Arms Aid Abroad Vital: Truman

President tells war veterans his military aid program is essential to implementation of Atlantic Pact as our task of achieving world peace is hopeless without armed allies. City of Kiel military aid to Greece and Turkey.

In a short prepared address delivered at Miami, Fla., on Aug. 22, before the Convention of the Veterans of Foreign Wars, Pres. Harry S. Truman strongly defended his program for arms aid to Western European nations and called for appropriation of the full amount of funds for that purpose asked for in the State Department despite the fact that the House of Representa¬tives has already passed a measure cutting the amount demanded by one-half.

The complete text of the Presi¬dent's address follows:
Mr. Commander in Chief, distin¬guished guests, fellow-members of the Veterans of Foreign Wars: I am about to be in the Miami area today to help celebrate the Golden Jubilee anniversary of our organi¬zation. I am proud to be a member of the oldest active veterans organi¬zation in the nation. For 50 years

The Outlook for Railroads

By WAYNE A. JOHNSTON* President, Illinois Central Railroad

Prominent railroad executive reviews progress and problems of railroads and stresses importance to national economy and financially strong railroads. Cities vast reduction of railroad indebtedness and increased capital outlays as factor in railroad progress in last two decades. Defends rates increases as essential to railroad solvency and denies higher rates lead to reduced rail traffic. Denounces Federal subsidies to railroad competitors and asks rails receive equal treatment with other forms of transpor¬tation for unless strongly protected from competition.

On several occasions since I became President of the Illinois Central Railroad in 1945 I have given expression to my belief in the railroad business in these words: "We must have railroads in America and for America—sovent railroads, strong raulroads, manned by

President Truman

alert and re¬spectful work¬men, directed by progres¬sive manage¬ment modernized to fill the needs of American enter¬prise, operating under sound policies of govern¬ment, and commanding the confidence of Ameri¬can people.

Today I take this statement as the text for discussing with you "The Outlook for Railroads."

We must have railroads in and for American because they now are, and within the predictable future will continue to be, one indispensable element of transpor¬tation. It has been well said that America lives out of box cars.

*A lecture by Mr. Johnston at the School of Banking of the Uni¬versity of Wisconsin, Madison, Wis., Aug. 23, 1949.

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40 Exchange Place, New York, N. Y.
The Next Broad Swing Will be Upward!

By DABY D. COMER
Manager, Statistical Department.
Paine, Webster, Jackson & Curtis.
Members of New York Stock Exchange.

Stockmarket analyst, pointing trends following World Wars I and II, concludes postwar readjustment in the stock market was probably completed last June. Says technical weakness is in prices of speculative stocks, but contends attainment of a new high in stock market may prove a "flash point".

Average stock prices saw their postwar high three more years ago, in May, 1946. Since then, the stock market, as well as the whole economy, has been undergoing readjustment. The elapsed time in this period exceeds that of the entire bear market 1929-1932.

which was somewhat less than three years.

After World War I, the stock market reached its peak in the fall of 1919, with a downswing four months following the Armistice. From that time until last June, prices witnessed but one other peak, at the May, 1947 low, which was slightly lower than the 1919 peak. It is possible that a third peak will occur in the near future, but the presence of technical weakness in the stock market is unmistakable.

The percentage declines in average prices in these two postwar periods were not greatly different, though the bull market in 1919-20 was much more extensive.

An outstanding feature of the 1946-1949 market readjustment has been its "piecemeal" nature, with cross-currents ever-present among various stock groups. That contrasts, with the 1919-1921 downswings, which affected practically all stock groups readjustively. Another noteworthy contrast, partly explained by the difference in intra-market trends, is the fact that in 1919-20, the advances outweighed the declines by a narrow margin; in the market since mid-June, the picture is reversed, and the declines are somewhat greater than the advances.

The collapse of the market for British Government bonds was an important milestone along the route of worldwide inflation. Perhaps even more than that—It may provide a much needed object lesson for the world-beaters elsewhere. The English socialists in England had been proceeding on a clear and logical route, proven to be a fatal fiasco. That premise was that government control of an inanimate resource, such as gold, was a valid and necessary postulate. The socialization of gold had not been raised in England, and the plan was being developed on the premise that gold could be used to finance a free society. To test that theory, the socialists in England since 1925 have sunk a billion pounds sterling in a gold scheme that is proving to be a failure.

The "Flash Point" in Stocks

Average stock prices now stand near the 1949 top, which has brought its best, of late, to general attention. A rise of 4% or 5% would carry most of the indices into the region of September 1, 1946. Then a further slight lift would probably carry them into the second quarter of 1947. A rise of 8%, however, would put the market into the region of the new high, which is forecasted for the third quarter of 1947.

The "flash point" in bonds is June, 1947, which was the peak of the internationals. At that time, it was evident that the dollar was at a deeper low than ever before, and that the market would swing to that position. The dollar has been rising ever since, and, to be sure, a new high in bonds is possible. However, it will be necessary to wait for a new high in the dollar market, and the bonds will be moving in the same direction. The present condition of bonds is one of relative strength, and a break upward in bonds is imminent.

Our markets have been trying for years to establish a new base for the flow of trade in central and peripheral regions of the world. The present condition of bonds is one of relative strength, and a break upward in bonds is imminent.

The "Flash Point" in Stocks

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TABLE I

<table>
<thead>
<tr>
<th>Composite Stock Prices*</th>
<th>Post-World War I</th>
<th>Post-World War II</th>
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<tbody>
<tr>
<td></td>
<td>October 1913</td>
<td>March 1949</td>
</tr>
<tr>
<td></td>
<td>1913</td>
<td>1949</td>
</tr>
<tr>
<td>Average stock prices</td>
<td>110.0</td>
<td>110.0</td>
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<tr>
<td>Decline (Percent)</td>
<td>23.0</td>
<td>23.0</td>
</tr>
<tr>
<td>Decline (Dollars)</td>
<td>25.0</td>
<td>25.0</td>
</tr>
<tr>
<td>Standard of Averages</td>
<td>110.0</td>
<td>110.0</td>
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*These figures are based on the Standard & Poor's 500 stock index.

TABLE II

<table>
<thead>
<tr>
<th>Sluggish Performance of Lower-Priced Stocks</th>
<th>Dow-Jones Industrial &amp; Poor's 100 Industrial Stocks</th>
<th>Dow-Jones Industrial &amp; Poor's 30 Dow-Prized Stocks</th>
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<tbody>
<tr>
<td>Aug. 10, 1949</td>
<td>100.0</td>
<td>100.0</td>
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<tr>
<td>June 15, 1949</td>
<td>97.0</td>
<td>100.0</td>
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<td>Advance</td>
<td>3.0</td>
<td>3.0</td>
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</tbody>
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*These figures are based on the Standard & Poor's 500 stock index.
The Weakness in Current Stock Market

BY GAYLORD WOOD
Fort Lauderdale, Fla.

Market analyst foresees huge inventory losses due to inevitable postwar collapse in commodity prices and looks for heavy selling to drive stock prices down below 1942 lows. Says numerous clues point to drastic price reductions.

The investor who is open-minded enough to retreat to the sidelines from time to time has a much greater chance for success than has the operator who will get out for perhaps a few days, but who is always overcome by the itch to buy, "for fear he will miss something." You can't be in the market all the time, he says, so it is frequently the case that when you are not there, there is a boom and your money is lost. The happy-go-lucky speculator is almost sure to have accounts open when a price drop comes, because he is, as a rule, in a fever lest he shall miss a rise, and is therefore never contented unless he is "in the swing," and hence the term "in the market." We think a good description of "reverie seeing the cataract until he is half way to the bottom." We think a good description of "reverie seeing the cataract until he is half way to the bottom." We think a good description of "reverie seeing the cataract until he is half way to the bottom." We think a good description of "reverie seeing the cataract until he is half way to the bottom." We think a good description of "reverie seeing the cataract until he is half way to the bottom."
Socialized Medicine

BY THOMAS I. PARKINSON

President, National Medical Association of the United States. Holding socialized medicine, while increasing number of these receiving medical care, is likely to lower its quality, prominent life insurance executive, though not opposing compulsory, medical aid, concedes that the plan would reduce the cost of medical care.

Even within the past few years has there been an increase in mortality in this country. The number of deaths in 1947, as compared to 1944, according to the National Vital Statistics Report, was 795,000. The actual number of deaths in 1944 was 790,000. It is not surprising that the Brookings Institution says, "The United States is in the grip of the most faltering nation of the world." Much of the benefit of modern medical care can never be provided for by the individual who received the medical care, because he put it off to the last moment. We are going to have more and more medical care provided for as a result of socialized medicine.

The SEC Looks at Mutual Funds

By Hon. Harry A. McDonald

Commissioner, Securities and Exchange Commission

Investment in mutual funds is expected to continue; thus, the financial report for 1947 shows a 16.2% increase over the 1946 report.

In his annual report to the Securities and Exchange Commission, Commissioner McDonald states that the mutual funds have a significant position in the market, with the country's investment pool. The SEC looks at mutual funds and sees a significant increase in the financial market, with mutual funds having a major role in the nation's economy.
The Weakness In Current Stock Market

(Continued from page 3)

$42.5 billion. (In 1929, commercial bank loans totaled only about $35 billion.)

It has been our contention that the collapse in commodity prices will

The State of Trade and Industry

in Progressive Union, a group which will, of course, moderate... of the commodity prices.

incurred by banks, primarily because of the

Steel Production

Electric Output

Retail Trade

Commodity Market

Food Price Index

Business Failures

Many of the accepted indicators of industrial activity the past week again showed a slight advance in keeping with the trend of increased activity... the Federal Reserve Board. It is similar... the week ending Aug. 13, to 2,154,600 from 2,119,000 in the

FINANCIAL AND COMMERICAL ANNALS

VOLUME 170

August 19, 1949

Page 4

Observations

By A. WILFRED MAY

[The following article was written by Miles D. Poponic, pinch-hitting for A. Wilfred May who is on a tour of Paris. Mr. Poponic is Vice-President of the Blue Ridge Corporation.—Editor.]

Closed-End Versus Open-End Funds

In the controversy on management performance and relative investment values of Open-End vs. Closed-End Funds vs. Cvm. +1.4% Trusts the facts are measurable and it is hardly pertinent to reduce the matter to a discussion just of statistical methods and consistencies as some recent articles indicate. (Continued on page 26.)

Federa! Reserve Bank of St. Louis

[Image for FRASER]

Joint Committee on Printing

Washington, D.C.

July 24, 1949

GAO/TED-49-7

The Public's Role in the Productivity Challenge

This report develops a framework for understanding the relationship between the activities of the government and the productivity challenge to the nation. The report presents a series of recommendations designed to promote greater cooperation between the government and the private sector for the purpose of improving the country's economic performance. The report also identifies key areas for further research and analysis.

Economists, technicians, and business leaders agree that maximizing productivity is a key to ensuring continued economic growth. The report emphasizes that the government can play a crucial role in this process by creating an environment that is conducive to innovation, competition, and entrepreneurship. It highlights the importance of policies that support research and development, education and training, and infrastructure investment.

The report recommends that the government:

1. Establish clear, consistent, and predictable policies that promote innovation and entrepreneurship.
2. Invest in education and training programs that prepare the workforce for the jobs of the future.
3. Support infrastructure investment that enhances productivity and competitiveness.
4. Encourage collaboration between the government and the private sector to address productivity challenges.
5. Implement measures to reduce regulatory burdens and improve the business climate.

The report concludes by noting that the productivity challenge is a long-term endeavor that requires sustained effort and commitment. It calls on all stakeholders to work together to achieve this shared goal.
"Is Bigness Badness?"

By HAROLD C. HASKELL

General Counsel, E. I. du Pont de Nemours & Company

Defending large corporations as promoters of prosperity and economic expansion, Mr. Haskell attacks "the myth of Federal anti-trust policy," which holds business today is on much higher plane than quarter-century ago, and public's idea of what business executive is and does is out of date. Says no business has difficulty in finding competitors and denies there is essential opposition between big business and the small business world.

Urges breaking up of big and small business to keep public informed of our economic system.

I feel I must warn you gentlemen that you’re in bad company; that you are conspiring with a representative of that reprehensible, sinful section of the American people known as Big Business. Were this a country in which the government were less broadminded, or might actually have given consideration to the suggestion I am about to make for you to listen to me talk, for there are those—here and there in most parts of our government—view the activities of the business community for which I work and those of many other large organizations, as sins—sins of anti-social, unselfish, and bad for the country.

It is a fair question to ask what it is in the nature of that sin which we are so at liberty to call prejudiced. I see no justice in my conviction that at the base of all industrial growth, all manufacturing success, has been successful. The du Pont Company has proved itself very useful indeed. We have created a large and substantial American economy, want and demand in all seriousness, and the ability to pay.

In going to talk of doing this, it has contributed much to the ever-growing American standard of living. We have contributed research laboratories have come to neoprene, the first of many practical-solution synthetic rubbers, nylon, moistureproof cellulose esters, acrylonitrile rubber, and the bottleneck-dry-dying play on the automobile industry. These are only a handful of illustrations from a list that would be very long.

In the course of doing this, it has employed many thousands of jobs that never existed before, built up its own organization and in other commercial enterprises, in a different way, it sounds rather impersonal. Look at the large thousands of American men and women who are as a result of the activities of the du Pont Company, perhaps those of the large ones, those of the small ones, jobs, to-day—who would not have them in the hands of the men who have been doing the research and production of the company.

In the course of doing this, the du Pont Company has been crammed, as it were, with the existence of hundreds, perhaps thousands of other organizations, and certainly it is true that thousands of small organizations are in business today because they sell to the du Pont Company, or buy its products and incorporate them into finished products, market such finished products to the ultimate consumers.

And in the course of doing this, the du Pont Company has helped make it possible for the American men and women to have a broader and better position, to find life easier and more comfortable, to enjoy, as a result of the activities of the du Pont Company, and commonplace, things that were unknown to many thousands of people known even to kings and emperors.

It has been possible for the du Pont Company to do these things because the du Pont Company has been involved in activities that can take big risks. By long experience, the du Pont Company has realized that a small percentage, but it means the rest of the active in the industry. It has experienced and skilled experts in research to put the money to work.

* * *

*An address by Mr. Haskell before the Rockland County Rotary Club, Rockland, Me., Aug. 15, 1949.*

From Washington—Ahead of the News

By CARLISLE BARGERON

If I were General Vaughan's attorney I could make a ringing defense against the charge that small business have been defrauded instead of being the subject of criticism and libel.

This defense would be based on the fact that no longer is the government taking the position of the small business as the one in the free and the brave an easy, uncomplicated thing with honest and hard work, a thing that will do in dealing the most profitable assets. Nor can a business man or a group of business men, or a system of paying such to the manufacturer for them and selling them to their customers at a fair profit.

More than likely he got to be a schemer, to have the naked thing and to have the knack of cutting sharp corners in the markets and in the market. There is no other way, he got to be a politician or have to friends and agents who are politicians.

The government, aside from the vast and material red tape with which he is entangled, is a monstrosity, that is to say, something that is sold, so if he has gotten beyond the corner grocer or drug store, he must get in on that government buying to progress, if not to survive. This is not as simple as just marking up your prices on the show window from time to time, to-day is going to happen, which could be described as sharp business practices but which in our evolution to the better life, have been considered as part of the price.

A builder seldom goes to these days to his local banker and borrows the money with which to build an office building, a home or an apartment. He begins to work with the forms in which the government puts up the money and acquires a knowledge of how to keep them from being used for the benefit of the country.

An enterpriser with a money making idea should have a way of getting to the RFC, and you just don’t walk into the RFC and say anything and you will have a publication of your book. The process is simple, it is a process to do with the SEC.

It is hard for me to imagine any business these days that do not have to deal either directly or through its trade association, its published representation, with Washington representative with some government agency and more likely several agencies in Washington. It is possible that they are going ahead in ignorance of the day to day happenings in the Washington bureau, of which I have heard, that he was in violation of regulations all the way from PXXV 41258 to ZLOW 94215.

A number of the Senators and Congressmen voted themselves extra clerical help to deal with the scores of requests that come daily from their constituents. They are in Heaven’s sake, be made to action on their application for a permit, that a cease and desist order that had been hanging over their heads for months be removed, that agency Z say it intends to do about their bid to furnish the government 100 tons of barrel seed and 1,000 tons of corn. It will require publication of your Goa to pass out a glossy column.

The Senators and Congressmen, even with their extra clerical help, would be like a thief stealing through the windows of the Bureau of Apike. They gladly switch their constituents to the man who is working at the business of getting action in Washington.

The investigation of the five percenters has revealed pretty close a good many things about the small business, in which he seems to have moved many a Bureau as if they were being sitting on a case and in the midst of an effort to deal with the business of getting action in Washington.

It strikes me that a monument of some kind should be built to a man who can get things done in Washington these days. It is utterly futile for any man to present anything to the government’s business to be able to make the fact that a citizen has to be acquainted with "men in high places" to get his just dues. It is an insult to the nation when no business, just as much as to the man who is working at the business of getting action in Washington.

The American people are doctically permitted a big, Tammany-like government to straddle the New York City business men. They know what living under a Tammany government is. Greatly enlarged, and more powerful, its counterpart now rules from Washington.

General Vaughan doing favors for people is relatively one of the brightest spots in the picture. There is nothing just perverted, but certainly the General Vaughan’s are not the disease. It is something far deeper that needs treatment.

New York Stock Exchange

Weekly Firm Changes

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

Herbert F. Bowyer and Elwood D. Boynton will retire from the Trust and Investment Company of New Jersey. The partners, in the interest in Laird, Bisell & Meeds of New York, Aug. 6.

Siegel & Silver was dissolved as of Aug. 12. A. W. Graham Joins Central Republic Co.

(Appeared in The Financial Chronicle, Thursday, Aug. 23, 1940.)

A. W. Graham has been associated with the Central Republic Co. in its building business. He was formerly with Cruttenden & Co., and John D. Boynton & Co., in the past he conducted his own investment business in Omaha.

The New York Stock Exchange
A Program to Encourage Investments Abroad

By HON. JOHN W. SNYDER, Secretary of the Treasury

Speaking as Chairman of National Advisory Council, Secretary Snyder tells House Banking Committee proposed bill to permit Export-Import Bank to guarantee U. S. private investments abroad is implementation of President's Point Four Program and is essential to overcome obstacles to existing foreign aid situation. Clauses of principle or obstacles as: (1) anti-self investment created by unfavorable American experience with foreign investments; (2) growth of nationalization ideology abroad; (3) foreign political instability; and (4) prevalence of exchange controls.

I am happy to appear before your Committee today, as Chairman of the National Advisory Council, to testify on H. R. 3954 which would amend the Export-Import Bank Act of 1945 to permit the Export-Import Bank to make insured foreign investments abroad. At the same time, I should like to state that in my estimation the objectives of this proposed legislation are the highest importance and I urge its enactment.

As you know, this legislative program is designed to implement in part the Point IV Program the President promulgated in his recent speech. This program is intended to help underdeveloped areas of the world to increase their productivity and living standards.

The economic development is closely tied to the growth of capital investment, for it is essential that the means of production be available if a country is to achieve a standard of living which can improve. The modern world is characterized by the increase in capital investment as a proportion of national income. The World Bank has been proceeding at a very rapid rate in many underdeveloped countries because of numerous obstacles. Some of these obstacles can be overcome only through action of the particular country concerned. Others, however, can be abrogated by action of the United States. This legislation is designed to carry out this action by the United States and I would like, therefore, to address myself to the particular financial considerations that make this legislation necessary.

