real estate, or other services, you turn to your friends? On the other hand, how many of your friends are actually acquainted with the work that you are doing? Do they know how much you charge for the fact that you are a securities salesman? The question is: Do you know how much they are paying for the services of your friends?

It seems to me at least, that for many years most of us have waited for our friends to call upon us when they wanted to buy or sell some securities. Often we have been reluctant to sell our friends investments at a profit, because, in our minds, the embarrassment that we would feel if such were the case. At long last, as a group of us realized that we had a chance to make a profit without any risk, and could tell our friends about it, they were delighted to hear about it, and we were able to make some sales. The point is that many of our friends are simply not aware of the opportunities available to them.

You can tell your friends about the securities market, and the opportunities available to them, in a variety of ways. You can talk to them individually, or you can give them a group presentation. You can also use advertising and public relations to reach a wider audience.

Finally, you can ask your friends to refer you to others. Many of your friends may be able to refer you to others who are interested in investing, and you can then use this network to reach a wider audience. The key is to be persistent, and to be willing to work hard to reach your goals.
The following statistical tabulations cover production and other figures for the latest week or month available (dates shown in first column are either for the week ended on that date, or, in cases of quotations, are as of that date):

### AMERICAN IRON AND STEEL INSTITUTE

<table>
<thead>
<tr>
<th>Product</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
<th>Month Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel</td>
<td>84.15</td>
<td>85.75</td>
<td>94.15</td>
<td>96.25</td>
</tr>
</tbody>
</table>

### AMERICAN PETROLEUM INSTITUTE

<table>
<thead>
<tr>
<th>Grade</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude</td>
<td>4,913.12</td>
<td>4,930.16</td>
<td>5,189.30</td>
</tr>
<tr>
<td>Distillate</td>
<td>15,102.50</td>
<td>15,115.00</td>
<td>15,126.00</td>
</tr>
<tr>
<td>Fuel oil</td>
<td>15,471.00</td>
<td>15,044.00</td>
<td>15,000.00</td>
</tr>
<tr>
<td>Gasolene</td>
<td>5,971.00</td>
<td>5,950.00</td>
<td>5,791.00</td>
</tr>
<tr>
<td>Natural gas sold</td>
<td>11,474.00</td>
<td>11,474.00</td>
<td>11,474.00</td>
</tr>
<tr>
<td>Stocks at refineries, at build columns, in transits and in pipe lines</td>
<td>11,840.00</td>
<td>11,840.00</td>
<td>11,840.00</td>
</tr>
</tbody>
</table>

### ASSOCIATION OF AMERICAN RAILROADS

<table>
<thead>
<tr>
<th>Product</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freight revenue</td>
<td>808.15</td>
<td>808.15</td>
<td>808.15</td>
</tr>
</tbody>
</table>

### CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS-REVIEW

<table>
<thead>
<tr>
<th>Item</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total S. construction</td>
<td>150,802.00</td>
<td>150,802.00</td>
<td>150,802.00</td>
</tr>
<tr>
<td>Production</td>
<td>13,450.00</td>
<td>13,450.00</td>
<td>13,450.00</td>
</tr>
<tr>
<td>Labor and materials</td>
<td>10,050.00</td>
<td>10,050.00</td>
<td>10,050.00</td>
</tr>
<tr>
<td>Total construction</td>
<td>150,902.00</td>
<td>150,902.00</td>
<td>150,902.00</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Product</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bituminous coal and lignite</td>
<td>12,200.00</td>
<td>12,200.00</td>
<td>12,200.00</td>
</tr>
<tr>
<td>Pennsylvania anthracite</td>
<td>110.00</td>
<td>110.00</td>
<td>110.00</td>
</tr>
<tr>
<td>Bituminous coke</td>
<td>120.00</td>
<td>120.00</td>
<td>120.00</td>
</tr>
</tbody>
</table>

### DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM

<table>
<thead>
<tr>
<th>Week</th>
<th>Latest Month</th>
<th>Previous Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>14th</td>
<td>129</td>
<td>129</td>
</tr>
</tbody>
</table>

### DISCOM ELECTRIC COMPANY

<table>
<thead>
<tr>
<th>Item</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric output (in 1,000 kw.)</td>
<td>2,572,400</td>
<td>2,550,000</td>
<td>2,550,000</td>
</tr>
</tbody>
</table>

### FURNACE (COMMERCIAL AND INDUSTRIAL)—DEW & BRADSTREET, INC.

<table>
<thead>
<tr>
<th>Month</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>June</td>
<td>186</td>
<td>174</td>
<td>172</td>
</tr>
</tbody>
</table>

### GOLD COMPOSITE PRICES

<table>
<thead>
<tr>
<th>Item</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished steel</td>
<td>13,706.00</td>
<td>13,706.00</td>
<td>13,706.00</td>
</tr>
<tr>
<td>Scrap steel</td>
<td>810.92</td>
<td>821.67</td>
<td>822.70</td>
</tr>
</tbody>
</table>

### METAL PRICES (K. & A. J. QUOTATIONS)

<table>
<thead>
<tr>
<th>Item</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper</td>
<td>106.30</td>
<td>106.30</td>
<td>106.30</td>
</tr>
<tr>
<td>Lead</td>
<td>106.40</td>
<td>106.40</td>
<td>106.40</td>
</tr>
<tr>
<td>Zinc</td>
<td>106.40</td>
<td>106.40</td>
<td>106.40</td>
</tr>
<tr>
<td>Tin</td>
<td>106.40</td>
<td>106.40</td>
<td>106.40</td>
</tr>
<tr>
<td>Iron</td>
<td>106.80</td>
<td>106.80</td>
<td>106.80</td>
</tr>
<tr>
<td>Oil crucible</td>
<td>106.80</td>
<td>106.80</td>
<td>106.80</td>
</tr>
</tbody>
</table>

