EDITORIAL

As We See It

Five Years and an Election

President Truman last week completed his first five years in the White House. Very shortly he will begin a "non-political" tour of the country "whistle stops" in preparation for the forthcoming Congressional elections. The President's frame of mind and his general attitude toward the public and toward his own policies and responsibilities are something different now from what they were when he was so abruptly called to assume enormous responsibilities on April 13, 1945. Then, humble to the point of giving the impression that he did not have much idea of what ought to be done or what he intended to do, he is now full of self-confidence to the point of being cocksure of himself. It is this latter President, Truman who will shortly set forth in support of his Fair Deal and those who have joined him in this "junket."

It is precisely because this junket is political, not only in the ordinary sense of being designed to reelect Democrats to Congress but in the more general sense of being planned to give impetus to programs and policies with which many of the President's own party do not feel much if any sympathy, that it is of extraordinary importance that the rank and file of the people be fully aware of the real meaning of what is taking place. The truth is, of course, that the President is not waiting to get on the road. A so-called press conference on Thursday of last week, the first since the President completed his first half-decade in office, was obviously utilized. Continued on page 34

Long-Run Repercussions Of Global Spending

By MELCHIOR PALTZ

Dr. Paltz maintains prevailing pessimism about Europe's recuperative powers, which is being spread by British and other Welfarists, is unjustified. Concludes elimination of restrictions between nations, re-establishment of free markets domestically, reduction of incentive-kill taxation, stopping of inflationary budget leaks, and re-instating guarantee of private property and contractual rights, all is that is needed to wipe out existing restrictions between nations.

1

After 10 years of gravely interrupted general prosperity—and who would expect the apparent reversal in 1949 as anything but a very mild let-down?—the anxious question arises: Can we expect to keep going on a record of near-record levels of business activity, prices and wages and substantial profits? Have we reached the dreamland of eternal Full Employment? Or are we to fall victims once again to a huge financial illusion?

Are we heading in other words, for a "real" depression, and how remote is the prospect? Or have we seen the last of it, thanks to the New-Wellness, with its manifold money, cheap interest rates, high taxes, compounded social securities, budgetary deficits, bolstered markets, guaranteed jobs and incomes, direct and indirect subsidies, bureaucratic checks and controls?

This is the long-run query—the outlook not just for this year or even the next. It boils down to the issue: is the post-World War II set-up "sound" in the sense that its price mechanism can function without a cataclysmic shake up?

Leaving aside the academic clap-trap that goes by the name of Business Cycle Theory, just what? Continued on page 31

Mining Industry Must Retrench

By JAMES BOYD

Director, U. S. Bureau of Mines

Government mining officials warn non-ferrous metals operators to prepare for cut-backs when stockpiling finally ceases. Maintains Congress will not extend subsidy which is only hope of higher-cost producers. Disclaims over-optimism for long term.

It is tricky business making prognostications. So many predictions that have been made by economists and by so-called experts have fallen flat. Furthermore the very age in which we live is an uncertain one. We are not only in a state of political transition throughout the world, but we are also undoubtedly in an important period of technological change. It must be obvious to all of you that mining cannot be expected to grow at a high degree by political and economic events, many of which are of such a nature that the mining industry has relatively little influence in shaping them.

I cannot present too optimistic a picture to you for the immediate future, although I feel that from the long-range standpoint one need not be pessimistic about the future of the mining industry. The population of the United States is continuing to increase and with it has come an expanded consumption of metals of all sorts and kinds. With this expansion there has and will continue to come the demand for more goods and increased products from our mines and our manufacturing plants.

World War II disrupted our national economy to a far greater extent than did World War I. Despite this disruption less time was lost recovering to normal operation than in the period after 1918. In most industries reconstruction has not presented too serious a problem. However, the time has come for a backing off from the

* A talk by Mr. Boyd before the American Zinc Institute, St. Louis, May, April 31, 1950.

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CHESTER W. BIGELOW
Investment Counsel
Boston, Mass. No 6, Mo.
( American Airlines Convertible Preferred)

In choosing the security I like best, I believe American Airlines convertible preferred stock meets most nearly the requirements I name.

Air transportation is one of the most rapidly growing industries in the country, and the general public is only beginning to realize the true potential of this industry. The expansion of the company has been quite rapid and the revenues of all lines are increasing at a very rapid rate.

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American Airlines 1/2% convertible preferred stock selling at approximately $72 to $73 would yield about 4.75% as common stock. The holder would have the option of converting his stock into 4.75 shares of common stock at any time within a year from the date of issue.

The common is selling at about $11 1/2 per share, so that the investment in the preferred gives one an option on 78% of the purchase price of common stock, as the same amount of money would purchase outright the present market value of the common stock.

Lancaster M. Greene
Lancaster, Pa.
New York City

(Grumman Aircraft)

"Grumman on a plane or part of a plane that signifies the same meaning to the Navy as Sterling on silver has to your said the late Vice Admiral John A. McColl, Jr., New York.

Grumman on a funny $7 stock properly managed can mean exactly the same as a sterling silver and probably costs the same as does a sterling silver to the financial analysts of our country. Never is there a greater feeling of probable profit in the purchase of a Grumman stock than when the shares of this company are shown to be a very special piece of stock in the affectionate esteem of investors and in the respect of the management.