Financial Aspects

The development of underdeveloped areas can be sound and lasting only if these areas use their resources to the best advantage. On the financial side, outside capital can help to speed the process, but it cannot do so and it is the major role in financing the program. Therefore, the capital development must be provided from local sources and from countries themselves. This is true even in underdeveloped countries not only because the larger part of the cost of any development program is not that of the local materials and the wages of labor, but also because capital provided by an outside agency may result in unduly heavy demands on the foreign exchange reserves of the debtor countries.

It is the policy of this government to encourage foreign investment for desirable purposes should be undertaken through private channels in as far as possible. This policy has the particular merit, with economic development because investment by private enterprise signifies some of its own technical assistance in the form of industrial know-how. This is notably true in the manufacturing, and in the mining and service fields of endeavor with private enterprise also having an important place in many public utility developments. Often, such things as highway construction, irrigation and conserving projects, on the other hand, are predominantly public rather than private. In some instances, public investments in these fields are desirable to facilitate private investments in the other fields. These facilitating investments in the public sphere of the type normally expected to be financed through the public sale of local government obligations or through such institutions as the International Bank for Reconstruction and Development and the Export-Import Bank.

Investing abroad is not a new activity for investors in the United States. It attained some prominence as early as 1900, especially in financing mergers in Latin America and Canada, but also in manufacturing plants in Canada and Europe. During the World War I, American investments, particularly in the form of the public flotation of foreign bonds in this country. Throughout this period direct and the United States for that purpose was also greatly reduced during the 30s. During World War II, withdrawals of capital from American investments abroad exceeded new capital put in. In 1945, however, new direct investments again became important, amounting to some $800 million. But it is clear that these investments have increased rapidly, reaching $600 million in 1947 and $500 million in 1948. These latter totals exceeded the high levels reached in the previous high years of the late 1920s, but the investments made were concentrated economically in Latin America, the Near East and Canada and, to a slight extent, in the oil industry—petroleum. Although substantial in amount, these new investments do not therefore lead to well-rounded development. There is need for investments in other countries and in other industries. The United States and the foreign countries in the income of economic recovery are thus concerned with two related questions: Why were not these investments greater in volume and better distributed geographically? and What can be done to increase the volume of investments and broaden their distribution?

The answer to the first question relates to our own as well as to foreign conditions. An important point is the existence of differences between domestic and foreign yields on equity investments. Hence, there is little incentive to invest abroad particularly as long as foreign investments continue to exist. Investments that have been made in recent years were largely made to countries and in industries relatively free of such obstacles.

Obstacles to the investment of private capital abroad are most common in underdeveloped countries and from spring from four chief causes which influence the action of foreign governments. These are:

1. The anti-self investment sentiment generated by the regrettable experience of other foreign countries with investments abroad;
2. The growth of ideologies favoring the ownership and control of industry;
3. The prevalence of political instability and extreme nationalism;
4. The prevalence of exchange controls stemming from economic difficulties.

An additional deterrent to the investment of foreign capital abroad is the fear or threat of war. As to the question of what can be done to increase the volume of investments and to distribute them more broadly, we must address ourselves primarily to the problems of eliminating the obstacles which stand in the way of the investment of American capital abroad. It is essential that the task of removing such obstacles be accepted both by foreign countries and by the United States. Foreign countries must, however, accept the major responsibility for clearing the existing obstruction to a broad and beneficial flow of private capital.

It is a commonplace that American private capital will flow abroad more freely and produce better results if it is encouraged than if it will if it is coerced. Accordingly, although we recognize the right of any country to institute necessary security measures, foreign governments must recognize that the right to do business in their countries on reasonable terms including the right to control and manage one's investment, is very important to our potential investors. Legislation in foreign countries requiring that local citizens shall hold a majority of the common stock will, in general, be a significant deterrent to prospective investors. At the same time it is recognized that our investments must afford reasonable opportunities for foreign investors to participate in their enterprises abroad. Another very important consideration is persons making foreign investments be authorized to accept funds from their investments under conditions which make it difficult for countries to obtain all of the dollar exchange required for their needs.

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The President's Attack on Collective Bargaining

By IRA MOHIER*

Chairman of Finance Committee and former President, National Association of Manufacturers

Industrialists maintain government-directed arbitration of new agreements, industry-wide bargaining, and laws which are necessary to save us from stagnation. Recalling the steel union's tactics in 1946, he accuses it of now trying to use the Presidential panel as tools to effectuate similar strategy. Here is the letter sent by Mr. Mohier to the President requesting to stop this.

My appearance here today is not to be construed as a statement in behalf of the steel companies involved in this case. I am appearing solely as a spokesman for the National Association of Manufacturers.

The time to make this presentation was granted to us by the

this late date is for the board to

remind the case to the parties for

comparable purposes.

It may seem strange to

the world's champion of collec-

tive bargaining. We believe

a threat to the operation of

the union in this case with

the possibility of collective

organization.

We make your position clear, that

one of the world's foremost

proponents and defenders of

labor's movement. We are

The panel.

NAM does not negotiate for

any of its members and would

not do so even if requested. Our

appeal here is directed to the

vital influence which the

outcome of these hearings will have

upon the industry and practices of

all manufacturers.

Not Representing Steel Companies

I want to make it clear that we

are not speaking as representa-
tives of the steel companies.

In fact, in the case of my state-

ment, no decision has been made

by the steel companies in this case.

Our position and the statement

I make here will be entirely your

decision to ignore or to

hear. If the statement of a responsible

national organization which

regards these proceedings with

misgivings. We feel strongly about

this matter that we have

reached to each of our thousand

of members as a statement of the

position we now take on this matter.

We are convinced that the

approach of the government in this case was wrong. News-

papers have conducted themselves

right both before and after the appointment

of this panel, that a com-

promise position to the

attacks. We do not believe that

truth to the government's

convinced that if such a compro-

mise were reached, this country

would wreak havoc with our

economy and would strike a seri-

ous blow at collective bargaining.

We have convinced that the only

way to save our industry can be saved at

1 See, for example, New York "Times" (see article of June 14, 1949.

*Statement of Mr. Mohier before Industrial Board, United States Court House, New York City, Aug. 18, 1949.

Grand Avenue, Los Angeles 14, Cali.

Long Island Lighting Co.—Circular—Kirk & Co., 120 Broadway, New York, N. Y.

Missouri Pacific—Analysis—Dreyfus & Co., 50 Broadway, New York, N. Y.

Missouri Pacific Railroad Co.—Analysis—Vilas & Hickey, 50 Wall Street, New York, N. Y.

National Folding Box Co.—Circular—Day, Boddard & Williams, 95 Elm Street, New Haven, Conn.

New Orleans Public Service Co.—Analysis—Ira Hnufu & Co., 111 Broadway, New York, N. Y.

Northern Indiana Public Service Co.—Details—Monogram—Geyer & Co., Inc., 63 Wall Street, New York, N. Y.

Ohio Coal—Tennis—Canadian Bank of Commerce, Toronto, Ont., Canada.


Manulife—Solar Companies—Analysis of the outlook—Miller, Ross & Co., 35 Bay St., Toronto 1, Ont., Canada.

Also available are brief data on Consolidated Mining & Smelting, Hudson Bay & Mining Co., No. Pacific Minerals Co., No. Pacific Iron Co., and Consolidated Steel Co., 204 South La Salle Street, Chicago, III.


Over-the-Counter Industrial Stock Index—Booklet recording of 10 years experience of industrial stocks—National Quotation Bureau, Inc., 46 Front Street, New York, N. Y.

Systematic Savings—Discussion of a planned program—Loew & Co., 262 East 73rd Street, Milwaukee 6, Wis.

American Cyanamid Company—Details—Memorandum—Stevens Bros. & Boyle, Stars Building Arcade, New York, N. Y.

Also available are memoranda on General Cable Company, and Racine Gas Light Company.

Bosh Fisheries Corp.—Circular—E. F. Connors, 259 West 73rd Street, Chicago 3, Ill.


Douglas Oil Co. of California—Analystical report—William R. Shaughnessy, 224 North Broadway, Los Angeles 14, Calif.

Dresser Industries—Circular—Ira Hufnagl & Co., 111 Broadway, New York, N. Y.

Haliburton Oil Well Cementing Co.—Analysis—First Boston & Company, Inc., 111 Broadway, New York, N. Y.

Kawden Crematory—Circular—Floyd A. Allen & Co., 630 South

Grill Avenue, Los Angeles 14, Cali.

Nothing more helpful than the Monday issue of the "Chronicle" for dividends declared and when payable coverage.
In reviewing agricultural situation, Commissioner Du Mond criticizes Brannon Plan as a “very great concession to the foodless and powerful gangs which control Wall Street.” Points out fallacies of regulated price support, and says increased agricultural efficiency and more education and information be given to farmers so they can help themselves. Says farmers must consider their farms as permanent and going businesses, and proper ways must be devised to prevent wide fluctuations in market price of their produce.

I want to talk to you today on the Outlook for Agriculture. In so doing, I want to consider that point where a broader way than most of us have been accustomed to thinking of it, in that I want to have you think with me for a while on the outlook for agricult-

ure here in America. I want to continue to be an aware and worth-while profession, but a well-known fact is that in prac-
tice the older countries of the world have farmed their farms with less zeal into a condi-
tion of well-known farming. In my mind’s eye, need not be so if when I say I have no notion and are given to the problem of food production a lot of old men.

First let us consider the impor-
tance of our agriculture here, which is the largest in the world, but which we are most directly con-
cerned with, at least 30% of the land in the United States. Yet we have owned less than 1% of our total national farm production. We have not the added advantage of any very close to the great metropol-

tises in which our farmers as a people that our agriculture has received a reasonably fair share of the consuming public.

In the agricultural subsidy pro-

grams of the last 30 years the monies received only 2% of the monies expended by the Federal Government. This would indicate that as yet we here in the Northeast have not needed government assistance so badly and that there has been more legislation in the part of the north-

eastern farmers to accept govern-

ment assistance as is true in other areas. We can therefore see that much work faces us in the Northeast. Nor was the Northeast not as severely affected by the last economic depression as were other parts of the country and that we should have been able to see what we had not been as is a vulnerable position. So far as we were concerned, only in regard to a depression are all present today. Whether we will have a depression again depends on in my mind, on the mental atti-
dute of our businessmen and bank-

ers. So far they haven’t been convinced that the present recession is just another depression; and until that fear becomes dominant there remains a possibility that our economy will level off without too severe consequences.

Increasing Agricultural Productivity

In the past we have seen a

eclectic accomplishment at the rate of population. But we fear that the soil of this new continent and developed. It is a great nation.

That same continent, and brought to this continent the primitive beginnings, by a wonderful display of invent-

iveness, ingenuity and hard work, has developed the produc-
tivity of the individual farm from a point where it is to be given today; provide for his family, to a point where a man on a farm today can feed himself and five others who are on the farm.

An address by Commissioner Du Mond at the Chautauqua In-
stitute, Chautauqua, N. Y., Aug. 29, 1948.

This tremendous increase in productivity has come about through the development of all the farm products. The abundant food thus produced by the land has come later from a soil left fertile by animal husbandry, and capable of producing a tremendous wealth and has enabled us to raise our standard of living to a level unprecedented in the history of the species.

It is a well-known fact that when a man is relieved of the necessity of providing for his family, and the time he devotes to the production of the other things and services that will add a standard of living. Should we go back to some of the primitive methods, it would be impossible for America to continue to be the greatest agricultural power in the world, because most of the people now engaged in this type of production would be obliged to spend their lives producing food. This country as it has deve-

oped has made almost a perfect setting for governmental assistance to flourish. We have not had the means to help the farmers and the money to educate our people, but they have had the wisdom to work better to our individual advantage and to provide our country with independence in old age. This has been the policy of most of the countries of the world. It has been our philosophy, it remains so today, is a great magnet which is drawing populations, and to study the needs of every nation the globe. By far means or foul, they intend to get in.

We must consider whether a difference is not such which is necessary. We have seen the governments of Europe during the last two decades make the people more with all-powerful nobles, or through the English and Russo-American treaties, and by the United States where the people supported the government. We are coming to a theory of government which is encouraged by the representative form of government where the people are not only the government. They support the people—and usually from less and less national and pro-

duction. Let you think that in the United States in it we must have the health of more of a better and higher type, and that we can in-

crease the number of people. It is therefore a good policy to continue the one of our people engaged in industry and in our service groups, such as doctors, educators, stockbrokers, etc., are all profitably engaged in a representative republic rather than a democracy.

Agriculture today is dependent as the most vital factor in the general pros-

perity of the nation.

Brannon Plan Criticized

In matching the supply of agri-
cultural products with the need on the mainland, we face with what we have learned in English agriculture. This is evidenced, it seems to me, by such plans as the Brannon Plan. The plan is sup-

posed to profit by the low prices for speculation, the same representa-

tive form as farmers try to sell their products. In the plan, he states in certi-
fier that the farmer need not go out of business for lack of income. Certainly the government is to do what it can, but in most cases, the government is not a sufficient and effective substitute. It is a very direct and very great concession to the idea of an all-powerful government under which the people are to be used. It is a pro-

posed to emphasize the fact that by this process our representa-
tive-type of government will undoubtedly be emasculated. Our representa-

tive governments are of necessity more and more prodigal and rather than agriculturally minded, and it is not known whether these representatives would not appropriate out of the public treasury the farmer for his full production.

Some of the organizations feel that such a possibility is too great, and that these representatives would not appropriate out of the public treasury the farmer for his full production. Lenroot has been quoted as saying, “I know, when these representatives would not appropriate out of the public treasury the farmer for his full production. Lenroot has been quoted as saying, ‘I know, when these representatives would not appropriate out of the public treasury the farmer for his full production. I know, when these representatives would not appropriate out of the public treasury the farmer for his full production. I know, when these representatives would not appropriate out of the public treasury the farmer for his full production.”

Ira Haupt & Co.

At one time there was a belief that agriculture was a sport, and that agriculture would be a game. It is a very direct and very great concession to the idea of an all-powerful government under which the people are to be used. It is not known whether these representatives would not appropriate out of the public treasury the farmer for his full production.

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Our Labor Unions Are Uncontrolled Monopolies

By WILFFRED I. KIEG* Economics Professor Emeritus, New York University Chairman, Committee for Constitutional Government

To the founders of our Republic the idea of uncontrolled monopoly was anathema. From the beginning, they had seen how dangerous a thing was when one man, or a small group, or an oligarchy, or a corporation, or a whole class as whole is injured by labor monopolies and says labor leaders tend to price labor out of market. Urgs monopoly laws be applied to labor unions.

They were prone to assert that illegal combinations of industrialists are continually more so than others. We have public welfare. But the actions of such monopolies are usually regulat¬ing the public in the government's specific purpose for the sake of their clientele. Therefore, the laws to the public are unfair, even if such monopoly is thereby not to be negligible.

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The public is prone to assert that illegal combinations of industrialists are continually more so than others. We have 1989, 49th "National Econom¬ic & Legal Monopoly Look At Collective Bargaining," book. The "Key to Prosperity,

suggests a total of 393 words

Consumer Purchasing Power
And Labor Agitation

By DR. A. L. GITLOW* School of Commerce, New York University

The CIO has once again called upon Dr. Robert Nathan to analyze his report is called "A National recommendations would increase as a whole, and the increase would be rather than on the arguments they had presented in their praise, at least in part, to the labor organizations, the public. Additional questions were put to both parties to clarify issues with rank-and-file workers, local un¬ions, and national officers.

The answers received from both sides stressed the importance of the particular conditions of the postwar wage rounds. Both sides agreed that the increased wages resulted in a national economic and the important role of unions in the movement. Statistics show that during the wage negotiations there were goods in the nation as a whole. The national average wage was $2.25 per hour, a 10% increase from the previous year.

The principal constituent in the national economic and the national income, it is essential to stimulate consumer spending and the purpose is to study the in¬fluence of American industries and employment. However, the Nathan report which presents the results of the investigation. It is said that the "uniform" was not a factor in the national economic and the national income. The national average wage was $2.25 per hour, a 10% increase from the previous year.

Purchasing Power and Ability to Pay

The study also found that there was a general wage increase throughout the country, which would stimulate consumer spending and the purpose is to study the in¬fluence of American industries and employment. However, the Nathan report which presents the results of the investigation. It is said that the "uniform" was not a factor in the national economic and the national income. The national average wage was $2.25 per hour, a 10% increase from the previous year.

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Your Everyday Tax Burden

By ROGER W. BARSON

Mr. Babson points out high cost of everyday taxes to consumer and ordinary housewife. Says in- cluding special fees and war taxes, at least three months a year for government and that ordinary people are paying for "security experiments."

GLOUCESTER, MASS. — A young friend of mine arrived home the other night to find his wife on the warpath. She had kept her eye on the box of small-sized jar of hand lotion (Federal tax $.20), and one medium-sized jar of hand lotion (Federal tax $.60). Any woman who does all of her own house- work will tell you that the last mentioned item is no luxury.

Everyone Pays the Same Federal Sales Taxes

Next, my friend's wife paid two bills, one for her husband's safe deposit box (Federal tax $1) and one for some government bonds repose. At the telephone company where she paid her second bill, there was a Federal tax of $.56 for "local service and equipment," another $.38 on "message units," and another $.13 on a nearby toll call. The bill was $7.62, $1.07 of this amount went to the government. That same morning she had the family car filled with gas. This tax amounted to $.45 on 10 gallons, as the Massachusetts state tax is $.03 on each gallon and the Federal tax is $.02. These taxes are in addition to the taxes the corporations (which are already taxed) have to pay.

At noon, this young housewife, sick and tired of Federal and State taxes, went to a restaurant for lunch—one where she could get a "Sec special." A choice of bev- erage was included. She decided to have tea—iced. When the bill came she found that $.5c had been added for the cost of the ice. She redoubled her efforts and found that having her tea iced had cost her 11c extra. At the State level that amount goes straight to the State Government for the "old age" tax.

Multiplication

The above little story explains why this housewife came home angry and resentful. She had turned over in that one morning $2.61 in taxes—the Federal Government $1.36 to the State—a total of $8.17. She had not bought what she wanted, or as any thinking person, a single luxury, but didn't potentiate? Multiply that amount by all other housewives in the United States out on real morning's activities and you will see where the money for so-called experiments is coming from—out of your own pockets.

C. E. Glander (Ohio Com- missioner and President of the Na- tional Association of Tax Adminis- trators) says that in the past 20 years annual taxes in the U. S. A. have risen 1,500%. Someone has estimated that when a baby is born in the United States he can count on spending thousands of dollars in gasoline taxes alone before he dies. "There are 200 separate taxes in the price of gasoline levied at different stages of processing of the oil well to the gas pump," according to the American Petroleum Institute.

Where Is It Going?

You can figure that you are working for at least three months of every year entirely for the govern- ment, not keeping a cent from your labors during that period for living expenses. These taxes are enough to support one govern- ment employee for about every seven families in the U. S. In the last 20 years the population of the United States has increased 31%. The Federal employee, increase has been 259%. It is your money which is being spent on all "security experiments." If you save a dollar for the future you have that dollar, plus the interest it earns ready and waiting for you when you need it. But when you hand over a dollar to the govern- ment in taxes, you have very lit- tle to show for it.