### Moody's Bond Prices DAILY Averages

<table>
<thead>
<tr>
<th>Category</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Governmet Bonds</td>
<td>47.80</td>
<td>47.80</td>
<td>47.80</td>
</tr>
<tr>
<td>Average corporation</td>
<td>60.00</td>
<td>60.00</td>
<td>60.00</td>
</tr>
<tr>
<td>A</td>
<td>60.00</td>
<td>60.00</td>
<td>60.00</td>
</tr>
<tr>
<td>B</td>
<td>60.00</td>
<td>60.00</td>
<td>60.00</td>
</tr>
<tr>
<td>B</td>
<td>60.00</td>
<td>60.00</td>
<td>60.00</td>
</tr>
<tr>
<td>C</td>
<td>60.00</td>
<td>60.00</td>
<td>60.00</td>
</tr>
<tr>
<td>Industrial Group</td>
<td>60.00</td>
<td>60.00</td>
<td>60.00</td>
</tr>
</tbody>
</table>

### Moody's Bond YIELD DAILY Averages

<table>
<thead>
<tr>
<th>Category</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Government Bonds</td>
<td>4.35</td>
<td>4.35</td>
<td>4.35</td>
</tr>
<tr>
<td>Average corporation</td>
<td>5.35</td>
<td>5.35</td>
<td>5.35</td>
</tr>
<tr>
<td>A</td>
<td>5.35</td>
<td>5.35</td>
<td>5.35</td>
</tr>
<tr>
<td>B</td>
<td>5.35</td>
<td>5.35</td>
<td>5.35</td>
</tr>
<tr>
<td>C</td>
<td>5.35</td>
<td>5.35</td>
<td>5.35</td>
</tr>
<tr>
<td>Industrial Group</td>
<td>5.35</td>
<td>5.35</td>
<td>5.35</td>
</tr>
</tbody>
</table>

### Moody's COMMODITY INDEX

<table>
<thead>
<tr>
<th>Product</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>245.8</td>
<td>245.8</td>
<td>434.8</td>
</tr>
</tbody>
</table>

### NATIONAL FERTILIZER ASSOCIATION—WHOLESALE COMMODITY PRICES PER GROUP (1931-39 = 100)

<table>
<thead>
<tr>
<th>Product</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seeds</td>
<td>271.5</td>
<td>271.5</td>
<td>271.5</td>
</tr>
</tbody>
</table>

### OIL, PAINT AND DRUG REPORTER PRICE INDEX—1926-46

<table>
<thead>
<tr>
<th>Category</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paint</td>
<td>123.3</td>
<td>123.3</td>
<td>123.3</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>All commodities</td>
<td>145.9</td>
<td>145.9</td>
<td>145.9</td>
</tr>
<tr>
<td>Farm products</td>
<td>145.9</td>
<td>145.9</td>
<td>145.9</td>
</tr>
<tr>
<td>All commodities other than farm and food</td>
<td>145.9</td>
<td>145.9</td>
<td>145.9</td>
</tr>
<tr>
<td>Food and kindred products</td>
<td>145.9</td>
<td>145.9</td>
<td>145.9</td>
</tr>
<tr>
<td>Tobacco and related products</td>
<td>145.9</td>
<td>145.9</td>
<td>145.9</td>
</tr>
<tr>
<td>Fuel and light materials</td>
<td>145.9</td>
<td>145.9</td>
<td>145.9</td>
</tr>
<tr>
<td>Building materials</td>
<td>145.9</td>
<td>145.9</td>
<td>145.9</td>
</tr>
<tr>
<td>Metal products</td>
<td>145.9</td>
<td>145.9</td>
<td>145.9</td>
</tr>
<tr>
<td>Farm machinery</td>
<td>145.9</td>
<td>145.9</td>
<td>145.9</td>
</tr>
</tbody>
</table>

### NATIONAL PAPERBOARD ASSOCIATION

<table>
<thead>
<tr>
<th>Product</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>121,158</td>
<td>121,158</td>
<td>121,158</td>
</tr>
<tr>
<td>Percentage of orders filled</td>
<td>99</td>
<td>99</td>
<td>99</td>
</tr>
</tbody>
</table>

### MG, PAINT AND DRUG REPORTER PRICE INDEX—1926-46

<table>
<thead>
<tr>
<th>Category</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
</table>
| Wholesale prices new series—U. S. DEPT. OF LABOR—AVERAGE—1949
| All commodities | 147.4 | 147.4 | 147.4 |

### MAGNESIUM WROUGHT PRODUCTS (DEPT. OF COMMERCE)—Month of April

<table>
<thead>
<tr>
<th>Item</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipments (in pounds)</td>
<td>378,000</td>
<td>378,000</td>
<td>378,000</td>
</tr>
</tbody>
</table>

### MALLEABLE IRON CASTINGS (DEPT. OF COMMERCE)—Month of April

<table>
<thead>
<tr>
<th>Item</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipments (in pounds)</td>
<td>378,000</td>
<td>378,000</td>
<td>378,000</td>
</tr>
</tbody>
</table>

### NATIONAL BOARD OF COMMERCE—MINES

<table>
<thead>
<tr>
<th>Category</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metal</td>
<td>72,360</td>
<td>72,360</td>
<td>72,360</td>
</tr>
<tr>
<td>Gold</td>
<td>72,360</td>
<td>72,360</td>
<td>72,360</td>
</tr>
<tr>
<td>Silver</td>
<td>72,360</td>
<td>72,360</td>
<td>72,360</td>
</tr>
</tbody>
</table>

### NATIONAL BUREAU OF STANDARDS—INSPECTION OF FOREIGN STEEL (U. S. A. —Month of April)

<table>
<thead>
<tr>
<th>Item</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipments</td>
<td>512,000</td>
<td>512,000</td>
<td>512,000</td>
</tr>
</tbody>
</table>

### TREASURY MARKET TRANSACTIONS IN U.S. GOVERNMENT SECURITIES OF U. S. A.—Month of April

<table>
<thead>
<tr>
<th>Item</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>1,205,200</td>
<td>1,205,200</td>
<td>1,205,200</td>
</tr>
</tbody>
</table>
The Omnipotent State and Private Lending

(Continued from page 11)
shortcomings, we do not look ahead to perceive the indirect effects in the long run upon the whole process of enterprise and individual liberty as a whole.

