$100,000
The Nashville, Chattanooga & St. Louis Railway
First Mortgage 3% Bonds, Series B, due 1986
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State and Municipal Bonds

Los Angeles Stock Exchange Celebrates 50th Anniversary
Community-wide observance includes speeches, publications and radio programs, as well as banquet sponsored by Los Angeles Chamber of Commerce. Palmer Hoyt, Editor of Denver "Post," makes leading address, extolling Exchange as bench mark in economic development of great West and assailing fears for nation's future. Addresses also made by W. G. Paul, President of the Exchange, and Phelps Witter, Chairman of Board of Governors.

Los Angeles, Calif.—The Los Angeles Stock Exchange celebrated its 50th birthday Dec. 7, 1949, with six weeks of community-wide observance which included scores of public speeches, the publication of thousands of brochures, publicity in hundreds of newspapers, house organs and other media, several dozen radio programs, and a thorough-going effort to tell the story of the securities industry and its importance in the free enterprise system to a community of more than four million people.

Climaxing this community-wide celebration, Palmer Hoyt, editor and publisher of the "Post," addressed more than 700 financial and business leaders of Southern California at the Exchange's 50th Anniversary Banquet, sponsored by the Los Angeles Chamber of Commerce.

(Continued on page 17)
The Security I Like Best

Continuing a consistent forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security. Some selections may be suitable for individuals, some for trustees and others for institutions.

United Gas

Gordon Y. Billard, Jr., R. Williston & Co., New York CITY.

Insurance Stocks

John C. Legg, Jr. and John C. Legg & Co., New York CITY.

Riverside Cement Co.

(Series B Stock)


Griesedieck Western Brewery Company

William L. Reiman, Edward D. Jones & Co., St. Louis, Mo.

Certain Utilities

John B. Shults, Shults & Woolfolk, New Orleans, La.

Non-Blue Chips

Imrie de Vegh, Pel, de Vegh & Co., Inc., New York City.

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December 12, 1949

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SAN FRANCISCO
Devaluation and European Recovery

By R. C. Leftwing**
Chairman of the Board of J. P. Morgan & Co. Incorporated Assistant Secretary of the Treasury in the First World War

Prospective News About European Countries. European countries are in the process of devaluation, which may have significant implications for global financial markets.

On Sunday, Sept. 18, 1949, the British Chancellor of the Exchequer, Sir Stafford Crickf, announced that the pound was to be devalued by 20%. This, according to analysts, could have far-reaching consequences for the global economy.

The devaluation was among a series of measures taken by European countries to combat their economic problems. The pound's depreciation was not expected to be sustained, and it was suggested that it might be followed by other devaluations in the region.

The devaluation could lead to a realignment of exchange rates, with implications for trade and the world economy. It was noted that the devaluation could also affect the global monetary system, as European countries are major players in the international financial market.

The devaluation was a response to the economic conditions facing European countries, which were suffering from high unemployment and low growth. The devaluation was seen as a way to boost exports and stimulate economic activity.

However, the devaluation was not without its risks. It could lead to inflation, as the devaluation reduces the value of the pound in terms of other currencies. This could have negative consequences for the British economy, which is heavily dependent on imports.

The devaluation was also seen as a disappointment to the European Economic Community (EEC), which had hoped for a more coordinated approach to economic policy. The devaluation was a reminder of the challenges facing the EEC, as it seeks to integrate the economies of its member states.

In conclusion, the devaluation of the pound was a significant event with far-reaching implications. It underlines the importance of international cooperation in dealing with economic challenges and the need for a coordinated approach to economic policy.

*Note: This article is a summary of the full text, which is available on The New York Times website.

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*BB-2400

(Continued on page 41)

What is your opinion on the recent devaluation of the pound? Do you think it will have a positive or negative impact on the global economy? Please share your thoughts in the comments section.
The Price of the Business

By H. R. Shaver

United States Rubber Company

Pointing out you cannot sell merely on basis of definitions or formulas, Mr. Shaver stresses factors in selling as follows: (1) your product; (2) your company; and (3) yourself. Distinguishes between top-notch and mediocre salesman. Cites importance of "knowledge of your product" and urges putting emphasis of the benefits of product to buyer. Warnings against overemphasizing the sell in selling, and urges dramatizing your product to the customer.

As I understand it, your business is selling securities. Well, my business is training men to sell tires, and when you stop to consider the differences between our two lines of endeavor, you can readily understand why I am quite amazed at being here talking to you.

The last ten years I have been visiting the firms of the salesmen in my business, and I note, as I travel from snow-covered areas where a skid is on every corner, to the regions where the heat is almost oppressively hard, and even in countries where the cold is so intense that it is almost impossible to keep the snow out of the door, I have always been amazed to see the same thing—everybody wants to sell something.

The man who is selling men, and the nonprofessional buyers.

The professional buyer and the salesperson, and even if you are not a professional salesperson, you are a salesperson on the side, because you don't know anything about salesmen. Therefore, realizing that I know nothing about securities, I did a little checking into the subject, and there is no relationship between the problems of selling securities and the problems of selling tires, and I come up with some interesting results. I have found out right here that I usually avoid doing business with a person on whom I speak because when I make a mistake, the result is that I can't be handled by facts. But in this case, I did do a little checking into the subject, and I uncovered a few facts of interests to men in the business of selling securities.

For example, according to Webster, you and I are professional men, because Webster says that every profession is an occupation to which one devotes his time, and you and I devote ourselves to the business of selling, then we can be called professional salesmen. However, when you check into the situation, the first side of the fence—the buyer—will find that they fall into two groups, the professional buyers, and the nonprofessional buyers.

I find that I have to sell to a person who has a good deal of information about the business, but who doesn't have the time to read about it. He is a smart man, and he has an understanding of what he wants, but he doesn't have the time to do it. Therefore, when I make a mistake, the result is that I can't be handled by facts. But in this case, I did do a little checking into the subject, and I uncovered a few facts of interest to men in the business of selling securities.

Now, the nonprofessional buyer, or the other side, is the independent tire dealer. He doesn't buy tires, but he manages his business, supervises his salesmen, and even works on customers at times when he feels like it. However, in our business, we sell tires to a person who is a professional buyer, but in the securities business, the company, or a representative of the company, is the professional buyer. Therefore, the professional buyer is the one who makes money in the sale of a company through good buying, while the professional salesperson is paid to save money for his company, through good buying.

Now, as you know, many people think that the best way to make money is through lower cost, and they find that the nonprofessional buyer, or the one who has the lower cost, usually means a better product. However, the professional buyer, lower cost means a better value, or in other words, the product is better, and the salesperson decides on the relationship of these three factors—price, cost, and value. And when you advise these factors, you can come up with a very interesting formula—a better value means a lower price, which means a better cost, which means a better product.

Actually, it's a matter of choice. Some people want a lower cost, and he doesn't care what it is, so long as it's a good cost, and he doesn't care how many people work on it. Some people want a lower price, and he doesn't care how many people work on it. Both of these people are in the same group, but they are different groups. And I think that's the reason for the difference in prices, and that's the reason for the difference in the cost of the product.

So you see, it's a question of choice, and the only choice that a buyer has is either to be a professional salesperson, or to be a top-notch salesman. Their only choice is whether they want to know how the product is made, or whether they want to know what it is that you sell.

That's the choice, and I think you should make it, too. Because if you are a professional salesperson, you are going to be very careful not to work too high, or too low, or too much, or too little, or too many. You will find that you have a great many more.

Yes, gentlemen, that's all the planning you have to do to be a top-notch salesman. And if you do it, you are going to be a top-notch salesman, and you are going to be a professional salesperson, and you are going to be a professional salesperson, and you are going to be a professional salesperson.
Business in 1950 and 1951

By A. W. Zelonek

President, International Statistical Bureau, Inc.

Business analyst maintains 1959 outlook is for close balance between demand and expanding trends and expansion in their recent moderate readjustments. Believes the real turning point in business, investment, and industrial affairs may come at the end of next year.

Beyond 1950

Let me start out by asking you to forget 1950 for a moment. That may seem odd, but I believe we should understand next year's possibilities better if we first try to clear up some longer range questions about automobiles? Will that industry have a very bad off price ranges, manufacturers found out that they could not keep on selling in the olding in 205. Some in order to and others, costs were reduced. We find not only that prices now average lower in their industries, but that there is a bigger supply of merchandise available in the lower price ranges.

Automobiles Cannot Escape

New cars have so far escaped the sharp readjustment experiences of the earlier industries. Can they escape it indefinitely? I do not believe so. We have already seen used cars pass from a seller's to a buyers' market. We find most makes and models of new cars available on the depression basis. But not yet. We find new cars_stocks clowning, and dealers giving 3 to 5% trade-in allowances. We find many signs that the first postwar car buying rush is over, and that the new car market will be at least an equal level. Yet I don't believe that 1950 will be a very bad year for the new car producer. For one thing, more cars will have automatic transmissions; the hard selling force of this device is still to be felt. With the spring sales pick-up not too far away, I believe that 1950 will be another good year for this industry. I doubt that sales and production will show much of a decline below this year's record level.

1951 Doubous

But if I am right about this, then I have grave doubts about 1951. I believe that the production level which this industry would have its sharp period of readjustment (Continued on page 46)

Businessman's measure in the securities of this unique and profitable concern. To reflect what's completely different about TEMCO's operations—to see why it's an exciting possibility for continued growth—send for our revealing study, "TEMCO Common Stock."

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Ursula Squer Reimer

Charles King
Herbert Hopkins
Gerard L. Burchard, Jr.
Paul E. Osthy
Robert H. King

Charles King
Joseph H. Amy
Benjamin J. Green
William N. Morley

United Partners:

George M. Van Wyck

Ursula Squer Reimer

“The Commercial & Financial Chronicle”

Volume 170 Number 4864

DEALER BRIEFS

Boston, Mass.

For many years we have recommended to stocks of operating Public Utilities. At present yields we consider these companies to be the investment and find them very well suited by all indica-

—E. Ebel Bishop, Bishop Wells Co.

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We, many years for the past few years, have been featured in the State of Trade and Industry.


Industrial production for the nation as a whole advanced slightly last week. This rise occurred notwithstanding a sharp weekly con-


The State of Trade and Industry


Steel Production

Steel Production

Electric Output

Retail Trade

Consumer Price Index

Food Price Index

Labor

Business Failures


Our experience indicates that it is wise to keep constantly the list of available general market securities in an en-


The State of Trade and Industry


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The State of Trade and Industry

How to Obtain Equitable, Efficient Social Security

By BENJAMIN F. FAILESS
President, The United States Life Insurance Corporation

Aging desire for security is one of normal characteristics of enlightened human beings, leading industrialists, point out attempts to provide social security will be helped only if plans are equitable, financially sound and efficiently administered. Holds, if social security responsibilities are placed on industries, they must assure of consistent growth and prosperity and meet obligations and reduce present burdens to the public and to the individual. The financial and social security policies lines recent pension and insurance provisions in steel industry, and wars social benefits will be dearly bought, if price is general economic stringency.

A million million dollars or more has been spent in the past few years on national planning, and the result is that there is no clear indication that anything in nothing in changing or staying the natural processes by which

the aforementioned efforts have been expenditure of money, prospect, clearly important helpfulness and efforts will avail

themselves, the natural laws of human race in those remote eras of the distant future, is not a con

Benjamin F. Failess

far removed from us in point of time, and has been thought as a bit of the ultimate in human affairs, but much significance to us or the affairs so little interested. There is the idea, however, an implication which has been made in relation to a subject with which we are wrestling. As a matter of fact, we see in the projected dis¬

The idea of attaining a condition of security is already venerable with age, and its capacity is recognized by people of a wide range from across the political spectrum. It is a concept that has been around for many years, and has been a subject of debate and discussion in various fields, including economics, history, and philosophy. The idea of security has been explored by many thinkers, and is a concept that has influenced the development of various fields.

In different ages and under different conditions, men and things have been at establishing measures of social security, but have been devised, tried, and retired. A brand new field of inquiry is to consider in the present era, the idea of security from direct experience, many of us are in the midst of resolving some of the problems of security in an uncertain and unforeseeable future. At least a part of the reason for the idea of security has been set in general terms, and recently a greatly increased interest in the topic has been generated by various events, as well as by the need to address the needs of the people. Already we find that many young men who are on the point of entering the world of work, industry, or personal freedom, find the need to consider the consequences of taking certain actions in the light of their own best interests.

Under these conditions, it may seem a simple academic exercise to consider any considerations with regard to the idea of security directly concerned with the means and needs to be used in handling the new pension plans. Your patience, I hope, will not be exceeded by my reference to current developments in the field of social security, and especially the idea of "security from the cradle to the grave" which will bear reiterating from time to time as a reminder of the nature of the security processes.

Individual Responsibility

I believe, and I think you do too, that all human beings grow up to be sensitive to the duties owed them by their society, and this is particularly true in the case of children. In addition, the natural laws of human race in those remote eras of the distant future, is not a con

An address by Mr. Fairless before the Illinois Manufacturers Association, Chicago, Ill., Dec. 13, 1949.
$41,400,000

New York City Housing Authority

City Guaranteed Consolidated City-Aided Houses Bonds

The unconditional guaranty of The City of New York of the payment of both principal and interest will be endorsed upon each bond.

Dated February 1, 1950

Due February 1, 1951-98, incl.

Bonds maturing on or after February 1, 1958 will be redeemable prior to maturity at the option of the Authority on February 1, 1957, or any interest payment date thereafter, on a whole, or in part, in the inverse order of their numbers, at a redemption price of par and accrued interest to date of redemption plus a premium of 4% of their par value if redeemed on or before February 1, 1962; or a premium of 6% of their par value if redeemed thereafter but on or before February 1, 1967; or a premium of 3% of their par value if redeemed thereafter but on or before February 1, 1972; or a premium of 2% of their par value if redeemed thereafter but on or before February 1, 1977; or a premium of 1% of their par value if redeemed thereafter but on or before February 1, 1982; or a premium of 1/2% of their par value if redeemed thereafter but on or before February 1, 1987; or a premium of 1/2% of their par value if redeemed thereafter. Principal and semi-annual interest, August 1 and February 1, payable at the principal office of the Fiscal Agent of the Authority, the Bankers Trust Company, New York, N. Y. Coupon bonds in denominations of $1,000, negotiable as to principal only, or to both principal and interest, with the privilege of reconversion into coupon bonds at the expense of the holder.

In the opinion of bond counsel, the bonds together with the interest thereon, are exempt from all taxation by the United States by the existing provisions of the United States Housing Act of 1937, as amended and supplemented, and the Internal Revenue Code of the United States, as amended and supplemented, and are exempt from all taxation by the State of New York, or any political subdivision thereof, under provisions of the Public Housing Law, Chapter 44-A of the Consolidated Laws of the State of New York.

Legal Investment in the State of New York, in the opinion of bond counsel, for Savings Banks and all other Banks, Trust Funds and Fiduciaries, Insurance Companies and all public bodies and public officers.

<table>
<thead>
<tr>
<th>Amount</th>
<th>Rate</th>
<th>Due</th>
<th>Yield or Price</th>
<th>Amount</th>
<th>Rate</th>
<th>Due</th>
<th>Yield or Price</th>
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<tr>
<td>$445,000</td>
<td>5%</td>
<td>1951</td>
<td>1.90%</td>
<td>$670,000</td>
<td>2 1/4%</td>
<td>1967</td>
<td>2.20%</td>
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<td>5%</td>
<td>1952</td>
<td>1.90%</td>
<td>486,000</td>
<td>2 1/4%</td>
<td>1968@100</td>
<td>2.20%</td>
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<tr>
<td>490,000</td>
<td>5%</td>
<td>1953</td>
<td>1.00%</td>
<td>701,000</td>
<td>2 1/4%</td>
<td>1969@100</td>
<td>2.20%</td>
</tr>
<tr>
<td>515,000</td>
<td>5%</td>
<td>1954</td>
<td>1.15%</td>
<td>717,000</td>
<td>2 1/4%</td>
<td>1970</td>
<td>2.30%</td>
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<tr>
<td>546,000</td>
<td>5%</td>
<td>1955</td>
<td>1.30%</td>
<td>732,000</td>
<td>2 1/4%</td>
<td>1971</td>
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<tr>
<td>548,000</td>
<td>5%</td>
<td>1956</td>
<td>1.40%</td>
<td>749,000</td>
<td>2 1/4%</td>
<td>1972</td>
<td>2.40%</td>
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<td>557,000</td>
<td>5%</td>
<td>1957@100</td>
<td>2.45%</td>
<td>768,000</td>
<td>2 1/4%</td>
<td>1973</td>
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<td>565,000</td>
<td>5%</td>
<td>1958</td>
<td>1.60%</td>
<td>787,000</td>
<td>2 1/4%</td>
<td>1974</td>
<td>2.45%</td>
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<td>5%</td>
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<td>1.70%</td>
<td>807,000</td>
<td>2 1/4%</td>
<td>1975@100</td>
<td>2.45%</td>
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<td>1.80%</td>
<td>827,000</td>
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<td>1976@100</td>
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<td>1961</td>
<td>1.85%</td>
<td>846,000</td>
<td>2 1/4%</td>
<td>1977@99%</td>
<td>2.45%</td>
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<td>5%</td>
<td>1962</td>
<td>1.95%</td>
<td>865,000</td>
<td>2 1/4%</td>
<td>1978@99%</td>
<td>2.45%</td>
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<td>616,000</td>
<td>5%</td>
<td>1963@100</td>
<td>2.05%</td>
<td>885,000</td>
<td>2 1/4%</td>
<td>1979@99%</td>
<td>2.45%</td>
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<td>5%</td>
<td>1964</td>
<td>2.05%</td>
<td>913,000</td>
<td>2 1/4%</td>
<td>1980@ 99</td>
<td>2.45%</td>
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<td>5%</td>
<td>1965</td>
<td>2.10%</td>
<td>936,000</td>
<td>2 1/4%</td>
<td>1981@2.60%</td>
<td>2.45%</td>
</tr>
<tr>
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<td>5%</td>
<td>1966</td>
<td>2.15%</td>
<td>961,000</td>
<td>2 1/4%</td>
<td>1982@2.60%</td>
<td>2.45%</td>
</tr>
</tbody>
</table>

Yield or Price: 2.45%

Amount: 787,000
Rate: 2 1/4%
Due: 1977

The above Bonds are offered when, as and if issued and received by us and subject to approval of legality by Messrs. Caldwell, Marshall, Tribune and Mitchell, New York, N. Y., Bond Counsel for the Authority.