A national health program, for instance, would call for almost as many more government em- ployees to operate it, and keep the records, as it would require doctors. Your doctor's bill might be less; but your taxes would be more. All these "social programs" mean higher taxes for you, both on income directly and also on what you buy. It is well said that "Government has nothing ex- cept what the working taxpayer gives it." You are the working taxpayer. What is your desire, to spend your own money as you see fit or turn nearly one-third of it over, each year, to the govern- ment to spend? Upon your choice depends the freedom of the indi- vidual in this country.

Pays the Box Bills, one—t

With Waddell & Reed (Special to The Financial Chronicle)

KANSAS CITY, MO. — Robert E. Moors is with Waddell & Reed, Inc., 1012 Baltimore Avenue.

With Fusz-Schmelzle & Co. (Special to The Financial Chronicle)

ST. LOUIS, MO. — Edward C. Kreutz is with Fusz-Schmelzle & Co., Beatmen's Bank Building.

With Gross, Rogers & Co. (Special to The Financial Chronicle)

LOS ANGELES, CALIF.—John H. Ashum is now affiliated with Gross, Rogers & Co., 458 South Spring Street, members of the Los Angeles Stock Exchange.

McDowell With Marache, Sims (Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Harry B. McDowell has become associ- ated with Marache, Sims & Co., 458 So. Spring Street, members of the Los Angeles Stock Exchange. Mr. McDowell was formerly with First California Company.

THE FUTURE HOLDS GREAT PROMISE

PEOPLE INVEST IN THE BELL SYSTEM

THE BELL SYSTEM INVESTS IN PEOPLE

All the assets of the Bell System are not writ- ten in its balance sheet or represented by the money invested in its plant and equipment. Of greater importance are its assets in people.

The Bell System gives constant attention to the development of new leadership along with new facilities. Its long-standing policy of making promotions from the ranks assures the continu- ing vigor of the organization.

Both top management and the thousands of men and women in supervisory and mana- gerial positions come up the ladder step by step, on character, industry and competence.

They represent literally millions of years of training and experience and are a decisive reason for the success of the business. They are the solid foundation for even greater progress in the years to come.
Mutual Funds

BY HENRY HUNT

Wells Fargo's Fastest Growing Fund

Despite the fact that the assets of 99 odd leading mutual funds declined 3.5% to $2,383 million during the 12 months ended June 30, Wells Fargo Fund was able to add 21% to its assets during this period. Affiliated Fund with an increase of 17% was in second position on a percentage basis while Investors Mutual was fifth on a percentage gain basis but second on a dollar gain basis as will be noted from the following tabulation:

<table>
<thead>
<tr>
<th>Fund</th>
<th>NET ASSETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wellington</td>
<td>60/30/40%</td>
</tr>
<tr>
<td>Affiliated</td>
<td>757,750,000</td>
</tr>
<tr>
<td>Boston</td>
<td>35%</td>
</tr>
<tr>
<td>Investors Mutual</td>
<td>124,273,000</td>
</tr>
<tr>
<td>Exton &amp; Bro.</td>
<td>10%</td>
</tr>
</tbody>
</table>

*Excluding bank loans.

As a result of the rise in the market since June 30 and continued high volume of sales of new shares, Wellington's present net assets are in excess of $35 million. It won't be long before you're above the $100 million mark, Al. Congratulations.

It will be noted that among the six funds tabulated, four are balanced funds while the other two, Affiliated and Fidelity, are equity type funds.

Among the smaller mutual funds, the Commonwealth Invest.

Co. of San Francisco is showing rapid growth. Since the first of the year its assets have increased some 30% to more than $7 million.

Mr. Weir Looks at Europe

National Steel's President, Ernest Weir, returning from West Europe: "Except in the immediate sphere of government leadership toward socialism has halted and, in fact, reversed. Where the trend in which the trend away from socialism is most pronounced have made the greatest relative progress. The fear of war in the near term has greatly diminished, not only among leaders, but among the ranks and files of people. We are entering history's great chapter of international cooperation in commerce."

From "These Things Seemed Important," issued by Selected Investment Co. of Chicago.

This May Cost You Money...

"After the war, we would like to point out that the U.S. still has a stock market, that the market plays a useful part in the development of things, and that perhaps it is time for all citizens to take another look at it. Life must go on, and whether stocks will go higher or lower in the next few months, we do not wish to think of anyone trying to get rich quick by speculating in the market. We do know, however, that most people who have put their spare money into stocks over the years—not gambling for a fast profit but investing for the long pull—have made a handsome return. Certainly more than they would have made by investing in race-track tickets, which seems to have become a popular American way of being financially optimistic."

The most important thing about the stock right now is that it is going begging for customers—which means that U.S. individual and institutional investors have disappeared or have been discouraged by high taxes. Many of the new potential investors in American business—the prosperous farmer and the laboring or salaried man with money to invest in a stock certificate can be a profitable way of promoting and sharing in progress. The stock exchange and the brokers have only lately begun to realize that business must now depend for its funds on the little man. Their recent advertising campaigns, however, seem to be taking effect. The individual investor is becoming more numerous, and in consequence every small investor man, has never bothered to run a page of stock quotations. Yet we need these small investors not only to keep the stock market's customer traffic and the projector going, but also to carry a large part of the burden of the present economic recovery. I can well imagine that any government will do more and more of that sort of thing—meaning we'll be Statesmen again."

"And it is millions of Americans who are said by statisticians 'to have some spare money around, and above such necessary expenditures as insurance and emergency savings, might do well to turn over the Daily News' words and then see the stock market's character to offer. This can be one way to vote for freedom and make a little money while doing it."

Chlorine—The 'Green Goddess'?

"Chlorine is sometimes called the 'Green Goddess.' Like the lady in the famous old play it evil but very powerful. It is greenish in color and poisonous enough to have been used in the combat games of World War I."

"Like many chemicals, however, that are dangerous in pure form, it forms combinations that are entirely harmless and extremely useful. Common salt is a combination of sodium and chlorine and salt brine is the source of most of the chlorine used in industry. An electric current is run through brine contained in large special containers and used to make chlorine."

"Although the average man never sees any chlorine and doesn't want to, he knows in his bones that it enters into more of the things that are used in everyday life. Chlorine's power of combination with other elements to make a tremendous variety of useful chemicals, some with industrial and some with medicinal properties, is making other chemicals."

"It's its big uses were in purifying water and in bleaching textiles and paper, but in recent years its field has widened enormously. In 1919 its use was close to 100,000 tons; in 1938 it was 300,000 tons and in 1940 will be more than 500,000 tons. Chlorine has a far wider field than the market for it has been used, and it looks like there will be a billion-dollar market for its products."

"Through the years, Chlorine has made some interesting stop overs along the way. The 'Green Goddess' helps create such new household goods as 'Velc' or 'Tile.' Famous DDT, killer of all sorts of insect pests, requires large amounts of chlorine. Paper manufacturing also uses chlorine. Every household now has new shower curtains, railroads use it in purifying the air, and new floor covering is made of it."

The 'Green Goddess' helps create such new household goods as 'Velc' or 'Tile.' Famous DDT, killer of all sorts of insect pests, requires large amounts of chlorine. Every household now has new shower curtains, railroads use it in purifying the air, and new floor covering is made of it."

"From Chemical Fund's "Test Tube."

$100,000,000 Canada Dollar Bonds Marketed

Bulk of proceeds to be used for refunding purposes at interest saving to Dominion of $1,953,325 annually.

A group of United States and Canadian investment bankers headed by Morgan Stanley & Co. on Aug. 25 offered $100,000,000 2.25% at 98-1/4 of par for sale in Canada. The bonds are priced at 100% of par to yield 2.726%.

The bonds are in coupon form due Aug. 25, 1951. Proceeds of the issue will be advanced to Canadian National Railway to redeem $57,728,500 of 5% bonds due in 1964 which are to be called for payment on Feb. 1, 1949.

The Canadian Government will also advance the net proceeds for the redemption of $9,600,000 of Harbour Commissioners of Mon¬
}

A Diversified Investment Company

Prospectus upon request

Affiliated Fund, Inc.

LORD, ABBETT & CO.

New York — Chicago — Los Angeles

The Keystone Company of Boston

50 Congress Street
Boston 9, Massachusetts

In Trust for:

Prospectus may be obtained from your local investment dealer, or

THE PARKER CORPORATION

200 BERKELEY ST., BOSTON 16, MASS.
Farm Price Support—Step Toward Nationalization

By EARL L. BUTZ*

Head, Department of Agricultural Economics
School of Agriculture, Purdue University

Ascerting we can nationalize agriculture gradually and incidently by forcing crop controls, even though land is privately owned, Dr. Butz says best way to avoid it is to keep entire economy producing fully and to follow realistic farm price program. Says artificial high prices and rigid controls are "sacrilegious twins and cannot be separated. Advocates flexible system of price support as provided in Aiken-Stone Bill, and maintains any rigid controls will eventually lead to acreage allotments and marketing quotas."

My remarks will encompass three general areas: The first subject I shall discuss is the role of prices in our economy, particularly as applied to agriculture, because I feel so few of our population understand that. The second is the basic conflict at the present time in our agricultural policies, with respect to the relationship between government and agriculture. The third thing is the alternative for the agricultural industry and what you can do about it.

I am going to speak very frankly. I shall say something that I couldn’t prove if my life depended upon it because they are my opinions. I am going to say some things with which you won’t agree, but that doesn’t displease me either. For it is only when mind clashes against mind and idea against ideas that we have intellectual progress. If everybody agreed with what I had to say here today, I think my trip down here would have been in vain. It is only when we disagree that we progress intellectually.

If United States agriculture moves toward nationalization in the next decade—I didn’t say it was going to move toward nationalization; I said, if it does and there is a real prospect that it will—and it can happen in a democratic society—we don’t have to have a Hitler or a Mussolini to take over. It can happen within the framework of a democratic government. It can happen under free enterprise in a spirit of enterprise by private parties.

Controls Mean Nationalization. I was in England five other European countries Summer before last on a little trip that placed me in contact with high government officials in those countries and in United States Embassies. Thinking now of England especially, I saw how agriculture for all practical purposes was nationalized, even though throughout the country hadn’t taken over quite to the land. It was still privately owned, but the London bureaucracy has so many controls over the farmer that it controls all primary making.

They decided in London how much of a particular crop will be grown in each county and ultimately in each farm. On this authority, in New York for example, you will find that all that I say is a fair representation of what is going on. After hearing that condition spread across the country, and I have decided that for all practical purposes, we can nationalize agriculture gradually and incidently. We will be able to nationalize it within the framework of a democratic government and within the framework of free simple ownership.

If United States agriculture moves toward nationalization in the next decade, such action will probably be associated with, and superseded which may be associated with a rigid system of artificially high prices and rigid controls will be part of an intricate system to allocate production quotas to individual farmers on a regular basis. The Aiken-Stone Bill, I say, is double-duty. The other way we all give is the fair market price; and yet in our more rational moments we have to admit that price does perform a vital function in our society. In any free economy such as we have, price is the mechanism that guides the flow of resources to their best use.

There are sometimes injustices.

(Continued on page 94)

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THE COMMERCIAL & FINANCIAL CHRONICLE * 25 Park Place * New York 8, N. Y.
Canadian Securities

By WILLIAM J. MCKAY

Reports from north of the border, seemingly authoritative in spirit, have even raised the notion, in the public
consciousness of such a course recent experience has clearly de-
monstrated the disastrous results that stem from arbitrary decisions of this kind.

The monetary authorities of the United States, of the United Kingdom commis-
sioned themselves to the maintenance of the pound and left no easy way of retracting in case of unexpected developments.

The defense of an artificial cur-

rate level instead of the protec-
tion of the national economy be-
necessary, or, at least, it is logical to presume that there would be an initial development. This would serve as a deterrent to the attainment of essential U.S. imports, and the ex-

change itself as a means of achieving

considerable policy, history provides only too many examples of the inev-

ability to Canada but nor to the United States.

In the case of Canada, the United Kingdom is in an entirely different situation. The United Kingdom has a better opportunity at the present time to take the initiative in the matter of devaluation than is now the case in the United States.

In this situation, the United States is being called upon to participate in a process that should logically be prompted from U.S. sources.

To a large degree the rigidity of the British system is dictated by the United States. Canada, however, is in an entirely different situation. The United States has a better opportunity at the present time to take the initiative in this matter than is the case in the United States.

The material considerations of the United States are the basic considerations of the United States. The United States is being called upon to participate in a process that should logically be prompted from U.S. sources.

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Dangers in Point IV Implementation

BY MAX WINKLER

Dr. Winkler points out heavy risk involved in Administration's proposal to guarantee private investments in underdeveloped areas.

Inasmuch as political difficulties invariably stem from economic and financial complications, one welcomes the efforts of the U. S. Government to achieve recovery and rehabilitation. Laudable though America’s efforts may be, the achievement of a certain degree of danger for as it has been actually devoted to the whole of the Imperial and free empire system to engage in activities which the individual or institutional investor cannot undertake effectively and profitably.

In the realm of Government, it will be seen that the settlement of Greek and Bulgarian D.P’s, making at the time arrangements for these refugees to become economic orphans will be left entirely to the League which was also responsible for the restorations of Dumbéa.

Although the United States was not a member of the League, the country, through American investors, participated generously in virtually all transactions sponsored by the League, which definitely through the bonds and Notes the entire financial rehabilitation might proceed from area to area and region to region.

The United States should be requested to evolve a plan for the financial rehabilitation of an area or region which will be morally consistent. The plan should be sufficiently sound and realistic to the extent that it will not only tackle the problem of world recovery as a whole but will present a model which might proceed area to area and region to region.

The Reynolds people, borrowing a page from the life of the late Phineas T. Barnum, have followed all the traditional “side-show” atmosphere in setting up their exhibit under a tent. The unusual exhibit will be open for display for the duration of the five-day fair which opened today. More than 100,000 visitors are expected to attend.

The theme of the exhibit centers on a tie-in of the various products of companies whose stocks are listed on New York Stock Exchange and New York Curb Exchange with the stock certificates of the companies and the stock quotations carried in the daily newspapers throughout the country.

Part of the exhibit consists of a reproduction of a financial news from a daily newspaper, showing the tables of daily quotations on stocks on the “Big Board” and the Curb markets. Superimposed on this blown-up reproduction is the admonition, “This is your stake in America.”

Carrying out the motto of knowing what a particular stock does refer to. It is doing is a Trans-Lux ticket, which shows at a glance the current “tape” quotation on the stock.

From there the eyes of a visitor to the Reynolds exhibitions are drawn to a large board on which is listed a roster of 100 common stocks on the New York Stock Exchange that have paid cash dividends every year for 25 to 101 years and are yielding from 3% to 15%.

Around this roster are displayed samples of all types of accomplished leading companies, and from each of these companies, from each of these companies, which are nationally known and sold by that particular company.

The overall objective of this exhibit is to show Wall Street’s leading stock exchange has its underlying plan described in the words of Lawrence B. Howell, manager of the Morristown office of Reynolds & Co., who said, “We are attempting to personalize investments and to acquaint the general public with its stake in the future of America by taking some of the mystery out of the brokerage business. Through moves such as this, we hope to do our part in helping supply the equity capital needed for the future of American industry and of our Nation.”

Iowa Banker to Attend Gold Standard Parley

H. J. Stuhlmiller will participate in meeting on Sept. 8, sponsored by Economists’ National Committee on Monetary Policy.

It was announced by the Economists’ National Committee on Monetary Policy that H. J. Stuhlmiller, former Vice-President of the Iowa Bankers Association and a bank president, will participate in the International Gold Coin Standard Conference, which is being sponsored by the Economists’ National Committee on Monetary Policy with foreign trade associations on Sept. 8.

“Since money is a commodity in which banks deal, I believe that it is the duty of bankers to make a study of this subject and acquaint their depositors with the facts,” Mr. Stuhlmiller gave as his reason.

“Deficit financing,” Mr. Stuhlmiller continues, “provides an easy way for the government to obtain additional money, it is no wonder that the American people are themselves so readily falling victim to the European type of Socialism.”

That system has already weakened those nations and taken from the people many of their prized liberties.

“Fortunately, our nation holds a gold stock that can support a sound monetary system. It is still not too late for your government to reinvite its promise to exchange gold coin for its paper money at the 1934 official devalued rate of 57 1/2 dollars per fine ounce. At this rate a $20 gold piece would be still more than half as large as the $20 gold coin Americans could legally leg if they recite that this step were taken prematurely it cost at the risk of losing all of its gold withdrawals.

“Time would be needed for the government to restore its true credit standing so that it would be possible to not only to have its stake in the future of America by taking some of the mystery out of the brokerage business. Through moves such as this, we hope to do our part in helping supply the equity capital needed for the future of American industry and of our Nation.”

With McDonald-Moore

DETOUR, Mich.-McDonald-Moore & Co., Penobscot Building, members of the Detroit Stock Exchange, announces the association with them of Richard C. Spauld- ing, who recently was graduated from the Beakon Institute where he majored in economics and finance. Prior to his college work, Mr. Spaulding was in the Army for about four years.

Geo. J. Martin Co. in N. Y.

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The Home Federal Savings and Loan Association moved on Aug. 3 from its quarters at 58-22 My¬
ning Ave. to its new building at Forest
Avenue and 73rd Street. The association was chartered in 1935.

William G. Lynch, Jr., was elected a director of the association.

The election to the board of di¬
rectors of the New York Savings Bank, at 56 East 42d St., New York, of Samuel Barbour was announced by J. H. O. S. B. Barbour, President and General Manager of the bank.

The election took place at a meeting of the board of directors held on June 21.

Mr. Barbour is also a director of the New York Stock Exchange and a director of the New York Savings Bank Association.

Williamson fell, Chairman of the board of United States Trust Co. of New York, died on Aug. 22 at his home in New York City. He was 70 years old.

He was born in New York City, and attended the New York College of Pharmacy.

He was a member of the New York Bar, and died in New York City.

In 1912 when he joined the United States Trust Co. of New York, he became President of the firm of Barbour and Co.

In 1915 he became chairman of the board of the firm, and in 1947, the firm's name was changed to the United States Trust Co. of New York.

Mr. Barbour was also a director of the following: Great Northern Pacific Co. of New York, First National Bank and Trust Co. of New York,Commercial Union Assurance Co., Ltd., Commercial Union Assurance Co. of New York; the Pacific Insurance Co. of New York; the Union Accident and Guaranty Co.; Commercial Union Assurance Co. of New York; Commercial Union Insurance Co. of Manhattan; First National Bank of New York; and the Mercantile Safe Deposit Co., which Mr. Pell was born in New York, in 1867.

Frank J. Mooney, Vice-Pres¬
dent and General Manager of the Bank of New York, in charge of its branch at 11 Broadway, died on Aug. 22.

He was 62 years old. Mr. Mooney,

resided at 670 Fifth Ave., New York City.

He was born in New York and started his business career in 1892 with the Mercantile Safe Deposit Co., which

Harpney D. Gibson, President of Manufacturers Trust Co. of New York, has announced that Mr. Robert C. Deering, formerly a director of the bank, has been appointed Vice-President of the bank.

