Flexibility in American Banking

By EVANS WOOLLEN, Jr.

Retiring President, American Bankers Association
Chairman of the Board, Fletcher Trust Company, Indianapolis, Ind.

Retiring ABA President, commenting on recent banking progress, indicates year past has marked change of pace calling for characteristic flexibility in our banking system. Says banks have carried out objectives since war, and in 1946-47 alone doubled their business and industrial loans. Notes current decreased volume of credit as evidence of bank flexibility.

The year past has been one marked by changes of pace. These changes have called for a measure of flexibility in banking. One of the outstanding features of chartered banking is that it is highly flexible in its ability to make or withdraw credit. The thousands of individual banks throughout the country readily adapt their lending policies to meet the constantly changing credit needs of business, industry, and agriculture in their own communities. What is true of the past is likely to be truer in the future.

The flexibility and adaptability of chartered banking have been forcefully demonstrated in times of recent years. Throughout the war, the demand for business, (Continued on page 44)

*Presidential address by Mr. Woollen at First General Session of Annual Convention of American Bankers Association at San Francisco, Calif., Nov. 1, 1949.

American Bankers Association Holds 75th Annual Convention

Meet at San Francisco from Oct. 30 through Nov. 2, and before adjournment, elected F. Raymond Peterson, Chairman of the First National Bank & Trust Co. of Paterson, N.J., as President for the ensuing year. Mr. Peterson succeeds Evans Woollen, Jr., Chairman of the Board of Fletcher Trust Company, Indianapolis, Ind. James E. Shelton, President of the Security First National Bank of Los Angeles, Calif., was elected Vice-President, and Glenn L. Emmons, President of the First State Bank, Gallup, N. M., was elected Treasurer, succeeding Frank P. Powers, President of the Kanabec State Bank, Mora, Minn., who held the position for two years.


F. Raymond Peterson, James E. Shelton, Glenn L. Emmons.

Editorial

As We See It

What is "Statism"? Who Are the "Reactionaries"?

President Truman has recently disavowed any knowledge of the word "Statism." He says that he has been unable to find or anywhere obtain a satisfactory definition of the word, and concludes, therefore, that it is a "scare-word." Late last week he renewed his attack upon the "reactionaries," going back as far as Jefferson's time to find material with which to flay those who disagree with him in this day and hour.

Of course, it is an old and familiar political trick to employ words without much regard to their real meaning to embarrass one's opponent. President Truman resorts to it constantly, and his opponents are far from free of the same infirmity. It may be in part for this reason that much public confusion exists as to current issues and the real meaning of a number of terms which are being used in the political controversies. In some instances probably no harm is done and nothing is lost by this state of affairs. In others, the practical importance of the matter far transcends the

(Continued on page 43)
When a president of a Federal Reserve bank recommends an irredeemable currency for the people of the United States, the nature of his contenions deserves scrutiny since an irredeemable paper money is the worst form of currency devised by man. Its record demonstrates this. The fact has been illustrated in an endless number of ways, for centuries and to-day, that a voluntary contract, if filled promise to pay cannot be possible to equal gold, which is a self-sufficient liquid in all financial obligations, not dependent for its value on the promise of any money deposit. This statement is the world's experiments with irredeemable paper money and the tragic results of that experiment to pay without suffering injury in some form; often the experiment has been a calamity. That is to be expected since a promise to pay...

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Dr. Walter E. Spauld, President of the Federal Reserve Bank of New York, in his address at San Francisco on Nov. 27, emphatically recommended for the United States an irredeemable currency, as a part of the dollar system, and as a basis of the world standard. It is, of course, quite evident that Mr. Spauld does not eschew the brand of irredeemable currency used in some of the gold mines interests and the foreign countries under the label of a so-called "free" gold market, in their efforts to get away from the higher cost of free gold.

But in respect to the continuation of our domestic system of irredeemable currency the people have a right to ask a simple question that involved in this question of gold convertibility: He really did not face the issue involved in the question of morality but went on with a series of assertions as to why our system is proper and desirable.

Unredeemed Promises to Pay
Regardless of what Mr. Spauld’s concept may be as to what is in his mind, there is a simple fact that should be beyond argument is that the Federal Reserve bank issues promises to pay in case of financial distress. If dishonesty has any meaning that is an act of dishonesty. We have had voluntary contracts to transact loan to compel people to accept, and then our sources to their promises to pay— to eliminate dishonesty so far as it can be done by law.

If the Treasury and Federal Reserve bank cannot be from responsibility for fulfillment of its promises to pay, then we have one standard of obligation for them and another for all other people.

It would be a case of granting the people what I call corresponding responsibility, an arrangement for which there is apparently no valid defense.

Mr. Spauld says that the principal argument for restoring the circulation of gold coin in this country seems to be distrust of the money managers and of the fiscal policies of government. This is about the fundamental arguments, undoubtedly. His plea that in the hands of "competent and responsible men" his warning is that "if you are not willing to trust men with the management of money, history has proven that you will not get what you want; discipline is a mechanical control."

Aside from the implication in his statement that the issue is one of mechanical control versus man’s management—"competent and responsible men"—which is not a correct presentation of the issue—the fact is that this is an argument of every government discipline. It rests on the argument that "the people’s money institution is in their hands; we know best; we are responsible men; and we should be trusted." Mr. Spauld advocates discipline in monetary matters and it should be the discipline of competent and responsible men; not the automatic discipline of a harsh and perverse mechanism.

Managed Money Must Have
The simple fact of the matter is that no man or group of men can manage such a discipline. If an irredeemable paper money or the people pursue the managers deprive the people of all means of putting any effective brakes on these managers.

Besides the evidence provided practically everywhere in the world today of what generally happens when money managers manage irredeemable currencies, we have some evidence of our own on why there is never any reason to suppose that any people can ever trust the managers of an irredeemable currency.

To cite an example: In December, 1942, our Treasury and Federal Reserve officials in collaboration, engaged in currency manipulation, in violation of plain provisions of law, in which the Treasury issued $600,000,000 of federal Reserve notes as a substitute for Treasury currency, thus getting $600,000,000 of federal Reserve notes out of the market which it was not entitled, and the Federal Reserve banks converted what should have been a liability of $600,000,000 into a reserve of that amount in addition of amount of reserve in the Federal Reserve notes at that time an expansion of $8,000,000,000 of deposits in the banking system. By this manipulation the Treasury and the Federal Reserve officials also nullified a tax law of Congress. The Federal Reserve Bank of New York was a party to that manipulation.

Moreover—to mention one other case—when the Board of Governors of the Federal Reserve System in 1947 violated the law with respect to the disposal of the earnings of the Federal Reserve banks, the Federal Reserve Bank of New York, also in violation of the law, transferred in that year $1,400,000 of its profits to the Treasury. The defense offered by Federal Reserve authorities in both cases were on a par with the one Mr. Spauld cites.

Both cases, plus those observable ab ovo, illustrate what "monetary management of money," which leads to irresponsibility and dishonesty.

It is to be noted, in fact, that it has often been stated that metallic money exists because men cannot be trusted; Mr. Spauld says: "Nor is it true, of course, that gold can either prevent wide swings in the purchasing power of the dollar, even when we had convertibility.

Gold and Price Fluctuations
We have a substantial body of evidence that we cannot accept the fact that business and price fluctuations are not, and cannot, be the consequence of a single cause, and that the causal factors are many and apart from a variety of combinations. Therefore, to imply that business is controlled and to imply further that a convertible currency, if a good device, should prevent "wide swings in the purchasing power of the dollar," is to offer an assumption that has no standing among economists, at least in this field.

Conversely, there is no valid basis on which to rest a supposition that a convertible currency can smooth out or prevent fluctuations in the general price level. The worst fluctuations the world has ever seen have been under irredemable paper money. That is to be expected since they provide a means that makes run-away prices and extreme currency depreciation inevitable.

But, if a steady price level could result from currency management, that fact would not demonstrate the desirability of either the issue or level of the management. A steady index of price level can result from the averaging of a number of factors, including the number of instabilities and disequilibria. In the economic system, in such cases, a steady price level (or purchasing power of the dollar) proves nothing as to the health of the economy. We had an unusually steady average of price from 1923-1929 and then plunged into a severe depression, the cause of which was economic depression and not currency devaluation.

These are sufficient facts in our reputable studies on business and price fluctuations. But Mr. Spauld expresses his personal observations in this field. "Within my own experience," he says, "while we still had a gold standard, we had tremendous movements in prices—mostly up and down, which were not changes in the purchasing power of the dollar. The currency was in use in 1929-1931 and 1931-33 under a gold coin standard which proved, in my opinion, to be a steady acceptance of the value of the currency and the currency of the United States," as is written in page 50.

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INVESTED in a full year’s subscription to the Monthly and Thursday issues of the "Chronicle" will give you ideas galore and pay liberal dividends.
Investing for the 1950's

By A. MOYER KULP

By A. MOYER KULP

Vice-President, Wellington Fund

After reviewing business and investment developments and describing

important investment vehicles and factors in planning an investment portfolio

for the 1950's. Conclude, despite economic uncertainty that we are

signs U. S., in coming year, will be on threshold of greatest peace
time business era.

The subject of these lectures—invest in America—is indeed a challenge.

It is a challenge to all of us in all fields, whether investment banker, investment

advisor, or investor. It is the challenge because the United States for generations has

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"Convincing, Pricing and Closing" — A Selling Job

By KELSO SUTTON

Consultant in Salesmanship

Continuing his discussion of interview techniques, Mr. Sutton stresses need of convincing customer that everything said by salesman applies to him. Says salesman should know situation of customer. Analyzes aspects of pricing, as applied to securities, and points out price is always considered in relation to some other value that may be acquired and by purchasing power of customer. Urges price be made "secondary to investment program," but price must, nevertheless, be justified and must be accurate.

Lays down rules for closing sales.

Quite frequently a salesman will give a very good sales talk to a certain customer. All the way through the interview the customer will agree with you very heartily on everything you say, and the customer hasn't taken one exception to any of your statements. But that is not enough. You must have done a real good selling job, you didn't have a serious objection come up throughout the whole interview. He was nothing but a yes man and even helping you along in what you were saying. But he didn't want to buy anything from you.

That situation occurs very frequently in any selling job. Sometimes there is nothing you can do about it, but in some cases there is. Usually it means that a customer thinks what you are selling is a good offering. He thinks that your company is okay and that you are. But he doesn't believe that you have the merchandise that is going to suit him at all. He thinks that's where you are making trouble, not that what you have to sell is bad. 

The Convincing Step

Now, it is the salesman has probably neglected to do in that situation is to accomplish one step of the sale that is most important, and that is the convincing step. You must make sure that you convince the customer that everything you have said definitively applies to him.

"Salesman's Report of lecture given by Mr. Sutton, eighth in a series on Investment Salesmanship, given to over two hundred members of the New York Stock Exchange, New York City, Nov. 3, 1949.

"Earlier, we said that a sales solicitation is not just a recitation of facts or interesting points about which you are talking. It all, that selling is done to get an order, and to get that order you have got to plant everything you say very closely to the man you are talking to.

"Now, we have been developing some selling motives and certain selling points for you to use when you go and talk with your customers and clients. In this "convincing" step of the sale—which will occur at any one particular point—it is just a principle to do is that everything you say you must convince the buyer that it applies, in a very close and convincing way, to him very closely to his situation.

"In order to do that, you should in your prospecting job, find out something about the fellow you are trying to sell. If you know a little bit about him, you will be able to plant this stuff down on him a little easier.

"If a man listens to a salesman talk, and he is listening, he is going to accept what is being said. He is going to believe what is being said. He is going to consider it, he is going to make a purchase decision, if it is a general way to certain discussion. It is the only real way, and the only way you know the possibilities of laying out a nice investment program, and the situation in the market and pricing and everything at that present time.

"There isn't too much that I can say about this "convincing" step. The only thing to remember is that every sales talk you make is going to be clear and make the man you are talking with believe it, and say must be said in such a way that the man believes it.

"Get away from the general reviewing of your sales story and what is going to happen. Make this fellow see that what you are saying is sold to him personally, and that your recommendations are for him.

"We are getting pretty near to the end of a normal sales solicitation. We have discussed all the approach, we have discussed getting attention, we have discussed the general presentation, we have discussed the method and we have talked about a demonstration. Following this demonstration, we have talked also how to remove objection to come during this interview and now we are getting along to a point where you are trying to close your sale and you are going to have to convince customer that you are going to quote a price."

"The Pricing Step

"At this point in the sales talk the buyer is pretty much interested in how high a price you are going to offer him, and so, I have no hesitation, gentlemen, to go plowing right into this piece of the sale. All these questions that you have had the answer, and you have got the point.

"So, you will bear with my little price philosophy, as pricing in your industry is concerned, I will go ahead and discuss it with you now.

"I want to talk for a minute about the price of securities. I want to talk to you at the beginning of this course we described the transfer of ownership of securities—too much.

"The property in your instance would be something like securities. The consideration is the price that the buyer pays to the seller for securities. He pays out in money.

"So you have, on the one hand, investment value, and on this hand, you have the securities. The price is as often as not set the point where you are going to get the money in the price of the security. At the point of view of the customer. They figure that's it is a good price to buy it at. The person who buys for short-term speculation is in that category.

"The third point of appreciation of price, as far as investment is concerned, is the approximate price for a security at a time, whether it is a stock or a bond. A person who is going to hold it may put stock away somewhere may not be that interested to pay the exact price at any particular time, during a day, but it is selling for something. If he knows that he wants to pay for it, I think that can be sold for.

"There is another point in pricing and that is the price that the money that the fellow who is going to buy the security is going to pay to himself. "Can I afford to put that money out?" So, from the point of view of a buyer, the point of view of a lender, the price of the day is being considered as far as the price is concerned.

"The man thinks of the appreciation to be sold: the short-term investor thinks of the price he is going to sell it.
Sees Little Change in Construction Outlook

According to a statement of Thomas S. Holden, President and Clyde Sutle, Assistant Vice-President and Manager, Statistical Research Division, Federal Reserve Bank of New York, the 1950 construction volume is likely to be a "buyers' market" as the resulting upturn in housing activity will probably be very close to normal conditions. In the past, an upturn in housing activity was accompanied by considerable reduction in the total of contract dollars, rather than an increase.

The agreement with the coal union is the equivalent, according to the forecast, to saying that the demand for housing will not increase until August or September of this year, and the building of a new home is being a beginning of a broad economic recovery upswing. "If this appraisal is correct, there is no need to add, "it recognizes the serious situation. The upturn in building activity was accompanied by higher building costs and leveling of construction costs, before the recent adjustment. In the past, an upturn in housing activity was followed by a substantial base for broad expansion of the economy in the closing phases of construction activity. This was largely the result of the agreements which are represented in the main a return to a market investment the government. Today any appraisal must include guesses as to what big labor unions will do to key industries, what our own Government will be able to sell to the public, and our own Government will be on the market. During this period, the government has been faced with considerable reductions in construction volume, which have been followed by a recovery of the economic outlook and, in turn, labor costs. For this reason the opinions of qualified economists on the gen-

STEEL OUTPUT LIFTED TO 11% OF CAPACITY BY SETTLEMENT OF BETHLEHEM STEEL STRIKE

Steel output lifted to 11% of capacity by settlement of Bethlehem steel strike. Strike action in the steel industry, which had been in progress for two weeks, is expected to take place this week in the absence of a settlement of the strike. The trade means a steel shortage that may extend into next summer.

We do not expect there will be no major steel price increases this year, but they are a definite possibility for early 1951 unless demand gives to pieces. Most steel companies are reporting a downturn in earnings. Higher labor costs under the Bethlehem pattern (Continued on page 49)
How to Solve the Equity Capital Problem

By ROBERT E. WILSON

Chairman of the Board, Standard Oil Co. (Indiana)

Dr. Wilson reviews sources of new capital for industry, and points out causes for small percentage of equity capital added to firms' working capital that is satisfactory, and unless more outside equity is obtained, American industry cannot expand sufficiently to create jobs for increasing numbers of workers. Notes change in individuals and groups who can and should now buy common stocks, and urges farmers' and workers' groups to be educated to the facts.

To give my story a nutshell at the outset, I hope to establish three propositions: First, that there is a shortage of equity capital to meet the country's needs. My second and third propositions are that the two principal reasons for this situation are: (a) those three facts about American industry that are not generally known; and (b) the inelasticity of the capital market.

However, I mustn't give impres- sion that industry is producing sounds bad, because, in addition to this $1 billion outside capital, there is the substantial $12 billion of plowed-back earnings is equity capital belonging to the stockholders, so there is really a total of $13 billion of equity capital versus $9 billion of new debt.

Why More Stock Was Not Issued

This still leaves the question—why didn't the investors buy stock? It is essentially due to the fact that we have not had enough of equity capital. How can we measure cost of equity capital? It is not a constant. Although yields on bonds aren't guaranteed, but dividends on common stocks can't be subscribed to that view. Present yields of 3-1/2 to 4% on 10-year bonds only 4 to 6% versus 2-1/2 for stocks, and good corporations consider 6% paying enough. But when we come to common stocks—the traditional source of capital formation—the situation changes. At the moment, dividends are selling for 13 to 15 times their earning power, so they're not worth what they should be, and considerable number of good companies consider 8-1/2 or 9% paying enough. This means that they can sell their stock on an earnings yield of 7 or 8, so they can do sell stock and make do exactly what was necessary with their capital. But when we come to the average price of stocks, they're all over 150, and these corporations were selling at 150 to 200, but we're convinced that we're still at selling on the basis of $8,000 to $10,000 per share value, and in a great many cases far below the replacement cost of the underlying assets. This in itself is a contrast to short, which from 1929 to 1949. Do you know how many stocks were issued under consideration, to their present stockholders to sell common stock at 100% above par value? None of the dilute the value of the stock now outstanding under those conditions? The only recourse for most of these people, it seems to me, to about 6-1/2 to 6.4% in 1948 versus the 35 or 3% or 1% of 1946. It's not a level that plowback appears to be the only solution, as it is in the past, but it probably the rapid past growth of demand and stay in reasonably sound position.

(Continued on page 41)
From Washington
Ahead of the News

BY CARLISLE BARGER

As it happened, your correspondent participated in a Naval Officer in a golf game this afternoon. He was a dentist, not a member of the Academy. But he was a four-stringer, meaning that he had gotten ahead of the business of pulling teeth. Indeed, he had come up to the policy-making branch. He was in fact, a member of Operations 23 which Secretary of the Navy Matthews has just liquidated but which my golfing companion assures me was not the Navy propaganda group which certain Leftists columnists have pictured it, but an ordinary Navy policy-making group.

Anyway, for 18 holes I heard the propaganda for the Navy and its "case" from this fellow. Of the Secretary of the Navy, Matthews, he spoke only with scorn. My friend, playing with us, who served in the Navy during the war, a commissioned officer; accepted the discipline of the Navy at that time. He told our fellow player how he had bowed to the orders of superiors often thinking they were wrong. And now; although his legs were with the Navy, he couldn't understand why orders from above were not obeyed. Whereupon our golfing companion went into a harangue about Louis Johnson, Secretary of National Defense. The things he said against the Secretary of National Defense are contrary to what I had thought of him, and that respect for his commanding officer. This, fellow, to repeat, is not an Academy man, but one who moved into the Navy a few years ago to talk with him, the last thing in the world I considered him to be; was a dentist.

Apparently, this was something he had long left, the practice of dentistry, and now was in the Navy. He had been a member of the Policy Board to the extent that Operations 23 constituted that, which made him born of a propaganda agency as some columnists have said is just what it was.

I think the episode is interesting by way of showing how intense the feeling in the Navy is.

It is an interesting position for the American people to be caught in. They are burning up, or so I hope, about taxes. Recent tax cuts, a trip through Ohio, just casual talks, convince me that they really are. They are spending some $15 billion annually on the military, yet my Navy propagandist friend assures me that he is just sold on the Navy. The Navy budget, the Navy will have less planes than it had before Pearl Harbor.

I told him that the American people were not in a position to get wrought up about the respective appropriations for the Air Corps; the Army and the Navy did like the money. So much for his argument, being cut down, which Truman and Johnson seem to be doing. He pointed out flaws in this statement with considerable degree of accuracy.

It is true, things like Louis Johnson, a couple of months ago, announced a drastic reduction in the Defense set-up's public relations staff. He announced he had fired, oh, so many men. They all ended up back on the payroll, but as such in the Navy, as he put it.

It is a fact that those who are who Washington observers can't take seriously. Perhaps we are wrong in this. Certainly a man who is trying to cut down on the Navy, Johnson and Air, and Heaven knows, they should be cut down, should have the plaudits of all the people for doing so.

But in Washington, he doesn't have those plaudits; notwithstanding that Washington is FOR reduced military expenditures. We just don't think that Louis Johnson, after all his fanegating, will bring these cuts about without a fight.

This lack of confidence in Louis Johnson is true of semi-official Washington and it is true of Congress.

Washingtontimes SHALL be true to the man. He remembers when he was here as Assistant Secretary of War under Harry Waudring and that he spent that time undermining his superior. Senator does know that story, members of Congress know it; newspapers know it.

So, it turns out to be a fact that one of the most important things in the country today is to cut down on the spending of the Military. But it is also a fact that cutting on the part of Louis Johnson is suspect in Washington political circles. A feeling persists that he will not show good judgment, that he will just do a hit and miss job with a view to getting back in 1922 and the assumption is that he is a candidate for the Presidency at that time.

It is too bad that this is true. Because, Heaven knows, the Military's spending has got to be curtailed. Out of the fight between the Air Force and the Navy, the taxpayers may win. But at the same time, we would be better able to decide or to understand this clash if there were someone other than Louis Johnson as Secretary of National Defense. He simply does not invite a confidence.

Francis Willis With Field, Richards & Co.,
CINCINNATI, OHIO — Francis H. Willis has become associated
with Field, Richards & Co.

Scheuer, Liening Now With Blair & Co.,
CHICAGO, Ill. — Charles G. Scheuer and Edward E. Liening have become associated with Blair & Co., Inc., 135 South LaSalle Street. Both were formerly officers of Scheuer & Co. and prior thereto were with Valiquet & Co.

With Barrett Herrick Co.,
SPRINGFIELD, Ill. — Florence Bache has been added to the staff of Bache & Co., Penobscot Building.

Scheuer, Liening Now With Blair & Co.,

Charles G. Scheuer Edward E. Liening

The Port of New York Authority
Air Terminal Bonds
Second Series, 2% Due 1979

LIENING & CO.

H. R. SONNENBERG & CO.

H. BACH & CO.

Bache & Co. Adds

DETROIT, MICH. — James F. Martin has been added to the staff of Bache & Co., Penobscot Building.

Mr. Martin has been vice president of the First National Bank of Detroit, and prior thereto was with Bache & Co.

Barrett Herrick Co.

With Barrett Herrick Co.,

Barrett Herrick Co.

Air Terminal Bonds
Second Series, 2% Due 1979

LIENING & CO.

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Barrett Herrick Co.

With Barrett Herrick Co.,

Barrett Herrick Co.
Britain's Economic Crisis

Barbara Ward

British publicists state Britain's problems consist of inflation stemming from trying to do too much with her natural resources, and from devoting too much thought to sharing wealth instead of producing it; and taxation levels which are acting as disincentives. Says nation must cut down expenditures and raise taxes. The ending of the balance of payments position of British and European future lies in expansion of U.S. production and national income. Expects 10-year wait for full convertibility.

We do have to hold together. And I do not think there is much use in trying to pick out one aspect of our problem, and just study that and have no relation with the other as a wider aspect of affairs.

And the dollar gap, which is the worst headache, the worst problem, facing my country, is not, of course, the one I think with the exception of Switzerland.

An address by Miss Ward before the New York State Chamber of Commerce on Nov. 3, 1949.

725.567 Shares

Common Stock

(Part value $5 per share)

Rights, evidenced by Subscription Warrants, to subscribe for these shares have been issued to subscribers to the Company on its balance sheets, which rights expire November 18, 1949; as more fully set forth in the Prospectus.

Subscription Price to Warrant Holders $12.975 per share

During the subscription period, the several Underwriters, including the undersigned, may offer to subscribers at a price not more than 100% of the subscription price, on terms then current of offering price on the New York Stock Exchange plus an amount not exceeding 1/2% of the change from the offering price on the New York Stock Exchange.

Cupler of the Prospectus may be obtained from the undersigned only by persons shown in the underwrite may legally offer these securities under applicable securities laws.

Rigle & Co., Inc. H. F. Rigle & Co., Inc.

Glenn, Fargen & Co. W. C. Langley & Co.


H. E. Morley & Co. Atlantic Securities Corporation

Barnes & Co. Baker, Wheel & Hardin


The Milwaukee Company Maynard, Harch & March

Shaw, Ager & Co. R. W. Stairs & Co.

Swig American Corporation Tuck & Co.


Dittman & Company H. E. H. Chetson Corporation

Dittman & Company Holob, McGinn & Co.