Competitors have said that Grumman has established a special sheltered place in the Navy. The fact is that the company is very exposed and is maintained against aggressive and able competition by the designs and the lowest cost per pound of plane production.

The largest Air Force orders Grumman has received, thus far, has been for the new hospital rescue plane, the Albatross, a large model "Co-Pilot" for the Navy, which is designed to avoid por- tioning off the coast. This plane is being ordered in volume by the Air Force, the Navy, and the Canadian government and has flown only this year. The Air Force had this size of plane flight tested to determine its performance.

We have the management of Grumman may eventually bow to the desire of investors for public issue of common stock. We feel such an issue would be in an exceptionally fortunate position.

This Week's Forum Participants and Their Selections

American Airlines Convertible Preferred—Chester W. Bigelow, Investment Counsel, Kansas City, Mo.

Grumman Aircraft—Lancaster M. Greene, Greene, New York, N. Y.

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"All the News That’s Fit to Print"
"Rolling Adjustments" and The Stock Market

BY WILLIAM WITHERSPOON

Statistical & Research Department, New York Stock Exchange

The Easter Season has come and the annual feature of the weather around with ice storms beating the northern section of United States and chill winds blasting the inhabitants of the South. The lady did not spend so much for her Easter bonnet and gay feathers. Department store sales have not had the spurt of spring life that many had expected earlier in the year and now that there is probably not as much incentive for the feminine element of our population to buy a Spring costume. This "bleak" Easter experience of the department stores may be only to illustrate a concept of our economy which is extremely important to remember at the present time and during the next several years. These times are going to be recurrences of the depression and year even from quarter to quarter. Some stores are in the process of trying to experience a turning down or leveling off for a time, while other industries are booming. It is somewhat similar to the experience of last year except that this general plane of business has a slightly different inclination. The downturn in business year ago was not caused so much by the rolling adjustments and speculative economies. Every reduction in the business over the major financial crisis and, ladies, the collection of inventories and amounts of the cancellation of our captains have feet of clay. A closely studied and well-rolled Barings Crisis which brought to light the unhealthy and catastrophic similar to our 1929 disaster. The great and powerful housing market prices in England was in financial difficult. Stock market prices had catastrophic declines, and thousands of speculators had their troubles. The firm's investment companies had reduced their portfolio with flying colors, whereas the industry itself was not entirely crushed. There followed a period of consolidation forming the investment company world. The bankruptcy of the ill-fated companies not only devastated their and sent deplorably, the night of the bill of each and invited them to consider the management of their companies.

Ever since, the bulk of the British investment companies has been concentrated into five major companies, each group is by far the largest. Some of these investment companies today are located in the United States, some in Edinburgh and some in London. Everything in common—management practices and investments—of the firm were described as "merchant bankers," who, by pooling the fees of their subscribers. It therefore becomes obvious that a new business awareness, of spirit to do this sort of thing, not for the benefit of a great many people.

It was specifically stated in the prospectus of this company that they were going to make the investment in American railroad securities. In the years that followed, they made regular trips to the United States for this purpose and in time he became regarded, particularly in the great authority the world over on American railroad securities. It was my brother's tune to meet Mr. Fleming 20 years after his brother had been an elderly gentleman. He formed the opinion, after all this, that the Fleming investments were the ones of England greatest creation. Now, the later development of the Scottish and English companies is a matter of indifference, because, when investment company is to be made, the companies have existed for some 45 years longer, and therefore, there is probably not as much incentive for the feminine element of our population to buy a Spring costume.

The Eucharist Season has come and the annual feature of the weather around with ice storms beating the northern section of United States and chill winds blasting the inhabitants of the South. The lady did not spend so much for her Easter bonnet and gay feathers. Department store sales have not had the spurt of spring life that many had expected earlier in the year and now that there is probably not as much incentive for the feminine element of our population to buy a Spring costume. This "bleak" Easter experience of the department stores may be only to illustrate a concept of our economy which is extremely important to remember at the present time and during the next several years. These times are going to be recurrences of the depression and year even from quarter to quarter. Some stores are in the process of trying to experience a turning down or leveling off for a time, while other industries are booming. It is somewhat similar to the experience of last year except that this general plane of business has a slightly different inclination. The downturn in business year ago was not caused so much by the rolling adjustments and speculative economies. Every reduction in the business over the major financial crisis and, ladies, the collection of inventories and amounts of the cancellation of our captains have feet of clay. A closely studied and well-rolled Barings Crisis which brought to light the unhealthy and catastrophic similar to our 1929 disaster. The great and powerful housing market prices in England was in financial difficult. Stock market prices had catastrophic declines, and thousands of speculators had their troubles. The firm's investment companies had reduced their portfolio with flying colors, whereas the industry itself was not entirely crushed. There followed a period of consolidation forming the investment company world. The bankruptcy of the ill-fated companies not only devastated their and sent deplorably, the night of the bill of each and invited them to consider the management of their companies.

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Continued from page 4

"Rolling Adjustments" And the Stock Market

The slightly lower trend of total industrial production noted two weeks ago was carried over into the past week. However, output in the iron and steel and other metal industries was up for the similar period in 1949. The trend of employment in the week ending April 22 showed claims for unemployment insurance virtually unchanged from that of a week earlier.