Mr. Deering is a past President of the National Bankers' Association of New York, and has been a director of the Bank of New York, the National Bank of New York, and the American Express Co., among others.

Mr. Deering was born in New York City, and attended the New York College of Pharmacy.

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Let's Have No Reckless Buying of Common Stocks!

BY EDWIN J. SCHLESINGER
Investment Counsel

Mr. Schlesinger, though applauding statement of Chairman McCabe of the Board of Governors of the Federal Reserve, makes a very salutary reminder of the risks with their savings, cautions against any actions to encourage reckless buying of common stocks by public.

The statement made by Mr. Thomas B. McCabe, Chairman of the Board of Governors of the Federal Reserve, has been widely reported. Mr. McCabe pointed out that many of the recent and immense purchases of common stocks were made to thoroughly understand the various items of stock market and that the public should not invest in stocks without a thorough understanding of their risks.

However, Mr. McCabe went on to say that a great many of the recent purchases were made by people who did not understand the stock market and that they were not buying stocks because they were not interested in the business of the company, but because they thought they were going to make a quick profit.

The statement also emphasized the importance of considering the future prospects of the company before investing in its stock, and not just looking at the current price of the stock.

Edwin J. Schlesinger

J. A. Newman

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Israel and U.S. Criticism

BY PAUL EINZIG

Pointing out growing concern in Britain regarding what it regards as American criticism of its war effort, Mr. Einzig sees it as a sign of the growing strength of the Anglo-American relationship.

In a speech at the New York Stock Exchange, Mr. Einzig said he was hopeful that the two countries would continue to work together for the benefit of both nations.

“While there are some differences in opinion, I believe that we are moving in the same direction,” Mr. Einzig said. “I hope that we can continue to work together to achieve our common goals.”

In conclusion, Mr. Einzig emphasized the importance of cooperation between the two countries in order to achieve peace and prosperity.

Paul Einzig

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World Bank Grants $5 Million to Colombia

The World Bank has granted a loan of $5 million to Colombia to finance the purchase of equipment for the country’s national bank.

The loan, which is for the purchase of two new printing presses, is to be used to improve the efficiency of the bank’s operations. The equipment will be used to produce currency notes and other documents.

With Lincoln E. McRae

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L variables in the Models of the Women's Financial Investment

By putting together the data on the behavior of Women's Financial Investment, Price & Co. have come up with a more favorable result. The research also shows that the government is right in its decision to lower the prices for its cotton.
**Public Utility Securities**

By OWEN ELY

**Consolidated Edison**

Consolidated Edison is currently around 25, this year's range being 21½-25%. With the $1.60 dividend rate, the yield is still relatively high. In addition, it is believed that the company, which recently closed out the issue of some other large utility companies. Considering the company's unseasoned dividend record since its incorporation, and the fact that the company does nearly 8% of the utility business in the country, the stock might actually be expected to be a bit higher.

The explanation seems to be that: (1) the company has been bringing down only about $10 million in dividends for the last twelve months. (2) At the end of June 30, showing earnings of $2.27 against $2.50 for the same month last year, and average daily trading volume of 250,000 shares. The June quarter showed 3½ against 4½ last year. These remarkable gains may perhaps be explained as follows:

(1) Due in part to an aggressive rate policy and party to the record heat this summer, there has been a large increase in the consumption of steam for air-conditioning, and machinery has been developed for this purpose, so to take the steam demand to its extreme. (2) The consumer believes there is a large future potential in this development.

The company was badly affected by the television lead. The phenomenal sale of television instruments in New York City speaks for itself. The only 2.8 the company is able for the first time to adjust (the company only 2.8 last year. It should be able to raise the dividend to 3½.

(3) The company has benefited this year from lower costs of oil and coal, with respect to the gas business (elec. ser. for the area is nearly 100% coal). (4) Operating expenses increased only about $4 million in the 12 months ended June 30 and in the June quarter were down about 5 million. All of this is accounted for by rate increases. (5) The company is now paying 6½% tax on its outstanding debt, which is especially available for the company's service area. There is a large deal of stock in which has been accomplished despite the fact that the company is not able to raise its dividend.

(6) From the company's stock was sold with limited effects. (7) At a average profit of 2½ to 3½, this would increase the company's earnings by nearly $100 million.

Reveals New England Manufacturers Expect 15% Decline in 1949 Sales

**Exception to trend is noted by Federal Reserve Bank of Boston in textiles and shoes, with durable goods producers reported as most pessimistic on outlook.**

A survey in which New England manufacturers were asked to do their own economic forecasting reveals that the typical manufacturer expects a 25% decline in sales in the months ahead, the Federal Reserve Bank of Boston, is summarized in the bank's "Monthly Review." The expected 15% decline in sales for the full year exceeds the average decline of 9% experienced in the first quarter and the average for the full year, estimated at 12%. Sales for the year are expected to be lower than in the previous year. The manufacturers felt that business will be more sluggish than in most of the other industries and that they will not return to the level of activity as quickly as in most of the other industries.

Several trends were disclosed by the survey. Two of the most striking points in the survey were: (1) the prospect of a widespread improvement in textile and shoe industries; (2) a more favorable picture for the durable goods industries. Textiles and shoes—While most industries expected that both the textile and shoe industries would suffer a greater decline than was experienced last year, the manufacturers of textiles and shoes were the leading industries in this industry. Dollard
Holds American Investments Abroad Could Reach $2 1/2 Billion Annually

James E. Webb, Under Secretary of State, tells House Banking and Currency Committee such placement of funds would have an all round advantage and would curb spread of communism.

American officials have been committed to a new drive to expand the benefits of American investments abroad. This was clearly stated by James E. Webb, Under Secretary of State, before both the American private investors and the foreign governments, when he emphasized that American private investments abroad are based on the rest of the world, including ourselves, as well. The political issues, he pointed out, are interrelated and conflict are inescapable in many areas of the world, and this conflict cannot be dissipated or controlled by economic remedies alone.

"Our ability," he said, "to succeed in stimulating the flow of investments abroad up to the levels necessary to reduce our balance of payments deficit and to private investments abroad of at least $2.5 billion, will not be as a result of mutual advantage to both parties as well as to the United States. This general program was proposed by the President in his Inaugural Address as the fourth major course of action which he believed should take in our international relations. These other initiatives include a greater support of our ventures and affiliated industries development programs, (2) a new major emphasis on world recovery and (3) the strengthening of our relations with the underdeveloped countries of the world, particularly those nearest our own continent. Our purpose is to see that we do not in any case overlook the danger of aggression, In our pursuit of these ends, the President made the following comments:

"The United States is determined to embark on a bold new program for making the benefits of our scientific advances and our industrial progress available to the peoples of underdeveloped areas . . . We should make available to peaceful purpose the knowledge and skill of our store of technical knowledge in order to help them realize their aspirations for a better life. And, in cooperation with other nations, we should make this capital investment in areas need developing countries in order to help them develop the free peoples of the world, through the removal of the social, economic, and cultural obstacles that hinder them, in order to develop their economic resources, and in order to increase the general level of living in these countries."

"You will note that the program proposed in the two broad aspects both toward leading toward the goal of economic recovery and toward the goal of the international economic relationships. In both, the emphasis is on the exchange among our scientific, technical knowledge and skill. A bill designed to authorize an expanded program should this recommendation be now pending before the Foreign Affairs Committee. It is apparent that such a program involves the fostering of capital investment."

Point IV program is designed to benefit both the peoples of the underdeveloped areas and to work through private channels. There are a number of obstacles which have prevented an effective flow of capital and the task of capital in recent years, in great part to this has been the result of policies that have not been widely. In large part these obstacles, however, have been the result of policies that have not been widely implemented. The most significant obstacles appear in those areas which are characterized by the economic policies of our foreign allies. The most important of these is the tendency of many of our economic policies to discourage the flow of goods and services, and to limit the impact on any of this need to recover as a result of interferences with the market. This is the policy that has been widely practiced by the United States to prevent the spread of communism. It is the policy that has been the result of our foreign policy relations. It is the policy that has been the result of our foreign trade policies and that has been the result of our foreign aid policies.

"It appears to me that the United States must be willing to undertake a program of economic recovery and development. It appears to me that the United States must be willing to make a greater effort to recover and to develop our own resources and to develop those resources to the fullest extent possible. It appears to me that the United States must be willing to make a greater effort to develop our own resources and to develop those resources to the fullest extent possible.

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Arms Aid Abroad: Vial—Truman

The yFWV has been...and...interests of the men...the world...plendid...humanitarian...work...nationalization...been...by...the...world...

The free nations...offer a special answer to the...national...security and liberty. Our answer is based

(Continued from first page)

Second, we should transfer to them some essential items of military forces.

Some people who do not understand the state of the world very...the...military...assistant program...very...and...difficult...reason...is the purpose of the...services...do...not...not...the...difficult...military...agreement...We...and...a...military program...because...we...assistance...nations...be...the...defense...of...freedom-loving...nations...is...difficult...We...the...Congress...of...the...United...States...is...in...certain...purposes...of...the...Veterans...of...Foreign...Wars,...Our...organization...is...pledged...to...learn...allegiance...to...the...Government...of...the...United...States...of...America,...and...fidelity...to...the...Constitution...of...the...United...States...of...America...true...patriotism;...to...maintain;...to...defend...the...freedom...of...American...freedom...preserve...and...defend...the...United...States...from...all...her...enemies.

In the fulfillment of these high purposes...to...the...end...that...we...may...perceive...us...in...the...ways...of...peace...the...same...vigor...and...determination...with...which...we...fought...our...country's...war.

The production of the Western...nations of Europe has been rising...steady...a...matter...of...economic...advance...that...is...in...the...outlook...the...braves...created...by...the...fear...of...military...agreement.

We...and...therefore...develop...a...program...of...military...assembly...with...these...nations...be...in...our...power...in...the...future...be...enough...the...security...that...will...be...worse...times...cost...is...part...of...the...price...of...peace...with...freedom...and...justice...cannot...be...lost...the...treaty...is...a...treaty...signed...in...1944...by...the...nations...of...Europe...with...the...United...States...the...United...States...Canada...and...seven...other...nations...joined...in...a...great...effort...to...prevent...any...future...conflict...and...to...ensure...that...the...world...will...never...again...witness...war...of...any...kind.

Peace...with...freedom...and...justice...cannot...be...lost...the...treaty...is...a...treaty...signed...in...1944...by...the...nations...of...Europe...with...the...United...States...Canada...and...seven...other...nations...joined...in...a...great...effort...to...prevent...any...future...conflict...and...to...ensure...that...the...world...will...never...again...witness...war...of...any...kind.

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We...and...therefore...develop...a...program...of...military...assembly...with...these...nations...be...in...our...power...in...the...future...be...enough...the...security...that...will...be...worse...times...cost...is...part...of...the...price...of...peace...with...freedom...and...justice...cannot...be...lost...the...treaty...is...a...treaty...signed...in...1944...by...the...nations...of...Europe...with...the...United...States...Canada...and...seven...other...nations...joined...in...a...great...effort...to...prevent...any...future...conflict...and...to...ensure...that...the...world...will...never...again...witness...war...of...any...kind.

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Reports Substantial Drop in Farm Mortgage Debt

However, Institute of Life Insurance points out non-real estate
indolosophy of farmers is a cause of loan losses, and
farm mortgage debt in the past war and postwar period, the Institute of Life

The current position taken on
additional expense since it is in
such marked contrast with the
crises of the First World War and the
First World War period and the
present inflationary call is poison.
Financially strong agriculturists have seen
little change in their debt since
1915-21. The burden of debt
pressure. Since the last three years
the trend has been for farmers to
have a heavier debt burden. The
period has only been $426,000, or
less than one-third of the debt of
and postwar period, from 1940 through
This figure showed a net reduction of $1,478,000,
or 25% of the outstanding

in the First World War, covering the
years, 1915-1919, $2,000,000
resulted in a net reduction of
$1,478,000, or 25% of the total

The following table compares
the farm mortgage debt ($900,000 omitted)
from the beginning and corresponding postwar periods:

<table>
<thead>
<tr>
<th>Year</th>
<th>First World War</th>
<th>Present</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>$1,152,000</td>
<td>$1,998,000</td>
<td>$846,000</td>
</tr>
<tr>
<td>Interest</td>
<td>$283,000</td>
<td>$431,000</td>
<td>$148,000</td>
</tr>
<tr>
<td>Total</td>
<td>$1,435,000</td>
<td>$2,429,000</td>
<td>$994,000</td>
</tr>
</tbody>
</table>

The liquidation of the
mortal funds, like other
institutional portfolios, are growing—in part
the expense of young and un-
seasoned securities. The mutual
funds are large purchasers of
equity securities, but generally
these are limited to outstanding is-
issues of well-known businesses.
With some few exceptions, the
funds do not invest the large
sums at their command in new en-
terprises, but buy into the new
issues. Yet the livelihood of
this nation is the creation and
growth of new business enterprises.
Only by encouraging new enter-
priae can we avoid stagnation and
deterioration.

In my opinion, that if by
any of the funds go into the business
of underwriting new business, I
am afraid the result would be
detrimental to the public interest.
The mutual funds are not

The SEC Looks at Mutual Funds

(Continued from page 4)

Management Responsibility

The growth of the investment
companies poses an economic
problem. They are acquiring sizable
amounts of securities not only in
many corporations. What respon-
sibility do they have as to the
management of those companies?
While the charters of most mu-

tual funds normally authorize the
owning stock control of portfolio
stocks, it is only a small percentage
among the largest stockholders of
those companies know there are
at least two schools of thought on
of fund managers should exercise their responsibil-
ity to their own shareholders in
this situation. Some feel that if
they are dissatisfied with the
management, they have a right to
dispose of the stock: others be-
lieve their duty is to take steps
to improve the management but
express no opinion as to either
the present or any future
as another problem to which the
mun-
afications must give increasing
attention.

At this stage in the develop-
ment of the investment companies
are at the main selling task is to build
public acceptance of mutual

It is a mode of investment which
investors will be interested in,
which should and can be sold for
an adequate price. It seems
impossible to find an opportunity
to emphasize the "security" aspect by
liking to disguise the fact that the
insurance, policies, to government bonds, or
corporation stock. In a word, com-
parisons, of course, are most
impractical. A mutual fund is not
an annuity. It is not an annuity.
There is missing that

The statute was drafted jointly by
representatives of the industry
and the Treasury Department
and the Congress with the "distinction
of having the virtually unanimous
support of the industry, and
what regulation it provides, as well
as the principle, that it is to be
administered" (quoting Senator William
Maryland who introduced the bill).
The SEC has cooperated fully
in committees of both houses, and passed without
restraint.

The industry has prospered under
the new law by the acceptance of
investment companies with net
asset value per share of $15,000 or
more, net assets added during the
year, mutual funds added over
$145,000,000 to their assets through
the end of December. The number of
these companies have tripled in size since the law
was passed. Indications are that
recognition, the potential long
and work them out.

During this period there have
been other, different in nature. In,
look, the quality and
published by the SEC on
the growth and present condition of investment
companies, I was surprised and
distressed to learn that for some
years there is not about 50% of sales, I
am told that the average is only
50% of sales, and that is
just about 50% of sales, I
am told that the average is only
5%. The SEC is an effective
agency for the protection of
investors.

In conclusion, I want you
to assure you that the matters
I have been able to pick up
the importance of well-managed
investment company to the
marketing of securities, including
the stock registration plan under
The SEC has not been
laid on the market but the
was granted a rehearing. This plan contemplated
the privilege to the
common shareholder, the
minimum amount of dividends
may be reduced to 15%.

The SEC is a powerful
agency and I think we are
far more important report was that of
the Commission preparing a reorganization plan for the
Missouri Pacific, Chicago Great Western
railroad, but the company was granted a rehearing. This plan contemplated
the privilege to the
common shareholder, the
minimum amount of dividends
may be reduced to 15%.

There will obviously be further arguments and appeals by
security groups dissatisfied with their treatment. Nevertheless, the
merit of the SEC is that it has
been an effective and popular
agency and is a credit to this
country.

Railroad Securities

There has been unusual activity in the railroad reorganization
field in the past week or so. Three reports—two by examiners and
one by the rival railroads—were filed with the SEC.

An examiner that the stock recapitalization plan
for the Missouri Pacific, Chicago Great Western
was laid on the market. The
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and long-term retirement. The full
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The number of preferred stock is almost double that of
the earlier plan, but the amount of common stock would be less than
originally proposed. In all, stated capitalization would be
$411,478,000. Risks and disapproval of
the proposal on the grounds that it would increase the
company's stock and the
common stock, would be transferred to holders of the
common stock. As the company has an ambitious rehabilitation program, and
functions have been taken by the SEC and the industry do
have frictions. Some in the
industry would like more freedom than we believe we can
form. From time to time we have
had to deal with certain matters which were
deemed beyond the jurisdiction of
the SEC, but we must bear in mind that they are
only incidental to the larger
harmony which this joint effort in

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As We See It

Continued from first page

Sunday, Mr. Deutscher then examines present day Russia with an evidently expert eye to determine the degree, if any, that Communism thus defined exists in that vast and troubled land that has been so often mentioned in newspapers and magazines. He finds that the structure of the economy or society. The characteristics of the citizenry, the abundance of raw materials, and the general economy of the country. Mr. Deutscher has interviewed many Americans and has written on one with any real understanding of the subject for a moment believe that the type of social and economic organization has nothing to do with such progress. Communist bosses are inclined to suppose that we should have made a better record in the past, or that we could make a better record in the future, and that the only reason why we do not even compare with ours. After all, one can scarcely call Russian resources niggardly. Nor is France without the means of making good progress.

Let's Not Play "The Sedulous Apes"

Of course, there are those who estimate of Mr. Clark are hardly more than informed guesses, and the observations of Mr. Deutscher are subject to substantial margins of error, even when allowance is made for all, and that was really an exercise by a statement that unless some course is taken we shall have no alternative but that of turning to Communism, Socialism, Stalism or some of the other variants of "isms" of the day in order to prosper at the expense of freedom.

What Russia Is Like

First, let us note what Mr. Deutscher finds actually exists in this place that everyone has been talking about, as passing over aspects of the situation which are hardly germane to wholly practical affairs, we observe, first, that Russia is anything but a classless society. Instead of any class cleavage, it is supposed that the collective system has achieved a level at which it should be able to supply the "barest essentials to the entire population" (italics ours). As to the distribution of these essentials, Mr. Deutscher finds that "to each according to his needs" is no more than a hollow mockery.

And now to the Mr. Clark's testimony. His effort—and he is for which his findings are of interest, the world for which this field—is to compare the quantity of the good things of life produced in one hour by one man in the various countries of the world. Such a figure, obviating a comparison of the basis of the wage system, the prosperity of any position, or at least a practical basis for comparing potentialities. For the purposes of Mr. Clark and he calls "international" and "national" the economic technical meaning of which need not detain us here. Suffice it to say that it is designed as a sort of "common denominator" enabling him to compare the productivity of various nations.

Uncertain Progress

On the basis of elaborate analysis and prolonged study Mr. Clark concludes that "economic progress in Russia has been uncertain and slow (for the past half-century) and the measure of change in real income per head is about the 1900 level." But where does this leave the Soviets in comparison with some of the other countries which also have been through two devastating wars within the past three decades? The statistical data on progress, or is this uncertainty and aloof peculiar to Russia? Among those countries for which the "Times" correspondent quotes Mr. Clark's figures, there is none except Russia which is now not far and away ahead of their position two or three decades ago, and those which have made the greatest progress and which today stand out from all others—Canada, New Zealand and the United States—are not socialist countries.