Cooley & Company Burroughs, Sullivan & Company


Frye, Co. G. C. Michener & Co.

Lapine, Levy & Williams The Marshall Company


Texas National Corporation Wells, Hanes & Co.

November 18, 1949

Dealer-Broker Investment Recommendations and Literature

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

How to Save Money on Your Accounting—20-page booklet des-

New南方加州PacificCo. & Sun Chemical.

Died of Cancer of the Mouth—Analysis, for dealers only—Wal-

Keyes Steel Wire Co.—20-page booklet—Analysis, for dealers only—Brown, Goodwin, 285 Montgomery St., San Francisco, Calif.

McDonnell Aircraft Corporation—Analysis of the stock of Defense, 15 Broad Street, New York 5, N. Y.

Also available are analyses on Middle South Utilities, Inc. and Warner Bros., Pictures.


Niagara Mohawk Power Corporation—Analysis of stock of Common, 63 Wall Street, New York 5, N. Y.


St. Louis Gas & Electric Company—Analysis of stock of Scrantone Co., 27 South La Salle Street, Chicago 3, Ill.


Transamerica Corporation—Report—Obert, Jackson & Curtis, 25 Broad Street New York 4, N. Y.


Stanley Hoffer & Co., Inc. announces formation of Stockholder Relations Department

The formation of a Department of Stockholder Relations Coun-

ted as part of the work of the Board of Directors of the Exchange, by Mr. Hoffer directly to the public.

“Such a department of the exchange should have made a difference in the way the exchange functioned,” Mr. Hoffer said.

Mr. Hoffer expressed gratification that the exchange has approved the new department, and expressed the hope that it would become a significant factor in the work of the exchange.

If that is true, Mr. Hoffer added, it will be of great benefit in strengthening public participation in corpo-

ration ownership.”
**Stimulating Capital Markets**

By EMIL SCHRAM

President, New York Stock Exchange

Mr. Schram, noting that of the $102 billion of new money placed in industry during last eight years, barely more than 5% came from stock issues, advocates easing of Federal tax laws to promote investment of venture capital. Advocates passage of Lynch Bill, repealing wartime excise taxes and reducing taxes on dividends, and says further lending by Reconstruction Finance Corporation should cease.

This year California is celebrating the discovery of gold in 1849, a wonderful story of adventure and hardship. Even though the heroes in the gold rush were undertakers, I would not want to take the gold rush away from California’s celebration. The heroism displayed in the gold rush for which I look back as an inspiration is also evident in the rest of the world today.

As Europe is awakening to a new spirit of rebuilding, the United States is rising to a new spirit of adventure, the spirit of capitalism. When America was a hardworking nation, Europe was the land of leisure. Today America is forcing Europe to work harder. Europe is awakening to the fact that America is the new center of the world.

In the period in which we are living, there is no country in the world that cannot forget it is also a century since your country of origin. The United States of America, a great nation in the world, was founded on a firm basis largely by Europeans who were finding a different kind of life in the rugged, vigorous environment of the northwestern part of the United States. It is, too, a great country to bear the burdens of the present and the future and to assist in the development of a new world.

The history of the brewing business, for example, reflects the economic and financial development of the United States. The family affairs at the beginning of the period, their growth was financed largely through earnings. As the earnings of the major companies in a 12-year period are reported, $2,400,000,000 and paid only $358,000,000 in dividends. Several factors made that possible in every respect. For the company’s historian has observed, stockholders were confined to the family, and “management was carried on by family responsibility. Business problems could be settled at the family meeting as they undoubtedly were.

Capital had not been raised, and in every case the equivalent of term loans in present-day terms. Capital in that period was not available where the sale of securities to the public was for the public benefit, your father or mine, would recall, was a debtor nation until after 1914. Expansion of industry was limited because no large part—indeed, no part of Europe's wealth in securities—was available. The Treasury of the Federal Government, backed by bonds, assisted in facilitating such requirements. In all likelihood, period immediately following the World War I, the equivalent of term loans in present-day terms would have been raised. The world was destroyed then, and in those days the use of capital was underdeveloped. The pattern of the 19th century industry, although entirely unsuited to the economy of the world’s greatest nation, has been returning to.

**Sponsors of New Capital**

The whole economic machine, the hub of all the corporations in all types of industry used about $100,000,000 of new money in the years 1940 to 1948. Out of this total amount, over 75% of the new money was raised by the sale of stock. The amount raised plus the reinvestment of earnings amounted to $97,000,000,000 or over. Preferred stock issues amounted to $2,400,000,000, or slightly more than half of the total. Preferred stock issues accounted for $5,200,000,000, or slightly more than half of the total. Preferred stock issues accounted for $5,200,000,000, or slightly more than half of the total. Preferred stock issues accounted for $5,200,000,000, or slightly more than half of the total. Preferred stock issues accounted for $5,200,000,000, or slightly more than half of the total. Preferred stock issues accounted for $5,200,000,000, or slightly more than half of the total. Preferred stock issues accounted for $5,200,000,000, or slightly more than half of the total.

In the case of corporations which have raised less than $25,000,000 in all or a variety of small-size companies, large increases in liquidity ratios were the result of the five months of last year.

I am concerned over the capital needs of the large firms and medium-sized businesses which are in a less favored position than the better known companies whose earnings are to be listed on the New York Stock Exchange or other national securities exchanges. Even some of these companies had to raise equity funds in recent months on a dividend basis of 7% to 8%. For many other, enterprises, additions to equity capital are simply out of the question.

The most serious miscalculating is that it may be necessary for business to sell additional common stock, just as, when, undistributed profits have dwindled because of a drop in earnings and at the time when earnings were most needed, the equity market would have dropped below the annual rate of 14.5% and 16.5%. Undistributed earnings have already lost their advantage, are no longer on an annual rate of $4,000,000,000 or less than half that figure in the public market. For the fact that the aggregate figures are often very deceptive. The company, which has borrowed money and is in the hands of the public, may have to sell the company with the large undistributed earnings. Dald over the ability to finance through the common market, I am, in one of the underlying reasons for the return of over 60% of equity money in the years 1948 and 1949.

The Joint Committee on the Economic Report in a recent study entitled, “Factors Affecting Voluntary Financing by the Public, Investment,” makes a number of pertinent points which I believe may be of interest to every one of us if we plan to hang on to the face of the sun when a regulatory body turns down a common stock and seeks to require preference for a debt security.

The Commission, in its findings, examined the capital structure which would result if the company were not granted. It was found that New Jersey Bell would have $50,000,000 of common debt and $200,000,000 of common stock and surplus, or 21% debt and 79% equity. Interest payments would be $1,175,750 annually. If the Commission were to deny the company’s request for the present financing, by an issue of debt securities rather than by an issue of equity securities, the percentage of debt would be increased to 36% and annual interest requirements, assuming the new debt could be issued with the same coupon rate as carried by the outstanding debt-burden, would become $2,988,790. The Commission then proceeds to say that the tax effect on the company’s owners, and the improved basis is 9.5% of the improved basis, that company income taxes would have to be paid against equity. The resolution of Federal income-taxes established this beyond any doubt.

We have drifted into the present position of the corporation, and are now caught on the horns of a dilemma from which we can emerge only by some bold and imaginative steps.

**No Need for Reconstruction Finance Corporation**

Elsewhere I have discussed another and another strange chapter in current finance. My reference to the Reconstruction Finance Corporation is not in any way personal or an insinuation of the present officials. As mature beings, we all know that organizations have a certain momentum and hang on to it. It is rare for a ship to change its course without some serious consideration of the weather, and also of preferred stock. It would not occur to anyone that common stock money would have difficulties. One can no longer change its mind after you have sold a stock, so the sun when a regulatory body

This is not an offering of shares for sale, or an offer to buy, or a solicitation of an offer to buy, any of such shares. The offering is made only by the Prospectus.

30,000 Shares
Central Maine Power Company
Preferred Stock 4.60% Series

Price $108.22 per share
(price accounted dividends from October 1, 1948)

Blyth & Co., Inc. 
Kiddier, Peabody & Co.
White, Weld & Co. 
W. E. Hutton & Co. 
R. W. Pressprich & Co.

November 10, 1949

Captive of the Prospectus may be obtained from us only upon request and to persons to whom the underwriting may legally offer such securities under applicable securities laws.
Illinois Brevities

The offering to common stockholders of Illinois Power Co. of record on Sep. 30, 1948, of 408,881 shares of common stock (no par value) at $10.25 per share to stockholders of record on May 16, 1949, the year, the corporation paid seven cents on.

Leason & Co., Inc., Chicago, on Oct. 10, offered to the public at $1 to $2 per share 34,477 shares of Iowa Oil Gras Co., the net proceeds of which are to be used for working capital. The oil field, which has principal offices in the city, is under development in the State of Iowa, and is presently engaged in the administration of these leases for the future development and production of oil and gas.

Net income of Central Illinois Electric Co. for the first nine months of 1949 was $1,201,369 and of 1948, $1,047,637, an increase of 15 cents.

The offering for 16 months of the year ended Sept. 30, 1949, was $82,177,872, or $1.95 per share.

The Telephone Co. for the four months ended Oct. 8, 1949, had sales of $20,390,844, compared with $21,017,557 for the same period of 1948. The net earnings for the four months ended Sept. 30, 1949, were $8,548,665, or $2.15 per share, compared with $7,072,033, or $1.71 per share for the same period of 1948.

The Illinois banks participated in the public offering on Nov. 3, 200,000 shares of Interstate Power Co. for $9.50 per share, or $33,750,000, and an additional $5,000,000 in payment of preferred dividends. This compares with a per share charge of $3.25 in the preceding period.

Net income for the quarter ended Sept. 30, 1949, was $21,017,557, or $2.15 per share, compared with $19,474,784, or $1.72 per share, in the corresponding period of last year.

Consolidated net income of Commonwealth Edison Co. for the first nine months of 1949 was $14,744,019, or $1.24 per share, compared with $8,615,280, or $0.77 per share, for the same period in 1948.

The net income of the four months ended Sept. 30, 1949, was $30,159,413, or $7.54 per share, compared with $28,600,202, or $7.22 per share, in the corresponding period of 1948.

Central Illinois Public Service Co. for the three months ended Sept. 30, 1949, reported that net profit after all charges and Federal income taxes, amounted to $1,524,755, and for the first nine months of this year, net was $4,737,522, which compares with $814,925 and $4,514,374, respectively, in the same periods of 1948.

C. A. Ally & Co., Inc., Chicago, together with Kuhn, Loeb & Co. and United Securities Corp. of New York City, on Oct. 20, publicly offered an issue of $10,000,000 due in December, first mortgage 5% bonds, due 1979, at 100.05% and accrued interest.

Harris, Hall & Co. (Inc.) and M. B. Bylesby & Co. (Inc.) on Nov. 3, offered to the public 150,000 shares of Illinois Power Co. for $8,700,000, or $48.00 per share, plus accrued dividends from Aug. 15, 1949.

The offering of 18,000 shares of Illinois Power Co., par $10, of Mississippi Valley Public Service Co. to its common stockholders, at $52 per share was underwritten by Messrs. H. W. Ellicott & Co. and Neal of New York City, Carter H. Harrison & Co. of Chicago, and Robert J. Bennett & Co. of New York, on Nov. 3, 1949.

Despite a strike that closed its wood fire hardwood plant in

INVESTMENT SECURITIES

Public Utility
Industrial
Railroad
Municipal

We Are Buyers of REAL ESTATE SECURITIES

ACALYNN & COMPANY

Investment Dealers

NEW YORK BOSTON PORTLAND, ME. PHILADELPHIA MILWAUKEE MINNEAPOLIS OMAHA KANSAS CITY WASHINGTON

THURSDAY, NOVEMBER 10, 1949

Page 10

THE COMMERCIAL & FINANCIAL CHRONICLE

The net income of 'Lindsay Light & Chemical Co., West Chi-

cago, for the quarter ended Sept. 30, 1949, was $15,507, or $0.36 per share, compared with $12,143, or $0.27 per share, in the corresponding period of 1948.

Thorp Corp., Chicago, earned $412,820, or $0.54 per share, on the net income of the third quarter ended Sept. 30, 1949, according to Raymond J. (Continued on page 49).
What Is Happening to Business?

By ARTHUR R. UGGEN* 
Associate Editor, The Minneapolis "Star" 
University of Minnesota

Economist reviews war and postwar economic developments in U.S., and notes, as chief factor, doubling of foreign demand for goods and services. He tells us what has happened to business as far as he can.

The present time, four full years after the end of the war, and after a reasonably discernible turning-point in the recent course of the postwar business cycle, is an excellent time to review what is happening to business. What has happened to business these past four years since the war, gold and silver, has a lot to do with the future of the economy during war. A starting point for that purpose is the striking statement of the London 'Economist.' That century-old journal recently reported that doubling of the total of production and incomes in the United States was the 'most important economic fact in the world in the 20th century.'

This remark points up the fact that the United States entered World War II our total national product was around the $100 billion level. Four years later first huge wartime budget calling for the appropriation of $45 billion. At the time he made this report, President Roosevelt said that the consumer would probably amount to $100 billion. He never thought about one-and-a-half times the amount of his statement. What he believed was that the $53 billion measured up to approximately one-half of the total output of goods and services that figure then stood.

Nothing of the kind happened. As we moved more into war, the United States got away from $100 billion and far more by "extra effort" than by "conversion" did we produce not only $60 billion for war, but in another year or so it was $100 billion and far more. "An address by Dr. Uggen at the Twenty-Fifth Annual Conference of the Federation of Mutual Fire Insurance Companies, St. Louis, Mo., Oct. 21, 1949."

Arthur R. Uggen

$60 billion for war. Of the total increase, $37 billion was in war production from 1940 to 1944, only around one-third or $11 billion was secured by conversion of existing industries. The great remainder of almost $70 billion, or four-fifths in the total increase in war production, was obtained by expansion of the gross national product. The amount of this expansion is not only covered four-fifths of the war production, but it also served to increase rather substantially the non-durable goods, and food, smoke production, for crop improvement.

The essential point, however, is that we must put to the needs of war. This was accomplished by putting up,000,000 (unemployed) men to work, by keeping our older men at work, by having more young men take employment, by increasing the output and by work, by lengthening the work-week. The result of this was that the labor force from $600 million to $700 million increased $45 billion which was sustained for two or more years of the peak war effort. The result of the gain in saving was that war we that we increased individually from $500 million to $100 billion from 1940 to 1945.

At the same time industry is now full of war, it is not in all cases, accumulating an increase of $5 billion for a total which is about $10 billion. That is the gain in our total liquid assets from 1940 to 1945. When we see two million forces built up during the war, the result of the gain in saving was that war we that we increased individually from $500 million to $100 billion from 1940 to 1945.

$5,000,000

Central Maine Power Company

First and General Mortgage Bonds
Series $ 25% due 1979

Tate, New York, 1949, and

Price 101.315% and accrued interest

Halsey, Stewart & Co. Inc.

Note to New York, 1949, and

November 1, 1979

This announcement is not an offer to sell or a solicitation of an offer to buy these securities. The offering is made only by the Prospectus.

$5,000,000

Central Maine Power Company

With Merrill Lynch Firm

Joins H. L. Robbins & Co.

MEMBER New York Stock Exchange

PORTLAND, ORE.—Herbert G. Moran is with Merrill Lynch, Yerger & Hannum of Wilcox, H. L. Robbins & Co., Inc., Building, Portland, ORE.

$20 Main Street.

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fraser.stanford.edu/handle/10116/11911
Mutual Funds

By HENRY HUNT

With Apologies to Our Readers

Why "rent" your money at 2½%? It's tough enough to pay the rent. If living costs continue to soar, you'll need some 4% or more. Unless you're one with money to burn, you'd better times your rate. While money rates are nonbund You ought to buy a mutual fund.

To pick a stock that will rise in price is tougher than cooking a pot of rice. Unless you're known for financial agility, you must duck the responsibility. A mutual fund, all by itself, just has to put up its pears. A mutual fund if well selected will never leave your heirs neglected. And if you live some years or more A mutual fund you won't explore Since every quarter on the button You'll get a check to pay for motion. And if you need some dough for hash, You can always sell your shares for cash. That is, on any business day For mutual funds are run that way. Consider the constant supervision— Whenever holdings need revision— Your management's expert advice is often cheap at twice the price. Think of the term diversification (it's harder than any) without if you're lost, or so they say. With it, you sleep when you hit the hay, last but not at least in this ode of praise Forget about the investment maze, Get rid of all your financial words A mutual fund will fill your needs!

Market Comment

"The persistence of the stock market advance in spite of the strikes and the devaluation of currencies by 24 countries has surprised even the bulls. During October, 60% of the various industrial stock groups joined the general averages in moving to new highs for the year. Perhaps the best reason for the continued firmness is that the evidence that the Administration prefers an unbalanced budget and inflation to a business decline and unemployment. The pessimists have had ample time to sell stocks and even go short but the people who bought in June are still reluctant to sell until they are able to establish long-term gains in December. Other people believe that there is some chance that the capital gains tax may be reduced next year so they are reluctant to take profits until after Jan. 1."

"The conservative position of the market as compared with com

modity prices, earnings and dividends is shown in the following figures by the Fitch Survey:

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<th>Year</th>
<th>Stock Price</th>
<th>Industrial Price</th>
<th>Per Share Dividend</th>
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"Larger investors who seem responsible for the rise in the market are also influenced by the knowledge that $480 investors in common stocks gives the same annual income as $1,000 invested in the highest grade bonds and they expect many dividend increases before the end of the year. We now realize that the short interest in now is the largest it has been since July of 1902 when the stock market stood at its lowest level since 1897."—Written by Harris, Upham's Ralph Rollem.

Let's Talk About CASH CROPS!

Here is a crop that needs planting only once— gets daily, expert attention— produces all year long— gives you a sure cash yield—

The crop we mean is the income your savings will produce when "planted" in mutual investment funds.

Look at these vital facts:

YIELDS on these "cash crops" range up to 6½% cash return annually.

DIVIDENDS from the net earnings of the company are paid to you every quarter. Further, no mutual investment fund has ever failed to pay a dividend.

YOUR MONEY receives daily, expert attention of trained and experienced managers.

MUTUAL INVESTMENT FUNDS operate under Federal and state regulation. Their only business is investing the money of their shareholders.

YOUR INVESTMENT is safeguarded with that of other shareholders and you become part-owner of all the securities of the company.

YOUR SHARES will be turned into cash at any time on demand at the then prevailing net asset value.

To learn more about the "cash crops" provided by mutual investment funds, write for a copy of the most recent prospectus for a copy of our folder, "The Mutual Investment Company." No cost or obligation, of course—From an ad run by John G. Kinnard and Co. of Minneapolis.

Early History of Natural Gas

"For fifty million Americans as customers, 251,000 miles of pipe line, and 174 trillion cubic feet of gas, are contributing to the present-day drama of Natural Gas. This is a far cry, indeed, from the days centuries ago when gas flames set a flaring light on the fringes of the supernatural."

The Chinese are credited with being the first to harness natural gas for commercial purposes: they sold it through bamboo pipes to evaporate brine for salt making.

The earliest recorded discovery of natural gas in the United States was a "bursting spring" near Charleston, W. Va., which George Washington dedicated as a natural park in 1775. In 1821, near another "bursting spring" at Fredonia, N. Y., the first gas well was drilled to a depth of 27 feet and in 1825 gas from this well lighted the town—truly flammable.

"In 1854, the first deep gas well (about 1,200 feet) was completed in El Paso, Tex., in 1859, the discovery of oil on Edwin L. Drake's property in Pennsylvania brought on the "black gold" rush. For almost 50 years, natural gas was looked upon as a necessary evil in the exploration for petroleum. Trillions of cubic feet of this valuable fuel were blown off into the air or were piped to a safe distance and burned.

"Today the situation is changed. Millions of dollars are spent each year to find this former waste product and natural gas is now commercial (Continued on page 13)
Should Corporations Finance Union Welfare Funds?

BY CLARENCE E. BONNET

Professor of Economics, Tulane University

Dr. Bonnet is asking that funds demanded by employees of unions provide benefits for unions. The reason he contends this strengthens union labor monopoly, since expansion of union deprives worker of welfare benefits.

Dr. Philip Murray and J.J. Lewis are two of the most noted and discussed personalities on the American scene today. Their personal conviction for their respective causes has not been yield to the unceasing campaign. It has centered the limelight upon them and cast the rest of the setting around them.

Their straitened situation as that of a magician, has not deterred the attention of the American audience for this is the vital issue in the present conflict. It is from their viewpoint, and other's, this question is the vital issue in the conflict over welfare funds.

Welfare funds are not new in organization, nor in the conflict. The welfare plan of the Lake Union Railway (the monorail car - green onor - cars) was bitterly opposed by unions as a means of transferring the wage. Welfare plans (often called industrial betterment plans) are perfectly legitimate, strongly, for instance, by the Congress of Industrial Organizations and the Federation of National Metal Trades' Agreement before the period of 1928. The depression of the thirties put an end to many of these plans. Unions tried to offset these plans with their own rules and set up rules for the old-age pensions of their members. The plan in many unions had benefit features, but these were short-lived and not generally effective for their poorly paid treasuries and decreased dues-paying membership.

Borden, dealt with unionism as a whole. But the welfare fund as such, has never found a popular position in the labor movement. It is always looked upon with suspicion and has never been generally accepted. But the benefits, especially old-age benefits, are now more prominent in all types of labor organizations. The question now is whether these benefits are the result of a general union movement, or a part of the movement for the betterment of society. There are various ways of looking at this problem. It is not the only way, but it is certainly one of the ways in which the question can be approached.

The first approach is to consider the benefits of a union. These are usually given to the workers, and are generally considered to be the result of a union's efforts to better the welfare of its members. This is a reasonable approach, and it is certainly the most popular approach. But it is not the only approach, and it is certainly not the best approach.

Another approach is to consider the benefits of a union as a whole. This is a more difficult approach, and it is certainly not the best approach. But it is certainly the most important approach. It is the approach that is most likely to lead to a better understanding of the benefits of a union.

Still another approach is to consider the benefits of a union as a whole. This is a third approach, and it is certainly not the best approach. But it is certainly the most important approach. It is the approach that is most likely to lead to a better understanding of the benefits of a union.

The benefits of a union are not the only benefits of a union. There are other benefits, such as the benefits of a union to the community, and the benefits of a union to the government.

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The benefits of a union to the taxpayers are not the only benefits of a union to the taxpayers. There are other benefits, such as the benefits of a union to the consumers, and the benefits of a union to the taxpayers.
Gold Convertibility Needed as Effective Brake to Further Excesses

By JAMES WASHINGTON BELL

President, Economists’ National Committee on Monetary Policy

Ascertaining faille public administrators should not be asked to bear responsibilities of monetary management, now rendered more difficult by devaluation, Dr. Bell pleads for $35-gold-convertibility before further deficit financing and paper expansion render it more difficult.

Currency controls are being relaxed abroad and the reposefulness of Federal deficit financing as a normal way of life in this country makes the case now for return to gold standard. Inflation pressures still persist in domestic currency.

\[Emissions in Pensions,\] 1932 (pp 1-15). In this he mystery that "the gold money has at last passed finally away. They have progressive convertibility," that gold no longer serves as a means of payment, but "has become a much more abstract incident—just a standard of value," and that it is not a safe step to "arrangements between banks by which, without formally renouncing the rule of gold, the quantity of metal actually held by the banks may come to stand by a modern currency, whatever its value for what they choose," are left to infer that this would give a new character to the monetary system in its most perfect form.

Keywords: Lampoons for Brits

Keywords: R.I.N. on the gold standard. In the papers, the former, with its usual English recovery in the 20s was by proposed foreign balance of payments. In England was being drained of its gold reserve, were accurate, and the price of gold standard as it is for the "international balance," and thus typical as to the "prophecy of the plague of countries," and "market failures" in this country not allowed to eliminate and cut in the economic situation in the United States, argues, "Keys' attack on the gold standard, to the extent of our present suffering from the effects of currency depreciation, whether true or false, have been made in recent years by personal in public high places.

Money Managers in Sea

Our billions of gold reserves were declared dead sea bed and the gold money managers have gone as far as possible in that direction—they have made gold and gold money illegal. Private property in gold has been destroyed and the officials declared responsible. This is why we have gold and gold money legally. This means to decide to pay for our goods and for some of our services in gold currency. To redeem the bond, we must pay the gold and gold money, and we must pay for the goods and services in the gold and gold money. This is called a gold standard. If one is not content with the gold standard, it means to say that other countries which become the security of the Federal Reserve and Treasury cannot redeem the bond, which is called gold standard in its most perfect form.

Elected to Board

Edmond du Pont L. du Pont & Co., has been elected to the board of directors of United Funds, Inc.