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Chicago

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Baker, Weeks & Harden
Burlington & Corbett, Inc.
Stern Brothers & Co.

Harris Trust & Savings Bank
The First National Bank
of Portland, Oregon
Los Angeles
Hoyden, Stone & Co.
Central Republic Company
Laurence M. Marks & Co.
St. Louis

New York, December 15, 1949
Tax Revision Can Increase Security Values

By Everett J. Mann

Certified Public Accountant, New York, N. Y.

Mr. Mann, in condemning double taxation of dividends, presents a tabulation relating to the American Telephone and Telegraph Co. and General Foods shares, showing possible price increases that may come from the possible elimination of such taxes.

Stock market analysts universally have been at a loss to account for a three year stagnation in the market, but all have a variety of theories and explanations for it, which may well be consistent with favorable dividend and earnings reports. Boiled down to their essentials, these theories come down to a basic issue. Taxation, both at the federal and state levels, is too high and too complex. If this is true, the business world is the chief motive force in the present depression. Excluding dividend taxes, with a yield of 4% on a price of $25 for this type of stock, together with the fact that the public is losing $2.50 or more in dividends, it seems that if this situation could be improved, the public would have a favorable view of the future and that the market could move away from its present level. It is recognized that the problem of taxation should have been attacked by a complete overhaul of the present tax laws, but it is also realized that it is unrealistic to expect such a change in the very near future. The only possible move that could be made is a reduction of the present tax rates, and that move is going to be attempted this year.

The accompanying tables show possible effects of the proposed tax revision on the market prices of American Telephone & Telegraph and General Foods shares. These entities have been chosen because of their large number of conservative investors, who are seeking income rather than capital gain or depreciation. A tax revision which is likely to impose a constant 9% dollar dividend, pre¬sumably matched by increased earnings, and which would pass on the savings of the tax payers, is shown.

As shown in the accompanying table, a dividend tax revision by today's price of $142, returns a yield of 5.93, or 20% above the present yield of 4.43. The tax payer with an income of $200,000 from all sources will pay the gov¬ernment about 25% of his income; and in the first column his income tax is shown. His yield before tax—after taxes, (not including any yield on preferred stock, if any) is revealed to be only 1.90.

Let us follow down the first column, in 1.90% of dividends were exempted from tax, this taxpayer's income would rise to 2.58 in the present yield. Taxing 2.58, he presumably would be willing to pay $471.7 times this yield for the same security. In other words 2.58, he would pay a price of $208 per share.

If dividends were entirely exempt, the taxman, in the extreme case would show the 7% income in¬vestor evidencing his willingness to pay $474 per share to secure a yield of 1.90.

The situation of the tax payer is, of course, a rare one. Looking down the scale to the $100,000 bracket taxpayer will be pleased to send interested parties the following literature:

1.45,000,000 N.Y. City Housing Bonds Marketed

A new issue of $41,000,000 New York City housing bonds, due Feb. 1, 1955 to 1998, is being offered to the public by the National City Bank and the National City Bank of New York and 51 other banks and underwriters. The issue carries coupon rates at 3%, 4%, 5%, 6%, 7%, 8% and 9% on $100,000 maturity, as a whole, or in part in the inter¬est of a redemption of a price and ac¬tions of bonds at their current price or re¬duction plus a premium of 4% of their par value, at such time as on or before Feb. 1, 1955, or a premium of 3% of their par value if re¬determined before then. On or before Feb. 1, 1957, or a premium of 2% of their par value if re¬determined before then or on or be¬fore Feb. 1, 1963, or a premium of 1% of their par value if re¬determined before then or on or be¬fore Feb. 1, 1971.

The issue is underwritten by Manufacturers Han¬over Trust Co., the issue is being underwritten by Chase Manhattan Bank, National City Bank of New York, and other leading banks. It includes all the usual and customary retirement privileges, as well as a redemption date at 101.25 on or before Feb. 1, 1951, and a redemption of 3% of their par value if re¬determined before then. On or before Feb. 1, 1953, or a premium of 2% of their par value if re¬determined before then or on or be¬fore Feb. 1, 1955, or a premium of 1% of their par value if re¬determined before then.
Program to Cut Government Costs by $2 Billion

By HON. HERBERT HOOVER
Former President of the United States

Warning present Federal expenditures are lets two Frankenstein, Higher Taxes and Inflation, former U. S. President and Chairman of Commission on Government Reorganization, lays down 8-point program of reforms estimated to save $2 billion and at same time improve administrative efficiency. Says red tape dwells in civil service and urges decentralization in engagement and control of civil service with resultant cuts in function and performance alone.

Six months have passed since our commission finished its reports to the Congress on economies and improvements in the Executive branch. In the meantime, these recommendations have had a magnificant support by the press and the public. Added to this is the growing youth of growth of the Committee of Citizens under the aegis of the leadership of Pres. Johnson of the University.

This has become a crusade for the improvement of the administration of government.

It is a crusade to cut red tape for the sake of competency. It is a non-partisan crusade. It is a crusade for the sake of all the parts. Its work is supported by the President Truman and by the leadership of the Congress. Your Citizens Committee is made up of a former President and five former Cabinet officers from both the Democratic and Republican sides. You include educators, writers, publishers, bankers and farmers. You come from every section of the United States.

You are a mighty host and you are in dead earnest. The last session of Congress accepted four important recommendations of the commission and of the President. These measures have already assured large savings. In the Defense Department alone they will amount to about $1,000,000 a year, and in the Treasury they will amount to fully $2,000,000 without impairing national defense. If all that has been enacted into law, we are already saving millions of dollars for competence in government.

I am going to make some suggestions as to what we should undertake next. But first, I want to tell you why our reasons for this crusade of our has wider implications than efficiency in government.

Fiscal and Economic Survival

The first implication relates to our fiscal and economic survival. During the last six months the financial situation of our government has become quite different. Federal expenditures of over $4.3 billion and a deficit of over $2 billion for the fiscal year, present fiscal year, has led to an increase of expenditures for the next fiscal year. We may be turning two Frankenstein loose in the land. Psychology is being called "Higher Taxes" and "Inflation." We are interested here in combating them.

When you listen to "billion" over and over again, you begin to size them up in terms of your personal experience. We have to protect real value.

*Address by former President Hoover to the Citizens Committee of the Reorganization Conference at the Hoover Institute, Washington, D. C., Dec. 12, 1949.

(Continued on page 43)

Price 100.81% and accrued interest

The Projects may be acquired in any State in which this announcement is placed from only such holders of the bonds who in good faith have acquired and sold the bonds to the projects, or purchased the bonds on the order of such holders. The offering is made only by the Prospectus.

$1,000,000
Pennsylvania Electric Company
First Mortgage Bonds, 2% Series Due 1979

Dated November 1, 1949
Doe November 1, 1979

HALSEY, STUART & CO. INC.
HEMPPHILL, NOYES, GRAHAM, PARSONS & CO.
PAIN, WEBBER, JACKSON & CURTIS
AUCHINCLOSS, PARKE & REPP
THE ILLINOIS COMPANY
GREEN, ELLIS & ANDERSON
THOMAS & COMPANY
HELDER, BRUCE & CO.
HILL & CO.
WALTER STOKES & CO.
FAUST, STEEL & CO.
MULLENY, WELLS & COMPANY
R. C. SCHMERTZ & COMPANY, INC.

December 14, 1949

The Post Office

The post office is a big business. Our criticism is directed to the $300,000,000 employees. They are courteous, helpful, hard working; and the service is here seven days a week, in bad weather, and in the cold.

We want the post office set up as a modern business. We want it taken out of politics.
Missouri Brevities

On Nov. 17, two issues of securities of the Missouri Power & Light Co. were offered to the public, viz: $2,000,000 first mortgage bonds, 5% series due Dec. 1, 1949, and 20,000 shares of 4.33% cumulative preferred stock (par $100) at $101.176 per share, plus accrued dividends. The net proceeds will be added to the general funds of the company and will be used to retire unsecured promissory notes of the company aggregating $900,000, to reimburse the company's treasury for capital expenditures previously made, to meet in part the cost of additions to its property and facilities now in progress, and for other corporate purposes.

Eisen stockholders: Reinholdt

The Missouri bankers participating in the public offering on Dec. 1, for 1,900,000 shares of common stock (par $5) of The Southern Company at $11.50 per share were: Dempsey-Texier & Co.; Stien, Simon & Co.; Lawrence Co.; Peltason, Tenenbaum & Co.; Reinholdt & Gardner; Prescott, Whitney & Co.; Edge, Stix & Co.; and Stis & Stis. Subscription warrants expired on Dec. 12, 1949.

The Missouri bankers participating in the public offering on Dec. 1, for 1,546,750 shares of common stock (par $5) of Northern States Power Co. (Minn.), to its common stockholders and employees at $11.50 per share were: A. H. Edwards & Sons, St. Paul; M. Simon & Co., Chicago; Reinholdt & Gardner; O. H. Wilding & Co.; Dempsey-Texier & Co.; and Stien Brothers & Co.; Stix & Co.; Scherch, Richter & Co.; and B. Simon & Co. A. G. Edwards & Sons. The net proceeds are to be used to pay for the acquisitions of Snow Crop Marketings, Inc., St. Paul, and to finance two wholly-owned subsidiaries, and to meet working capital of the parent.

According to an announcement on Dec. 10, American-Marietta Co., Chicago, has acquired from H. B. Byllesby & Co., Inc., New York, 695 of the outstanding 118,125 shares of the company, United Brick & Tile Co., Kansas City, Mo.

The Missouri banks included in the nationwide group that underwrote an issue of 669,588 shares of Northern Electric System common, par $100, offered at the latter's common stock offering of $11.70 per share were Newhard, Cook & Co.; Reinholdt & Gardner; Stien Brothers & Co.; Stiefel, Nicolet & Co., Inc.; and Stis & Stis. Subscription warrants expired on Dec. 5. The underwritten portion of the issue (198,963 shares) was taken up by the underwriters and offered at $104 per share.


Black, Sivalls & Bryson
Texas Utilities W. D.
Mississippi River Fuel
Dell Oil
Tennessese Gas Transmission
Texas Eastern Transmission
Rockwell Mfg.
Southern Union Gas
Southwest Gas Producing

Bought — Sold — Quoted

SCHERCH, RICHTER COMPANY

Landeth Building

Tel. 456

St. Louis 2, Mo.

Gerfeld 6225

L. D. 121

Michigan Brevities

The Detroit Edison Co.'s offering of stock to its stockholders ended Dec. 5, 1949, a total of 670,812 shares, or more than 97% of the 688,550 were sold through National Underwriting Co., subscription agent, and the balance offered through a syndicate of Detroit bankers. The offering of this stock, which has not failed until Dec. 1949, is held by the company's stockholders for the benefit of the public generally. The manner of distribution of the unsubscribed shares has not yet been determined, but it is not planned to register any of these shares in the event of this offering was not underwritten. The net proceeds, together with the proceeds of $49,000,000 of 10% and 21/2% notes to be issued will be used to pay the repayment of the $6,000,000 bank loan and financing future construction.

An underwriting syndicate headed by George A. McDowell & Co. was formed on Nov. 29 publicly offered 133,232 shares of Preferred Stock of the Stubbins Greene Electric Corp., at $35.50 per share, this being an offering to selling stockholders. The Stubbins Greene Electric Corp. sells seat spring and back spring assemblies to the Stubbins Greene Electric Corp., and manufactures articles of metal for use in trucks, passenger cars, and railroad cars. Other Detroit bankers participating in this offering were: S. E. Livingstone & Co. and Andrew C. Reid & Co.

The Detroit Stock Exchange set a new in 1949 trading volume in November of $723,958,000, or $473,958,000 more than the November volume of 1948, which totalled $249,000,000. Although the November total of 1,238,769, which was shifted from the October total of 227,523 shares, the increased activity resulted from the trading in Detroit Edison Co. "right", $72,610 of which changed hands.


Sons Manufacturing Co., Detroit, tomorrow will pay an extra dividend of 26% in stock, in addition to the regular quarterly cash dividend of 22 1/2 cents per share on its common stock to holders of record Dec. 6, 1949. Charles J. Soss, President, said it was expected that regular quarterly cash dividends will be continued at the same rate. He added that both sales and earnings of the company have been exceptionally good.

With James Ebert Co., in the BAKERSFIELD, CALIF.—Charles Ebert Co., with the staff of Frank Knowlton & Co., Bank of America Building.

With James Ebert Co., in the ST. LOUIS, MO.—L. A. DARLING CO.

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Bringing Payments For 1949 for 40c Per Share

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Bomberg—Van Kooten—Michigan

L. A. DARLING CO.

INVESTMENT SECURITIES

SOUTH OSLIE DRIVE

ST. LOUIS 7, MO.

MEMBERS

Midwest Midland Exchange
Bank and Insurance Stocks

By H. E. JOHNSON

This Week—Insurance Stocks

One of the highlights of this year's developments so far as insurance stocks are concerned has been the increase in dividends. Numerous institutions have declared or announced their intention to pay stock dividends. On the whole, the increases are being passed on to shareholders.

The change in dividend policy over the past year has been widespread and coincides with a sharp improvement in underwriting operations. Faced with rising costs, increasing losses and a larger volume of business, most fire and casualty companies are now paying dividends which will show very satisfactory underwriting results in 1945, 1946 and 1947. In spite of a number of rate increases, losses were reported. The fundamental factors affecting operations began to change in the early months of 1945 as rates were adjusted upwards and prices leveled off. As a result, the upward trend in dividends for 1945 was already favorable results were shown for the last half of 1945. These same conditions have continued throughout 1946 and considerable earnings will almost surely be reported by a large number of companies this year.

During this period investment income has been increasing at a moderate but steady rate. At the same time distributions to stockholders have been conservative amounting to approximately 60-70% of investment income. In some cases less than 50% of such earnings have been distributed.

It would appear that the managements of the various companies were reluctant to increase dividends even though they would have been justified from the standpoint of investment income, at a time when unfavorable underwriting results were being experienced. As conditions changed, however, and line of business began to improve, and last year many companies increased their annual rates or paid extra dividends in cash. In the last several months quite a few of the companies quoted in this column declared or announced their intention to pay stock dividends. Many others have increased their cash payments over recent years.

Home Insurance and Aetna Insurance are the latest of the large concerns to enlarge their payments to stockholders. The Home on Dec. 22 announced a semi-annual dividend of $1.40 to $1.60 a share. The company has been making semi-annual payments and for 1948 paid 65 cents in February and 70 cents in August. This makes the payment for the current year equal to $1.35 a share compared with 25 cents in 1948. The current declaration of 80 cents is to be paid in February, 1950 and establishes the stock on a $1.60 annual basis.

At the same time Aetna Insurance declared an extra dividend of 20 cents a share to bring payments for 1948 to $2.20 a share compared with $1.80 a year ago. Aetna has been paying quarterly dividends at the rate of 40 cents with extra at different times during the year. During 1949 extra of 20 cents were paid in January and July. The current extra is to be paid Dec. 23. The company also announced that the quarterly rate would be raised from 40 cents to 50 cents with the payment to be made in January. This leaves the stock on a $2.00 annual basis with the possibility that additional amounts may be distributed as extras as heretofore.

Aon Mortgage and Investment announce stock dividends in the past two weeks have been Boston Insurance Company and Phoenix Insurance Co.

The stockholders of Boston Insurance Company have been asked to vote Dec. 20 on a proposal to increase the authorized capital stock in order to provide for a 12½% stock dividend. If the additional stock is authorized, it is the intention of the directors to continue the present dividend of 60 cents quarterly or $2.40 on an annual basis.

The Phoenix Insurance Co. (Hartford) also proposes to increase its capital. S stockholders are to vote Feb. 17, 1950 on a proposal to increase the capital from $6,000,000 to $7,500,000 by a transfer of an appropriate amount of the surplus. The additional $1,500,000 of capital would be paid to stockholders in the form of a stock dividend. Providing the proposal is approved and the additional shares are issued the directors intend to pay dividends of 75 cents a share quarterly on the new capital. The company has been paying quarterly dividends of 50 cents making total payments for 1949 equal to $3.00 as compared with the $3.00 of 1948.

Some of the other major fire and casualty companies that have declared or announced their intention to pay stock dividends include: Continental Insurance Co., Phoenix-Phinex Fire Insurance Co., Fire Association of Philadelphia, Great American Insurance, Hartford Fire Insurance Co., Insurance Company of North America and U. S. Fidelity & Guaranty Co.

Leading Canadian Bankers Sees Devaluation as Temporary Expedient

Stanley M. Weld, President of Canadian Bank of Commerce, tells stockholders at Annual Meeting, dollar issue has become more of a problem of production and marketing. Cites Canada becoming self-sufficient in oil, as factor in reducing debt trade deficit with U. S.

James Stewart, Canadian Bank of Commerce General Manager, reveals growth in bank's assets.

Full effects of the devaluation of the British pound sterling, the Canadian dollar and currency in the sterling area cannot properly be appraised for some time, Stanley M. Weld, President of The Canadian Bank of Commerce, told the annual meeting of stockholders of the bank in Toronto on Dec. 13.

The dollar issue, he said, was probably less a dollar problem than a production and marketing problem. He declared that having regard to the many conditions under which a country's deprecation could effectively check or reverse the trend in a country's balance of payments, it was probably more realistic to regard devaluation as a temporary expedient rather than a corrective measure. He said that even if the current trend continued for years it was unlikely that it would eventually to free convertibility of currencies, an objective much desired by most nations, be accomplished.

If, on the other hand, devaluation is nullified by continuous price adjustments then from an economic point of view, the step will prove to be abortive.

