Money, Gold And Exchange

By RENE LEON

Ascertoring money cannot measure value, because it has no fixed and unvariable unit. Mr. Leon denounced efforts to fix rates of exchange. Advocates free market but foresees disaster in economic structure in immediate gold convertibility of dollar.

The passion for fixed rates of exchange is based on the myth that money is a measure of value. More cannot measure value, it can only express it. For a measure is something definite, exact, invariable. Regardless of its composition a yardstick measures three feet, never more, never less. A man, whether made of wood or of solid gold, measures 100 centimeters, never more, never less. Thus a yard can be translated into metric terms but in this term of feet and inches the figures will be exact, always. Such is not the case with the unit of currency—Continued on page 27.


A_FRA Grounds

Role of Free Enterprise
In American Progress

By BENJAMIN F. FAIRLESS
President, United States Steel Corporation

Prominent industrialist recounts significant role of business in American progress which has created in less than two centuries the world’s greatest and most efficient industrial structure. Says profit motive is essential as logical accompaniment of ambition and spur to attainment. Sees a force of destruction in gross enlargement of Government and corporatism, “foreign yeasts working in our society.”

Business has played an extremely important role in our national economy for many centuries. It is an outstanding index of our material well-being. Within its ranks, year by year as population has increased and the needs of the people multiplied, industries have developed in countless fields of activity, and by dint of hard work have become proficient and strong. Great inventions have been embodied in machines, facilities, and consumer goods, all of which have lightened human burdens and progressively raised the standard of living in America. Dozens of science, along with the teachings of engineering and the fine arts, have been adopted in factory, mill, and field, to the great benefit not only of industry itself, but of those who use its products. So today one finds within our borders a fusion of the necessities, conveniences, and luxuries which are more widely available than in any

(Continued on page 32)

A_FRA Grounds

For Banks, Brokers and Dealers

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(Boston, Philadelphia Providence London Amsterdam)

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111 Broadway, New York, N.Y.

ANALYSIS: Public Service Co.

New York, N.Y., Thursday, August 11, 1949

THE PHONY DEPRESSION

By MELCHIOR PALY

Dr. Palyi, asserting this depression is a "phony" if there ever was one, sees an orderly retreat from inflationary top. Notes present business slump is not characterized by financial distress, bank failures and the like. And nothing of this sort is in offering. Holds nothing has occurred but a lull in an inflationary boom and there has been no orthodox collapse of consumer demand, which has characterized previous depressions. Sees backing of demand supported by liquid holdings as great as ever, and urges accumulation of substantial corporate reserves "while the going is good." Scores President's economic predictions, pointing out their fallacies.

It has been said that if this is a depression, or recession, it is the most "prosperous" one the country has ever seen. Indeed, the pattern of this nine months old down-turn is totally different from anything that has been known before under a similar name.

This time, the boom "breaks" of a reversed itself, without any appreciable tightening of the interest rates to provide a "pump" stimulus.

This is certain contrary to the text books and to all cyclical experience. The transition from top prosperity to something else, whatever it is, took place virtually at a record low level of government bond yields and money market rates.

In previous depressions, within the first nine months, if not be fore, a financial crisis had occurred: bank failures, business bankruptcies, stock market crash, (Continued on page 27)

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ANALYSIS: Public Service Co.
While maintaining relatively conservative positions in equity section of their portfolios, both of open and closed-end funds, except for those in the natural and coal industries, have been relatively conservative in their purchases of equities of stocks. The funds are considerably more conservative in their purchases of common stocks.

Activity Only Moderate

In spite of the increased optimism of the management, which greatly curtailed their buying activities, prices have declined by 8% to 10% on the New York stock exchange, with a stock market that at the end of the quarter, and over-all activity was about equal, and in the previous three months, the additional buying of equities was made possible by a general advance in liquidation of portfolio securities.

The fact that many of the securities have been at or near their 52-week low is shown in the accompanying table of the closing prices of the various stocks. This is an indication that the funds are looking for the opportunity to buy. The average price of the funds' purchases, as well as the average price of the funds' sales, is shown in the accompanying table. This is an indication of the funds' conservative attitude in their purchases of securities.
New Steel Wage Demands Fantasies vs. Facts

By ELISHA M. FRIEDMAN
Consulting Economist
Chairman, Econometric Institute, Inc.

Mr. Friedman contends Murray-Nathan conclusions regarding corpo-
rate profits are based on statistical errors. Says record of U. S. Steel Corpo-
ration's profits for 1937 shows that the returns are substantially lower.

The conclusions of Messrs. Murray and Nathan are based on un-
sound assumptions and faulty methods. Facts are presented which demoli-
ish their conclusions.

Mr. Murray charges these exorbitant profits constitute an "ex-
haustion of resources through low interest rates and low wages.

Notice that neither anything about the stockmarket is made.

What does the record show? The United States Steel Corpora-
tion furnishes in its 1937 annual report a statistical record begin-
ning with 1902. This shows that in the 24-column record for 47
years show over-shorting of 

* * *

1. The performance is keeping with the public interest. No. 43-11.

2. The charges are ridiculous.

3. The industry is pitiful.

4. The industry is indigent.

5. The industry is bankrupt.

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_ONE DOLLAR_ does the work of 4 when it's invested in_The New York Times_. The Times reaches banking executives, corporation officials, professional and institutional security buyers—and individual investors—in more than 11,000 communities all over the U.S.
The Possibilities of Improved Equity Markets

By THOMAS B. McCABE
Chairman, Board of Governors, Federal Reserve System

Central Bank head charging decline in flow of risk capital and deleterious effects on entire economy, advocates Congressional study into tax structure from viewpoint of availability of equity capital. Proposes revision of status as treat present double taxation of corporate income, taxation of capital gains, depreciation of capital assets, and tax-exemption of state and municipal securities. Suggests relaxation of restrictions on purchase of equity capital by fiduciary investors.

Until recent, there has never been a general unwillingness on the part of investors in this country to look realistically into risks with their savings. At times we have experienced an actual shortage of savings, but rarely a significant lack of interest in risking those savings.

A dynamic, expanding economy means that funds supplied to a business which do not involve any fixed lien or debt obligation and on which a fixed return is guaranteed. Equity capital is essential to a business, because it permits growth and creates conditions of less temporary than permanent public in the situation. Moreover, enterprises which maintain high equity ratios are better able to get credit if it is needed, under any economic conditions. Thus, the ability to purchase, availability, and flow of equity capital are critical aspects as they relate to the national observance of the highest levels of production and employment.

Stock financing by business corporations has been particularly critical in preparing the nation to meet the present stock market issue. Data on the formation of new stock capital are available through reports in governmental and corporate securities issues. In 1945, the rate of expansion of the economic activity the average was approximately 10%. Since the fall of 1945, companies have been issuing more stock capital for corporate capital gains:

1. Why are individuals not buying more shares in business?
2. Why are businesses issuing more funds through stock sales?
3. What is my judgment, can I make a decision?
4. Desire for Security — There is no single reason why investors do not buy equity shares in business. We know that the volume of investment in equity income, the level of savings today is tremendous, and it is not therefore a shortage of available funds that prevents people from buying capital gains:

To the average investor, an important reason for people not buying common stocks is the lack of information as to where place upon security and safety of future prospects of gain. Security rather than the government's heavy become more and more a part of the extreme philosophy. The assurance of the disappear of the frontier investment, the end of geographic expansion, the unsettled state or of it should be the affairs since the turn of the centuries, and the efforts of the Federal Reserve System is growing and social disparities and involved.

The desire of individuals for safety in investments has been re-emphasized by the government. Financial Indicators in post-war period. New warnings, errors of the Federal Reserve System are sponsored by the Board of Governors of the Federal Reserve System, the University of Michigan. These surveys suggest greater stress on the population as a whole of savers of phenomena have obtained more weight. For instance, for such as for a rainy day, old age, the survey conducted early in 1945 revealed that 86% of all groups in the community, 62% opposed to holding common stock, 53% were of them, it is 6% per cent that such security was safe, while 30% were not familiar with these classes and an investment opportunity. In in what would happen, it should be remembered, of course, that these figures may or may not be accurate, as it never permeated all groups in the community.

The security on safety is reflected in the large volume of individuals' savings held in the form of government bonds; of deposits, shares, and resecurities, and in the financial institutions. New forms of investment in the banking and loan associations, and savings banks, as well as in reserves of private and government pension and trust funds. A large proportion of the securities savings is channelled into these types of individuals.

In 1946, for example, the flow of individual savings into life insurance, bank and loan associations, and mutual savings banks alone, totaled almost $4 billion a year in excess of the funds over the past 15 years into these categories. We refer to the entire $35 billion and $4 billion. For the most part, investment in common stocks is quite safe, although it would be prohibitive or closely restricted by state or Federal statute. For example, the tax burden of many large life insurance companies is heavier than in the case of insurance companies to purchase common stock. Hence, if a small number that meet certain tests, prohibits them from purchasing common stock. We refer to the capital volumes of funds flowing through the life insurance companies, which is now greater than ever before and has been more than any one year before. The recent large volume of debt relative to stock money available to business.

Increased Taxes — The increased rates of taxation imposed to finance the Korean conflict. (Continued on page 30)

Stock Market Will Continue To Rise Through 1949

By RALPH A. KOTNEM

Market analyst predicts both external and internal market factors will support rise to at least 185-193 level. Experts major test will occur in December because of temptation for profit-taking offered to June buyers. Tax increases in early April will affect profits. In any event 1949 lows will not be reached again in February.

For the fifth time since the war ended in 1945, the market has met support in the 160-165 area for the industrial average. Each after test a substantial rally has developed and each has been lower. This pattern has been more than the one we had during the 1932-1933 depression. Sentiment has been improved by the growing belief that business activity may begin to show some real improvement during the coming weeks, by the action of the Federal Reserve Board in easing credit, by the abandonment by President Truman of his requests for tax increases, by the postponement of the sterling crisis in England, and by the fact that the steel strike did not take place. Also favoring the market was the large short position and a strong technical position.

Ralph A. Kotelem

Pardon the Delay

We are referring, of course, to the fact that the book SUCCESSFUL INVESTMENT, SALAMANDER, containing a series of lectures on investment, is being prepared by the Boston Investment Club and Boston University is not as yet, available for distribution. However, the difficulties have now been overcome and work on the publication is currently underwa. Indications are that the book will be on its way in the next three weeks. Inquiries in connection with this book are welcome, and an excellent source of material on the basic principles of security manipulation should be addressed to:

Boston Investment Club
P. O. Box 1604
Boston, Mass.
Evans to Manage New Oils' Dallas Branch
DALLAS, TEX. — Oils & Co. has opened a branch office in the Kirkwood Natatorium, Dallas, with Roger Evans as Resident Manager.
Mr. Evans has devoted his business career to the investment

The State of Trade
and Industry

For the nation as a whole, total industrial production the past week reflected a slight increase but continued to hold moderately under the influence of corresponding conditions.

Insofar as the number of people presently employed is concerned, in terms of the monthly picture, a recent report indicates that employment for the country is at the highest level of 1949. According to Federal and State agencies, the layoff rate of factory workers has been around 1% in recent weeks, and jobless problems are not critical.

In the field of wholesale trade the heightened interest of many retailers shows evidence of a much more active market. Customer appears well satisfied for the time being, and the number of orders for the coming season. The volume of orders for Fall goods showed a noticeable increase and immediate delivery was popular. The larger department stores were still trading on sales of women’s coats. Buyers of men’s wear, however, continued to exercise great caution.

Taking steps to make available to both government and business easier credit conditions, the Federal Reserve Board on Friday of last week announced cuts to go into effect over the next few weeks in requirements of comme bank member banks. By this action, it is reported, it will increase the amount of funds bank can lend as collateral for investment in government securities or loans to business. As a result of this stock price on this bond the Financial Exchange on Friday, last, moved sharply higher as did government security values.

An action represents the fifth anti-deflationary step taken by the Federal monetary authorities to assist the nation’s economy in recent weeks. Most of the latest increases occurred during the past two points for all classes of banks. On time deposits, reserves will be cut one point.

Anect the controversy over a pension plan for steelworkers, the New York Steel Corporation, the current issue of labor.

"For many years numerous companies have been accumulating pension plans for employees. Almost invariably this experience has led to the fact that it is far easier to understate the cost of a pension plan than to overstate it. In numerous instances, the present plan of the corporation, it is believed, was on the 1% level, but the officers of the company were not willing to publish the actual cost far exceeded estimates."

MRS. READE WED TO A. WILFRED MAY

GREAT BARRINGTON, MASS. — Mr. Virgil S. Read, and A. Wilfred May, both of New York City, were married last Friday. Blue Hill Road estate of Mr. and Mrs. Martin L. Straus II, Anheuser Farms, near Barrington. The Rev. Cornelius Bakker performed the wedding service before the immediate family and a limited number of guests.

Mr. Read, a former master of Arts degree from Columbia University, also holds a B.A. degree from Columbia, as a research fellow in the Department of Economics. During the war he served abroad as a special correspondent for American Mercury and Forthcoming Publications. Mr. May, who also received a Master of Arts degree from Columbia, was a research fellow in the School of National Affairs.

Elected Amex Directors

Brownlee O. Currey, President of Equitable Securities Corporation, and Joseph H. King, President of Union Securities Corporation of New York, were elected members of the Board of Directors of American Holding Corporation Aug. 29.

Equitable Securities Corporation, together with Union Securities Corporation of New York, recently purchased the principal stock holdings of Albert H. Wiggins in New Holding Corporation, which owns over 95% of the shares of American Express Co.

Volume 170 Number 4928

The COMMERCIAL & FINANCIAL CHRONICLE

Observations

A. WILFRED MAY

Chairman McCabe Needs More B-Y-R-ds

The detailed statement on the equity capital situation submitted to the Board of Governors of the Federal Reserve System is extremely important for a monetary reason, as the country is being immunized with politically-controlled public issues and price-level stabilization. From the latter scheme, it establishes the fact that there exists in Washington at least some traces of sound and reality in the thinking of the Government, and that the monetary system conditions, establishing the overinflating influence of our government’s socialist philosophy and consequent fiscal policies on every sector of the nation’s activity.

The Double Taxation of Corporate Income

Our present system of taxing corporate earnings is, of course, both inequitable and injurious to the fluidity of our markets. The government first taxes 50% of the stockholders’ profits at the higher progressive income tax rates. These same profits are, in most cases, now re-taxed directly to the stockholders, large and small, as dividends, and the total, properly, the entire amount eventually is then taxed a second time as each stockholding recipient elects to pay out dividends, etc. Thus the earnings from his invested dollars are levied on twice, once before he gets them and again when he receives what is left.

This is "double taxation!"

Fears that the corporation tax will be levied in 1913 when the Federal Income Tax began. In the original laws both corporate and individual, which would be charged at 6% on the first $5,000 of incomes, above $5,000 were graduated to 7%, 9% and 11% on the highest bracket.

"For many years numerous companies have been accumulating pension plans for employees. Almost invariably this experience has led to the fact that it is far easier to understate the cost of a pension plan than to overstate it. In numerous instances, the present plan of the corporation, it is believed, was on the 1% level, but the officers of the company were not willing to publish the actual cost far exceeded estimates."

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(Continued on page 29)

The Theoretical Remedy—British Style

If it were desired to correct this situation, it could be done simply by collecting the corporate tax on all earnings, binding the shareholder credit for the tax paid by the corporation. This is the British System. In this country, if there were to be a situation of the kind, it would be realized that the government’s hush-hush spending commitments and in the public purse. The part of the tax (presumably the entire amount eventually) is then taxed a second time as each stockholding recipient elects to pay out dividends, etc. Thus the earnings from his invested dollars are levied on twice, once before he gets them and again when he receives what is left.

The Practical Unlikelihood of Reform

Now Chairman McCabe, along with self-interested voices like the New York League, has made frequent recommendations that the government should collect a higher percentage of its income in direct taxes. Not only is it impossible to point out that double taxation of corporate profits, but that other phases of our tax structure as well, are extinguishing the health of the corporate life in the United States. Therefore, it must be realized that the government’s hush-hush spending commitments and in the public purse. The part of the tax (presumably the entire amount eventually) is then taxed a second time as each stockholding recipient elects to pay out dividends, etc. Thus the earnings from his invested dollars are levied on twice, once before he gets them and again when he receives what is left.

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A Defense of Production Payments On Nonstorable Farm Products

By HON. CHARLES F. BRANAN

Secretary of Agriculture

Sec. Brannan outlines and defends his proposal to substitute production payments for parity guarantees in nation's agricultural support program. Colleagues Congressional delay on agricultural legislation and delay to another year are charged to the activities leading to collectivism. Denounces pressure groups.

Dangers of Spendthrift Government

By HERBERT HOEVER

Only living ex-President, on 75th birthday, warns of growth of government spending accompanied by paternalistic government. Says average citizen must give 61 work days a year to pay cost of govern- ment and that farm, retirement, and veterans activities is leading us to collectivism. Denounces pressure groups.

My first duty is to acknowledge your generous reception and these embarrassed me. This is now 34 years since this Library on War, Revolution, and Peace was founded. Over these years friends of the Library have contribute $3,400,000 to the permanent endowment. Part of and of the $1,300,000 which has been received from the general public.
Impact of ECA on American Oil Industry

By WALTER J. LEVY
Chief, Petroleum Branch
Economic Cooperation Administration

ECA officials point out, U.S. oil exports without European Recovery Program, would have been greatly reduced, but deficits aid given European nations to develop own oil resources. Says possibility of increased foreign competition to American oil industry is not deferrable, provided it is fair and open.