Moreover, only a relatively trifling number of the four million businesses in the United States are engaged in making con¬
siderable profits. So it is incomprehensible whether, under a control like Regulation W, the Federal Reserve can move in to nimbly micromanage the profits of some of them. The attempt of the government to col¬
llect fantastic refunds from raising a large number of control
there to our example of the con¬

What is referred to by Step No.
final, gradual, long-continuous substitution for private enterprise rather than the total nationalization of it. The functions should be understood, here, that the government prices and try to prevent depressions because they are out to “save capitalism.” In the long run, the function is essen¬

cially for ever-increasing extension of the regulatory and government ownership. Such exten¬
sion inevitably means the destruction of the Omnipotent State regardless of the fact that the government is ab¬
ly the only one for saving private enterprise and individual liberty.

Of the various ways in which the functions of private enterprise win in view of the omni¬
test, the most effective is the extreme, more gradual and less obvious way. This is to carry out the diver¬

will be determined in a Social Welfare State. An¬
other effective method is the pas¬

example, Regulation W, or the failure to seek further opportunities for the private enterprise to function satisfactorily.

The public under changed conditions. Examples of the latter would be the effects of long period legislation which permits banks to make non-banking loans and assumes a kind of large business but specifies a rate of charge that cuts down the ability of the banks to function satisfactorily in fully serving their clientele, or the effects of the maximum loan limit. The passbook, the passbook passbook. The main need of the banks, the ability to invest in real estate, the field of consumer installment loans, is scientific study of their public and private functions. And if such studies reveal that the public and private functions of the banks, which are the second most impor¬
tant function, are being decreased and the maximum loan limit in view of the fact that their patina, their function is now being taken over by the government, need to borrow $500 to obtain $500 in stock. Thus the pur¬

ment of the benefits is proving that they are aware of the desirability of granting private enterprise a greater role in the economy. The benefits of these private enterprises may be even more important in serving the public.

Various Degrees of Government "Take-Over"

With regard to the third step, there are various degrees in which the government "take-overs." It may, as a starter, merely take a controlling interest in the proprietors of the private enterprise by regulation W. A higher degree of take-over, over 50% of the government introduction of "stabilized agencies" which is the group of private enterprise. Here, there occurs a change in the proportion of the economy represented by the system, and a growth absolutely and relatively and, finally, the decisive degree is to have the government control all the private business, where gradually in one industry after another the government assumes preponderance in ownership or control of the industry.

In conclusion, the question is whether a private enterprise can or should per¬
critically in case he prefers the system of private enterprise and individual liberty to the omnipot¬
tent State. He can resist the im¬
pulse to assume the responsibility for those larger borrowers who represent more than bank-grade risks. 

The consumer, loan officer of a bank, realize that his superiors and his peers, and all outstanding leadership in the country may not accept the responsibility to rally the forces of all the private con¬

确 decide, therefore, to get to know the ways and means of enabling the different types of consumer lend¬

Sentiment that the government participa¬
tes in periodic meetings of all these private enterprises (just as the government has been doing throughout the country the retail trade in essential goods and services of sizes of firms selling at retail com¬

In a word, the private enterprise would instead of competing with his competitors and to cooperate other with the Great Com¬

Restoring Price-Wage Balance, A Readjustment Problem

(Continued from page 4)
year would not foot this bill for
more than six months.

The truth is that the preponderant part of govern¬
mental attempts of shifting or to the "other fellow. They, the public, they pay them not alone in high taxes but in higher prices, also. It is a cruel, eat, drink, work. Or pay. We even more when they throttle business expansion.

We need this long range ex¬

change and tax base over which we can spread the costs which are the inevitable economic heritage of great war. We, the nation as a whole, are not in a postwar situation. We have the consumer industry is in a broad base without a greatly increased tax to bear. Without it, we cannot pro¬
vide additional production and more and better jobs for a grow¬
ning population. But the outlook is dimmed because the political abuse of the taxing power, par¬

ticularly the progressive principle of income taxation, has severely damaged private enterprise, and have violated nearly every canon of sound taxation. Intelligent re¬
form is needed to restore the economy and tedious task.

The growth and prosperity of our job¬
geners in large and small enter¬
priises is a dominating factor in making the prosperity or the collapse of this economy and the welfare of the people. The members of the press have been able to take too good care of our public and private functions.

The failure of our "take-overs" is a mark of the country's problems and the trend towards unemployment.

The unemployment is our "take-overs" in large and small enter¬
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Trust Function Responsibility in Preservation of Capitalism

(Continued from page 7)

be carried out with the assistance of management facilities for individuals during their lifetime.

Investment Management Should Be Handled Personally

The management of investments, whether as executor, trustee, or otherwise, should be a hand-tailored and not a mass-produced operation. There must be an effort to avoid liability, loss, and other trouble by reducing the investment to a set of formulas, approved lists and periodic reports to a series of committees. Committee management, in all departments, is the correct business, and must give way to that type of individual responsibility and skill that has in the past justified banking as one of the most respected professions.

I realize that the trust problem is a delicate and difficult one, and that what I am saying may appear somewhat exaggerated for this reason. However, there is no doubt in my mind as to the need for banking services of an investment character in all kinds of communities. Without question, the basic responsibility rests on the local institutions.