These current indications of a slightly lower rate of business activity are an encouraging omen for the encouraging general picture by the National City Bank in its monthly letter for April which states in part:

"The settlement of the coal strike has removed the chief obstacle in the way of Spring business, and in general the outlook for the next few months is now very satisfactory. In many respects the first quarter has been an active and promising period. While industrial production indexes were held back by the coal stoppage, the Chrysler strike, steel mill curtailment and the effects of coal and steel shortages on other industries, the outlook for current business is quite bright at high levels. In the aggregate, manufacturers have added to their backlogs of unfilled orders. Many of the heavy industries particularly, including machine tools, are in a better position than they were at the beginning of the year. This is also true of some though not all non-durables. Paper, copper, zinc and other materials and products widely used through the industries, which are therefore used as barometers of general conditions, are in strong demand."

Department and apparel stores report a disappointing Easter trade in soft goods. Some curtailment has appeared in primary textile production, especially rayon. However, any inference that overall consumer buying is lagging or purchasing power diminishing would be incorrect. The total of personal incomes for the first quarter of 1950, as indicated by the veterans' insurance payments, has reached a new high (using the seasonally adjusted annual rate procedure of the Department of Commerce). Total retail sales in both January and February were 3% above a year ago; declines in soft goods were more than offset by increased sales of automobiles. Retail inventories in January-February are down from the December figures and wholesales have broken all records, despite Chrysler's inability to supply its dealers with cars.

The report of the President's Council of Economic Advisers to Congress the past week to the effect that there was an upturn in nearly every business index during the past month was also encouraging. Corporate profits in that period were estimated at an annual rate of approximately $30,000,000,000, or a billion dollars more than in any quarter of last year.

Steel operations the current week are scheduled to expand to 100% of capacity, representing the greatest production in the history of the Steel Investment Statistics.

Reviewing the present demand for steel, the magazine "Steel" this week queried the consuming industries with steel mill order backlogs increasing on virtually all products. Some consumers are buying actively for inventory and some are expanding operations seasonally.

Automotive requirements continue unlimited and building new capacity is a matter of the 82-day old walkout. The union rejected the offer, but Walter A. Reuther, UAW President, said the company's proposal was a major step toward settling the pension dispute. Concealing that Chrysler had offered to set up an actuarially sound plan to provide $100 a month pensions, including social security, the union turned the

Continued on page 33

Observations . . . .

By A. WILFRED MAY

"The Prudent Man" and the Stock Market

Some Implications of the New Law Making Common Stocks (Leasing) Tax-Exempt

PRUDENCE, n. 1. Practical wisdom, as distinguished from speculative wisdom, or profound learning and insight; the wisdom that conditioned by capacity, an ability to regulate and discipline oneself through the exercise of the reason; as, the cardinal virtue of a prudential investor.


SkiII or capacity in the management of practical, esp. business, affairs; circumspection, caution, sagacity, shrewdness, astuteness; wisdom; sagacity, prudence, circumspection—Prudence, Prudential, Foresight. Prudence implies caution, circumspection, or economy, esp. in the practical affairs of life; and is always accompanied with an implication of self-interest; as, to forget prudence in his desire for pleasure; owing to his prudence during prosperous times.

Syn.—caution, circumspection—Prudence, Foresight, Prudent. Prudence implies caution, circumspection, or economy, esp. in the practical affairs of life; and is always accompanied with an implication of self-interest; as, to forget prudence in his desire for pleasure; owing to his prudence during prosperous times.

A. WILFRED MAY

Vagaries a Crucial Investing Influence

The breadth of the concept of Prudence as demonstrated in this full text of the dictionary definition, is the keynote of the various implications—both market and economic—of New York's recent joining of the 29 common stock states" next to New York's new statute, which is making financial history in permitting New York fiduciaries to invest in anything other than fixed-interest bonds, mortgages and shares of Savings and Loan Associations, is being widely heralded as the "Modified Prudent Man Law" or "Prudent Man Investment Act".

The Classical Judicial Statement of the Prudent Rule

Generally and vagueness regarding the Prudence concept like wise operating are the predominant elements of the original statement of the rule in Massachusetts in Harvard College v. Otis & Treadwell Company &c., which: 1850, 13 Mass. 1, the New York fiduciaries to invest in anything other than fixed-interest bonds, mortgages and shares of Savings and Loan Associations, is being widely heralded as the "Modified Prudent Man Law" or "Prudent Man Investment Act".

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"All that can be required of a trustee to invest is that he conduct himself judiciously and exercise a discretion. It is to be observed how men of prudence, discretion, and intelligence manage their own affairs, not in regard to the permanent disposition of their funds, but in the prudential care of the capital to be invested."

Similarly abstruse, and self-contradictory, too, is the rule laid down in the famous case of King v. Zephaniah, which looked on as the judgment of the Prudence of New York. State. Although the field of securities choice has now been widened to include preferred and common stocks, the old definition of "prudence" will be retained as the guide-post. This opinion starts off:

"The meaning and measure of the required prudence and diligence is that the trustee is bound to employ such diligence and such prudence in the management of the trust funds as a general prudent man of discretion and intelligence in such matters employs in the management of his own affairs."

Interpretation of the term "in such matters" above is already worrying trust men and lawyers.