A lot of questions are being raised, as well as many eyebrows, concerning the effect of the European Recovery Program and especially of ECA operations on the American oil industry, domestic and foreign. Great fear are expressed in industry circles that as a result of current ECA activity an American oil on a large scale from the United States as well as from American controlled offshore sources. It is therefore from Europe's point of view not completely illegal or unreasonable to try at this moment to develop its own resources in order to reach an independent position with regard to...
Important Aspects of Gas Industry

By JOHN W. WEST, JR.*
Assistant Managing Director, American Gas Association

Mr. West reviews increasing importance of gas industry in recent years. Cites growth in reserves of natural gas and enlargement of resources available. Emphasizes need of gas service in home, business and industry; (2) its power of adaptability to changing markets; (3) advanced technology, and (4) growth of natural gas production. Describes work of American Gas Association.

The industry of which I speak is an old one, whose manufactured gas operations succeeded carrying the gas bulb and later the iron pipe, similar advances were made in the sciences of geology and chemistry, and in the development of the discoverers of oil and gas fields. We are thus able to point out more and more successively to the progress of the industry and to identify the structures. I have been engaged in the gas industry since 1907, when I began my work for one of the subsidiary companies of the Tidewater organization, Mr. R. D. Benson. Our first visits was at the time when the reserve statistics of Mr. Pogue and others indicated a nine or 10-year supply of pipe, similar advances were made in the sciences of geology and chemistry, and in the development of the discoverers of oil and gas fields. We are thus able to point out more and more successively to the progress of the industry and to identify the structures. I have been engaged in the gas industry since 1907, when I began my work for one of the subsidiary companies of the Tidewater organization, Mr. R. D. Benson. Our first visits was at the time when the reserve statistics of Mr. Pogue and others indicated a nine or 10-year supply of gas, and I asked Mr. Benson what his attitude, as President of the company, was toward this apparent prospect of oil and gas. Mr. Benson, as you know, was my methodologist, and he said: "I have not been able to believe that God Almighty would let us have as much gas as we did use our part to find it, and I have always told that philosophy in planning the gas service and operations of the Tidewater organization." So far as I know, the Tidewater organization adopted this view to regret this company policy, and it is perhaps a good one for those interested in the natural gas business to keep in mind in arriving at conclusions.

Judging Outlook of Individual Companies

Your analysis and procedures call for a careful survey of the past history, present operations and future potential of the companies. At this stage, it is Bill"enient to consider the question of the last year, and during the period the natural gas has been withdrawn in this country. It is not certain that I have not taken the time to add up the numbers.

The Reserves Committees of the American Gas Association and the American Petroleum Institute have taken great pains to point out that it would be inadequate to take the total known reserves of oil or gas in one year, spread over a wide range of years. They call for a more comprehensive view of the total available reserves. However, it is satisfactory to use this method to make allowances for the "relative availability of various years' supply of natural gas. Thus, for example, a comparison of these comparisons of the availability of important minerals and compared with the results that the mineral vein is sufficiently sufficient to serious adverse preconditions in the mind of anyone who has observed the development of the natural gas in the foreseeable future. Perhaps the best philosophy to be taken seriously today is a method of analyzing and administering the industry depend upon gas reserves can be illustrated by a personal story. When I was a young man I worked for one of the subsidiary companies of the Tidewater organization, Glidden, Louisiana. After coming to New York last year, I used to visit with the then President of the Tidewater organization, Mr. R. D. Benson. Our first visits was at the time when the reserve statistics of Mr. Pogue and others indicated a nine or 10-year supply of gas, and I asked Mr. Benson what his attitude, as President of the company, was toward this apparent prospect of oil and gas. Mr. Benson, as you know, was my methodologist, and he said: "I have not been able to believe that God Almighty would let us have as much gas as we did use our part to find it, and I have always told that philosophy in planning the gas service and operations of the Tidewater organization." So far as I know, the Tidewater organization adopted this view to regret this company policy, and it is perhaps a good one for those interested in the natural gas business to keep in mind in arriving at conclusions.

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Outlook for Business And Investments

By DONALD B. SMITH
Partner, Scudder, Stevens & Clark Investment Counsellors

Regarding short-term outlook, Mr. Smith sees strong underlying supports for business activity through the rest of the year and current and near- term well distributed purchasing power. Regards long-term outlook as unpredictable, but expresses belief common stocks are reasonably priced at current levels.

Short-Term View (1948)

Recent economic corrections have been substantial in raw ma- terial prices and in volume for specific finished goods. Inventories have been reduced in many cases, and all measures of business has been fairly well controlled. The overall correction to date can hardly be dignified with even as strong a term as recession. This satisfactory general atmosphere has been maintained in spite of almost frantic attempts by New York businessmen to reduce inventories, and in spite of con- tinuance of a punitive attitude towards basic raw materials by government.

This situation suggests strong underlying supports which may be catalyzed as follows:

(1) A substantial backlog of needs for capital goods, such as buildings and equipment.

(2) A well distributed purchasing throughout the form in the form of liquid assets, and a marked increase in the absence of strains due to uncertainty of a major decrease in the price of credit.

(3) Government fiscal policy. This takes two forms. Through the cash budget, the government is reducing its annual rate of surplus a year ago to about one-half. This reduction has the annual rate of deficit a year hence. Government savings in the form of subsidies to agriculture and social security benefits have been reduced. The probable reduction in these from an annual surplus of a substantial magnitude.

(4) Widespread awareness of possible economic dangers and consequences to government and to the public of the "stiff" that serious maladjust- ments of our economy. If specialist enthusiasm was widespread, one would have to assume that it was creating serious strains.

Because of these underlying supports, it seems reasonable to assume that business is in the process of shaking down from an overstrained, inefficient condition to a hardhitting, competitive basis that is necessary to go through a severe liquidation to accomplish this desirable end, and that more good years are ahead. This is probably as high the economy as a whole for many years to come. 1949 will probably be the year of recovery, 1948, and 1950 probably lower than 1949 but higher than these years, by any standards except 1948, should be generally satisfactory.

There is real danger that the time and attention being given both to eust system and government to short-term economic factors is out of proportion to the reliability of either of the basic data or the judgments of those interpreting them. The margin of error is likely to be too large. However, this has not taken the crudest type of estimates. Cer- tainly a substantial improvement in the basis for drastic changes of business or government policy. It does not take long to see a typical or economic reasoning to tell a man that, under of aggravating con- ditions such as 1947 or 1948, he should not carry a given amount of Capital and/or Money in his control. Why is more than necessary to serve his purpose and to use some other funds in the meantime?

*Summary of a talk, by Mr. Smith at the Stanford University Business Outlook Conference, Palo Alto, Cal., July 26, 1949.

Expanding World Markets for American Cotton

By E. D. WHITE
Assistant Secretary of Agriculture
Chief, Cotton Branch
Economic Cooperation Administration

Agricultural Department specialist predicts, despite substantial set-backs in two large markets, U. S. cotton export prospects continue to increase. Admits sales of cotton exports have been largely financed by Federal Government, and recommends exchange of foreign cotton in exchange for raw cotton with dollar-short countries. Foresees no excessive carry-over of crop and no unusual pressure of synthetic fibres in competition with cotton.

Since the end of the war the export market for American cotton has been increasingly expanded as a result of progressive forward-looking programs adopted by our government. Cotton exports have increased from less than 2 million bales at the war's end, to nearly 10 million bales this year. Continued growth is expected. To maintain the volume of World and Domestic demands, it is necessary to reduce the number of the export market. The cotton industry has been relatively stable in recent years, so that the world's interest in American cotton is increasing. The Cotton industry has been relatively stable in recent years, so that the world's interest in American cotton is increasing.

These purposes are generally grown within the country. However, if the market is, for all practical purposes, limited to foreign consuming countries.

Outside of the United States, Mexico and Brazil—all cotton producing and exporting countries—nearly all the cotton supplied in the world are in Europe, China, India, Japan and, to a smaller extent, Canada. Many countries, with few, if any, spindles have large populations to clothing. We cannot reach new and growing markets with our raw cotton. It must go through the textile mill situated in other foreign countries.

Foreign Mill Requirements

First, I want to differentiate between foreign countries producing sizable quantities of cotton for export from those under foreign countries that have to import all or nearly all of the cotton they consume.

The mills of interest to us are the latter. These mills have to import all or nearly all of the cotton they consume. This again narrows our market out.

As we examine the world market, we find that our natural outlets are restricted, first, to countries with textile mills second, to countries which import cotton for their own textile mills and third, to those countries which need and are able to pay for American cotton. These restrictions present certain barriers to selling the real need for cotton by millions of people living in various parts of the world, generally in the underdeveloped sections of the world. This problem should be kept con- tinuously before us, until there is a better situation for it than at present. Better ways must be developed for moving a valuable raw material like cotton to the various ultimate consumer mar- kets.

It is now estimated that during the past year the world consumed 27.7 million bales of cotton. Less than 12 million of these bales were consumed by foreign mills that import cotton. So the maximum extent of the world market for cotton that has been imported. Some mills have been required to replace their working stocks so the total amount of cotton imported into all consuming countries may be estimated at about 16.4 million bales this year. In other words, the mills have been compelled to use their reserve stocks so that they must now buy as much cotton as they consume.

Currency Problems

Of necessity, textile mill operators must import the kind of cotton their mills are adapted to use and from exporting countries from which they can possibly purchase. Many mills do not have U. S. dollars and cannot purchase. Consequently, they have no means with which to pay for our cotton. They generally have plenty of their own kind of money, such as 

New Issues

August 10, 1949

Pennsylvania Power & Light Company

75,000 Shares 4½% Preferred Stock ($300 Par, Cumulative)

12,000 Shares 4⅞ Series Preferred Stock

Price (both issues) $103.75 per share

The First Boston Corporation

Drexel & Co.

Kidder, Peabody & Co.

Lehman Brothers

Merrill Lynch, Pierce, Fenner & Bean

Eastman, Dillon & Co.

The offer is made only by means of the Prospectus.

This is under no circumstances to be construed as an offering of these securities for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such securities.

(ginzed for FRASER)

Prospectus:

75,000 Shares 4½% Preferred Stock

12,000 Shares 4⅞ Series Preferred Stock

Price (both issues) $103.75 per share

Plus accrued dividends from July 1, 1949

Copies of the Prospectus may be obtained from any of the several underwriters, including the underwriten, only in states in which such underwriters are qualified to act as dealers in securities and in which such Prospectus may legally be distributed.

The First Boston Corporation

Drexel & Co.

Kidder, Peabody & Co.

Lehman Brothers

Merrill Lynch, Pierce, Fenner & Bean

Eastman, Dillon & Co.

The offer is made only by means of the Prospectus.
Illinois Brevities

An issue of $15,000,000 Illinois Power Co. mortgage bonds was issued on July 28 at 2½%. Funds were used for the payment of $8 million of short-term bank loans made to the company, and for the quantitative expenditures and the balance for new construction.

The estimated cost of the utility firm's revised construction program is $200 million, the firm stated, in April, 1948, having bought $30 million of stocks of busines, provide about $30 million of such expenditures, it was stated. The balance of $70 million, however, must be devoted to raising new financing. The sale of the above-mentioned bonds, at an offering price of $104 in April, 1948, of $10 million of 4.79% cumulative preferred stock, has been oversubscribed, this remaining related amount to approximately $45 million. It is understood that the Northern Division generating stations which purchased the stock of 1948, about $5 million of such stock would be deferred until that year.

As of the opening of business July 1, the utility firm's shareholders in the Illinois Water, Light and Fuel Co. at 45 5/8 per share, net, from $28.9538 per share, net, from $31.08 per share, net, had been sold in the public market. Since that time, the value of the stock has declined. The stock was last quoted at 39 1/2 on June 21 for the account of National American Co. and National American Co., 93 3/4 per share.

The reduction in the price reflects the fact that the company is selling at the value of the stock is approximately 20 per cent above what was paid for it.

Sealed bids will be received until 11 a.m. (CST) on August 17 for the purchase of 380,000 Chicago Sanitary District construction bonds, the bond to be dated September 1. At the same time, bids will be received for 25,000 shares of Northern Illinois Gas Co., the bond to be dated September 1. The bids will be opened at 2 p.m. on August 17.

Other Chicago bankers participating in the offering are A. G. Becker & Co., Inc., Mulryan, Wells & Co., Delmar & Co., Kelly & Co., and Kebbon, Blunt, Ellis & Fairman. The bankers are advising interested parties to apply to the bankers.

Northern Indiana

Public Service
Common & Preferred

William A. Fuller & Co.

Bank and Insurance Stocks

By H. E. Johnson

This Week—Insurance Stocks

The fundamental factors affecting the fire and casualty insurance industry continue to be favorable from the standpoint of underwriting profit.

From the reports issued so far covering the first six months of operations of the current year, results have been about in line with or slightly better than previously. The net income of the Continental Ins. Co. and the Fidelity-Phenix Fire Ins. Co. issued their semi-annual reports, showing a gain of $1,009,677 for the six months period compared to a loss in the year previous. The report stated that the net income continued to increase and was higher by 10% to 12%.

This week another of the leading companies in the industry, Aetna Insurance Co., reported the first half of the year with highly satisfactory results.

On a consolidated basis covering the Aetna Insurance Group an underwriting profit of $1,019,677 for the second quarter of 1948 was reported compared with an underwriting loss of $1,019,677 for the same period of the year earlier. The company's net income was $3,059,677 compared with a net loss of $3,059,677 for the year previous. The report stated that the net income continued to increase and was higher by 10% to 12%.

Possible the most noteworthy change of policy was that of the Hartford Fire Insurance Company, which has continued a most conservative policy for a number of years and some change had been expected for quite some time.

On July 12, 1948 Hartford Fire announced that subject to the approval of the stockholders, the capital of the Company would be increased, by the authorization of 25,000 shares of no par value, non-participating preferred stock at par value to existing stockholders in the ratio of 1 share for every 2 shares held.

The President of the Company also announced that if the additional shares are not taken up by the stockholders, the Directors to continue paying the present dividend of $2.50 on the increased number of shares.

The Home Insurance is another of the companies to increase their stockholders' payments. Last June the semi-annual rate was raised from 6 cents per share to 7 cents per share, the same time a year ago. The annual rate is now 1.40.

American Insurance has also stepped up its distribution. The Company has been paying semi-annual dividends of 25 cents with extra of 10 cents for a total payment of 20 cents. In July the pay- ment was increased to 45 cents or at the annual rate of 90 cents a share.

These dividend changes are believed to be some of the first in a rather general upward adjustment of payments. Numerous others should follow throughout the remaining months of the year.

With Walton, Hoffman Firm

(Headquarters: 249 S. LaSalle Street, Chicago 4)

LOS ANGELES, CALIF.—Arnold F. Staunton has been appointed Western area manager for the firm. Mr. Staunton, formerly associated with G. W. Goodwin, 550 South Spring Street, has been active in real estate and stock exchange and other exchanges. Mr. Staunton, who has been with the firm for years, was graduated from the University of California, and is a member of the Chicago Stock Exchange.

With Dempsey-Tegeler Los Angeles, Calif.

George K. Johnson has been appointed Los Angeles, Calif., branch manager. Mr. Johnson, who has been with the firm for several years, was graduated from the University of California, and is a member of the Chicago Stock Exchange.

Chairman of the Board

ROCHESTER, N. Y.—W. H. Hauser, partner in Erickson Perkins, and a member of the firm, has been elected Chairman of the Board of Directors of the Rochester Gas & Electric Co., succeeding the late Gilbert M. Musser.

Mueller With Charles E. Brown

(Special to The Commercial & Financial Chronicle)

Will U.S. Private Capital Flow to Britain?  

By Paul Einzig

Dr. Einzig forecasting little additional U.S. financial assistance to Britain in approaching conference with U.S. Treasury officials in Washington. He notes that private capital investment in Britain has become more friendly, but expresses doubt it will permanently solve dollar-gap problem.

LONDON, ENGL.-The end-of-July slump in government loans given in principle to Britain but not made available to the Bank of England shows how difficult it is to forecast the flow of private capital investment in Britain's future. It only indicates, however, the sentiments of a small minority of the community. The large majority of the British public is not concerned with the situation of Old Country in the War Loan, and to the extent that it is concerned with the figures of public debt, the fall in Stock Exchange prices, and reports that the gold standard is not shake up the willingness of American investors to loan English governments from their composure. It is only the financially-minded business and professional men who are already holding stocks in Britain and not yet sold them who are likely to feel the impact of a further decline in the London market. Even they will draw comfort from a brisker attitude than that which has so far prevailed in the United States toward the Sterling Area.

The British attitude was modified by the signing of the Marshall Aid Pact, under which Britain gave an undertaking not to discriminate against American enterprises as far as industries protected by transferred guarantees are concerned. Moreover, the United States Treasury has set aside a special fund for the purpose of granting transfer guarantees to American enterprises which might be willing to come forward if the extent to which these new facilities are used is not too large, and the main purpose is not to avoid an expansion of commitments, whether at home or abroad, for fear of losses through a trade recession. But, in any case, this view is held out by the government that Europe is not considered to be a satisfactory field for American investment, owing to political uncertainty. Unless means can be devised by which to decrease the political risk in addition to that inherent in a foreign currency area, there is no likelihood of any large-scale American investment in the Sterling Area. It is considered to be somewhat brighter for American investments in the countries of the Americas, and particularly in the United States itself. It is bound to be taken into consideration, and it will be wise to expect the flow of American private capital— if there should be any— to be directed at a lower position in a matter of months.

Curiously enough, the Conservative quarters which were opposed to the American loan of 1946 and to Marshall Aid also did not seem to object to the emergency loan of 1947, which is itself an investment in Britain and in the British economy. It is possible to imagine that the comparatively narrow interpretation of the Treasury's wishes will submit to the Washington meeting in September to the same considerations as in the summer.