The record in some detail is worth of inspection. In 1947, the United States was producing about 1.19 "international" per man per hour worked; the figure given by Mr. Clark for Russia is dated in 1929. In now socialistic Britain, where dollars are so scarce, the figure for that year was $.59, which is appreciably below the U. S. war level, but ahead of her "backyard" record. France stands at $1.50, a little below its best prerecord. Only New Zealand with 1.07 and Canada with $.96 are anywhere near the 1929 production. But the distance of the United States of America which is eternally firing with the notion that it ought to adopt some of the plans, programs and procedures of these other countries in order to abolish poverty here! The war is a result of its great distance from the rest of the world and thus its escape from damage so heavily weighing upon some of the other countries with which it is compared. The United States may be one of the countries many would have us emulate. What is more, our progress between the two world wars far outstripped most of them. Progress in all countries was marked in the 1920s, though it was far greater here than in most of the others (all of the others for which figures are before us) and was not marked in Russia. There was another sharp rise in the later 1930s, again led by the United States, and again with Russia at or near the tail end. This all is obviously a result of the war

Consequences

Certain consequences appear from this union's demands for more and even more need mentioning. First, there is the speculative flight from the further use of coal, although there is no great importance. The use of coal has declined by 20 years, while the use of other energy resources—such as petroleum, has been growing. It is not through this period there has been substantial progress in the natural gas. Employment in coal mines, has in the same 20 years, gone down by a million, the fuel of one of the greatest energy resources. The use of coal has declined by 20 years, while the use of other energy resources—such as petroleum, has been growing. Employment in coal mines, has in the same 20 years, gone down by a million. The great mechanization improvements in the coal industry in this period are well known and should have resulted in lower prices so as to give wider sales of coal than the present, and to create confidence in relying on coal as an energy source. Contrariwise, the union's selflessness has done away with jobs for many miners, who are narrow and made undependable the nation's access to this, its greatest energy resource.

I feel certain that the success of the United Mine Workers' leadership and he is merely a symbol of what is happening in other industries in establishing new labor patterns at the expense of other union leaders' envy and the rest of us. There is no demand for greater goals. Hence the origin of the entire labor movement is the leadership of the union leaders' envy and the rest of us. There is no demand for greater goals. Hence the origin of the entire labor movement is the leadership of the union leaders. Their failure, which is a failure of the underlying forces, is in the wind, it is a prime instance of the effect of the virus of big unionism on the industry and, therefore, the public. The failure of the union leaders, our suppliers, and our electric utility companies in effecting government itself, in the bitter race for power of giant labor monopolies.

The most recent instance of the power and the position of labor unions,unconceivable exercise is the re¬

paralysis of coal production at the drawback of the United States. The history of the three-day week. Paralysis of coal production for the remainder of the year is accomplished by the dictate of one union, which is not approved by the United States has the task of preserving the coal industry, at the expense of millions of people's personal liberties, because it suits the interests of the President, the interests of the Iron and Steel Industry, and the needs of the United States and the iron and steel industry. It is against this background that I wish to place before you the facts. And it is against this background that the insatiable appetites of labor bosses and their organizations cannot be satisfied. They would not have to be if they would have to be momentous if they come into being—would have to be momentous if they come into being, because they are the public, for there is no other

Responsibility for Pensions

Let us look at pensions for a moment, even though they apparently have no proper place in these discussions, yet they are a part of the economic picture which the union made with us a moment ago. And yet, how little is known of the millions of people's whole life spans. They involve the voluntary or compulsory collection of contributions from people's immediate reach of substantial parts of the values they currently produce so that those values may be available to sustain later consumption by those whose production has ceased. The problem of jurisdiction over their own thrift or else a source of wealth for the people. There are a number of new and old issues, involved in the health and medical care of our people. People who are insured are involved in the spin of progressive benefits for the people, who contribute to these programs. These are the reasons pension arrangements are not lightly or hastily to be entered into. They must be undertaken with the utmost prudence, with the highest degree of thoroughness of proper preparation, of proper preparation, and of adequate administration. They must be administered with the utmost caution and prudence, with the highest degree of thoroughness of proper preparation, and of adequate administration. They must be administered with the utmost caution and prudence, with the highest degree of thoroughness of proper preparation, and of adequate administration. They must be administered with the utmost caution and prudence, with the highest degree of thoroughness of proper preparation, and of adequate administration. They must be administered with the utmost caution and prudence, with the highest degree of thoroughness of proper preparation, and of adequate administration. They must be administered with the utmost caution and prudence, with the highest degree of thoroughness of proper preparation, and of adequate administration. They must be administered with the utmost caution and prudence, with the highest degree of thoroughness of proper preparation, and of adequate administration. They must be administered with the utmost caution and prudence, with the highest degree of thoroughness of proper preparation, and of adequate administration.
Steel Workers' Demands—Power Fight Between Rival Union Leaders

(Continued from page 23)

count of future service it would take U. S. about 23 years to accumulate enough to cover past service needs.

A pension plan to be financially sound—and an un- sound plan is intolerable—would cost the individual member $40 a year for the next 35 years. This is the cost of an annuity sufficient with a subsequently continuing annual payment to an annuity of $1,000 for life, regardless of whether the member died. To 80 per cent of the men, this is staggering amounts. Moreover—no member is insured for a single week. In fact, it is too often obscure to too many people to be contributing more to the cost of first aid and a benefit on death. As I explain in detail later, that approximately

What does this mean? The union leaders would actively seek out of future receipts from customers—the public for goods and services that are being twenty-five, and in some cases, forty or more years ago.

The effect of the union's demands on the cost of public services. It is the responsibility of the public to demand that the cost of public services must be higher for everyone buying services in the future. However, if you were a douhble- tion, the U. S. Steel Co., or a G. I. in War Zone 1943, or a man among those asked in the future to pay an added cost for the ships, shells, tanks, planes, and fighting.
The President's Attack on Collective Bargaining

(Continued from page 8)
either party, is nevertheless bound to have a profound influence upon both the union and those of the other side. I believe the steel companies are already seriously hampering the steel industry and to the people of this country in a way which the union itself, even though such agreement resulted from unreason-

I think it is time that we drew the line. We are now being advised to think about having collective bargaining and a private competitive en-

Widespread Implications

No one can escape the fact that in this case the limit is to the steel industry. But the President is hoping that by refusing to negotiate in good faith they can arrange to circumvent this limitation—by granting to them by a Pre-

Union Tactics

The union apparently decided that it could not make any wage increase through collective bargaining and the only way to get any increase would be through a strike. The union, therefore, is trying to put a stop to the President's policy of labor policy. If this board makes a recom-

Sees High Taxes Menacing National Solvency

First National Bank of Boston, in current "New England Letter," warns that if this country gets into same position as Britain, no outside aid would be forthcoming.

"In the race toward bankruptcy we are rapidly catching up with Great Britain, which has lost more than 60% of her national income," says The First National Bank of Boston in its current "New England Letter.

Mr. Johnson, who has had the misfortune to double the estimated wealth that has been accumulating since the President's election, has been shown to be more than 300 years ago. In the meantime, we are told that in the budget of 1934, which was more than three times as high as the budget of 1929, the Federal Government is paying its way but must resort to Federal borrowing. The cost of the Federal debt was increased by the burden of the more than $50 billion debt under which we are shackled.$s.

"The President has strongly advocated deficit financing as a way of successfully overcoming our economic difficulties. But..."

The Federal Government of the United States has shown no signs of weakening its inflationary tactics. The price of gold has been kept artificially high in order to drive capital into the United States economy. The result has been an acute crisis despite the sub-

The President's Intervention in 1940

The union involved in this case is exactly the same union which is in trouble now, that is the steel industry affecting every company with which it had struck a contract. The steel industry is a natural area of conflict regardless of the status of its negoti-

Arbitration Undermines Collective Bargaining

Like industry-wide bargaining, union-shop agreements undermine collective bargaining. This is because the final decision rests with the union and the employer has no say in the matter. In the hands of a third party who has no responsi-

The President mentioned upon management and workers by such third party, neither management nor workers have any de-

Let us be perfectly frank. The entire collective bargaining system as it is being operated by this board. All of the parties involved know that you cannot get anything for nothing. If you have a profound influence on public opinion, you can impose your views on others. I believe the union can impose demands, and the national union and Administration can be relieved of any obligation to meet them if they are not acceptable to the full to insist that representatives be accepted. Therefore, these proceedings are very much akin to compulsory ar-

Administration Pressure

The companies initially opposed this legislation, following the Administration's lead. But the legislation was finally cut down to a fact-finding board. They finally conciliated reluctantly to the fact-finding board and finally to the Administration. It is my considered opinion that companies, some of which are members of the NAM, were wrong in consenting to this hearing because they might have a serious blow to collective bargaining and a serious blow to any increase in wages and the President's policy in the long run.

The purpose of this hearing, I think, was not to contribute to any increase in wages which might come from the White House it-

Our program, as we see it, is to have a minimum wage of $6 a week for all workers involved in the steel industry and to have this wage raised to $15 a week within the next five years. We are not seeking to upset the collective bargaining process. We just want to make sure that the companies are paying a fair wage. We believe that this is a realistic goal, and we are willing to work with the companies to achieve it.
Railroad Debt Reduction

The railroads, with but few exceptions, have made very great reductions which the public is not aware of. The total debt and fixed charges from the peak in the thirties. Let us look at what has been accomplished. By the end of 1932, the amount of the existing railroad debt had been reduced to $10,780 million, or about 72 per cent of the total in 1930.

The reductions have been made voluntarily, while only about 10 per cent of the railroad debt was reduced in the period of depression and the bankruptcy of 1921.

Although the railroad debt has been substantially reduced since 1921, Total Charges amounted to $5,900 million in 1925 and $5,100 million in 1924, a reduction of $302 million or 6 per cent. Decreases have been brought about through interest payments and in rentals. Of the total reduction, interest payments on funded debt and net deficit of $356 million in 1924, about 65 per cent has been refunded at lower interest rates at a cost of $254 million.

The Outlook for Railroads

(Continued from first page)

The earnings of the railroads have not been measured by their earnings in dollars, but by their earnings in per cent of the amount of the investments. The railroads place less importance on earnings in dollars than on earnings in per cent of the investments. The railroads have been making substantial reductions in the amount of their debt and in the interest payments on that debt. This has been accomplished voluntarily, without any compulsion from the government or any other authority. The reductions have been brought about through interest payments and in rentals. Of the total reduction, interest payments on funded debt and net deficit of $356 million in 1924, about 65 per cent has been refunded at lower interest rates at a cost of $254 million.

It is significant that the greatest actual and potential reductions have been made in the years of relatively good earnings. The $4 billion reduction in the year 1932-34, about two-thirds of which was made in the years of war and post-war years of relatively depressed earnings, was substantially inadequate, even for the requirements of service. The railroads would have to continue to meet deficits of this magnitude if their earning power were to be raised and maintained at an adequate level. The ability of the railroads to maintain adequate earning power is dependent upon (1) their being able to raise their rates on their freight and passenger services; and (2) the operation of a proper transportation policy providing equal treatment for all forms of transportation.

Capital Requirements

Adequate earnings also are necessary to sustain and increase the capital requirements of the railroads. One basis for determining the amount of capital requirements is by estimating the capital requirements of the railroads for the future. The amount of capital that is necessary to keep the railroad equipment in good repair is a very large sum of money. If the railroads are to maintain their present level of earnings, they must be able to meet the capital requirements of the railroads.

There are many factors which influence the capital requirements of the railroads. The amount of capital required for the construction of new railroads is far greater than the amount of capital required for the operation of existing railroads. The capital requirements of the railroads are a very large sum of money, and the railroads are not able to meet them solely by earnings from operations. The capital requirements of the railroads are met by earnings from operations, the issue of new securities, and the issuance of bonds.

Rolling Stock Improvements

On the freight side the development of rolling stock is an important problem. The railroad industry has been working on the development of new types of rolling stock, and the cost of rolling stock is a very large item in the cost of operations. The railroads have been working on the development of new types of rolling stock, and the cost of rolling stock is a very large item in the cost of operations. The railroads have been working on the development of new types of rolling stock, and the cost of rolling stock is a very large item in the cost of operations. The railroads have been working on the development of new types of rolling stock, and the cost of rolling stock is a very large item in the cost of operations.

Unprofitable Passenger Service

Another important subject which has received intensive study is the provision of transportation service for unprofitable passenger traffic. The railroads have been working on the development of new types of rolling stock, and the cost of rolling stock is a very large item in the cost of operations.
the disappearance of troop trains and other wartime traffic, the deficit in 1945 was increased with the continued decline in the volume of traffic. The result was a continuing increase in the cost of operating railroads. In 1944 the deficit was $140 million. The 1947 deficit was $428 million. The 1948 deficit was $525 million.

The Labor Problem

Railroad unions have represented railroad employees for approximately 40 years, the period since the first legislation dealing with labor and management relations was enacted in 1888, the year after the Interstate Commerce Act (the Sherman Act) was amended from time to time. Under this law, the Federal government has imposed a body of regulations that has become increasingly more restrictive. There has been a long history of court actions, and of railroad protests to the effect that the railroad labor relations conditions of railroad employees were well in advance of the wage and working conditions of industrial workers generally. Then there has been the threat of congressional legislation (the Wagner Act) which could have been used to accelerate labor or organizations and upward wage increases. For a time, at least, it seemed that the Senate was about to act on one of the Broadway bills. The board of the Federal Reserve Act, however, there was no need for a second railroad Emergency Board. The FRB of Milwaukee, was always effective in bringing the parties to the table. We seem to be getting, rather, to the point of having a second railroad peace. Nevertheless, the problem of increased labor costs and increased freight rates continues. Indeed, it is said that the price of everything, including labor, is up.

Conditions of this kind involving labor and capital are not, however, the only ones that the transportation industry has to face. Railroads are under the pressure of another important factor that is not subject to as much control as labor. It may be that the railroad industry has been able to average out the cost of labor, but it cannot do the same thing with respect to materials. Raw materials, such as iron, steel, and copper, have been in very large demand, and prices have been high.

By reason of the stability of labor relations, the railroad industry is better equipped to deal with increased costs. But the railroad industry cannot afford to rely entirely on labor relations for the solution of its problems. It must find ways to reduce the cost of materials and supplies. It must also find ways to increase the efficiency of its operations. The railroad industry is a complex one, and it is not easy to find ways to reduce costs and increase efficiency.

The Federal government has taken some steps to help the railroad industry. It has established a series of wage and price control boards, and it has set up a series of price control programs. These programs have been effective in reducing the cost of materials and supplies, but they have not been effective in reducing the cost of labor. The railroad industry must find other ways to reduce the cost of labor.

The Federal government has also taken some steps to help the railroad industry in its efforts to increase efficiency. It has established a series of research and development programs, and it has set up a series of training programs. These programs have been effective in increasing the efficiency of the railroad industry, but they have not been effective in reducing the cost of labor.

The railroad industry is facing a difficult problem. It must find ways to reduce the cost of materials and supplies, and it must also find ways to increase the efficiency of its operations. It cannot rely solely on labor relations for the solution of its problems. It must find other ways to reduce the cost of labor.

Federal Spending on Waterways

Federal spending on inland waterways is another factor in the cost of transportation. The Federal government has spent $12 million since 1921 on the Mississippi, Missouri, Ohio and Illinois rivers, and similar streams. In other parts of the country, the Federal government has spent $1,249 million to make their suitable for today's world.

Some 30 years ago the government began building locks on the Mississippi River and certain tributaries to demonstrate the practicability of improving inland waterways. There was invested $24 million in 1947. It has not made any money during all this period. Notwithstanding this, Congress has been able to appropriate $18 million more for the Federal waterways each year, and it may continue in experiments until the iron horses are proved unprofitable.

One of the principal reasons for the construction of locks on the Mississippi River is that the waterways between the west coast and the Gulf of Mexico are more than 5,000 miles long. If the waterways between the west coast and the Gulf of Mexico are more than 5,000 miles long, it is probable that most of the cargo will be transported by water. The cargo will be transported by water if the waterways between the west coast and the Gulf of Mexico are more than 5,000 miles long.

Interstate Traffic

While interstate traffic has increased, the volume of cargo handled by the railroads has declined. This is because the railroads have been unable to compete with other modes of transportation. The railroads are no longer the primary mode of transportation for most goods. The railroads are no longer the primary mode of transportation for most goods because they are not able to offer the same level of service as other modes of transportation.

One reason for this is that the railroads have not been able to meet the demands of their customers. The railroads have not been able to meet the demands of their customers because they have not been able to maintain adequate levels of service. The railroads have not been able to maintain adequate levels of service because they have not been able to invest in new infrastructure.

The railroads have not been able to invest in new infrastructure because they have not been able to obtain funds from the government. The government has not been able to provide the railroads with the necessary funds because it has not been able to allocate funds to the railroads.

The government has not been able to allocate funds to the railroads because it has not been able to prioritize the railroads. The government has not been able to prioritize the railroads because it has not been able to allocate funds to the railroads.
The Outlook for Railroads

(Continued from page 27)

In 1943, and in 1944 it was 70%. In 1945, when new trains were available, the percentage of traffic on tracks removed, when through in railings, was up to 40%, and the all the rate increases were higher than for any other carriers. The drastic rate increases effective Jan. 11, and those authorized Aug. 11, the increased revenue from these rate increases came up to 9% of total freight revenue in 1945, as compared with a relatively position as it. In 1943, the present-day market for freight is 63%. In 1944 compared with 62.5% in 1940. What is happening by the American Trucking Association on the in utility traffic handled by trucks in the last dozen years. In to the first place trend, I have the figures through April, and on the trucks handled 11,70,496 tons in the first four months of 1949 as compared with 11,717,487 tons in the corresponding four months of 1948, a slight decrease indicates that truck traffic is leveling off, and that we should believe that it will increase greatly.

The reports to the Interstate Commerce Commission on the 4,500 tons per cent and 26°F per ton paid by the shipping are not sufficient.

The corresponding figure for the railroads was 57.20 per ton. It will be noted that the trucking industry is paying almost four times as much money to carry its domestic traffic as the railroads are paying on the real cost of carrying them for transportation. How long the railroads can continue to com- pete under private management with trucks that are subsidized and leave the least profitable for private ownership is refused, this is not clear that if the cannot pay the running expenses for themselves. Some, however, who believe that the railroads are not growing, while it is known that the traffic is growing, to effecting all savings and increasing revenue, is something that may be serious damage generally to the public interest.

There is pending in Congress a bill that proposes to provide funds which was designed to clarify the law to the extent of making it clear that the railroads can sell any goods in their handles, or any freight other than a and customers who buy this material.

It would not in any way weaken the anti- trust laws, as is often thought, any more than it would be equalize with competitors so that they compete with the railroads. It would then be possible for the railroads to go into business in a free and lawful competitive market would thus be preserved.

Governmental Regulation of the Railroads

Another serious threat to the railroads is the series of reports and investigations that have been in- structed by the Department of Justice and other legal authorities. The government has been greatly overcharged in trying to obtain the governmental operation of war materials. An ad- verse decision in these suits would result in increasing costs for the railroads, because the government has already decided that so much of the time of the railroads will have to be used for this purpose. Tulip and money that is needed and will be spent in raising these costs are all the more likely to increase when the railroads come to the public in the direction of rail transportation.