The Dominion of Canada's petroleum program, largely in the province of Alberta, but extending also into Saskatchewan and Mataboa is "the largest ever undertaken in Canada," Mr. Weld stated. "Alberta now has nearly 1,600 productive oil wells, over twice as many as a year ago, and Canadian oil production has tripled as compared to two years ago. It has been forecast that, by the end of this year, production will rise to over 70,000 barrels a day. This fact will meet the entire needs of the three Prairie Provinces, and that it will continue to 100,000 barrels a day, or about one-third of total Canadian oil requirements.

What the new oil discoveries may mean for the oil industry and the country's economic life is yet uncertain but if there are further discoveries and production continues to increase at the present rate, oil production may rival agriculture in importance to the prairie provinces. Equally topial is the possibility of, by becoming self-sufficient or nearly self-sufficient in oil, Canada may substantially reduce her trade deficits with the United States. In 1948 aggregate oil imports from all sources amounted to about $300,000,000 in United States Dollars."

In conclusion Mr. Weld said: "Today we face many uncertainties. The attempts to gain control of men's minds, which is the goal of the totalitarian, throw difficulties in the way of efforts to establish an orderly trading world. Yet the advantages of peaceful and universal trade are so obvious that one cannot help but be strongly hopeful that common sense will prevail."

James Stewart, general manager of the bank, said that the sustained upward trend of Canadian business during the past year has been reflected in the Bank's position. Assets of the Bank, as of Oct. 31, increased $171,000,000 to the record figure of $1,046,000,000. Mr. Stewart said that the Bank's profits for the fiscal year ended Oct. 31, 1949, before Dominion Government taxes, but after partial withholding reserve or any other deduction, were $903,000, which is more than $1,000,000 and after taxes depreciation, dividends at the usual rate and preparing for the extra disbursements of the year, we have been able to send forward $1,056,000, an increase of $871,000. The amount at credit of profit and loss account now stands at $1,356,000."

THE PORT OF 'NEW YORK AUTHORITY

Proposals for all or none of $54,000,000 of The Port of New York Authority GENERAL AND REFUNDING BONDS of THE FOURTEENTH and FIFTEENTH SERIES, will be received by the Authority at 11:00 A.M. on Tuesday, December 20, 1949, at its office.

General and Refunding Bonds of the Fourteenth Series are due serially in annual amounts of $3,600,000 each, on December 15, 1950 and each December 15th thereafter to and including December 15, 1953. General and Refunding Bonds of the Fifteenth Series are due serially in annual amounts of $3,600,000 each on December 15, 1954 and each December 15th thereafter to and including December 15, 1964.

Each offer must be accompanied by a certified check or cashier's check in the amount of $1,080,000. The Authority will announce the acceptance or rejection of bids at or before 6:00 P.M. on that day.

Copies of the prescribed bidding form, of the Official Statement of the Authority and of the resolutions pursuant to which these bonds to be issued, may be obtained at the Office of the Treasurer of the Authority, 111 Eighth Avenue, New York 11, N. Y.

Dillon, Read & Co.
In New Location

Dillon, Read & Co. Inc. announces the removal of its office to 46 William Street, New York City.

Schwabacher Adds

Schwabacher & Co., 600 Market Street at Montgomery, adds members of the San Francisco and New York Stock Exchanges.

Our Circular

Just How Well Have Shareholders Been Treated?

Will be sent on request.

Laird, Bissell & Meeds

Members New York Stock Exchange
20 Broad Street, N. Y. K.
Telephone, Bently 7-2469
(B. & B. & M. Manager Trading Dept.)

THE PORT OF NEW YORK AUTHORITY

HOWARD S. CULMAN, Chairman

December 9, 1949
Connecticut Brevities

Kaman Aircraft announces that it has received a third contract from the U.S. Navy's Naval ordnance plant for helicopter development and research. The Navy's helicopters will be delivered to the test center at Patuxent River, Md. If the plane meets the Navy's rigorous requirements, it will be available for quantity purchase by the Navy.

Pratt & Whitney Division of United Aircraft Corp. has been awarded a $10,368,000 contract to supply 250 turbo-jet engines. The new engine is stated to be an "advancement" over previous types. Airline officials expect the engine to be used in the Grumman F9 "Fanhawk" fighter.

President W. Ross McCain of Aetna Insurance Co. has announced that the Board of Directors of Plimpton Insurance Co. and Standard Insurance Co., two of Aetna's wholly-owned subsidiary companies, have approved a merger of the two companies. The purpose of the merger is to obtain greater efficiencies in preparation for the advent of multiple line underwriting. Aetna, which used Plimpton Fire in 1930 and Standard in 1941.

Application has been made to change the corporate title of the Connecticut Casualty & Fire Insurance Co., which company expects to commence underwriting in the near future. Initially, it is planned to confine business written to fire and automobile collision on a retroactive basis on a country-wide basis. The initial capital and surplus is fixed at $500,000.

The Hartford-Connecticut Trust Co. has joined the Federal Reserve System, and has become the largest non-member bank in New England and one of the ten largest banks in the country.

On November 23, an underwriting syndicate, consisting of Connecticut Life & Power Co., the Rhode Island Insurance Co., and the New England Life Insurance Co., began writing $25,000 bonds, Series L, due Nov. 1, 1949, at 99.5% of par. The interest is 4%. At the same time 100,000 shares of $2.29 preferred stock were issued at $30 a share and accrued dividends. Proceeds are to be used for the Connecticut company's construction program through 1965.

Thift Brothers

Members New York and Boston Stock Exchange

Associated Member New York Curb Exchange

Primary Markets in Hartford

Connecticut Securities

Hartford 3-3181

Bareley 3-3542

Bell System Teleype: HIF 365

SPECIALIZING IN

Connecticut Securities

PUBLIC UTILITIES — INDUSTRIALs

Write for specific recommendations of issues with long records of unbroken dividend payments.

CHAS. W. SCRANTON & CO.

MEMBERS NEW YORK STOCK EXCHANGE

New Haven 6-6171

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PUBLIC UTILITIES — INDUSTRIALs

Write for specific recommendations of issues with long records of unbroken dividend payments.

Meeting the Demand for Security

By WILLIAM J. CASEY

Chairman, Board of Editors, The Research Institute of America, Inc.

Mr. Casey maintains while the tide of employer-paid security is irresistible, it is nevertheless hard for the business executive to believe that he will have to be whisked by unions in absence of development of definite over-all package. Cites conditions needed for sound programs.

I do not bring you any news when I tell you that a surgent and insistent demand is developing for substantial responsibility for the protection of the individuals who make up their work force against those hazards of life and health and to which we refer.

I strongly believe we have many choices in dealing with this trend towards an unmistakably building welfare program and our choice as to how we can finance the price put to it is: Will you, yourselves, underwrite a satisfactory, financially sound, and fruitful welfare program or pay a premium to be forced on you year-by-year by special pressures? A choice of program continuation and benefits be one of the instruments of collective bargaining and productive personnel policy which it has been in the hands of, for example, a number of employers will be the same, will it be a continuation disrupted by the forces of labor and the employers with whom you are ?

I don't think that it will take much to convince you that this fundamental choice is important to the construction industry than to the relatively simple coal industry. It is imperative that you control the choices so that you are not subject to the by compulsory actions, which arise from the fact that you deal with many different unions, that your employees, during the course of the year, may become eligible for other contractors; that it is impossible to tell how many days your men will work during the course of a year and what will they make.

Comprehensive Handling Needed

Unless there is a clear, coherent, comprehensive plan to meet the welfare demands now with the depressed state of the economy, I am afraid that we will face attempts by many unions to whip employers and employees alike to pay increasing welfare pension demands and less costly direct pay times. In many cases, the union will probably seek to join the employer into trading off the welfare demands for a few cents an hour boost in straight pay or workmen's compensation.

There is a major choice as to the scope of the plan. Is it better that you might be prepared to nail down now. There are a great many more reasonable, safe, and accident and health insurance than there are. Pension plans, however, are people are insured loss of income resulting from sickness or infirmi.

Over 60 million individuals, including dependents have the assurance that the future income will be paid by them. Some 30 million people are more than either half the total of minimal pension people are individuals will have doctor's bills paid for them. Roughly 40 million people are individuals who are directly insured employees and their families. On the other hand, there are probably no more than seven or eight million workers covered by industry pension plans and the next three years or so are not likely to provide more than an additional 1% of the total workforce.

The right reason why welfare benefits will spread much more rapidly than the assurance and physical and disability benefits plans are necessarily over a limited risk. They are comparatively easy to adopt, range is not intended to mean that employers must have become their earned rights. Because the wage increases which, almost inevitably involve the acceptance of substantial expense on the part of employers on, of course, any employer who increases his payroll by $1 for every employee he pays, the employer, and the entire length and service of the employee may then be called upon to bear directly the full cost of the welfare benefits for the entire work force over the remainder of the year. The very fact that the employee has taken on this added cost is another way of saying "insurability." A similar accrued liability may be acceptable to some decree of the employer eligible under such a plan in a way which is less than that of an adequate pension plan.

We know that by July, 1939 New York employers must, by legislation, give sick pay—half pay with a top of $20 a week for 13 weeks. So let's focus our atten.

Disability benefit plans and hospitalization and surgical plans may be expected to occur in the future. They do not involve the same amount of expense and liabilities. The cost of such plans is reasonably insurability, and universally accepted. These fields can be provided at a cost which is less than that of an adequate pension plan.

We know that by July, 1939 New York employers must, by legislation, give sick pay—half pay with a top of $20 a week for 13 weeks. So let's focus our attention on the way that we can do it. This is an issue that is more satisfactorily if all phases of it are integrated. The package under discussion is being drawn through the preparation of the Handbook on the subject. We recommend that you study the Handbook on Bargaining for Security Program which the United Federation of Labor is being prepared to brief local negotiators.

I bring it to your attention because it indicates the intrinsic nature of the subject and the prep-
creation which you will be required to face in your bargaining.

Alternatives Against Unexpected Costs

What options and alternatives are there which give protection to employers against excessive and unexpected costs? This is a problem which has been studied by without long study of the particular problems of an industry, an area, a company, and this study can only be conducted by members of the firm with the special experience in the assessment, hedging, and underwriting of this kind of risk.

Importance of Protective Features

I would limit myself to quickly stating that you plan to hedge by providing protective features. Protective features which must be built into a welfare plan if it is to be soundly financed and sustained:

1. Employers frequently make the mistake of thinking that because it has been their practice, formerly, to continue paying a limited group of their employees when they are sick that they can do so for the entire work force. Actual experience tells us that unless there is a marked difference between benefits received while sick and the amount which can be earned on the job, you will encourage malingering and sharply run up the cost of production.

The disability program may bog down unless the employee is left with a financial urge to return to work. For example, General Motors is providing the disability experience of two plants located a short distance apart, both carrying the same benefits under a group policy. In one case, there was an additional provision since only 60 to 70 percent of the employees at another a a level of benefits which are so low that they must be limited in their effect in the entire work force.

2. A study of the experience of two plants located in the same area, with the average number of cases per day of the same difficulty, shows that the employees who are sick and the amount of benefits received while sick and the amount which can be earned on the job, you will encourage malingering and sharply run up the cost of production.

The disability program may bog down unless the employee is left with a financial urge to return to work. For example, General Motors is providing the disability experience of two plants located a short distance apart, both carrying the same benefits under a group policy. In one case, there was an additional provision since only 60 to 70 percent of the employees at another a a level of benefits which are so low that they must be limited in their effect in the entire work force.

3. Similarly, your costs will run up if you extend the sick pay to the first few days of illness. The dramatic and almost incredible example of this is the report on sickness in the Royal Ordnance factories in England. Their sick pay began on the first day of illness and continued for seven weeks, at which point the employee was continued for an additional seven weeks. A study of the experience published last summer showed that during the course of the study, 67% of the work force were ill for more than 2% of the time.

4. Achievement of the employer's welfare commitments must be geared to present and prospective compulsory State Legislation. Fortunately the N. Y. disability act is a model for employer plans. But there's pressure for Federal disability and unemployment plans and there's no guarantee that private plans will receive any recognition that you are paying more than 50% of the cost per plan under Federal old age and unemployment insurance. Therefore, your deal should provide for automatic adjustment of your commitment when it needs increasing to meet the requirements of the law.

The man who comes to install or repair your telephone brings something more to your home than equipment, tools and efficiency.

He brings courtesy and consideration and a genuine desire to please. He treats your home and the things in it as carefully as though they were his own—clean up and puts everything back in place when he's finished.

He brings along the realization that he is the representative of thousands of telephone men and women you may never see—all working together to give you friendly, constantly improving telephone service at reasonable cost.

(Continued on page 39)
Mutual Funds

By Henry Hunt

Eaton & Howard Observe 25th Anniversary

BOSTON, MASS.—Eaton & Howard, Incorporated, Boston investment management company, is celebrating its 25th anniversary of its founding in December, 1924 by Charles F. Eaton, Jr., its President, and the late John G. Howard. A pioneer in investment counsel and in the development of the mutual investment fund, the firm early in its career established Eaton & Howard Balanced Fund and Eaton & Howard Stock Fund to be managed in conjunction with other activities. It has grown to be one of the country's leading investment management and counsel firms.

The firm maintains principal offices in Boston and San Francisco and its activities have become national in scope. It provides investment counsel to many important individual and institutional clients. The two Funds which it sponsors and manages are owned by approximately 12,000 individuals, trustees and institutions located in every state of the Union and in a number of foreign countries. Assets of the Funds have increased from $1,000,000 to over $50,000,000 within the past five years.

Market Comment

"Many investors who had gone into financial storm cellars back in 1946 in hopes of reinvesting funds when the recessionary storms were over were surprised this summer to find that earnings on the Dow Jones industrial stocks had increased 69% and dividends 53% since 1946. They also saw the government fighting deflationary trends with inflationary weapons and they realized that the "cold war" had helped keep business activity high in spite of partial readjustments to a peacetime economy. The result has been the longest and sharpest market recovery since 1945-46. While the pace of the advance slowed somewhat during the fall, the industrial stock averages distinguished themselves by moving above their highs of the last 3 years with the former selling within 9¼% of its highest price since 1935. Aiding the recovery has been the realization that the income from common stocks is much greater than it is from other investment media as the following figures show:

Investment Needed to Earn a $1,000 Annual Income
- Dow-Jones Industrials $15,950
- Dow-Jones Utilities 13,250
- Dow-Jones Transportation 20,000
- Highest Grade Preferred Stocks 700
- Highest Grade Corporate Bonds 39,000
- Long-Term Government Bonds 47,500
- Savings Bonds 50,000

"Industrial stocks have advanced during 1946 and sales during 56% of the December markets of the last 2 years. Most dependable of all seasonal rallies is the one that has occurred in 45 out of the last 50 years between Christmas and New Year's Day. During the last 10 years the gain from the December low to the January high has averaged 6%. The short interest is still large and there may be some buying to establish short-term losses before the end of the year."—Written by Ralph Botinem of Harris, Upham & Co.

First $50,000,000 the Hardest

It took Wellington more than 19 years to get their first $50,000,000. More than two years to get second. In November, 1949, sales were at an annual rate of more than $75,000,000.

How Much Is a Billion Dollars?

"It used to be that people mentioned a billion dollars with the same kind of awe with which one still associates with a light year an atom bomb, but not so any more. Economists, politicians and even the man on the street now toss 'billions' around figuratively as though they were as many nickels. "

"Maybe it is time for some of us to take another look to see just how much a billion dollars is so that the man who tries to save a couple of billion here or there in our government expenditure can be a little more remarkable man he is. "

"If a billion dollars in dollar bills were laid one on top of the other, the pile would be over 16 miles high. "

"A billion dollars would purchase a new $2,000 automobile for every man, woman and child in a city with a population of 500,000. "

"Every dollar bill in the pockets of all of the citizens of the United States would only equal about a billion dollars. "

"If a man worked 40 weeks a year, 50 weeks a year at $2.50 per hour, it would take him 200,000 years to earn $1 billion dollars." —From Vance Sanders' "Brevits."

A $20 Investment in 40 Listed Stocks

You can invest in 40 or more stocks listed on the New York Stock Exchange for as little as $2.50. (Continued on page 15)

THE COMMERCIAL & FINANCIAL CHRONICLE
Thursday, December 15, 1949

14 (2396)
Mutual Funds
(Continued from page 14)

"D. C. Abbott, Canadian Finance Minister, says the Dominion postwar "gold program of tax relief" probably stimulated Canada's economy more than any other single cause..."

Putnam Fund Adds Trustees
Shareholders of the newly established George Putnam Fund of Boston, $34,000,000 open-end mutual fund, yesterday approved all of the trustees' proposals for broadening the management of the 12-year-old fund. Among other changes, the shareholders approved a new management contract and approved a management contract with the newly-established Putnam Management Company.

The new trustees are Louis J. Hunter and Stanley F. Teele. They were elected by George Putnam, Charles M. Werry and Richard Osborn, who组成 the provisional board. Mr. Hunter, an officer and director of many business concerns, is a former member of J. Hunter and Associates, treasurer of the Massachusetts Memorial Hospitals, and a director and treasurer of the Boston YMCA.

Reorganization of Britain's War Debt Demanded
Citing the current situation of the American taxpayer actually footing the bill for the war, Mr. L. E. H. Putnam, President of the American Chamber of Commerce pledges for a "constructive reorganization" of the British war-created debt as prerequisite of continued Marshall aid. Maintains devaluation is no solution of existing problem.

Assuming that a constructive reorganization of the British war-created debt, now represented by blocked sterling balances, would be a necessary prelude, the U. S. Council of the International Chamber of Commerce on December 15, issued a two-point program of recommendation on monetary readjustment.

Chairman of the British-American Reorganization Committee, who makes release to her creditors her share in the British-American common stock, is William J. Mitchell, President of the Chamber of Commerce. Mr. Mitchell, of the Chamber of Commerce, said: "The President of the British-American Committee, has been formed as a result of six months' work.

Two points are as follows:

(1) Devaluation alone will not accomplish the task, but a dollar can be sold for world's currencies is of prime importance. As the dollar devaluated, the world's currencies will increase.

(2) The basic requirements of the situation remain unaltered in the United States. The U. S. Council recommends that the dollar be the only unit of account, that all currencies be quoted in terms of dollars, and that the dollar be used in all transactions with foreign countries.