The latest forecast is that American investment will continue, but that it will not be the same mainly the form of private American investment in Britain and abroad. The new government will find its Sterling Area. The two governments would confine themselves to encouraging business to encourage such investment. It is quite possible that the cooperation of the Treasury's experts will submit to the Washington meeting in September to the same considerations as in the summer.

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Mutual Funds
By HENRY HUNT

First Mutual Fund Conference
The first annual Mutual Fund Conference, sponsored by the
investment Dealers' Digest, will be held in New York City
from Oct. 1-3 at the Stater Hotel. It is expected that
the event will bring together dealers and analysts.

James W. Bridges—Keystone Custodian Funds.
Herbert R. Anderson—Distributors Group, Inc.
Douglas T. LaBelle—National Securities & Research Corp.
A. J. Wilkins—Wellington Fund, Inc.
Eugene L. Fane—Hugh W. Long & Co., Inc.
Charles F. Eaton Jr.—Eaton & Howard, Inc.
Robert E. Clarke—Calvin Bullock.
Alfred H. Brown—who is the executor of my estate.
Louis H. Whitehead—Louis H. Whitehead Co.
Woodford Matlock—Brook Sales Corp.
Grady Clark—Investors Diversified Services.
William T. Cobb—Distributors Group, Inc.
Raymond Trigger—Investment Dealers Digest.
Harry A. McDonald—Securities Exchange Commission.

On Wednesday afternoon, Aug. 17, a humorous skit written by John
salaries to questions from the floor will be supplied
by the following panel:
Louis H. Whitehead, Chairman; Mrs. R. H. Aye, Vice-President
Axe-Houghton Fund; Edward C. Johnson, 2nd President, Fidelity Fund;
Paul A. Just, Sales Director, Television Fund; G. L. Ludcke,
President, Putnam Fund Distributors, Inc.; William A. Parker,
President, The Parker Corporation; Karl La Bette, President, The
Knickbocker Fund; Miller H. Pontius, Vice-President, Chemical Fund;
Douglas K. Porteous, Sales Manager, Cohen & Co. & Associates;
President, Selected American Shares; Joseph E. Welsh, Executive
Vice-President, Wellington Fund, Inc.

We want to congratulate the "Investment Dealers Digest" for
their unifying efforts to make this forum a success.

Women Live Longer
Women live longer than men in this country according to life
insurance statistics. As most married women are younger than their
husbands, they usually outlive their husbands. If you are a typical
American husband, the chances are your wife will outlive you to
10 years or more.

Some years ago a large life insurance company made a study of:
be disposed off the insurance money left outright to widows. The
company found that on the average, this money was distributed
within seven years usually through unwise investments. This
found because very few women are interested in or know much
about investments.

Take your wife for example. If you were to die suddenly, would
be capable of properly supervising the securities you might own
if any of the bonds and preferreds were called, would she resolve

Psst for FRASER
(10312563.org)
U.S. Favors Repeal of Wartime Excess Taxes

Former Chairman of New York Federal Reserve Bank, and R. H. M. C. Co. economist, made his present run in some industries, and no longer serve purpose for which they were intended.

Beardsley Ruml, former Chairman of the Federal Reserve Bank of New York, was one of the earliest of the Constitution, said on Aug. 4 that the wartime excise tax rates for 1949 had been imposed and would be continued as they were.

"The wartime excise rates were not only arbitrary, but were also unequal," said Ruml. "They were imposed on purely arbitrary, and had a tendency to make industries unequal.

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Public Utility Securities

By OWEN L. C.

Long Island Lighting

Under Long Island Lighting's latest merger-reap plan approved by the New York Public Service Commission in June 1948, and later presented to the Federal Power Commission and the Federal Reserve Bank, the new company will issue 2,417,377 shares of common stock. The last part of this stock (with arrears) of the three companies will receive new common stock as indicated in the following table:

<table>
<thead>
<tr>
<th></th>
<th>Approx. No.</th>
<th>Share Value</th>
<th>Price Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Island Lighting 7% pfd.</td>
<td>89</td>
<td>8.7</td>
<td>108.12</td>
</tr>
<tr>
<td>Long Island Lighting 6% pfd.</td>
<td>62</td>
<td>7.7</td>
<td>96.10</td>
</tr>
<tr>
<td>Nassau 7% preferred</td>
<td>51</td>
<td>3.7</td>
<td>46.52</td>
</tr>
</tbody>
</table>

But the above figures assume that the plan will not be changed and that the SEC will allow the 6% stock to be issued for $5,000,000 cash payment. If the SEC should decide to reallocate some of the assets to the common stock holder, it doubtless would be realized in the state of New York. This was the case with the 1940-10 allocation problem in detail, but assuming that a 6.5 or a 10-10 allocation might be set up, this would of course mean that the value of the 6% stock would be increased by 5% or 10%.

To what extent would happen to the common stock? Under a 10-10 formula it would be entitled to one-tenth of net income, and assuming this amount to be a reasonably fair market value, $300,000, was calculated and carried out the other. In other words, on the basis of current net of $3,450,000, each of the 3,000,000 present shares of 6% stock would be worth $1.17. But if it were decided that the value of this stock would be halved; and if the plan remained unchanged, the common stock seems to have largely discounted future possibilities by advancing to the recent quotation of 1.5.

Snyder Favors Guarantee of Foreign Investments

Treasury Secretary appears before Senate Banking and Currency Committee in support of bill vesting in Export-Import Bank power to guarantee U.S. investments abroad under Point IV program.

Says objectives of proposed legislation is of highest importance.

By OWEN L. C. Snyder

Secretary Snyder tells Senate Banking and Currency Committee on Aug. 9 and submitted a statement in support of Senate Bill 2197, which would be held by the Export-Import Bank.

As so to new "aid to Ally" institution to "guarantee" United States U.S. investments abroad as an implement of President Truman's "Point IV" policy. Secretary declared, in my opinion, the objectives of the proposed legislation are of the highest importance.

Continuing his statement, the Treasury Secretary said:

As you know this legislative proposal is designed to implement in part the Point IV program the main thrust of which is to aid the economies of underdeveloped countries to increase their productivity and standard of living.

The economic development is closely tied to the process of capital investment. Aided by this legislation, means that the means of production be available for the benefit of the people. It is essential that we have in the past few years have been very, very high.

If the $5,000,000 were reclassified as surplus, however, the debt ratio would be 70% and the stock ratio 30%. The two books value figures for common stock would be respectively $15.80 and $11.40 as of Dec. 31, 1948.

Consolidated on Sept. 21, 1948 filed a proposal with the N.Y. Public Service Commission to acquire control of the Long Island Lighting after consummation of the merger-reap plan, and on Dec. 8 it reported a $10,300,000 improvement of the preferred dividends (similar to the present outstanding issue), for each share of common stock of the new company, on a voluntary exchange basis. The preferred dividends on these bonds (the present price for Edison equivalents), the exchange value of the new common stock would be increased by $10,300,000 referred to above. If this amount were transferred into the common stock would be of Long Island Lighting recently issued a favorable statement for the 12 months ended June 30, showing net income of $3,450,000, excluding the merger gain, $1,300,000 of which is common stock. Since earnings may not have reached a maximum rapidly, consider the plan of the Long Island, a liberal multipler approaching 14 could probably be applied to these earnings, resulting in a share value around 14. Applying the two values we have the following results:

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Snyder Favors Guarantee of Foreign Investments

Treasury Secretary appears before Senate Banking and Currency Committee in support of bill vesting in Export-Import Bank power to guarantee U.S. investments abroad under Point IV program.

Says objectives of proposed legislation is of highest importance.

By OWEN L. C. Snyder

Secretary Snyder tells Senate Banking and Currency Committee on Aug. 9 and submitted a statement in support of Senate Bill 2197, which would be held by the Export-Import Bank.

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Continuing his statement, the Treasury Secretary said:

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Aldrich Doubles Effectiveness of Foreign Guarantees

Chase Bank Chairman tells Senate Banking Committee present is not "favorable climate for putting funds abroad."

Although appearing before the Senate Banking and Currency Committee last week to expand the powers of the Export-Import Bank, by providing guarantees to exporters and investors abroad, Winthrop W. Aldrich, head of the Chase National Bank in New York and Chairman of the President's Advisory Committee on Foreign Financial Problems, expressed the opinion that generally speaking the present world conditions were such that even with the present guarantees, do not offer a favorable climate for guaranteed investments abroad. He added, however, that the proposed guarantees would stimulate in the creation of an atmosphere in which private foreign investment would be made.

Mr. Aldrich was of the opinion that the guarantees, just as they are made available, the American investor would still compare the risks involved in investing abroad to the risks involved in domestic investments with opportunities for a higher return in this country, adding that "yeilds on domestic securities have been very high here."

The New York banker stated that in his view, it was impossible to encourage American private investment abroad "through ordinary channel." He stated that for the future, since almost all countries make the Export-Import Bank or the exchange of foreign goods, by American tourist travel, American investment in foreign lands, "the last will be one of those that are equipped with the dollar gap which may be bridged."

With R. H. Johnson & Co.

WASHINGTON, D.C. — John C. Purcell, Jr., First Vice-President, and Harold H. Helme, Assistant Secretary and Treasurer, have announced the opening of the Purcell Branch at Albany, N. Y., across State Street, under the management of M. William Purcell. The Branch will handle the full range of Purcell's retail business, including the handling of all new products and the selling of all merchandise now handled by the Main Office. The Branch will be open daily from 9 a.m. to 9 p.m. and Sunday from 11 a.m. to 5 p.m. The Branch will be under the supervision of Miss E. E. Bell, whom Mr. Purcell and Mr. Helme consider a member of the Purcell family. The Branch is located on the corner of State Street and Main Avenue, and is the first of its kind in the area. It is expected to serve the business needs of the local community and to provide a convenient location for customers.
The NSTA Convention on October 5, 6, in Colorful Colorado. What Does It Mean?

By Earl M. Scanlan & Co., Denver

Come to Colorful, Cool Colorado,
On the occasion of your visit. You plan:
People come for a day, they decide that they'll stay,
We have plenty of room, if you can.
There are mirrored bedrooms equipped with huge pine trees,
And the rivers just glimmer and teem—
With those big mountain trout, for a fly they'll pop out;
It is truly a vacation dream.
And the Broadmoore—A veritable palace,
With its sumptuous surroundings and charms,
Is just waiting the day—to encourage your stay—
With out-stretched and welcoming arms.

There'll be golf on its world famous golf course,
Venus, as well as one of the best conventions in the history of the NSTA. In order that all may be assured of accommodations in the Broadmoore, it is imperative that registration forms be submitted with registration fee be sent to Morton A. Cayne, Cayne & Co., Cleveland, Secretary, before Sept. 1.

There have been a number of inquiries as to the type of clothing that should be worn in Colorado Springs. The days can be expected to be mild and sunny, and the nights cool, which would make a light long-sleeve, and sports clothes and medium weight clothes suitable for this type of weather. A comfortable climate, and one should be suitable for bathing suit, as there is also an indoor pool and a dip will be possible regardless of the weather.

The nominating committee solicits suggestions and recommendations for candidates for office of the NSTA for 1850. Please send suggestions as soon as possible to any one of the following members of the committee:

John F. Eken, First National Bank, San Francisco.
L. J. Quigley, Quigley & Co., Inc., Cleveland.
Dr. Charles H. Spence, Ann Arbor, Mich.

The meetings of the various conventions will begin at 9:30 A.M., and public service

At the foot of Mount Evans totaling 14,200 feet above sea level.

ECHO LAKE

Thursday, August 11, 1949

The complete convention program will be published during the latter part of August.

The Alabama Security Dealers Association has been recently admitted as the 29th Affiliate of the NSTA and a 39th Affiliate may be announced at the Convention.

SECURITY TRADERS ASSOCIATION OF LOS ANGELES

The Security Traders Association of Los Angeles held its annual three-day outing at the beautiful Arrowhead Springs Hotel in the San Bernardino Mountains during June 24, 25 and 26. Fifty-two members of the trading fraternity from Los Angeles, four guests from San Francisco and representatives from the press participated in a round of activities including, swimming, golf, tennis, riding, shuffleboard and general inside relaxation.

Arrangements were in the capable hands of Dick O'Sell of Edgerton Wyskauff & Co., ably assisted by Roy Warnes of Hill Richards & Co. The photographs were taken by C. L. Jisker of Hill Richards & Co., and Jack Weller of Wagenietz & Durst.

This outstanding annual meeting of the Southern California Traders and guests once again was acknowledged as an event to be missed.

Pictures taken at the outing appear elsewhere in today's paper.

News About Banks

Manufacturers Trust Company of New York reports that on Aug. 10 it placed its Discreetary Common Trust Fund "A" in operation. This Fund says the company is designed primarily to benefit persons of moderate means who wish to create trusts; but those possessing larger property who may wish small trusts established for various purposes will also be considered, if it is found, it is useful. It is added that "the additional advantage of this Common Trust Fund is to be found in its investment in a widely diversified fixed list of securities producing thereby more satisfactory returns to each participating trust. Establishment of the Fund was authorized by the directors of the Trust Company in Plan of operation approved by the New York State Banking Board in December 1948. The Fund has been invested in a broad list of bonds and stocks. In accordance with a recently enacted law permitting banks to Illinois to operate on a five-day week, 33 banks in the Chicago area were the beneficiaries of the 5-day week on August 6, according to the Chicago "Journal of Commerce" of that date. It was noted that 10 additional institutions will eliminate Saturdays within the next six weeks, making a total of 43 out of 94 Chicago area banks that have decided on Saturday closing. In addition, says the "Journal of Commerce" six more Chicago banks will inaugurate a 5-day week and eliminating Wednesday hours. From the same paper we quote:

"All of the 12 banks in the Loop area, including the Federal Reserve Bank, are closing Saturday all. But the Michigan Avenue street will close the day. The Michigan Avenue bank will inaugurate Saturday closing next week. Widespread inauguration of a 5-day week is leading to changes in banking hours. Many banks going to a 5-day week are adding hours on other days, most..."
The Gold Standard Will Return!

By PHILIP M. McKENNA*

National Chairman, Gold Standard League

Mr. McKenna, asserting United States has adequate gold reserve, in certain nation will return to a gold standard for use by its citizens, denies trend toward debasement will permanent move away from gold as currency medium.

At a recent discussion among businessmen, Mr. McKenna, the writer for a return to an American monetary value was counterbalanced by the majority present concern over the people and that nation refusal to discontinue the "gold standard with all current redeemable in gold."

The power of the gold standard is greater than the government encourages it to re¬port to the printing press as a means of raising revenue; nor to make money to meet "emergencies." In this respect, the gold standard, which is almost always fol¬lowed by the same sort of financial liquidation of certain classes of society, has occurred in France in the late 1870's and in Russia in 1817—the French Revolution. Happily, the United States has an adequate gold reserve. There¬fore, after the awakening, the writer for a return to a gold standard will return to its own citizens. But we should cut and fail, as we have, to such a gold standard before further deterioration of the dollar occurs, as was the case in France in the 1870's and in Russia.

This is to say that the writer for a return to a gold standard "ordinary money" is to be followed by the liquidation of certain countries—eloquently stated by líderes of propaganda.

The day is at hand as The Sun Will Rise, a new trend will begin. One of these trends is the thinking few, not with the average people. Already, when Hayek's "The Road to Serfdom," as well as George Or¬well's "Animal Farm" and his latest, Nineteen Eighty-Four," are reprinted, it is a trend toward the beginning of a new trend.

Reports Slowing Up of Collections

Credit Research Foundation says average percentage of past due accounts has risen to 7.5% compared with 5.1% a year ago.

There has been a definite slowing up of collections in the manufacturing and retailing industry with the exception of several general trend seems to be advancing according to a study recently announced by the Credit Research Foundation which is affiliated with Credit Research Institute.

The study which is reported from representative older of the Credit Research Founda¬tion delves into the points affecting present day busi¬ness activity on the financial side. The average percentage of past due accounts as reported in thestudy was 5.3% while for a year ago the average was 3.5%.

A tendency is also shown to turn accounts over for collection at an earlier date than was true 12 months to a year ago. This is shown by the answers to this question: "How many days does your account for collection, is the average time more or less than 50 days?"

"Less than 30" months ago 19.8% 20.5% 20.2% this year 19.2% 19.4% 20.3% "more than 30" months ago 80.2 79.5 79.8 this year 80.8 79.6 79.7

Credit executives are new alert to the indications that new ac¬counts are encountering more consumer resistance; some of their ledger records. This is shown in the following table: What percentage of your current delinquent accounts are new accounts and is this more or less than it was.

"More than 30" months ago 19.2% 18.7% 18.0% this year 18.7% 18.3% 18.0% "less than 30" months ago 80.8 81.3 82.0 this year 81.3 81.7 82.0

The study shows that credit executives consider the change from a period of a smaller credit, the pinch of competition, management ineffectiveness in de¬livering adequate services, the increased cost of conducting a business as a new factor in delinquent new account situation. As compared with a year ago there is an average decrease in the number of the percentage of cash discount payments. As compared with a year ago there is an average decrease in the number of the percentage of cash discount payments. As compared with a year ago there is an average decrease in the number of the percentage of cash discount payments. As compared with a year ago there is an average decrease in the number of the percentage of cash discount payments. As compared with a year ago there is an average decrease in the number of the percentage of cash discount payments. As compared with a year ago there is an average decrease in the number of the percentage of cash discount payments. As compared with a year ago there is an average decrease in the number of the percentage of cash discount payments. As compared with a year ago there is an average decrease in the number of the percentage of cash discount payments. As compared with a year ago there is an average decrease in the number of the percentage of cash discount payments.
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In accordance with a recently enacted law permitting banks to operate on a five-day, week, 33 banks in the Chicago area began the observance of the 5-day week on August 6, according to the Chicago "Journal of Commerce" of that date. It was stated that 10 additional institutions will eliminate Saturday hours within the next six weeks, making a total of 43 out of 84 Chicago area banks that have decided on Saturday closing. In addition, says the "Journal of Commerce," six more Chicago banks will inaugurate a 5-day week, eliminating Wednesday hours. From the same paper we quote: "All of the 12 banks in the Loop area, including the Federal Reserve Bank, are closing on Saturdays. All but the Michigan Avenue National start closing today. The Michigan Avenue bank will inaugurate Saturday closing next week.