Banks are nothing more nor less than the people in them and they are the people in the trade. We all operate with the same legal privileges and responsibilities, and are susceptible to the same influences. The only differences are in size and in people, or to put it another way, in what we do. If you wish to function and be effective beyond their immediate departments. Consider them bank, they are in competition with you, and pains and pangs to see that they do not make a dash and put their money in the main street bank. And if there are billions of the people's money may be spent this year to hold up the general price level, including raw cotton, wool and other commodities, these controls are a highly complex political, economic and social experiment which should involve consideration of the responsibilities that they are important factors in our economic thinking. They are reflected in the wages that we pay for labor, in your gas and electric and other services, and also in rising public assistance costs.

In a time of depression in which the policies in at-}

aining e conomic equilibrium is the creation of credit, where the economic system is out of balance, and where the public is out of balance between the real world and the financial world, and where there is confidence, it is necessary to see that the adjustment is not made at the expense of the individual, or of the individual's family. It is necessary to see that the adjustment is not made at the expense of the entire community, or of the entire society.

Leadship Essential

In addition, I hope we will continue to do business in a constructive, as banks, to warrant re-

spective above.

we have failed to exercise this leadership and have hesitated to give it to people, and still more, to our advantage, and to the advantage of the public. We must now take every opportunity to point out what is at stake in the public interest in our going about our public practice. I urge you particularly to exercise your leadership, your authority, and conviction on the ruinous effects on our free enter-

crise system of any action that may be taken to maintain our high standard of living, or the standard of living in the United States in world leadership is the important thing to do. It is in this, in addition to providing for our own capital, that there is the need for maintaining high standards in all quarters, and sound leadership in the financial community of the New York State Bankers Association is a very important part.

Restoring Price-Wage Balance, A Readjustment Problem

(Continued from page 41)

relationship of various groups of wholesale prices to the general average of all prices. When eco-

nomic conditions are better and the situation is sound, the prices of wage-earning and rent-paying groups -both these groups -are at a lower level and the prices of capital goods -are also at a lower level. These are the principles of farm products, and the people who pay for them are relatively high and prices are low.

Analysis of the consumer price index indicates that Prices of foods and apparel are changing at a somewhat slower rate than prices of most other commodities and with rents which have been artificially depressed.

Controls and Restoration of Price-Wage Balance

The problem of securing reason-

able balances in the general price structure is complicated by govern-

comments. It is our national policy to maintain supports for agriculture prices by means of the so-called "parity" program. At present, however, these support levels are being severely tested. At the beginning of the billions of the people's money may be spent this year to hold up the general price level, including raw cotton, wool and other commodities, these controls are a highly complex political, economic and social experiment which should involve consideration of the responsibilities that they are important factors in our economic thinking. They are reflected in the wages that we pay for labor, in your gas and electric and other services, and also in rising public assistance costs.

In a time of depression in which the policies in at-

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Monetary Stability and Convertibility

(Continued from page 13)

The two conditions are implied. Continental Europe cannot hope to achieve dollar balance on an international scale until the industrial depression is over, for it is not to be expected that in the next 10 or 15 years European countries will have as much trade as in the pre-1914 days. The most that can be hoped for is that the European countries will have their own currency, and that they will not have to depend on the dollar for all their international transactions. The problem of the new international monetary situation is not the same as that of the pre-war days. It is not a question of the dollar being able to maintain its parity with the sterling at all times, but of the dollar being able to maintain its value on an average basis.

In conclusion, it may be said that the sterling bloc is in a much better position than the dollar bloc. The sterling bloc is in a better position because the sterling bloc is in a better position to maintain its international value. The dollar bloc is in a worse position because the dollar bloc is in a worse position to maintain its international value.

What's Needed for Currency Stabilization?

(Continued from page 13)

...and the establishment of a system of fixed official rates and a flat fluctuating rate. Exporters and importers, who are concerned that all the benefits of the Marshall Plan will be lost if the dollar is no longer the world's major reserve currency, are prepared to support a system of fixed official rates and a flat fluctuating rate. Exporters and importers are concerned that all the benefits of the Marshall Plan will be lost if the dollar is no longer the world's major reserve currency. They are prepared to support a system of fixed official rates and a flat fluctuating rate because they believe that the Marshall Plan will be more effective if the dollar is used as the world's major reserve currency.


**Alps Mining & Milling Co., Missoula, Mont.**

June 13 (letter of notification) 100,000 shares of common. Price—$1 par. Underwriter—Hackett & Brown, Spokane, Wash. To complete mill, purchase equipment and carry on development work. Office, P. O. Box 745, Missoula, Mont.

**American Fork Consolidated Mines, Salt Lake City, Utah**

May 9 (letter of notification) 400,000 shares of capital stock. Price—$5 per share. Underwriter—Cromer Brokerage Co., Salt Lake City. For mining development.

**American Lumber & Fur Co., Hamilton, Ohio**

May 13 filed 2,650,000 shares of common stock (par $1). Offering—United Light & Railways Co. (parent), is offering 265,000 shares for sale and 1,325,000 shares which will be designated for the sale of oil and gas interests and drilling and operating equipment (par $1) per share. Underwriter. For further information, see page 753.

**American Petroleum Co. of Colorado, Inc.**

June 13 (letter of notification) 100,000 shares of common stock, of which 50,000 shares would be issued for cash and 50,000 shares for exchange for stock of the Texas Panhandle, Tex. Underwriter—Carson, Fitzgerald & Co., New York. Price—$5 per share.

**Atlantic Coast Fisheries Co., Boston, Mass.**

June 13 (letter of notification) 25,000 shares of common stock, of which 10,000 shares will be issued for cash, 5,000 shares for exchange of fishing rights, and 10,000 shares for exchange of fishing rights and equipment. Underwriter—None. The proposed sale is to conform with the wish of the stockholders. The company is limited to communal purposes.