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Opportunity vs. Security in Insurance Company Investing

By THOMAS R. MCCABE

Chairman, Board of Directors, First National Bank of Chicago

Noting a shortage of equity capital at reasonable cost to businessmen, Chairman McCabe characterizes as profoundly disturbing the long-run implications of situation in which stockholders suffer too deeply from the shortage. He raises questions of fair deal for stockholders, tax return to government, and doubt over maintenance of competition. Suggests study of whole field of productive investment, not merely common stocks, for making insurance funds available prudently and constructively.

We hear a great deal today about the alleged shortage of funds for equity financing in spite of the fact that current savings are very large, and that personal savings are at the highest level in our history. We also hear the news today that 

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The Commercial and Financial Chronicle, Thursday, April 25, 1950

Ahead from Washington

By CARLIGE BARGER

A few years ago, during the war, I had occasion to accompany a group of government leaders in a visit to Bill Green to demand that he do something about the National Labor Relations Board's determination to compound the nation's war with the unions. In the Portland, Ore., yards alone the A. F. of L., or its bargaining committee, consisting the Metal Trades Department, had 90,000 members, which would add up to a yearly 50,000 in dues. Under CIO prompting the NLRB was determined to throw the yards open to the unions to prevent any more than its cheaper dues and inflammatory demagogy.

The leaders of the international union waiting upon Bill Green that day knew there was nothing he could do but they wanted to needle him into a fighting spirit. Bill was then past 70, getting 25,000 a year and the story was rather general that he was to retire. He had been playing ball with Roosevelt, and the internationals set to work to taut him about not being able to get anything from Roosevelt in return.

Old Bill fumed and fumed and finally said the thing to do, gentlemen, is to strike the yards, this notion will be raised and will stick. The men who had agreed to a no strike pledge during the war. One of the international leaders said:

"We can't win the strike, Bill; not more than 30% of the workers are bona fide unionists." Bill then allowed he would go see then Secretary of the Navy, Frank Knox and lay down the law to him. His beclouded, chuckling over what a bad time he had anticipated, for he had arranged a conference with Knox and for sheer devilment the international union heads went along. The conference was held for the matter but was represented, along with the Maritime Commission and the Army, by young uniformed aides. Bill invoked all the sins against, and the sacrifices of, labor since the Magna Charta and concluded with a ringing declaration that he would not be in the Kaiser shipyards or there would be chaos. The young aides were visibly impressed and several members of the CIO would be in his bosses' ears within 30 minutes. The old labor leader, Ed McGrady, who had quit the struggle between the worker and capitalists, to become an independent, at one time, with doing what Bill said was then on loan to serve in that capacity for the Secretary of War, looked in on silent amusement, and later reported to the War Secretary not to be alarmed. He understood these performances.

Congress finally bailed the bill of fare, out then being overwhelmingly pro-A. F. of L. as against CIO. Old Bill was being given about six months to come around.

Then came the Taft-Hartley Act, and ever since Bill has been going up and down the country shoving what he intends to do to those who support it. He has been given something new to sell on the stump and the bill was about to be in the hands of the people for most of the interested labor leaders. Instead of being retired, his salary has been doubled. In the meantime, by way of being vigorous and militant, he has led the A. F. of L. away from the CIO. He has succeeded in having any more friends in Congress than the CIO. Both organizations are being looked at through the same critical Congressional eyes.

In Administration high, places, Phil Murray, and Walter Reuther still rule the roost. Bill Green is seldom asked in or consulted. He just simply tabs along to the tune set by the CIO.

His most recent move was to offer to join up with the CIO's political action efforts. A. F. of L. members are being lured to support its political league and it's Bill's offer to tie up this league with the CIO's Political Action Committee headed by Jack Kroll, Russian born, who succeeded the Russian born Sidney Hillman, who had at his right hand all during the war when he served as co-director of the War Production Board, one John Amt, long since definitively regarded as a Communist. Phil Murray during these times had Lee Pressman, similarly revealed.

So decadent is the A. F. of L. becoming that the aging Bill Hutcheson, President of the carpenters and a lifelong Republican, recently began as a member of this carpenter group of the A. F. of L. Either he is succumbing to the CIO's pace of vigor and militancy or he is chagrined over the Republicans' never acceptance of the Taft-Hartley Act.

Recently I was talking with a railroad brotherhood leader whose organization the Taft-Hartley Act does not affect. His members, too are being assessed to defeat the supporters of the Act, particularly the CIO.

"Oh, I don't care anything about the Taft-Hartley Act," he said, and then after some hesitancy, "but Taft is an isolationist." His union's organ, the weekly newspaper "Labor," was one of the most vociferous isolationist publications on the country. But the railroad brothers, the A. F. of L.—all of them are falling under the CIO sway of vigor and militancy. It isn't going to do them any good, either.
Realism About Business Bigness
By HON. CHARLES SAWYER*
Secretary of Commerce

Characterizing attacks on bigness as "part of the folklore of the American people," and asserting there is no area of debate in which "a smattering of more plausible facts and figures" is "clearer solution of the many related problems depends on eliminating unwarranted statements. Says growth in size of market and increased competition have reduced relative production share of large corporations to less than half century ago.