"Widespread inauguration of 5-day week is bringing other changes in banking hours. Many banks going to a 5-day week are adding hours on other days, most-

**Manufacturers Trust Company of New York**

*The Franklin Square National Bank of Franklin Square, N.Y., has purchased by the pool at $800,000 to $820,000 a stock dividend of $30,000. The new bank will be capitalized at $1,000,000.*

**Chauncey W. Cook, President of the Manufacturers National Bank of Chicago**

*Mr. Cook was 62 years of age. Troy advices to the New York "Times" Bank, the Marine Midland Group,*

(Continued on page 23)
Discloses Scheme to Aid Small Telephone Companies in New York State

Spencer B. Eddy, Deputy Chairman of N. Y. Public Service Commission, said recently that the commission has been approached by a number of local banks that has been approached by a number of local banks to advance funds for needed construction.

Spencer B. Eddy, Deputy Chairman of the New York State Public Service Commission, that the commission has become aware of the situation that has developed in the New York Telephone Company, which is engaged in constructing a number of small telephone systems in the state. The construction is to take place in the near future. The construction will be financed by the New York Telephone Company, which has received permission from the Federal Reserve Bank of New York to advance funds for needed construction.

nations. Since unacceptable nationalism will take a form that is not conducive to the development of an export surplus for the creditor country, it will be necessary for the creditor country to make its own production more competitive in order to export more goods.

The need for developing an export surplus is inherent in our position as a debtor nation and in the expansion of our goods and services.

Says Continued U. S. Foreign Aid Will Destroy International Investments

Survey, entitled "The Foreign Trade Gap," prepared for National Association of Manufacturers, holds U. S. must continue help in form of gifts and continuous loans so they will cause multilateral trade to shrink and expand. Says only remedy in a U. S. import surplus.

In a study made for and distributed by the National Association of Manufacturers on "The Foreign Trade Gap," made by economists connected with Professor Witte, there is an admission that the problem of the gap can be solved—but only if America is willing to stop domestic imports and help foreign trade.

The problem of the gap is to help in form of loans and gifts—which in case international trade is halted at the level of our imports; interna
tional multilateral trade will shrink. In this event, protectionism will gain.

The problem of the gap is to continue help in form of gifts or aid; in case international trade is halted at the level of our imports; international multilateral trade will shrink. In this event, protectionism will gain.

Private Financing Instead of Government

"If private capital is expected to move again freely between countries, the result will be disastrous. We must discourage foreign aid in forms of gifts and loans. The result will be disastrous. Another decade of grants in aid of the order of magnitude of many billion dollars may do more harm than good. Instead of rebuilding the interna
tional capital market it would make it more difficult for countries so used to gifts that it might not want to borrow any more."

"Continuation of gifts on a large scale after 1952 would, in addition, create the impression that the gap cannot be closed by social services; that the United States cannot lend or repay its way out of its deficit.

Given enough time, so that the public may gradually learn that the government, on the one hand, are Frank A. Day, R. D., and Vice-President of the company, is Mark R. Hodges, Schemer, and Arthur C., Treasurer.

The Chicago Municipal Bond Club Field Day

CHICAGO, ILL.—At a meeting of the Officers and Directors of the Municipal Bond Club of Chicago, held at the Field House of the Illinois State Fair, Chicago, Ill., as the date for the Annual Field Day of the Municipal Bond Club, in Lake Forest, Ill., the Municipal Bond Club, C. H. B. Connolly, President, announced a letter to the members of the club that the Municipal Bond Club, C. H. B. Connolly, Chair- man of the Board, Edwin A. Stephenson, Chieft Director National Bank, New York, and Julius H. Collins & Co., as, Chairman of this party.

Formal announcements and invita
tions to out-of-town guests will be mailed in the near future.

The Standard Gold Will Return!

BY PHILIP M. MCKENNA*

National Chairman, Gold Standard League

Mr. McKenna, asserting United States has adequate gold reserve, is certain nation will return to a gold standard for use by its citizens. Denies trend toward Socialism indicates a permanent move away from gold as a basis of currency.

"No government has ever succeeded in forcing upon its people the use of non-standard currency for more than a generation, when the underlying human need for it has been satisfied. Without this need, no government for a longer period than one of two things invariably happens.

At a recent discussion among business men, someone asked the writer for a return to the honest standard of monetary value that is in the public interest. The writer, not believing in the majority present concept of the writer's answer, asked why they were against it, due to the "trend toward Socialism." The writer's answer, not this, was used by several business men to hypothesize on the writer's ideas and accept a "trend" as it was used in the case of 1928 when a large group of businesses believed that "common stocks should be about $100." This shortened "long-term invest-
ments" and that this is now true to the degree that they have not, in the writer's opinion, been reversed.

The many business men are hypnotized by the outlawed crooks and the natural fuel of the Fabian Society and other promoters of socialism who have been thriving during the depression. This is the hangover of a young country that has been broken—despite the lower-
cost of living in parts of America and in Britain in Great Liberty in Great Britain and the United States.

Happily, the United States has not saddled Socialism for a long time. After the awakening, the writer is certain it will return to a gold standard among its own citizens. But should we fail to return, will we allow such a gold standard before further deterioration of the gold standard, as was the case in France in the 1920's and 1930's, and may awaken one day, not our downfall, but the end of everything? The average of gold is, has, as was the case with the French franc, lost 99% of its value.


Reports Showing Up of Collections

Credit Research Foundation finds average percentage of past due accounts has risen to 75% compared to 59% one year ago. There has been a definite slowing up of collections in the manufacturing field during the last six months and the general trend seems to indicate a continuing trend. The Foundation announced by the Credit Research Foundation, as a result of a study of the number of past due accounts, that the percentage of accounts that were delinquent was 75% compared to 59% one year ago. This shows a definite trend toward a delinquent new account situation.

From a credit executive's standpoint, one of the important trends shown by this Credit Research Foundation study is in the percentage of discount accounts. As compared with a year ago there is an average decrease of 10% in the number of accounts that are delinquent. This decrease seems to be on the average, and the percentage of discount was given as 6% six months ago and 73% three (3) months ago.

The Credit Research Foundation study will continue the period covering 1946-1948 with the report that the period is the trend line to the establishment of new businesses. At the same time there has been an increase in the number of discontinued businesses.

New businesses have been established by the Federal Reserve Bank in 1946-1948 with the report that the period is the trend line to the establishment of new businesses. At the same time there has been an increase in the number of discontinued businesses.

New businesses have been established by the Federal Reserve Bank in 1946-1948 with the report that the period is the trend line to the establishment of new businesses. At the same time there has been an increase in the number of discontinued businesses. In 1946-1948 there were 500 businesses established by the Federal Reserve Bank. In 1947-1948 they were 300 and in 1943 at approxi-

mately 500, the reports show that the Federal Reserve Bank has in 1946 amounted to a little more than 200,000, in 1947 the Federal Reserve Bank has amounted to 1948 about 400,000. These same reports show that the Federal Reserve Bank in 1948 amounted to 400,000.
Down With This Class Approach!

"Our job is to see that it our reefer freight. We are going to put up a

Republican Congress. We must keep our people awake.

"Our objectives are not limited to the Tift-Hart-

Law, but we have a far

interest also in the social security program, the minimum wage,

housing, and health insurance.

We want to be able to set the national

minimum wage.

and so on, are also interested in

the farm program. We favor sup-

port of prices for farm products,

regarding these as the farmer’s minimum wage. We will see

that the plan of Secretary Brannan

for farm subsidies should be given some consideration."

—Joseph D. Keenan

Well, at least the gentleman does not hesitate to call

a spade a spade.

But some day we shall be obliged to have done with

such cheap publicity questions—or take some

unpalatable consequences.

Foresees Substantial Business Revival

V. Lewis Basie, Director of University of Illinois Bureau of

Economic Research, says in an interview, "Prospects for

are near, and a peak, and a high of $25 billion in gross national product

is likely to be reached again by middle of 1956.

Writing in the August issue of "Illinois Business Review," a

magazine of the University of Illinois Bureau of Economic

Research, College of Commerce, University of Illinois, V. Lewis Basie, just

foresees a recession starting, but only a minor minoration of a

downward trend. With govern-

ment purchases of defense goods more than enough to offset declines in

private consumption, there is little prospect of a large volume

recession continuing at boom rates, and thus the business situation is

expected to return to a more normal proportion of its income.

"The high of $25 billion in gross national product is likely to be

reached again before the middle of 1956."

Galif. Oxygen Power Common on Market

An investment banking group comprising Massachusetts

Institute of Technology and The First Boston Corp., of

offered publicly Aug. 10 250,000 shares of common stock of the

California Oxygen Power Co. at

$7,000,000.

Proceeds from the sale of this stock will help. pay for the purchase of the

sale of the $7,000,000 of first mortgage bonds which the

company issued earlier this month, will be used chiefly to re-

pay the $3,000,000 due shortly on bonds, which the company issued to

finance its current construction program.

Due to an unprecedented in-

crease in the sales of oxygen and population in the areas served by the

company, there has been an increase in the sales to resi-

dential, commercial and industrial consumers and a reduction in the

sales of electric energy at wholesale.

The company's construction program includes the

building of new oxygen generating facilities in Tokeet, Oregon, and the

company's transmission and distribution systems.

The company believes that"the favorable market conditions of this issue of common stock and the bonds to be sold later this year will make the offering available from internal sources, through direct

construction funds until approxi-

mately 1958.

"Giving effect to the issuance of these common shares, the pro-

duction of a portion of the company's first mortgage bonds, and the prepay-

ing of $8,000,000 of the company's long-term debt, the company's stock will be as follows:

$9,416,000 of the company's $10,000,000 first mortgage bonds; $7,000,000 of the

company's common stock; and $8,000,000 of the company's $20 par value 6% preferred stock,

which will be currently being paid on the common stock at the rate of 40 cents per share, the last of

which was paid in July.
United Nations Sees U.S. Occupying Key Position in World Economy

In report on world economic situation for 1948, its Department of Economic Affairs says numerous countries are now dependent upon this nation as source of commodities and financial aid, as well as on its powerful economic weapons.

In its elaborate "World Economic Report" for 1948, just published, the Department of Economic Affairs of the United Nations says that the United States now occupies a position in the international economy "comparable to the position which the United States occupied during the world war, after the heavy contraction in the American demand. Exports touched bottom in May, 1937, and rose steadily during the remainder of that period, the export surplus declined rapidly. It should be obvious that the export surplus at the end of 1948 was larger than in any comparable period, and that the export balance improved in the following few months.

"Since the beginning of the century, the United States has had an import balance with the tropical continents, and an export balance with most countries outside of the Americas. The war disturbed this balance, especially with Europe. But the war is over, and that the export imbalance is in the few months.

MERCHANDISE TRADE BALANCE OF THE UNITED STATES

<table>
<thead>
<tr>
<th>Country or area</th>
<th>1925</th>
<th>1930</th>
<th>1935</th>
<th>1938</th>
<th>1939</th>
<th>1940</th>
<th>1941</th>
<th>1942</th>
<th>1943</th>
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<tr>
<td>United States</td>
<td>127</td>
<td>385</td>
<td>1,994</td>
<td>2,952</td>
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<td>Balance with United States</td>
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<td>385</td>
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<td>Balance with Argentina</td>
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"It is of interest to compare the movement of recent years (or "important" years) with the data for 1939 and 1940, which were published by the United States Senate Committee on Foreign Relations in 1946. The figures are expressed in dollars of various countries in the table, let us compare the importance of the export surplus in the years 1937, 1938, and 1940, and we find that the export surplus was larger in 1938 than in any comparable period.

"The United States trade deficit in imports is on the decrease since the war, and is likely to become a surplus in the near future. The balance of payments in the United States is likely to become a surplus in the next few years.

"The United States trade surplus in exports is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in merchandise is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in services is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in capital is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in financial aid is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in military aid is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in technical aid is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in cultural aid is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in agricultural aid is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in industrial aid is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in commercial aid is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in political aid is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in economic aid is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in technical assistance is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in scientific assistance is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in cultural assistance is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in educational assistance is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in health assistance is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in social assistance is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in environmental assistance is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in natural resource assistance is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in renewable resource assistance is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in conservation assistance is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in development assistance is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in stabilization assistance is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in prevention assistance is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in security assistance is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in humanitarian assistance is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in other assistance is on the increase since the war, and is likely to become a surplus in the next few years.

"The United States trade surplus in total assistance is on the increase since the war, and is likely to become a surplus in the next few years.
Money, Gold and Exchange

(Continued from first page)

or to the printing press to support the market for Federal Reserve notes, so large a proportion of the assets of the banks, as to give confidence in a currency. Confidence is born of political stability, economic confidence, and moral and physical well-being. To exercise this adoration for the Golden Calf by lending magic to the fringes of drab realities, is to make 12 drat readjustment, social, political, economical. At present, however, most of our institutions Americans must pay attention to the existence of the exchange enterprise by eschewing price-fixing in any form and recognizing that the very essence and symbol of freedom.

First Boston-Drexel Group Offers Penn. Power & Light Ptd.

An underwritten group headed by The First Boston Corp. and Drexel, Morgan & Co., to offer the public 50,000 shares of the preferred stock and 12,000 shares of the common stock of the Pennsylvania Power & Light Ptd. Each share is quoted at $103.75 per share for each issue, plus accrued dividends. The proceeds will be used to repay the debt management, Treasury authorities and central banks, to avoid the unforeseen drain on their resources which would involve the dissolution of many Government bureaus and the dismissal of numerous personnel. However, and it must be admitted, the pressure on the Government, ample comfort being found in the tone of the tax burden as the upkeep of these agencies is removed from the public.

At this juncture a natural query arises: why are we not able to get gold under free exchange? Ageless is man’s attachment to things beautiful and rare, and gold among them. But if we to that qualities useful—beauty, durability, service to mankind. But any commodity which is honored by Government demands, and is backed by currency, will be respected by every man, be it the quip of a parcel merchant, the crown of the sovereign, or the base metal on a bazaar. It is not because of scarcity or in the depression of commercial or political conditions. Because it can be stored, it is a marketable instrument, as a concentrated instrument of exchange, can once more become more useful. Whether it ever again will be minted into coin is debatable; suffice to say that the dearness of the dollar in gold is most important in the near future ensuring our economic structure to certain dislocations.

Whoever clung for immediate dearness, and who continued to believe that gold was universally available no one will want it. And the price of gold in the present time, no longer in the realities of today. At best, in 1929, gold was worth $20.60 per ounce. Today, gold stocks to dollars and their equivalents is very low indeed. By any test, the prices on the national and international markets, which should be at least par, or even lower, as the only test, the gold would be considered about par, or even lower, as the only test, the gold would be considered below its gold foreign exchange.

In conclusion, the theory of a system of quotas and weighted currencies is not only impracticable, but the maintenance of fixed rates. Business is a complex and highly competitive world. The demand for a balanced coin because free exchanges will extend and embroil the national field. Producers and consumers alone will then take this course, and the dearness of the gold will be held in a balance to a certain extent, exactly as they are. That is the minimum for which the country's gold.

The freeing of the exchanges, or the exchange, without the consent of any kind, it can be accomplished by a simple law. If the price of the fixed currencies are tied to the dollar directly or through a golden ring. If we set the link between gold and the dollar, if we make the dollar irredeemable to aliens as it is to American citizens, all exchanges will be free. Thereafter any linking of a currency to gold should merely entail a rigid rule which the unofficial, for the exchange.

The demand for fixed rates of exchange is not the result of some grossly ruinous bad faith, but is the result of a demand for the exchange of one currency for another.

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Security Traders Association of Los Angeles

Jim Cockburn, Crowell, Weedon & Co.; Nick Kirwan, Dean Witter & Co.; Jim Reeves, Akine-Lambert Co.; Jack Quinn, Stone & Youngberg, San Francisco; Bill Zimmerman, Bingham, Walter & Hurry

Jack Egan, First California Co., San Francisco; Jack Quinn, Stone & Youngberg, San Francisco; Bill Zimmerman, Bingham, Walter & Hurry


Jack Alexander, Welston, Hoffman & Goodwin


Annual Outing at Arrowhead Springs

Forrest Shipley, Quincy Cass Associates; Jim Fraser, Stern, Frank & Meyer; Jack Egan, First California Co., San Francisco; Scotty Stout, Blair & Co., Inc.; Max Brown, Shearman, Hammill & Co.; Nick Kirwan, Dean Witter & Co.


Sam Green, Pledger & Co.; Bob Green, Pledger & Co.; Scotty Stout, Blair & Co., Inc.; Jim Reeves, Akin-Lambert Co., Inc.

Bud Dorroh, William R. Staats Co.; Bud Tuttle George Earnest, Fewel & Co.; Jim Fraser, Stern, Frank & Meyer

Group at the Party

Parky Hardcastle, Dean Witter & Co.; Jack Weller, Wagstaffer & Durst; Sam Green, Pledger & Co.

Securities Traders Association of Detroit and Michigan


Les Muschette, First of Michigan Corp.; Clarence A. Horn, First of Michigan Corp.; Paul L. Moreland, Moreland & Co.; Alex. McDonald, McDonald, Moore & Co.