Central Maine Power

Rhyclass, Inc. and Edmond du Pont L. du Pont & Co., are joint managing directors of the firm, which offers publicly for sale, on Nov. 9, a new series of $30,000,000 of Central Maine Power Co. $4.60 preferred stock at $102.27 a share to yield 4.5%. A concession of 1 per share will be allowed to members of the National Association of Securities Dealers, Inc. Associated in the offering are White, Wells, Co., W. E. Hutton & Co. and R. W. Parsons & Co.

Proceeds from the sales of such preferred stock and the concurrent sale of 20,000,000 shares of common stock and an issue of $5,000,000 of $5, 4 1/2% debentures, which will be applied to payment of short-term bank loans and to defray the cost of company’s construction program. The company estimates that its construction program for the years of 1949 and 1950 will require $150,000,000 of debt facilities, with maturities of approximately $15,000,000 of which $7,000,000 is scheduled to be expensed in 1950.

Woodcock, Hess Add

PHILADELPHIA, PA.—Woodcock & Hess, Inc., 113 Chestnut Street, members of the Philadelphia-Baltimore-Atlantic Stock Exchange and members of the New York Stock Exchange, have purchased the shares of New England Vautier and Clifford G. Remington are now associated with the firm.
Are British Devaluation Measures 'Too Little and Too Late'? By PAUL EINZIG

Dr. Einzig upholds criticism British Government measures aiming to ensure success of devaluation are too late and are not sufficiently drastic. Consider, however, that arguments of government's critics —

London, Eng.:—The announcement of the government's measures aiming at ensuring the success of the devaluation was received by many critics in the British press in the House of Commons. To put it in a nutshell, the critics are of the opinion that the cuts in govern-

ment expenditure and in the price of go-

vemnent goods, which were just renewed a week ago, have been too little and too late, and that they are not sufficiently drastic.

There can be no doubt that criticisms on the ground that the measures are too late and too un-

sufficiently drastic are justified. The situation challenges consecutive announcements of 1931. On that occasion much more conspicuous was the announcement of the consumers' purchasing power was affected some weeks before the announcement was made. The gold standard in an attempt at averting the resulting disaster in 1931. In 1949 little or nothing was actually done to avoid the cuts and the measures. When the government decided to deal with that, it was only because the cuts were elaborated and applied immediately after devaluation. Indeed, the only thing Sir Stafford Cripps could have done was to announce that there would be an increase of the tax on distributed profits by 5%.

Meanwhile, pending the govern-

ment's measure, the public was led by the Press to believe that the present level of price and distorted capital position are not necessary.

Official quarters did nothing to remove or in-

vite their exaggerated anticipations.

Their practical effect was to waste a run on the store by millions of consumers, in anticipation of higher-

taxes, prices, and a disappointment of supplies from the domestic markets through the rise in the demand or purchasing power.

In the last two months from the government made up its mind to deal with the present problem of measures, most of which will not become effective for years.

Nor can the total amount of the cuts which have been made be very impressive. In any case, it does not represent a correspond-

ing amount of the demand for goods, of which the degree of over-employment in Britain today that most people who will lose their jobs through the devaluation will have to be compensated immediately as a result of the prevailing demand for labor.

There will be no lessening of de-

mand for goods that would result in a fall of imports or an increase

of the exportable surplus. The cut of £110,000,000 in public expendi-

ture is not accompanied by any reduction of taxation, the high level of which tends to keep costs and prices high and, what is worse, tends to stir initiative.

The proportion of the cuts in capital expenditure affects the productive capacity of the country. In order to stimulate agriculture and to make tobacco consumption the government has altered some system of schemes of electric power distribution and of dollar allocations. However, these proceed-

ents are sacrificed for the sake of a temporary, incomplete reduction of the standard of living.

Attacks on the government that the present measures and the changes in the present system has been made are years ago is only too well known. In the past, whenever Sir Stafford Cripps was urged by the Oppos-

ition to reduce expenditure, he responded by charging them with the opposite developmen-

t. The cut in government expenditure could be cut. The fact that the long past larger is not to affect economy too to the public good. The conclusive proves that Sir Stafford Cripps, as the government has occurred, that expenditure could not be cut, was entirely wrong. And his ar-

rival, no need for making such cuts, because there was no need for making such cuts, was not true. His advice was used as phoney as the overall balancing of trade was.

In 1948 British imports were balanced by the means of giving away large quanti-

ties of goods for nothing, or by the purchase of unrequired exports. For the purpose of trade statistics, political propaganda the ship-

ments of goods paid for by the re-

leased sterling balances un-

doubtedly constituted exports. But the fact is that such exports could balance Brit-

ish imports from the Dollar Area. There was no need for Britain to sell anything at all. But the idea that it was not possible to pay for such imports is the height of absurdity.

It seems that Sir Stafford Cripps was fighting with his own propaganda. The government's policy was to starve itself as well as others by the fiction of Britain's overall bal-

anced trade in 1948.

It fails to realize that even if the position was as it was and that the cuts were necessary, it would have been necessary to achieve eco-

nomically balanced trade as distinct from that formally balanced trade. Exports for the purpose of the repayment of sterling bal-

anced trade in the form of a sub-

sidy of a repayment of external debt, call for a corresponding net export surplus.

Fortunately for the government the cuts and its cuts have been used as an easily answered attacks and elimination of good subsidies. In doing so the cuts overestimated the main aim of the measures adopted by the government which is the prevention of inflation follow-

ing the devaluation system.

The reason why France, Italy and other countries had to resort to devaluation again and again during the post-war period was that each devaluation was followed by a sharp rise in prices. There is to prevent this happening in Britain that Mr. Attlee's govern-

ment decided to adopt certain cuts. These cuts may be "too late and too little" for checking the rise in prices. But if, following on Conservative advice, food sub-

sidies were to be removed or drastically reduced the inevitable result would be in existing circum-

stances an immediate spec-

ulative rise in prices and wages, consequently the failure of the devaluation in the not too distant future.

15

The government's critics is undoubtedly right in demanding the imposition of more drastic measures. But this half-hearted measures introduced by the government. But the choice of the measures should be such as to ensure the prevention of a rise in costs that the state of the country. Whatever one may hold about the wisdom of food subsidies, in existing circum-

stances the evil of their existence would be far exceeded by the evil of their removal.

NORTHERN DISTRICT

Straits, centrally located in mid-Man-

hatten, ... the smart Central Park zone... The Park Sheraton Hotel has a novelty en-

tered just off the lobby that makes it possible to reach the financial district in 10 minutes. If you prefer by cab or automobile you can drive to Wall Street via the Westside highway even faster.

But convenience is not the only advan-

tage at the Park Sheraton. There is a swimming pool, facilities for relaxation, plenty of conference rooms and many opportunities to entertain your friends and customers, either at cocktail parties or at leisurely dining — in a mood that befits the occasion. The Park Sheraton cuisine is unique.

And it is only the hotel in the world that has a television in every room. . . . at no extra charge!

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BROADWAY 1871, New York 3, N. Y. — The election of two Directors to the Board of Directors of the National Security Trade-

ers Association (STRA) has proposed the following measures to hold office during 1950:

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work.
We Face Our Problems With Confidence

By HON. JOHN W. SNYDER
Secretary of the Treasury

Speaking to American bankers, Secretary Snyder expresses confidence post-war changes will strengthen the foundation of our individual freedom and free enterprise. Praises role of commercial banking in nation’s progress and cites voluntary patriotic action of bankers in war and postwar years. Says economic and financial conditions are sound and that 1949 will be a tremendous business year. Views immediate outlook with optimism.

Over the months ahead, I shall not attempt to forecast the duration of the present prosperity, which, in any event, can dominate the world’s economic stage, for years or, possibly, for many decades. This is particularly significant, and I believe that we have among the first to be affected, and the first to need to build up depleted stocks.

In the view of the foregoing employment, the number of workers employed has risen significantly in the last 12 months. This is a very significant period that we have been in a time of postwar difficulties, and forged ahead, still in the fact that we had faith in our American:

(Continued on page 18)
Want to make a river run uphill?  
...Steel is ready to help!

Paul Bunyan’s eyes would have popped with amazement if he could have seen the way puny modern man is handling water. Skyscraping walls of concrete and steel are flung across valleys to make crystal lakes . . . rivers of water are siphoned over mountains in pipes of steel.

And big jobs are still ahead. Public Health Service engineers report that 108 million Americans lack adequate water supplies, and it’s estimated that 17 million acres of undeveloped land in the West can be irrigated, transformed into fertile farms.

To help put water where it’s needed, United States Steel has supplied steel pipe so big you could drive a bus through it, and other sizes to conduct any quantity of water from a creek or a brook down to a sprinkle for your garden. We’ve built bridges to carry our gigantic pipes over Nature’s own streams . . . we’ve made the cables that suspend steel siphon lines across chasms.

Whatever the job the nation has—United States Steel is ready to help. More than a billion dollars worth of additions and improvements to U. S. Steel plants—all started since the end of the war—are nearly completed.

Behind the scenes of this activity, United States Steel research scientists have been quietly and steadily creating the improvements that keep steel ahead of any other material. Nothing else can do what steel can do. And United States Steel can supply what it takes to help build a better America.

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Helping to Build a Better America
Gold Convertibility Is No Assurance of Monetary Stability

By ALAN SPROUL
President, Federal Reserve Bank of New York

Leading Federal Reserve Bank executive attacks proposals to reestablish gold convertible currency, asserting it would lead to monetary chaos and promote gold hoarding throughout world. Denies gold convertibility assures stable, monetary unit or prevents budget deficit financing. Says present move to restore gold coin standard is due to distrust of present monetary authorities, and ascribes abandonment of gold standard to its inadequacy in exercising stabilizing influence on the economy. Scores multiple control of money and credit policies, and criticizes ABA for upholstering it. Concludes Federal Reserve should have predominant authority.

recently, we have had a brief respite from attack while the two groups fired at each other, each group arrogating to itself, responsibility for the true gospel according to St. Midos. Where to aim will probably bring that brief respite to an end. The fire will again be concentrated on the monetary authorities, for whom I cannot presume to speak except as one individual engaged in the practice of central banking, but who will, no doubt, be blamed for my views.

Let me take account for each of these two groups separately; those who concentrate, at least initially, on a free gold market, and those who will have none of this heresy, but who want a fixed and immutable gold price and convertibility of currency, and therefore of bank deposits— into gold coin.

The first group, which includes the gold miners, makes its argument on several grounds, trying to combine economics and psychology with self-interest. Let us paraphrase their principal arguments as presented at hearings on bills to permit free trading in gold in the United States and its territories. In this way, I may avoid the fact as well as the appearance of building straw men. The arguments most frequently presented in favor of these bills were:

1. In the face of rising production costs and gold selling prices, the gold mining industry is forced to curtail its operations; and, as the industry is operated, its profits have been reduced, with the result that prices on which would presumably prevail in a free market would correct this situation. This is the "do something for the gold miners" argument at its baldest.

2. When this argument is embroiled with the one, it is claimed that since the prices of all goods and services have increased so substantially during the past ten or fifteen years, it is necessary to open the way for an increase in the price of gold so as to be sure there is enough gold to carry on the country's business; to bring the price of gold into alignment with the prices of everything else.

3. A second group of arguments expresses concern over the unsettling effects of the "gold" prices which are paid for gold abroad, and claims that free gold market in the United States, with no gold export restrictions, would cause these prices to be paid to the Bank of England for its gold, to be of substantial influence in the world.

As for the economic embargo of this kind of the gold mining industry, there is no lack of monetary means of carrying on the business of the country, nor is there likely to be. It is the economics of gold and its impact on the laws of gold and hence in the reserve base, that is of concern. It is the problem of the government fiscal policies and the inflationary tendencies fostered by a managed currency, and lead to sounder conditions, generally.

Effect of Gold Convertibility

To take these arguments further up, it would be on the order of that a free market for gold in the United States would not result in a rise in the price of gold, and the only reason it would not be so other than that the Secretary of the Treasury is required by law, to maintain all forms of United States money at parity with the gold dollar which contains 1/25th of an ounce of fine gold. The Treasury should maintain gold at the market price of $35 a fine ounce. To do so would mean the abandonment of the free market for fine gold, the Treasury should sell gold at this market price at $35 a fine ounce. We might assume that this would be in effect gold convertibility by law, but not a rise in the price of gold.

Aside from this possible outcome of the legislation, if we proceed with a noble intention, we should consider the effects of convertibility to, encourage a shift of productive resources, and in this, and other countries, the effects might be to provide for gold hoarding, which is a willless proceeding, in terms of the welfare of the whole economy, matched only by our fantastic visions for the special benefit of the miners who have been thought to be here.

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We Face Our Problems With Confidence

(Continued from page 16) system and in our American ways of living.

We accepted our responsibilities, whether domestic or foreign, in that same spirit of confidence which has marked American endeavor since this nation's earliest days.

Yes, much has already been accomplished in this respect. I think it is easy, just as truly as the record of the building of our achievements, reflects these advanced ideas. Tomorrow's bankers are undertaking their broader responsibilities in the life of the nation with the utmost earnestness and, together with those who work together for the common welfare, taxes, that joint effort, will provide the clear, thinking and effective leadership needed in meeting the complex problems which remain to us.

Our problems will not be easy, and—on both the domestic and foreign scenes, there is no assurance that we will succeed in attaining the exact form of problems which we have inherited. But we are determined as a people to devote all our energies and all of our will to strengthening the foundation of our way of living.

Underwriters and Distributors of
State, Municipal and Corporate Securities

OTIS & CO.
ESTABLISHED 1839
CLEVELAND
NEW YORK
CINCINNATI
CHICAGO
DENVER
TOLEDO
DALLAS
COLUMBUS
BUFFALO

FINANCIAL CHRONICLE
THURSDAY, NOVEMBER 10, 1949
18
"Car comfort test"—created by practical imagination at Chrysler Corporation

They're trying it on for size!

No, that model of a Plymouth car body isn't going any place. It isn't meant to! It's one of many models we created to learn from people themselves how to build supreme comfort into the great new Plymouth, Dodge, DeSoto and Chrysler cars.

Our engineers know that the best way to find out which seating arrangements are most restful and comfortable is to let people try them out—in advance!

So they built full-size models like this of the inside of cars—the engineers call them "mock-ups." Then they installed real automobile seats and invited people to try them—all kinds and sizes of people—men and women, big and small, thin, stout, short and long-legged.

Their opinion helped us place the new chair-height seats in just the right positions to let you see through windshield and windows without straining... provide plenty of leg- and head-room... build higher, wider doors for ease in getting in and out.

We found ways to make the seats themselves more comfortable... ways to give you everything that means the utmost comfort in an automobile.

It's another example of the way practical, creative imagination improves every part of every car at Chrysler Corporation year after year. You'll like all the newest advances in the new Plymouth, Dodge, DeSoto and Chrysler—and dealers will be pleased to welcome you and show them to you.

There's more comfort in the new Plymouth, Dodge, DeSoto and Chrysler. You sit in wider, chair-height seats, with more leg- and head-room. Windshield and windows let you see better—doors are higher and wider; it's easier to get in and out.
Honest Money and Human Welfare

By W. Randolph Burgess

Chairman, Executive Committee, The National City Bank of New York

Prominent New York banker, after reviewing recent monetary crisis abroad, asserts world stands today at critical point in trying to reestablish sound money. Holds, however, first stage of recovery of Western Europe has been safely achieved and threat of Communism from within has been soundly beaten. Advocates as role of U.S.: (1) continue aid program; (2) follow liberal trade policies; and (3) keep the dollar sound. Forsees eventual return of world to gold standard of money.

The New England Mutual Life Insurance Company of Boston

The views of bad money and the virtues of good money have been vividly illustrated at this conference. Before we very long, we shall have the lesson. What we have seen is not merely a matter of textbook theories being put into practice. It is a lesson sketched on a screen so vividly that we shall encapsulate the lesson only if we are blind, indifferent or stupid.

The Lesson of Germany

Three years ago I spent a few days in Berlin. When we finished our meals we left two cigarettes beside our places as tips for the waiters, for they purchases cigarettes to etch quite generous tips in paper marks. The trouble was that the marks were very little outside of a narrow range of railroad goods. Store clerks were nearly bare and the prices in the black market were very high. Cigarettes would buy more than money; in fact the country was said to be money which was declining in value from day to day. Food had to be collected by legal order from the farm for the city, and the ordinary citizen never met the demand. One consequence was that the workers were mining coal, and spent all week working for three or four days a week. The other half worked to speed encroaching the country even to buy food by bary. With all this happening all over Germany production was at a low ebb. The amount of food available for each person was less than half what we consume here, and the people were righted in clothes with flour, Workers fainted at their tasks.

Today in West Germany that situation is remarkably changed. The nation's production is back to something like 75% of previous levels. The people are better off, and not very satisfying food, and life begins to be a tinge of cheerfulness.

The great change came in June, 1948, Germany's money was turned from bad to good. This was not an easy operation. It consisted in state to carry out, in issuing a new currency in exchange for old on a one-for-one basis. The result was to cut the value of money available in the country to something like one-tenth the pre-war prices, and to make a change in the new money by limiting it to the gold line.

The plan had been worked out by a Commission headed by our own Joseph Dodge the Detroit banker who has served as President of this Association. German money had been bad but there was too much of it, and the amounts were increasing. The Russians were printing it out, but, with plate conveniently stored in the United States Government.

The money was revalued, and the inflation was ended. But the good of the German mark was after all, too much of it, and the amounts were increasing. The Russians were printing it out, but, with plate conveniently stored in the United States Government.

Against this, the British had, as it were, the German mark at work after World War II. Over the black market and under the black market and Germany and France in the early days of the occupation, they were mastering the kind of what swolken money can do in creating human distress. These results of the missed and franc was good money. When the French reigned the twine were tight, and the people were dependent on the government to get the proper order in printing the precepts stopped.

Over a long period the world had been idle and bad money was good. The best of European money, the Irish pound, in the 16th century was worth a pound of silver. New after the latest devaluation it takes roughly pounds in English money to pay for a pound of silver, but it is a remarkable record of stability. The history of most other countries and rations, and the pound sterling in terms of gold is today worth less than one-hundredth of its 1914 value. Many currencies can boast little better records. Our dollars, when they were in gold 50% of what it was old years, were worth a dollar of gold. But depreciation during the Civil War period had been so that practically steady from the founding of the Republic until 1933. Most currency in the world, has some time or another been a bankrupt, money, and sometimes rapidly - sometimes slowly, under the necessities of wars.

The Stable Money

The great outstanding exception was the hundred years of the Pax Britannica, which after the end of the Napoleonic Wars to World War II. London had been holding its gold value and allowing its purchasing power in commodities; the value of the pound sterling has been at all time to the end of the period as at any other time, during that long term of "Monetary Reform" in 1824, Lord Hardinge established a remarkable stability of the British price level over this long period; and in 1760, prices were raised by a new and over and around the exchange was in control. They should have made the moneys of different countries more freely exchangeable, and they are called "dollar shortage." The real question is whether this relief will be temporary or lasting, and that depends on the way they other countries behave and the way this country behaves. All the European leaders and France are asking for higher wages because devaluation is increasing the cost of raw materials and goods from America and of some commodities in the Ruhr area. But the cabinet has fallen on this issue is that the French have not raised the competitive advantages gained by devaluation will be lost. The French people will take more money and it will increase and its value decrease. The French people are not fools. They know that; Sir Stafford Cripps has been hobbling around the outside of England. The spiraling inflation is easy to start and hard to stop, especially among the people or the politicians are defeated big government expenditures for "welfare."

The Challenge to Europe

It would be easy probably of the power of Europe's leaders to follow the wise and stern policies which we needed, but we should not forget how far those countries have come since the end of the world's great crisis. The trouble is that in the past, the key issue of whether the rate of German money was below par and an emergency was probably increased more than 100%. It would be difficult to make an overstatement of the influence of good money and overstatement of, of course, the influence of good money, but we cannot say in the last period of the 1826 to 1871, the rate of the German mark is within the bounds of the period's influence.

The New Money Crisis

The world stands today at a critical point to reestablish sound money. Great Britain has just taken a decisive step of reducing the dollar value of its currency by 2%, and the majorities of the countries of Europe and the British Commonwealth of Nations have reduced the dollar value. It is a bold and courageous effort of the people of these nations to reassert the dignity and stability of the dollar, and to increase the volume of trade.

The New England Mutual Life Insurance Company of Boston

First Mutual Life JUSt CHARTED IN AMERICA—1853

Is printed for FRASER.
The Home...a "grass roots" property insurance company, is in neighborhood contact through its forty thousand representatives with millions of home owners and thousands of enterprises in commerce, industry and trade, large and small...

BALANCE SHEETS
June 30, 1949 and December 31, 1948

ADMITTED ASSETS

<table>
<thead>
<tr>
<th><em>JUNE 30, 1949</em></th>
<th><em>DECEMBER 31, 1948</em></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash in Office, Banks and Trust Companies</strong></td>
<td>$29,296,467.64</td>
</tr>
<tr>
<td><strong>United States Government Bonds</strong></td>
<td>309,769,609.25</td>
</tr>
<tr>
<td><strong>Other Bonds and Stocks</strong></td>
<td>123,019,743.41</td>
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<tr>
<td><strong>Investment in The Home Indemnity Company</strong></td>
<td>7,122,647.00</td>
</tr>
<tr>
<td><strong>First Mortgage Loan</strong></td>
<td>3,072.21</td>
</tr>
<tr>
<td><strong>Real Estate</strong></td>
<td>4,456,447.02</td>
</tr>
<tr>
<td><strong>Agents' Balances, Less Than 90 Days Due</strong></td>
<td>14,311,083.00</td>
</tr>
<tr>
<td><strong>Reinsurance Recoverable on Paid Losses</strong></td>
<td>477,500.19</td>
</tr>
<tr>
<td><strong>Other Admitted Assets</strong></td>
<td>2,260,970.46</td>
</tr>
<tr>
<td><strong>Total Admitted Assets</strong></td>
<td><strong>$289,197,012.18</strong></td>
</tr>
</tbody>
</table>

LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th><em>JUNE 30, 1949</em></th>
<th><em>DECEMBER 31, 1948</em></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reserve for Unearned Premiums</strong></td>
<td>$143,660,358.00</td>
<td>$141,729,267.00</td>
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<tr>
<td><strong>Reserve for Losses</strong></td>
<td>32,278,571.00</td>
<td>33,879,862.00</td>
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<tr>
<td><strong>Reserve for Taxes</strong></td>
<td>10,482,154.83</td>
<td>9,000,000.00</td>
</tr>
<tr>
<td><strong>Liabilities Under Contracts with War Shipping Administration</strong></td>
<td>2,032,267.72</td>
<td>2,688,193.81</td>
</tr>
<tr>
<td><strong>Reinsurance Reserves</strong></td>
<td>1,969,091.09</td>
<td>1,943,633.18</td>
</tr>
<tr>
<td><strong>Other Liabilities</strong></td>
<td>2,397,037.50</td>
<td>2,417,432.63</td>
</tr>
<tr>
<td><strong>Total Liabilities Except Capital</strong></td>
<td><strong>$393,019,380.14</strong></td>
<td><strong>$389,408,323.02</strong></td>
</tr>
<tr>
<td><strong>Capital</strong></td>
<td><strong>$20,000,000.00</strong></td>
<td><strong>$20,013,595.49</strong></td>
</tr>
<tr>
<td><strong>Surplus</strong></td>
<td>79,178,432.04</td>
<td>78,823,519.59</td>
</tr>
<tr>
<td><strong>Surplus as Regards Policyholders</strong></td>
<td>99,178,432.04</td>
<td>95,837,115.08</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$289,197,012.18</strong></td>
<td><strong>$285,245,438.10</strong></td>
</tr>
</tbody>
</table>

*NOTES: The values of Bonds are on an amortized basis. Insurance Stock of affiliated company is carried on a basis of par rate share of capital Stock and Surplus. All other Stocks at June 30, 1949 Market Quotations. Securities carried at $5,654,349.46 and Cash $80,000.00 in the above statement are deposited as required by various regulatory authorities. Canadian Assets and Liabilities have been adjusted to the basis of the free rate of exchange.

THE HOME
Insurance Company
Home Office: 59 Maiden Lane, New York 8, N. Y.

FIRE • AUTOMOBILE • MARINE

The Home Indemnity Company, an affiliate, writes Casualty Insurance, Fidelity and Surety Bonds
During the life of our nation, we have in reality accomplished a great deal. In all the great economic and political developments that have taken place during this time, there has been one constant: progress. This progress has not only been seen in the economic sphere, but also in the political, social, and cultural realms. It is through the lens of progress that we must view the current state of the U.S. economy and the challenges it faces.

Our Key to Economic Freedom and Progress

By Fred I. Kent

Director, Bankers Trust Company, New York
Chairman, Commerce and Marine Commission, American Bankers Association

Assenting key to economic freedom and progress in U.S. has been savings which have been risked in the venture of corporate, veteran New York banker traces history of New England's great economic development through creation of enterprises in which public savings were advantageously invested. Deplores impediments to venture capital in form of ruthless taxation and needless hampering controls over business. Lauds savings institutions.

Freeing when the world.