A few months ago, on a farm in central Ohio where two of my nieces were hunting a tremendous conformation of new bigness was plowed up. It was the bones of an American mastodon. Pull grown, this beast stood 14 feet high, weighed six or eight tons, and with its great curved tusks looked as if it could handle all comers. Conditions in that long-ago era were favorable for mastodonts. With plenty of warm sunshine, cool water, and lush vegetation, the huge hairy beast could get by and even prosper.

What was it, twenty thousand years ago, which caused the death of this big animal? Was it disease? Was it weakness caused by sloth and indolence, or was it perhaps that it didn't need to fight? Was it the result of a battle with another beast stronger and more alert—or a battle with many smaller, weaker beasts? Is there any argument or in combination stronger? Did it die because no other big could it no longer function—or because he needed so much to eat that food was no longer available? Did he lose the desire to live? Or was the Pleistocene climate so hostile that he finally gave up the struggle? We will only know we do not have the facts. We do know that he did not die by government decree.

I am impressed constantly with the number of people who tell me that we are going to be able to use the big idea to bring about the reduction of size. As we look back at the past, we find that size is universal, and that it is necessary to reduce the size. But in the future we must do it. To reduce size by force is impossible. We must do it by will and by public opinion. To reduce size by government, the price is too high. We do not have the facts. We do not have the facts. We do not have the facts.

Many Things Are Too Big
According to the standards of yesterday, many things are too big, big enough to govern, to govern, to govern. This has been true for each generation of Americans. We have always had the problem of matching old standards against changing conditions. Accompanying growth in size there must be continuous efforts to find workable balances between the impersonal, centralized power of bigness and the personal virtues and advantages associated with smallness. Both industry and government must be big enough to work, but not so big as to be able to dominate or control the boundaries of human behavior, the rights and freedoms of all Americans. But of the individual, the public interest must serve the individual interest in order to serve the public interest.

We Americans think big. We have pioneered and prospered in the big things. The great rivers, vast forests, lofty mountains, and sprawling plains, or have built the understanding.

*An address by Mr. Sawyer before the Minneapolis Chamber of Commerce, Minneapolis, Minn., April 15, 1922.
**Business Outlook Favorable Throughout 1950**

By HENRY J. SIMONSON, Jr.

President, National Securities & Research Corporation

Mr. Simonson, after analyzing general business trend, economic developments, and stock prices, concludes business activity will remain high for balance of year and, as result, stock prices generally will be higher than current level.

At a recent meeting of our economists and the executive committee of the members of our Research Staff, it was definitely concluded that the year 1950 will be another good year for careful investors.

Following are the composite conclusions on the general trend of business, economic developments, reported earnings, dividends and security prices for the remaining months of the current year.

**Industrials**

The Federal Reserve Index of Industrial Production (1935-39 = 100) averaged 144.9 for March, 1950, at 183. We believe this index will average about 181 for the period between now and the year-end.

**Gross Product—National Income**

Gross Product for 1949 was $237.4 billion. National Income $221.4 billion, and Personal Income $203.9 billion. We expect the totals for 1950 will be: Gross Product $250 billion. National Income $222 billion, and Personal Income $213 billion.

**Employment**

The average number of people employed in 1949 was 111.8 million, and unemployment averaged 3.4 million. Unemployment was last reported for February at 3.6 million, and unemployment should not exceed 5 million in any month.

**Retail Trade**

The BLS Consumers’ Price Index (1926-29 = 100) averaged 190.1 in 1949. It is expected to average about 192 in 1950.

The trend during the remaining months of 1950 is expected to be only slightly down from the Index averaging about 191.

**Labor, Wages and Strikes**

Taft-Hartley Act is not expected this year. Increased labor costs due to wage increases, social insurance and pensions are expected in many industries this year. We do not believe this index will average about 181 for the period between now and the year-end.

**Producitivity**

The BLS Index of Wholesale Commodity Prices, 800 Series, (1926-29 = 100 averaged 135 in 1949. (The Index of the new series of 115 Commodities was last reported March 22 at 121.1.) During the remaining months of 1950, we expect the Index (800 Series) to average 149.

**Farm Income**

Farm income for 1949 amounted to approximately $21.5 billion. Thirty-three months of 1950 farm income is estimated at $9.8 billion as compared to $8.9 billion for the first quarter of 1949. Total farm income for 1950, is expected to be about $25 billion.

**Federal Reserve Bank of St. Louis**

During the year 1950 we expect corporate bond financing to change little from 1949 but an increase in bond controls in the coming months are expected. No socialized mediation legislation is expected to be enacted this year. The trend seems unlikely this year. For 1950, corporate bond issuances will exceed original budget estimate of $33.5 billion. ECA Program expenditures will be reduced substantially. Financial aid to unproductive countries of the world (Truman’s Point 4), if given, will be reduced. Export credits and import expenditures considerably less than asked for by the President.

**Consumer Credit**

We estimate that the U.S. Budget for the fiscal year ending June 30, 1950, will show a deficit of about $5 billion. The Government Debt at the 1949 calendar year-end was $257.1 billion. The rate of new consumer debt due in the calendar year ending June 30, 1951, indicates a substantial increase. On this basis the U.S. Debt will be about $283 billion on June 30, 1951.