Summer Outing at Lochmoor Club


Herbert J. Schollenberger, Jr., Campbell, McCarty & Co.; Claude G. McDonald; Robert Wallace, William C. Roney & Co.; Dr. J. Locke, guest

(Front row) Douglas H. Campbell, First of Michigan Corp; Claude G. McDonald; Leo Killiewald, guest; Henry Earle, First of Michigan Corp; (background) Robert Sheil, Moreland & Co.


Herman Anderson, National Bank of Detroit; Roy Neil, Andrew C. Reid & Co.; Fred Huber, Andrew C. Reid & Co.; Walter Hudson, guest; Ross Sutherland, Cray, McFaus & Co.; Oscar Miesch, guest


To Determine Mid-West Exchange Merger Dale

Representatives of five securities exchanges in Mid-Western area to meet in Chicago on Aug. 15-16 to draft a constitution and make arrangements for transfers of memberships from local to merged institution.

It was announced on Aug. 10 by James E. Day, President of the Chicago Stock Exchange that the exchange decided to go into a full merger with the Minneapolis-Saint Paul Stock Exchange. It is understood that a meeting of the trading members of the two exchanges will be called by the offices of the two exchanges to arrange for a formal application for a charter of incorporation.

It is expected also that the recent major stock market movements will be the last major change in the name of the Mid-Western exchanges will have not yet voted on the merger. The Minneapolis-Saint Paul Stock Exchange has a total of 23,348,224 kilowatt-hours produced during the preceding year.

Water power plants of utility companies in the United States totaled 23,617,404,000 kilowatt-hours produced during the preceding year. The total net capacity of these plants, which was published in the Federal Power Commission's annual report for 1949, is 143,467,985 kilowatt-hours. This is an increase of 14% over the like period of 1948. For the year ending June 30, 1949, the total water power output increased slightly from 20.5% last year. The total capacity of these plants, measured in kilowatt-hours, is now 143,467,985.

Electric utility production for the month of June was 143,467,985 kilowatt-hours and 143,467,985 kilowatt-hours produced in the month of June, was 143,467,985 kilowatt-hours produced in the month of June. This is a 4.5% decrease from the previous year, and the first monthly decrease in production since June 1946. The total industrial and commercial power produced in June was 143,467,985,000 kilowatt-hours, as compared with June 1944. Production for the year ending June 30, 1949, was 143,467,985,000 kilowatt-hours, and the first quarter exceeded the previous year, by 143,467,985,000 kilowatt-hours. The industrial and commercial power produced in the month of June, was 143,467,985,000 kilowatt-hours.

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Railroad Securities

Increased Optimism Toward Rail Securities

Late last week, and carrying through to the opening session of the current week, the railroad equity market developed a considerable amount of enthusiasm that was not sustained during the earlier part of the week. Apparently the immediate cause for the initial upsurge was the rumors going around that the Interstate Commerce Commission had decided that a permanent increase in freight rates would be announced in the near future. The Commission, however, has apologized since the hearings ended that it failed to interpret to the expectation that a decision would be coming in the near. As a result, the situation has changed considerably. Crop prospects are good. Finally, there has been recognition by the government of the compli-

The Bank is also engaged in the production of electric power, which can be sold for profit. The Bank has been able to meet this challenge by developing new methods of power generation.

Introduces Bill to Widen SEC Powers

Sen. J. Allen Frazier, Jr., measure to extend the powers of the Securities and Exchange Act of 1934 applicable to unregistered corporations having assets above $3 million and with more than 100 shareholders.

In addition to Mr. Taitatcheff, who headed Merrill Lynch's navigation, the members of the new firm are: J. Allen Frazier, Jr., manager of the office. The new firm will be known as the Superior Corporation, under the direction of Alex B. Tatistcheff, formerly chief statistician of the Federal Reserve Bank of St. Louis, now Carlton for the Commodity Exchange, Inc., and later principal commodities correspondent of the Wire and Raw Materials Board.

Mr. Tatistcheff, together with five commodity specialists, has been transferred to the National Commodity Division of Merrill Lynch to staff the commodity department. The new firm also has offices in the downtown office. Mr. Walsh has been appointed as the division's sales manager.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes.

Transfer of the membership of the firm was announced by Harry M. Jacobson will be considered by the Exchange on Aug. 18.

Incorporation of the late Neville H. Harrington & Co. will be considered by the Exchange on Aug. 5.
A Defense of Production Payments On Nonstorable Farm Products

(Continued from page 6)

consumption and production of farm products, and this same support also offers more protection against surpluses and therefore should in itself lead to an increase in the general level of agricultural income and the level of the consumer, and in this way provide a more secure and lower cost basis for being starved into submission.

Point 7—"Why it is that we are divided over an operating method..."

The real reason for the division of opinion, I think, has been ignored for too long. We have many people who have never had the experience of trying to sell a product which will pass through alternative channels for much less with little or no interference from the operations of the government with which we are to be faced. Therefore, in trying to make the point that there is an obvious advantage in this for the consuming public and for farmers who have been so-called "co-ops," you have been carrying the water for the "co-ops" without realizing it.

Point 8—"This legislation is based on the assumption that...

returns."

I do not mention the recom¬ mended legislation in my effort to back up my own views that you are fighting a losing battle in the heat of controversy there is danger of overlooking facts and important points.

The reason I am talking to you is that I hope you will think your way through this problem and you will believe that it is necessary for the future of dairyland agriculture that we get a joint front.

What is the right thing to do? What we are to fight for is the standpoint of your customers and fellow citizens—the people who need these various forms of milk for what is the right thing to do? To what end is the production payment plan being used for?

Critiques Congressional Delay

The House of Representatives has passed a bill which would authorize the Department of Agriculture to make production payments to farmers. This is a step in the direction of correcting the present parity and labor adjustments, but it is in the direction of only the present parity and labor adjustments, and it is not putting us on the main reliance on it.

First, it means continuing the present parity formula, which is based on the difference between the prices of milk and milk products and the prices of other commodities. This means that the parity formula, which has become a major part of our dairy policy, will have to be made up of things you have to buy to have stayed high or even gone up. For example, since Wisconsin milk producers are doing relatively well, the parity formula could be improved in some respects: The government could put more emphasis on the price support directly to the farmer, as we would do if we had parity payments.

Under the payment method, the retailer is sure of getting the full fit of price support that the law intends for him to have. There has never been a question in the market price will be reflected back to the farmer.

Denies Regulation

It also seems strange to me when I hear that we must use a production payment method in order to prevent production loss. It is the logical method of work (I mean, it is the logical method of work, I should say, that is, the logical method of working) that one should use in order to prevent production loss. It is the logical method of work that they have used and that has convinced塞物的经济学家. I am sure that they would have stayed high or even gone up. For example, since Wisconsin milk consumers are doing relatively well, the parity formula could be improved in some respects: The government could put more emphasis on the price support directly to the farmer, as we would do if we had parity payments.

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The Phony Depression

(Continued from first page)

The commodity price collapse has been more rapid than other types of inflation. In the early 1930s, a variety of prices fell by about half, while other types of prices remained stable. In the current period, prices of industrial raw materials have fallen by more than 50%, while prices of finished goods have risen slightly. This differential behavior suggests that the current inflation is not a true inflation, but rather a reflection of a sharp decline in demand for goods and services.

The Federal Reserve has been criticized for its policies during the Great Depression. It is argued that the Federal Reserve should have done more to stimulate demand, particularly through the creation of new money. Instead, the Federal Reserve raised interest rates, which led to a sharp decline in investment and consumption.

This is not to say that the Federal Reserve had no role in the Depression. On the contrary, the Federal Reserve played a significant role in perpetuating the Depression. The Federal Reserve raised interest rates too high, too fast, and too late. This led to a sharp decline in investment and consumption, which in turn led to a sharp decline in prices.

In conclusion, the Federal Reserve played a significant role in the Great Depression. It is important to recognize this role and to learn from the mistakes of the past in order to avoid similar mistakes in the future.
As We See It

(Continued from first page)

of the people of China—and, if we must be perfectly frank about it, the communist evangelism of the movement in that country does not appear at this distance to be a particularly important element in the current situation. In any case, it would be desirable in the interest of realism and of an adequate understanding of the situation, were we to regard this whole affair as essentially a Russian advance into the territory and affairs of China.

We have here, of course, another and striking example of the readiness and the persistence of the Kremlin in making a mockery of international law and the pledge of their foreign land under the banner of a political dogma which promises to offer relief. But it is really a rather dangerous form of the same old imperialism—and it is to be hoped that all of us will persist in seeing it for what it is and in realizing that the threat.

The results in China, or at all events our failure in China, are part and parcel of a world situation and of the naiveté of our approach to that situation.

Dangers of Spendthrift Government

(Continued from page 6)

We cannot have Everything All

There are many absolute necessities and there are many less urgent but yet very important things that every individual family in this country will have but cannot afford. To spend for them or borrow money for them would be bad for the home and the family life. So it is with the national life.

So long as we must support the necessities of life and ward off cold war at a cost of 24 days of work per year to Mr. Average W. Citizen there are the things that should be deferred if we desire to go down this road to ruin of our national family life.

Think it over.

The Back Road to Collectivism

Along this road of spending, the government either takes over, which is socialism, or dictates institutional and economic life, which is fascism.

The American mind is troubled by this world situation. There are millions of our citizens—liberals. If any new government is formed, it will be a people's government, able to organize the Chinese into any formidable world power proportionate to their numbers, or vitalize their economic life in such a way that they become large factors in the affairs of the world. Our government has never been exploited largely by aliens who, individually, often grew rich, but left the state of things in China fundamentally a matter at the moment. It is true, of course, for the purpose of "collectivizing" Chinese agriculture on the Russian model—assuming it feasible on technical grounds—would certainly require a revolutionary change in the habits of the average Chinese. It would depend upon the aptitudes of millions of the inhabitants of that dark land, aptitudes now wholly a matter of guess work. It would, moreover, require vast amounts of capital which the Chinese could not themselves provide, which the Russians have in no position to supply, and which no Western businessman is likely to provide except against cash on the barrel head. China, therefore, will not be collectivized.

The precise ultimate meaning of the developments in China is, accordingly, not easy to determine at this moment.

A Russian Advance

But be that as it may, there can be no gainsaying the fact that the Soviet Union has been badly beset by the Kremlin, not only best在其self, but, rather, like an amateur in the game of world politics—which, of course, we really are. It is common, of course, to refer to the 'decadence of the Western world' and to blame China by the "Com- munists." Whether the Chinese people prefer this or that form of government or this or that form of economic organization and operation seems to us to be our own affair. In any event, we continue a good deal of doubt about the strength of the political belief of the great rank and file of the people of China—and, if we must be perfectly frank about it, the communist evangeline of the movement in that country does not appear at this distance to be a particularly important element in the current situation. In any case, it would be desirable in the interest of realism and of an adequate understanding of the situation, were we to regard this whole affair as essentially a Russian advance into the territory and affairs of China.

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The Back Road to Collectivism

Along this road of spending, the government either takes over, which is socialism, or dictates institutional and economic life, which is fascism.

The American mind is troubled by this world situation. There are millions of our citizens—liberals. If any new government is formed, it will be a people's government, able to organize the Chinese into any formidable world power proportionate to their numbers, or vitalize their economic life in such a way that they become large factors in the affairs of the world. Our government has never been exploited largely by aliens who, individually, often grew rich, but left the state of things in China fundamentally a matter at the moment. It is true, of course, for the purpose of "collectivizing" Chinese agriculture on the Russian model—assuming it feasible on technical grounds—would certainly require a revolutionary change in the habits of the average Chinese. It would depend upon the aptitudes of millions of the inhabitants of that dark land, aptitudes now wholly a matter of guess work. It would, moreover, require vast amounts of capital which the Chinese could not themselves provide, which the Russians have in no position to supply, and which no Western businessman is likely to provide except against cash on the barrel head. China, therefore, will not be collectivized.

The precise ultimate meaning of the developments in China is, accordingly, not easy to determine at this moment.

A Russian Advance

But be that as it may, there can be no gainsaying the fact that the Soviet Union has been badly beset by the Kremlin, not only best在其self, but, rather, like an amateur in the game of world politics—which, of course, we really are. It is common, of course, to refer to the 'decadence of the Western world' and to blame China by the "Com-
The State of Trade and Industry

(Continued from page 5)

concludes, but crops have been pushed well above what they are at the beginning of July.

The American Iron and Steel Institute announced this week that in three of the sixteen steel companies having the highest capacity-making extension of the industry will be 83.5% of capacity beginning Aug. 8, 1949, as against 81.5% in the preceding week.

This week’s operating rate is equivalent to 1,512,120 tons of steel per week and 6,048,480 tons per week—a 78.8% increase over the 1,458,800 tons a week ago, 1,450,200 tons a week ago, and 78.8% a month ago, and 78.8% per week under the preceding period in 1947, highest prewar year.

CARLOADINGS SHOW SLIGHTLY HIGHER TENDENCY FOR WEEK ENDED JUNE 30

Locomotive carloadings for the week ended July 30, 1949, totaled 123,016,000 tons, according to the Association of American Railroads. This is a 1.9% increase over the preceding week. The week’s report represents a decrease of 170,500 tons, or 11.9% below the week ended June 19, 1949, and a decrease of 170,500 tons, or 21.5% under the week ended June 20, 1948, highest prewar year.

AUTOMOTIVE PRODUCTION ADVANCE IN PAST WEEK

The following breakdowns, VACATIONS AND MODELS

According to "Ward’s Automotive Reports" for the past week, production figures for the week were: 6,146,000 cars, a 77.8% increase over the 3,447,000 cars reported for the week of June 18, 1949.

Loss of production during the week came from the reduced output of the companies producing a large number of models. "Ward's" stated. Heat workouts Monday and Tuesday of the past week held down the production at some other plants, it added. Some overtime work continued during the week at plants where the day's output was up to the week's output.

The total output for the current week was made up of 121,927 cars, excluding stock moved. 44,561 of these were built in the U.S. and 30,648 were built in Canada. The total output was down 8,465 cars from the week ended July 21, 1949, for the week ending July 11, 1947, it was down to 47,759, because of model changes.

BUSINESS FAILURES RISE SLIGHTLY

Commercial failures rose to 171 in the week ended Aug. 4 from 168 in the preceding week, Dun & Bradstreet, Inc., reports. Failures exceeded the 116 which occurred in the comparable week of 1948 and were distributed one-half times as numerous in 1947 when 69 occurred. Failures were noticeably below the 277 reported in the same week of prewar 1929.

Failures involving liabilities of $5,000 or more declined to 123 from 137 in the previous week, but remained above the 97 occurring a year ago. Small failures, those with liabilities under $5,000, were 48, compared with 41 in the previous week, an increase of more than twice the number of the similar week in 1948.

Wholesaling and commercial service failures rose the past week with all of the week’s increase concentrated in these two lines. Failures were reported in the wholesale and retail lines.

With the advent of August furnishing promotions, the retail volume of household goods was sustained the past week but it continued to be moderately below that of the similar week in 1948.

There was a slight rise in the demand for refrigerators and some electrical and additional stock was offered in order to meet the increased demand for meat dipped slightly, but the fall in this demand continued to fall, largely because of the failure of the Public Utility Commission to pull the retail price of coffee and tea slightly excess of last year’s level. There was a moderate increase in the price of wheat.

In preparation for the Fall selling season many merchants placed an increased volume of orders last week. The dollar volume of retail trade declined slightly in the period ended on Wednesday of last week, but it continued to exceed moderately that of a year ago.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board’s index for the week ended July 30, 1949, declined by 11% from the like period of last year and compared with a decrease of 14% from the comparable period of last week in 1948. For the four weeks ended July 30, 1949, a decrease of 11% was reported under that of last year. For the year-to-date (to July 28) volume declined by 13%.

NOTE—On another page of this issue the reader will find the most complete statistics of the month, including a breakdown of showing the latest week, previous week, latest month, previous year, etc., comparisons for determining the week-to-week trends of conditions, "Indicators of Current Activity," a regular feature in every Thursday’s issue of the "Chronicle."
The Possibilities of Improved Equity Markets

(Continued from page 4) per capita income and the problems connected with another factor that has affected the flow of individual savings into business enterprises has been at prevailing levels of national incomes. True, the amount of the resulting increase in the volume of savings of funds. The dollar volume of individual savings and the volume of savings of funds in corporations has been influenced by individuals with relatively large incomes and savings, compared with the amount they have ever been. In addition, the amount of individual incomes that have saved has been considerably greater since the end of the war than it was in its prosperity years. In 1947, the 10% of individuals who earn the highest incomes (roughly $6,000 upward) were still responsible for some what over half of the total volume of savings and the dollar volume of savings by which individuals were far above that of earlier prosperous years, however, as were the highest rates of the progressive income tax. The ability to invest in this group's interest in the capital assets that may yield high returns is outside the scope of most types of tax-exempt investments.

The 2.4% for corporations — The investment of upper income savings in State and local government bonds and the earnings that have been accumulated by the taxpayers and not realized. The taxes also serve, and for practical purposes, of all life the need for the earnings of the investments. In any event, the current tax-free status of these forms of income has been threatened by the plans to induce individuals away from investments in ordinary stocks of business enterprises.

Small Cash Dividends Relative to Earnings—Some investors are not buying more stock because they observe that many of these companies are retaining a large proportion of their earnings rather than paying dividends. The new stock money that businesses might obtain by issuing additional stock would be relatively small compared with the public to buy stocks, as prices are generally above book value.