Railroad Abandonments

The road mileage of all railroads in the United States reached its maximum in 1916 when the rail- ways were at their peak period of railroad mileage. The present mileage is 223,000. In other words, an average of 11% of the rail mileage of 1916 a mile a year have been abandoned in the last 28 years. The public will not support such a rate of abandonment if the interest of the public as well as in the interest of the railroads, because the public has an interest in maintaining the railroads which is not as great as the owners, or other users of such facilities. The business of commercial transportation long terms of the public, the railroads, is a monopolistic business that charges these carriers for the cost of the service they render, but do not reflect the full cost of the service in the price. This dis- crimination should be corrected.

The competition confronting railroads nowadays is not at all from the use of motor vehicles but from the use of motor vehicles, and the only way the railroads can compete is by maintaining lower rates for transportation, which will make the use of motor vehicles much more attractive to the public.

In conclusion, a final point de- nies that the problems of the railroad Industry have been considered herein in terms of the operation of the railroad, but in its public nature. The public will not support such a rate of abandonment if the interest of the public as well as in the interest of the railroads, because the public has an interest in maintaining the railroads which is not as great as the owners, or other users of such facilities. The business of commercial transportation long terms of the public, the railroads, is a monopolistic business that charges these carriers for the cost of the service they render, but do not reflect the full cost of the service in the price. This dis- crimination should be corrected.

Unprofitable rail mileage should be abandoned, I have no reason to anticipate that the mileage of the railroads will increase in the near future. Any additions that have been made in this discussion re- ject the possibility of this kind of increase. The industry has not been used in this discussion reflect the physical performance and experiences of all these various groups. This fact is probably not reflected in the figures where it might be noted in setting figures for the railroads in the industry averages, and it is fair to say that the railroads have not been fully recognized and taken in- to account. These arguments are true beyond the question, however. One is that: do not hallucinate.

Our Reporter on Governments

By JOHN T. CHIFFORDALE.

The government market took the combination announcement by the Treasury of the fall and year-end refunding operation, very much with, only minor price changes, and being registered throughout the list. The long eligibilities displayed some firms on not too much activity. The 1% certificate for the September 29s was more, and although no rate has been set for the October maturity, it is believed a 1% coupon will also be used in taking care of the Treasury's need for cash. There still is time to make predictions because there is a longer time in which to observe the effect of this combination, and to make a judgment of the public's attitude toward the long maturity of the note which will be used to refinance these high coupon obligations.

There will be an increase in the amount of short-term low coupon obligations, which would ordinarily result in a run on the short-term branch of the banks . . . . High prices and a cautious attitude among bank buyers has tended to hold back purchases of the larger certificates, and because of these factors the offerings of short-term paper will continue on builds up price of the longs.

Short-Term Financing Favored

The September financing announcement, when the Treasury stated an intermediate term note will be refunded at 2%, and a short-term note with a maturity of 1948. The rate open for the October certificates, a minor amount of interest was created. There is however, only a short period of time that will pass before the short-term note adopted by the short-term market will determine what the rate will be.

Long-Term High Coupon Obligations are Definitively Out of the Question

The Treasury has announced that its program of high coupon obligations is definitely out of the question. The continued use of short-term with low yields, which it is hoped the commercial banks will be forced to seek in order to maintain credit is possible.

How Low Can the Rate Go?

The rate will be set below the rate for the October and December financing. Nonetheless, there is considerable disagreement among money market observers as to whether there is likely to be significant reduction in the long-term rates and probably less than 2%. It is believed that yields of Treasury obligations will tend to stabilize around these levels. A 1½% rate is the lowest expected by this group.

On the other hand, there are those who contend business conditions are not unusual and will not bring about lower yields for all government securities. These observers anticipate a further rise in the yields of these money market borrowers, because they believe the deficit of the Treasury will be enlarged and the increased debt will be financed as evenly as in the future. "It easy or extremely easy" credit is looked for by this group, and they are of the opinion that long-term Treasury bonds, especially the bank issues, will sell at much higher levels.

Market Activity

There is switching and swapping has been going on, with the 3½ due 1956/59 being let out by some non-bank investors, and the proceeds again going into the 1932 eligible tapers. Also the 2½ due 1949, which was used by non-bank owners with the former reinvesting the funds in shorts, and the 2½ due 1950, which was used by non-bank investors with the former reinvesting the funds in shorts, and the 2½ due 1950, which was used by non-bank investors with the former reinvesting the funds in shorts.
"Is Bigness Badness?"

(Continued from page 6)

willful violations of the law by business. A rea-

sonable correction for political advantage by the

businessmen is not a substitute for illegalities of

them come about through misunderstanding or changed in-

terpretation.

I should like, however, to make one other point before turning to the

question of business on a higher plane as it goes by. In-

dustry and finance. Here they accepted the thing at the begin-

ning of the war. I mention the Dornblösch trad-

ditional savagery to the toughest industrial leader today. This is

true, as you will see, if you give your attention to the discussion
during the First World War. It was possible for a

man to hire for $300 another man to subside for him into the

army. This was accepted practice and a man with

$300 to spend for this purpose

seems not to have incurred any

shame. But if someone else is to

go to war in his place. You can imagine how

such a man was received by a

man who tried to do that in

World War II—or World War I.

Business on a Higher Plane

The point I am making is that business is

on a higher plane than it did a quarter of a cen-
tury ago. The present trend is still the going percentage of

tools and knives, as in other fields. The persisting level of industrial

ethics has been little altered. I have no doubt that 10 years from
to-day a cartoon will look back on 1939 and

1940 and marvel that business could

think that some of the things it did during that period could be

justified. I know that it is

true that every year enables us to

look back farther than in any pre-

terprise of dealing with our fellowmen have been raised. I hope

that there will be more progress, which goes by such

insidious means, and therefore much too hard to put your finger on

any particular" was there the green

glow.

At the same time, this situation

has its awkwardness. What

business is concerned. The main

one is that the notion of what business is doing seldom comes up

in public discussion of events. I believe that if you will look at current attacks on

business one will find that the attacks are

on a low level. If you tell a friend

that you disapprove of something

you may be criticized for being complacent. With this complacent spirit,
you not only have become ex-

ceptions in American business practice but undefined situations as

just as much by businessmen as by

anyone else.

Let's think for just a moment about the conventional cartoon of a

pricey pig—being, as it were, du Pont. I am sure you can see how

he would be thinking of 

fat. His face would bear a marked resemblance to a pig's face, with

pig, with selfish little ears, an

grey mark, and a nose that could double for

mouth of a steam shovel. He would

include winding the

circuit of cutaway, and a white

vest with a tie and a bowler hat.

This fellow is the conventional picture of a business

on its top levels, and I am afraid that the average American tends

may be a great advantage in

management in terms of this horrible monster. So far as I can see,

there was a time when some

imperative, but it is far from the
guilded appearance suggested

by these cartoons, and what

business and shortsightedness and selfishness and labor

I have labored so hard to put their drawings

But I suppose that most of

you here know presidents of

companies, and it is hardly necessary

for me to point out to you the

quality of the people and the

individuals, who is most likely to be slender, alert, and

or moral. This is a matter

I am aware of the social respon-

sibilities of the great

firms.

Let's look at another conven-
tional picture of du Pont, the cartoon charac-
ter who stands for big business. He is a mesh looking man

on a paper cap. Well, again it may be true that he

is not much represented. But today? Sup-

pose we imagine a cartoon

in which a state CIO convention was taking place. The delegates

were men of

They probably rode to the

rally in their own cars, and not all

of them were driving Volvos, either. Their wives would

be beautifully dressed and good

looking. In fact, if you couldn't

hear what they were talking that

way anymore, you would have
taken it for a meeting of the

British fleet.

What I am trying to say is that

one of the greatest handicaps

business has in its

of what it does and how it does it.

It may be that we ought not to

so serious except for

reason. It doesn't really realize that the ideas are

out-of-date. They think business

is a public utility. The late Theodore Roosevelt and William

Huntziger, the chairman of the

United States. Certainly, no greater

example of that can be seen than by

convincing the public that

is ideas about business are obso-

letes, and the

public should be taking over

by substituting today's actuality

in a sense, I suppose, this may

a rather lengthy digression,

puts the whole thing into

the warp and woof of our

business and industry, and

it must have popular understanding

it.

Law Violated Inadvertently

You will recall that I said that

men got into trouble with the

government; they want not to

as much as that something that

people else will decide.

In any event, it seems to me

that we are in the situation. I am

sure that it is interesting to

understanding of our legal system

in order to make himself

myself. I do not mean that he

do wrong. We do not, for exam-

ple, say that the law was clearly

the death caused by clearly

generalized that the

sky was the limit as long as you

you did not violate any laws on your

way to that lofty estate. It isn't.

As I have suggested, behind this

question as to whether bigness in

industry is a good or bad thing

is the legal definition. To get

a net definition, we should say that

bigness is there as it exists today

is to hold that it is concentrating

industry in a few hands, with the

consequent inefficiency. They also argue that big

business is a new phenomenon, and that the aims of big

business and that the aims of big businesses that

are opposed to each other.

No Difficulty in Finding

As for the first point, it has

been our experience in the du

Pond that there is no difficulty in finding competitors. We have discovered

the fact that in most of the fields in

which the du Pont Company has

had the physical picture suggested

by these cartoons, and when

the business and shortsightedness and selfishness and labor

of labor so hard to put their drawings

But I suppose that most of

you know presidents of

companies, and it is hardly necessary
It would be nice to know what this lack of confirmation means. I know the classic interpretation, so do thousands of others. I also know that one waits for the final confirmation, one can miss the market. I'm merely pointing out that long, unconfirmed signals frequently lose their meaning for both the bull and the bear.

A postcard from a reader who signs himself "Bozo" interests me. Ordinarily I don't bother with such correspondence, but he talked quite a bit about "Bozo's" boosts of his yield—over 11% on my money. I'd like to repeat what I've said before: I'm not interested in yields.

I recommend certain stocks because I think they'll go up. While I think their advance potentials have temporarily been used, I advise that one not abandon the stage of the inflated dollar is nothing to boast of. In itself it may be a danger signal.

More next Thursday.

With Walter Whyte

[The views expressed in this section are those of the writer and do not necessarily coincide with those of the Chronicle. They are presented as such by the author only.]

With Bache & Co.

(855) 410-0000

CHICAGO, ILL. — Emil Presburg has joined the staff of Bache & Co., 132 South La Salle Street.

With First Boston Corp.

(Special to The Financial Chronicle)

BOSTON, MASS. — Lowell A. Warren, Jr. is now with the First Boston Corporation, 75 Federal Street.

Goldman, Sachs Co. Addrs

(Special to The Financial Chronicle)

KANSAS CITY, MO. — Patrick J. Tobin, Jr. has been added to the staff of Goldman, Sachs & Co., 75 Federal Street.

With Prugh, Combet & Land

(Special to The Financial Chronicle)

KANSAS CITY, MO. — Edward W. Crookshank, 45, has been added to the staff of Prugh, Combet & Land, Inc., 1016 Baltimore Avenue.

With Standard Investment

(Special to The Financial Chronicle)

PASADENA, CALIF. — John C. Harvey has been affiliated with Standard Investment Co., 740 South Brea Street, formerly in Los Angeles.

Join Hansford & Talbot

(Special to The Financial Chronicle)

SAN FRANCISCO — Philip B. Taylor has rejoined the staff of Hansford & Talbot, 519 California Street. He has been associated for many years with the firm, of which he is a partner.

Maloney & Wells Add

(Special to The Financial Chronicle)

SAN FRANCISCO — Albert G. Schiefer, Jr. has been added to the staff of Maloney & Wells, 609 South Spring Street.

The Apple Out for Agriculture

(Continued from page 9)

We also must realize that any program of price support or price control will be at best only an effort to induce the efficient, businesslike farmer who is supplying a great variety of food staples and to another one whose methods and luck in the market have not been so good. Costs too great to show a profit at a particular time may result in bankruptcy. We should, therefore, understand that the efficient farmer can do for himself is about as important as any part of a program for farm production. We have been greatly encouraged by the report of the New York Times. Its conclusion is based on the fact that a great many of our farmers have now organized local, county, state, or college education. This is a step in the right direction. It shows the proper contribution toward the solution of the farm problem of representative form of government or public. Such a government has been the ideal toward which men have worked for centuries. It has been realized here in our American republic.

I still cannot believe it possible that the government can do so little to give the farmer the high prices he has been accustomed to. It seems to me the government has not been working up to the best of its ability to help the farmer.

With Walter Whyte

Summary

To summarize, I propose the points I have attempted to make, I would like to say that prices will be determined by the manner in which we solve the following problem:

First, we must find some method of curtailing production, thereby understanding the various segments of our population, and having a better understanding of our national problem, I would suggest that we must be willing to work out by only better contacts between the various groups — and I understand that our great farm organizations are much interested in this approach.

I have heard one of our most prominent farm organizations express the belief that our Congress act until farmers voted together as farmers they would not support this organization. I do not approve of this method of operation, I would like to wish to see it any more than I would to seeing our group of labor organizations attempt to vote solidly together. This country was not built on such a basis of class distinction.

Second, we must all work hard for a more comprehensive education. It is only through an enlightened citizenry, which maintains the function of government that we can hope to carry on a government.

Third, we must find some way of influencing the stock and futures market influences in prices which now bring us a feast or famine for a short time. This is a hard problem, but it should not be unworkable. We must also try to learn to more closely match our agricultural production to the needs of the people.

To do this it should not be necessary that farmers be encouraged to plan their production. It is the purpose of selling to them the market place.

Fourth, the best place to store grain is in the form of meat and produce. We must therefore make every effort to supple the farmer, in this country so that the farmer will be able to store his grain, not just increase while at the same time a great reservoir of food of the highest energy-producing type is created, which would be a tremendous asset in case of war. To do this, our people must not only

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The Commercial & Financial Chronicle
Thursday, August 25, 1949

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(Continued from page 9)

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The State of Trade and Industry

(Continued from page 3)

and definition—disturbing industrialists. On the optimistic side the
are the appliance makers. Exactly opposite to them are the railroads.

Although appliance production is better in every item from hot
water heaters on down, the trend toward a tremendous increase in
the big refrigerator manufacturers are now coming back to capacity
production. This has not only held the expected rush of orders for
their product in the past quarter, but has even caused the railroads
to receive a little more in demand for electric motors, copper tubing
and all the other items that go into this product. The refrigerator
firms have projected a tremendous increase in sales of their products
and appliance people. Last week several roads held up orders for
some of these products in anticipation of the suggested fourth
quarter shipment. For one thing they are worried about the cost of
the shorter work week that they expect to have and the amount of
steel traffic they have cause to worry, too, since the rate increase to
take effect Sept. 1 will add an average of 4.63 on the mileage
charged. (Rail freight increases during the past three years have added about $3.50
a ton.) And of course the motor manufacturers have been
passed on to the consumer in the form of higher steel prices. On
top of this the average rail freight rate on steel is about $4 a ton
higher than it was a year ago.

The American Iron and Steel Institute announced this week
that the operating rate of steel companies having 94% of the
steel-making capacity of the industry will be 81.5% of capacity
for the week beginning Aug. 23, 1949, as against 83.5% in the
preceding week, or in Aug. 1948; 88.2% in Aug. 1947.

This week's operating rate is equivalent to 1,553,590 tons of
steel produced at current average capacity; 1,579,770 tons
a week ago, 1,550,500 tons, or 8.5% a month ago,
1,634,838 tons a week ago last year, and 1,581,510 tons for the average week in 1946, highest prewar year.

CARLOADINGS SHOW SLIGHT UPTURN FOR WEEK

Educational

Enrollment

Data for Aug. 13, 1949, reported
loadings of freight revenue for the week ended Aug. 13, 1949,
totaled 728,029 cars, according to the Association of American
Railroads. This compares with 716,904 cars reported for the week
ended Aug. 21, 1948, and 725,924,000 wbn in excess of the output
reported for the corresponding period two years ago.

AUTOMOBILE SALES REACH A NEW MONTHLY HIGH IN AUGUST

According to "Ward's Automotive Reports" for the past week, motor
vehicle sales for the United States and Canada was held
down to an estimated 146,545 units from 144,317 units (revised) in the
previous period.

The gain was due to increased Canadian output, as labor
trouble at Chrysler plants caused U. S. production to drop to
125,839 units in the previous period as against 135,049 units reported in
the current period.

The total output for the current week was made up of 117,881
cars and 21,919 trucks built in the U. S. and 4,417 cars and 2,774
trucks in Canada.

Output a year ago was 133,324 units and, in the like week of 1948,
reached 133,754 units for the highest output on record to date. A
new monthly high of 643,000 units for United States car and
truck production was recorded during the week, according to
continuation of heat work and labor disputes. The existing report of
377,364 units was established in August, 1948.

BUSINESS FAILURES \--- UPWARD TREND

Complete industrial failures rose to 183 in the week ended
Aug. 18 from 176 in the previous week, according to Don &
Bradstreet, Inc. More than twice as many casualties occurred in the
comparable week of 1948 and 1947 when they totaled 94 and 78
respectively. Failures are now continuing at the same rate as in
the previous quarter.

Manufacturing failures increased to 61 from 46, reaching a total more
than double the week's failures a year ago, according to a
weekly survey of 2,498 plants in 34 industries. Non-manufacturing
service failures, at 14, rose, while construction casualties, at
10, were down moderately from a week ago.

Business failures in August were the sharpest relative weekly increase, reaching the highest level in the last seven years. Failures in the Middle West and Pacific areas were
led by a 100% increase in the North Central States. Although North Central casualties fell off almost a half, Slight increases occurred in the East and West South Central areas. All
areas except the Mountain States had more failures than in the
same week of last year. Noticeable increases from the 1948 level appeared in the Mid West and Atlantic areas.

WHOLESALE FOOD PRICE INDEX 5-WEEK ADVANCE

AVERAGE LAST WEEK

Full retail and wholesale weekly advances, the Dun &
Bradstreet wholesale food price index for Aug. 16 leveled off at $5.69
unchanged from a week ago. The current figure compares with
$5.67 a week ago and $5.47 a year ago, or 1.7%.

Individual commodities showing advances in the week included
hams and bacon, wheat, corn, oats, sugar, coffee and
coconut. Grain items were weak, as were fruits and nuts. Prices
were lower for butter, shortening, dairy products, and cheese. These
are against declines in flour, wheat, corn, rye, oats, cocoa and
tea.

The index represents the sum of the total price of pound
31 foods in general use.

WHOLESALE COMMODITY PRICE INDEX TOUCHES NEW LOW FOR CURRENT YEAR AND SINCE LATE JANUARY, 1947

The daily wholesale commodity price index, compiled by Dun &
Bradstreet, Inc., averaged 3.59 compared with 3.70 a year ago
and 3.83 in August of 1946, the lowest of the year and a new low since Feb. 17, 1941. The index closed at 3.28 on Aug. 16, compared with 3.38 on Aug. 10, a new low for the year.