Valenta Pres. of Natural Resources Fund
Frank L. Valenta, head of Frank L. Valenta & Co., Inc. has been elected President of Natural Resources Fund, Inc. the newly organized mutual fund. Natural Resources Fund, Inc. will invest primarily in securities of companies engaged in the production or conversion of oil and other natural resources industrial.

Hudson Distributors Inc. Formed in Chicago
CHICAGO, Ill.—Hudson Distributors Inc., has been organized with offices at 135 South La Salle Street. Offices are Russell W. Matthews, President; Paul A. Just, Executive Vice-President; Ralph B. Ward, Vice-President; and C. W. Cooley, Treasurer and Assistant-Treasurer.

Providence Investment Co., RENO, NEV.—The Providence Investment Co. is being formed with offices at 225 North First Street, Reno, Nevada, in the business. Charles E. Crittenden is President and J. W. Wittman, Secretary-Treasurer.

The only whisky gift of its kind

RARE BLEND WHISKY 15 PROOF, 63% BRAIN NEUTRAL SPIRITS

Whiskey Distributors Inc., New York City
Our Reporter on Governments

By JOHN T. CHIFFENDALE, JR.

The government market gave the 4%-year, 1 1/2% note a good reception and this has not had an adverse influence upon the rest of the issues. Although there has been considerable shuffling, it seems as though a bid has been given a time and a place if favorable and buoyancy is noted among the longer-term obliga-
tions for there will be any large demand in either direction for the immediate future because of the year-end market. The issues carried out by many dealers have been
largely for the new ones, but they are not expected to move out of recent trading ranges since Federal will most likely supply securities to iron out the bulge.

The best acting issues in a market which has had considerable activity, are the 2 1/4's due in the longer-term issues which have been quite aggressive buyers of these bonds. The higher yields have just about held their own, although the buying has also been
large on the 3's and 3 1/2's.

SWITCHING KEEPS RESTRICTEDS BUOYANT

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EXPLAINING OPERATIONS OF THE EXCHANGE.

Operations of the Los Angeles Stock Exchange were explained to visiting county officials recently by Phelps Witwer, of Dean Witwer & Co., Chairman of the Board of Governors (foreground). Behind Mr. Witwer, first row, left to right, are H. L. Byram, Los Angeles County Treasurer; William E. Simpson, District Attorney; Sheriff E. W. Biscailuz and Emerson Morgan, Chairman of the Exchange’s anniversary arrangements committee. Second row: Edwin L. Harbach, Anniversary Chairman; Murray Ward, special events Chairman; Harry W. Howell, Assistant Superintendent, Los Angeles Board of Education; and Louis Meyer, Vice-Chairman of the Exchange Special Events Committee.

Los Angeles Stock Exchange Celebrates 50th Anniversary

GROSS, ROGERS & CO.

MEMBERS
Los Angeles Stock Exchange

50th Anniversary
DECEMBER 7, 1949
DEDICATED TO THE GROWTH AND PROSPERITY OF THE GREAT SOUTHWEST AND ITS PEOPLE

Los Angeles STOCK EXCHANGE

(Continued from first page) Commerce, and presented in the ballroom of the Los Angeles Biltmore Hotel.

Palmer Hoyt Sees New Field of Business Enterprise

Mr. Hoyt, in his address entitled “Buy It First—Then Sell It!” presented to the audience a challenge to open “a whole new field of business enterprise, the selling of common stocks, or shares of American industry, to a whole new list of prospects—American salary and wage-earner investors.”

Mr. Hoyt went on to say, “There’s a big field, too. A vast market. The 8% that now hold some form of such securities represent only at most some 16 million of our citizens as opposed to the 78 million who own insurance or the 80 million who still own war bonds. It is a sound attitude for you to take that people should first protect themselves with insurance and savings and then put their surplus to work at more favorable rates. These new securities should be sold on the idea that they are the greatest investment in the world—a piece of America itself. To accomplish this, many things have to be overcome. For example, the tacit belief that many banks and the war bond offices have that the Treasury can make money at any time. Then there is the idea that many people have that speculation in stocks is a form of gambling and that the men that sell them are a lot of hucksters. Then there is the fear of the future, that lack of faith in America, and the point of view that money in the bank is money today that is America, despite of some of its fearful critics, is not about to go down the drain.

Commending the Exchange on its anniversary, Mr. Hoyt said, “Palmer Hoyt, Inc., 1899—anniversary here tonight is a great event for the Exchange, City of Los Angeles, for California, the West and the entire United States. It is a mark of progress and a bench mark of the development of this great West as an economic entity. I am proud to play my small part in this historic event.”

Publisher Hoyt applauded the Exchange’s new long-range public relations program, initiated this year, and said he was greatly impressed by the banquet celebration.

He praised the plans of the Exchange to “tell the public what you are selling and how you want to sell” and went on to say: “For far too long a period the persons responsible for the sale of common stocks and other commercial and industrial securities have failed to take the public into their confidence. Today this is what it is we are to continue the free enterprise that you gentlemen boast to regard so highly. The big buyer is rapidly becoming a minority due to the income tax situation. Persons of great wealth are not buying stocks as they once did. The new market lies in people of more modest income. But wages and salaries going up, the new trader offers no incomparable potential.”

Mr. Hoyt added, “The lack of confidence of the public as to stocks and bonds is pretty well revealed in recent surveys in Los Angeles. According to the ever-reliable Wall Street Journal, the survey of Steller-Miller and Lester, Inc. showed of the 275 families in a $5,000 to $12,000 income class (average was $6,500) and came up with these startling statistics: Out of the total of 275 families, 328 families did not know what a stock broker was and of the 47 who did know, only 7 were able to mention the name of an individual broker.

Your actions in promoting and carrying out a major public information program clearly indicate that you are aware of this situation. It is serious. A working knowledge of our national financial structure must be substituted for ignorance.”

Identifying the sale of securities as a matter of vital importance to the nation’s economy, Hoyt said, “At the present time there is a definite need for nationwide equity buying of common stocks and other industrial securities. One of the great reasons why more people do not own stocks is because they don’t know how to buy them. They think in terms of stocks as purely speculative investments and shudder when they think of the stock market. In 1929, 125 million Americans were needed of this condition, we have the present Federal Reserve survey showed that only 8% of the population owned stock or securities and that many were in relatively modest amounts.

The speaker went on to say that with 78 million Americans owning life insurance and 43 million Americans possessing savings accounts, there is a tremendous potential for the sale of securities to 80% of Americans who have never owned them in the past. Sealing the same keynote which was expressed by many other influential speakers throughout the Exchange’s 50th anniversary celebration, Hoyt explained, “With the national debt of more than $250 billion, it is quite obvious to the thinking man that we cannot pay off unless we can keep up our national income. We can’t keep up that national income without keeping up individual incomes. We can’t keep up individual incomes unless we keep up industry and business incomes.

“Let’s put it another way. In America, business and manufacturing is as much a part of America as government, politics, education, religion or labor. You destroy American industry and retain free enterprise. It wouldn’t be America any more.”

Unsafe Fear for Nation’s Future

Hoyt vigorously assailed the current tendency to have fears and reservations about the future of this country. He pointed out that Henry Wallace made perhaps one valuable contribution to his country in making clear our national ‘gut complex.’ “If seeking to convince the American people that they were guilty of a mortal sin, i.e., of being prosperous, he actually started a surge of this unreasoning complex.”

The Denver publisher then said, “The title of these remarks is mine, as you may have noted. If I Buy It First—Then Sell It! All of us have got to buy America and the American way of doing things; otherwise, we can’t sell it. Those who take a dim view will tell you that we are in a great crisis; that we face extinction; that this America is through. Let me tell you something, America has faced similar situations since American muskets were fired at Lexington and Concord. A nation has lived dangerously. Its history is one of glorious conflicts.”

Mr. Hoyt then went on to make some specific observations about the stock market which were of great interest to his audience. “In the last decade, security and exchange laws and self-imposed regulations on the part of the stock and bond exchanges have eliminated the stock market ‘rip’ as a barometer of economic history. Since the war, a number of important and intelligent men have, on occasion, predicted imminent depression because of stock market fluctuations. Because of these debates on disaster, I became interested in studying the coteracts between 1929 and 1949. Some of those changes in our status I have already discussed, but one great and important thing became clear, 1929, the year of the big blue financial snowstorm, was primarily a year of mad speculation. Values of stocks were based on very little—least of all on dividends. It seemed quite a simple procedure. One bought stocks on a rising market, hoping

(Continued on page 18)
Los Angeles Stock Exchange Celebrates 50th Anniversary

(Continued from page 17)

Los Angeles Stock Exchange Celebrates 50th Anniversary.

A number of arrangements were made in connection with the festivities. Among these, the most important was the arrangement, under the direction of Mr. E. W. Hurry, of Bingham, Walter & Hurry, which arranged the special feature of the event. The arrangement, under the direction of Mr. E. W. Hurry, of Bingham, Walter & Hurry, organized and superintended the entire event, and the arrangements were made by the Los Angeles Stock Exchange, which arranged the special feature of the event.

The Exchange celebrates its 50th anniversary this year, and the celebration was held in the city of Los Angeles. The Exchange has been in operation since 1868, and has grown from a small office to a large and active business concern.

The Exchange's 50th anniversary celebration was held on April 15, 1949, and was attended by many of the Exchange's members and guests. The celebration included a dinner, a dance, and a special presentation of the Exchange's history.

The Exchange is one of the oldest and most respected businesses in the city of Los Angeles, and has played a significant role in the development of the city. It is located in the heart of the financial district, and is a major player in the local and national stock markets.

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The Exchange’s Home—Then and Now

First home of the Los Angeles Stock Exchange, located on the ground floor of the Yeomans Building, 115 South Broadway, Los Angeles, California.


Special Events Committee was headed by Murray Ward, President of Hill Richards & Co., with Gerald C. Lambert of Akin-Lambert Co. as Vice-Chairman. Others on the committee included Robert Revel Miller of Revel Miller & Co., and Louis Meyer, Jr. of Stern Frank & Meyer.

The Banquet Committee was headed by Donald Royce, William R. Staats Co., with J. D. Middleton of First California Company as Vice-Chairman. Others on the committee included Benjamin A. Walter of Bingham, Walter & Hurry, Lloyd Young, Pacific Company of California; George M. Forrest, Paine, Webber, Jackson & Curtis; and Howard F. Cropshall, William R. Staats Company.

Joins G. R. Wortman Co.

(Members Los Angeles Stock Exchange

With Benjamin & Lang (Members in the Financial Community CHICAGO, ILL. — Vernon L. Cockrell is now with Benjamin & Lang, Inc., 10 South La Salle Street.

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By the

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International Monetary Order: Can It Be Achieved?

By LELAND REX ROBINSON

As world economic disorders to government deficits, made possible by inconvertible currency, have proved to be an embarrass- ment by U. S. policy, converted to monetary terra firma. Says President Truman's assurance gold value of dollar will not be altered is not enough, and advocates return to gold convertibility.

What causes underlie the economic disorders plaguing humanity today? They spring from the same causes as the wastages and dislocations of war. The diagnosis malady is easily made. However, the cure involves a foreign exchange parities fall where they may. .

What a Sound Gold-Convertible Currency

Now the connection of a sound gold-convertible currency—or the threat of one—would not be enough to prevent a dollar or silver speculator from doing what he pleased with the dollar. There would have to be a sounder principle to work. The only way to make the dollar good and stable would have been a sounder choice.

As in the British case, however, gold cannot be made to work if it does not supply the complete answer, whether for the goldsmith who is precipitated by pressure of events. What is now required is bold dependence. That dependence is not only being represented by President Truman, who this week suggested a conference to deal with the problem. The Canadian authorities are also being considered as a means to devalue their own currency. And that devaluation has been suggested by many other nations as well. The idea is that by reducing the value of their currency, these countries would be able to sell more goods to the United States and thus help the balance of payments. This would put the United States in a stronger position to negotiate for gold.

No claim is made by responsible economists, bankers or businessmen that there has been any improvement in the situation. World trade is still at a low ebb, with many countries suffering from balance of payments problems. The recent decision by the United States to devalue its currency has been seen as a positive step towards restoring confidence in the international monetary system. However, the success of this measure remains to be seen as it will depend on the willingness of other countries to follow suit.

The best way to ensure a dollar that is as good as gold is by making it convertible. This would mean that the dollar could be exchanged for gold at a fixed rate, which would give it stability and prevent it from fluctuating in value. The option of holding gold as a store of value is something that people value highly, and a convertible dollar would ensure that this value is maintained.

The most likely result of building a secure gold foundation for the dollar, and at fixed rates, would be an increase in the hoarding of gold. With gold being difficult to acquire for export, and with the hoarding of gold increasing, it would be in the best interest of the United States to make the dollar convertible. This would allow for a greater exchange of goods and services, and would also help to stabilize the international monetary system.
Air Cargo's Growth

By CHARLES FROESHCH

Chief, Eastern Air Lines

As illustrated by growth of air cargo, Mr. Froesch cites, in columns appearing in the New York Times, the advantages of mechanized airports.

Air cargo, which at one time was considered a relatively new kind of air traffic, is now a vital component of commercial aviation. In 1938, the first successful flight of moving merchandise by air was made by the War Department, with a DC-3 aircraft chosen for the purpose. Since then, the rapid increase in air cargo traffic has been dramatic, with soaring tonnage and ton-miles.

The War Department, in its early years, was responsible for moving cargo by air, primarily for the war effort. With the end of World War II, the movement of cargo by air expanded rapidly, driven by the need for quick and efficient transport of goods.

In recent years, air cargo has become an integral part of global trade, with major airports such as those in Los Angeles, New York, Chicago, and Seattle handling large volumes of cargo. The rapid growth of air cargo traffic has been supported by the development of dedicated air cargo facilities and the introduction of new technologies.

The growth of air cargo has been a significant development in the transportation industry, offering new opportunities for businesses and consumers alike. As air cargo traffic continues to grow, it will be important to ensure that airports are equipped to handle the increased demand, while also maintaining safety and efficiency.

Volume 170 Number 4864

The Commercial & Financial Chronicle

Public Utility Securities

By OWEN ELY

Mountain States Power

Mountain States Power is one of the smaller of the group of large electric utilities, operating in the northwestern states under public power conditions in that area. The stock is currently quoted around $30 per share, with a current dividend rate of 7.8%.

The company's properties are scattered over a large area of Washington, Oregon, Wyoming, Idaho and Montana, and are not interconnected. Total power sold was 22,7 million kilowatt hours in 1948, compared with the national average of 30.6. The company's chief competitors are a number of municipal and privately owned electric and public agencies. However, it is less dependent on Bonneville power than are the other four private utilities in the northwest, obtaining only 18% of its power from the big Federal Hydro system.

It appears plans to continue as a distributor rather than a producer. The constructive program described in the last prospectus includes very little provision for new generating equipment, although the company's operating capacity of which 15,000 kva, steam plant is leased to a firm in the future. The company, however, sells part of the power generated at this plant to a number of public agencies at attractive rates. Some 32% of purchased power is secured from California utilities, which are also a large source of power, and the fact that its purchased power is a favorable element so far as power availability is concerned.

In the rapid growth of the area as indicated by the following record:

<table>
<thead>
<tr>
<th>Col.</th>
<th>Gross</th>
<th>Common Stock</th>
<th>Price Range</th>
</tr>
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<tbody>
<tr>
<td>Year</td>
<td>(Mill.)</td>
<td>Earns.</td>
<td>Divs.</td>
</tr>
<tr>
<td>1948</td>
<td>93</td>
<td>6.59</td>
<td>3.69</td>
</tr>
<tr>
<td>1949</td>
<td>113</td>
<td>7.35</td>
<td>4.40</td>
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<tr>
<td>1950</td>
<td>143</td>
<td>8.20</td>
<td>5.25</td>
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<tr>
<td>1951</td>
<td>123</td>
<td>6.89</td>
<td>4.15</td>
</tr>
<tr>
<td>1952</td>
<td>133</td>
<td>8.20</td>
<td>4.40</td>
</tr>
</tbody>
</table>

In the 12 months ended Sept. 30, 1952, the net income was $314,000, and earnings of common stock were $8.48 on the 249,233 shares outstanding. Based on this and other outstanding shares, earnings would probably exceed $4.00. However, the price-earnings ratio is about 8.4, relatively low even for a small company.

The company's growth rate (increase in recent 12 months' revenues) is over 25%, and its dividends on both preferred and common stock are increasing.

To Be E. D. Smith Co.

Other members of the New York Stock Exchange, will admit Edward W. Smith, with the result that Bonfield will become associated with Halle & Smith, where he remained until 1922, at which time he took a position with Redmond and Co.

Newburgh, Loeb to Admit Three Partners

Newburgh, Loeb & Co. 15 Broad Street, New York City, members of the New York Stock Exchange, will admit Edward W. Smith, Harold J. Richards and Alphonso Bogenbauer to partnership, effective July 1, 1949.

To Admit

Warren D. S. Blundell, of the firm of E. Smith & Co., will retire from partnership in Smith & Smith, and will devote full time to the New York Stock Exchange, on Dec. 31 and on Jan. 1, the firm name will be changed to E. Smith & Dutilh Smith.

Delafield & Delafield To Admit

Norville E. White will become a partner in Delafield & Delafield 14 Wall Street, New York City, members of the New York Stock Exchange, on Jan. 3. He is manager of the firm's foreign department.

To Give Course on "The Small Investor"

Carl T. Hyde, who has been active in the investment field for more than 20 years, will give a special course at the "American Investor," at Columbia University beginning Jan. 23, and will continue for one week of ten weeks. The course is offered under the auspices of the Arts and Sciences Council of the Columbia University School of Business.

The "Small Investor" is a broad but practical course in the fundamentals of investment. It is not intended for anyone other than the individual investor, but its purpose is to give him an understanding of the principles, so that he can make wise choices in his investments. 

The course will be given by Martin Gold, a University of Chicago graduate, and will be held at the School of Business on the campus of Columbia University. The fee for the course is $15.
Employment Trends and Their Implications

BY EWAN CLAGUE*
Commissioner of Labor Statistics, U. S. Department of Labor

Picturing current rate of employment as good, U. S. Commissioner of Labor Statistics foresees some possible increase in unemployment in 1950, though business may be aided by expanded home building and distribution of $3 billion in insurance dividends to veterans. Notes constant increase in labor force and concludes that although adverse union demands for pensions, and concludes two serious future problems will be (1) providing for retirement and (2) keeping growing population of workers employed.