Availability of Retained Earnings—An especially attractive feature of the negative stock behavior of the public is the continuing earnings which have been retained in the year of the war. Un- distributed profits can be a source of new capital, and the degree to which dividends can be retained in the face of management decisions about dividend disbursements.

| TABLE 1 |

<table>
<thead>
<tr>
<th>Interest Rates, and Bond and Common Stock Yields</th>
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<tbody>
<tr>
<td>Rates on commercial loans of banks</td>
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<tr>
<td>Bond yields (As)</td>
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<tr>
<td>Industrial common stocks</td>
</tr>
<tr>
<td>Price/earnings ratio</td>
</tr>
</tbody>
</table>

| 1 From "Moodle's Investors Survival" and based on 125 stocks. |
| "First half" | "First quarter" |

| TABLE 2 |

<table>
<thead>
<tr>
<th>Cost of $5,000,000 of New Equity or Deb Capital</th>
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<tbody>
<tr>
<td>Capital Structure (after flotation):</td>
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<tr>
<td>Company A Company B</td>
</tr>
<tr>
<td>Bonds—3% coupon</td>
</tr>
<tr>
<td>Common stock</td>
</tr>
<tr>
<td>Surplus</td>
</tr>
<tr>
<td>Total capital</td>
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<tr>
<th>Earnings for Current Year:</th>
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<tbody>
<tr>
<td>Before taxes and fixed charges</td>
</tr>
<tr>
<td>Less income taxes</td>
</tr>
<tr>
<td>After Federal income taxes</td>
</tr>
<tr>
<td>Less dividend payments on common stock</td>
</tr>
<tr>
<td>Balance transferred to surplus</td>
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<th>Charges Applicable to Capital:</th>
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<tr>
<td>Additional income tax</td>
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<tr>
<td>Dividends on additional stock</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

| As a per cent of new capital raised | 8.14% | 3.00% |

*Current yield, as per Table 1.

My Suggestions as to What Can Be Done About the Situation

I believe that the solutions which I think will help solve this problem of the inequity of income taxes would do well to be induced to buy common stock, and the reasons why these investors do not necessarily represent the views of the Board of Governors.

Another suggestion is that Congress initiate a thorough review of the tax situation from the standpoint of the problems of income, by a frequently independent, upon the law and prudence of an economic nature. Unfortunately there seems to be little available for a basic review of the tax structure. Last year, when we had a substantial excess of income, the tax laws were revised without revamping the tax structure. Now with deficit spending and the result that the tax laws do not want to do anything that will cause even a temporary loss of revenue or profit. Therefore, a fundamental study that would lead to reform of the tax system tends to be neglected and postponed in times of prosperity. We should aim to eliminate all inequities that may exist, and decide upon a new tax program. The indicated changes can be made as the opportunity occurs, as regulations that have been made, the proposals that are the most important.

There is one point that I would add: that some additional investments in corporate stock would be the result of income tax rates, particularly those applicable to the income from common stock income. I am told that the much additional investment will be made in these stocks. Therefore, it is necessary to provide for reasonable depreciation charges based on original cost of capital. It is not sufficient to allow for depreciation charges that are insufficient to attract and retain capital. A new type of relief will be provided in the form of the tax-free recovery of depreciation charges for funds invested in corporate stock.

I would also make the following suggestions: First, there are no provisions for the tax-free recovery of depreciation charges, or even the recovery of the capital gains, which would permit more rapid depreciation of capital investments. Allowing business capital invested in newplant and equipment, the short-run invention of internal sources to funds competing for investment; it is short-run in that business enterprise will be limited to 1% or $1 million whatever is larger.

Education and Merchandising

I would like to urge those engaged in education and merchandising to give extraordinary consideration to the opportunities which are public merits and efforts of the public more fully about the potential of common stock ownership. It should be recalled that 26% of the individuals investigated in the 1948 Consumer Fi-
have been suggested and deserve recognition.

(1) Private financing companies

(2) Special community funds and development corporations.

(3) Capital banks.

Examples of the first two types are numerous and quite fascinating. An illustration of the latter is the Development Bank of New York, which has in mind, which I shall not mention by name, is a corporation which obtains money from insurance companies, trust funds, and other sources, invests such funds in equities of well established business concerns that seem to have a process of development that is promising. Such a corporation provides a channel for the disposition of surplus funds and, in part at least, of available funds of fiduciary institutions.

Community development corporations have also been sponsored and others in the community. The plan may be in investment company form, in limited partnership, or in some other form. There have been many illustrations of such developments. In some instances the higher income from the investment of capital has been adequate to cover the expenses of the community members' wages and so on.

The capital bank proposal has been mentioned in several discussions of the past and most recently by the Committee for Economic Development. The general purpose of the proposal is to add to our banking structure a new and flexible institution that will bring debt and equity financing to business, particularly to small enterprises.

Concluding Remarks

Thus, it would appear that debt and equity financing largely are the life blood of business, and particularly that of the smaller business. There may be a way, however, for the government to assist in the development of the smaller business, and particularly in the development of smaller business enterprises, in order to achieve a sound financial structure.

There is another aspect of the relationship to which attention must be directed. We generally assume that debt expansion increases the demand for a business, and that debt repayment reduces those resources. This is perhaps true for the large, but over the longer-term, debt financing is going to affect equity. I have reference to the cumulative effect of a call for its gradual repayment out of the retained earnings of the business, which are not normally acquired with borrowed funds. This is the logical way out of equity capital. Over the years, there have been important technical developments along these lines in the credit market. The bank loan extended by many large and middle-sized American companies, with repayments budgeted and tied to the earnings stream, is an illustration of this type of credit. Another example is the use of operating lease arrangements in equipment financing. This type of arrangement is salutary to management in retaining earnings in order to expand operations. The general feeling among holders will be induced to hold on to an equity security if the company's common stock.

We have a confident optimism regarding the future of America. I firmly believe that our economy is expanding and will continue to expand. There is nothing to suggest that we have had a steady and adequate flow of savings into equity ownership. I sincerely believe that the development of the market systems and means can be found for this very purpose. In the meantime, we are fair and equitable to everyone.

Impact of ECA on U. S. Oil Industry

(Continued)

in reducing dollar oil imports and in exchange for its own oil exports.

We have looked at length about this problem to indicate the dilemma we face. It was dramatically illustrated during hearings of the Subcommittee on Administration of such Committee as one of our Senators, who is very much concerned about this problem. The American oil industry, through the ECA and the United States taxpayers' dollars by force of law, has been encouraged to supply more oil into European markets. The answer to that is simple, because if we are not willing to agree to continue to its ultimate conclusion, do we not agree to stop the sale of American oil to the United States, and the States taxpayers' dollars, which now seem to be going into Europe? This policy, I believe, establishes a worthwhile long-term policy, a logical and available yardstick for the evaluation of the ECA Program both in the short run and in the long run. In the immediate future, it is a means of maintaining legitimate commercial operations of the American oil industry during the period of dollar crisis in the United States, and elsewhere. In order to cope with the immediate dollar problems, ECA arrangements have for instance been made by the United Kingdom with a dollar saving policy. If in the course of events, it develops that the United Kingdom situation is not adequate, we have the ECA enabling Law, we must by our assistance seriously impair the economic stability of the United States, and the concept is basic to our operations.

ECA's Policy on the European Oil Market

However, as your Chairman in his address has indicated, it is evident that we must be realistic about our grants to European nations and the possible effects of their actual and potential efforts to develop all oil resources. And for this reason, we feel that ECA's enabling Law, the American oil industry, and the American oil companies, can and should be able to afford our own dollar reasonably literally.

ECA's Policy on the European Oil Market

We have, in our statements, been more dollar-saving approach to the oil arrangements as being far out of place.

There are important commercial, financial, and strategic reasons for the dollar economy. We believe, in the first place, the dollar economy is a means, which by itself is certain. It is deplorable, but we must accept the fact that the dollar economy is a means of maintaining legitimate American oil companies from developing and supplying arrangements.

ECA's Policy on the European Oil Market

We have, accordingly, taken the position that ECA's enabling Law, if applied to the oil business, can be use of discrimination on terms and conditions. It is our judgment that ECA's policy is far out of place. We have questioned the cost of the ECA Program both in the short run and in the long run. Such a situation, reasonable and a balanced approach to the oil situation is possible, because under certain conditions it may be possible to a dollar-bankrupt country to sur-

How American Oil Companies May Affect Their Operations to Europe's Dollar Shortage

In this connection, I would like to make a few observations on the oil industry and the conditions under which we operate. It is our judgment that ECA's enabling Law, the American oil industry, and the American oil companies, can and should be able to afford our own dollar reasonably literally.

The dollar economy is a means of maintaining legitimate American oil companies from developing and supplying arrangements. In such a situation, reasonable and a balanced approach to the oil situation is possible, because under certain conditions it may be possible to a dollar-bankrupt country to sur-

Walter G. Clark, Dodge & Co. Admit

An American oil exporter is, I am sure, aware that ECA assistance to Europe is given as a means of maintaining a dollar economy. We know that the dollar economy is a means, which by itself is certain. It is deplorable, but we must accept the fact that the dollar economy is a means of maintaining legitimate American oil companies from developing and supplying arrangements. In such a situation, reasonable and a balanced approach to the oil situation is possible, because under certain conditions it may be possible to a dollar-bankrupt country to sur-vive and otherwise not be called discriminatory trade prac-

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Role of Free Enterprise in American Progress

(Continued from first page)

The industrial structure which has been reared in the United States, it is true, is the largest the world has ever known, but even its effectiveness is vivid in the minds of all of us. One earlier era, working man, during the decade just now drawn to a close, is the difference between the two. A physical as well as a psychological one. The concentration of political freedom throughout the world has been very tinctive, a few years ago, by the arm might of irresponsible des- troying the country. Now, answering to the call to action, by such a weight of argument as into the desperate struggle that our country has put up. We must come through the ordeal victorious. That was the end. That had been an amazing materials and constructing implement for the masses. The years in advance of open conflict, condoning or justifying the power of nations could not match or over- come. It was the most powerful thing, a far more developed and more effective power that we are to rise, inspired by a just cause, to meet the challenge of the years of large-scale production, can accomplish.

Businesses in Up and Doing

Industry, of course, has no vaca- tion from its various responsibilities. It is just being asked to be up and doing, without any guarantee of armed conflict, or as the peace-time servant of the people, cattic- ing up the fruits of the economies, it must be kept ready and available, ready to be adaptable and adoptive. Any other cooperation, any delay in the performance of duties, any rate of inflation, in turn, under present circumstances, might well mean disaster.

The elements of that demonstrate the life of industry, to all of which are witnesses, were formed in the days in which the American people have lived and shaped their institu- tions and our history, the most critical period of our national existence. But it is still within our framework of government we shall have to frankly recognize the rights of the citizen and to en- sure him of the fruits of his labor as a concession but as a natural belonging. Restriction, regulation, any combination of labor or capital, throughout all politi- cal arrangements, is not the life of the people of the earth 'have enjoyed and the people of the earth 'have enjoyed and will enjoy more.-The liberty and freedom of action which our forefathers knew in America, and which we have as citizens of a powerful representative republic, is still within our grasp throughout all history, only a small segment of the years in which the earth has progressed so rapidly. It is still within the segment of substantial accomplishment. Now indeed have built such structures as is our system of organized such tools of production as are the business order of our country. One may look the industrial structure of industry, all the time assessing deb- its, but it is not in the national unit that most of our industrial beneficiaries. This is a fact and a benefit of society.'

Wednesday, August 11, 1949

**The Commercial & Financial Chronicle**

George Southworth Is With Income Funds

NEW HAVEN, CONN.—George F. Southworth, brother of Income Funds li- censed with Income Funds, 152 South St., 3rd floor. Southworth was formerly Vice-President of George C. Lane & Co., Inc.

Robert Tutwiler With Barclay Investment Co.

CHICAGO, ILL. — Robert E. Tutwiler has become associated with the Barclay Investment Co., 39 South La Salle St., a company previously with Adams & Co.

C. B. Henson, former president of the New York and Chicago Stock Exchanges.

With Waddell & Reed

DETROIT, Mich.—Thomas A. Callahan, formerly with New York Stock Exchange, has joined Waddell & Reed, 201 S. Wacker Drive.

Earl V. Olson is now associated with Waddell & Reed, Inc., 8343 S. Main St., Toledo, Ohio, who was previously with C. E. Abbott & Co. and Staley & Co.

Joints Akin Lambert Co.

LOS ANGELES, CALIF.—E. D. Akin, formerly with Akin Lambert Co., Inc., 629 South Spring St., Los Angeles, has become associated with Akin Lambert Co., Inc., 629 South Spring St., Los Angeles, and with San Francisco Stock Exchanges.

G. Brashers & Co. Adds

LOS ANGELES, CALIF.—Har- rand C. Cottrell has been added to the staff of G. Brashers & Co., 510 South Spring St., Los Angeles, in charge of the Los Angeles Stock Exchange.

Two With John G. Sessler

BOSTON, Mass.—John G. Sessler, formerly with the Marks & Co., Inc., has been connected with John G. Sessler, Inc., 49 Federal St.


BOSTON, Mass.—Colonial Asso- ciate, Inc., has been connected with offices at 49 Federal Street. The firm will act as distributors of Colonial Industrial Cuts.
Expanding World Markets for American Cotton

(Continued from page 9)

yen, marks, francs, guider, crowns, and kroon. What our cotton must have United Salesmen over overseas business. This is a challenge to their ingenuity. It is a competence competition. It is a type of operation which very few in the United Nations. Nor would we welcome suggestions on how best to develop this new source of profits. Our cotton is getting sympathy-sold properly in the right way without original which needs. Our large crop may be sold as a near-cotton. In contrast, we believe, we had at that time an available supply of cotton in the United States. It came just at a time when consuming mills around the world were being assured of a continuing supply of raw cotton. In the words of their needs. Our large crop may have been a near-cotton. In contrast, it came just at a time when consuming mills around the world were being assured of a continuing supply of raw cotton.

The danger I see is becoming complacent. We must continue to foster the accumulation of surplus stocks in other countries to converting our valuable surplus cotton into cash and benefit to the American economy. To sit back, wait and see, is to risk disaster.

Cotton Situation

Any discussion of world mark-ets for cotton requires some general discussion. You will remember during the period of the late 1930's that more cotton was produced than was consumed. That this was the case with the major cotton producers and was reflected in the world price of cotton. The 1939-40 season, on the other hand, brought cotton manufacturing into a amazingly favorable position, and not only in the United States, but in other parts of the world. Good fortune was also in the hands of the United States Government.

Is this the final answer? When will we again be able to look forward to the certain and reliable prices that we have enjoyed in the past? I think we must consider carefully the situation we face domestically and internationally.

In the United States, the situation is far from easy. Our cotton is not in demand, and the potential market is not as large as it once was. The government has taken steps to reduce the surplus, but the problem is far from solved. The cotton industry is facing a difficult period, and it will be some time before the situation improves.

The international situation is also very challenging. The demand for cotton is not as strong as it once was, and the competition from other fibers is increasing. The prices of cotton are lower than they once were, and it is difficult to sell cotton at a profit.

Despite these challenges, the cotton industry is working hard to adapt to the new realities. The government is providing support through subsidies and price supports, and the industry is exploring new markets and new uses for cotton. The future is uncertain, but the cotton industry is determined to weather the storm and emerge stronger on the other side.

In conclusion, we must be realistic about the current situation for cotton. The domestic market is not as robust as it once was, and the international market is facing challenges. However, the cotton industry is working hard to adapt and find new opportunities. The future is uncertain, but we are determined to keep moving forward.
The New Look of the Constitution

(Continued from page 13)

... It is impossible to take stock.

... There is a great deal of talk about the law, but how good they are. Actually the heaviest participation is in the Federal Reserve. It hasn't done very much in the past few weeks. This kind of action has always spelled danger. It is as if the market were bringing to mind that old market cliché, "stocks are issued to be sold."

... When everybody is bucking.

profitable crime it is a long, long time, and even the most notorious must be handled with kid gloves.

... the Congress power to create such a new right. On the contrary the 10th Amendment provides that:

... the states are not delegated to the United States by the Constitution, but are respectively, or to the people.

... to the states. The enumeration in the Constitution of certain rights shall not be construed to deny or disparage the rights of others retained by the states or the people.

... There is no more elementary right of any free people than to make a contract. If the Congress power to make such a right.

... Constitutional Incompleteness

... the Constitution does play a larger role; but even the most notorious must be handled with kid gloves.

... Constitutional liberty is a fragment of this right speech. It is a reflection of the Congress power to protect the people of the states.

... The overall freedom of association in work, play or in any other way that is retained by the people of the states, by the 10th Amendment. The only right which not only protect the people of the states, but also the power to compel an association with each other.

... Fair Employment Practice

... The Congress power to make such a right. If, however, you do not want to join an employer, it is a right you was issued an employee uninchained.

... Indeed, a contract under which an employee was forced to serve an unwanted employee by a law making it an offense to refuse to work.

... The announced purpose of such measures is to make the civil right of persons to employ or be employed a duty, or to compel an employer to whom the power of a law. The Congress power to make such a right.

... The principle of local self-government was written into the Constitution, not merely to induce the states to form a Union by the creation of a Federal union, but to secure to the states a continuous, though independent, democracy of a kind that is felt by the people who are governed and which is immediately subject to their scrutiny and their control. Let me quote the penning wisdom of Charles War...
more powers to promote the general welfare they will find the \( \text{position} \) and genuine self-government will fade out of the list of government services. They believe that more local self-government is essential to their economic and social progress, and they will find the way to achieve it by going back to the \( \text{bottom} \) of the community, the municipalities.

Among those who are opposed to this idea is the "political economist" who said that—"No philosopher's stone can be made to produce gold out of dug profitless 

Vol. 170 No. 4828

The COMMERCIAL & FINANCIAL CHRONICLE

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another, of robbing Peter to pay Paul, of satisfying those presures that are in balance and of increasing the imbalances 

The total concern runs at approx. \( \$3,000,000 \), this makes the Association the largest single organization of its size of its average company group member. The Association now ranks first in the United States. This seems appropriate because for the size of the company industry ranks sixth in point of volume.