**Beane Brothers, Inc.**

Nev. Jun 25 filed 5,000 shares of common stock (par $1). Underwriter—Name by amendment. Proceeds—Proceeds will be used for flotation and exploration.

**Berrylum Mining Co., Inc., Seattle, Wash.**

June 17 (letter of notification) 6,000,000 shares of 10% preferred stock (par $1) common, Price—$10 per share. Underwriter. To finance the corporation in its initial stages.

**Bonanza Mining & Smelting Co., Winnemucca, Nev.**

June 14 (letter of notification) 20,000 shares of common stock. Price—$4 per share. Underwriter. To carry on development and mining operations.

**Bradshaw Mining Co., Toponah, Nev.**

Oct. 8 (letter of notification) 1,500 shares of preferred stock (par $100). Underwriter—Name by amendment. Proceeds—Proceeds will be used for mill and equipment.

**Carnegie Mines Ltd., Montreal, Canada**

April 27 filed 500,000 shares of common. Price—$50 cents per share. Underwriter—Name by amendment. Proceeds—For working capital, exploration and development.

**Central Fibre Products Co., Inc.**


**Central Ohio Light & Power Co., Findlay, Ohio**

June 17 filed 25,000 shares ($10 par) common. Offering—To be sold to the holders of the preferred stock. Proceeds—To be used in reducing the balance at the rate of one-for-five. Underwriter—The First National Bank ofFindlay, for unsubscribed shares. Proceeds—For construction.

**Emerson Radio & Phonograph Corp.**

June 7 filed 233,000 shares of capital stock. Underwriter—R. E. Emerson, president. Proceeds—Proceeds will be used for the purchase of properties and equipment and for general business purposes. Proceeds will not be used for the purpose of reducing or retiring any obligation of the company, and the offering have not yet been determined, but the stock is expected to be sold to the public in Chicago and New York Stock Exchange at the time of the offering. Proceeds will be returned to the company if the company does not accept the sale of the shares, the shares will be returned to the company. Proceeds—For construction.

**Emerick Mines Ltd., Toronto, Canada**

May 24 filed 2,000,000 shares of common stock, priced at $10 per share. Underwriter—Teller & Co., New York. Price—25 cents per share. Proceeds—To explore for ore deposits.

**Florida Power & Light Co. (6/29)**

May 30 filed 150,000 shares of common stock (par $1). Underwriter—Names to be determined. Proceeds—Proceeds will be used for the purchase of properties and equipment and for general business purposes. Proceeds will not be used for the reduction or retirement of any indebtedness of the company, and the offering have not yet been determined, but the stock is expected to be sold to the public at par in Chicago and New York Stock Exchange at the time of the offering. Proceeds—Proceeds will be returned to the company if the company does not accept the sale of the shares, the shares will be returned to the company. Proceeds—To raise $3,500,000 of short-term borrowings from banks and the sale of preferred stock, and for construction and other corporate purposes. Expected June 1, 1970.

**Gas Industries Fund, Inc.**

June 22 filed 600,000 shares of common stock (par $1). Underwriter—White, Weld & Co., New York. The company will operate as a specialty fund investing in securities of companies identified by the gas industry. Proceeds—To pay off $12,000,000 of short-term borrowings from banks and the sale of preferred stock, and for construction and other corporate purposes. Expected June 20.

**Gate City Steel Works, Inc., Omaha, Neb.**

June 16 (letter of notification) 2,500 shares of 6% cumulative first preferred stock (par $100). Underwriter—The First Trust Co. of Lincoln, Neb. Proceeds—to pay off $30,000 of short-term borrowings from banks and the sale of preferred stock, and for construction and other corporate purposes. Expected June 20.

**Gaulsey Mountain Coal Co., New York**

Jan. 19, filed 10,666 shares of capital stock, of which 1,381 shares will be sold in behalf of the company and 8,285 shares will be sold by Norgreen Associates Inc. and Worthington Corp. for capital. Proceeds—Proceeds will be used for the construction of a new plant, the purchase of properties, and for working capital.

**Sulf Atlantic Transportation Co., Jacksonville, Fla.**

May 15 filed 400,000 shares of common stock (par $1) stock and 270,000 shares (25c par) common stock. Offering—135,000 shares of common will be offered for sale to the public and 200,000 shares will be offered to the public at-for-one-to-two at 26 cents per share. Underwriters—Names by amendment, and may include John J. Berger Co. and A. M. Kidd & Co. Underwriters will buy the remaining 135,000 shares at the market price. Proceeds—Proceeds will be used for working capital.

**Hauske Manufacturing Corp., Grand Rapids, Michigan**

June 13 (letter of notification) 9,392 shares of common stock (par $5). Underwriter—None. Proceeds will be used for the development of the company. Proceeds—To sell to the public at $1, which will be used for working capital.

**Kawaiian Electric Co., Ltd., Honolulu**

June 21 filed 150,000 shares of series E cumulative (20c par) preferred stock (par $1). Underwriter—Philip D. Lehman & Co., Inc. Proceeds—Proceeds will be used for the purchase of properties and equipment and for general business purposes. Proceeds will not be used for the purpose of reducing or retiring any obligation of the company, and the offering have not yet been determined, but the stock is expected to be sold to the public in Chicago and New York Stock Exchange at the time of the offering. Proceeds—Proceeds will be returned to the company if the company does not accept the sale of the shares, the shares will be returned to the company. Proceeds—For flotation and equipment.

**Heidelberg Sports Enterprises, Inc.**

June 25 filed 5,000 shares of class B common stock (par $1). Underwriter—None. Proceeds—Proceeds will be used for working capital and for balance for related purposes.

**Helicoptor Air Service, Inc., Chicago (6/27)**

June 9 filed 80,000 shares of convertible class A stock (par $4). Underwriter—Crutchen & Co., Inc. Proceeds—to finance the purchase of operating equipment, landing site installations and to provide working capital.