"The world that we live in has been transformed by the invention of the printing press. It has allowed ideas to spread rapidly and have a profound impact on society. Without this invention, the dissemination of knowledge would have been much more difficult."

Fred I. Kent

A centrally planned economy is one where the government controls the means of production and distribution. This system was championed by Karl Marx and Friedrich Engels, who believed that it would lead to a classless society and the eventual elimination of private property.

"An American Experiment in Communism"

We can trace this development clearly in the history of the Plymouth Colony. The Pilgrims, who came to America in 1620, established a self-sustaining community that would become the foundation of what would later become the United States. The community was built on the principle of communal ownership, where everyone worked together to sustain themselves.

"Most of us have forgotten that when the Pilgrims landed on the shores of Massachusetts they established a Communist system, in the sense that each person's economic activity was subject to a public trust. Everything they bought, from the ground up, was for the common good."

Governor Bradford, whose name is synonymous with the early days of the Plymouth Colony, made this point:

"You are all members of a body politic, wherein you are all sharers and partners. Every man that comes to this colony, when he comes, he is to be a member of this body politic, and subject to the laws of this body politic."

"The economy of the colony was based on this principle. The Pilgrims believed that by working together, they could create a society where everyone had a fair share of the resources. This idea of a shared economy was a radical departure from the feudal system of the European countries, where land and other resources were owned by the nobility and the commoners had to work for them.

"Now, let us turn our attention to the economic development of New England people as it actually happened. When property rights were established and men were able to own and dispose of things, they had a greater sense of control over themselves. This was why the Pilgrims were able to create a society where everyone had a fair share of the resources.

Dependence on Savings

To meet these conditions, saving and the little bit of money that was left by those who came over in the early days of the Plymouth Colony, it lead to the development of the colonial economy, which was the best place in which to live in all the world.

"Probably, the private enterprise system of the New England communities is one of the best examples of how this country can best be understood. This system was based on the idea that individuals should have the freedom to take risks and use their savings to create something new.

"This system was based on the idea that individuals should have the freedom to take risks and use their savings to create something new. This was why the Pilgrims were able to create a society where everyone had a fair share of the resources.

"But as the colonies grew and prospered, the need for savings also grew. The Pilgrims had to save in order to build their communities, and they were able to do so because they had the freedom to accumulate savings and invest them in trade, industry, and land.

Use of Venture Capital

This use of venture capital from savings has been the foundation of the great growth that has taken place in the United States. It has enabled the country to obtain new businesses with small incomes profitable enough to obtain these new things at lower and lower prices as production units. They were part of the private enterprise system and they could do it because they could make a profit, except, of course, that patented articles had to run out their life. This enabled them to use the capital of the people and do to produce without buying licenses. However, the benefits of using the profits of because of the patent systems had to be the utmost (Continued on page 36)
The "FAMILY BUS"

at home...

...and abroad

If everybody in America wanted to go for a drive, we could all go at once.

In Russia, it would take years to give everybody a spin around the Kremlin.

Doesn't this give you a pretty good idea of the advantage in living the American Way?

The American Way is more good things for more people.

In Pure Oil language, this means keeping geologists scouting mountains and plains for new oil fields.

...it means spudding in more new oil wells each year, at six or seven times the pre-war cost.

...it means adding major facilities at Pure Oil refineries to keep pace with technological advances.

...it means operating and maintaining a complete transportation system as well as terminals and marketing facilities to supply dealer stations and commercial consumers in 24 states.

What does gasoline cost?

United States...........21.9 cents a gallon
Great Britain............34.3 cents a gallon
France.................72.4 cents a gallon
Russia.................83.2 cents a gallon

(Above prices include federal excise taxes and import duties, where applicable, but not state and local taxes)

Before recent currency devaluation.

That's what it takes for just one company of the 34,000 in America's progressive petroleum industry.

Recently, the petroleum industry observed Oil Progress Week, celebrating 90 years of benefits to America.

Rely on it—American enterprise in the oil industry will mean you can keep right on expecting even greater progress in the years ahead—more and better petroleum products at reasonable, competitive prices.

THE PURE OIL COMPANY
OIL BUILDS FOR AMERICA'S FUTURE

Be sure with Pure
Impressions From a World Tour

By W. L. Hemingway*  
Chairman of the Board, Mercantile-Commerce Bank & Trust Company, St. Louis, Mo.

Prominent Mid-West banker, in recounting impressions of round-the-world tour on "Town Meeting of the Air," comments on break-up of world's great empires, and notes that this situation has led to worsening of trade advantages and has aroused fervor of nationalism that is adding more restraint on international commerce. Points out few governments now have balanced budgets and cutting up of regions into small nations is unsettling trade. Says U. S. as creditor nation has big role to play to help restore world trade, but doubts Point IV program can work without balancing our exports and imports.

If I were a lecturer, I could give you an interesting travelogue of my trip of over 27,000 miles around the world. For I could tell you of the "The Street Called Straight!" in Damascus, the oldest city in the world. To those of you who may be, as I was, unacquainted with said street, I will explain that it is famous because there the conversion of Saint Paul occurred. If you are interested, read Chapter 9 of the Book of Acts. Except for the automobiles which come through, the narrow street looks now as it must have looked then. But I will not compete with Burton Holmes and will only turn a discussion of the more serious part of the trip.

In order to better appreciate the value of this report, I must tell you in a few words the character of the trip. Mr. George V. Denby, Jr., President of Town Hall and Moderating of the Town Meeting of the Air, familiar to all radio fans, conceived the idea of having one of his meetings in each of twelve of the great capitals of the world and his journey by air entirely around the world. In order to get the

*An address by Mr. Hemingway before Meeting of State Bank Division, of the American Bankers Association, San Francisco, Calif., Oct. 31, 1948.

Resources  
$593,000,000  

Deposits  
$351,000,000

Depositors  
291,000

Largest in Brooklyn and Long Island

The SINGO BANK OF BROOKLYN
INCORPORATED 1859
FULTON STREET AND DEkalB AVENUE  
BENNSHURST: 50th St. and 19th Ave.  
FLATBUSH: Avenue J and Coney Island Ave.  
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

What happened to Great World Powers

Let's look at the great world powers at the turn of the century and see what has happened to them. First consider the British Empire prior to the First Great War, on which it was the Britons' proud boast that "the sun never sets. Britannia truly ruled the waves, but the Pax Britannica was shattering to a close before the eyes of an unsuspecting world. Britain's pitiful today is too well known to relate, but I do want to call attention to the changed position of its component parts. For example, we were in India and Pakistan, it was easy to see that they regarded themselves as independent nations and were celebrating Aug. 15 as we do the Fourth of July. But what happened to them in the British Commonwealth nations appears to be of doubtful strength. In fact, among many of our citizens there is a feeling of regret that those whom they regarded as "the boys," and one hears talk of "colonialism," "exploitation," and "monopoly" of the white races, and "hypocrisy of the democracies," etc. They have been cut off from the following seven nations in the Middle-East: Lebanon, Syria, Transjordan, Iraq, Iran, Saudi Arabia and Yemen.

Trade Advantages of Large Empires

Whatever may have been the faults and shortcomings of these old empires, we gained a large area in which there was free trade and with them. Industrialized communities were balanced pretty well with the agricultural communities, and there was also a well organized export of surplus products with neighboring countries. This has been upset by the great war. The old economic equilibrium, and there have been created racial and religious differences, which make commerce difficult between these countries.

While diminishing of the great empires have taken place, the Russian Bear has been enlarging his territory and bringing under his sway some of the former nations created out of the old empires, and the Baltic states, Norway, Sweden, Finland, Estonia, Latvia, Lithuania, Poland, Bulgaria, the Czechoslovakia, and also the Balkan nations. The Russian Bear has also spread into Asia, where a large part of that great continent is now under his sway. This pressure on the remnant is so strong that the future of that part of the world are very much disturbed and it is a spread of this dreaded disease.

Speaking of Russia, the question has often been asked, "Can we return, about the opinions I have expressed concerning the possibility of war between the U. S. and Russia?" Well, I can say that I have been referred to as inevitable at some time in the future, but it is a fact that the situation has already generalized recognized. The subject is not so new, and also, the question of how to combat Communism: Inasmuch as I spoke before an audience in Delhi, on this subject, I should tell you the views I expressed then. I said that Communism and Democracy are not just two ways to prosperity, but are regimes, both of which are bound to exist on this earth, and that we have to learn to live with them both. I further stated that the key answer to Communism is to put its economic foundations on a sound financial basis, and that the world is being accomplished, pointing to the savings failures of Communism, and keep militarily strong--in other words, to prepare ourselves to defend ourselves against any attack that might come; and I would like to repeat that admission here.

Arouse Fervor of Nationalism

Now, my purpose in relating these facts is to show you all is to emphasize the number of new nations that we have all. In all of these, there is an aroused fervor of nationalism. This results in a great deal of self-colored, to industrialize, and to protect industrial energecies. At the same time, there is a desire for a better standard of living, not to be put off until tomorrow but demanded to-day. If these demands are made, it is to me that the nations of the world, and I believe that some of them will be taken over more and more and more control of business. Of course, in this present situation the U. S. has sponsored a great many enterprises, with the U. S. in mind. They are not, however, openly avows its purpose to take any kind of control of the countries large or small. As a matter of fact, we were told by government officials that they would not attempt to control any of these countries, they are not going to require industrial policies and, as I say, if the nations do not take the things at the right time turn back to them, and that at the demand of the govern will be told often by government officials in several countries that whenever the U. S. was engaged in the various business enterprises, the government was not available, and as the government was not available, the government of the U. S. was forced into the business. In Turkey, they stated that the government would not take over the businesses in the world. But if the government was not forced into the business, the business men and the government officers were told that the government would not take the businesses away from the government officers, but that the government would protect the nation.

All of this that I have related adds up to a tendency for more restraint of trade at a time when the commerce between nations is distance than ever it has been. Unless there is some active and positive interest on the part of the nations, I fear we will see another period of the extension of trade restrictions, and in these cases, trade, tariffs are not the only means. Even if countries are made in the way of restrictions in tariffs, quotas, import and export licenses, and multiple exchanges and exchange permits are resorted to in order to reduce the flow of commerce. These evils are justified by claims of necessity. One crisis after another is pointed to.

Few Government Budgets

On the financial side, few government budgets are balanced. While we are told that the regular budget was balanced, it is a fact that the budget is balanced almost entirely by deficit expenditures on the government. That business was generally inflated and that the expenditures of the countries of twenty years ago cannot be kept up. Everywhere there was a strong demand for capital; but due to the lack of confidence, the demand for capital is less, and the governments are hesitating. At the same time that governments are hesitating for the aid of foreign investors, it is to be noted that their own people are unwilling to risk their money in their own enterprises. It is to under-
by the amount of its resources—the extent of its facilities? By speed and efficiency of service? No one, of course, would dispute these common yardsticks. But aren't they, in your mind, just part of the story in any banking connection?

Aren't there certain intangibles that are just as important? Isn't one of these intangibles a real willingness to help ... not just on the day-to-day routine, but on all those tough little problems (big ones, too) that rise to plague us all from time to time?

Brought up in a tradition of doing business the friendly way, the National City organization tries to offer more than just resources and facilities. Perhaps that's one reason so many bankers so regularly use the many specialized services that National City Bank provides.

THE NATIONAL CITY BANK OF NEW YORK

Head Office: 55 Wall Street, New York
Member Federal Deposit Insurance Corporation

First in World Wide Banking

AS ONE BANKER TO ANOTHER

How do you stand? Or to put it another way, how are you getting along these days?

It isn't easy to say. In many places, developments in the world's business are considerably affecting banking operations. Yet, despite the difficult times, bankers can be thankful for the many advantages that the banking business affords.

For one thing, it offers the banker a widespread field of operations, all of which can be conducted through a central office in the heart of the city. Moreover, banking provides a wide range of services, from ordinary checking accounts to large-scale capital transactions.

But what about the banker himself? Is he having an easy time of it? Is he finding the going easier in his own field of work?

The question is not easy to answer, for there are so many factors that enter into the picture. Perhaps the most important is the state of the economy. If business is doing well, the banker is likely to find his job easier. But if business is slack, the difficulties are likely to be greater.

Another factor to be considered is the size of the banker's institution. Larger banks have more resources at their disposal, which enables them to meet the demands of their customers more readily. Smaller banks, on the other hand, may find it more difficult to meet their obligations.

Finally, the banker's own attitude toward his work is also a factor. Some bankers are content with a relatively easy job, while others are more ambitious and seek to make their businesses more efficient and productive.

Regardless of the factors involved, it is clear that the banking business offers a variety of challenges and opportunities to those who are willing to face up to them. And while it may not always be easy, it is certainly a rewarding career for those who are prepared to put in the necessary time and effort.
Banks and Central Banks

BY CHESTER C. DAVIS
President, Federal Reserve Bank of St. Louis

Reserve Bank executive, after describing central bank functions and its importance, when independently operated, in regulating supply of money and credit, deplores link of Treasury to central bank policies. Says, under this situation, Federal Reserve finds itself in strait-jacket and unable to expand or contract money supply as needed. Concludes nation needs thoroughgoing reappraisal of central banking functions and advocates a national monetary commission to study problem.

The United States economy is a one money economy. Most of the great civilizations of the world have used money and credit in one form or another and have found it invaluable in promoting efficiency and a higher standard of living. In civilizations of the world have used money and credit in one form or another and have found it invaluable in promoting efficiency and a higher standard of living. In view of that long experience, therefore, it is a little surprising that the general field of money, credit, and banking is not well understood.

The Money Supply

In today's complex economy, even the term, money, is not defined in simple, universally acceptable language; so I hasten to explain that in my figures I lump under the general heading in circulation and bank deposits together and called the total our money supply. Most people would classify as money the currency and coin held outside the bank and the banks—that's $25 billion. But you can add to that demand deposit in the bank to currency merely by signing your name on it. These dealings are managed by checks, and more than half of all money is held in this form, and is so meagerly charged with the reserve...

When bankers throughout the country choose Land Title for prompt action on their title requirements, they're enlisting the facilities and know-how of the world's oldest title company. We've issued over a million title policies in the State of Pennsylvania. May we place this experience at the disposal of your... Mortgage Loan and Trust Department?

PHILADELPHIA

Bank and Trust Company

Broad and Chestnut * 517 Chestnut
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION
contract bank reserves. It is an unadulterated truth that even generally the commercial banks don't like restrictive action on their

It is not necessary to explain to this group how bank reserve—required or fractional reserve system in the nature of bank operations and investments of banks can be expanded to a point several times that amount required but cannot go beyond that point unless new reserves become available. System action to influence bank reserves by means other than direct action is along two lines: (1) Within the limits fixed by Congress, it may change the rule of credit reserve ratios. Given the same volume of deposits, a change in the reserve ratio of 20% obviously will support a far larger deposit volume than a 10%. (2) It may set out to increase or decrease the actual amount of reserves available to the banking system.

The Open Market Operations

It does this mainly by buying or selling government securities in the open market; this is called the "open market operations." When the System buys government securities it adds to bank reserves, when it sells government securities it contracts bank reserves—or it makes direct credit available to its member banks by lending on their assets. When member banks borrow, the funds are credited to their reserve accounts and thus increase reserves. When the borrowings are repaid, the banks draw on their reserve accounts, which thus are reduced.

There is a widely held notion—ever among bankers—that the Federal Reserve Banks get their power to buy and sell investments from their reserve accounts of member banks. This is not the case. Their ability to buy investments—to extend credit either in the form of reserve note currency or credits in the reserve accounts—is derived from a statutory general power of the Federal Reserve System to purchase government securities, to make loans, or secure loans, to member banks. This is inherent in the very nature of a central bank, and it is an important distinction between the central bank and the commercial bank of deposit.

Traditionally, a central bank works as follows: If the Federal Reserve Banks believe the general economic situation seems to be inflationary—in other words, if the supply of money seems to be outstripping the demand for it—services immediately available—

the central bank wishes to see that supply of money contracted. Therefore, it attempts to put pressure on the banks, it attempts to reduce their demand by raising the reserve ratio. The Federal Reserve System is not powerless, because it can expand by a smaller amount on the same volume of reserves. Thus it puts on the brakes. It attempts to hold some of the inflationary forces in check.

In a deflationary situation, the System acts to the volume of bank reserves to make money easier. System action in such a situation tends to be more directly effective in curbing monetary activity. Since Federal Reserve action normally runs counter to the way the economy is running, the central bank tends to be unpopular all of the time. It is always going against the stream. When times are booming, popularity is to tighten down and hold the boom to reasonable proportions as far as monetary action can set it.

Central Banks Should Not Seek Popularity

After all, a public agency which is given this responsibility by the government should not seek the popularity, but understand it. The public, including the bankers, frequently become irritated over Federal Reserve actions. They should be judged in the light of the fact that as long as we have a money economy, some public body will have this job to do. Perhaps some better agency may be devised than the Federal Reserve System; perhaps a better job could be done than has been or is now being done. But whatever the agency, if it met its responsibilities, it would never be popular. It would be bent with public understanding and respect.

It is of extreme importance that the responsibility and purpose of the System shall be administered in such a way as to affect the economy impartially. The Congress confers broad powers upon the Federal Reserve System, which in turn attempts to set broad limits to the money supply and the cost and availability of credit in the aggregate. Within those limits, the individual banks operate as they see fit, subject, of course, to bank supervisory authorities.

So far I have discussed in a hit-or-miss fashion the past and present functions and responsibilities of the banking system and the central bank. Viewed objectively, they are parts of the same piece, in essential harmony, both with each other and with the free enterprise system as we know it. Central bank action does not determine what an individual bank or an individual borrower may or may not do—it merely sets broad and impartial limits to action.

But successful institutions must meet to change existing economic conditions. Since the outbreak of war, because of special circumstances, the Federal Reserve System has not always been equipped to deal adequately with very sharply changing economic conditions. Today we face a situation different from that of a year ago when the economy was still in an inflationary phase. Next year may again be different. Federal Reserve System powers to deal with deflation, as far as monetary authority can cope with it, are much more adequate than they were 20 years ago when the depression of the thirties set in. We can provide funds when needed by the market. A major deficiency of the banking system that aggravated business conditions in the past has no longer exists. For practical purposes, we have virtually unlimited means of supplying the market with additional reserves. On the banks of existing legal requirements, we could more than double our outstanding note and deposit liabilities. We also can lend to banks on many more classes of assets than was possible before 1935. The System also can reduce reserve requirements substantially if that should prove to be necessary.

How Federal Reserve Finds Itsself

In Strait-Jacket

But sometimes in the future, should inflationary conditions resume, the System will find itself back in the strait-jacket which it occupied recently—powerless, while it exercises its responsibility for stability in the government bond market, to offset forces that make for monetary inflation. I am sure I need not discuss in any detail the much disputed question of control credit versus support of the government security market. But it brings up a point that is not too well appreciated. The Federal Reserve System has been criticized as being subservient to the Treasury, and for not acting independently, with its support of

...
Roger F. Murray was elected to the Board of Trustees of the New York Stock Exchange on Nov. 5, 1943, and also served as President of the Bankers Trust Co. of New York, in charge of the Economic Research Department. He served in the United States Air Force from March, 1942 to December, 1945, when he was released from active duty as a Captain. The New York Savings Bank is located at 8th Avenue and 14th Street.

Cecil T. Aulp, first agent, in charge of the Bank of Montreal's New York office, after announcing the celebration on Nov. 3 of the 90th anniversary of its establishment here. The office is the first Canadian banking agency opened in the United States. Nov. 3 marked the 123rd birthday of the bank, the oldest bank in Canada. Progress of the New York office has paralleled that of the parent bank which now has resources exceeding $2,500,000,000, over 500 branches in Canada, and offices in Chicago, San Francisco and London, England. Today years many executives from the New York office have graduated to top positions in the head office at Montreal. Outstanding examples of this are B. G. Gardner, now President of the bank, and Gordon R. Ball, at present General Manager, both of whom formerly headed the New York office. The parent bank's first New York representatives were Prime, Ward and Company, established on Oct. 1, 1827 after the bank opened in Montreal, March 25, 1818. The present office here is in a single room at 23 Broadway.

United States Government Securities

State and Municipal Bonds

Cashier's Checks

D.C. DEVINE & Co., INC.

48 Wall Street, New York 5
HAnover 2-2727


Direct Wire to All Offices

Harry A. McDonald

New SEC Chairman

Harry A. McDonald has been elected Chairman of the Securities and Exchange Commission, the chief public officer to hold the post of chairman. This is the first time a member of the Commission has been elected from among its members. Mr. McDonald, a member of the Commission since its incorporation in 1934, is known as the latter, to have been appointed as President. He has been with the Board for 20 years and is at present Vice-President, in charge of the foreign department.

Henry Duque of the legal firm of Davis & Hazelton, was elected Chairman of the Union Bank & Trust Co. of Los Angeles, Calif. He has been a director of the Board, according to President to President's election. He was appointed by the Board of Directors of the Bank of America, an associate bank, and is known as the latter, to have been appointed as President. The latter, who has been with the bank for 20 years, is at present Vice-President, in charge of the foreign department.

Municipal Bondwomen of New York Elect

Vera M. Smith of Shields & Co. was elected President of the Municipal Bond Women of New York for the ensuing year. Jeanette D. Hurlin was elected Vice-President. L. Elizabeth Dickinson of Lee B. Hurlin was re-elected Secretary. Miss M. C. Vechten of the Board, was elected Vice-President of the Municipal Bond Women of New York at the annual meeting.

W. Pat George, who has been Assistant Vice-President of the Union Bank of New Jersey, has been elected President of the New York Stock Exchange Board of Directors. The bank has a capital of $30,000,000 and a surplus of $2,000,000.

The Munroe & Chambless National Bank, a capital of $15,000,000, was announced to have been re-elected President of the National Bank of Georgia.

The First National Bank of San Francisco, under the leadership of its President, Mr. R. E. Hurlin, has been elected President of the Bankers Trust Co. of Philadelphia.

The Benner County Bank of State, a capital of $10,000,000, was elected President of the First National Bank of California, under the leadership of its President, Mr. R. E. Hurlin.
We Hope It Is Not Typical!

"Aye, we are heading for a crisis in Britain. The workingman is beginning to see it. But up here we have always been in crisis—and in the past we had no Labor Government."

"Before the first war and in the Thirties, 70% of Tyneside was unemployed. Across the river in Newcastle, about 90%—out of every 100 men lived off the dole. We came through that. Now with the Labor Government in we think it can't happen again—not like it was.

"There will not be bad unemployment again so long as the Labor Government is in power. If the worst is worst they will nationalize industry, but we don't want that now. It is not needed yet. We don't want to take over that kind of control, then come to us and tell us what is to be done—we will do it. We'll work longer hours or even take a cut. But we are not like small animals. Wage earners and veteran trade unionists in Newcastle-on-Tyne as quoted by Benjamin Welles in the New York "Times."

This sort of "ideology" is, we are afraid, a poor foundation upon which to erect a British economy capable of the feats it must accomplish if Britain is to stand on its own feet among the first-class nations of the earth.

Impressions From a World Tour

(Continued from page 25)

Unless we do follow up our pro-
gram inaugurated by the Recip-
rocals Trade Agreement Act, we
will find that the so-called dol-
lar shortage will become a lack of
orders for our surplus agricul-
tures and that the whole question
will be whether to dump them or to make them. I don't think we will give up
very other row, or kill the
little pigs, but we will have to
find some other expedient. Cer-
tain manufactured goods that
have been sought after abroad
cannot be sold here unless the con-
sumers seeking them can exchange
their goods or services for dol-
ars. It has to be realized how
popular our goods are abroad. I
must observe, however, that the
answer is to inquire why countries short of dollars did not buy in other coun-
tries. The answer invariably was
that they prefer our products be-
cause they regard them as sei-
pior to others, and then we can
and do make prompt deliveries.

To illustrate the high esteem in
which our goods are held, the fol-
lowing story was told to me in
Turkey. My informant said that
the word nylon is used as an ad-
jective to denote best quality. It
is even used when a man speaks
of a beautiful girl as a "nylon girl"—the highest compliment he
could pay her. Whether authenti-
cal or not, it tells of the great respect
they have, and it is no exaggera-
tion but unless some way is found for
those people to sell their prod-
ucts to us or to others who have
gotten dollars by the sale of their
products, we can't make headway in
the things that they so highly cherish and that we can supply.

In the press coverage of the ac-
tivities of President Truman's Pea-
tant Tour program may be
seen the take of a steady flow of
commerce. Technical assist-
ance will be given not only in
quantity and quality of the prod-
ucts of our countries, but it will
only add to the need of more
of our exports. It is an inte-
grant of our policy to the way
we conduct the world.