**Federal Taxes**

We believe there will be no change in the rates of corporate or personal income taxes in 1950. We do not expect to be reduced on many items. Payroll taxes are unlikely to be increased. However, the current deduction exemptions applicable to both and minimum exemptions will not be changed. We expect some legislation to be enacted in the current session to be used as tax escapes for individuals or corporations. We also expect

**Continued on page 3.**

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**Dealer-Broker Investment Recommendations and Literature**

It is understood that the firm mentioned still be pleased to send interested parties the following literature:

- Can Oils Turn the Corner?—Study of the current situation in the oil industry. By David L. Picken, 115 Broadway, New York 6, N. Y.
- Common Stock Program for Investors—List prepared to assist investors in revising their portfolios. By J. W. McCroskey, 1 Wall Street, New York 5, N. Y.
- Favorable Fifty—Analysis, by dollar value, of listed stocks most popular with professional managers. By Eustein, Dillon & Co., 1 Wall Street, New York 5, N. Y. Also available is an analysis of the 800 American Stocks for about $10. By Louis Bank Stocks.
- Fire & Casualty Stock Magazine—Weekly—Available to NASD members—White & Company, 120 Broadway, New York 6, N. Y.
- Nebraska Municipal Subdivision 1949-1950—Statistical Information, including ten years current financial records; 212 South 17th Street, Omaha, Neb.
- New York City Bank Stocks—Comparison of earnings and other statistics at current market prices. By J. W. McCroskey, 115 Broadway, New York 6, N. Y.
- Over-the-Counter Index Book—Shows current market levels and the proportion of the thirty listed industrial stocks used in the Dow-Jones Averages and the thirty-five over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over an eleven-year period—National Quotation Bureau, Inc., 44 Front Street, New York 6, N. Y.
- Portfolio Management—A list of suggestions for newly bereft. By Francis J. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also available is an analysis of the current market. By Louis Bank Stocks.
- Prospects—Probable high of nine stock—what to buy and what to sell. By G. P. Tillman Survey, 120 Union Street, Providence 4, R. I.
- Rhode Island Bank Stocks—Circular—Brown, Howe & Co., 111 Wall Street, Providence 3, R. I. Also available is a list of this company's preferences. By Louis Bank Stocks.
- This is Capital Appreciation—Method of measuring comparative strength of buying and selling in the whole market—$1.00—to $10,000. By Louis Bank Stocks. Also available is a report on an interpretation of the Dow-Jones Indicators and the measurement on 60 stocks and 42 industry groups; and buy, hold, sell and short recommendations on a specific list of stocks—ask Louis Bank Stock Company, Larchmont, N. Y.
- Arena Standard Engineering Co.—Report—L. W. Stock, 1 Wall Street, New York 6, N. Y.
- Arrow Equipment Corp.—An analysis of the company. By Louis Bank Stock Co., 20 Pine Street, New York 5, N. Y. Also available is an analysis of undervalued Steel Shares.
- Columbia Gas System, Inc.—Weekly—available—L. W. Stock, 1 Wall Street, New York 5, N. Y.
- McDonnell Aircraft Corp.—Circular—Wm. J. Mckernie & Co., 15 Broad Street, New York 7, N. Y. Also available is a circular on Delaware and Hudson Railroad, 15 Broad Street, New York 5, N. Y.
- Mexican Railways—Analysis—Zippin & Co., 208 South Salle St., Los Angeles 10, Calif.
- Mexican Railways—Circular—Suro Bros. & Co., 120 Broadway, New York 6, N. Y.
- New England Public Service Co.—Booklet available for institutions and dealers—Jaunt. & Associates, 111 Broadway, New York 6, N. Y.
- Public National Bank & Trust Co.—Weekly—available—L. W. Stock, 1 Wall Street, New York 5, N. Y.
- Riverside Central Co.—New York, N. Y. Also available is a brief review of the Centin Medical Industry.
- Sharp & Dongle, Inc.—Circular—L. W. Stock, 1 Wall Street, New York 5, N. Y.
- Walt Disney Productions—Analysis—Baltin & Co., 30 Broad Street, New York 4, N. Y.
What Kind of Monetary System Does Business Want?

By Sir Theodore E. Gregory

British Member of the Currency Committee at the Bank of Greece; Formerly Economic Adviser to the Governor of the Bank of Colorado; University of London

International monetary authority asserts simple solutions are inadequate to solve current business problems. Maintains world is suffering from two types of problems: (1) the long-term over-management and (2) monetary illness. Warns acceptance of welfare state aims involves enormous assumptions about future value of money. Bankers, business leaders and population at large that Western World has suffered no major depression in long while, brutal measures of monetary readjustment might involve severe short-run recession and large-scale unemployment.

How does the business world want the monetary mechanism to behave? I do not want to waste any time on defining the monetary mechanism. In my mind, it includes treasuries or central banks, commercial bankers, the establishment of the European Economic Community, and all those other complex organizations and individuals who are concerned with the day-to-day operation of the monetary system.

When I think of the business world, I think of all those who operate under the laws of economics, and all those instrumentalities whose function in life is circumscribed by the fact that their perpetual existence depends on their ability to overthrow their monetary income by their monetary outgo.

Not all agencies in the modern world are in that unfortunate position. There are some who can rely upon direct or indirect subsidies from other sources. But the business world — and that, in a monetary society, is the sum total of the economy — does not exist, in my view, without the currents of the treasury, and without the stabilizing function. And this business world has a right to ask itself — or if it doesn’t ask itself, it should ask itself — how it should use the means of which it has the ability to make use.