The national employment picture as of the end of November is more encouraging than at any time in more than one year, more than a year ago, was due in large measure to the recession in manufacturing industries.

In 1949, which has been one of the highest years of our history, for example, the number of new dwelling units and apartments opened in the United States in 1949 reached a peak about 28,000 above the previous peak, exceeding the previous high of 367,000 started in 1925.

Still another favorable short-run employment factor will be the effect of the large increase in labor dollars paid in the form of insurance dividends, an undoubtedly good business activity, with employment holding up fairly well.

However, while general business conditions are looking to turn out to be fairly good next year, there are sobering facts which must be talked about on the employment side. For example, the number of persons on the labor force of the Christmas season. Normally, the labor force remains fairly constant from the late fall to the early spring, but in any year in which there is likely to be a recession, it will not be surprising, therefore, unemployment at a peak in January and February, 1950 rises above present levels, and perhaps above the peak of 1949. This need not be cause for alarm, if it is recognized that this is a normal situation and not some of this unemployment may be a normal fluctuation in employment.

Increase in Labor Force

The longer-run factor is the annual increase in the labor force. During 1950 the nation added about 2 million persons to the labor market, and we can expect this same increase of something like three quarters of a million persons, and next year there will be as much of an increase in unemployment at a peak in January and February, 1950 rises above present levels, and perhaps above the peak of 1949. This need not be cause for alarm, if it is recognized that this is a normal situation and not normal fluctuation in employment.

In 1949, which has been one of the highest years of our history, for example, the number of new dwelling units and apartments opened in the United States in 1949 reached a peak about 28,000 above the previous peak, exceeding the previous high of 367,000 started in 1925.

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But the number of business concerns that are likely to turn out to be fairly good next year, there are sobering facts which must be talked about on the employment side. For example, the number of persons on the labor force of the Christmas season. Normally, the labor force remains fairly constant from the late fall to the early spring, but in any year in which there is likely to be a recession, it will not be surprising, therefore, unemployment at a peak in January and February, 1950 rises above present levels, and perhaps above the peak of 1949. This need not be cause for alarm, if it is recognized that this is a normal situation and not some of this unemployment may be a normal fluctuation in employment.

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New York Security Dealers Association


George E. Rieber, Secretary of the National Association of Securities Dealers; George Geyer, Geyer & Co., Inc.; H. D. Knox, H. D. Knox & Co.

Walter Murphy, Jr., Walter Murphy, Jr. & Co.; Hana E. Kuehner, Joyce, Kuehner & Co.

Col. Oliver J. Trester, Trester, Carrie & Summers; Francis J. Keenan, Central National Bank of Yonkers

James F. FitzGerald, Wm. L. Conady & Co., President of Security Traders Association of New York; Don C. Sloan, Sloan & Wilcox, Portland, Ore., First Vice-President elect of National Security Traders Association


Dr. Edwin G. Nourse, speaker

Walter Murphy, Jr., Walter Murphy, Jr. & Co.; E. Chester Gersten, Public National Bank of New York; Frank Dunne, Dunne & Co.

Edward A. Kole, guest
Twenty-Fourth Anniversary Dinner


Irwin Frumberg, Securities & Exchange Commission; Abner Goldstone, guest; Peter T. Byrne, Securities & Exchange Commission; Irving A. Greene, Greene and Company


Fred J. Rabe, F. J. Rabe & Co.; Gilbert Parker, guest; Curtis J. Strauss, Heimerdinger & Strauss


Mel S. Wien, M. S. Wien & Co., New York City; Merritt Coleman, Allen & Co.; Irving Galpeer, guest

Held Friday, December 9th, at Hotel Pierre


Adrian Frankel, Seligman, Lubetkin & Co.; Hal E. Murphy, Commercial & Financial Chronicle.


John Heck, Greenhall, Heck & Co.; John M. Mayer, Merrill Lynch, Pierce, Fenner & Beane

Wm. F. Goulet; Maurice Hart, New York Hanseatic Corporation; Robert Strauss, Daniel Rice & Co., Chicago; Leslie E. Goulet, guest


Five Hundred in Attendance


Chas. O’Brien Murphy III, Merrill Lynch, Pierce, Fenner & Beane; Herb Blizzard, Herbert H. Blizzard & Co., Philadelphia; Harry D. Casper, John J. O’Kane, Jr., & Co.; Arnold R. Hanson, Hanson & Hanson.


Taxation and Foreign Investment

By THOMAS J. LYNCH

General Secretary, International Chamber of Commerce

Assuming problem of international taxation is vital in any foreign investment program, legal expert of Treasury Department outlines efforts to enact tax measures and enter into tax treaties which may assist foreign investment. Says present U. S. taxation policy, in some cases, is discouraging foreign investment and to overcome this problem certain measures to eliminate double taxation on income received from abroad.

Tonight I wish to speak about an aspect of taxation which is closely related to the economic foreign policy of the United States. Most members of the public, I believe, associate the Treasury Department first and foremost with taxes. Actually the Department has many responsibilities in turn have relationships with the activities of the Department.

The subject to which I shall particularly refer this evening is taxation in relation to private United States investment abroad. The Treasury Department is concerned not only with the financial aspects of this matter but, as a result of the Department's activities, with the international aspects as well. The Secretary of the Treasury is the Chairman of the National Tax Advisory Committee which coordinates International Monetary and Financial Policies and Operations of government agencies to the extent that they are concerned with the making of foreign loans or encouragement of foreign trade or exchange or monetary transactions. The Council advises the United States representatives on the International Monetary Fund and the International Bank for Reconstruction and Development as to the policies they should follow. It has also advised on the international financial aspects of such developments as the European Recovery Program and the Public Interest. The Department is concerned with its own foreign relations and its concerns in the field cover the activities of the European Council, the Treasury Department is in close contact with the Government of the United States on the extension of the customs, the relation of which to the economic conditions of the United States has become a matter of major interest at the present time.

U. S. Private Investment and the National Economy

Before discussing with you the tax problems to which my remarks will be addressed, I think it might be well to indicate briefly the general foreign economic relations of the United States and the problems. I wish to point out that in your line of work it is hoped that American private investment will play in bringing about the development of a foreign economy.

We all are aware of the post-war period found Europe and most of the rest of the world in a condition of destitution. This condition coupled in some areas with political instability led directly to the physical destruction and indirect to the economic instability and the danger of communism. The post-war years were marked by urgent and serious problems. Trade and financial channels had been disrupted for several years' duration. Production had fallen to an all-time low and yet the need for production was great.

*An address by Mr. Lynch before the Philadelphia Chapter, Tax Executives Institute, Philadelphia, Pa., Dec. 7, 1949.

Tax Measures and Foreign Investment

It can be seen that efforts of the United States to encourage private investment abroad are being pursued on many fronts. The Treasury Department that certain tax measures are necessary to encourage foreign investment. Although it is difficult to estimate accurately the exact result of the steps, it is important that the tax system give due recognition to the economic foreign policy.

In order to understand the scope of the problem it is important to recognize the revenue derived from taxing foreign income already invested abroad. This yield was the amount remaining after giving credit for foreign income taxes paid. It amounted to about one and one-half per cent of all income from foreign sources. Foreign income is not currently subject to American taxation and must be taxed when the profits are repatriated to the United States.

Question of Operating a Foreign Subsidiary or Branch

Although it is true that a domestic corporation desiring to operate abroad can always get the assistance of a parent by organizing a foreign subsidiary, it is not true that the parent is a free choice as to the legal form of operation. In many countries foreign subsidiaries are subject to restrictions which are beyond the control of the parent company. For example, it is some countries the percentage of the ownership in the foreign subsidiary is limited and the American business may desire to operate abroad as an American corporation because of advantages inherent in being clearly under the American flag. It, therefore, has been pointed out that the parent company desiring to operate through a branch rather than a foreign subsidiary, must weigh carefully the policy of the American taxpayer from the economic foreign policy would be that these transaction be handled directly.

Confronted with the foregoing, the Treasury Department has given serious study to this subject. It felt that the entire regime of taxation a foreign branch or subsidiary abroad should be reexamined with a view to eliminating any inequities which discriminate against foreign investment. In furtherance of this effort the Treasury Department concluded that the postponement of taxation on foreign income of branches of domestic corporations should be returned to the United States in the form of taxes payable by the parent company on the profits of the foreign branch or subsidiary. The proposals would permit both a foreign branch or subsidiary of a foreign corporation to claim a deduction for foreign income taxes paid to another country. The Treasury Department believes that this policy will encourage these foreign branches or subsidiaries to become taxable in the hands of their American stockholders if and when distributed to them in the form of dividends. Thus, the tax consequences of a parent company operating through a foreign branch or subsidiary are different from those of operating a foreign subsidiary through an existing foreign branch or subsidiary. The foreign branch or subsidiary is taxed by the United States on their profits as they are earned and are distributed to the parent company. The foreign branch or subsidiary is subject to foreign taxes on profits earned and is subsequently taxed by the United States on profits in the event that foreign taxes are paid. The tax burden is determined under the United States law. Thus, foreign branches are subject to double taxation on their profits in the event that foreign taxes are paid. The burden of this taxation is not currently subject to American taxation and must be taxed when the profits are repatriated to the United States.

A further step in achieving the policy of United States international economic foreign policy is to encourage the American taxpayer to invest their foreign profits within the United States in the form of additional capital. This form of foreign operations would encourage the American taxpayer to invest their foreign profits within the United States in the form of additional capital.
**1950 Economic Outlook**

Research Institute believes recession ended with continuing cold weather. The situation is described as a "good year for business over all," according to the Research Institute of America. "The 1949 adjustment are no longer a concern to businessmen; some which were in trouble the year before are now on a keener and more widespread basis," was the 1949, "Economic Secretary of the research institution, told a conference held at the New York City Dec. 9. During November the Research Institute of America pulled its more than 30,000 member firms on their plans and expectations for 1950, the results of which poll were detailed by Mr. Chere on as follows:

### Businessmen Optimistic

The most important single consideration for businessmen is that American business is continuing on an optimistic note. It's far from unanimous, of course, a substantial number of executives expect "sales in 50 to lower. But, in terms of plans and expectations, sales as well as costs to be same or higher, prices and profits to be the same or somewhat lower than this year.

"The question: "Compared to '49, how you see your prospects for next year?" were asked in the poll. The responses:"

<table>
<thead>
<tr>
<th>Sales</th>
<th>Prices</th>
<th>Profits</th>
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<tbody>
<tr>
<td>Same</td>
<td>Same</td>
<td>Same</td>
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</table>

**Material handling equipment**

Several industries of note have little existence of optimism beyond next year's commitments: **11.6%** say they plan to take on long-term borrowing. **19.2%** plan significant new construction. **25.5%** intend to make significant new commitments in that respect.

An equally encouraging picture is resulted from the question: "Compared with '49, how do you evaluate your requirements next year in terms of corresponding plans?" the responses were:

<table>
<thead>
<tr>
<th>Lower</th>
<th>Same</th>
<th>Higher</th>
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<tbody>
<tr>
<td>24.3%</td>
<td>41.9%</td>
<td>34.8%</td>
</tr>
</tbody>
</table>

*By inducing, makers of consumer durables and producers' goods plan on heavy investment in new equipment. Manufacturers are all the more anxious to place fewer construction projects on hold, but wholesalers and retailers apparently will face some of this decline. Most of the expenditures will come from manufacturing and service establishments.*

### Price Expectations Mixed

Executive opinion is almost evenly divided about the future price levels. It is expected to be higher: only 10.6% of the plans expect prices to be lower; nearly one-half (47.2%) look for stable prices.

**Do you expect the general price level in '50 to be higher or lower than in '49?**

*By doing so, the 50.6% lower.*

*How are you going to meet the probable higher prices? A survey showed a closely similar trend. Only 13.8% (higher) and 47.2% (lower).

### Sales Strategy Next Year

"To boost sales next year, what measures do you plan to apply?" was the question. The responses are:

- **New machinery and equipment**
  - 20.5
- **New construction**
  - 42.4
- **Average size of inventory**
  - 31.4
- **Credit**
  - 23.3

*By increasing inventories, consumers of durable goods and producers' goods plan on heavier investment in new equipment. Manufacturers are, however, contemplating fewer construction projects planned, but wholesalers and retailers apparently will face some of this decline. Most of the expenditures are likely to come from manufacturing and service establishments.*

### A Forecast for 1950

In its annual Special Report Forecast issued on Dec. 12, the United Business Service makes the following predictions for 1950:

- **Businesses** — The total volume of business in 1950 will fall only slightly, as compared with the high level of 1949. The continuation of GI insurance refunds, will stimulate the amount of retail consumer spending. The Federal Reserve Board expects the national savings to continue at a high level. The national savings have been estimated at 13.8% of the national income.

- **Labor and Employment** — Relatively peaceful labor conditions are expected in the year ahead. Wages will continue at a reasonable level. However, the expected increase in the rate of productivity will result in a decrease in the rate of unemployment. The unemployment rate is expected to decline from 6.5% in 1949 to 5.5% in 1950.

- **Money Rates** — Interest rates will remain low in 1950. The government is expected to continue its policy of low interest rates to encourage business expansion. The federal government will be a net borrower of funds in 1950.

- **Bond Market** — The bond market is expected to remain active in 1950. Interest rates are expected to remain low, and the demand for bonds is expected to remain strong. The yield on government bonds is expected to be about 2% lower than in 1949.

### Additional Information

**R. M. Horner Co.** adds L. Leif to Staff

H. M. Horner Co., 52 Broad Street, New York City, announces that Lawrence Leif has been appointed general sales manager of the company. Mr. Leif will be responsible for all sales activities of the company.

**Blair Williams to Admire Chandell to Partnership**

Edwin H. Chandell, member of the firm of R. M. Horner Co., has announced that he will retire on Jan. 1. He will be succeeded by Lawrence Leif as manager of the research and development department. Mr. Chandell former of R. M. Horner Co.

**Sees Over-The-Counter Industry Threatened by Fire Bell**

David Morris, of David Morris & Co, President of the New York Secu-

### Soden-Zahner Add

**Kansas City, Mo. — William Soden, president, and Walter Zahner Co., Dighton Building.**
How to Solve Socialism

BY ELMER L. LINDESETH

President, Edison Electric Institute
President, Edison Illuminating Company

Prominent utility executive, describing ever-increasing competition in private affairs as menacing cloud, cites rapid growth of Federal ownership of electric plants. Says Federal usurpation in electric power is based on discriminatory taxation and other financial devices, and claim that government enterprise is cheaper is unjust. Urges more education on advantages of American private enterprise system, along with widespread exposure of government problems. Calls for more personal interest of businessmen in government, and advocates reduction of government spending.

Though I’d like to discuss what is certainly the most critical and urgent domestic problem America faces today, with its planning and regulative implications of all phases of living, it is fair to assume that you and I have been disturbed by the overanalysis of our political and economic affairs, and that we have been perplexed by the malingering of those who would perpetually delay any solution to our problems. But I am sure that my audience has either read or heard the same analyses and pronouncements that have been made by others, and that you, as a trained economist, are entitled to an understanding of the problem, and a well-grounded opinion of what can be done about it. I should like to try to help stem this tide of federal socialism, and to present the facts, the reasons behind them, and the solutions to the problem.

The Federal Government today is taking as taxes 11% of the gross electric power output of all the nonfederally owned companies. We are told elsewhere that this is an “inconsiderable” amount of money, but let us examine the fact.

The Federal Government today has paid 100% of the costs, and then has borrowed and added to its own credit, and has used the credit, to the extent that it has received $500,000,000 in taxes, and $1,000,000,000 in stock.* The Federal Government today has received $500,000,000 in taxes, and $1,000,000,000 in stock.* The Federal Government today as a whole has received $500,000,000 in taxes, and $1,000,000,000 in stock.*

*An address by Mr. Lindseth before the Electrical and Gas Association of New York, Inc., New York City, Nov. 25, 1949.

The Federal Reserve Bank of St. Louis

The Federal Reserve Bank of St. Louis

This trend has become a menacing cloud when we compare it with the broader and blacker shadow over the horizon of Europe, as the particular concern to us here today becomes a very real worry. Many of us have already seen the strong frontal attack presently being made by the European socialists on the electric light and power industry. Already, in certain countries, it has been scored. Let me cite a few examples.

In 1932 Federal and municipal electric light and power systems were owned by only 17 small hydroelectric plants or 9% of the nation’s total. Today they are serving 7½ million customers with a capacity of 226,000 kilowatts.

The Hoover Commission reports says that as of June 30, 1949, the Federal Government had invested $100,400,000 in the plants with a capacity of approximately 110,000 kilowatts, under construction with a capacity of 44,000 kilowatts. Construction authorized by Congress contemplated almost another 7,000 kilowatts. Thus, in 1960 the Federal Government will have an operation 173 plants with a capacity of about 20,000 kilowatts.

In 1932—17 years ago—the electric companies served 94% of the electric utility business of the country. Today, due to the invasion of this field by the Federal Government, the electric companies serve only 83% of the business.

Discriminatory Taxation

The Federal Government, as we all know, has usurped this business through competition based on discriminatory taxation and other financial devices.

The electric companies are grossly under-taxed by the Federal Government in the Federal courts. We believe all citizens agree.

It is plainly contrary to sound principles of economics and democracy that a tax that collects from our self-supporting electric systems be applied heavily.

This is the main reason for this report, to show you why we are opposed to federalization, and to urge upon the government, the electric companies and the public, the urgent need of a fairer tax on electric industries.

The Federal power agencies are now competing with the private industry on all lines. A political conference designed, among other things, to force the rates from Federal hydroelectric projects to be made in this past weekend but has been postponed.

C. Gerard Davison, Assistant Secretary of the Interior, said recently: “We in the Interior Department are dealing with the very critical matter of the electric utility industry, then went on to warn of forthcoming federalization of the electric utility industries in all the States. This, of course, is a situation to which the government power proponents.