There is an all new to you, but it has prob-
ably been more or less this way from the beginning of time, or
why worry? But one can't shake
off the feelings that come after
experiences such as I have re-
lived. When I get the blues,
I think of a scene in Berlin. One
day I was walking along a street
with ruined buildings on both
sides, and I looked up and saw
some bright colors through boxes of
side windows of the third floor of
a large building. There were nice
clean curtains at the windows
but all the rest of the building was
vaccinated—a shell of a ruin. It
seemed almost a miracle that the
industrious and cheerful tenants
could get up there and secure a
safe and livable apartment. Then
I thought that little house-
hold exemplified man's indomi-
table determination to survive.

Col. Saussy Elected
Savannah Alderman

SAVANNAH, GA.—Colonel Wil-
liam Hunter Saussy, Secretary,
Varned, Chisholm & Co., Inc.
Savannah, Ga., has just been
lected an Alderman of that city.
Colonel Saussy served in Eng-
l and on General Bradley's staff.
He was awarded the Bronze Star,
the Legion of Merit, and the Free
French Croix de Guerre.

Richard E. Kohn to Admit

NEWARK, N.J.—Leonora Kohn
will be admitted to limited part-
nership in Richard E. Kohn & Co.
31 Clinton Street, members of the
New York Stock Exchange, on
Nov 17.

C. B. Richards & Co. Will
Admit Acosta, McConnell

C. B. Richards & Co., 88 Beaver
Street, New York City, members
of the New York Stock Exchange,
will admit Charles J. Acosta and
John F. McConnell to partnership
on Nov. 15. Both are retiring from
partnership in Morgan Davis &
Co. on Nov. 14.

With Minneapolis Assoc.

MINNEAPOLIS, MINN.—Min-
neapolis Associates, Inc., Rand
Tower, have added to their staff
James C. Doerr, Pershing V.
Holm, Robert F. Keegan, Leo J.
Lausibach, George W. Matthews,
Bertram F. Mokros, Robert D.
Parch, Roger W. Reed and Her-
bert L. Thorald.

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Federal Reserve Bank of St. Louis

Our Report on Governments

BY JOHN T. CHIFFEYDAR, J.

The government market broke out into new high ground as the longer-term issues, especially the Victory and the parades. The 2½% due 1960/63 were not only a world wonder and rumor has it Federal had to step in and supply the market with this bond, to keep it orderly. There has been considerable buying of those 2½% recently and the floating supply has been rather limited for a long time. Commercial banks, particularly those that should be classified as saving institutions, have been adding rather substantially to their holdings of the 2½% due 1/5/67/72. They are the largest buyers of this bond.

The longest tap 2½s have been put away in sizable amounts and indications are that the current buying has been about as good as has been seen in a long time in this obligation. It is reported that there have not been many large orders for the June and December 1967/72 but a number of smaller ones, which put together, probably amount to more and have a more marked influence on quotations. This kind of buying is also considered to be very desirable.

Despite signs of caution among some operators in the money markets, investment demand has been sizable enough to move prices of certain Treasury obligations into new high ground for the year. The government market has been this and activity limited but, nonetheless, considerable amounts of the more distant eligible and restricted issues have been put away by investors.

Funds had to be invested and in many instances advantage was taken of periods of inactivity to acquire needed issues without having too much effect upon quotations. Because of this, it turned out that when investors recently came into the market they found very few obligations floating around looking for a home in order to get securities had in bid price up. There is no doubt government obligations in the near future will be paying into strong hands, professional set the pace.

Although professionals have dominated the market during periods of light volume and moved quotations up and down within a narrow range, it is safe to say that on the main, due to the caution, only limited amounts of securities came into the market, and these were very readily absorbed. Certain investors have released looks on the sidelines since these con be buying opportunities in the not too distant future, because of the enlarged supply of non-government securities. Nonetheless, they were not sellers and some of their funds were put into the issues due to changing obligations.

On the other hand, there have been and still are enough funds (in not too large amounts) coming into the market to make a market in the 2½s, 3½s and the other 5½s, and it is this type of buying which has been responsible for the recent display of strength, particularly in the latter issues. However, the result has been a type of caution that inflation has been the absence of selling by large institutional holders especially the big life insurance companies.

STABLE PRICE STRUCTURE ASSURED

The government market is apparently strong enough to stay away from any major changes. It can be said that there is a measure of stability in the near future and it is not likely that there will be any great changes in the market. The longer tap 2½s is the one that is going to continue to show the greatest stability, because of the large amounts of securities that are going to be issued and the large amount of buying that is going to be done.

Although prices might hesitate and even back away from present levels, it is believed in many quarters, quotations will continue to move upward and although on other markets a stable market seems to be in the cards for the time being, back with the settlement of the strikes might bring about a minor psychological decline in the T and market. On the other hand, a mild setback to business of the strikes and the market, this may have a little effect on prices. It has not in the near future, should have a stimulating influence upon the government market.

Other Real Estate

Market Memos

Pension funds and savings institutions have been the leading buyers of the government obligations. The Federal Reserve banks have been buying in sizable amounts for the benefit of the public.

The other restricted obligations especially the 1964/65/72/77/82/87/92 have been gaining in size as the floating supply is met with a minor reversal in prices. It is also reported that weakness in quotations would result in additional purchases of the 2½s, 3½s and 5½s of the new issues.

The longer tap 2½s have been bought by the government and it is anticipated that prices will continue to give them plenty of competition for the available collateral. These investments usually-exceeds have been very well taken by the later banks.

Because of this, it turned out that when investors recently came into the market they found very few obligations floating around looking for a home in order to get securities had in bid price up. There is no doubt government obligations in the near future will be paying into strong hands.

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Role of the United States

In the second stage of recovery, which we are entering the advantages of the longer-term eligible and more vulnerable money will be more apparent. The government market, on what the United States does. The rest of the world is looking to us for leadership and for leadership as never before—that is the overture. The nature of the traveler to any corner of the world to meet that responsibility there are things especially that we must do.

1. Continue Aid Program

The first thing we must do is to continue our aid program in a steady decreasing amounts, the foreign aid program on which we are launched. By that I mean the Economic Cooperation Administration and the activities of the United States. It has been demonstrated that whether or not there are mistakes, errors in allocations of funds, the real substance of the policy is enough assurance on sound money policies. But by and large the record has been a good one. Recovery has been substantial; political stability and economic progress are here. For our country we have had the main good things done, men, money, and now, men, dollars, in some of the countries where there have been losses of currency, there are policies that help the economy. We know that inflation has ceased and the economy has suspended effort. We have begun to move forward. If there is no denying or avoiding the fact that these things are a part of our life and are a part of the world, if there is not widening the remit more and more, the loss of the benefits of the world will not be for the good of the world, for the good of the country, and for the good of the people.

2. Follow Liberal Trade Policies

The second great assist that this country could make at this time is a liberal trade policies, of mean willingness to import as well as export. Of our present volume of exports, about 40% represents gifts from the American taxpayer. To take this load off the taxpayer we must do our utmost. We must get out of our cut exports by 40% or increase our exports of goods and services a little and not with a capital across the board. This is not as hard as it sounds. First, the foreign trade has come from expenditures of our tourists—prior to the World War. This is an important and various services foreign aid can render, and any depression that can bring a cure for these currencies encourages all of this.

Some export and import barriers

In the past, we have been working on this, and the reform of the trade barriers. There is no denying or avoiding the fact that these things are a part of our life and are a part of the world, if there is not widening the remit more and more, the loss of the benefits of the world will not be for the good of the world, for the good of the country, and for the good of the people.

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Honest Money and Human Welfare

(Continued from page 20)

R.C.A. runs off, the Bank should be the spearhead in a sound flow of United States capital abroad.

The difficulties of attracting our capital to other countries are very great and, in fact, the success we have has been a great deal more to do with the establishment of the necessary conditions.

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The Dollar and Gold?

Historically, one of the best protections against the inroads of political spending was the gold standard—the reason so many of our Founding fathers were so determined to insist on its adoption. This means an unbroken, continuous, unswerving, and price policies, and in the long run, the only effective device of protection because people are trying to get something for nothing instead of working for it. When this happens the "welfare state" may be an unmitigated human welfare, for there can be no lasting human welfare if economic activity is unstable. Simply calling a state a welfare state does not make it one. Someone has to stand up and say that what we need is a state of welfare and not a welfare state, and if there is welfare there must be sound money. If we are to have a long-survive large budget deficits.

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Gold Convertibility Is No Assurance Of Monetary Stability

For the last couple of years wide publicity has been given in the press to the idea of other types of transportation for railroad traffic. In recent years such traffic has increased, and the rate at which the railroad traffic has been growing is perhaps the most significant feature of this trend. In many cases the increases in the rate of traffic have been accompanied by decreases in the cost of transportation. In other cases the cost of transportation has been constant, while the volume of traffic has been increasing. It is not surprising that this proportion has been dropping since the end of the war. The decrease in the rate of transportation has been greater than the decrease in the volume of traffic, and this has led to a reduction in the proportion of transportation costs to the total cost of production. However, the rate of transportation has not been constant, and it is not likely to be constant in the future.

According to the study of the Bureau of Transport Economics and Statistics in the United States, between 1922 and 1941 the average rate of transportation for railroad traffic was 84.2% of the rate for highway transportation. This rate of transportation was also 84.2% of the rate for railroads between 1922 and 1941. The rate of transportation for railroad traffic has been steadily decreasing since the end of the war, and it is likely to continue to decrease in the future.

Railroads have long since ceased to have a monopoly on the transportation of goods. Railroads, highways, and pipelines have all developed as alternative means of transportation. Railroads, highways, and pipelines have all developed as alternative means of transportation.

It is not surprising that this proportion has been dropping since the end of the war. The decrease in the rate of transportation has been greater than the decrease in the volume of traffic, and this has led to a reduction in the proportion of transportation costs to the total cost of production. However, the rate of transportation has not been constant, and it is not likely to be constant in the future.

The Dominion Bank

Established 1871

Canada Head Office—Toronto

Private wire system between New York, Toronto and Montreal

New York Agency—49 Wall Street

A. W. Rice, Agent

R. G. Hogg, Asst. Agent E. A. Quackenbush, Asst. Agent

Bell System Telephone N.Y. S. 1671

Canadian Exchange

Our extensive activity in the trading of free Canadian Exchange enables us to make good markets for buyers and sellers.

Upon request, we shall be pleased to keep you posted on rate changes. You may communicate with us by telephone, telegraph or teletype.
The gold coin mechanism does not distinguish among the motives of those to demand gold. However, for any reason, there was a demand for gold, the reserve base of the monetary system would be reduced. Moreover, if only the United States were to convert into gold while practically all other countries were not, hoarding demands from all over the world would be met, and the surplus would be exchanged with the United States. Conversely, if the United States alone were to convert into gold, the United States would be left with a large surplus of gold.

Progressive farmers realize that the best agricultural policies are those that promote economic growth. They believe that agriculture is a vital industry and that it should be protected from unfair competition. They also know that agriculture is a labor-intensive industry and that it should be given the support it needs to compete with other industries. They believe that agriculture should be supported by the government and that it should be given access to the markets of the world.

The primary purpose of agriculture is to provide food for the people. However, agriculture also provides many other benefits, such as income, employment, and national security. Agriculture is a key sector of the economy, and it provides jobs to millions of people. Agriculture is also a critical component of national security because it provides food for the military and for emergency situations. Agriculture is also an important part of the economy because it provides income to the people who work in agriculture. Agriculture is a vital part of the economy, and it provides many benefits to the people who live in agriculture-dependent communities.
Gold Convertibility Is Not Assurance of Monetary Stability

(Continued from page 25) serves to the drains of speculative and hoarding demands at home and abroad strikes me as both unwise and imprudent.

Perhaps before I let go of this subject, which has held me and you, I should say a word about merely raising the price of gold, without doing anything about a free gold market or coin convertibility of the currency. This is something which has interested some of Europe and others who are "short of dollars," has interested some of our own people, and has become a South African war cry. An increase in the price of gold, for gold would have two major results. It would provide the gold-pro-

cucing countries (and domestic producers) and the countries which have sizable gold reserves or private holdings, with additional windfall dollars with which to purchase American goods; and it would provide the basis for a manifold expansion of credit in this country which might be highly inflationary.

We have been engaged in an unprecedented program of foreign aid for the past four years. The Congress has increased our foreign aid at such times and in such amounts as it has deemed to be in the interest of the United States. This is much to be preferred, I suggest, to the haphazard manner in which it seemed to be granted by an increase in the price of gold, or by an increase in the basis of a more or less accidental distribution of existing gold stocks and gold-producing capacity. If we raised the price of gold, every country which holds gold, every country which can get gold, without doing anything about a free gold market or coin convertibility of the currency. This is something which has interested some of Europe and others who are "short of dollars," has interested some of our own people, and has become a South African war cry. An increase in the price of gold, for gold would have two major results. It would provide the gold-pro-

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control by government intrusion in our personal and private affairs.

That is why I should like to see the American Bankers Association adopt an affirmative, constructive attitude toward the Federal Reserve System. If you don't like it as it stands, put some real time and effort into the study of ways to improve it—its personnel, its powers, its organization, its functioning. In such an undertaking, you will have the cooperation of all of us who are devoting our lives and our energies to what we believe to be a worthwhile public service. In the struggle of ideas and ideals which now divides the world, this is a minor point. But is it a fighting front. It is no place for a neutral.

Amazeen Vice-Pres. Of Coffin & Burr

Laird, Bissell Co., Admits J. J. P. Murphy

BOSTON, MASS.—Coffin & Burr, Inc., 60 State Street, announces the election of Edward S. Amazeen as a Vice-President. Mr. Amazeen, who is Manager of the investment trust department, joined the firm in 1935. Following wartime service in the Mediterranean and the Pacific as a Commodore in the Navy, he rejoined the investment banking firm in 1947.

Mr. Amazeen is a graduate of Harvard University and is Head of the Graduate School of Business Administration.

New York Stock Exchange Weekly Firm Changes

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

Interest of the late Edward C. Fuller in Carlisle & Jacquelin ceased Oct. 31.


Interest of the late David W. Smyth in Pifer, Bullard & Smyth closed Nov. 2.

Interest of the late Harry M. Ungerleider in Ungerleider & Co. ceased Oct. 31.
Our Key to Economic Freedom and Progress

(Continued from page 22)

to the community as a whole.

When New England was the principal industrial area of the United States, the natural force of its people, which stemmed from colonial times, led to much saving. Savings that warranted increasing large amounts for venture capital. As a result, the whole area became dynamic, even though the caution of thrift was general.

Those with small incomes were the beneficiaries of this use of venture capital in two ways. First, as their savings in the Underwriters banks accumulated, they were able to buy stocks of established companies thus increasing their income. Second, as the production of many businesses and industries increased, their supply of bonds for sale was increasing. As a result, more and more people with small incomes were able to go into business and make a fortune. The area was beginning to develop a community of its own.

Furthermore, valuable, equal rights, to those with small incomes has been a well-known opportunity that has existed in our own country. And there has been a great movement from lower to higher incomes, measured not in dollar money but in the conveniences and necessities of life that have become available.

It is generally accepted that venture capital, electric power and light became available at prices that brought them into the homes of those with small incomes as well as all of the common people. The venture capital, common stocks, public utilities, automobiles, and other innumerable small things were developed and produced by the development of venture capital; and these things were created until they became essentially the things that we have come to regard as essential.

Another important phase of the development of venture capital was the need that is necessary to provide some services to all those who desire them. Small industry, for instance, has been able to produce in such ways, which is one reason why big industries are essential in our country. The reason is that we have forgotten that no economic system that is entirely free can distribute the products of a million people to a million people, and that only by organized and systematic means can it be done. But under the private enterprise system as it has developed in the United States, if there is a demand for one million units and only one hundred thousand are produced, venture capital would come into economic freedom and be the balanced surplus. Hence, it is those with small incomes who have a benefit from such methods, for their safety, their standard of living, become better and better as the years go on. Because of venture capital moves on through the years.

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Underwriters — Distributors

PUBLIC UTILITY, RAILROAD

and INDUSTRIAL SECURITIES

W. C. Langley & Co.

New York Stock Exchange

115 Broadway

New York 6, N. Y.

Tel. Barclay 7-8000

Thursday, November 10, 1949

The effect of high taxation is so apparent that it is impossible to overlook its importance. The industries which have had to pay high taxes have shown their earning in large amounts in order to meet the tax burden. However, they could not do it.

The extent of the effect of high taxation is shown in figures of registrations for 1946, 1947, and 1948.

NEW SECURITIES ISSUES

Long-Term Bonds

<table>
<thead>
<tr>
<th>Year</th>
<th>Issues (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1946</td>
<td>$2,043</td>
</tr>
<tr>
<td>1947</td>
<td>$1,983</td>
</tr>
<tr>
<td>1948</td>
<td>$2,183</td>
</tr>
</tbody>
</table>

*First eight months.*

It has been estimated that, after all allowances for income, there are approximately eighteen million stockholders in the United States. It might be interesting—right here to compare the number of stockholders in this country with some of our important corporations with the number of employees:

Stockholders Employed

<table>
<thead>
<tr>
<th>Corporation</th>
<th>Stockholders</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Telephone &amp; Telegraph</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Motors Corporation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U. S. Steel Corporation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated Edison of New Jersey</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Jersey Electric Corp.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E. I. du Pont de Nemours &amp; Co.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


And includes 16,195 in Canada and 29,482 overseas. *Includes foreign countries.*

If the tax laws were changed to reduce the taxation of dividends and capital gains, it might be possible to use such capital as capital. If this were done, it is recognized that this, this would be much more to the advantage of those who own stocks and stockholders were not obliged to give up a portion of their capital. Then, it might be possible to change the law so that they would have the opportunity to use the capital that is available to them. This would be much more to the advantage of those who own stocks and stockholders were not obliged to give up a portion of their capital. Then, it might be possible to change the law so that they would have the opportunity to use the capital that is available to them.

When the income tax was first established, it was recognized that the income tax was a new thing in our country today has decreased the income tax to a very great degree. It was not possible to establish new businesses and to use the capital that is available to us. Especially is this true of those with small incomes.

It would almost seem as though our tax laws had been studying to find ways and means to reduce the tax burden on small incomes to strengthen their financial position, which is so essential to the interest of the whole country.

It is true that the tax laws are not the only way to reduce the tax burden on small incomes. But we can see how far reaching an improvement in the tax laws would be in helping to reduce the tax burden on small incomes.

Underwriters — Distributors

Dealers

and INDUSTRIAL SECURITIES

Underwriters — Distributors

Dealers

and INDUSTRIAL SECURITIES

W. C. Langley & Co.

New York Stock Exchange

115 Broadway

New York 6, N. Y.

Tel. Barclay 7-8000
World’s Biggest Pipeline

to meet challenge of California’s growing needs

This giant gasway—the “Super Inch”—is scheduled to bring a tremendous new supply of natural gas to California from Texas and New Mexico. With a total length of 1600 miles, P. G. & E.’s California section of the line will be 506 miles long and 34 inches in diameter—the biggest high-pressure gas line ever to be undertaken anywhere. Construction work began in June of this year, with first deliveries of 150,000,000 cubic feet a day due by January 1, 1951. Ultimate delivery contemplated is more than 400,000,000 cubic feet of gas a day.

This project is part of P. G. & E.’s vast postwar construction program, the largest of any gas or electric utility in America. Expenditures on this program are now well past the halfway mark, $450,000,000 having been spent in the past four years. Emphasis has thus far been placed on providing additional electric generating capacity, by the close of 1949, six power plants, with an aggregate generating capacity of 949,000 horsepower, will have been added to our system. Construction is well advanced on additional plants which will add another 1,107,000 horsepower by 1951, bringing to a total of 1,801,000 horsepower the new generating facilities placed in operation by the Company since 1945. This is about 6% of the additional capacity being built by all electric companies in the United States during the same period.

Other Company projects completed and under construction involve extensive additions to electric and gas transmission and distribution systems, gas storage holders and other facilities to provide for the rapid expansion of population and industry in Northern and Central California.

PACIFIC GAS AND ELECTRIC COMPANY

245 MARKET STREET, SAN FRANCISCO 6, CALIFORNIA
Britain's Economic Crisis

(Continued from page 8)

Our great business now is to save. We are now beginning to realize after four years, increasingly, that although up to a point the sharing is right—I myself am a supporter of welfare in the state—yet I think the phase "welfare state" is beginning to get lost sight of. I have no assurance of a success which makes it perhaps slightly unwise—but we must believe in the sharing of wealth, because one of our aims in a free society is to make personal economic wealth and welfare.

But the two things have happened. One is that we have lost the confidence of the man of a machine output. For some this has resulted in a feeling of regret for the old days. The second is that we have lost the confidence of the man of an industrial business. If you are faced with a business in which the output per man has been cut in half in ten years, you may be thinking, "Well, that's not so bad. We have just enough. We were good enough for grandfathers, and we shall just have to have a little more particular need now to change myself."

And I think that in a range of things which have not been that aggressive management, that, go-ahead with new technological processes, and particularly the 1920s or period of definite stagnation in the business capital structure of this country.

To give you an example—British Rail, which is the producing capacity of France was actually reduced. France was less than half as in 1929; and the capital structure of Great Britain had been reduced for 10 years.

To give you an example from, say, the steel industry. In the 30s went in for rearming, and probably more than a million pounds in 1929 was the most moderate estimate, 25 to 30 million would have been necessary to produce a competitive industry, and it therefore a period of stagnation, it is obviously bearing fruit now.

The Psychological Factors

And I think it is more than a psychological factor, it is an extensive psychological factor. There has been a tremendous production anything like the live agricultural markets. It is a return to the 1920s, and at a country that has no more to do with the government and it does make a first step in the cultural and political direction has gone, in this new way. And it is quite true that it is in the town, and it does make a first step in the cut.

But that is not the whole story. The difficulty of running in a world that has lost its confidence in the financial capital of the world, that is no longer able to perform the function of the financial world, that is no longer able to perform the function of the financial world, that is no longer able to perform the function of the financial world.

No Overnight Cure

So that the first aspect of the European problem which does not date from today and yesterday, but which we have not yet met. I do not think that they have not met overnight, simply because you cannot get guaranteed to a sudden attraction, has with its own trade barriers than we have had before. The worst of all is trying to make economic depression not by trying to keep out of our place not by trying to keep out of our place.

The difficulty of course, we have non-political structures which do not exist in the modern economic system. We all remember in the 20th century the greatest benefits are obtained at least by the traditional industries, by techniques of mass production, by the widest possible distribution of labor and effort between various branches of industry, and it is somewhat easier in an area in which there are no such spikes. It is perhaps easier in a great wall between each of its own trade barriers than we have had before. The worst of all is trying to make economic depression not by trying to keep out of our place not by trying to keep out of our place.
The World's Largest Shoemakers

International Shoe Company

General Offices: 1500 Washington Avenue, St. Louis 3, Missouri

Point IV are of vital importance, I would feel that they are dependent, what shall we say, upon the buoyancy of this economy, and that I would not be exaggerating and I would not be indulging in emotional talk if I say that from the material point of view that is the hope of the world. I believe that our system with its flexibility, and our system with its freedom, with what it offers man, is capable of expanding communism but of producing an infinitely better answer in terms of world order, and world order we have to have. But I feel that the pivot of that does lie right here in the great American economy, in its capacity to show in a peace effort or, if we must call it that, a cold-war effort, some of that expansive power, not with anywhere nearly the same strain or on the same scale, that was called to the fore so beautifully during our struggle with Hitler.

And that, I think, is the hope of the world. I think other things will tend to fall into place. I think you will buy if you are buoyant, and I think that the possibilities of investment overseas, if we go into this in a partnership between the nations of the free world, with Britain and the Commonwealth, and the Netherlands, Europe, the market is there, and I think you have not only the personal freedom of travel, but what you are talking about investment overseas and it is all very well to talk about low-interest tariffs, but those things are not done in periods of business recession or even in times when there is not that buoyant confidence born of an expanding economy.

America the Pivot

And it is, therefore, I fully believe that the exporting side and that things like President Truman...
Investing for the 1950's

(Continued from page 3)

ences to keep business on a high level, and there are strong supporting influences...

(a) Threefold increase in money supply ($140 billion compared to $40 billion in 1939). The Federal Reserve Bank of St. Louis

(b) Federal Reserve Monetary Policies. This increase in money supply is available for commerce, business, and agriculture.

(c) Excess of Government spending over the collections requires a substantial treasury deficit. Military expenditures and European aid.

Careful and experienced observers with good records or time tables indicate we have been in a slow gradual readjustment during 1945 which began with a slump in the luxury and amusement industries and this Summer reached steel and copper. The automobile industry is now in its readjustment to normal postwar sales and production. The readjustment appears to be a matter of settling down to the postwar level as contrasted with the postwar peak during 1947-1948 when investment refinancing and increased spending was superimposed on the state of prosperity. Amongst it all, was its misleading its natural

The heavy industry lines such as steel and copper and automobile are just now reaching their readjustment and in the coming years will be the level of production. This is a mischievous indication that the principal material producers and plant equipment can be followed in the industry, and the Securities and Exchange Commission in its latest estimates published in the last quarter by McGraw Hill in its "Quarterly Research" have indicated the expansions declined sharply the last quarter. This is an important factor and is not intended as a prediction. We will simply have to wait a little longer to see how enforcement through wage changes and price controls will be sustained. On balance, let us assume that the readjustment will be slow, and that the general wave of expansion will follow. It is a better bet to win a dollar out of a Federal spending and the strong easy money policy and credit that will serve system. Money. This money factors will be effective if we have a lengthy period and great boom, but they can be very effective of large corporations' readjustment is correct.