Under the leadership of corn, grain markets developed pro-
ounced downward pressures which dropped the index to new low
levels. The corn price dropped 4% and is now at a new low since Feb. 17, 1941. The index closed at 23.0 on Aug. 16, compared with 23.2 on Aug. 10, a new low for the year.

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### Indications of Current Business Activity

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

#### AMERICAN IRON AND STEEL INSTITUTE:

- **AMERICA DIAMOND PRODUCTS:**
  - Diamond dies and grinding wheels.
  - Aug. 23

#### AMERICAN PETROLEUM INSTITUTE:

- **Production of crude oil output:**
  - Aug. 13: 8,575,000
  - Aug. 20: 8,510,000

#### CIVIL ENGINEERING CONSTRUCTION ENGINEERING—CONSTRUCTION NEWS RECORD:

- **Total U.S. construction:**
  - Aug. 13: $17,172,000,000
  - Aug. 20: $17,250,000,000

#### FAIRLIES (COMMERICAL AND INDUSTRIAL)—SUN & BRAD STREET, INC., Aug. 18

#### FEEDING ELECTRIC INSTITUTE:

- **Electric output (in 1,000 kw):**
  - Aug. 20: 5,809,000

#### FUEL AND MANUFACTURED GAS REPORTS—INDEX:

#### METALS (K & M J. QUOTATIONS):

- **Metal prices**
  - Aug. 13: Steel, 2.760
  - Aug. 20: Steel, 2.750

#### MOODY’S BOND PRICES DAILY AVERAGES:

- **Corporate bonds:**
  - Aug. 13: 103.70
  - Aug. 20: 105.70

#### NATIONAL CIRCULAR PAPERBOARD:

- **Orders weeks (ex. insurance):**
  - Aug. 13: 109,424
  - Aug. 20: 107,284

#### OIL, PAINT AND DRUG REPORTER PRICE INDEX—1934-38:

- **Average price of crude oil:**
  - Aug. 13: 12.02

#### STOCK TRANSACTIONS FOR THE 52-WEEK ACCOUNT OF ORNAMENTAL AND SPECIALISTS ON THE N.Y. STOCK EXCHANGE—SECURITIES EXCHANGE COMMISSION:

- **Transactions and changes in security prices:**
  - Aug. 13: 109,138

#### WHOLESALE PRICES NEW SERIES—U. S. DEP. OF LABOR:

- **Wholesale prices:**
  - Aug. 13: 150.9

### AMERICAN ALUMINUM WROUGHT PRODUCTS DEPT. OF COMMERCE—Month of June:

- **Shipments (tons):**
  - Gross pounds: 143,700
  - Shipping on board: 143,700

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- **Shipments (tons):**
  - Gross pounds: 143,700
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- **Transactions (tons):**
  - Gross pounds: 143,700
  - Shipping on board: 143,700

#### COMMERCIAL STEEL FORGINGS DEPT. OF COMMERCE—Month of June:

- **Shipments (tons):**
  - Gross pounds: 143,700
  - Shipping on board: 143,700

- **Transactions (tons):**
  - Gross pounds: 143,700
  - Shipping on board: 143,700

#### CONSUMER PURCHASES OF COMMODITIES—BUREAU OF N. W. D.—Month of June:

- **Shipments (tons):**
  - Gross pounds: 143,700
  - Shipping on board: 143,700

#### DEPARTMENT STORE SALES—SECOND FEDERAL RESERVE DISTRICT:

- **Shipments (tons):**
  - Gross pounds: 143,700
  - Shipping on board: 143,700

#### DISKING EVACUATION—DEPT. OF COMMERCE—Month of June:

- **Shipments (tons):**
  - Gross pounds: 143,700
  - Shipping on board: 143,700

#### HOUSEHOLD VACUUM CLEANER—STANDARD SIZED CLEANERS—BUREAU OF N. W. D.—Month of June:

- **Shipments (tons):**
  - Gross pounds: 143,700
  - Shipping on board: 143,700

#### LME IRON—DEPT. OF COMMERCE—Month of June:

- **Shipments (tons):**
  - Gross pounds: 143,700
  - Shipping on board: 143,700

#### METAL OUTPUT (BUREAU OF MINES—Month of June:

- **Shipments (tons):**
  - Gross pounds: 143,700
  - Shipping on board: 143,700

#### MIRROR VEHICLE FACTORY SALES—PLANTS IN U. S. AUTOMOBILE MANUFACTURING:

- **Shipments (tons):**
  - Gross pounds: 143,700
  - Shipping on board: 143,700

#### SOFTWOOD PLYWOOD—DEPT. OF COMMERCE—Month of June:

- **Shipments (tons):**
  - Gross pounds: 143,700
  - Shipping on board: 143,700

#### STEEL CASTINGS—DEPT. OF COMMERCE—Month of June:

- **Shipments (tons):**
  - Gross pounds: 143,700
  - Shipping on board: 143,700

#### WOOD VENEERS—DEPT. OF COMMERCE—Month of June:

- **Shipments (tons):**
  - Gross pounds: 143,700
  - Shipping on board: 143,700

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Consumer Purchasing Power and Labor Agitation

(Continued from page 10)

unemployment, is a most difficult administrative task and one that can disrupt commerce and work tremendously. Rather than expect the worker to analyze his situation, which is incompatible with vigorous competition or impose arbitrary price mark-ups, it would seem better to use administrative measures in directing a larger portion of the wage income to those who will spend it.

Historical Cases

The most important historical case of a government wage increase which occurred in most recent times was that of the National Industrial Reconstruction Administration. The answer of that Administration was to raise the level of employment by increasing purchasing power. Between June, 1933 and June, 1934, the hourly wage rates of workers under NRA codes rose by about 20%. At the same time, hours of work were reduced about 10% because, by rough estimate, the real income of workers remained almost the same. While the wage increase in federal spending for construction, the gross national product and the wage increases themselves had an appreciable effect on the level of employment.

There is a second historical instance cited by Professor D. L. Ahlborn, writing of German experience in “The Theory of Income in Recession,” 9 states: “The income that was already lived through a period in which wages had decreased and unemployment was not, because of the argument of the purchasing power theory. From 1927 on employment began to decrease in Germany, and a substantial reduction of wages followed. Their argument was, just as in the argument maintained to raise a high level of purchasing power. In 1930, the first time in dyes presenting the number of unemployed with those of those in this country, that I own part of the feeling of living this period of my life over again.”

As it well known, wage reductions were opposed in Germany by national government. They even succeeded in obtaining substantial wage increases at a time of unemployment. It was clearly noticeable, Dr. D. L. Ahlborn explained, that leading economists warned of the sterility and dangers of such a plan. They were ignored. Dr. Ahlborn believed that the plan contributed to the growth of the Fascists in Germany. The only other alternative, in his mind, is continuation of the depression, ending in a socialization of the economy. One of the most desirable behavior of the wage level, then, would probably be to increase the wage level and a moderate rate of increase might be the most desirable. In the long run the level wage would rise at about the same rate as man-hour output. One should try to use sudden changes in the standard of living and a slow change or a combination of either checking recession or accelerating economic growth. This looks to increase in the money wage level as a means of increasing the level of employment and coming and reducing the share of labor to income.

Is Labor Agreed on the Purchasing Power Theory?

Labor do have a certain understanding of this argument. "Labor's Monthly Survey," publication of the AFL, its issue of January 1937, p. 6, goes on to say that: “Prices must come down in 1947 if full employment is to be maintained. Comsumer buying power must be restored, and this cannot be done by wage increases alone. Only one fourth of American workers are organized, and 1934 experience shows that millions fall behind the golden line prices. Price decline will raise every one’s living standard. Price decrease will be accompanied by a rise in wages, and prices go no higher. How the increase in wages will affect the question of price levels of consumer buying power in 1937. As a result of the production declines that would throw millions out of work.”

Factors Determining the Volume of Employment

Strangely enough, the whole relationship between the purchasing power theory is quite close to gross new spending power capability and mathematical demonstration. All the necessary is to subtract, $31 billion from our nation’s gross new spending power for the month. Take 14.4% of the remainder. That gives the total wage bill for the manufacturing factories of the United States. The last column of Table VI shows the average hourly wage rate for all industries, the number of hours of employment, the total factory wage bill by the average hourly wage rate for all industries, the total number of hours of employment. It can be seen that the relationship of the wage rate, the more will be the hours of work performed and vice-versa.

Why Unemployment Has Risen in 1949

A glance at Chart IV shows that, during the early part of 1949, the actual average factory wage rate was above the level of the anticipated average. The unemployment rate was given full employment, hence unemployment was created. Moreover, however, an improvement in the economy of the country has lessened the excess of the actual wage rate over the rate which would give full employment. There seems to be a tendency for production to continue.

In May, 1949, actual average hourly earnings of factory workers were at $3.99. The wage rate was reduced to $1.31. The effect would have been much greater if the employment rate permitted. In the great labor shortage of the early 1930’s, they who do not have major political disagreements do not enter into economic equation and each group struggles in its own area. They have no intention of going to a stationery or falling national income.

Labor’s Monthly Survey, January 1937, p. 6

If gross new spending power should continue to decline, it will be less likely that any significant number of monopoly leaders would prevent the necessary new income adjustments, and thus would cause a repetition of the chronic unemployments which have primarily responsible during the depression. As is shown in Table VI of my book "The Economic Analysis of Capitalism" (published by R. W. Frey), on the average, during that period, the income of the people of our nation-sixth of their total income. This was the result of pricing problems and profit margins. This overpricing, prime responsibility rests upon the great labor leaders who controlled wage rates.

What Is New Sound Policy?

The most likely to be faced with another great shrinkage in demand like the 1929, is the problem of what should be done about it. As and when this occurs, do you feel prepared to give the people of your own state or district?”

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Farm Price Support—Step Toward Nationalization

(Continued from page 12)

In its operation, and there are things about it that we would like to put on the record. It is a system that guides the flow of resources in an axiomatic manner. It is true it sets the price too low, as we did during the war, for it kept a lot of farmers out of work. In the same way, it is true it sets the price too high. It was a little red flag ticket that the farmer who was out of work used to wave at his housewife when she went to the store, she never asked how many cents per pound he paid for the tin. She always asked, "How many cents per pound?" When the prices were too low, she asked, "How many cents per pound?" When the prices were too high, she asked, "How many cents per pound?"

Artificial Prices and Controls Are Inevitable

Whenever we get the price too low, we must control on the demand. If we get the price too high, we must control on the supply side of the market. It is inevitable. These are the Sanamea twins, which are high prices and rigid controls. The Sanamea principle is so fundamental it is almost universally accepted. Farmers in America want it, I am for them, but I want them to be sure of understanding what we are doing one on the other. We do the one they must also do the other. The same principle holds in the agricultural processing and distributing fields. In England those functions are absorbed almost completely by huge trusts, and I think they ultimately will be absorbed in America, with a pattern outlined in the Brannan Plan.

All I am saying, then, is that price performs a vital and necessary function in our economy. We must learn to interpret it correctly, and sometimes in adequate time. If we continue to go to throwing it overboard, the alternative is government supervision of production and distribution with somebody in Washington deciding what and who produces.

Conflicts in Present Agricultural Policies

Just a few words about the conflict in the philosophy of agricultural policies that has existed in this country for a long time. A year ago this month the United States, in a so-called long-range farm program, started into the wartime system of price supports that expired last Dec. 31. The new program was taken effect Jan. 1, 1935—next Jan. 1 next year. We are in the transition last fall the shippers抱着 the position of protecting the price of their product. We are saying, "We are going to amend the so-called ranch range program." That was in 1933 when the prices were too low before it was to take effect. The move it was to be made into back into the farm program concerning the desirability of price supports and various other things that were going on during the war.

What is the "Brannan program?" I want to touch briefly on just two things. First, it provides for modernization of the parity concept. You people in rural communities know about parity. That is the sense, "You shall deliver a certain price for a certain amount of crop, and the price is par." It will lower some- thing very slightly and very slowly. "You shall deliver a certain price for the same amount of crop, and the price is parity." It will lower some- thing very slightly and very slowly. As a price is要比wide, and in certain areas in the population, it will raise the price of flour, meat, eggs, and many other things. If we encourage expanded livestock and dairy production, we will increase the price of livestock and dairy products, except in certain areas of the country where there is overproduction; and even here the pressure of so-called parity will cause a strain to livestock and dairy production.

The second thing the Alkman Ranfman Plan Bureau, for a flexible system of price supports you have, but we must strive to maintain. It provides that if we have a large supply of any particular commodity, the price support will drop some- thing like a little. If we have a small supply of any particular commodity, the price support can go as low as we want, as much as we want. If we have a large supply of any particular commodity, the price support will be raised to 60% of parity—but if we have a small supply, it can always go up anyway and price support will be raised to 80%. This plan basically recognizes that if we have a large supply of a product, the unit price a little lower which will do two things—It will encourage the further aggravacy of the price, and it will discourage the further aggravacy of the price. This is a sound provision. Powerful forces are struggling to get away from it. Probably one of the major forces is the fact that 90% of parity support price is reserved for the so-called farm region. We want to, if you will—going to Congress and saying, "Give the farmers just a little bit of money, not so much, and it will be quite so much money," and Congress will say, "No, we are not going to give it to you anyway. It is a very unique situation in American History. It is one that we never expected to see. Ordinarily, the pressure group says, "We will never again go to Congress and say you will give us what we need, if you will. We will talk to the farmers, we will talk to the farmers, we will talk to the farmers. And, Congress says, "I will not talk to the farmers, but I will talk to the two top pressure groups in agriculture saying essentially, 'Give the farmers a little bit of money, and we will be better off, and we will be better off, and we will be better off.'"

The Effect of Brannan Plan

We have always been working in America today. We have the two farm organizations—pressure groups which are interested in the farmers, and we will use prices to get lower prices for things they want to buy. For instance, farmers of Virginia have to pay a lower standard of living; they take that stand because they want to. The farmers of Virginia, and of 47 other states, freedom to manage their farms as they see fit. They take that stand because they want to. In Virginia, we have freedom to grow what they want to, and the result is, when they want to, they get the prices they want; they want to, and when they want to, they get the prices they want. We, as farmers, want to preserve for the farmers of America the freedom of the farmer. Perhaps the best place you can sell wheat is to a government wheat collecting sta-

However, it is one of those things we must be realistic about. What are we going to do about it, if we get our price supports? We are going to throw people out of business for keeping with cotton. Before the war we exported half of our cotton. In the 1930’s we decided we were going to raise the price and make those foreclosures pay for it. Then someone discovered that cotton grew pretty well in Brazil and Egypt. As a result, we have the cotton and even in Brazil. We let America working together, produce cotton, and we will sell it away under the Marshall Plan, and we will stop selling any more of those than we need to. Then we decided to keep the price of cotton high for domestic consumers, with the result that we are the highest price that ever happened to the reason and the price of cotton. It is we are that kind of price.

Let us not price ourselves out of the market. It is so easy to do in every industry, in agriculture, and even in banking. Let us keep America working together, produce cotton, and we will sell it away under the Marshall Plan, and we will stop selling any more of those than we need to. Then we decided to keep the price of cotton high for domestic consumers, with the result that we are the highest price that ever happened to the reason and the price of cotton. It is we are that kind of price.

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Securities Now in Registration


- Carnegie Mining Ltd., Montreal, Canada. April 20 (letter of notification) 300,000 shares of common stock. Price—$50 per share. Underwriters—Name by amendment. Proceeds—for winding up, exploration, development and other purposes.

- Carolina Power & Light Co., Raleigh, N. C. Aug. 20 (letter of notification) 200,000 shares of common stock (no par), $4,000,000 par value) and 200,000 shares of common stock (no par), $10,000,000 par value) to be sold by amendment. Underwriters—Merrill Lynch, Pierce, Fenner & Beane, of New York, and R. S. Dickson & Co., Inc., Charlotte, N. C. Proceeds—for construction.

- Central Detroit Warehouse Co., Detroit, Mich. Aug. 18 (letter of notification) 115,000 shares of common stock ($1 par). Price—$2.75 per share. Underwriter—None. Proceeds—to pay a $75,000 mortgage owing to the Michigan Central Railroad Co., and a $30,000 note owing to Warehouse and Terminals Loan Co., Ltd., New York, and to increase working capital. Office—11 East 44th Street, New York, N. Y.

- Colonial Acceptance Corp. Aug. 15 (letter of notification) 60,000 shares of convertible preferred stock ($1 par) and 200,000 votes common stock (each convertible into one share of common stock). Price—$5 per share. Underwriters—Silas, Fairman & Harris, New York, and Davis & Fishburn, Chicago. Proceeds—to increase net worth and working capital.


- Consolidated Engineering Corp., Pasadena Aug. 20 (letter of notification) 200 shares of common stock (par $1), at $13.875 per share, to be sold by Arnold F. DuShane, Pasadena, who will sell them to Honeymoon Co., Los Angeles, for public offering at the market price. Proceeds—for working capital. Office—680 N. Lake Ave, Pasadena, Calif.

- Consolidated Gas Utilties Corp., Oklahoma City. Aug. 12 (letter of notification) 1,600 shares of common stock to be offered at $11.75 per share for account of the Oklahoma City Gas Board. Underwriter—F. P. Fox & Co., New York, N. Y.

- INDICATES ADDITIONS SINCE PREVIOUS ISSUE

- Convertible Television, Inc., N. Y. City (8/26) Aug. 19 (letter of notification) 300,000 share of common stock (par 10 cents). Price—$1 per share. Underwriter—Goldberg, New York. Proceeds—to pay debt, for additional equipment, etc. and for working capital. Office—11 East 44th Street, New York, N. Y.


- Cooperative Grange League Foundation (registered) Aug. 19 filed 12,000,000 shares ($5 par) common stock. Offerings—To be sold to the public at the then-prevailing market. Underwriter—None. Proceeds—to be added to working capital and used for general corporate purposes, including paying royalty on patents, etc. Underwriter—Co-operative G. L. F. Holding Corp. Price—At par.


- Emerson Radio & Phonograph Corp. June 27, 1944, Underwriters—$100,000,000 in Series A debenture bonds. Proceeds—to E. B. Sturtgard & Co., Inc., the terms and price of the offering, to be determined. The stock will not be sold below the market price on the New York Stock Exchange at the time of the offering. Proceeds—to pay part of the expenses of Benjamin Abrams, Mrs. Max Abrams and Mrs. Louis Abrams, wives of late benefactors of the company, and do not involve new financing by the company. Following sale of the stock, the Abrams family will own approximately 25% of the company’s 800,000 shares of common stock.

- Frayley Industries, Inc., N. Y. City Aug. 15 (letter of notification) 10,000 shares of A capital stock (par $1) and 90,000 shares of B capital stock (par $10) to be offered in units of two shares of A stock and one share of B stock. Price—$10 per unit. Underwriter—None. Proceeds—to increase working capital. Office—11 East 44th Street, New York, N. Y.

- Gas Service Co., Kansas City, Mo. (9/13) Aug. 12 (filed 100,000,000 25-year first mortgage bonds, due Aug. 15, 1965, at 101 and 1/4 per cent. Proceeds—to be used for working capital, expansion of sales and to increase working capital. Underwriter—First Boston Corp., New York.

- Gas Service Co., Kansas City, Mo. (9/24) Aug. 9, 1945 (letter of notification) 500,000 shares of common stock (10c par non-cumulative dividend) and 11,282 shares of B voting common stock. Price—For sale at par or slightly above par. Underwriter—None. Proceeds—to acquire machinery, tools and equipment; to build and land business. Proceeds for working capital. Office—5623 La Salle Street, Chicago, Ill.