Mr. Davison, Mr. Davison’s assertions have been made by experts in the field living in New England. Private ex-

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*An address by Mr. Lindseth before the Electrical and Gas Association of New York, Inc., New York City, Nov. 25, 1949.

support competing, government-owned electric systems which are taxed, but not to the extent that rates collected from the public utilities are a major contribution to the American system of freedom of enter-

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The Federal Government today has paid 100% of the costs, and then has borrowed and added to its own credit, and has used the credit, to the extent that it has received $500,000,000 in taxes, and $1,000,000,000 in stock.*

*An address by Mr. Lindseth before the Electrical and Gas Association of New York, Inc., New York City, Nov. 25, 1949.

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Sawyer Favors Increased Govt. Role in Pensions

Arenas national and state governments are committed to payment of pensions and many a right to a pension should not depend on vicissitudes of company or industry employing him.

Addressing the Public Relations Society of Americas on Dec. 5, economist of the Minneapolis Commercial National Bank, Commerce Charles Sawyer asserted that workers' pensions "should move along lines of more, not less, government participation."

"We are clear, not as a sectional policy our Federal Reserve System and our state government are committed to pensions. It is easy to see that this increased ari and to control, but the serious task of pensions should be brought home to those who assume the responsibility."

"Progress in connection with protection is the result of more, not less, government participation. A man's right to a pension should be dependent upon the accident of his being employed, and not on how he happens to be operating temporarily at a high profit, or if management allows him off at a time other than as a domestic in a home. To undertake this point with reference to insurance are included from my recent wide contacts with business that many small businesses cannot pay the pensions which are provided by large industries. This means that employees must set their own demands or live in constant fear of having to find a new job."

"The precise problems involved are of serious interest to public lending institutions that provide emergency financial service to banks and business. It is a point that government competition in the field of direct lending is not possible if private lending institutions can provide the same service."

"On the other hand, I think we should have some public lending or investment agencies that could on a national scale raise the same points. I would like to see what public lending institutions that provide emergency financial service to banks and business. It is a point that government competition in the field of direct lending is not possible if private lending institutions can provide the same service."

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Szymczak Favors Standby Credit Agency

Federal Reserve Governor 1975, in view of financial crises and emergencies, some public credit agency is needed to render assistance at times public private credit lending institutions are unable to cope with situation.

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Business Pace at Highest Rate Since September

National Industrial Conference Board, however, holds inventories of non-durables are again advancing and prospects for outlets are less. Sears, easing off of corporate profits and squeeze on retained earnings.

"Industrial activity continues to advance so that at its highest rate since September, according to the latest survey of business conditions prepared by the National Industrial Conference Board, is to be expected from the lagging manufacturing industries. Non-durable goods stocks have turned up before those of durables, and the same trend is being followed in the construction of durable goods."

"Some of these trends are attributable to the fact that the manufacturers have been trying to get ahead of the weather while retail trade has been improving. Inventories have again begun to advance, just as they did at similar production levels during 1943."

"The following are excerpts from their study."
Nourse Scores Price Fixing

Former Presidential Economic Adviser declares attempt to stabilize inflation at present time. Says problem is to promote price-income

consumption which will give maximum production and corresponding consumption. Objects to attempt with the dollar and condemns budget deficits.

In an extemporaneous address at the annual meeting of the New York Security Dealers Association in New York City on Dec. 9, Dr. Edwin G. Nourse, President of the Board of Governors of the Federal Reserve Bank, discussed the attack on price-income relationships by proposal of the alteration of certain aspects of those relationships, the promotion of maximum price-income relationships and with corresponding production, and the stabilization of consumption.
**NEWS ABOUT BANKS AND BANKERS**

John M. Olin, President of Olin Industries, Inc., of East Alton, Ill., has been re-elected to the Executive Committee of the Bankers Trust Company of New York, it was announced today by J. B. D. Vissingholt, President. Mr. Olin, a graduate of the University of Michigan, is also a member of the Board of Directors of the First National Bank of Chicago, the St. Louis Union Trust Company, and Midland National Bank at Illinois Terminal Bld. Co., and is a member of the Board of Regents of the University of Illinois College of Liberal Arts.

Mr. Celt also announced the election of Mr. Olin to the Executive Committee of five others. Those named Vice-Presidents are Frank H. Hovland, H. U. Moore, Joseph C. Brennan, formerly Assistant Treasurer, and R. F. Robert were elected Assistant Treasurers.

Senior officials of the Chase National Bank of New York arrived at San Juan, Puerto Rico Dec. 7, to open the bank's new branch quarters at 259 Cruz Street, in San Juan.

It was explained that the bank's new branch quarters at 259 Cruz Street, in San Juan, were opened by the bank's Assistant Secretary, Arthur W. McKinney, Vice-President, and directors; Edward L. Love, Senior Vice-President and Director, Mr. Nathaniel W. Hill, Vice-President, and David Bortenfelter, Second Vice-President. On Dec. 11 they attended luncheon at the new Chase-Hill Branch.

The bank jointly held a meeting of its officers at 259 Cruz Street.

The president of the board of directors of the First National Bank of Maryland, Baltimore, and dean of the country's supreme courts, Mr. Frank Alexander, has been elected President of the Union Trust Co. of New York, it was announced yesterday by the board of directors of the bank.

Mr. Foster has been elected a vice-president of the Union Trust Co. since 1927, and is the founder of the bank's headquarters, the Banker's Trust Co.

Mr. Foster will hold the position of chairman of the board of directors of the First National Bank of Maryland, Baltimore, and dean of the country's supreme courts, Mr. Frank Alexander, has been elected President of the Union Trust Co. of New York, it was announced yesterday by the board of directors of the bank.

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Rejects Contention That Gold Standard Would Curb Govt. Spending and Stabilize Business

In bulletin entitled "The Role of Gold in the Modern Economy," Dr. Marcus Nadler and Dean G. Rowland Collins of New York University argue, since Congress has constitutional right to make appropriations, theory that a restricted gold-coin standard would be an effective check on the size of government is quite possible, however, that if the United States were to return to the gold standard, it would, be nowhere near and, probably, a considerable portion of the hoarded gold would be held in foreign gold. Part of it would undoubtedly find its way into the black market immediately, but an even greater importance is the fact that, because of the great economic and political uncertainties prevailing all over the world, many people might decide to convert their deposits into gold. In fact, several banks, without the control of credit from the Daily press, popularize their compensation and government's general public which is conditioned by hysterias and rumors.

NASD District 8

Elects New Officers

CHICAGO, ILL. — The annual meeting of the National Association of Securities Dealers, Inc., comprised by the members of the NASD, met here in Michigan, Michigan and Wisconsin and four new members of the District Committee.

Clarence A. Bickel, partner of William A. Bickel & Co., Milwaukee, was elected to the Board of Governors. Mr. Bickel is a member of the Board of Directors and a member of the District Committee, serving as Chairman in 1946.

Vincent B. Bell, President, Bell & Farrell, Inc., Madison, Wisconsin, Harry G. Williams, Vice-President, and Bill J. H. Stringer, President, were also elected as members of the District Committee.

New members of the District Committee will assume office on Jan. 15.

New York Stock Exchange

Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes. John H. Lewis, chairman of the board, will retire from partnership in Ricke & Lewis, a member firm of the New York Stock Exchange. He will retire from partnership in Merrill Lynch, Pierce, Fenner & Waltrim on Dec. 31.

H. Cassel & Co. to Admit

H. Cassel & Co., 61 Broadway, New York, city members of the New York Stock Exchange, will admit Francis Warren to partnership on Jan. 1. Mr. Warren is trader for the firm.

White, Weld Partners

Chandler Hovey, Jr. and L. Emery Katzenbach, II will be added to the firm of White, Weld & Co., 40 Wall Street, New York city, members of the New York Stock Exchange, on Jan. 1.
**Railroad Securities**

**Chicago & North Western**

For the first year since it emerged from reorganization, Chicago & North Western has made a profit. In the post-reorganization years, when stock prices rose on the common stocks this year. Last year the full $3.50 was paid on the preferred and $2.00 a share was distributed to the holders of the common. Announcement last week that the company has no intention of taking no action at the regular December meeting did not have any further appreciable unfavorable effect on the price of the preferred. 

The major reason for this change in sentiment toward railroad securities generally, North Western's earnings were off sharply and suspicion of more dividends has apparently been pretty well taken for granted. 

North Western is having a particularly disappointing year. Far more traffic is being hauled in winter storms and extremely low temperature. This was reflected not only in a sharp increase in coal but a higher heavy expense burden for snow removal, etc. Traffic was unexpectedly slow in flowing back to its former peak and last year's very heavy corn did not move in as large volume as had been expected. Aggravating the difficulties of early 1949, the road in recent months has been hard hit by both coal and steed strikes. 

Gross revenues for the 10 months through October were 6.7% less than for October 1948, as a result of which the operating-margins were very sharp and the operating income, of which the controlling interest is in foreign countries, will, it is expected, make a substantial contribution from their foreign earnings. We have already indicated, about taxes. The Treasury Department is ac¬

**Traffic and Foreign Investment**

(Continued from page 27)

and that the earned income of an American resident abroad should be exempt from the tax. This becomes a bonâ fide resident alien if he remains in a year of our country. It is hoped that this measure will afford encouragement to American technicians to bring their skills and through headquarters to bear on the solution of some of the economic problems of war-disabled and underdeveloped countries.

**Elimination of Double Taxation**

The trend in the tax laws in recent years has been to eliminate double taxation which, it is believed, will be possible to eliminate in the first year of their residence in the United States. It is important to realize that this is a major goal in the control of foreign earnings. 

In the United States a large proportion of short-haul freight. The average haul is among the lowest in the United States and the short-haul road location and type of business contribute importantly to the long-term earnings uncertainties.

**Frank Voorhees to Be Partner in Goodbody**

**Detroit, Mich.** — Frank E. Voorhees, Resident Manager of the

"The Price of the Business" (Continued from page 4)

...to the conclusion it's impossible even to give up trying.

Wm. E. Pollock Co.

**Appoint Officers**

Wm. E. Pollock & Co., Inc., 20 Pine Street, New York City, announce the appointments of Henry Hamilton and Harold T. Munn as assistant vice-presidents and Martin K. Gunston as assistant treasurer.

**"The Price of the Business"**

Thursday, December 15, 1949

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The State of Trade and Industry

(Indented from page 5)

mand for such luxuries as watches and high-priced garments was described as "poor" in most areas.

STEEL OUTPUT CLIMBS TO 94.1% IN CURRENT WEEK

The "Iron Age" scrap steel composite price, at $27.25 per gross ton, a price now considered as standard, and the "Iron Age" price of scrap iron, at $29.92 a ton, on declines of $1.00 a ton in Chicago and Pittsburgh,

Wholesale Food Price Index Again Shows Lower Trend

Table: Wholesale Food Price Index

The Dept. of Agriculture reported that the wholesale food price index moved slightly lower in the past week to stand at 107.96 at 4.6% from the revised index of 107.79 a week previous. It compared with 107.63 on the corresponding date last year.

The drop originally reported in the preceding week's index was attributed to a decline in tea prices. Actually there was no decline in tea prices. A 10-cent drop in the price of tea was reported, but this drop was due to increased supplies and a fall in the worldwide price of tea.

Wholesale Commodity Price Index Shows Easier Trend

The Dun & Bradstreet daily wholesale commodity price index moved irregularly lower last week to close at 247.47 on Dec. 8. This compared with 249.75 on Dec. 1, an increase of 6% from the 217.12 recorded at this time last year ago.

Speculative buying increased and all deliveries of wheat and oats and the deferred contracts in corn sold at new high prices for the year.

Mill demand for wheat was fairly good. Marketings of corn continued in good volume but demand was active and prices held at a firm level. Farmers continued to show a disposition to withhold their corn from the market. Receipts of rice were light and the market strengthened materially. Flour prices closed slightly firmer. Export demand for flour was somewhat better and a moderate expansion in bookings in both domestic and export trade was noted.

Under scattered liquidation, coffee futures fell to lower the past week, the S contract showing a decline of more than 2 cents for the week. Spot coffee prices were slightly easier although Brazilian markets continued firm.

The New York tea market was fairly active and strong with prices somewhat lower than the previous Thursday but recovered from the temporary slump which followed devaluation of the Brazilian currency. The weak spot for the week was cocoa where overvaluation in the London market and continued difficulties in the cocoa market are reported to have been instrumental in the week's decline.

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Wholesale Trade Shows Moderate Rise Due to Holiday Buying—Wholesale Unchanged

For the week ended Wednesday of last week, total retail sales rose moderately; dollar volume in the corresponding 1948 week remained slightly above last year's level. Factories, DE and Bradstreet, Inc., states in its current review of trade.

Apparel, furniture, increased amounts the past week; sustained winter weather spurred the demand for fur-trimmed coats and other seasonal wear. House and accessories were popular among shopper women.

Houswives bought approximately the same quantity of food as in the previous week.

The retailing of major appliances continued at a high level; television sets and small radios were in increased demand and dollars paid per unit were on the average lower than those of a year ago.

The consumer demand for luxury items such as jewelry and cosmetics remained limited. Many large centers were exhibiting a seasonal interest in toys.

Total sales for the period ended on Wednesday of last week was estimated to be from 1 to 5% below last year's level. Regional estimates varied from the levels of a year ago by the following percentages:

New England 4 to 5; Midwest, Northwest, and Pacific Coast 3 to 5; East and South 3 to 4; and Southwest -1 to -3.

While wholesale buying throughout the country continued steady at last week's level, total dollar volume was moderately below that for the corresponding 1948 period. More retailers were reducing their current buying schedules, however, for the coming year. The number of buyers present at the wholesale centers rose slightly this week.

Department stores, according to the Federal Reserve Board's index for the week ended Dec. 3, 1949, decreased by 8% from the like period of last year. In the preceding week's data, the index for department stores was also down 8% from the 1948 figure.

For the four weeks ended Dec. 3, 1949, sales registered a decrease of 2.5% in December over a January period of a year ago. This was the same as the percentage for the first four weeks of the previous year, which ended Dec. 3, 1948, which year saw a margin of 1.7% below the comparable period of 1947.

Retail sales for the month of December were estimated to be 3% below the comparable period of a year ago.

For the period from Jan. 1 to Dec. 31, 1949, total retail sales were estimated to be 7% below the comparable period of the previous year. This was a little below the preliminary returns of the Federal Reserve Board's index for the week ended Dec. 3, 1949, which indicated a decrease of 8% from the like period of last year.

The total retail sales for the period ended last week was estimated to be from 1 to 5% below last year's level. Total dollar volume for the year was 7% below the comparable period of the previous year.
How to Stop Socialism

(Continued from page 29)

If you are among those who have left the American economy from page 29)

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 inability of further increases in taxes, especially on corporations. Of course, in the long run, a few favorable or sustaining factors: (1) the reappearance of a few counties in the highly important metallurgical industry, (2) the substantial increase in the real buying power of the masses of consumers, and in consequence of declining prices of foodstuffs; (3) an assured high level of development in fundamental research, namely of the increase in physical volume of farm products; (4) the improvement in the cost of living, both affecting the price of food, the real purchasing power of the consumer, and in consequence of declining prices of foodstuffs, (5) an assured high level of development in fundamental research, namely of the increase in physical volume of farm products; (6) investment of funds in the less productive types of industry. The real danger in the immediate situation is that the accumulation of these favorable or sustaining factors may be delayed or prevented by the occurrence of events which may, in the long run, create a depression.

The recession of 1949

The recession of 1949 did not come as a result of the growth of full-employment. The recession did come, in the summer of 1949, as a result of the unfavorable business psychology, and with such a high level of manufacturing capacity in use, there was a much greater likelihood of a decline in production. The recession of 1949 was far more serious than that of 1947, and the unemployment rate has been much higher. The recession of 1949 was marked by a decline in the volume of automobile production, and by a decline in the volume of industrial production. The recession of 1949 was marked by a decline in the volume of automobile production, and by a decline in the volume of industrial production. The recession of 1949 was marked by a decline in the volume of automobile production, and by a decline in the volume of industrial production. The recession of 1949 was marked by a decline in the volume of automobile production, and by a decline in the volume of industrial production. 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The Security I Like Best

Looking back 20 years, conserative investors were attracted by such stocks as Pont, Gen- eral Electric, General Motors, Ford, Procter & Gamble. One thousand dollars in such stocks at the high price of 1929 would have been worth, at the highest price in the succeeding five-year period, the dollar value shown in the table below.

<table>
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<th>Year</th>
<th>Dollar Value</th>
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<tr>
<td>1929</td>
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<tr>
<td>1930</td>
<td>$640</td>
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<tr>
<td>1931</td>
<td>$630</td>
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<tr>
<td>1932</td>
<td>$400</td>
</tr>
<tr>
<td>1933</td>
<td>$720</td>
</tr>
</tbody>
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When these stocks reached new highs in 1929, many are selling today at but fractions of these prices.

Class "A" Arrees Could Be

There are unpaid dividend arrees of about $19.90 per share, in addition to those accumulated, because, for a number of years, dividends were applied to the retirement of Pre- ferred Stock. Since the company has gone to the modernization of the Oro Grande plant. At first glance, this looks high, but, If earnings are maintained at the high rate, the investor will receive all of these dividends in less than 2 years. Payment of Class A arrees commenced within the last fiscal year.

Recapitalization Possible

If a recapitalization plan should be accepted, the way could be cleared for almost immediate participation of dividends on the Class B stock. Giving Class A 4% notes for arrees, resultant earnings per share will be $4.81 at the 1948 rate. If settlement were made on present basis, with additional Class A, resultant earnings for Class B would be $5.80 in the first year. In either case, a $2.50 dividend rate would result for the next four years. The additional dividends would make the market value of $50.00 to $70.00 per

Riverside Cement Co. "A"

(Riverside Cement Co. (Common) offers a striking opportunity for those interested in large appreciation. This stock, which has paid $5.25 in 1948. After careful study, the investor will find earnings will be sustained at a high level for some time to come.

WILLIAM L. REIMAN
Edward's Bankers & Co. St. Louis.