**Horwood Lake Gold Mines Ltd., mines, to be owned through an ocean floor, to finance to dock and terminal facilities, and to provide working capital.

**Hudson Mining & Smelting Co., New York**

**Kidder, Peabody & Co.**

Founders 1896

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New York

For valuable advice in mining properties.

**Kidd & Company Pulp & Paper Co., Poison, Mont.**

Nov. 23 (by amendment) 180,000 shares (10c par) common stock to be offered at $10 per share and 20,000 shares (25c par) common stock to be offered at $11.25 first mortgage bonds. Underwriter—G. T. Gary & Co., Miss. Proceeds will be used for the purchase of properties and equipment and for construction of a sulphate pulp mill with a 200-ton per day capacity.

KIDDER, PEABODY & CO.
Maumee Oil Corp., Toledo, Ohio
May 13 filed $8,333,560 common, of which only about $2,614 shares will be offered publicly at $100 per share. No underwriter. For general working capital, $2,734,560, to repay $725,300 long-term debt, and to change ratio of common stock to preferred stock.

Mesenger Corp., Auburn, Ind. (7/1)
May 25 (letter of notification) 6,000 shares of 6%, cumulative convertible preferred stock, to be convertible into common stock at $10 per share. Underwriters—The First Boston Corp. at Lincoln, Nebr., and Crut¬

Manitowoc Mining Corp., Reno, Nev. (5/29)
June 17 (letter of notification) 80,000 shares of common stock (par $1). Price, par. No underwriter. To explore for further mining claims. Office, Cheney Hldg., Reno, Nev.

Michigan Consolidated Gas Co. (6/28)
May 9 filed $10,000,000 convertible debentures due July 1, 1967. Underwriters—Names to be determined through competitive bidding. Probable bidders: White, Weld & Co.; Halsey, Stuart & Co.; Halsey, Knight & Co.; Hartman Ripley & Co.; Smith, Shiley & Co.; Remick & Co.; and Bankers Trust Co., New York. Probable solicitation and payment of redemption price of $1,000 annual dividend per share. Proceeds—For capital improvements and provision of about $7,300,000 of preliminary notes of its subsidiary (Austin Field Pipe Line Co.) and for refinancing its general mortgage bonds to be? received by company at 415 Cliff Street, Detroit 26, Mich., up to 10 educers. Proceeds—For capital improvements and provision of preliminary notes of its subsidiary (Austin Field Pipe Line Co.) and for refinancing its general mortgage bonds to be

Missouri Utilities Co., Cape Girardeau, Mo. May 28 filed 51,184 shares (par $1) common, Offering—Filed to stockholders of record June 17 on 1-for-4 basis. Rights expire June 29. Underwriter—Edward D. Jones & Co., St. Louis.

Mutual Telephone Co. (Hawaii) (7/1)
June 7 filed 150,000 ($10 par) convertible preferred stock, to be offered subject to offers from holders of the common stock, in the ratio of one preferred share for each five common shares held. Underwriters—Kidder, Peabody & Co.; Price, Waterhouse, & Co.; Trennert & Williams, Inc.; Loomis, Sayles & Co.; & Co.; Merrill Lynch, Pierce, Fenner & Beane Ltd. Higginson Corp.; & Harman Riplcy & Co. Company also plans to sell 150,000 shares of common stock (par $10) to parent, New England Electric System. Proceeds—For working capital.

National Memorial Park Cemetery Association, Inc., Falls Church, Va. (7/6)
June 7 filed 10,000 shares of $100 par value preferred stock. Proceeds—For estate of late member of the board of directors.

Nathan & Workoff, Tulsa, Okla. June 14 (letter of notification) 2,000 shares (par $1) common stock. Proceeds—For estate of late member of the board of directors.

New England Power Co., Boston (7/13)
June 3 filed $5,000,000 of series C bonds due July 1, 1979. Underwriters—Names to be determined through competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. Inc.; & White, Weld & Co. Common stock proceeds to be used for construction and expansion which in 1949 will total to estimated $3,700,000. Proceeds—For capital improvements and provision of preliminary notes of its subsidiary (Austin Field Pipe Line Co.) and for refinancing its general mortgage bonds to be

New Jersey Power & Light Co., Bound Brook, N.J. (7/12)
June 7 filed $3,500,000 of first mortgage bonds, series due 1979, and of second mortgage bonds, series due 1965, all $100 par value. Underwriters—To be determined through competitive bidding. Proceeds—For capital improvements and provision of preliminary notes of its subsidiary (Austin Field Pipe Line Co.) and for refinancing its general mortgage bonds to be

New York & Cuba Mail Steamship, New York June 7 filed 190,125 shares of 5% cumulative preferred stock ($25 par) which Atlantis Gulf and West Indies Steamship Co. will exchange for its preferred (5% common-cumulative) $100 at the rate of $25 for each 8 shares. Proceeds—For construction of new steamship and thereafter, for working capital. Proceeds—For construction of

New York Electric & Gas Co. (6/28)
May 31 filed $8,000,000 first and refunding mortgage bonds, series $5, due June 1, 1913. Underwriters—Names to be determined. Proceeds—For construction of new power stations and for working capital.

Nice Co., New York
March 21 (letter of notification) 4,600 shares (par $25) common stock. Proceeds—For retirement of preferred. Proceeds—For conversion

Northern New England Telephone Co. June 2 filed 400,000 shares of capital stock. Offering—To sell to the public at $6.25 per share for the account of the company. Proceeds—For working capital advances from American Telephone & Telegraph Co. with the balance to be added to general funds for construc-

Ohio Oil Co., Canton, Ohio June 13 filed 1,000,000 shares of common stock (par $1). Proceeds—To be used for general corporate purposes.