Outlook for Important Industries

Having decided on a high level of interest rates, this is an examination of the outlook for the most important industries. The principal reason for these favorable earnings and dividends is that the ability to spend is increasing in size and number of these industries beginning with, one, the life insurance companies and those which have the least governmen tale and labor toward the general public in the scheme of life?

Ability to absorb higher taxes should be considered since we are in a troubled world which requires large military spending and aid to friendly nations, all of which will require high taxes. Industries which cannot pass along these increased costs as well as increasing prices will be damaged by a squeeze on profits. Industries which can pass along these increased costs and find consumer spending or mass purchasing power are in a better position, which is the key point. We have beenable to do this and try to rate them according to these tests: For example, retailers with lagging industries characteristics because of lagging consumer purchases, volume, earnings, and dividends:

- Chemicals
- Drugs
- Commercial Banks
- Insurance
- Retail Trade
- Public Utilities

Even this select list of industries needs further refinement. For example, if we should get into another inflationary expansion in

the next year it might be wise to investigate these stock prices and retail and wholesale buying power by State regulation of rates. Fire insurance and utilities were first hit by the Federal Reserve Board action, they will be the first by a lower cost for coal. Building operations and those industries which appear to have a promising future, and which are more volatile and carry greater risk, are:

- Agricultural Equipment
- Metal and Mining

Before buying into these industries it would seem advisable to gain a good idea of the factors which will really hold up sales and earnings for months, and whether the indications of a new wave of expansion are really there. These are the industries whose profits and dividends will be the greatest. The profits of these are rising. The products of these are smelted in sales whereas the sales of the industries in question are more stable and earnings and dividends would be directly affected.

Now this matter of industry selection is quite as important, as you are investing for the next two years. Nothing is more important than the selection of the individual common stock. Your judgment worth only $70. His timing, this judgment is the key to any investment program. True, there is no perfect answer, but many of the common errors can be eliminated by careful study and by adopting a conservative, very regular (and probably high) but rather buying when the prices are down and when the dividend yield is greater than normally good. Like every other aspect of investing, the selection of the individual common stock is the one decision that is most important. The annual and industry selections is that have more years of experience in this field. Let us look at the example of the difference of common stocks of the same industry. This time let us take the automobile Industry. The investor who bought the Detroit common stocks on Jan. 1, 1949, has a gain in the price of the investor who purchased stock in Jan. 1, 1949, now has an appreciation of 225%, while the investor who bought another independent stock in 1949 has a depreciation of 39%. On a $1,000 investment the exercise of good judgment will have a difference between now having an investment of $2,500 in the stock of a better make than $1,189 in the case of Studebaker and only $610 in the case of Kaiser-Frazer. The importance of selecting the best managed and most profitable companies is shown clearly by a comparison of Swift and Armour from the close of 1947 to the close of business yesterday and what happened to our $1,000 investment.

Swift - Jan. New Value 1949 - $420 stock Parke Davis. 42% 28% 67

Armour, pd. 193 32% 610

The advantage of selecting the management of a company is shown by a comparison of the close of 1948 with the results and what happened to our $1,000 investment. Old Value 1948 - New Value 1949

Penna., RR. 48% 28% 57

Norfolk & West. 54 48% 900

Another illustration of a very important point is the effect of protection since the close of 1939 in the case of two leading companies:

Gulf - Stand. Oil. 36 36 1,700 (Indiana)

Here is an illustration showing the difference in value of two well known railroads since the close of 1939 and what happened to our $1,000 investment.

Gulf - Jan. New Value 1949 - $680

So is the difference between the period to make a good investment in a company and a poor investment. We would like to make a grand effort to meet this challenge, then we can be confident of the long term value of our investment.

Paul J. Koughan With Hexter & Co.

With E. F. Hutton & Co.

Paul J. Koughan has become associated with Hexter & Co., and formerly co-manager of the San Francisco office of the firm of Hexter & Co., Inc., and prior thereto with C. F. Filpoul & Co., and with J. B. Liggett & Myers, on the Pacific Coast.

SAN FRANCISCO, CALIF. - Paul J. Koughan, who was associated with E. F. Hutton & Co., 160 Montgomery Street, Mr. Fori has previously been with & Co.
can now afford to spend much time and money on a property that is actually on an unusually large commission, which is to the advantage of the small investor to buy. This is for two reasons: first, some people in mind, in a key position as to the function of the Federal Reserve Board, now available for investment. It is unfortunate that banking act regulations prevent the country bankers from getting even a small profit on the sale of stocks, so their natural tendency is to advise their customers to keep the money in the bank or in government bonds. I have wondered if there might be a happy, well-ordered selling of investment trusts of high standing at relatively low cost. In any case, this whole field is worthy of the best attention of all those interested in solving the equity capital problem. While SEC regulations have minimized many abuses, there is something of a $25 million of a stock like Tucker can be sold, when stocks with 50-year dividend records lie neglected on the bargain counter.

But how about those who do know the value of buying stocks? Here the demand is lower and the benefits to be gained from the cheap price of those stocks will be immense. Encouraged borrowing versus saving, the increased use of dividends and steadily graduated individual taxes discourages investors along with inequality of capital gains taxes and especially loss provisions. Threats of discouragement to equity investment, such as the possibility of the SEC thus created. While Washington economists must doubt the capital investments of at least $5 or $10 billion a year, if we are to keep up with our growing labor force and keep our machinery modern, many of the actions in Washington seem designed only to discourage that investment, but to make it impossible by heavier taxation and more and more controls and government competition. I was particularly, however, to note that Mr. McCane, Chairman, Federal Re-

This familiar Tydol Flying-A Disc you meet along the highways is more than the symbol of quality petroleum products...it is also the signpost that says, "Friendliness Lives Here."

Behind the Flying-A Disc stands a long record of petroleum achievements...such historic feats as building the famous pioneer pipeline from Pennsylvania to the sea...such modern triumphs as today's superhi 100% Pennsylvania Veedol, Motor Oil and Tydol Flying-A Gasoline. Behind this disc also stands the personality of a friendly Flying-A Dealer, an independent businessman dedicated to making more pleasant for you.

Remember these things when you see the next Flying-A Disc along the highway. You will find it a place where quality products are sold...and friendly Flying-A Service is gladly offered.
Canadian Securities

By William J. McKay

During and since the war the Canadian economy has experienced an unprecedented demand for lumber, which, from 1940 to 1947, there was an increase in the Gross National Product of 13.6%, and from 1947 to 1949 a further rise of 13.7%. Whereas south of the border, the economic problems, following the end of the sellers' market already exerted its influence, the Canadian economy so far as lumber is concerned, has borne the brunt of the deflationary pressures. To a great extent the economic expansion of private investment that has taken place in the Dominion is not only possible but requireable for this phenomenon. It is also to be noted that there is invariably a time lag between the development of an economic trend in the United States and its inevitable impact on its northern neighbor.

There is now reason to believe that Canadian immunity from the effects of a world-wide experience is now approaching its end. In addition to recent indications that the domestic economic expansion has passed its peak, there are repercussions of the drastic steroid deflation values are already commencing to cast gloomy shadows on the Canadian economic situation. Hitherto the Dominion's chronic problem of the deficit in trade with the United States has been solved by the favorable balance of the British Commonwealth agreements. It is now evident however, that Canadian exports to the United Kingdom and other British Dominions will be severely curtailed in the period immediately ahead. The United Kingdom has advised Canada that, in the absence of some mechanism that will prevent purchases of Canadian goods, the majority of which are destined for the production of Canadian supplied cheese, it will be able to retain her hold on the British wheat market after the expiration of the present United Kingdom-Canadian Wheat Agreement which is due to expire at the end of 1949.

Thus judging from the export side of British-Canadian trade it appears that time has not yet arrived when Canada's usual favorable balance in trade is likely to be affected. The balance of the prospects on the other side of the ledger is such that the opinion that the balance will be still further affected upon Canadian development is the U.S. deficit deflation values, imports into Canada of British automobiles, which had already registered a sharp increase since the beginning of the year, have been further stimulated. Canada now figures as the second largest market in the world for British cars. British competition in this market has also led to a large increase in the Canadian sales in British Commonwealth areas. Likewise in the important textile field lower British prices are commencing to cause serious competition in Canadiantextile industries. It should appear, therefore, that Canada's favorable balance of trade with the United Kingdom is likely to suffer as a result of this increase in imports. This in turn, unless exports to this country can be further increased, is it possible that Canada's overall favorable balance will now disappear. In order to protect her declining exchange reserves, the Dominion of recent international commitments, can no longer purchase large quantities unless a high degree of tariff adjustment. The only other immediate alternative that would serve to correct the unfavorable trend of foreign trade is currency devaluation. Unlike in the case of sterling, confidence in the Canadian dollar is so far, so that a subsequent devaluation would not lead to a further fall in the value of the currency. To effect a more favorable foreign trade balance, it is necessary to add stimulated to the flow of U.S. investment funds from the United States, and to ensure that the value of the Canadian dollar is such that the pressure on exchange reserves results in the restoration of confidence in the currency. During the week external bonds were bought but activity was not restrained by scarcity of supply. Interest rates were also limited and prices were virtually unchanged. Nevertheless, this market of Canadian internal bonds is growing uncertainly as to their attractiveness. There now remains only limited demand for further improvement, whereas in the event of development of any weakness there is no official floor under this market to arrest a decline. Free funds were not materially altered by the increase of evidence of the impact of the dollar shortage. Stocks again were buoyant led by Western oils which reached a new high for the week. The prices of Nebraska boom in 1937, Basin-Capitol stocks radioed a new high point and new high were reported for Wheaton and other issues. There was little activity in the golds and the price index was only fractionally higher than before.

As We See It

(Continued from first page)

boundaries of semantics. It is particularly true of the terms "statism" and "reaction." Statism and Reactionaries. It is, therefore, definitely both pertinent and useful to inquire into the exact meaning of "statism"? Who in hard fact are the "reactionaries" of the day? Every American school child knows that the movement which finally brought this country into existence was launched in 1776 with the publication of a document which in an early paragraph solemnly asserted: "We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain inalienable Rights, that amongst these are Life, Liberty and the pursuit of Happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed..." The framers of the government, laying its foundations upon such principles, and organized following sterility deflation values, imports into Canada of British automobiles, which had already registered a sharp increase since the beginning of the year, have been further stimulated. Canada now figures as the second largest market in the world for British cars. British competition in this market has also led to a large increase in the Canadian sales in British Commonwealth areas. Likewise in the important textile field lower British prices are commencing to cause serious competition in Canadiantextile industries. It should appear, therefore, that Canada's favorable balance of trade with the United Kingdom is likely to suffer as a result of this increase in imports. This in turn, unless exports to this country can be further increased, is it possible that Canada's overall favorable balance will now disappear. In order to protect her declining exchange reserves, the Dominion of recent international commitments, can no longer purchase large quantities unless a high degree of tariff adjustment. The only other immediate alternative that would serve to correct the unfavorable trend of foreign trade is currency devaluation. Unlike in the case of sterling, confidence in the Canadian dollar is so far, so that a subsequent devaluation would not lead to a further fall in the value of the currency. To effect a more favorable foreign trade balance, it is necessary to add stimulated to the flow of U.S. investment funds from the United States, and to ensure that the value of the Canadian dollar is such that the pressure on exchange reserves results in the restoration of confidence in the currency. During the week external bonds were bought but activity was not restrained by scarcity of supply. Interest rates were also limited and prices were virtually unchanged. Nevertheless, this market of Canadian internal bonds is growing uncertainly as to their attractiveness. There now remains only limited demand for further improvement, whereas in the event of development of any weakness there is no official floor under this market to arrest a decline. Free funds were not materially altered by the increase of evidence of the impact of the dollar shortage. Stocks again were buoyant led by Western oils which reached a new high for the week. The prices of Nebraska boom in 1937, Basin-Capitol stocks radioed a new high point and new high were reported for Wheaton and other issues. There was little activity in the golds and the price index was only fractionally higher than before.

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Real Freedom Sought

The immediate cause of this sentiment was, of course, the behavior of the government of the then mother country, against which the Declaration of Independence cites a long list of charges about the substantial nature of which the world has long since agreed. It is not the nature of government and of the proper relationship of government to the individual—the spirit and the general principles of the document—could never have appeared at that time but for a long line of dissenting voices which preceded it, and which in a very real sense furnished the foundation for it. Religious and political and economic and in any form had long been in the air over large parts of the world. The concept of a government which was the servant of the people, of the people had evolved and was flourishing in 1776, and the principle that it is the facts which would for a moment doubt that the basic change sought was not that of broadening or changing the mass of the people who form the government, but rather, to create government which left the people free of many of the restraints and interferences of all kinds long suffered.

A Similar Version

But all this was by means confined to the political arena. In this year 1776, there appeared what might in a sense be termed an extended and greatly elaborated version of some of the sentences of the Declar-
Serving Middle America
for 50 Years

For half a century, ships of the Great White Fleet have transported vast quantities and varieties of products, plus thousands of vacationists, to and from the ports of the Caribbean.

Today fast, refrigerated vessels ply their United Fruit routes, serving shippers and travelers in Inter-American trade. Competent staffs, afloat and ashore, operating the latest in modern equipment and facilities, support this fleet.

As trade and travel continue to grow, the Great White Fleet keeps pace... offering constantly dependable service...tailored to the requirements of the Americas.

Greater White Fleet
United Fruit Company

New York 6: Pier 3, North River
Philadelphia 6: Pier 9, North Wharves
Washington 5: 1514 K St., N. W.

San Francisco 7: 1001 Fourth St.

British Honduras  
Dominican Republic  
Jamaica, B.W.I.  
Colombia  
El Salvador  
Nicaragua  
Costa Rica  
Guatemala  
Panama  
Cuba  
Honduras  
Canal Zone  

Halsey, Stuart Offers Central Maine Bonds

Halsey, Stuart & Co. Inc. offered to the public Nov. 5, $5,000,000 Central Maine Power Co. first and second mortgage bonds. Series B 3 1/2% due Nov. 1, 1979 at $5,000,000, applied interest. The firm won the award of the Bonds at competitive sale on a bid of 103.75.

Net proceeds will be used to pay in part the cost of the company's construction program. The company estimates that its construction program for 1949 and 1950 will require aggregate expenditures of $18,500,000, of which $2,000,000 is scheduled to be expended in 1949. The company, operating wholly within Maine, generates all but a very minor part of its requirements for electricity. Its distribution system serves about 200,000 domestic, commercial, industrial, agricultural and municipal customers in central and southern Maine, an area which includes the industrial centers of Portland, South Portland, Westbrook, Lewiston, Auburn, Brunswick, Bath, Biddeford, Saco, Sanford, Gardiner, Augusta, Water- ville, Fairfield, Skowhegan, Bel- fast and Rockland and 200 other cities, towns and plantations. This territory has a population of 769,000, representing approximately two-thirds of the total population of the state, and embraces the greater part of its industry. Among the more im- portant industries served are pulp and paper products, cotton and wool textiles, shipbuilding, metal trades, lumber and wood-working, and boots and shoes.

Securities Salesman's Corner
By John Duton

IS IT LISTED?
(Second Article)

Last week we discussed the changes which the "unsound" policies of the government have brought about in the retail securities business. We pointed out that New Deal practices have killed off new financing for small and medium-sized business firms through the regular private-channels which prevailed before 1932. Also, that high-grade bond issues, due to the government's cheap money policies, are no longer attractive to individual investors, and that this has established a small circle of prominent underwriting houses that specialize in selling to the insurance companies and banks. Other firms doing a retail business do not sell to this profitable business. What had formerly been a business where the underwriters acted as wholesalers, and the houses of retail distribution as retailers, has now degenerated into a situation where the smaller retail organizations of the country have but two choices: First they can pick a few old-time, seasoned, over-the-counter issues and offer them to their clients. Second, they can sell the Investment Trust Funds (which many are doing out of necessity rather than choice).

A study of the available issues that the retail dealer can purchase in the open market can be summarized as follows: There are the bank and insurance stocks; the utility operating common stocks which fortunately for dealers, are now making their appearance in increasing numbers due to the breakup of the holding companies now taking place; a fair number of seasoned common stocks of some excellent industrial companies; a very few railroad common and preferred stocks (mostly speculative and the residue of past reorganizations); a sizable number of good guaranteed railroad stocks; a few attractive oil stocks of smaller companies; some textiles with excellent record; some real estate bonds and stocks (mostly New York City and Chicago), and a large number of issues of smaller companies, many of them very risky and speculative. As far as government bonds and municipals are concerned, these are highly specialized fields and are not usually of interest to the rank and file of retail dealers.

The retail firm that is serving a local clientele cannot make any money selling listed issues. It is seldom that they participate in the few special offerings of common and preferred stocks that are quickly oversubscribed by stock exchange houses and their favored few who tag along. So they must sell unlisted or fairly new-seen issues as we have said. Now when it comes to picking out salable seasoned unlisted issues there is a real problem of finding not only quality but salability. It has been said that the unlisted market is broad, that it is liquid in some cases as the organized exchanges. We know that it is breadth of ownership that is the inherent basis for liquidity. But during periods of inactivity there is a fear on the part of many retail dealers that they may lock their customers into some situations that otherwise might be attractive to them. If you go out, for instance, and you place $0 to a 1.00 or more of your clients in a situation, you may be able to put them in with quite a bit less difficulty than you can get them out (if conditions are such that this is advisable at a later date).

The following is not intended as a criticism of unlisted issues. It is offered however as a study of one of the few aspects in which I believe is fairly accurate. At least, it could serve as a starting point for someone with a large staff that desires to follow along this line of research. In my opinion the figures below indicate two things—that the unlisted market today is very inactive, and even more important, that there is a great opportunity for trading firms, with ample capital and the research facilities, to go out and make real markets in many good issues that would otherwise not exist if they had two things. First, assured marketability not only when the issue is bought, but for years ahead; and detailed reports of the progress of the subject company furnished to dealers at regular intervals. Given these two essentials, retail distribution of many lagging unlisted issues would increase and business would improve.

As of the date of Oct. 21, 1949, the eastern section (Pink Sheets) of the National Daily Quotations Service carried the quotations on about 4,000 stock issues (including rights, scrip, warrants, preferred stocks, etc.).

Out of this total of 4,000 issues, there were only 141 issues that showed a buying or selling interest by at least 10 houses. In other words only 141 issues had at least 10 firms showing a trading interest. Thirty of those issues sold under 5; 32 sold between five and 10; 60 issues sold between 10 and 20; and 39 sold over 20.

Out of the 29 issues selling above 20 here is the way various industries were represented:

Eight banks and financial; five industrials; 22 public utilities; and four insurance.

If we had used a base price of 10 instead of 20 in the above analysis we would probably have found that the bank and insurance group and the utilities made up the largest number of issues— with the industrials lagging behind. Of course it is obvious that nearly all the issues selling under 10, and particularly those under five, are highly speculative and, accordingly, not the most attractive.

When less than 9 1/2% of all the issues listed in the National Quotation Sheets on a given business day do not have the benefit of even 10 firms showing a trading interest, these shares, the implications are obvious. There is a great opportunity right now for the right number of even 10 firms to sell shares, the realizations are obvious. There is a great opportunity right now for the right number of even 10 firms to sell shares, the realizations are obvious. There is a great opportunity right now for the right number of even 10 firms to sell shares, the realizations are obvious. There is a great opportunity right now for the right number of even 10 firms to sell shares, the realizations are obvious. There is a great opportunity right now for the right number of even 10 firms to sell shares, the realizations are obvious.
Federal Reserve Bank of St. Louis
http://fraser.stlouisfed.org/
Digitized for FRASER

(Continued from first page)

in the commercial loans came from
the Federal Reserve System, which repre-
sents the bank lending policies, but because of decreased con-
sumption, the overall commercial lending activity was down
and the refinancing of bank loans into new issues of industrial
securities, which had been reduced in volume by
the Federal Reserve System. The latter was
continued to reduce the demand for new credits by
the banks, but this was not sufficient to
prevent an increase in the number of such credit outstanding.

It is generally agreed that the
banks were not the only ones who felt
the acuteness of the situation. The
insured banks were also acutely
affected. The two Federal Reserve
banks in the country, it is
said, "were the only
institutions that showed
any sign of cutting
back on their production, as
the banks have not
been able to
the past.

The Federal Reserve banks
have not been able to
the amount of credit
available to business and industry
since the beginning of the war.

The banks have been
influenced by the fear of
increased production, which
they believe would lead to
oversupply and
devaluation of
capital.

The banks have also
been influenced by
the fear of
inflation, which
they believe would
lead to
high prices and
insufficient savings.

The banks have
been controlled by
the Federal Reserve
System, which has
the power to regulate
the amount of credit
available to business and industry.

The banks have been
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"Convincing, Pricing and Closing"—A Selling Job

(Continued from page 4)

rider in something else you might spend your money on.

And the fourth consideration a buyer makes before he spends any money is price in relation to his present purchasing power. You decided to pay out about $85 for a suit. You didn’t do that until you figured, “Well, I can afford that right now, I can afford that $85 because I have enough other money to take care of me and all these other things that I wanted to do.”

But you did give it consideration, anyway, when you decided to spend $85 instead of $100 for a suit. There you are, you are purchasing power.

All these some considerations are flowing in and out of the mind of the man that you are selling your investments to, as far as this consideration of price is concerned. The buyer approached by you and solicited to buy some investments may be almost the same. “Well, how much do I need to think about that? How many dollars do I need to think about it? Do I need to think about it?”

Then he figures, “What am I going to get out of this investment? Am I going to get anything by buying this investment, maybe he should buy a boat, maybe he should buy a new automobile, maybe he should put it down as a down payment on his present home. He thinks of that price in relation to everything else that he can spend the rest of his money on for.

And the fourth thing that he figures, by the time you quote him the $5,500 for a certain initial investment, is that he thinks of that $3,500 in addition to the rest of the money that he has, whether he can afford to put that money out at this time, just as we did on the suit.

What a salesman does is to work on the customer as far as these four points are concerned. You are going to ask that man pretty soon to spend $5,500 for a suit, and in order to get him to say “Yes, I will take that and I will spend $5,500” you have got to help him deliberately to make those seven decisions favorably to do that sale.

The smart salesman will plan his whole strategy to satisfy the customer’s mind on these things so that by the time he comes to make the sale he has already been decided favorably by the customer.

Price Is Important in Sales Interview

So that is my first point here. The price of whatever you are selling is important in that sales interview, only in relation to these other things that the man is going to think about. And when you talk price, and before you talk price, you’ve got to satisfy him that for what he is paying out he is getting at least something really worth that amount of money and in your case he should be getting something that has intrinsic value more than what he has originally invested.

The next point here in price is that you talk to the figures, that you are selling, that price does not come first. I think there may be too many investment salesmen that all they are doing is selling a certain price at a certain time. That may be all right to a certain kind of a customer, that is all he wants, he wants to get in when that stock is at a certain price, because he feels, from his own experience and knowledge of the market, that at that price he can make money. That’s up to him. It isn’t up to you.

So I recommend here that in your selling, just as in the selling of every other salesman in the country, you don’t just go out and piddle a price, but go out and talk some merchandise—in your case, investments.

Price in Relation to Investment Program

What you sell, primarily, is your investment programs and if you talk price too consistently in your solicitations you are going to make your buyer too sensitive to price. You are going to make them too sensitive to the fluctuation of price all the time, and you are going to change some of these normally long-term investors who aren’t too interested in a particular price to be more conscious of that price than they would have been ordinarily.

So my recommendation at this point is that you sell your investment program, primarily, and price as an incident.

Now, in any selling the higher the price the more selling there has been done into a Worth-while 5-10 cent store and buy a 10 cent item. There certainly isn’t much selling concerned there. But if you are going to go out and spend more money, then there is a lot more selling involved in the expenditure of that money.

Let’s go back to that purchase of the suit for just a minute. Even though price isn’t mentioned by that salesman, and even though you didn’t look at the tag until you left the store, and you quite a while and looked the suit over, still, the subject of price was in your mind from the very beginning of that sales transaction. You had already done more deciding about price. You had to in order to pick the type of store that sells suits at about the price that you want.

My point here is that the price of anything that’s sold is not just some unrelated matter that comes at the very end of a sales cavailus and is mentioned. That’s the wrong idea for any salesman to have on price, that the calculating of price is just something that happens toward the end of a sale.

That is silly, because you know as buyers you are thinking about price that you have to pay from the very beginning. Somebody comes in to you and tries to sell you an insurance policy, and right off the bat you are thinking,”Can I afford any more insurance? This insurance, I have got an idea about how much it is going to cost me, can I afford to spend that amount of money now or not?”