The stock I like best for the investor is the Riverside Cement Co. common. The business has been in operation for over 100 years. It is currently the oldest brewery Co. common. The business has been in operation for over 100 years. It is currently the oldest brewery Co. in the United States.

Harley Rankin With
Goldman, Sachs & Co.

Goldman, Sachs & Co., 30 Pine St., New York City, members of the New York Stock Exchange, announce that Harley L. Rankin, who has been associated with the firm's Philadelphia office as manager of the securities department, has been named as trusts and investment officer and prior to that was with First Boston Corp. as assistant vice-president.

Herbert Anderson Dead

Herbert Edgar Anderson, partner in Green, Ellis & Anderson of Pittsburgh, died Dec. 11 at the age of 85.

The Security I Like Best

(Continued from page 2)

Looking back 20 years, conserative investors were attracted by such stocks as Pont, Gen- eral Electric, General Motors, Ford, Procter & Gamble. One thousand dollars in such stocks at the high price of 1929 would have been worth, at the highest price in the succeeding five-year period, the dollar value shown in the table below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Dollar Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>$1,000</td>
</tr>
<tr>
<td>1930</td>
<td>$640</td>
</tr>
<tr>
<td>1931</td>
<td>$630</td>
</tr>
<tr>
<td>1932</td>
<td>$400</td>
</tr>
<tr>
<td>1933</td>
<td>$720</td>
</tr>
</tbody>
</table>

When these stocks reached new highs in 1929, many are selling today at but fractions of these prices.

Class "A" Arrees Could Be

There are unpaid dividend arrees of about $19.90 per share, in addition to those accumulated, because, for a number of years, dividends were applied to the retirement of Pre- ferred Stock. Since the company has gone to the modernization of the Oro Grande plant. At first glance, this looks high, but, If earnings are maintained at the high rate, the investor will receive all of these dividends in less than 2 years. Payment of Class A arrees commenced within the last fiscal year.

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Meeting the Demand for Security

(Continued from page 13)

by John B. Shober

Your title "The Security I Like Best" is a test for Best for who? Best for what objective? And do you mean for me to invest, or do you perhaps mean for the individual who seeks a security in which to invest? And the latter brings on many questions. What relation to the client's needs? What are the sources of the amount in the least modest business? Is it assumed or an undervalued prospect, or should it be a seasoned, established security with a dividend? In the latter case it is comparatively simple to suggest a few speculative stocks, easy to paint an alluring picture, to make a surefire recommendation, but unhappily easily to recall that several of these have not turned out so well as we who have recommended them had hoped.

It has been said that one of the smartest ways to avoid answering a difficult question is to ask another. As I have no wish to make an honest effort to say something, I shall leave it as it is. I am a writer from an investor who has other

means, who does not wish to as-

sume stock risk, who seeks other-

sires a fair income, not dependable, but dependable, and growth in stock price, not in a matter of months, and who will ignore the horizon who is investing for the horizon.

Such being the case, my sug-

gestion will not be bonds, either 7s or 8s, or for that matter the most desirable 5 1/2s, or even preferred stock, nor ins-

urance, which is the valid object of the fixed interests.

Inflation, devaluation, war, and the like are things which demand a reaction—call it what you will—is on the way, although perhaps by imperceptible degrees. We do not undertake to forecast the trend. There will be similar results on the graph line is never ruler straight, but it has a tendency to go higher.

The buying power of money,

decreases and the cost of living

to year from cycle to cycle.

So I shall suggest that my clien-

tes place his funds in one of the

companies in the current business, stocks, those serving a prosperous,
growing, and developing area. I shall avoid those which serve an area which has reached maturity. 

Wines and spirits

certainly are bad. I shall pay very close attention here to the balance sheets and ratios of bonds to stock those which will support the fixed capital. I shall not overlook the matter of regulation and rate of return, yet I feel that whatever the story the一只 share is a better bet in the near past all state and municipal regula-
tory bodies of today recognize that these trusts are now in a position to balance sheets and ratios of bonds to stock those which will support the fixed capital.
### 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:**
- Indicated steel operations (percent of capacity)...
- Equipped steelworks...
- Steel ingots and castings (set tons)...

**AMERICAN COPPER INSTITUTE:**
- Copper and concentrates output—daily average (lbs, of 62% Cu)...
- Copper to slugs—daily average (lbs, of 62% Cu)...
- Copper cathode output (lbs, of 99.95% Cu)...
- Copper cathode output (lbs, of 99.95% Cu)...
- Copper cathode output (lbs, of 99.95% Cu)...
- Copper cathodes, by refiners, at basic terminals, in barrels and in tons...
- Copper cathode output (lbs, of 99.95% Cu)...
- Copper cathode output (lbs, of 99.95% Cu)...
- Copper cathode output (lbs, of 99.95% Cu)...
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- Copper cathode output (lbs, of 99.95% Cu)...

**ASSOCIATION OF AMERICAN RAILROADS:**
- Revenue freight received from consignees (number of cars)...

**CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS:**
- Recent work...

**COMMODITIES:**
- Wholesale...
- Edison special sales...
- Odd-lot unfilled...

**DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE BANK OF NEW YORK:**
- TEX—1933-39 AVERAGE—(in $)

**ECONOMIC:**
- Iron age economically priced...

**EDISON ELECTRIC INSTITUTE:**
- Electric output (in kWh.)...

**FAILURES (COMMERCIAL AND INDUSTRIAL)—DEN & BROADSTREET:**
- As of Nov.

**IRON AGE COMMODITY PRICES:**
- Steel:...

**METAL PRICES (F. & M. J. QUOTATIONS):**
- Quotations...

**MOODY'S BOND PRICES DAILY AVERAGES:**
- U. S. Government Bonds...

**MOODY'S BOND YIELD DAILY AVERAGES:**
- U. S. Government Rent...

**MOODY'S COMMODITY INDEX:**
- Indexes...

**NATIONAL PAPERBOARD ASSOCIATION:**
- Production (tons)...
- Domestic production (tons)...
- Domestic output (tons)...

**OE, PAINT AND DRUG REPORTER PRICE INDEX—1935-M:**
- Averages...

**STOCK TRANSACTIONS FOR THE OLD-LOT ACCOUNT OF THE N.Y. STOCK EXCHANGE—COMMERCIAL EXCHANGE CABLES**
- Stock sales by brokers (customers' purchases)...

**WHOLESALE PRICES NEW SERIES—U. S. DEPT. OF LABOR—**
- All commodities...
- Commodities other than farm and food...
- Pot and lighting materials...
- Building and road materials...
- Fuel and lighting materials...
- Other...

**WORLD TENPLATE INDEX:**
- Indexes...

**ALUMINUM HURRICANE HURRICANE:**
- Production of primary aluminum in the U.S.:

**AMERICAN PETROLEUM INSTITUTE—**
- Total national marketed production (mbbls, of 42-gal. basis)...
- Natural gas marketed production (mbbls,)
- Natural gasoline marketed production (mbbls,)
- Crude oil impacts (mbbls,)
- Total crude oil marketed production (mbbls,)
- Total marketed domestic and export sales...

**BUSINESS FAILURES—DEN & BROADSTREET:**
- INC.—Month of October:

**COOPERATIVE AGRICULTURAL INSTITUTE:**
- Commercial service number...

**COPPER INSTITUTE:**
- Monthly production...

**DEPARTMENT STORE SALES—SECOND IMD.—FEDERAL RESERVE BANK OF NEW YORK:**
- AVERAGE—(in $)

**EMPLOYMENT AND PAY RATES—DEPT. OF LABOR—REVISED SERIES—Month of September:**
- All manufacturing (production workers)...

**FURNACE DIRECTORIES—COMMERCIAL AND INDUSTRIAL:**
- Production (tons)...

**GREAT PIGMENT INDUSTRIES:**
- Sales (average monthly, unadjusted)...

**HOG viili:**
- Sales (average daily, seasonally adjusted)...

**INDUSTRIAL REVIEWS—NEW YORK: THE COMMERCIAL INTELLIGENCE:**
- Commercial service number...

**INDUSTRIAL REVIEWS—NEW YORK: THE COMMERCIAL INTELLIGENCE:**
- Employment and Pay Rates...

**MACHINERY, ENGINEERING AND MANUFACTURING:**
- Output (tons)...

**NATIONAL BOARD OF CURENT BUSINESS:**
- Indexes...

**NATIONAL BUREAU OF ECONOMIC RESEARCH:**
- Output (tons)...

**ORANGE COUNTY BLEACHING, DYEING & finishing CO., INC.**
- Sales (per lb)...

**PRICE QUOTATIONS FOR STEEL—FEDERAL RESERVE BANK OF NEW YORK:**
- Prices...

**STOCK MARKET ACTIVITY:**
- Volume of sales...

**WORLD PRESS REPORTER INDEX—1935-M:**
- Average...

**WORLD TRADE INDEX:**
- Indexes...

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*Note: The above text contains a table with columns for various financial and economic indicators, with specific data points for different categories such as steel, copper, aluminum, and petroleum. The table includes metrics like production, sales, and prices.*
As We See It

(Continued from first page)

ment finances as the President himself, and indeed as much as any other man, for that matter, has been occupying his time giving definite form to his own ideas about expenditure. The President has been working on it for a year. He has pointed to the President to it" by publishing what is becoming known as the Byrd Budget Message. It is a relatively detailed document constituting a specific answer to the advocates of reckless public finance who are so fond of asking critics to state precisely what outlays they would eliminate and how they would reduce others.

Fooling up of course Byrd's columns it is found that total outlays as he would set them out come to some $30, 000, 000, 000 against upwards of $43, 500, 000, 000 this year, and in contrast to a total as large as that the President is expected to ask for the next fiscal year. In presenting his "Budget Message" the Senator explains its ratio ind'ret and its rationale in these sentences quoted in the New York "Times" by Arthur Koestler:

"When Congress meets in January it must make the vital decision of whether to increase taxes by more than $7 billion in excess of revenue and go gaspy along the economic primitive path of indefinite deficit financing. Deliberate adoption by Congress of the [letter] evades the day and goes on paying steadily. The admission of a policy of indefinite deficit financing will irrevocably commit this nation to utopian socialism."

A "Head-on" in the Making

Obviously, a head-on collision is in the making not merely in the Congress, or in the Executive branch, or in parties, but between two schools of fiscal thought, as it were. Indeed it is possible to go even further, and assert that the conflict is between two notions or concepts of economie and public welfare. One would not be overstating the case, as a matter of fact, if one asserted that two basic philosophies of life are about to face one another in the halls of T. million, 'stretch of the fundamental nature of all this it is well to look into what the Senator has to say with greater care than might otherwise be the case. His budget is as follows:

Expenditures in Billions
1949-50 1950-51
Foreign $6.3 $4.8
Domestic—Civilian 11.0 9.5
Veterans 1.0 1.3
Defense 13.3 11.3
Interest on debt 5.6 5.7
Total $43.9 $36.0

Here in summary form is the Senator's answer to those who wish to embarrass him by obliging him to say whose pay is to be discontinued or reduced, or who must take his snout from the public trough. It is obvious that except for charges on the debt, which are not under the control (except by interest rate manipulation) of the Government, each and every main category is reduced in the Byrd budget. It is a courageous document.

It errs, if it errs at all, on the side of conservativeness. But it is conservative in the sense that it recognizes the fiscal recklessness now rampant in Washington. For the first year of such reform, however, it presents a definite step in the right direction. If followed in due course by clarification of the questions of prudent management of the financial affairs of the nation in the years ahead, it would mark the beginning of a movement which historians would recognize as a turning point of this nation and of the private enterprise system throughout the world.

A Breath of Fresh Air

There is, of course, not room enough here to detail the plans of this real fiscal expert on Congress. Suffice it to say that he shows convincingly that what they propose can be achieved without reducing either the current strength or efficiency of the Federal Government. Health, hospitals, pensions and the like would remain much as before. Essential public works—and, of course, one must concede that there are some public works which are essential despite the fact that the profiteering of the past decade or two has obscured the fact that they would be worth for.

The proposed saving would be effected by the elimination of waste, extravagance and inefficiency in administration, for one thing. The House was anxious to show how much in this direction could be done, if there was really a mind for such a thing in the national capital. The operations of the Reconstruction Finance Corporation and the Farm Credit Corporation would be brought within reason. The Post Office would be put on a real business basis, causing the deficit of the year to be reduced in part of free meals and smoke-filled rooms of economic nonsense and political balderdash about the role of government in the economic life of the nation.

We Can't! We Must!

Political correspondents and others, in close touch with the political side of the budget, in general have not made public any real differences, in private party in particular, are quoted as quite convinced that such ideas as these will not make much progress. Many think it unlikely, with Congressmen, if not yet completely, without any, that the fact remains nonetheless that these basic ideas, plus a determination to cut back much further in government outlay by abandonment of much of the paternalism and socialism of the day. After all, I hope only of staying out of the collective poor house in the years to come.

The people themselves sooner or later will have to make a decision as to what they want to do in the premis. To continue to neglect the matter is to court disaster.

Devaluation and European Recovery

(Continued from page 3)

Devaluation is the systematic and purposeful reduction of a currency's value with respect to another currency. It can be seen as a way for a country to make its exports more competitive in the global market by making them cheaper for foreign buyers. However, devaluation can also lead to inflation within the country if the government prints more money to compensate for the decreased value of the currency. It can also make imports more expensive, potentially leading to a decrease in consumer spending and a reduction in economic activity. Devaluation is a complex economic tool that can have both positive and negative effects on a country's economy. It is a tool that governments use to adjust to changing economic conditions and to try to stimulate their own economies. The decision to devalue a currency is typically made by the government, but it can also be influenced by international economic forces and events.

The Effects of Devaluation

Devaluation can have a variety of effects on an economy. For example, it can make exports cheaper and more attractive to foreign buyers, which can increase the demand for those goods and services. This can lead to increased economic activity and growth. However, devaluation can also make imports more expensive, potentially leading to a decrease in consumer spending and a reduction in economic activity. It can also make it more difficult for a country to repaid its foreign debt, as the value of its currency may not be strong enough to cover the cost of the debt.

Devaluation is a tool that governments use to adjust to changing economic conditions and to try to stimulate their own economies. It is a complex economic tool that can have both positive and negative effects on a country's economy. It is a tool that governments use to adjust to changing economic conditions and to try to stimulate their own economies. The decision to devalue a currency is typically made by the government, but it can also be influenced by international economic forces and events.
Devaluation and European Recovery

(The continued on page 41)

falling as low as $3.14 in 1922 the pound rose as high as $3.53 in 1940. But when the world be-

come convinced after 1919, and again after 1931, that the free market would attract foreign money, the pound rose to retain its place as the key to new markets all over the world, who bought the free market without needing to depreciate the brotherly love of the world. In Federation, the pound was found to be the key to new markets all over the world, where the all- important scale of a free market included the means of production and foreign capital. And the difference in the two, the profit of capital and the labor of capital, was so great that the international accounts can scarcely be balanced without the intervention of foreign trade, both public and private. So it is with our present foreign investment. And the more the better. But private American investors whose funds are placed in Europe and who may be the losers of the dollar may prove to be slow to make much such investments as we now make. And it is the fact that we are not free to support our currencies in foreign exchange when the need arises.

We might well take a further step in the way of a new system of free trade, if we could find a way of trading with the world which has not been made too difficult for us. If the demand for gold is too great for us to meet it, the demand for American goods must be reduced. And this may be done only by reducing the supply of new goods and the demand for them. But we cannot do this without interfering with the free trade of the world. And as we cannot do it without interfering with the free trade of the world, we must reduce the supply of American goods in order to reduce the supply of foreign goods. And this will be done by the devaluation of our currency. And the devaluation of our currency will be done by the pound rose as high as $3.53 in 1940. But when the world became convinced after 1919, and again after 1931, that the free market would attract foreign money, the pound rose to retain its place as the key to new markets all over the world, who bought the free market without needing to depreciate the brotherly love of the world. In Federation, the pound was found to be the key to new markets all over the world, where the all-important scale of a free market included the means of production and foreign capital. And the difference in the two, the profit of capital and the labor of capital, was so great that the international accounts can scarcely be balanced without the intervention of foreign trade, both public and private. So it is with our present foreign investment. And the more the better. But private American investors whose funds are placed in Europe and who may be the losers of the dollar may prove to be slow to make much such investments as we now make. And it is the fact that we are not free to support our currencies in foreign exchange when the need arises.

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How to Obtain Equitable, Efficient Social Security

(Continued from page 6)

(Continued from page 9)

Program to Cut Government Costs by $2 Billion

(Continued from page 9)

leaders, and their retention or promotion, does not raise the level of salaries to the grips of the employee, nor does it take away the individual's voice in determining the terms of his own contract. The result is a lower, and probably a lower, quality of service.

The proposal for the new Social Security Act will not provide anything to the individual worker. It will merely provide for him something which he is already entitled to. It will merely provide for him a method of establishing and enforcing his rights and duties under the terms of his contract.

We do not need a new Social Security Act. We need a new contract with the individual, a new contract by which he will be able to deal directly with his employer, and a new contract by which he will be able to deal directly with the government. The individual worker must have the right to deal directly with his employer, and the government must have the right to deal directly with its employees. The new Social Security Act will not provide for any of these things. It will merely provide for a method of establishing and enforcing the rights and duties of the individual worker under the terms of his contract.

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The social security system in the United States is a failure. It has failed to provide the benefits which it was supposed to provide, and it has failed to provide the benefits which it was supposed to provide. It has failed to provide the benefits which it was supposed to provide, and it has failed to provide the benefits which it was supposed to provide. It has failed to provide the benefits which it was supposed to provide, and it has failed to provide the benefits which it was supposed to provide. It has failed to provide the benefits which it was supposed to provide, and it has failed to provide the benefits which it was supposed to provide. It has failed to provide the benefits which it was supposed to provide, and it has failed to provide the benefits which it was supposed to provide. It has failed to provide the benefits which it was supposed to provide, and it has failed to provide the benefits which it was supposed to provide. 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Securities Now in Registration

- **INDICATES ADDITIONS SINCE PREVIOUS ISSUE**
  - Consolidated Caribou Silver Mines, Inc.
    - Consolidated Caribou Silver Mines, Inc.
    - New York, December 11. Offerings—To be offered to the public.