Ohio Power Co., Akron, Ohio June 23 filed 572,624 additional shares (par $10) common. Proceeds—Filed to the first stockholders on a 1-for-10 basis basis. Preferred shares would be available for subscription to those stockholders at a price of $150 per share. Proceeds—For conversion

Oil, Inc., Salt Lake City, Utah


Pepsi Cola Co., Richmond, Va.
May 16 filed $50,000 shares of common stock (par $1) of which American Power & Light Co. (parent) will sell 10,000 shares. Underwriters—Bylyn & Co. Inc., The First Boston Corp. and the Continental Illinois Nat. Bank & Trust Co., Chicago.

Petroleum Power Co., Toronto, Canada April 21 filed 500,000 share, of which 1,800,000 on behalf of company and sold by New York Stock Exchange. Underwriters—To be named by amendment. Proceeds—For working capital and drilling.

Power Compano, Inc., of America, Culver City, Calif.

Power License Co., Inc., New York
May 18 filed 30,000 shares, to be priced. Proceeds—For working capital.

May 15 (letter of notification) 500,000 shares of common stock. Proceeds—To be used for the acquisition of stock of stockholders. Proceeds—For working capital.

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Our Reporter's Report

Maybe it was the humidity, or maybe it was the heat. Things were not altogether as smooth and cool as people expected. Wall Street banking world would have liked them this week.

It seemed that you could buy a deal easily enough, but the demand seemed to run a little too fast. This was another matter. In short several of the offerings which went public were hardly of the "out-the-window" type.

Our windows are smaller, and often mortgage bonds of the Tennessee Gas Transmission Co. were not registered. The Engineering Co. was reported slowly.

One thing they did was to register something for close observation with the overall shape of the market on the big issue. This was $108.35 for a 5% coupon while the next highest yield on the issue had been 106.59. The 106.35 would be 106.75 under the bonds.

Even though the indicated yield was fairly close to what the investment bankers were aiming for, it will not be registered. It seems that a much lower rate of interest, with the need of a lower yield, is apparent in the market climate.

Though the same situation prevailed in the case of the Public Service Co. of New Hampshire's $4,000,000 bond sale, the bonds were brought out at 106.59 to yield 2.79%.

Standard Oil Co. (N. J.)

One of the biggest industrial underwritings this week was the $250,000,000 in the Standard Oil Co. (N. J.) issue. There was a lot of activity in the underwriting, but the only one that bid was on the size of the issue. There were no other bids.

The underwriting was handled on a negotiated basis, and in spite of the lack of bids, it was not a difficult matter. In short several of the offerings which went public were hardly of the "out-the-window" type.

The project of selling would be an easy way to deal in the case of the Public Service Co. of New Hampshire's $4,000,000 bond sale. The bonds were brought out at 106.59 to yield 2.79%.

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Annual "personal" American Electric Co. stockholders' meeting will come off June 15, on which occasion the company proposes to offer its common stockholders on or about Oct. 1, 1949, about 500,000 shares of stock on a basis of one share for each share of stock held. The subscription price will be determined to be a 3% at 90, in other words, 90% of the subscription price will be made be some in the latter part of 30 years of a 4-for-1-for 1-for 1-for 1-for improvements and for additional working capital.

American National Gas Co.

William O'Reilly, president of the board, told the stockholders of the company's annual meeting that it was their intention to replace the present stockholders by additional stockholders, probably on a 3-for-10 basis. Financing is to take place this year to provide $5,000,000 for the company's operating projects.

Atlantic Coast Line RR. (7/7)

May 21 report on the sale of July 5, of $6,653,000 equipment trust certificates. Probable bidders are Halsey, Stuart & Co. Inc.; Solomon Bros. & Hutsler; Harriman Ripley & Co.; and Lehman Brothers.

Columbia Gas System, Inc. (7/28)

Central Electric & Gas Co. and the latter will be named by the latter. Proceeds from the sale are expected to be $5,000,000 for the company's operating projects.

Gary Dare Stores Corp., New York (7/28)

June 13 reported the sale of the common stock. of the company to the public. Proceeds from the sale are expected to be $5,000,000 for the company's operating projects.

Upper Peninsula Power Co. (7/28)

August 20, 1949, the sale of 550,000 shares of common stock, class A. Price—$5 per share. Underwriters—None were determined through competitive bidding. Probable bidders include Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Beane, and Blyth & Co., Merrill Lynch, Pierce, Fenner & Beane.

Western American Life Insurance Co., Reno (7/28)

March 30 filed 12,500 shares (10% par stock) common stock. Price—$6 per share. Underwriters—None were named by amendment. Proceeds—To qualify the company to sell life insurance in any state.

Western Oil Fields, Inc., Denver, Colo. (7/28)

May 19 (letter of notification) 800,000 shares of common stock, to be named by amendment. Proceeds—To qualify the company to sell life insurance in any state.

Philippine Mindanao Development Co., Cabu City, Philippine Islands Jan. 25 (letter of notification) 750,000 shares of common stock, one centavo par value. Price—$2 per share. Underwriters—None were named by amendment. Proceeds—To qualify the company to sell life insurance in any state.

Western Oil & Gas Co. and Middle West Corp. will sell 120,000 shares and 200,000 shares, respectively, of their common stock for several of the largest single offering of the year. Proceeds from the sale are expected to be $5,000,000 for the company's operating projects.

Columbia Gas System, Inc. (7/28)

June 13 reported the sale of the common stock. of the company to the public. Proceeds from the sale are expected to be $5,000,000 for the company's operating projects.

Cornucopia Gold Mines, Spokane, Wash. (7/28)

Common stockholders of record June 30 will be given the right to purchase 6% additional shares (par 5%) in a 1-for-5 ratio at approximately 2% per cent per share. Rights will expire Sept. 12 and are exercisable for the offering of Old National Bank of Spokane.