Mr. Chairman, I now begin to speak about the intensely interesting but, at the same time, intensely difficult problems of the present moment, I think it is just as well to remove all the misconceptions.

Misconceptions

In the first place, it never has been true that there are all those business people who necessarily take the view about how the monetary mechanism should behave. Let me take a few very obvious examples.

Periods of rising prices are, in general, favorable to business. There are also those who are able to equity holders. They are intensely unfavorable to business. There is who viewed the reform of the European exchange system as a brave venture. We

Sir Theodore E. Gregory

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(b) 3,700,000

City and County of Denver, Colorado

Off-Street Parking 3% and 3% Revenue Bonds

Series April 1, 1950

These Bonds, to be issued for the acquisition and construction of off-street parking facilities, in the opinion of counsel will constitute first Liens upon the City and County of Denver, Colorado, payable solely from the net revenues of such facilities.

$588,000 3% Bonds due April 1, 1954 to 1960, inclusive
Price to yield 1.90% to 2.50% (non-callable)
$2,413,000 3% Bonds due April 1, 1961 to 1979, inclusive
Price $103.73 to $104.05 to yield approximately 2.53% to 2.99% to maturity (Callable on or after April 1, 1950 at 102)
$700,000 3% Bonds due April 1, 1980
Price $101.50 to yield approximately 2.925% to maturity (Callable on or after April 1, 1950 at 102)

Oils & Co. (Distributed)

First Securities Company of Chicago, Wheelock & Cummings, Inc.
J. E. White & Co., Inc. F. S. Yantis & Co., Inc.
Sibley Gullom Davis & Co.
Sills, Fairman & Harris, Incorporated
Paul Frederick & Company
Lucas, Eisen & Waackere, Inc.
Soden-Zahner Company

Kirk L. Virdone Company

Well, now, I want to spend a few moments discussing exactly what are the problems from which we are suffering at the present moment, and what is meant to think about the solution of these problems.

That, I believe, is a most grotesque and unreasonable over-simplification of the present position. If you look at it with the eye of history, proved to be extremely mistaken.

Firstly, we talk, all of us, in terms of institutions, and in terms of mechanisms. But in fact what we are really meaning is this: Are men—and, in the modern world, men and women—whose foresight is necessarily limited—and even if you grant the utmost extent of good will—and I am afraid in the modern world, one can not always take good will absolutely for granted—and, well, what was the conclusion of all this?

Simple Solutions Inadequate

The conclusion, I think, is a very simple one. But at the same time, a very important one. If the world, including the business world, is to overcome the difficulties of the present time, it must place to an extremely unreasonable that simple solutions are going to meet the problem of the age.

In the second place, even if business had a completely unequivocal, a perfectly unified point of view as to how the money should behave and how monetary authorities should react, the monetary authorities would not be able to take their point of view into account as well as the point of view of the business community.

That is true to an intense extent, and I hope to make clear in my discussion, the dynamics of the model group, and it has always been true. It was true even in the 19th Century, when the business world, taken as a whole, had far more influence over governments and monetary organizations than it has at present time, because even in the 19th Century, war and revolution were the basic policies which were at times directly anathema to the interest of the business community.

Creatures of Environment

Thirdly, I think it is well to remember that we are all in the same environment of our environment and that a solution which may appear to us as a whole may be the best, under the circumstances, may generate conditions which in the long run are extremely unfortunate, not only to the authors of the policies, but to the business world as a whole.

I will take one celebrated example, which has been, I think, the most unfortunate in history, both in the United Kingdom and in the United States. In the 20's of this Century, two great men, two of the most unpublishable parts of history, the late Lord Norman and the late Mr. Benjamin Disraeli, did not see that all of us then young economists thought was a solution of the international banking crisis.

When countries lost reserves to each other, instead of allowing the full impact of these losses to operate upon the internal economic situation of the country, one of the losses of reserves by the expansion in the United Kingdom. The result was, for instance, in the United Kingdom. The reason is, for example, the...


**Argentine Official Interviewed on Economic Relations With U. S.**

BY HERBERT M. BRATTER

His Excellency, Ramon Cereijo, replies to six questions pro-

posed by "Chronicle" correspondent regarding Ar-

gentine and U. S. economic relations. 

WASHINGTON, D. C.—During his stay in Washington as head of the Argentine delegation to the meeting of the Economic and Financial Cen-
tral, His Excel-

lency Ramon Cereijo, Min-

ister of the Treasury, kindly con-

nected to answer sev-

eral questions for the "Com-

m and Financial Chronicle."

Ramon A. Cereijo

Questions and Answers

Q. Has your visit to Wash-

ington been a success from the stand-

point of opening the way to closer

relations between Argentina and the U. S.?

A. Yes. As is known, my trip had an

 announcement, the assump-

tion of the "Inter-American-

Economic and Financial Com-

mittee" the day before my stay here, logically I have

metted with a number of offi-

cials of the government and with representatives of private enter-

prises connected with our commercial relations and this by ex-

change of opinions, to-

gether with the accompany-

ing officials of the Argentine-American Mixed Commission and the respon-

sibilities of the visit of Mr. Edward G. Miller to my country, has served to con- 

solidate relations between Argentina and the United States in the

sphere of frank cordi-

ality and full understanding.