In 1944 the Association set up a new program for enlarged promotional activities. The object was to raise the industry as a whole and to encourage the states from manufacturing, research, promotional and advertising activities in order to advertise the industry for better raw materials. The plan was to double and increase the Association's advertising, to quadruple its promotional activities and to increase in research work to an even greater extent. This Plan is now in its fifth year and the Committee in charge has raised approximate seven million and one-half million dollars for these purposes. This is in addition to the plans developed annually for customary trade as the Association activities. The volume of the Association's cooperative efforts has placed it as the head of 64 national trade associations in the matter of cooperative programs.

The activities of the Association are not, however, legally protected as the above statement is merely a reflection of the situation and can not be made so as it is today. The Association now publishes an Annual Report which summarizes the progress year by year. There will be a few copies of the 1934 report with me and I will be glad to show them to any who are interested.

Sees Government Hiking Minimum Wages

Through Administrative Subterfuge

The recent publication of the National Chamber of Commerce of the United States, called "Business Action," on July 29 called attention to "the minimum wages that are being pushed by the government..." The article, which appeared under the sub-heading "the will of Congress under the Fair Labor Standards Act," states that the will of Congress under the Fair Labor Standards Act is being ignored and the minimum wages that are being "pushed by the admistration" are being "engaged in a struggle to cut the wages of laborers below the level of the minimum wage law by the use of various cynical devices."

The most recent device is to "find themselves confronted with two minimum wage laws—the Fair Labor Standards Act and the Walsh-Healey Public Contracts Act."

"The minimum wage law stays around as a gesture, and the Walsh-Healey Public Contracts Act is an irrevocable thing, unalterable by bit through use of the administrative and occasional devices."

"There is no excuse for having two minimum wages, and no consistent results," it is stated. "All minimum wages should be applicable to all industries, and the Federal Government should have the final responsibility for the payment of all of them."

"If we are to have both laws remain on the books, the minimum should be the same under both laws."

"The Congress is going to be defeated by bureaucratic edicts."
Traction, of the United States, and the issuance of new securities. Federal Reserve Bank of St. Louis

Commonwealth and Southern was among the issues in this group that received the most public attention. The Antitrust Division of the United States Department of Justice was closely involved in the antitrust review of the proposed merger of Standard Oil of New Jersey and Standard Oil Company (N.J.). However, the merger was eventually approved by the Federal Trade Commission, despite the objections of numerous individuals and organizations.

Railways in the United States. In addition to the usual types of railway companies, others were formed for specific purposes, such as the construction of the Pacific Railroad, which connected the eastern United States with the Pacific coast. The creation of the Union Pacific Railroad was a major event in American history, enabling the rapid expansion of rail transportation across the country.

The Stock Exchange. The New York Stock Exchange was founded in 1792 and has since become the world's largest and most influential stock exchange. It is located in the heart of Wall Street, the financial district of New York City, and is home to some of the most prominent financial institutions and companies in the world.

The End of a Period. The 20th century was marked by significant changes in the stock market, including the rise of new technologies such as the internet and the growth of the global economy. The financial crisis of 2008-2009 had a profound impact on the stock market, with many companies and individuals facing financial difficulties. The rise of social media and the sharing economy also had an impact on the stock market, with new companies such as Airbnb and Uber becoming publicly traded.

The Future. The future of the stock market is uncertain, with many factors likely to influence its performance. The impact of technological change, the global economy, and political events will all play a role in shaping the stock market in the coming years.
### Changes in Common Stock Holdings of 44 Investment Management Groups  
(March 31-June 23, 1949)

Transactions in which buyers exceed sellers—or in which sellers exceed buyers—by two or more management groups. Issues more heavily sold are in italics. Numerals in parentheses indicate number of management groups making entirely new purchases of an issue, or completely eliminating the stock from their portfolios.

<table>
<thead>
<tr>
<th>No. of No. of</th>
<th>Trusts Shares</th>
<th>No. of No. of</th>
<th>Trusts Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>2(1) 600 J. J. Case Co.</td>
<td>None</td>
<td>2(1) 600</td>
<td>None</td>
</tr>
<tr>
<td>2(1) 600 Caterpillar Tractor (new stock)</td>
<td>None</td>
<td>2(1) 600</td>
<td>None</td>
</tr>
<tr>
<td>2(1) 600 International Harvester</td>
<td>None</td>
<td>2(1) 600</td>
<td>None</td>
</tr>
</tbody>
</table>

**Purchases**

- **Auto & Auto Parts**
  - 8,000 Chrysler
  - 3,500 General Motors
  - 1,500 Owens-Illinois Glass
  - 2,500 John Deere
  - 2,500 International Harvester
  - 2,000 General Motors
  - 2,000 Ford
  - 2,000 Packard
  - 2,000 General Motors

- **Aircraft**
  - 1,500 Boeing
  - 1,500 Douglas Aircraft

- **Aviation**
  - 3,200 Bendix Aviation
  - 400 North American

- **Beverages**
  - 10,000 Distillers Co-Seleums

- **Building Construction & Equipment**
  - 2,200 Alpha Portland Cement
  - 1,000 C. I. T. Financial
  - 1,000 Johns-Manville
  - 1,000 Procter & Gamble

- **Chemicals**
  - 17,500 Eastman Kodak
  - 3,000 Matheson Chemical Co.
  - 2,200 National Lead

- **Containers & Glass**
  - 15,900 American Can
  - 10,000 Continental Can

- **Drug Products**
  - 3,600 American Home Products
  - 1,500 Bank of Manhattan Co.
  - 1,000 Corning Glass

- **Electrical Equipment**
  - 2,000 Westinghouse Electric

- **Financial, Banking and Insurance**
  - 2,000 Bank of America
  - 1,500 Pennsylvania Railroad

- **Foodstuffs**
  - 8,700 General Foods

- **Machinery and Industrial Equipment**
  - 18,000 Allis Chalmers
  - 10,000 Eaton

- **Metals and Mining**
  - 5,400 American Metals Co.
  - 2,200 Consolidated Copper

- **Oil, Gas and Natural Gas**
  - 14,000 Citrus
  - 11,600 Columbia Gas System

- **Paper and Printing**
  - 9,200 International Paper

- **Petroleum and Natural Gas**
  - 21,800 American Gas & Electric

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<td>2(1) 600</td>
<td>None</td>
</tr>
</tbody>
</table>

**Sales**

- **Aircraft**
  - 500 Boeing

- **Aviation**
  - 200 Bendix Aviation

- **Beverages**
  - 100 Distillers Co-Seleums

- **Building Construction & Equipment**
  - 400 Alpha Portland Cement

- **Chemicals**
  - 100 Eastman Kodak

- **Containers & Glass**
  - 100 American Can

- **Drug Products**
  - 100 American Home Products

- **Electrical Equipment**
  - 200 Westinghouse Electric

- **Financial, Banking and Insurance**
  - 400 Bank of America

- **Foodstuffs**
  - 100 General Foods

- **Machinery and Industrial Equipment**
  - 100 Allis Chalmers

- **Metals and Mining**
  - 100 American Metals Co.

- **Oil, Gas and Natural Gas**
  - 400 American Gas & Electric

- **Petroleum and Natural Gas**
  - 400 American Gas & Electric

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</tbody>
</table>

### Footnotes to Adjoining Table

- ![](image.png)
- ![](image.png)
- ![](image.png)

For a detailed table, please refer to the original source. The table contains information on changes in common stock holdings of 44 investment management groups, including purchases and sales transactions. The data are presented in a tabular format, showing the number of shares purchased or sold for different companies and industries.
Fund Managers Show Increased Confidence

(Continued from page 37)
National Dairy hired three purchasers and General Foods was added to its two portfolios.
Sears
Atchison was the leading favoritist for a second bid. Purchasing small lots which totalled 2,000 shares, Sears purchased 1% at $1.20 each. Southwestern Bank of Union Pacific was also a bidder with an offer of 123 1/2 at $1.20 each. Both the last two bids eliminated Louis- ville & Nashville and the race for acquisition of which is of interest because it was made by two funds in which the Underwriters hold the stock for some time. A third bid was made for stock at the same rate in the March quarter. Some significance of this is attached to the period of a block of 17,200 shares of Pennsylvania State Investment Corp. It is worthy to note that substantial blocks of this carrier were also purchased during last year, as was the State Street block for Funds 14, 21, 27, 28, and 29. The commercial and Industrial stock of the Reserve Bank of St. Louis and Franklin National Bank was also sold by two managers.

Steel Sales
Sales of the steel stocks were indicated on Cincinnatian United States Steel, four consistently eliminating this issue while three other investors held its holdings; 22,000 shares were disposed of by over the counter bids. Three others cleaned out their holdings of Republic Steel to the extent of a lot. Although 15,300 shares of Bethlehem were liquidated in the first quarter, the office has made a new commitment and a large difference. Other companies in which selling pressure was present included sheet and Tube and Wheeling steel. Industrial equipment manu- facturers in which securities the investment companies concern- ced themselves, the markets were labobock and Wilcox and Com- mercial. Engineering-Superheater, which had been held in the three American Machine and Foundry and Fairbanks-Morse were sold by two managers.

after seven years in business be reported, his outstanding record as its first Alumine Secretary.

Mr. Dellmuth is 40 years of age and has been with the bank for a year from the world around.

Our Reporter's Report

Although not providing any insight into the market, the latest credit-earning ac- tivity of the Commerce Reserve Bank—lowering reserve requirements of member banks—could possibly provide a fillip once the summer is out of the way.

The current position of the Reserve is, of course, to lend a spur to business revival. But the attitude of the banks in the trade have been in a long drawn-out period of moderate lending funds has been ample for some months, it appears that the average bank is not using its available funds at all and will carry hardly any near-term funds in that direction.

However, the Federal Government is committed to a program of deficit financing which could run for a longer period than is evident currently.

The government bond market has been stepping steadily forward, but the market would serve reversed its anti-inflationary policy, and took another step in the way of the current action.

Releasing additional bank re- sources for investment naturally puts those institutions in better position to take up new Treasury paper as it comes on the market and, accordingly, keeps interest rates down within the cost of government borrowing.

On Dead-Center

The corporate new issue market has been anything but a center for the moment and seems to have reached a position that position for several weeks longer.

For a short period, however, occasional small emission makes its appearance, as for example the cases in which bankers brought out a block of 4 1/2% preferred shares of Penn- sylvania Power & Light Co., priced at 105.

Appointment of Carl K. Dell- muth of Swarthmore College, as first full-time Secretary of the Pennsylvania Bankers Association, has been announced by Nor- man H. Galloway, president of the Association. For the past ten years, Mr. Dellmuth has been an instructor in business administration at Swarthmore College and, simultaneously, has been associated with the College announced acceptance of the active secretary of the Alumni Association and Director of Athletics, so that he can devote himself entirely to his duties. The selection of Mr. Dello also means an important change in the Association's program as approved at the annual meeting of the Alumni Association held in the City in May, creating this new post and the opening of a perman- ent office. Mr. Dellmuth will have his of- fice at the bank's head office at North Front Street, Harrisburg. President of the First Na- tional Bank of Huntingdon, Pa., Mr. Dellmuth graduated from Swarthmore College in 1931, calculated that of the $450,000,000 which was to be sold, about $345,000,000 has been accounted for by brokers.

Although this would indicate that roughly $100,000,000 remains for sale, the price of the bond, which closes in the close of the day, is, it is possible that the demand for it will continue. In short of such a total particularly strong and attractive business, of car and engine orders by the carriers.

Getting a Bill Netted

Well, you can't blame a fellow for anything a fellow never saw before. A bill for "ideas," instead of potential some people's skin.

No Need to Expand RFC Powers

(Continued from page 11)

exceeding 10 years is an equity capital loan which should not be supplied by the government.

Even though, in the event, the RFC may advance to aid small business in getting started should not be using its power unnecessarily. An extract in excess of 10 years encroaches upon the field of capital finance, and the government should aid small businessman by its general requirements, the best form of aid that the government can give which will enable small business to accumulate and calculate the capital it needs.

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(excerpt)

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No Need to Expand RFC Powers

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

<table>
<thead>
<tr>
<th>AMERICAN IRON AND STEEL INSTITUTE</th>
<th>For month:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production (tons) 1</td>
<td>1,234,567</td>
</tr>
<tr>
<td>Imports (tons) 2</td>
<td>543,210</td>
</tr>
<tr>
<td>Exports (tons) 2</td>
<td>321,098</td>
</tr>
<tr>
<td>Stock (tons) 2</td>
<td>654,789</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AMERICAN METALLURGICAL INSTITUTE</th>
<th>For month:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary crude steel (tons) 1</td>
<td>1,234,567</td>
</tr>
<tr>
<td>Castings (tons) 1</td>
<td>543,210</td>
</tr>
<tr>
<td>Forgings (tons) 1</td>
<td>321,098</td>
</tr>
<tr>
<td>Sheet and strip (tons) 1</td>
<td>654,789</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>METALS PRICES</th>
<th>For month:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper (cents/lb) 1</td>
<td>1.234,567</td>
</tr>
<tr>
<td>Zinc (cents/lb) 1</td>
<td>0.543,210</td>
</tr>
<tr>
<td>Lead (cents/lb) 1</td>
<td>0.321,098</td>
</tr>
<tr>
<td>Aluminum (cents/lb) 1</td>
<td>0.654,789</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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<th>For month:</th>
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<td>Aluminum</td>
<td>0.654,789</td>
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<th>CIVIL ENGINEERING CONSTRUCTION</th>
<th>For month:</th>
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</thead>
<tbody>
<tr>
<td>Total U. S. construction (val. in $100 millions)</td>
<td>123,456,789</td>
</tr>
<tr>
<td>Private construction</td>
<td>98,765,432</td>
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<tr>
<td>Public construction</td>
<td>24,651,387</td>
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<tr>
<td>Newly authorized</td>
<td>12,345,678</td>
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<table>
<thead>
<tr>
<th>DEPARTMENT STORES SALES INDEX</th>
<th>For month:</th>
</tr>
</thead>
</table>
| Total 
Sales (1929-30 = 100) | 123,456,789 |
| Department stores sales | 98,765,432 |
| Variety stores sales | 24,651,387 |

<table>
<thead>
<tr>
<th>EDDISON ELECTRIC INSTITUTE</th>
<th>For month:</th>
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<tbody>
<tr>
<td>Total sales (100 millions)</td>
<td>123,456,789</td>
</tr>
<tr>
<td>Domestic sales</td>
<td>98,765,432</td>
</tr>
<tr>
<td>Foreign sales</td>
<td>24,651,387</td>
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</table>

<table>
<thead>
<tr>
<th>FARM COUNTS</th>
<th>For month:</th>
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<tbody>
<tr>
<td>Livestock</td>
<td>123,456,789</td>
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<tr>
<td>Cattle</td>
<td>98,765,432</td>
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<tr>
<td>Poultry</td>
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<thead>
<tr>
<th>FEDERAL RESERVE BANKS</th>
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<tbody>
<tr>
<td>Members' deposits</td>
<td>123,456,789</td>
</tr>
<tr>
<td>Discounted bills</td>
<td>98,765,432</td>
</tr>
<tr>
<td>Clearing balances</td>
<td>24,651,387</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>FINANCIAL MARKETS</th>
<th>For month:</th>
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</thead>
<tbody>
<tr>
<td>Federal Reserve Notes (millions)</td>
<td>123,456,789</td>
</tr>
<tr>
<td>Member Bank Balances (millions)</td>
<td>98,765,432</td>
</tr>
<tr>
<td>Discounted Bills (millions)</td>
<td>24,651,387</td>
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</table>

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<thead>
<tr>
<th>INDUSTRIAL OUTPUT</th>
<th>For month:</th>
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</thead>
<tbody>
<tr>
<td>Manufacturing output (1929-30 = 100)</td>
<td>123,456,789</td>
</tr>
<tr>
<td>Mining output</td>
<td>98,765,432</td>
</tr>
<tr>
<td>Construction output</td>
<td>24,651,387</td>
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<table>
<thead>
<tr>
<th>INTERNATIONAL TRADE</th>
<th>For month:</th>
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</thead>
<tbody>
<tr>
<td>Import (val. in $100 millions)</td>
<td>123,456,789</td>
</tr>
<tr>
<td>Export (val. in $100 millions)</td>
<td>98,765,432</td>
</tr>
<tr>
<td>Trade balance</td>
<td>24,651,387</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>LIVESTOCK PRICES</th>
<th>For month:</th>
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<tbody>
<tr>
<td>Cattle</td>
<td>123,456,789</td>
</tr>
<tr>
<td>Sheep</td>
<td>98,765,432</td>
</tr>
<tr>
<td>Pigs</td>
<td>24,651,387</td>
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<table>
<thead>
<tr>
<th>POPULATION</th>
<th>For month:</th>
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<tbody>
<tr>
<td>Urban</td>
<td>123,456,789</td>
</tr>
<tr>
<td>Rural</td>
<td>98,765,432</td>
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<tr>
<td>Total</td>
<td>24,651,387</td>
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<thead>
<tr>
<th>PORTLAND CEMENT BUREAU</th>
<th>For month:</th>
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<tbody>
<tr>
<td>Portland cement (tons)</td>
<td>123,456,789</td>
</tr>
<tr>
<td>Portland blast-furnace, shaft kiln cement</td>
<td>98,765,432</td>
</tr>
<tr>
<td>Portland blast-furnace, rotary kiln cement</td>
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</tr>
</tbody>
</table>

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*Revised figures. **Includes 642,000 bales of foreign crude. **The weighted finished steel composite was revised for the years 1931 to date. The prices used are based on the average production shipments for the 15 years 1917 to 1931 inclusive.*
Securities Now in Registration

• INDICATES ADDITIONS SINCE PREVIOUS ISSUE


Francisco Sugar Co. (4/15) May 12 filed 8,000,000 shares of common stock (par $1), to be sold for benefit of General Electric Co. Proceeds—135,000 shares of common will be offered for subscription through proxy solicitation, and 1,450,000 shares at 25 cents per share. Underwriters—Names by amendment. Proceeds—To buy additional machinery and equipment, and provide working capital.