Power & Light Co. (7/28)

May 12 reported company in the market this week with $75,000,000 first mortgage bonds and $2,000,000 preferred stock, to be named by amendment. Proceeds—To qualify the company to sell loans.

Corpus Christi (7/28)

November 15 reported the sale of the common stock. of the company to the public. Proceeds from the sale are expected to be $5,000,000 for the company's operating projects.

Bryant, The North American Co, is inviting bids for the offering of 75,000,000 par preferred stock (15%) with $105,000,000. Proceeds from the sale are expected to be $5,000,000 for the company's operating projects.

Upper Peninsula Power Co. (7/28)

August 20, 1949, the sale of 550,000 shares of common stock, class A. Price—$5 per share. Underwriters—None were determined through competitive bidding. Probable bidders include Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Beane.

Western Oil Fields, Inc., Denver, Colo. (7/28)

May 19 (letter of notification) 800,000 shares of common stock, one centavo par value. Price—$2 per share. Underwriters—None were named by amendment. Proceeds—To qualify the company to sell life insurance in any state.

Philippine Mindanao Development Co., Cabu City, Philippine Islands Jan. 25 (letter of notification) 750,000 shares of common stock, one centavo par value. Price—$2 per share. Underwriters—None were named by amendment. Proceeds—To qualify the company to sell life insurance in any state.

Western Oil & Gas Co. and Middle West Corp. will sell 120,000 shares and 200,000 shares, respectively, of their common stock for several of the largest single offering of the year. Proceeds from the sale are expected to be $5,000,000 for the company's operating projects.

Columbia Gas System, Inc. (7/28)

June 13 reported the sale of the common stock. of the company to the public. Proceeds from the sale are expected to be $5,000,000 for the company's operating projects.

Cornucopia Gold Mines, Spokane, Wash. (7/28)

Common stockholders of record June 30 will be given the right to purchase 6% additional shares (par 5%) in a 1-for-5 ratio at approximately 2% per cent per share. Rights will expire Sept. 12 and are exercisable for the offering of Old Nacional Bank of Spokane.

Power & Light Co. (7/28)

May 12 reported company in the market this week with $75,000,000 first mortgage bonds and $2,000,000 preferred stock, to be named by amendment. Proceeds—To qualify the company to sell loans.

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Gold Standard League Formed to Inform Public
On Need for Stable Money

Pennsylvania business leaders group aided by State Chairman.
Sound dollar sought to encourage enterprise and stop flat money menace.

Formation of the Gold Standard League of Pennsylvania to inform the public of the need for the gold coin system at $35 per ounce was started at Latrobe, Chairman of the League, Joseph A. Bollin, President of National Bank of Latrobe, Pennsylvania.

He is to be aided by a committee of all State legislators.

Among those already ready accepted are: John G. Knox, Oakland, Pa.; R. G. DiPaolo, Scranton; Dr. LeRoy Beutler, New York, N. Y.; J. H. Frost, San Antonio, Tex.; and Dr. W. W. T. Peters, President, Louisiana, State University.

The League, formed to meet the need of the day, is composed of business leaders, bankers, and educators, and is to operate as a non-partisan body.

The League is to be aided by a committee of all State legislators, and the first meeting was held at the Latrobe Hotel, where the organization was set up.

Halsey, Stuart Group Offers So. Pac. Equip.

Halsey, Stuart & Co., Inc. and Associated Investment Dealers Association, Inc., have announced the award of the gold award to the Southern Pacific 2% equipment trust certificates, due $103,000 semi-annually from Dec. 1, 1949, to June 1, 1959, inclusive.

Investment bankers of the Southern Pacific 2%, equipment trust certificates, due $103,000 semi-annually from Dec. 1, 1949, to June 1, 1959, inclusive.

Security for the certificates will be the total amount of equipment estimated to cost not less than $10,720,000. This equipment is to be owned by the company and will include 2,500 freight electric rail cars, 1,500 freight electric passenger locomotives; 1,000 600-hp freight electric switch engines; 440 gondola cars; and 802 steel flat cars.

The certificates will be issued to provide for not exceeding 80% of the cost, estimated at $2,857,000, of 1,000 refrigerator cars.

Konzelmen Opens

(Special to The Pittsburgh Press, Columbus)

Albert S. Konzalmen is engaging in a securities business in offices in the Independence Building.

DIVIDEND NOTICES

AMERICAN CANDY AND ELECTRIC COMPANY

Common Stock Dividend

A regular quarterly dividend of 30 cents per share on the common stock of the company, approved by the Board of Directors at its meeting held in New York City on June 17, 1949, will be mailed to the holders of record July 15, 1949.

THE WEATHER COMPANY

(Chicago, Illinois)

New stock issue

On June 19, 1949, the Board of Directors of the New York Stock Exchange announced that the company had filed with the Interstate Commerce Commission, in the Matter of the application of the company to operate a new railroad route between New York City and Chicago, Illinois, for the purpose of transporting goods and merchandise.

The company proposes to operate a new railroad route between New York City and Chicago, Illinois, for the purpose of transporting goods and merchandise.

Curtis W. Wright, President

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WASHINGTON, D. C. — There is an entirely new look to the question of foreign military aid. Administration takes the full amount, $1,450 million, to be the minimum necessary. The program must be approved this week. It will involve preponderantly new equipment rather than transfer of military surplus.

Western Europe, so went the thinking at that time, was beginning to feel the impact of the United States and would stop Russia militarily. The new approach was, therefore, to try to stop the Reds, but it would be necessary to continue the campaign of their jittery. It was necessary to get them to stop their grant. It was necessary to work their common economic emergency, or trying to make ECA work.

With that outlook, which had to have been on the horizon, the military aid program was an inevitable result of ECA. It was an extra contribution to the government's new plan. It was a happy way to accept U. S. recovery to be used to work. It would work.

WASHINGTON... And You

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