- Interstate Indemnity Co., Los Angeles, Calif. May 10 filed 5,000,000 shares (5e par) common. Underwriter—L. R. Baker & Co., Inc., Oklahoma City. Price—50 cents per share. Proceeds—to purchase additional plant facilities, tools, dies, jigs, etc., the balance for working capital. Office—1540 Wilshire Boulevard, Los Angeles, Calif.

- Kenilwind Oil & Gas Co., Inc., New York. Aug. 17, 1944, Underwriters—150,000 shares of capital stock (10c par) at par. Proceeds—To drill well and sell oil and gas. Proceeds for working capital. Underwriter—None. Proceeds—for working capital, payment of indebtedness and development of Lake Paupack property, office—6333 Linds Lane, Philadelphia Pa., to complete engineering changes; to set up sales and service department; and to train service personnel.

- Keller Motors Corp., Huntsville, Ala. Aug. 15 (letter of notification) 500,000 shares of common stock at $100 per share. Price—$90 per share. Proceeds—to purchase additional plant facilities, tools, dies, jigs, etc., the balance for working capital. Underwriter—None. Proceeds—For working capital, payment of indebtedness and development of Lake Paupack property, office—6333 Linds Lane, Philadelphia Pa., to complete engineering changes; to set up sales and service department; and to train service personnel.


- Lake Pacific Mines Corp., Philadelphia, Pa. Aug. 18 (letter of notification) 500,000 shares of capital stock (par value). Proceeds—To be used for general corporate purposes. Underwriter—None. Proceeds—for working capital, payment of indebtedness, and development of Lake Paupack property, office—6333 Linds Lane, Philadelphia Pa., to complete engineering changes; to set up sales and service department; and to train service personnel.

- Lea Gas Corp., Denver, Colo. Aug. 16 (letter of notification) 500,000 shares of capital stock. Proceeds—To be used for general corporate purposes. Underwriter—None. Proceeds—for working capital, payment of indebtedness, and development of Lake Paupack property, office—6333 Linds Lane, Philadelphia Pa., to complete engineering changes; to set up sales and service department; and to train service personnel.

AUG. 26, 1943

New Jersey Power & Light Co.
June 9 filed 20,000 shares ($100 par) cumulative preferred stock, no par value, to be sold for $100 per share or more through competitive bidding. Probable bidders: Kidder, Peabody & Co.; Morgan,士; C. Langley & Co.; Lehman Brothers. Proceeds—Will be applied to the payment of the costs of, or in reimbursement of payments made for, contemplated improvements and expenditures to be made of the company.

Aug. 9 filed 196,120 shares of common stock, par value $25. Preliminary offering to be made to members of the company. Underwriter—None. Proceeds—To pay $12,120,000 of short-term notes and make additional common stock investments in substantially the same business.

New York & Cuba Mail Steamship, New York
June 17 filed 100,125 shares of 5 1/2% cumulative preferred stock, no par value, to be sold for $100 per share or more through competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane, and First Boston Corp. Names to be determined through competitive bidding. Proceeds—Will be applied to the payment of the costs of, or in reimbursement of payments made for, contemplated improvements and expenditures to be made of the company.

Aug. 4 filed 200,000 shares ($20 par) common stock, to be sold for $20 per share or more through competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane and First Boston Corp. Proceeds—Will be applied to the payment of the costs of, or in reimbursement of payments made for, contemplated improvements and expenditures to be made of the company.

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Aug. 4 filed 200,000 shares ($20 par) common stock, to be sold for $20 per share or more through competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane and First Boston Corp. Proceeds—Will be applied to the payment of the costs of, or in reimbursement of payments made for, contemplated improvements and expenditures to be made of the company.

Patria Dis. Dutch West Indies
April 30 filed 20,000 shares of common stock, par value $100. Preliminary offering to be made to members of the company. Underwriter—None. Proceeds—Will be applied to the payment of the costs of, or in reimbursement of payments made for, contemplated improvements and expenditures to be made of the company.

Aug. 11 filed 1,000,000 shares of common stock, par value $100. Preliminary offering to be made to members of the company. Underwriter—None. Proceeds—Will be applied to the payment of the costs of, or in reimbursement of payments made for, contemplated improvements and expenditures to be made of the company.

Pike Peak Plastics, Inc., Colorado Springs
Aug. 4 filed 100,000 shares of common stock, par value $1. Preliminary offering to be made to members of the company. Underwriter—None. Proceeds—To expand weaving facilities.

Pittsburgh Des Moines Co., Pittsburgh
Oct. 13 filed 100,000 shares of common stock, par value $10. Preliminary offering to be made to members of the company. Underwriter—None. Proceeds—For working capital and capital expansion. For offering fl. by Underwriters.

Renaissance Films Distribution, Inc.
Oct. 9 filed 40,000 shares (par $25) 5% cumulative preferred stock, no par value, to be sold for $25 per share or more through competitive bidding. Probable bidders: Kidder, Peabody & Co.; Morgan,士; C. Langley & Co.; Lehman Brothers. Proceeds—Will be applied to the payment of the costs of, or in reimbursement of payments made for, contemplated improvements and expenditures to be made of the company.

Resort Airline, Inc., Southern Pines, N. C.
July 17 (letter of notification) $4,000 shares ($1 par) common stock, par value $10. Preliminary offering to be made to members of the company. Underwriter—None. Proceeds—For general corporate purposes.

Rochester (N. Y.) Gas & Electric Co.
Aug. 14 filed 50,000 shares of common stock, par value $100. Preliminary offering to be made to members of the company. Underwriter—None. Proceeds—For general purposes.

Santiago Mining Co., Denver, Colo.
July 27 (letter of notification) 20,000 shares of common stock, par value $1. Preliminary offering to be made to members of the company. Underwriter—None. Proceeds—To be applied toward Standard’s corporate indebtedness.

Palladium Cotton Mills, Ltd., Tel Aviv, Israel
June 29 filed 200,000 ordinary (common) shares, one (israeli) pond par value. Underwriter—The First Guardian Securities Co., Inc.; New York. Proceeds—To sell to the public.

Pennock, William, Chicago
Aug. 12 (letter of notification) 2,000 shares of common stock, par value $100. Preliminary offering to be made to members of the company. Underwriter—None. Proceeds—For general purposes.

Power Petroleum Ltd., Toronto Canada
April 25 filed 1,150,000 shares ($1 par) common of which 1,000,000 on behalf of company and 100,000 by New York Power & Light Co. underwriters. Underwriters—S. G. Cranwell & Co., New York. Proceeds—For administrative expenses and drilling. Statement effective June 27.

Rochester (N. Y.) Gas & Electric Co.
Aug. 14 filed 50,000 shares of common stock, par value $100. Preliminary offering to be made to members of the company. Underwriter—None. Proceeds—For general purposes.

Sierra Madre Mining Co., Spokane, Wash.
Aug. 13 filed 1,000 shares of no par value common stock, par value $1. Preliminary offering to be made to members of the company. Underwriter—Alvin William Mackey, Spokane, Wash. Proceeds—To be applied toward Standard’s corporate indebtedness.

Southern Pacific Corp., New York
Oct. 12 filed 20,000 shares of common stock, par value $100. Preliminary offering to be made to members of the company. Underwriter—None. Proceeds—To pay $2,000,000 of short-term notes and make additional common stock investments in substantially the same business.

Special Issues of September 1943
This issue of THE COMMERICAL & FINANCIAL CHRONICLE is dedicated to the memory of Mr. J. Edgar Hoover, special agent in charge of the Federal Bureau of Investigation, who was killed in the line of duty. Mr. Hoover was a great American and a great public servant. His memory will be a monument to all who knew him.
A Program to Encourage Investments Abroad

(Continued from page 7)

First National City Co.

Sept. 12 stockholders will vote on authorizing a new issue of $300,000,000 of preferred stock (no par) convertible into and exchangeable for 4 1/4% bonds of the stock will be issued in the first series. Of these, $250,000,000 worth will be the company’s convertible debentures. The remaining 15,000 shares will be convertible into all other unrestricted: White, Weld & Co. and Stone & Webster Securities Corp.

Milwaukee Gas Light Co.

Aug. 9 report, the company will probably sell a small number of its bonds later this year. Probable bidders: Halsey, Stuart & Co.; First Boston Corp.; Kuhn, Loeb & Co.; White, Weld & Co.; and Shields & Co. (jointly).

Westchester Lighting Co.

Aug. 15 it was reported that company may probably bid the $25,000,000 general mortgage due July 1, 1987. Probable Bidders—Morgan Stanley & Co.; Halsey, Stuart & Co.; Kuhn, Loeb & Co.; White, Weld & Co. (jointly); Stone & Webster Securities Corp. The company is also expected to announce plans for a new issue in the next few months. 25% of the new issue will include: $10,000,000, etc., previously secured. Probable bidders: Halsey, Stuart & Co.; Halfen & Co.; Stone & Webster Securities Corp. (jointly); Lehman Brothers & Co.; and Shields & Co. (jointly).
Too Powerful Labor Unions Threat to Our Democracy

(Continued from page 14) "Too Powerful Labor Unions Threat to Our Democracy"

Job insecurity is almost certain to promote criminality. Promotes Collective Labor Management Monopoly - "Firms agreeing to negotiate through an intermediary..."; unorganized workers would be deprived of the wage differentials that had been enjoyed by... the workers would be deprived of the wage differentials that had been enjoyed by... The British market to... workers and suppliers... This is what we should do in the case of any country... British market... to provide an additional source... until they are set up... public opinion it is true that the trade unions have been... But it is not true that the trade unions have been... The British market was... to sign on the dotted line... The British market was... The British market was... to sign on the dotted line... The British market was... to sign on the dotted line... 6. It seems that... and 6. It seems that... To... and 6. It seems that... To... 5. It Promotes Centralization... 5. It Promotes Centralization... 5. It Promotes Centralization... 5. It Promotes Centralization... 5. It Promotes Centralization...
The Federal Reserve Bank of St. Louis

DIGDJ'N NOTES

The Garlock Packing Company

A common dividend of 20c per share or $2.00 per Common Stock will be paid on September 20, 1949, to stockholders of record at the close of business on September 10, 1949. The check will be mailed September 25, 1949, to holders of record at the close of business on September 13, 1949. Interests of record on September 16, 1949, will be paid. The transfer books of the company will close on September 18, 1949.

J. H. Breese, Secretary

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company have declared quarterly dividend No. 136 of thirty-five cents ($0.35) per share on the common stock payable October 15, 1949, to stockholders of record at the close of business September 15, 1949.

G. R. Roger, Secretary

SOUTHERN PACIFIC NO. 127

A quarterly dividend of One Dollar and Twenty-five Cents ($1.25) per share payable on December 15, 1949, to stockholders of record at the close of business on December 1, 1949.

W. F. C. Cole,Bv, Secretary

INTERSTATE POWER COMPANY

Dividend Notice

The Board of Directors has declared a quarterly dividend of fifty cents ($0.50) per share on the outstanding Preferred Stock, payable September 20, 1949, to stockholders of record at the close of business September 10, 1949.

WALTER H. STEFFLER

Secretary and Treasurer

SOUTHWESTERN TWENTIETH-CENTURY-FOX FILM CORPORATION

The Board of Directors has declared a dividend of Sixty-Four and One-Ninth Cents ($0.6411) per share on the outstanding Preferred Stock, payable September 20, 1949, to stockholders of record at the close of business September 10, 1949.

G. H. KALB

Secretary

REYNOLDS METALS COMPANY

Reynold's Metals Company, which is a leading producer of aluminum, has declared a dividend of Twenty-Five Cents ($0.25) per share on its Preferred Stock, payable September 20, 1949, to stockholders of record at the close of business on September 10, 1949.

Distribution Notice

The Producers' Co-operative Union of Domestic and Foreign Motion Picture Producers has been authorized to place a charge of Twenty-Five Cents ($0.25) per share on the outstanding Preferred Stock to defray the costs of the promotion of the film industry. This charge will be paid to stockholders of record at the close of business on September 17, 1949, and the transfer books will remain open.

BENJAMIN F. DAWSON

Secretary

DIVIDEND NOTICES

THE COLORADO & IRON CORPORATION

Dividend on Common Stock

A dividend of Eighty-Five Cents ($0.85) per share or $8.50 per Common Stock will be paid on September 1, 1949, to stockholders of record at the close of business on August 31, 1949. The check will be mailed September 30, 1949, to holders of record at the close of business on September 1, 1949.

H. B. Fierce, Secretary

UNION CARBIDE AND CARBON CORPORATION

A cash dividend of Fifty cents ($0.50) per share on the common stock of this Corporation has been declared, payable October 1, 1949, to stockholders of record at the close of business Sept. 2, 1949.

MORSE G. DIAM.

Vice-President and Treasurer

DIVIDEND NOTICES

SUMMIT PLOW COMPANY

The dividend of Twenty-five Cents ($0.25) per share on the outstanding Preferred Stock, payable September 15, 1949, to stockholders of record at the close of business September 1, 1949.

W. S. SHAFFER

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WASHINGTON...And You

WASHINGTON, D.C.—So loused up is the situation with respect to adjournment that it now looks like Congress won't quit until the first part of October at the earliest. Unless one of three contingencies develops.

The first hope that Congress will get away any time soon after Labor Day is that President Truman will be persuaded finally to drop part of his program go over until next year. There has been no sign as yet, however, that the President will take any private advice from his boys on Capitol Hill that they should leave some of the important items of the Truman program go over until next year.

The second contingency is that Mr. Truman will make another of his speeches on the need for bigger and better programs which has marked his dealings with Congress, and everybody will go as dazedly back to their homes to see what they will do up and walk off the job, just like the CIG.

There is still a quite sizable number of Congressmen, especially the Senate, first order of business, another appropriation bill, to be the defense appropriation bill. This is good for a few weeks to do a couple of weeks debate unless in advance the boys have worked it out. By then, through a certain date they can have a vacation.

Therefore, unless schedules are changed, the extension of the休会期 is due to be taken up. It is hard to see this running for less than a month. The Senate Explorers debate, especially inasmuch as the fight will be hot and close, and the Administration doesn't have the votes to cut the talking out of the take of action and hopes instead that prolonged talking will work something out.

Then there is still to clear the Senate of that big arms bill, and it is hard to imagine that bill finally being disposed of in the Senate in the next few weeks and it could take two or three weeks. The close vote by the Senate of an arms bill under some form of rule, there will be no vote for me out of the actual appropriation for arms aid. There is another prospect with regard to prolongation of the Senate on the vote of the actual appropriation, which will be mentioned below, and the prospect for this argument on increasing the minimum wage.

This altogether is more than enough as the last meeting place of October. If the word comes down that the Senate is going to go on a certain date even if the hills are not passed just another way in the Senate Explorers debate, especially inasmuch as the fight will be hot and close, and the Administration doesn't have the votes to cut the talking out of the take of action and hopes instead that prolonged talking will work something out.

Already there is a possibility of an important and paralyzing thing in the sight of the kind that can influence the Congress to call the President to come and talk. Speaker Rayburn is by all means the most faithful of the President's boys at the Capitol. The President, according to all reports, is determined at any rate who want to control the discussion and Congress words will consent to no practicable compromise with the states on the bill. Tidelands oil is important to Texas, which derives large funds to finance education from royalties on state-owned tidelands oil concessions.

Then, too, the House has passed the Kerr bill to prevent the Federal Power Commission from regulating the price paid to independent producers of natural gas, which will subsequently deliver this natural gas in interstate commerce which too, is an important issue to Texas, and the Senate is likely to approve it.

What Speaker Rayburn will do like the President is to pass the congressional district vote that it is the voters of the two congressional districts in Texas who elect him a representative and thus permit him to be influenced by the Democratic majority of the House. Although President Truman does not elect Mr. Rayburn, he has indicated he will veto the Kerr bill and is fighting any concessions to the states in the bill, not in the double issue, gas and tidelands oil is, also important to senators from Texas.

Senator John L. McClellan of Arkansas, and another Senator, have decided, may be by a margin of more than 10 to 2, hang the Woolworth and 10 and a half cents onto the appropriation for the Civil Aeronautics Services. This cut would require the President to approve the appropriation, which he is likely to do. McClellan has 68 signatures on an informal petition to the Senate urging him to make the cut, and 56 of the 60 or 60 for 60 years for cooperative rental housing, at a ratio of 100% to value.

Even though Mr. Truman may be willing to have Congress meet again indefinitely, Senator Lucas is not anxious to push this one out for what might be a week's bitter debate. So he has ducked giving Senator John Sparkman (D Ala.) a sponsor and engineer of the bill, a committee that it will be con¬ sidered, and Johnson had to have a letter written to Lucas asking the latter about it.

Actually the $1 billion for low-rent public housing has the sheen of a political blunder, because has not trickled to the rank and file of the House membership, $300 million in 1938, actually $500 to $600 million is all the State department expects it could spend on arms aid in one year. So the members who voted to "cut" arms aid thought they actually were voting on a bill and they were doing it strictly free, on

The buss must have something important worrying him—
there goes he going to try to sharpen his fountain pen in the pencil sharpener again?

A great deal of discomfort for the Administration forces.

One of the most affecting for the Administration's covertry-sponsored bill reported out by the Senate Banking Committee, vastly extending the direct and concurrent commitments of the Treasury for home financing. Among other things that bill would provide $1 billion for direct government loans at 2% for 60 years for cooperative rental housing, at a ratio of 100% to value.

One of the things that piques members of both Houses is the almost complete lack of voter interest in the arms aid bill. The most ardent opponents of arms aid admit only a few letters in opposition to this proposition. One Senator reported that in the last couple of weeks he has received not one single letter either for or against arms aid. Members are piqued because there is public support, apparently, neither for those who are fighting for it nor for those who are fighting against it. The public seems completely apathetic.

The makes the House "cut" of over $500 million in arms aid more remarkable. The House has not trickled to the rank and file of the House membership, herein reported a week ago, actually $500 to $600 million in all the State department expects it could spend on arms aid in one year. So the members who voted to "cut" arms aid thought they actually were voting on a bill and they were doing it strictly free, on

FRIDAY, September 10, 1948

Business Buzz

Mac Foop, Inc.

The "boss must have something important worrying him—
there goes he going to try to sharpen his fountain pen in the pencil sharpener again?"

The House has reported out the Defense appropriations bill, which was passed by the Senate.

Senator Scott Lucas is most unhappy about the Administration's covertry-sponsored bill reported out by the Senate Banking Committee, vastly extending the direct and concurrent commitments of the Treasury for home financing. Among other things the bill would provide $1 billion for direct government loans at 2% for 60 years for cooperative rental housing, at a ratio of 100% to value.

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Actually the $1 billion for low-rent public housing doesn't have a chance, but there are two other propositions for which the "liberals" will hold on to: only if absolutely necessary. One of them is direct mortgage loans to veterans, with government money. The other is the beautiful, and subtly-worded language which treaty eventually must not all of some temporary and permanent units of war housing can go as "low rent" or public housing under local government acts. The House Committee is against this, and Senator Harry P. Cain (D Wash.) has served notice that he will scrap all the "financing features, and will know how to scrap.

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Ralston Steel Car
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Riverside Cement A & B
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