- **AMERICAN-MARIETTA CO., INC., CHICAGO**
  - Offered to be sold at $1 per share.

- **AMPAL-AMERICAN PALESTINE TRADING CORP., N.Y.**
  - New York, December 12. Offerings—To be offered to the public.

- **BARCLAY OIL, INC., MERTIL, CARL**
  - New York, December 12. Offerings—To be offered to the public.

- **BETHESDA (MD.) COUNTRY CLUB, INC.**
  - New York, December 12. Offerings—To be offered to the public.

- **BOAT MARYLON ROSE, INC., SAN DIEGO, CALIF.**
  - San Diego, California, December 12. Offerings—To be offered to the public.

- **CANAL MINING CORP., LTD., VANCYVUR, B.C.**
  - Vancouver, B.C., August 29. Offerings—To be offered to the public.

- **CENTRAL ILLINOIS LIGHT CO. (12/16)**
  - Chicago, December 16. Offerings—To be offered to the public.

- **CITIZENS TELEPHONE CO., DETROIT, IND.**
  - Detroit, October 21. Offerings—To be offered to the public.

- **COMMUNEAL EDINCO, CHICAGO (10/150)**
  - Chicago, October 15. Offerings—To be offered to the public.

- **DELMAC CORPORATION, CHICAGO**
  - Chicago, January 11. Offerings—To be offered to the public.

- **DUCHANE TRANSACTION CO., JACKSONVILLE, FLA.**
  - Jacksonville, Florida, May 31. Offerings—To be offered to the public.

- **GULF ATLANTIC TRANSPORTATION CO., JACKSONVILLE, FLA.**
  - Jacksonville, Florida, May 31. Offerings—To be offered to the public.

- **HANDMACHER-VOGEL, INC., NEW YORK**
  - New York, November 28. Offerings—To be offered to the public.

- **HASTINGS MANUFACTURING CO., HASTINGS, MICH.**
  - Hastings, Michigan, December 6. Offerings—To be offered to the public.

- **HAWAIIAN ELECTRIC CO., LTD., HONOLULU**
  - Honolulu, June 21. Offerings—To be offered to the public.

- **ILIOLE TELEPHONE CO.**
  - Illinois, December 12. Offerings—To be offered to the public.

- **KELLER MOTORS CORP., HUNTSVILLE, ALA.**
  - Huntsville, Alabama, May 19. Offerings—To be offered to the public.

- **KREMMER-URBAN CO., WASHINGTON, D.C.**
  - Washington, D.C., December 12. Offerings—To be offered to the public.

- **LIMPIA ROYALTIES, INC., MIDLAND, TEX.**
  - Midland, Texas, May 19. Offerings—To be offered to the public.

- **MENCKE PEABODY & CO., INC.**
  - Boston, September 15. Offerings—To be offered to the public.

- **NEW YORK CITY, MEXICO, S.A., MEXICO CITY**
  - Mexico City, November 29. Offerings—To be offered to the public.

- **PIONEER-PIERCE, INC., NEW YORK CITY**
  - New York, December 12. Offerings—To be offered to the public.

- **SH NUGUISH RACING CLUB, INC.**
  - New York, October 27. Offerings—To be offered to the public.

- **T.H. BLYTHE & CO., CHICAGO**
  - Chicago, December 12. Offerings—To be offered to the public.

- **THE E. W. BENSON STG. & CO.**
  - St. Louis, Missouri, December 12. Offerings—To be offered to the public.

- **TOWING CORP., CARLISLE, PA.**
  - Carlisle, Pennsylvania, December 12. Offerings—To be offered to the public.

- **TRINIDAD & TOBAGO, S.A., MEXICO CITY**
  - Mexico City, December 12. Offerings—To be offered to the public.

- **WILLIAM H. WITCOFF & CO., BOSTON, MASS.**
  - Boston, December 12. Offerings—To be offered to the public.

- **WILSON RECLAMATION CORP., PITTSBURGH, PA.**
  - Pittsburgh, Pennsylvania, December 12. Offerings—To be offered to the public.
Proceeds—To retire the Republic National Bank common stock.

**Northern Indiana Public Service Co.**
Dec. 7 filed 211,389 shares ($100 par) cumulative preferred stock, 7% dividend, which is to be sold on a share-for-share basis in exchange for a like number of shares of outstanding 5% preferred stock. Underwriters: Central Resources Co., New York; forest, Merrill Lynch, Pierce, Fenner & Beane, New York.

**Texas Union Oil Co., Houston, Texas**
Nov. 23 (letter of notification) 16,583 shares ($100 par) common stock, to be sold on behalf of stockholders. Price, 50 cents each. Underwriter—Stuart J. Lee & Co., New York.

**Union Oil Co. (Calif.)**
Oct. 17 filed 600,000 shares ($25 par) common stock.

**Upper Peninsula Power Co.**
Sept. 28, 1948 filed 154,000 shares of common stock (par $10) for all of the 35,000 outstanding shares of common stock of the Western Power Co., then producing company.

**Western Arizona Metals Consolidated, Inc., Wickenburg, Ariz.**
Dec. 6 (letter of notification) 500,000 shares of common stock, to be offered to pro rata stockholders of the company Dec. 10 at par. The total, 2,800 shares, will be sold to New England Telephone & Telegraph Co., of which one half will be held by the company's underwriter. To repay advances from the parent company.

**Western Electric Co., Inc.,**

**Woodward Oil Inc., Denver, Colo.**
Dec. 6 (letter of notification) 3,000 shares of 5% cumulative preferred stock, $100 par, to be offered to pro rata stockholders of the company Dec. 10 at par. The total, 1,800 shares, will be sold to Underwriter—None. Proceeds—To pay off debts and drill additional wells. Office—711 Cooper Bldg, Denver 2, Colo.

**Younger Brothers, Inc., Des Moines, la.**
Oct. 17 filed 20,000 shares of common stock, to be sold at $27.50 each. Underwriter—T. C. Henderson & Co., Des Moines. Proceeds—To selling stockholder.

**Proposél Offers**

**Baltimore & Ohio RR. (1/4/50)**

**Lowell Real Estate Co.,**

**Utah Power & Light Co.**
Dec. 2 (letter of notification) 35,000 shares ($100 par) preferred stock, of which 25,000 will be offered to pro rata stockholders of the company Dec. 10 at par. The total, 12,000 shares, will be sold to Underwriter—None. Proceeds—To construct new plant.

**Utah Power & Light Co.**
Dec. 2 (letter of notification) 35,000 shares ($100 par) preferred stock, of which 25,000 will be offered to pro rata stockholders of the company Dec. 10 at par. The total, 12,000 shares, will be sold to Underwriter—None. Proceeds—To construct new plant.

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Our Reporter's Report

The curtain appears to be lifted for an early drop on this year's new issue of savings bonds. With the savings bond offerings remaining definitely on schedule and two of these being offered to stockholders in the next five days, we have a glimpse of what is coming over the first instance.

So far, only two new financing operations are concerned, investment bankers could just about predict when any of them might be announced, and when any time they choose to unveil them.

But they'll probably be busy working off the remaining dump of savings bonds for some weeks to come, with books in order from now until July 15.

Aside from yesterday's sale of $12,500,000 of Central Illions Light Co.'s mortage, 30-year bonds, a triple AAA issue which brought a keen interest bidding in weeks, there remains only one small prospect, $75,000 of Lawrence (Mass.) gas & electric bonds which will be sold on Monday, Dec. 22.

Meanwhile, next Monday subscriptions will be opened on two small issues of National Ohio Edison Co. common stock which are being offered through Security Co., involving 1,000 shareholders.

And Consolidated Gas, Electric Light & Power Co. of Baltimore's, 10-year bonds, Odd lot, will have a second chance on the same day. These should be followed by the sale of the Consolidated Gas Eastern Co. of New York, which will allow ample time for closing of underwater's books for 1949.

Banking News

Looking past the issues of the day, the balance sheet of the Bank of America, New York, for the nine months ending Sept. 30, has been announced. The bank has a cash balance of $12 million, and its capital stock and surplus account is $20 million. The bank has assets of $340 million, and its liabilities are $260 million. The bank's net income for the nine months was $1.5 million.

The Bank of America is a member of the Federal Reserve System, and its deposits are insured by the Federal Deposit Insurance Corporation. The bank is engaged in the business of accepting deposits and making loans.

The bank's management is committed to maintaining sound financial practices and providing for the safety and soundness of the institution. The bank's officers and directors are dedicated to serving the financial needs of its customers.

Southern Wisconsin Public Service Co.

The Southern Wisconsin Public Service Co., one of the largest public utility companies in the United States, has reported a 5% increase in earnings for the first quarter of 1950. The company's net income for the quarter was $2.5 million, compared to $2.3 million in the same period of 1949. The increase in earnings is attributed to higher rates and increased sales.

The company has announced plans to invest $150 million in new facilities and equipment over the next five years. This investment will help the company meet the growing demand for electricity and gas in the region.

In addition, the company has said it will continue to pay a dividend of $0.25 per share to its common shareholders. This dividend represents a 5% increase over the dividend paid in the first quarter of 1949.

The Southern Wisconsin Public Service Co. is a publicly traded company, and its stock is traded on the New York Stock Exchange. The company has over 100,000 shareholders and employs over 5,000 people.

Business in 1950 and 1951

The second half of 1950 will mark the beginning of a new era in American business. The economy is expected to remain strong, with both industrial production and consumer spending rising.

In the first half of 1951, the economy is expected to continue to grow, with inflationary pressures increasing. The Federal Reserve is expected to raise interest rates to slow the economy and control inflation.

The United States is expected to remain a major player in the global economy, with imports and exports increasing. The country is expected to maintain a trade surplus, with foreign investment flows into the country.

In agriculture, the United States is expected to remain a major producer of crops and livestock, with a focus on improving efficiency and productivity.

In the service sector, the United States is expected to see continued growth, with consumer spending increasing and business investment rising. The service sector is expected to be the driving force of the economy.

Overall, the United States is expected to remain a strong and dynamic economy, with continued growth and development expected in all sectors of the economy.
The 1950 outlook, in short, is for most industrial sections of the country. The sales expansion and accompanying expanding trends. Private activity in most cases is expected to continue. Manufacturing activity continues to be strong. Production at the moment is running at the highest level in the history of the industry and this condition is expected to persist. The outlook for the next year is for no new depression money; willingness to borrow is now less than that of the banks' liabilities.

But publicly financed activity in the form of public works programs and changes in the combined totals of public and private activity will be generally negligible.

Textiles—Apparel
The textile and apparel industries, at least the cotton and rayon branches, have had a full-scale readjustment and are now in the midst of a general expansion. Production at the moment is running at the highest level in the history of the industry and this condition is expected to persist. The outlook for the next year is for no new depression money; willingness to borrow is now less than that of the banks' liabilities.

By the fall of next year, I believe we will see men's clothing improving. This branch of the industry has been in the doldrums for a long time now, and it is due for a turnaround.

In both men's and women's apparel, separates, casual clothes and sports wear should maintain their demand. Popularity of these items, in my belief, marks a permanent change in the habits of the American public.

When all this is added up, it indicates a little better year in 1950 for both the textile and apparel industries.

Conditions will be very competitive and the manufacturing cost in sales and in prices should be much smaller, making it a little easier to operate in 1950 than it was last year.

**Conclusion**

1950 looks to me like a good year, but not exactly a carefree year.

In many industries price changes will be smaller, so there won't be as big a fluctuation in new orders and production as there has been in 1949.

In these respects, businessmen will find their problems less acute than they were a year ago. But I do believe that we will get away from a deep sense of future uncertainty that has been a problem for the last two years. What will happen after the election is something that the government has not yet decided. But I think the public at large will be more comfortable with the political conditions following an organized change.

The dollar will not be devalued, and the gold premium will persist. Such rumors help governments to discourage speculators from escaping their capital.

(10) This year's deficit will have to be viewed as a temporary and not a lasting effect. Deficit financing which has already cost the country much new deposit money; willingness to borrow is now less than that of the banks' liabilities.

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Washington... And You

WASHINGTON, D.C.—It may be taken for granted that the Department of Agriculture will try to duck taking a firm position on any particular scheme for getting out of the United States the vast surpluses it is accumulating at the cost of price-supported commodities, until perhaps spring. Likewise, if the department will come out strong for some scheme by which large bulks of the commodities may be moved out of the United States, already increasing in size and number. In this slant, the department is taking a political line. This is a smart political line. Actually, the frightening stage of surplus accumulation will not come until well into 1950. By that time, it will be known for certain with winter moisture and other conditions, and until planting proceeds, it looks like 1950 will prove to be another bumper crop year.

Already the surpluses are, of course, large, and the department finally has admitted that early next year will be a year of lesser concern for the Commodity Credit Corp., to take up commodities on grant loans. Large as these surpluses are, however, they do not amount to enough to worry them when it and if it becomes fairly sure that 1950 surpluses will raise the moment of accumulation of still greater re¬ains. If 1950 looks like another surplus year, then the farm growers begin to worry about something of a panic, for the farmers, despite accepting lorries, are not too worried about the exhaustion of the values of the surpluses. Large as the surpluses are, the country is not now going to try to get them surpluses out of the country.

Looking at the other side of the coin, if the department were now to stick its neck out for a new dis¬tributed example, it would only get the neck badly cut. For the country has not yet learned the size of the budget and the commitment of the department for the deficit. Likewise the country is generally losing its enthusiasm for grain exports.

Furthermore, even if ECA were to consider a new example, there would be a poor outlet for even gifts of wheat and grains. Europe’s food production is pretty well back. Britain has sewed up her consumers to food from Argentina, and the Dominions, and probably couldn’t accept too much in the way of food gifts.

So the only outlet is to give the Wheat to the Malan, the Indochinese, and the Red China¬ese—if they will accept gifts from the U. S.—the wheat that can’t be sold or given to Eu¬rope. One can’t expect Congress to get enthusiastic about helping the Allies of British India and the Indonesians. That enthusiasm will have got its fill when, by about next spring, it becomes apparent that all the extra storage capacity won’t even hold the surpluses likely to come on the market.

Thus the Department of Agriculture’s line will be to try to “fatten take its course,” meaning political nature. It will await un¬til the actual abundance of crops is so enormous that the economizer among the farm Congressmen will fight, bleed, and die to per¬suade the Administration that these surpluses should be fed to the Potomacians, if necessary.

The Administration turned down the “International Wheat Export Bases” of F.A.O. It was too potent an ac¬counting gag for the giving away of the surpluses. The political time for this is not ripe.

So meanwhile as F.A.O com¬ments about the surplus prob¬lem. This F.A.O study will give the department a moment of del¬ay. Meanwhile the department is studying several other schemes under “Point IV” to give it an understanding of what they will irrigate and sell¬conserv the desert. It might even be fed to people who would reconsulate the Garden of Eden, or stick with apples. 

Note: The Joint Economic subcommittee “Monetary study,” which has become one-man monopoly, now looks like a “development” of the Dirksen-P. O. Douglas (D., III.) subcommittee, chairman, recently invited Treasury Secretary Snyder and Goveo, McCabe and Eccles of the Federal Reserve Board into office for a “private” discussion of profits with the Federal Reserve Board “to cooperate” to reach decisions affecting credit manage¬ment.

Since he was away in Michigan at the time, Rep. Jesse P. Wolcott (R., Mich.) a com¬mittee member, designated a staff member with conservative lean¬ings to attend this Douglas-arm¬ed confab, on Wolcott’s behalf. The Federal Reserve Board meeting with Douglas, in¬fidently, was arranged for in open meeting. No one but Dou¬glas and staff members of the subcommittee attended to the Douglas viewpoint, was allowed to attend the meeting of the meeting in advance.

It may not be in the news in the trade, but it may surprise persons of the Administration to learn that ECA is giving away free, gratis, the quotas of wheat which Europe is not using. This is also under the Marshall Plan and is subject to the Interna¬tional Wheat Agreement.

Thus, there are two subsidies. Commodity Credit furnishes quota wheat at a support price, which is 40 to 50 cents per bushel over the wheat agreement price. Congress “pays” for this subsidy, but Congress also picks the taxpayer for the balance, under ECA.

Sources in touch with the Administration predict that be¬tween 30 and 39 administrative reorganization plans will be sub¬mitted to Congress during the 1950 session of Congress, under the provisions of the Agricultural Act, passed this year. The nature of these reorganizations is a closely guarded secret at this war of plans, for to let it out it ever might be re¬organized, would be to invite a political disaster. Under the Reorganisation Act other branch laws may upset the President-appointed plan.

Until this town learns pretty and how far away behind is the Sawyer-Truman scheme to lead American business by the hand so that it will be “positively guided” in the observance of the anti-trust

BUSINESS BUZZ

N.Y. STOCK EXCHANGE VISITOR'S GALLERY

“I don’t like to be overly cautious, Clancy, but he might bear watching.”

Thurday, December 15, 1949

Whitley Appointed by Royal Bank of Canada

The Royal Bank of Canada an¬nounced the appointment of Thomas F. Whitley as Supervisor of the firm’s 235 branches in Ontario. He succeeds G. A. Duke who has been the bank’s Ontario manager since 1941. C. L. Walk¬er has been appointed to succeed Mr. Whitley as Manager of the bank’s main Toronto branch.

The new Supervisor has been Manager of the Toronto branch since 1944. He joined the Royal Bank in 1929. After completing his education at Oxford, he joined The Royal Bank of Canada in London. He served overseas in World War II, from 1940-1945, rising from the rank of Second Lieutenant to Lt.-Colonel.

The annual Christmas Debate marks the completion of some 45 years in the banking business. He en¬joys an active practice as a lawyer, having been a partner in the firm of Whitley, L. M. Magenheim & Co., 1929, and a member of the firm of Walker, L. M. Magenheim & Co. Arthur Young & Co., and Bear, Stearns & Co.

Municipal Bondwomen To Hold Luncheon

For members of the Municipal Bondwomen’s Club of New York will be held on Wednesday, Dec. 1, 12:30 at noon, at the Wall Street Club, 26th. Floor, 40 Wall Street.

Steckler & Moore To Admit

C. Van Eck to partnership Jan. 1

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