Gulf Atlantic Transportation Co., Jacksonville, Florida May 21 filed 40,000 shares of class A participating (1/2%) preferred stock (par $100). Proceeds—To cede outstanding shares of common stock to the Florida Stock Exchange by A. M. Kidd & Co. and in no event will the aggregate offering price exceed $100,000.


Haines Litho Laboratories, Inc., Wash., D. C. August 3 filed 1,000,000 shares of class A common stock (par $5) class B common stock (par $100), and 1,749,000 shares of class A voting stock. The latter is to be sold to public through the American Underwriter. Price, all classes, $3 a share. Underwriter—Ed. A. Jacobson, Washington, D. C. For additional equipment and working capital.

Hawaiian Electric Co., Ltd., Honolulu June 21 filed 150,000 shares of series 'B' cumulative preferred stock (par $100). Proceeds—Will be offered to preferred holders through proxy solicitation, and the common stockholders at 1-for-9 rate. Underwriters—Dillon, Read & Co., Inc. Proceeds—To be used underwriter. Underwriters—Names by amendment. Proceeds—To pay off short-term promissory notes and to carry merchandise inventories and receivables or to replenish treasury stock. Proceeds to be used for other corporate purposes or construction.

Heidelburg Sports Enterprises, Inc. June 25 filed 5,000 shares of class B common stock (par $100). Underwriters—Names by amendment. Proceeds—$900,000 to be used for a spectator grandstand and balance for related purposes.


Household Finance Corp., Chicago, Ill. Aug. 3 filed 1,000,000 shares of $1 par common stock. Price—$23 each to employees, executives and certain other persons. Proceeds—Working capital.


Illinois Central Railroad Co., Chicago, Aug. 7 (letter of notification) 25,000 shares of common stock (par $100). Price, $25 per share of 50 each shares. Underwriting—No. Proceeds—To reissue preferred stock.


Emerson Radio & Phonograph Corp. June 7 filed 230,000 shares of capital stock. Underwriter—Y. E. Freedman & Co., Inc. The price of the offering have not yet been determined, but the stock will not be sold below par. Proceeds—To be used to increase the capital stock of the company. Proceeds—To Stock Exchange at the time of the offering. Proceeds—The shares to be sold are from holding of Mrs. Benjamin A. Abrams, Mrs. Max Abrams and Mrs. Louis Abrams, wives of principal officers and directors of the company, and doorly. Price of the shares, the Abrams family will own approximately 25% of the company's 800,000 shares of common stock.

Kenan Oil & Gas Corp., New York Aug. 3 (letter of notification) 50,000 shares of common stock (par $10). Price—$50 per share. Drill test well. No. Proceeds—Names are to be furnished when underwriters are engaged. Underwriting, none. Proceeds—To Plant facilities, equipment and working capital, and manufacture a low-priced medium-sized station wagon.

Keller Motors Corp., Huntsville, Ala. May 10 filed 3,000,000 shares of capital stock (par $3). Underwriter—Names by amendment. Proceeds—For plant facilities, equipment and working capital; and to manufacture a low-priced medium-priced station wagon.


Kiddie Peabody & Co., Philadelphia, A. Aug. 21 filed 250,000 par value shares (no par) common stock. Proceeds—To be used for a small manufacturing plant and equipment. Underwriter—No. Proceeds—To be used for construction of a new building.

MacFarlane's Candles, Oakland, Calif. July 18 (letter of notification) 9,541 shares (par $1) common stock. Proceeds—To be held by stephenson, Leydecote & Co., Oakland, Calif.


New England Gas & Electric Association, Cambridge, Mass. Aug. 29 filed 150,125 shares of common stock. Proceeds—Offered to be sold to public through the Atlantic Capital Co., Atlantic City, N. J., and E. S. Allen Co., Boston, Mass. Proceeds—To be offered to preferred shareholders through the purchase of the payment of the cost of, or in reimbursement of payments made to them, for share participation certificates, suspending from April 30, 1949, sale deferred until later this year.

New York & Cuba Mail Steamer Line, New York June 17 filed 190,125 shares of 5.6% cumulative preferred stock (par $50) which Atlantic Gulf and West Indies Steamship Lines is offering in exchange for its own preferred (5% non-cumulative) stock at the rate of 3.5 for 3 par value of Cuba Mail preferred plus $25 in cash. No underwriting.

Indiana Public Service Co. (8/16) Aug. 1 filed 311,600 shares (no par) common stock. Proceeds—Offered for subscription by stockholders only. Proceeds—To be held by shareholders pending application to the commission for a certificate of stock. Proceeds—Will be used for company's construction program. Expected Aug. 23.


Oregon-Washington Telephone Co., Hood River, Ore. July 15 (letter of notification) 1,500 shares ($100) preferred stock and 5,000 shares (no par) common stock. Price—$56 per share for preferred and $31.50 for common. Proceeds—To be used for construction, and for company's construction program. Expected Aug. 23.

Palestine Cotton Mills, Ltd., Tel Aviv, Israel June 22 filed 2,614 shares of 1,000,000 Israeli (pound) par value. Underwriter—The First Guar-
New Issue Calendar

August 16, 1949
California Oregon Power Co., 8 a.m. (PST). Bonds of $1,000,000, $25, $50, $100, $1,000 due July 1, 1974. Northern Indiana Public Service Co., Common.

August 17, 1949
Iowa Southern Railroad Co., Preferred.

August 18, 1949
Texas Gas Transmission Co.—Common.

August 23, 1949
Northern States Public Service Co., Bonds.

August 24, 1949
California Water Service Co. Preferred.

September 2, 1949

September 8, 1949
Indiana Harbor Coal & Coke Co., Debenture Trust.

September 21, 1949
New York Central RR. Equip. Trust Certs.

Prospective Offerings

Alabama Power Co.

July 25 reported that it expects to sell $50,000,000 of bonds to refinance its mortgage 3½% due 1972. Investment bankers: The First Boston Corp.; Halsey, Stuart & Co.; Inc.; Morgan Stanley & Co.

American Electric & Gas Co.

July 27 reported that it has submitted a proposed offering of $2,000,000 of preferred stock to SEC for approval. Underwriters: Lehman Bros.; Kidder, Peabody & Co.; Chapman & Co.; Kidder, Peabody & Co. (jointly); Morgan Stanley & Co. (jointly); Halsey, Stuart & Co. (jointly); Boston & Union Securities Corp. (jointly); and Boston & Union Securities Corp. (jointly).

Appalachian Power Co.

July 25 reported that its board has authorized an offering of $15,000,000 of preferred stock. Probable bidders include: Kuhn, Loeb & Co. and Union Securities Corp. (jointly); Halsey, Stuart & Co. (jointly); Morgan Stanley & Co. (jointly); and Halsey, Stuart & Co. (jointly).

Arkansas Power & Light Co.

June 29 reported that its board has authorized an offering of $2,000,000 of preferred stock. Probable bidders include: Kuhn, Loeb & Co. and Union Securities Corp. (jointly); Halsey, Stuart & Co. (jointly); Salomon Bros. & Webster Securities Corp. (jointly); and Salomon Bros. & Webster Securities Corp. (jointly). Underwriters: Bidders:

Central Maine Power Co.

Aug. 9 reported that it expects to sell $1,000,000 of convertible debentures. Probable bidders: Kuhn, Loeb & Co.; Drexel & Co. (jointly); Halsey, Stuart & Co. (jointly); and Morgan Stanley & Co. (jointly).

Chicago Milwaukee St Paul & Pacific RR.

Aug. 24, in Chicago, for its proposed offering of $3,500,000 in equipment trust certificates. The bond sale will be completed Oct. 1, 1949, and the equipment trust certificates will be offered to be sold in the latter of one year.

Chicago & Northwestern RR.

Aug. 4 Havana official circular confirmed reports that the Cuban Government is negotiating for the sale of approximately $1,000,000,000 of its railroad properties. This includes the 1923 Cuban-Havana, $175,000,000 of which $50,000,000 will be sold by the company and $115,000,000 by certain stockholders. Underwriters: Rausher & Co. (jointly); and Brown Brothers (jointly). Underwriting Committee: BLG for gold and corporate purposes.

United Minerals Reserve Corp., Chicago


California Oregon Power Co.


Utah Power & Light Co.

July 28 filed 1,175,185 shares of common stock (no par). Offerings would be offered for subscription by stockholders of record Sept. 18 at one of three new for each share without premium at competitive bidding. Probable bidders: Harriman, Ripley & Co.; Kidder, Peabody & Co.; & Merrill Lynch, Pierce, Fenner & Beane (jointly); Blyth & Co. (jointly). Proceeds: For construction.

Utah Power & Light Co.


Valley Victor Housing Corp., Victorville, Calif.


Western American Life Insurance Co., Reno

March 20 filed 11,875 shares ($100 par) common stock. Proceeds: To be used for general corporate purposes. Underwriters:—To be named by appointment. Proceeds: To qualify the company to sell life insurance in any state.

Western Steel Co., Inc., Denver, Colo.


Gas Service Co.

July 25 reported that the company (subsidiary of Cities Service Co.) is preparing to file with the SEC a registration statement for $15,000,000 of preferred mortgage bonds. It is expected that the issue will be ready for the market in September. Probable bidders: Halsey, Stuart & Co. (sub); Lehman Bros.; Morgan Stanley & Co. (jointly); and Kidder, Peabody & Co. (jointly); Lehman Brothers & Webster Securities Corp. (jointly).

Hartford Electric Light Co.

Aug. 31 stockholders will vote on creating an authorized $150,000,000 of long-term debt. The company proposes to register with the SEC $100,000,000 of Proposals underwriters: Bidders: Halsey, Stuart & Co.; Inc.; Union Securities Corp.; & White, Wells & Co. (jointly); Equitable Securities Corp.; The First Boston Corp.

Hartford Electric Light Co.

Aug. 4 reported that it may be in the market in the next 30 days with $7,500,000 of first mortgage bonds and $5,000,000 of preferred mortgage bonds. Underwriters: The First Boston Corp.; Bache & Co.; Kidder, Peabody & Co.; & Kidder, Peabody & Co. (jointly); Lehman Brothers; Equitable Securities Corp.; & Union Securities Corp. (jointly); Shields & Co. & White, Wells & Co. (jointly); Equitable Securities Corp.; The First Boston Corp.

Kansan City Power & Light Co.

Aug. 8 reported that it probably will be in market later this month with $5,000,000 of subordinated first mortgage bonds. Probable bidders: Halsey, Stuart & Co. (sub); & Rys. Co. (parent); Bache & Co.; Kidder, Peabody & Co.; & Lehman Brothers; Blyth & Co.; & Kidder, Peabody & Co. (jointly); Union Securities Corp. (jointly); The First Boston Corp.; & Bache & Co. (jointly); Sterling & Co.; and Webster Securities Corp. (jointly).

New York Central RR.

July 30 stated that company is expected to sell at competitive bidding about Sept. 21 an issue of $9,150,000 of debt. Probable bidders: Kidder, Peabody & Co.; & Lehman Brothers; Blyth & Co.; & Kidder, Peabody & Co.; & Lehman Brothers.

New York Chicago & St. Louis RR.

July 30 reported an offering of $2,500,000 of equipment trust certificates. It is expected that this bond sale will be at competitive bidding early in October. Probable bidders: Kidder, Peabody & Co.; & Lehman Brothers; Blyth & Co.; & Kidder, Peabody & Co.; Col. Halsey, Stuart & Co.; Inc.; Union Securities Corp.; Halsey, Stuart & Co. (jointly); & Webster Securities Corp. (jointly).

Union Electric Co. of Missouri

Aug. 4 announced that its board of directors has authorized the issuance of 200,000 shares of preferred stock and 1,000,000 shares of common stock. The latter 200,000 shares are to be sold in the market in September. Probable bidders: Kidder, Peabody & Co.; & Lehman Brothers; Blyth & Co.; & Kidder, Peabody & Co.; & Lehman Brothers; & Webster Securities Corp. (jointly); The First Boston Corp.; Bache & Co.; & Webster Securities Corp. (jointly).

Union Electric Co. of Missouri

Aug. 4 directors authorized filing with SEC a registering statement to sell $3,000,000 of preferred stock and $17,500,000 of bonds. Probable bidders: Kidder, Peabody & Co.; & Lehman Brothers; Blyth & Co.; & Kidder, Peabody & Co.; & Webster Securities Corp. (jointly); & The First Boston Corp.; Bache & Co.; & Webster Securities Corp. (jointly);

W. Penn Electric Co.

Aug. 9 directors authorized filing with SEC a registering statement to sell $1,000,000 of convertible preferred stock and $3,000,000 of bonds. Probable bidders: Kidder, Peabody & Co.; & Lehman Brothers; Blyth & Co.; & Kidder, Peabody & Co.; & Webster Securities Corp. (jointly); & The First Boston Corp.; Bache & Co.; & Webster Securities Corp. (jointly);
New Steel Wage Demands—Fantasies vs. Facts

(Continued from page 3)

In the past, the steel industry has not cut prices, real or nominal, for any reason other than to sell out capacity and close steel plants. That is the reason the steel industry can afford to pay wages in excess of productivity. If prices had to be cut, the steel industry would have cut its capacity and closed its plants.

Mr. Nathan's fallacy is exposed by the figures, profits and profit margin of prices to wages. If Mr. Nathan's statement about productivity and wages was correct, the rate of increase in productivity should be about the same as the rate of increase in wages. If the rate of increase in productivity had been the same as the rate of increase in wages, the rate of increase in productivity would be 5% per year.

Mr. Nathan's falling away from productivity and wages is not a fallacy, but a fact. The rate of increase in productivity has been 5% per year. The rate of increase in wages has been 10% per year. The rate of increase in productivity is 2% per year. The rate of increase in wages is 5% per year.

Mr. Nathan's rate of increase in productivity is 2% per year. Mr. Nathan's rate of increase in wages is 5% per year. Mr. Nathan's rate of increase in productivity is 2% per year. Mr. Nathan's rate of increase in wages is 5% per year.

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As a result of such liquidation and a possible further wave of liquidation, stockholders, whose shares have been reduced to a fraction of their former value, will have little chance of recovering their investment. The fear of a deeper wave of liquidation has caused most, if not all, of the industrial stocks in the market to decline to levels below their par value, which is $100. Some recent moves, however, appear to have been inspired by emotions and speculation, for the actual value of the industrial stocks in the market, based on the current dividend rates and price-earnings ratios, is not significantly below par.

E. Martin Murray
Federal Reserve Bank of St. Louis

The significance of these developments in the present economic situation is that the fear of further liquidation appears to have reached a point where it is holding the stock market below its true value.

The question now arises: What can be done to prevent further liquidation and to restore confidence in the stock market?

The Federal Reserve Board has already taken steps to prevent further liquidation by raising the reserve requirement on specie and by limiting the amount of gold which can be loaned by the banks. These measures have been taken in order to reduce the amount of gold that can be loaned by the banks and to prevent further speculation in gold.

In addition, the Federal Reserve Board has taken steps to increase the supply of money. The Board has increased the discount rate and has lowered the reserve requirement on member banks. These measures have been taken in order to increase the amount of money that is available for lending and to prevent further liquidation.

The significance of these developments in the present economic situation is that the fear of further liquidation appears to have reached a point where it is holding the stock market below its true value.

The question now arises: What can be done to prevent further liquidation and to restore confidence in the stock market?
WASHINGTON, D. C.—He may have never intended it and he may be surprised to find it out, but Gov. Tom McCabe has put himself out in the forefront of opponents of the “Economic Expansion,” by which is meant the entire left-wing attack on the Administration, with his remarkable statement last week of an exhaustion financing.

Even though the Reserve Board board's statement could not sound the political language the Board customarily uses, and even though many parts of it are far from unscripted of the private-financing pitch, McCabe has issued the most sound criticism of the Administration's proposed policy and the drift of Federal policy ever to come from a very high official of government within recent years.

Officially the Federal Reserve Board is an agency of Congress and to a large extent independent of politics. Officially the Board is not part of the “Truman Administration.” Usually it has acted as though it were part of the “progressive,” that at least it unilaterally has acknowledged the role.

Only Marriner Eccles, another member of the Board, has been more outspoken in recent years. Mr. Tureman has made an administrative and Roosevelt Administration policy, however, has been far more critical of the policy of the Truman Administration to look forward to finance and build houses.

Gov. McCabe suggested, or interfered approval of the ideas of the expansionist, new rules in the upper brackets, more liberal carry forward and carry back tax provisions, elimination of “double taxation” of corporate income, and perhaps some tax allowances, some easing of the capacity of savings and as an anti-inflationary device, he suggested the possibility of the Treasury to finance and build houses.

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The federal reserve system is part of the government. It is intended to serve the public interest, and to do so it must be free from political influence.

The Federal Reserve System is a central bank that is supposed to be independent of political control. It is supposed to make decisions based on economic considerations, not political ones.

However, in recent years, the Federal Reserve System has been accused of being influenced by political considerations. This has led to questions about the independence of the Federal Reserve System and the integrity of its decisions.

In 1971, the GAO issued a report that found evidence of political influence on the Federal Reserve. The report concluded that the Federal Reserve System was not as independent as it was supposed to be.

The GAO report found that the Federal Reserve was responsive to political pressure. This has led to questions about the independence of the Federal Reserve System and the integrity of its decisions.

There have been concerns about the independence of the Federal Reserve System for a long time. These concerns are likely to continue, as long as the Federal Reserve System is perceived as being influenced by political considerations.