The point here is that price is an active consideration in the mind of your buyer as soon as you start the solicitation, he is thinking about cost, even though you don’t mention it, or even though you keep it from him, and, all the way along the interview he is thinking about how much he is going to have to pay out and if and when he pays that out he is going to get his money’s worth for that expenditure. Everything you say, from the very beginning of your first sales talk, is considered by that buyer in relation to the price you eventually ask, in relation to what your going to get.

If what you say inclines his interest toward buying a block of stocks or government bonds, or whatever you are selling, and he starts going along with you, then he starts selling himself. And then, more he gets sold on the fact that it’s a good idea to buy what you have to sell, the less resistance you are going to meet with on the price.

Price Must Be Justified

What every salesman must do is justify the price that he asks. You had better put that one word down, because you stick in your mind and remind you of one of these things on price. You have to justify the price that you ask from your buyer.

The store that sold you the $85 suit that could be bought somewhere else for $55, their price isn’t justified, and you will never go back to that store and buy another suit. Never in your life, they are on the black list, and any customer that buys anything from you where you haven’t justified the price by doing a good sales talk and making him realize that for what he spent he got something worth that, he isn’t going to go back and buy from you any more either.

There are some salesmen who think they are very smart and they go up and give a sales talk, and when it comes up to the price they say, Oh, it’s only $100,000, and then you go on and talk about something else, playing down price; skipping over price; trying to get the customer to believe that, why, that price is nothing. That salesmen have to sell. If that price isn’t important to the salesman, it’s important to the guy that’s going to spend it, and as such the matter of price in a sale isn’t skipped over, or it shouldn’t be talked about.

When some one asks you what your commission rate is, don’t

(Continued on page 46)

INDUSTRY'S... Land of Promise

Compressed in this one section of our country is a vast store of natural wealth—all the needs of varied manufacture!

Here are the basic requirements of the chemical and steel industries...the minerals for light metals...the mineral, agricultural and forest sources of plastics. Here is a plentiful supply of water, free of impurities...intelligent, loyal, American-born industrial and agricultural labor...fast, convenient transportation to domestic and foreign markets.

In short, here is a frontier that calls urgently to those who would make the most of America’s rapidly expanding horizons.
**Tomorrow's Markets**

**Walter Whyte**

Says

By WALTER WHYTE

Fundists cheerfulness are reason to so long the bear. The more optimistic they are, the more careful traders remain.

I’ve just finished reading a half a dozen dealing with business and the stock market. Practically all the gurus, who are not too careful, appear as the authors of the articles point gleeeful fingers to conclusions that there’ll be no more depressions. One man describes the price-times-earnings ratio and concludes that stocks will go higher. Another, discounting the price-earnings theory, also arrives at the decision that stocks are cheap.

This reminds me of the statements, probably the most famous, in 1929 when leading economists, business leaders and captains of industry gave their considered opinions that the millennium has been reached. It is possible that the tremendous generation of newcomers to the stock exchange are sharper than the ones of 20 years ago. But I’m skeptical enough to consider optimistic statements for reasons of extreme caution.

A few weeks ago a college professor, in a speech reported in the publication pointed to the cold war as a basis for optimism. If the cold war switched to a hot war, he said, the optimism would be increased.

This opinion, though cynical, is realistic of all those I’ve heard and read in recent months. A preparation for a war means big cars, a shooting war means huge destruction and replacement of materials. This is elementary.

By the same token if our cold war economy were replaced by one built for peace, we would be on the verge of a depression.

**Convincing, Pricing and Closing - A Selling Job**

(Continued from page 15)

H. A. of Pennsylvania asks what is meant by stops. Essentially it means that a stock is buying or selling at the stop figure. I’m sure H. A.’s broker will give him this advice. If he doesn’t, you have to say that you have to have your order filled on the bid.

J. C. D., Hartford, inquires about stops on stocks not recommended here. I will suggest trading procedure and you should have no trouble buying as long as the stock is at a stop figure.

You still hold American Smelting 45-46, stop 47, and you will get it this time. The stock died 22-23, stop 26. The former reached 50 last week; the latter is still about 25. Accept partial profits on the American Smelting, and part profits in Rio Grande at 30 or better.

**Closing the Sale**

We get along like this, and talk about how to close a sale. Some salesmen stop selling at the last possible time, that their primary job is to go out and get orders.

A firm of business, and its business is to get orders, or else the business of any business is dependent upon the salesman who is sent out.

All business is pointed toward making sales, and when the salesman gets a sale, that sale takes place because of the skill of all of industry is realized. Your profit is in the salesmen’s place. If no sale is made, there is no profit.

I just mention that so that you salesmen will have made an impression on yourself, every day, that primarily what you are interested in is to get orders, not just to make calls, not to do over-the-counter business, but to do business of that nature—what he is getting paid for.

Now, if you are out to get orders, you have to ask for them, and that all closing is it is just asking for the order. Some firms get business without asking for orders. During the war economy, more firms started this habit than ever before. The orders just piled on to them because they were in a position of product. But in normal times, you have to ask for sales, and talk and then ask for the orders.

All closing is asking for that order, and getting it. When you get an order, there is an agreement of between you, and the buyer. He agrees that it will all be done, and the buyer is entitled to do what he has agreed to do. And the producer is entitled to make sure that what he has agreed to do will be put forth. But in order to have that agreement, you have got to have an order, and you have got to get on the contract, that you have a contract with the person. And, in order to have that contract you have got to get the order first.

When Price Should Be Quoted

When do you quote your price? A logical answer to that is that you, when you quote your price after the market has made up his mind on the price, you have got to have some assurance that the person will pay the price.

You see whether he goes along, and after he has made up his mind, then he will accept that price, in, in the. He is already entering into a contract to that effect. Now, he can’t just put it out in a conversational manner, if you just put it out in a conversational manner, that price is right in there, it is no reason for me to say he is not going to do it if he is not prepared to do it, because he is not sold well enough to put that amount of money.
is to you point industries discuss get Well, You can sell; the period at sales to canvass, it is wise—coming badly—you are drawn up a tremendous decision for "Don't know you and allocate money. You have decided that he is in a mental frame of mind to give a tremendous honor to him for the order. The more frank the treatment that you give a customer, the more will go along with him. There is a social charm in buyers that you feel you don't want to be too direct close. Some types of buyers don't want to make big decisions, so you can close by giving them concessions.

Another industries, an indirect close might be closing on certain color. "I think you will never have the best for an application in that color. And then you get the order. That is an indirect close, and perhaps the best way is—we can ship this whole item in a car, out of tonight, and Wednesday, which day will arrive the following Wednesday. Then there's a high bid for you to take this?"

I just wanted to put this thought in your mind. I have been suggested from the indirect close, that is, your customer is taking the order for granted and writing it up as you go along. I am sure you don't want to get into that business. As you get agreement on a color, you have a firm order at the end of the conversation you know you have a firm order on an order. That happens in automobile sales, very frequently. There is no order out: "Is there any preference you want to have?", and before you know it, you have a car, when you sign it. I think that is the only thing that you have an order.

There is a certain amount of self-interest in that, and I'm sorry to say it, but I think there is a certain amount of cold-bloodedness, you that you have your own in your mind, this thing that "I'm going to sell this make or model", somebody else is going to sell him, or a through your own sales or through some other investment salesman, it may be a salesman in some other company. You are going to spend his money on something he isn't going to want to buy something.

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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, as of that date):

#### AMERICAN IRON AND STEEL INSTITUTE

<table>
<thead>
<tr>
<th>Date</th>
<th>LATEST</th>
<th>MONTHLY</th>
<th>YEARLY</th>
<th>MONTHLY</th>
<th>YEARLY</th>
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<tbody>
<tr>
<td>Nov. 13</td>
<td>$1.00</td>
<td>9.3</td>
<td>10.4</td>
<td>17.62</td>
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#### AMERICAN PETROLEUM INSTITUTE—Month of August:

<table>
<thead>
<tr>
<th>Item</th>
<th>August</th>
<th>Percentage</th>
<th>August</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Domestic crude oil output (bbls.)</td>
<td>321,073,000</td>
<td>100.00</td>
<td>321,073,000</td>
<td>100.00</td>
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<tr>
<td>Domestic crude oil output (rate)</td>
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<td>100.00</td>
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<td>100.00</td>
<td>321,073,000</td>
<td>100.00</td>
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#### GOAL OUTCOME—(E. L. BUREAU OF MINES)

<table>
<thead>
<tr>
<th>Item</th>
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<tr>
<td>Coal; first quarter</td>
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<tr>
<td>Coal; second quarter</td>
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<tr>
<td>Coal; third quarter</td>
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<tr>
<td>Coal; fourth quarter</td>
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#### ELECTRICITY INSTITUTE:

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<tr>
<th>Item</th>
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<tbody>
<tr>
<td>Electric output (in kw.)</td>
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<tr>
<td>Electric output (in kw.)</td>
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#### CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS—RECORD:

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#### DEPARTMENT STORE SALES—FEDERAL RESERVE BANK OF NEW YORK—As of Sept. 30

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<tr>
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#### EMPLOYMENT AND PAYROLLS—E. S. DEPARTMENT OF LABOR—REvised Series—Month of August:

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<tr>
<th>Item</th>
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#### LIFE INSURANCE—BUREAU OF MINEs

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<tr>
<th>Item</th>
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#### METAL PRICES (E. M. & J. QUOTATIONS):

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<th>Item</th>
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<td>Metal prices</td>
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#### NATIONAL PAPERBOARD ASSOCIATION:

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<tr>
<td>Paperboard receipts</td>
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#### NAVAL PAY AND DRUG REPORTER PRICE INDEX—1915-56

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<tr>
<td>Pay and drug reporter price index</td>
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#### WHOLESALE PRICES NEW SERIES—U. S. DEPARTMENTS OF LABOR

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<th>Item</th>
<th>Month</th>
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<td>Wholesale prices</td>
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**Note:** Figures include 433,000 barrels of foreign crude oil. The weighted finished steel complex was revised for the years 1891 to date. The weights used are based on the average product shipments for the 7 years 1891 to 1896 inclusive. Effective effect of Warren Committee for the 1st quarter of 1897.
FOOD PRICE INDEX REVERSES SHARP RISE OF PRECEDING WEEK

or any similar past are variously estimated at a minimum of 38 to 49 points. 

If labor costs of the smaller steel firms are raised by strike settlements some individual price increases are certain unless steel dealers are able to reduce their selling prices next fall in line with the increases in costs sources predict.

Most metal consumers have not yet felt the full impact of the strike, but it will be felt this month and will close down a lot of plastic, this trade magazine adds. The automobile cutback alone will take as much as one million tons of the annual production.

Warehouses are still under pressure for steel, but many of them have been cleaned out of the lighter items with moderate effect. 

Mills report that orders booked for oil country tubular products show little change this week from the anticipated figures for the second quarter of 1949. Manufacturers' wire is being booked into the first quarter and standard structural shapes will be on the market in March, they say. Wide-flanged structural shapes will be tight and on allocation for perhaps four months.

The steelmaking scrap market this week is hot. After showing enough strength last week to lift the "Iron Age" steel scrap composite by 22 per ton, to $27.56, it has again moved into new high ground for the current month and this week stands at $28.92 per ton.

The American Iron and Steel Institute announced this week that the operating rate of steel companies having 94.6% of the steel-making capacity in the nation for the week ending Nov. 7, 1949, an increase of 12.5 points from the preceding week. This is the sixth week of the industry-wide strike.

The increase in rate reflects the return to work of Bethlehem Steel's Steelton plant, and settling of the strike at the conclusion of the agreement negotiated with the Iron Workers' Union against that company.

This week's operating rate is equivalent to 287,000 tons of steel per week for the entire industry compared to 162,000 tons one week ago. A month ago the rate was 93.5 and a year ago it stood at 126.3. It was 165.48 for the week ending Nov. 17, 1948, and for the average week in 1944, 116.46.

CARLOADINGS AGAIN SHOW MILD ADVANCE

Loadings of revenue freight for the week ended Oct. 31, 1949, which reflected the effect of continuing labor difficulties in the coal industry, rose 10,400 tons to 292,600,000 pounds, of American Railroads. This was an increase of 2,229 cars, or 0.4% after the week's report represented, however, a decrease of 209,656 cars, or 6.3% below the corresponding week in 1948, and a decrease of 349,429 cars, or 37.1% under the similar period in 1947.

ELECTRIC OUTPUT MAKES A FURTHER SLIGHT GAIN THE WEEK

Electrical production for the fifth since the week of Aug. 3, 1949, showed a decrease when compared with the corresponding period in 1948. The amount of electrical energy distributed by the electric light and power industry for the week ended Nov. 5, was estimated at 1,737,500,000 kWh, according to the Edison Electric Institute. This represented an increase of 2,171,000 kWh, above the previous week's total of 1,735,300,000 kWh, which was the highest figure reported for the week ended Nov. 6, 1948, but 377,600,000 kWh. in excess of the output reported for the corresponding period two years ago.

AUTO OUTPUT REFLECTS FURTHER MODERATE LOSS THE PAST WEEK

The "Ward's Automotive Reports" for the past week, motor vehicle production in the United States and Canada declined to an estimated 121,425 units from a revised figure of 137,551 units in the preceding week.

Most of the drop was attributed, not to the steel strike, but to the present slowness in unsold inventories, according to Ward's. The drop was 1,424 to 1,413 cars, according to the company. The market is due to the decline was due to tapering-off of auto production in Dodge, DeSoto and Chrysler divisions of Chrysler Corp., preparatory to complete shutdowns of these assemblies on Friday.

The total output for the current week was made up of 99,052 cars and 17,977 trucks built in the U. S. and 3,068,100 cars and 1,431 trucks in Canada.

The week's total compares with 118,229 a year ago and 83,663 the like week of 1941.

BUSINESS FAILURES REVERSE UPWARD TREND

Commercial and industrial failures declined in the week ended Nov. 3, to 196 from 221 in the preceding week, Dun & Bradstreet reports. This marks the first time since the comparable week of 1948 when there were but, and almost three then, the number of business failures has shown a decline. From the corresponding week of 1948, the number of business failures has been noticeably lessened, failures continued to be noticeably below the 318 in the similar week of 1947. Businesses declaring liabilities of $5,000 or more fell to 148 from 178 in the preceding week, but exceeded the 85 of this size which were reported last year. Retail and wholesale failures increased, failures continued to be noticeably below the 318 in the similar week of 1947. Businesses declaring liabilities of $5,000 or more fell to 148 from 178 in the preceding week, but exceeded the 85 of this size which were reported last year. Retail and wholesale failures increased, failures continued to be noticeably below the 318 in the similar week of 1947. Businesses declaring liabilities of $5,000 or more fell to 148 from 178 in the preceding week, but exceeded the 85 of this size which were reported last year. Retail and wholesale failures increased, failures continued to be noticeably below the 318 in the similar week of 1947.

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A Reply to Mr. Sponrl on Gold Standard

(Continued from page 2)

the problem of a money with stable purchasing power.

If it could be shown that the evidence produced by the most exhaustive research and the wide array of the table authorities in the field of monetary history is in support of Mr. Sproil's position, we should find that there is no basis for any argument that the gold standard provides the solution to the problem of a money with a stable purchasing power. It is not true that there is no such thing as a stable purchasing power in the face of the price fluctuations. Still further, no one can deny that gold would provide a "staple pricing over excess as it is the natural result of the gold content in the economic system.

Gold Standard No Cause of deflationary pressure.

Mr. Sproil's assumption is that the gold standard was in some way responsible for the deflation of 1929-1931, which was widely associated with the stock market crash of the same year. It should be pointed out that all the pre-1929 gold market data has been re-assessed, and no clear link to the crash has been made.

The gold standard is no cause of deflationary pressure. A number of factors, including a decrease in the money supply and a rise in interest rates, are more likely to have contributed to the deflationary pressure of the late 1920s. However, the gold standard is not necessarily a cause of deflationary pressure, as many economists believe it can act as a stabilizing force in the economy.

The gold standard has nothing whatever to do with the cause of deflationary pressure.

The gold standard is not linked directly to deflationary pressure. The gold standard is a system in which the government commits to buy or sell gold at a fixed price, which is determined by market forces. This system is designed to maintain the value of the currency in terms of gold, which is considered a store of value. However, the gold standard is not a direct cause of deflationary pressure, as it can be maintained even in times of economic downturn.

The money of a nation is the single most valuable commodity, and the property of the Treasury, or in the hands of the Central Bank or of the banks of deposit, is the cheapest, money. Mr. Sproil claims that the gold standard is working against the interests of the people, and that the gold standard is working to the advantage of the powerful and against the interests of the weak. This is an obvious fallacy. The gold standard is a system in which the government commits to buy or sell gold at a fixed price, which is determined by market forces. This system is designed to maintain the value of the currency in terms of gold, which is considered a store of value. However, the gold standard is not a direct cause of deflationary pressure, as it can be maintained even in times of economic downturn.

Inferences of Mr. Sproil's arguments are not valid, but his arguments themselves are invalid. The gold standard is a system in which the government commits to buy or sell gold at a fixed price, which is determined by market forces. This system is designed to maintain the value of the currency in terms of gold, which is considered a store of value. However, the gold standard is not a direct cause of deflationary pressure, as it can be maintained even in times of economic downturn.

What Mr. Sproil Advocates

Mr. Sproil advocates an irredeemable currency.

He does not regard it as immoral although he does not deal with the dishonesty involved.

The dishonesty of the gold standard is not immoral. Mr. Sproil prefers to invest in a ten-year U.S. Treasury bond, which is considered a safe and secure investment. He takes the position that the wealth of the United States is not altogether in the hands of the competent and responsible people, but in the hands of those who have chosen to work for the Central Bank and government to benefit from the devaluation of the currency.
American Bankers Association
Holds 75th Annual Convention

(Continued from first page)

Mr. Shelton, who was elected President of the Security—First National Bank of Los Angeles, Los Angeles County, Calif., in 1944, he has been active in civic affairs, having been President of the Kiwanis Club, the InterIndian Tribal Indian, and member of the Board of Regents of the University of New Mexico, and in June this year retired as President of the University Alumni Association after ten years of service to the city. He has also been active for the American Bankers Association affairs, having been President of the Committee on the Banker's Bond and Trust Company, and chairman of a number of national conventions.

In the American Bankers Association, Mr. Emmons is also a member of the Public Relations Committee, the Executive Council, and a member of the Bankers' Bond and Trust Company. He has also been State Vice-President of the Citizens Bankers Association of the State Operations Commission.

NEW DIVISION PRESIDENTS

The following were elected as the Presidents of the four divisions of the American Bankers Association:

Mr. Shelton practised law until he was appointed President of the Security—First National Bank of Los Angeles, which was organized in 1919. In 1923 he was elected President of the bank.

Mr. Shelton has been active in various capacities in the affairs of the California Bankers Association and the American Bankers Association, and is a member of the Reserve City Bankers and the American Bankers Association.

In the American Bankers Association, Mr. Shelton has served as a member of the Federal Legislative Council, and as State Vice-President of the California National Bank Division. He has also been President of the Los Angeles National Bank Division, and President of the Los Angeles Trust and Savings Association.

GLEN L. EMMONS

Mr. Emmons was elected President of the First National Bank, Gallup, New Mexico, which was elected Treasurer of the American Bankers Association, is a native of Alamosa, Co., and has been a member of the First National Bank of Alamosa since 1927. He has been a member of the Colorado State Bankers Association, and is a member of the Board of Directors of the bank.

He has been active in civic affairs, having been President of the Kiwanis Club, the InterIndian Tribal Indian, and member of the Board of Regents of the University of New Mexico, and in June this year retired as President of the University Alumni Association after ten years of service to the city. He has also been active for the American Bankers Association affairs, having been President of the Committee on the Banker's Bond and Trust Company, and chairman of a number of national conventions.

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Securities Now in Registration

- **Aerocar Inc., Longview, Wash.**
  Oct. 31 (letter of notification) 2,000 shares of Class B common stock. Price—$100 per share. Underwriter—22, Cielend, Longview, Wash. Proceeds—to be used to finance demonstration models of combination auto-airplane.

- **American National Gas Co. (11/23)**
  Oct. 26 filed for registration of common stock (including 27,680 shares which may be acquired in stabilizing operations). Offerings—to be offered to employees and stockholders of record Nov. 23 at the rate of one new share for each 10 old shares. Rights will expire Dec. 12. Underwriters—Competitors’ brokers. Proceeds—The First Boston Corp.; Blyth & Co.; Inc.; Lehman brothers, Inc.; Schoenfeld, Glave & Co., and W. C. Langley & Co. (jointly). Proceeds—to invest in common stocks of Consolidated Gas Co. and Milwaukee Gas Light Co. Bids expected to be received Nov. 23.

- **Ampal-American Palestine Trading Corp., New York**
  Nov. 3 filed statement of 10,000 1/2% sinking fund debentures and 200,000 shares ($10 par) Class A stock. Underwriter—None, but securities are to be sold through various directors and employees. Stock is to be offered at $11 per share. Proceeds—to be used for economic development of Israel.

- **Arizona Edison Co., Phoenix, Ariz.**

- **Atlantic Can Co., Delaware, N. J. (11/14)**
  Oct. 23 (letter of notification) 2,000 shares of non-convertible ($100 par) preferred stock at $205 per share. Underwriter—Pulls, Dowling & Co., New York. Offering—to be completed Dec. 7. Proceeds—to be used in the ordinary business of the company.

- **Baldwin Plywood & Veneer Corp., Pa.**
  Nov. 1 (letter of notification) 400 shares ($100 par) cumulative preferred stock at $165 per share. Proceeds—to be offered to employees and stockholders at $150 per share. Underwriters—Grace, New York. Proceeds—to be used in the ordinary business of the company.

- **Boulder Mines, Inc.**
  Oct. 31 (letter of notification) 1,200,000 shares of common stock (par $1). Price, par. No underwriters. Proceeds are to be used for mining and machinery development.

- **Building Materials Inc., Denver, Colo.**
  Oct. 31 (letter of notification) 25,000 shares of common stock (par $1). Price, par. No underwriters. Proceeds are to be used for new equipment and working capital. Offering—Supreme, Edison, Denver, Colo.

- **Chemical Sales Corp., Ltd., Vancouver, B. C.**

- **Central Hudson Gas & Electric Corp.**
  Oct. 26 filed statement of 8,000,000 10-year convertible debentures, due 1949. Underwriter—to be named by amendment.

- **Cheap Indications Additions Since Previous Issue**

  - **Citizens Telephone Co., Decatur, Ind.**
    Oct. 21 (letter of notification) $250,000 of 4% preferred stock at $100 per share. Proceeds—to be used in property additions to convert to automatic dial operation and to provide working capital.

  - **Clinton Foods Inc., St. Louis, Mo. (11/16)**
    Oct. 28 filed 50,000 shares ($100 par) cumulative preferred stock at $165 per share. Underwriters—Fenner & Beane and Newhard, Cook & Co. Proceeds—to pay for working capital.

  - **Coca-Cola Bottling Co. of St. Louis**

  - **Colorado Oil & Gas Co., Alamosa, Colo.**
    Oct. 28 (letter of notification) 250,000 shares ($1 par) common stock, of which 200,000 will be sold for company and 50,000 shares for N. O. Yeakley, a controlling stockholder, at $1 each. Underwriter—W. C. Hitchman, New York. To lease properties, drill wells, and for working capital. Expiration Dec. 18.

  - **Connecticut Light & Power Co. (11/22)**
    Oct. 27 (letter of notification) 2,200,000 shares (no par) common stock. Price—$18 per share. An additional 500,000 shares will be sold to employees and present stockholders. Underwriter—Putnam & Co., Brooklyn, N. Y. Proceeds—for construction.

  - **Consolidated Carbon & Silver Mines Inc.**
    March filed statement of 378,000 shares (no par) common stock. Price—$15 per share. Proceeds—to develop mining properties. Temporarily postponed.

  - **Consolidated Engineering Corp., Pasadena, Calif.**

  - **Consolidated Gas Electric Lt. & Pr. Co. of Balt.**
    Oct. 31, (letter of notification) 500 shares (1 par) common stock, of which 250 will be sold at $500 per share and the remaining 250 shares at $100 per share. Underwriters—M. Horner & Co., New York. To expand business, etc.

  - **Dow Chemical Co.**
    Nov. 3 (letter of notification) 5,000 5% debenture bonds, dated Nov. 1, 1949, due Nov. 1, 1969. Price, $100 each. Proceeds—to be used for new equipment and working capital. Offering—Grace, New York.

  - **Dow Electric Corp.**
    Nov. 28 (letter of notification) 40,000 shares ($100 par) common stock. Price—$450 per share. Proceeds—to be used in the ordinary business of the company. Rights expire Nov. 29. Underwriters—Dillon, Read & Co. Proceeds—to be used for capital expenditures.

  - **Eaton Corp., N. Y.**
    Oct. 31 (letter of notification) 5,000,000 shares of no par common stock. Price, $50 per share. Proceeds—are to be used for new equipment and working capital. Offering—Grace, New York.

  - **Eastern Insurance Co., Philadelphia, Pa.**
    Oct. 27 filed statement of 1,000,000 shares (5 par) common stock. Price, $5 per share. Underwriter—Teller & Co., New York. Proceeds—to be used for general business purposes.

  - **Eberhart Power & Light Co. (12/5)**

  - **Gulf Atlantic Transportation Co., Jacksonville, Fla.**
    May 31 filed statement of 58,000 shares of Class A participating (1 par) stock and 270,000 shares (25 par) common stock. Proceeds—to be offered for subscription by holders on the basis of one-for-two at 25 cents per share. Underwriters—Names by amendment, and may include John J. Bogen & Co. and A. M. Kidder & Co. Underwriters will buy the remaining 135,000 shares in the underwriters. Proceeding offering price of class A $5. Proceeds—to complete construction of railroad and terminal facilities, to pay current obligations, and to provide working capital.

  - **Gulf States Utilities Co. (11/29)**

  - **Hawaiian Electric Co., Ltd., Honolulu**
    June 21 filed 130,000 shares of $25 par (20 par) preferred and 50,000 shares of $20 par common. Proceeds—to be used for working capital. Stockholders at a 1-for-3 rate and common will be offered to holders of first mortgage bonds, due 1949, at $50 per share. Underwriters—Ridgway, Field & Co. Inc. and Dean Wittier & Co. will buy unsubscribed preferred; unsubscribed common will be sold either at private offer or by public subscription. Proceeds to be invested in short-term promissory notes and to carry merchandise inventories or to replenish treasury funds. The balance would be used for other corporate purposes or construction.

  - **Insurance Co. of Florida, Miami, Fla.**

  - **Iowa Power & Light Co. (12/5)**
    Oct. 31 filed $7,500,000 of first mortgage bonds, due 1979. Underwriter—Competitive bidding. Bidders may include Kidder, Peabody & Co.; John Bogen, Co., Inc.; Colman & Co., Inc.; W. C. Langley & Co.; Union Securities Corp. and First Boston Corp. Proceeds will be used for the construction of a new coal-fired generating station. Price—$100 and $165 per share, respectively. Underwriter—none. Proceeds to finance the construction of a new coal-fired generating station. Price—$100 and $165 per share, respectively. Underwriter—none. Proceeds to finance the construction of a new coal-fired generating station. Price—$100 and $165 per share, respectively. Underwriter—none. Proceeds to finance the construction of a new coal-fired generating station.

  - **Kansas American Oil Co., Des Moines, Ia.**
    Oct. 31 (letter of notification) 10,000 shares (5 par) common stock. Price, par. No underwriters. Proceeds are to be used for drilling on oil well in Ottawa County, Ohio.
**NEW ISSUE CALENDAR**

**November 10, 1949**
Credit Acceptance Corporation—Debentures
Robinson Tag & Label Co—Debentures

**November 14, 1949**
Atlantic Can—Common
Black Hills Power & Light Co—Common

**November 15, 1949**
Associated Telephone, Ltd—Bonds
Missouri Power & Light Co, Preferred

**November 16, 1949**
Clinton Foods, Inc—Preferred
New England Electric System, Inc—Bonds, Preferred
Northern States Power Co, Common

**November 21, 1949**
Southern Colorado Power Co—Common

**November 22, 1949**

**November 23, 1949**
American National Gas Co—Common

**November 29, 1949**
Gulf States Utilities Co, 11 a.m. (EST)—Bonds
Southern Co.

**December 5, 1949**
Iowa Power & Light Co—Common

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**Madison, Isthmus, Huntsville, Ala.**
May 10 filed 5,000,000 shares (36p) common. Underwriter—Greenfield, Lax & Co., New York, Price—To be offered for sale at $10 a share.

**Keller Motors Corp., Huntsville, Ala.**

**McCormick & Co., Inc., Baltimore, Md.**

**Louisville (Ky.) Gas & Electric Co.**
Oct. 14 filed $3,000,000 first mortgage bonds, due 1979. Underwriter—Competitive bidding. Probable bidders include Halsey Stuart & Co., Inc. (jointly); The First Boston Corp. Proceeds—to be used in acquisition of additional gas and electric plants. Filed a registration statement effective Oct. 13. Expected later this month.

**Kendall Co., Boston**
Nov. 2 (letter of notification) 4,000 shares (no common) preferred stock, $100 par value. Underwriter—Henry P. Kendall, Chairman. Underwriter—The First Boston Corp.

**Leland Lead Corp., Denver, Colo.**
Oct. 28 (letter of notification) 6,667 shares of common stock. To be sold by James Newton Redman at $50 a share. No underwriter. Offer, 500 Kittredge Bldg, Denver, Colo.

**New England Electric System, Boston (11/10)**
Oct. 14 filed 659,506 shares (1p) common stock. Underwriter—Peabody & Co., Inc. Nov. 17 at the rate of one new share for each 10 held. Rights expire Oct. 3. Underwriter—To be sold through competitive bidding. Probable bidders for common include Peabody & Co., Inc. (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly); Harriman Ripley & Co. and Goldman, Sachs & Co. (jointly); Blyth & Co. and Morris & Co. Proceeds—to be used for additional investment in the common stock of subsidiary companies so that the subsidiaries can finance construction programs. Bids—For bids purchase of unsubscribed stock will be offered to shareholders and stockholders at 200.00, 550 St., Boston, to noon EST (Nov.) 16.

**New Jersey Power & Light Co.**
June 9 filed 200,000 shares (no par) cumulative preferred stock, $100 par value. Underwriters—Names to be determined through competitive bidding. Probable bidders: Kidder, Peabody & Co., Inc. (jointly); Lehman Brothers. Proceeds—to be invested in the purchase of shares held in the 1939 Peabody & Co. trust. Filed a registration statement effective April 30, 1949. Sale deferred until later this year.

**Northern States Power Co. (Minn.) (11/16)**
Oct. 24 filed 1,584,238 shares (no par) common stock. Underwriters—To be sold through competitive bidding for the subscription to be used for the construction of the additional power plant required for the completeness of the present expansion program. Bids—For bids purchase of unsubscribed stock will be offered to shareholders at 200.00, 550 St., St. Paul, Minn. Proceeds—to be used for the construction of the additional power plant necessary for the completeness of the present expansion program upon terms and conditions proposed by the company. Filed a registration statement Oct. 18. Expected to be sold about $25 a share.

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**Ocean Downs Racing Ass'n, Inc., Berlin, Md.**
Oct. 27 filed 333,332 shares (50p) common stock. Underwriter—To be offered at the subscription to be at the rate of one new share for each twelve held. Proceeds—to be used for obligations and working capital.

**Ohio Public Service Co., Cleveland**
Nov. 10 filed 10,000,000 shares (no par) common stock. Underwriter—Cities Service Co., which is selling the common stock, for $1 per share. Proceeds—to be used for obligations and working capital. Underwriters—None. Proceeds—to be used for obligations and working capital.

**Pennsylvania Electric Co. (11/15)**

**Ohio Power Co., Cleveland**
Nov. 2 (letter of notification) 4,000,000 shares of common stock (par $1). Price, 93 per cent. Underwriter—To be sold through competitive bidding. Proceeds—to be used for obligations and working capital.

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**Pennsylvania Independent Oil Co., Allentown, Pa.**
Nov. 4 (letter of notification) 25,000 shares of common stock, $10 a share. Price, 50 per cent. Underwriter—None. Proceeds—to be used for obligations and working capital.

**Power Toleum Ltd., Toronto Canada**
April 25 filed 1,150,000 shares ($1) common stock, of which 115,000 shares will be offered at subscription to be at the rate of one new share for each four held at $25.00 a share, with any remaining shares to be offered at the public subscription price of $35 each. No underwriter. Proceeds—to be invested in the company’s surplus. Offer, 101 Cone Street, Atlanta, Ga.

**Public Service Co. of Indiana, Inc.**
Nov. 10 filed 382,615 shares (no par) cumulative preferred stock, $100 par. Underwriters—To be sold at competitive bidding. Probable bidders: O’Hara & Co.; Harriman Ripley & Co.; Glor, Forgan & Co. Proceeds—to be used to pay part of the cost of new construction and improvements.

**Resort Airlines, Inc. (11/16)**
Oct. 31 (letter of notification) 50,000 shares ($1) common stock, $20 a share. Price, $25 per share. Underwriter—To be invested in the company’s surplus. Offer, 101 Cone Street, Atlanta, Ga.

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**Robinson Tap & Label Co., New York (11/10)**
Nov. 2 (letter of notification) 5,000,000 shares (no par) common stock, due 1929. Price at subscription to be at the rate of one new share for each four held at $25.00 a share, with any remaining shares to be offered at the public subscription price of $35 each. No underwriter. Proceeds—to be invested in the company’s surplus. Offer, 101 Cone Street, Atlanta, Ga.

**Rockhampton & Electric Co., Chicago**
Nov. 2 filed 115,000 shares (no par) common stock, due 1929. Proceeds—to be used in connection with the issuance of $1,000,000 of 6% first mortgage bonds of 1930.

**Schulte (D. A.) Inc., New York**
Oct. 31 (letter of notification) 1,333,333 shares of common stock based on offering price of $2.125 per share, the aggregate total to be at the rate of one new share for each four held at $25.00 a share. No underwriter. Proceeds—to be offered to shareholders at time on New York Curb. Underwriter—Through Ira Haupt & Co. Proceeds—to be used for obligations and working capital.

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**Southern California Power Co. (11/21)**
Oct. 17 filed 170,336 shares (no par) common stock. Underwriter—To be offered to shareholders at the rate of one new share for each five held at $25.00 a share. Proceeds—to be used for obligations and working capital.
Prospective Offerings

Butterfield (W. S.) Theaters, Inc. Nov. 3 company requires SEC authorization to issue and sell $5,500,000 of sinking fund debentures, due 1974, and $25,000,000 of 4% preferred stock. Proceeds—To build two new movie theaters, one in Michigan. Theaters Co. be authorized to reissue 8,840,000 additional shares of common stock, some of which will be offered in New York, 1968, in connection with the $50,000,000 sinking fund debentures. The increase in the former is expected to be used in the sinking of the latter. (b) $20,000,000 common stock stockholders to exchange their shares. Any investor (topsider) will be redeemed at $1 a share, a certain amount, through the sale to the 1950s, underlying group of additional shares of the new issues. (c) Proceeds—To sell Ford, 1950, 1951, and 1952, $5,000,000 of 2% equity securities in 1950 and $5,000,000 of 2% equity securities in 1950 and $5,000,000 of 2% equity securities in 1950 and $5,000,000 of 2% equity securities in 1950 and $5,000,000 of 2% equity securities in 1950

Our Reporter's Report

Broken up by two holidays this week, afford little time for the editor to think of either investment bankers or potential issuers to undertake much in the way of new financing. Quite to the contrary, the circumstances appear to encourage a lot of absenteeism in the offices of some of the banks. Among the factors that might have contributed to the opportunity for a long vacation, and the potential effect that this condition would be duplicated at the close of the period as many look ahead, there was the opportunity for a long vacation. Aside from Central Maine Power Co., the company engaged in offering first and general mortgage bonds, preferred stock and common stock, investors had only two other issues; both small, to absorb their attention. Among the new issues, there is a Morgan Plan to be slated out to bring to the public on the pending to keep busy during the week. Central Maine Power Co. issued a form of Central Maine Power Co.'s three issues, with the successful group paying the company a price of $1,000,000. This week and may have some financing for the purpose of expanding the company's operations in larger planes. Probe further about Leoli & Co. big enough to warrant involvement on either investment bankers or potential issuers to undertake much in the way of new financing. The scope of the offering will be decided within a portion of the authorization sought.
What Is Happening to Business?

(Continued from page 11)

war. That process of expanding plant equipment by industry was the dominant component to substitute for the foreign productive capacity which had been lost. During the year production was increased, almost $40 billion of the gap was made up in the United States, and thus in domestic investment. The con-

truction was stagnant and the prices of that output rose about 50%. That was about the same as the increase in the cost of living.

The table (first column) contains the principal constituent elements in the highest annual national product rate ever recorded in the United States. An increase of 760 billions of 1948 dollars was added to $48 billion of gross pri-
date domestic investment $22 bil-

The annual rate of investment in the "capital formation" of the economy was $22 billion in the fourth quarter of 1948, the highest rate ever recorded. That exceeded the maximum produc-
tion of munitions in war which was $18 billion in 1944, and was about $5 billion in 1929.

It would be totally true that gross pri-

fite domestic investment is the sum of the growth of consumers goods output.

It is also an inflationary area that must be watched. The immediate first years after the war while it was expanding incomes of the entire United States were not by these payments of business-men for additional plant capacity. Yet, the report that domestic plant capacity was completed there was a very large expansion of supplies of additional goods to be purchased with the new income. The result, the forma-
tion of money incomes increased faster than the formation and production of goods to be bought with that income.

But starting a year ago (we might select the date January 1, 1948) the sup-
plies of goods started to increase with the capacity of the economy reduced since that time. The peak of real production was April 1948. The level then was 108.4 (1929 = 100). Since that time the index has fallen to a level of 106.5. That is a decline of 2%. If the economy has to come about as a necessary fact to the depression, it is the collapse of production being brought forth in the months since plant expan-

dion has become generally more reduced and the complete by the sharp change in the capacity, the capacity accumu-
lation to a condition of in-
dustry de-acumulation. The quarterly rate of the two col-

sions. (Continued from page 11)

of the total volume of all goods and services has increased $14 billion.

(2) Personal consumption held up very well, declining by $2 billion.

(3) Government outlays in-

ket foreign investment declined sharply, reducing the foreign outlay by 2.2 billion.

(4) The entire decline in the total aggregate would be if it is found in gross private domestic investment. The rate of increase is about an annual rate of $40 billion in the quarter of 1948 to an annual rate of $34 billion in the second quarter of 1949.

SITUATION WANTED

A historic problem of the two col-

was paid for doing what European investors probably would have done in wartime "suppressed inflation." Let us now study the two separate elements the total value of our gross national product as it prevailed at the peak of last year and in the second quar-
ter of this year. The figures are as follows:

In (billion of dollars)

1949 1948

1st Qtr. 2nd Qtr.

270.3 256.1

167.8 159.3

1949 1948

1st Qtr. 2nd Qtr.

32.9 32.6

21.7 21.3

2.1 2.0

1.0 1.4

The figures are for the annual rates.

quarter of last year to the second quarter of this year, and though $12 billion of this decline was due solely to the "suppression of inflation," the rate of capacity utilization was reduced more. As a result, the capital formation will probably return in the second quarter of 1949 (by the time this article is written) to the same level of the second quarter of 1948. It is possible to illustrate how inventories have been increased and the "capital formation" of the economy back to the same level of a year ago. As the industry capacity in the peak quarter of 1948 was not fully utilized, as the figures show, there was an "inventories" of about $3 billion, held up, presumably for the purchase of factory man-made materials. After all, we are using all kinds, hold up in early 1949? Because satisfaction of the domestic market was fairly good, certain re-

sumption required a sharp expan-

duction will be greater than in 1948, I do not expect the high rate to be sustained over the next two years as it prevailed during the years 1947 and 1948. What we do instead, then, but for business, I can see this view should appear to be somewhat different.

It means that the problem of pricing becomes extremely im-

an enormous price ceiling of the accumu-

lation was caused by a somewhat sharper reduction in the capital expenditure of the government. Since there is an inflationary tendency of having industry lower prices whereas this is at all possible. That is a rather important. One of the reasons is, of course, the rapid growth of people in the economy produced in August and Sep-

tember at the all time record rate of 1948. The increase in the in-

dustry capacity that it will not be enough to maintain the high rate of production, and the production will not greatly exceed the rate of production. Such condition could decline much more sharply if the decision becomes one of maintaining prices and let-

ing volume decline. If on the other hand, business, it is truly the same for business, reduced, volume can thereby be cut down.

In addition to the problem of pricing, we face the problem of organizing and adjusting "investments components" as private investment. There is a step of completing its plans for capital formation capacity expansion. That is why industry will work on an open experimental attitude toward the "capital formation" of the year by Congress this year. Businessmen have expensive interest in this program so that in its initial stages we may manage to develop it soundly. If we succeed in doing this at all, we surely can, of course, with only with public and with enormous benefit to all, enlarge that program at a later time if the business cycle condi-

tion should warrant that action. Then we shall have more than one billion dollars of financial groups, commercial and invest-

ment banking, industry, and the needs to develop new plans whereby public

improvements, hospitals, schools, and particularly new and improved highways, can be fi-

anced as easily as possible on a self-sustaining basis. Here then are the tasks for the industry to solve.

As gross private capital forma-

tion may decline, to plan in ways in which private investment can be stimulated and new public or publicly assisted capacity can be enlarged. The problem for pri-

vate business is to find a high level of investment. This could be stimulated by giving tax credits for expansion of "private investment" in the form of depression reserves. It could be done by expanded further inasmuch as the pe-

riods to exist, by giving tax credits for the "investment" of retained earnings. We could even go so far as to give tax credits for concerns which "invested" the proceeds of borrowed money and additional capital obtained by the sale of equity securities. We have an economy which must find one million new jobs a year. We should get incentives to have business working to help us do just that. Then business can turn its support to the "private investment" and field! If "private investment" can-

be brought back to the high level to yield the requisite number of total jobs.

Businessmen will usually insist in studying the best ways in which to bring in new investment.

DIVIDEND NOTICES

The Colorado Fuel & Iron Corporation

One-Hundred Dollar and Twenty-

Consolidated Quarterly Dividend

A quarterly statement of dividend will be payable on December 1, 1949, to shareholders of record November 22, 1949, at 15 per cent. 

GEO. L. HUBB

Georgetown, November 4, 1949

THE DALLAS POWER AND LIGHT COMPANY

DALLAS, TEXAS

16th Consolidated Quarterly Dividend

The Board of Directors has declared a dividend of 10 cents per share on the common stock, payable December 1, 1949, to stockholders of record on November 22, 1949.

D. C. McRee, Secretary

November 4, 1949

Imperial Oil Limited

NOTICE TO SHAREHOLDERS AND TRUSTEES

A dividend of 20 cents per share has been declared payable on November 30th, 1949, to the holders of record of all shares of the Company, payable December 15th, 1949.

L. B. MacGill, Chairman

November 4, 1949

PACIFIC FINANCE CORPORATION

of California

DIVIDEND NOTICE

On October 28, 1949, the Board of Directors declared a regularly quarterly dividend of 40 cents per share on the Preferred Stock ($100 par value) of this Corporation, payable December 1, 1949, to holders of record November 10, 1949.

R. C. MYERS

Secretary

November 4, 1949
Washington...

And You

WASHINGTON, D. C.—Just a $5-billion glimmer of how hard it is to bring the Federal budget under control, was indicated rather startlingly in the Budget Bureau's summary revision of 1950 estimates.

This summary revision is a statement of how prospective revenues and expenditures now stack up for the current fiscal year, which ends June 30, 1950. Its comparisons are with estimates made by the President in January, when he proposed the budget for this fiscal year. The budget is down to Congress. (It is not primarily a comparison with figures for the previous fiscal year.) Thus, it is a sketch of how the budget looks, roughly, in view of the way the budget was handled by Congress or affected by changing business conditions.

One of the striking things in this budget summary is that, in a word, the increasing outlays under Congressional authorizations more or less permanent in nature, are outstripping the hardest efforts at economy.

While at one or two points the March changes in the budget would appear from the figures that the Congress has the budget sufficient out of the President's appropriation requests (other than authorizations) to make possible a reduction in estimated expenditures in 1950, Congress had appropriated nearly $3 billion for veterans, for purchase of GI and FIFI stocks, for defense purposes, construction Finance Corp., for farm price supports, and for the postal deficit.

Veterans legislation is handled by the Veterans committees (Finance Committee in the Senate during this session, the two Banking Committees in the House) and was amended and overlaid, the allotment of an additional $1.5 billion ($1.1 billion of which will be charged in the current year) for the RFCreece or removals of other legislation. The Post Office Committees got by the increase in the postal rate by 4 cents last year, the war for postal employees, bringing up the average pay of postal employees to over $3.00 a week, a per year prorata to around $3,400.

These authorizations are not handled by the Appropriations Committees of the House and Senate, but by the aforementioned legislative committees. When the legislative committees provide additional veterans' benefits, higher pensions and compensation, they authorize officials to pay. When RFC is authorized to go out and buy an additional $1.1 billion of mortgages, it is authorized to do so. And so on.

In other words, the Appropriations Committees are in effect, presented with an accomplished fact. They can no more refuse to allow pro forma appropriations bills to go through to pay these obligations, as a matter of practical facts, than they can impact Harry S. Truman, 1950, constantly overthrowing the wishes of Congress on appropriations matters. Technically the appropriations novelties involved in the 1950 budget cannot be voted in many instances before outlays under authorizations have been incurred.

It isn't practical for the Appropriations Committees to go back to Congress each session to vote on the appropriations for the various agencies. They must vote to take on all the lobbies for housing, for veterans, and for farmers, which have been able to force these spending plans through.

The $1.4 billion "savings" which Congress (for the most part) made in 1950 would have been achieved through the expanding flow of money under authorizations. Additional authorizations was, however, something entirely to the credit of the Appropriations Committees.

The toughest kind of a battle will be with many of the pressure groups, fighting the entire weight of the Administration which said its estimates were "rock bottom" and untouchable, fighting, even, the withholding of essential information about appropriations needs, these days cut down the supply fills a little.

There is a large significance for 1950 in this story. Many members are determined to give the President a fair go, to have the year on spending. These persons are for the Appropriations Committees. It is on this that the Appropriations Committees that the spring for economy will center next year. It is upon the Appropriations Committees that the country must depend primarily for economy, for the Administration forces are so strong on the Appropriations Committees that they may allow any hope for a rank and file Congressional fight for economy.

Another significance is that, just as in some cases, and spectacularly in others, Congress added hundreds of millions to permanent authorizations, and hence to the total cost of government. Senator McClellan of Arkansas is making a study of the additional authorizations. One of the most notable is public housing, which comes in the Federal Housing Act to 40 years of housing subsidies. A real estate boom and salaries were increased. At least a second set of increases were added to the permanent toll, such as increased Federal spending for coal, etc.

There is a strong belief that Congress may be in a mood to devote some form of forced settlement of such future big strikes as those in coal and steel, and it has got industry observers here worried.

One of the plans along this line was that sponsored by Rep. Christopher H. Barnard, Republican, in his so-called bill, "An Act for Industrial Disputes Act." This bill would provide that when the President found an industrial dispute would affect the public health or safety, it may be sent to the Arbitration Labor Board, and the arbitral settlement would be binding on both parties for six months.

Another idea kicking around, said even to have been talked about at the White House, would declare that in certain basic industries, the coal, and utilities, employers would be forbid to strike if the workers do not agree to give this up right, they would be required by the government with a favored status as to wages and pensions.

The new formula worked out for taxation of life insurance companies is 18% acceptable to the companies, the Treasury, and the Ways and Means Committee, and probably will be passed next year by unanimous consent. It is reported at the Capitol.

Even though Congress probably next year will fall far short of balancing the Federal budget, the chances are that not less than the $10 million of postal rate increases proposed by the House Committee, will be adopted next year.

It is planned by the staff of the Congressional Joint Committee for the Economic Recession, to make public shortly the results of hundreds of businessmen, bankers, labor leaders, and governmental bank supervisors, to its questionnaire on monetary and fiscal problems. The Joint Committee's subcommittee studying the effectiveness and coordination of monetary and fiscal measures sent out this questionnaire, a catalogue of the principal questions in this broad field. The views of individual respondents will be revealed, except when they asked that their replies be held in confidence. Incidentally, labor leaders will be asked to testify as to the effectiveness of Federal Reserve Board monetary policies.

Even though the Chinese communist are irritated by the State Department, it is practically only a question of time before the U. S. will recognize Communist China. In the long run, the communist are expected to take over French Indo-China, with the French fighting a losing military operation against them.

(This column is intended to reflect "behind the scene" interpretation. Public Relations Capital, and may or may not coincide with the "Chronicle's" own views.)

George Dock Joins Albert Frank Agency

George Dock, Jr., has joined Albert Frank-Glover-Lowery, advertising agency, in the New York office at 131 Cedar Street. For the last two years Dock was with David & Co. and was with the National Auditing Society in charge of public information, prior to which he was for four years an executive and copy executive with Fuller & Smith & Ross, New York City. Previously he had been a Vieille President of Dornmus & Co., New York City, and Associate of Hally, Stuart & Co., Inc., investment firm, New York City.

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Business Man's Bookshelf

Report of Directors of the Ontario Mining Association—1948—Kendall Mining Association, 320 Bay Street, Toronto, Canada—paper.

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