Q. Do you expect any financial and economic aid from coun-

dry, for example from the Export-

Import Bank? Has there been any aid from private banking sources?

A. As is known, the difficulty of showing it, the entire problem of economic relations between the United States and Argentina reduces itself to a

problem of presenting concern between the two countries and agreements to this in the

year 1950, with a net dividend of $3,331,379, purchased for the preceding fiscal year.

The net profit of Black, Sivalls & Bryson, Inc., for the year 1949 was $11,425,450, equal to $3.02 per share on the outstanding 73,881,333 shares of common stock. This compared with $2,452,458, or $7.89 per share, in 1948. Sales amounted to $16,288,905, against $17,519,023.

Joplin Water Works Co. for 1949 reports total revenues of $1,035,514 for 1948. Net income before depreciation amounted to $7,228,986, compared with $7,474,355 in 1948. Net income before de-

pend appropriations totaled $940,400, compared with $2,452,458, in 1948. Depreciation in 1949 was $983,295, against $599,509 in 1945.

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Fantasy of Figures—Responsibility of Accountants

By ALDEN R. WELLS

"The main fact today is that American industry is not nearly so sound financially as it is too often praised, but that is a condition that is ominous. It is a condition that is the fallacy to suppose that war is always a blessing. It is such a proposition that is a fallacy, as sound as accounting figures indicate, Boston Investment Adviser contends, because accepted accounting practices rest on delusion that dollar is a true yardstick, real facts of business are masked in rigidities of accounting law and procedure, as furnishing erroneous statement of earnings in many cases. Hold SECstatistics, although they will eventually orient those making economic decisions. Instead of factual evidence, there was instead a fantasy of figures—so Mr. Voorhees—reports—which served to confuse matters, as accountants accept the figures as they are, because accountants failed to do this, post-mortem, which had been done, tends to correct the notion that dollar is a beneficial yardstick. If these are not the distortions for which this is intended, this has been the case for the same period of four years during which these decisions of industry have been made. As to what this article will try to show, how this fantasy of figures was made, and the influence of accountants, some of the conditions, and the influence of our economy as a result of these distortions.

The incorrect basic premise cre¬ating these accounting fantasies based upon the dollar and its distortion, that the dollar is a true yardstick. As a unit of measure, the dollar's value varies with the price of different goods, and at the same time and similar goods purchased. All these goods can be combined at stated intervals into an income and capital gain, and the figures expressed in the single unit of measure. The dollar is used by a reader of financial statements, and he assumed, the physical facts behind that dollar are ambiguous. At another point, they assume all of those wages and salaries as dollars and they try to point in their pocket. That is exactly true. A real estate operator would not add to his capital of success if he were to buy a property and subdivide his property, each with its own value, and he would like to think of it as the length of a yard. Any transaction on the basis of such a survey would automatically produce realistic results. Yet, in many instances, business is considered to be the same as a dollar. One is to be able to observe, either in dollars or in the dollar. Current sales are stated in the accounts payable, the dollar, and the dividends prepared the way for an explosion at the end of war, in view of the second term of public policy. Unfortunately, most economists including those belonging to the Administration, were under the illusion that the war boom was similar to a peace boom, which would produce a recession. Thus those economists were not in a position to cope with the sequel. Evidence also points to the fact that this was the case with business and the financial community.

Factual Evidence

Factual evidence of the confusion ex¬ists as to the basic condition of our economy. The overwhelming succession of factual evidence that

$1. Money in circulation and held by commercial banks in the United States, exclusive of gold bullion, silver and gold, and demand deposits on banks.

$2. Total net capital, including loans, discounts, drawings, and advances to banks, plus net capital and surplus of banks.

$3. Total net capital, including loans, discounts, drawings, and advances to banks, plus net capital and surplus of banks.

$4. Total net capital, including loans, discounts, drawings, and advances to banks, plus net capital and surplus of banks.

$5. Total net capital, including loans, discounts, drawings, and advances to banks, plus net capital and surplus of banks.

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$7. Total net capital, including loans, discounts, drawings, and advances to banks, plus net capital and surplus of banks.

$8. Total net capital, including loans, discounts, drawings, and advances to banks, plus net capital and surplus of banks.

$9. Total net capital, including loans, discounts, drawings, and advances to banks, plus net capital and surplus of banks.

$10. Total net capital, including loans, discounts, drawings, and advances to banks, plus net capital and surplus of banks.
I shall briefly describe Peru's recent history related to the operation of the monetary unit which, aggravated by the effects of the domestic and international disequilibrium and impeded by the reestablishment of normality. In fact, the disparity between the real and the nominal value of the currency, by affecting the normal relationship between prices and costs, discouraged productive activity and the actual volume of production, led to the erosion of the absolute and relative purchasing power, and the fundamental disequilibrium in the economy.

Pervious official claims that the disequilibrium has two important aspects: an active one as a positive measure for correcting a fundamental disequilibrium in the domestic economy; and a passive one in the effect that Peru's balance of payments has on the others.

The long inflationary process experienced by various countries during and after the war and the application of strict exchange and price controls created disequilibrium in the relationship of prices and exchange rates, which in turn affected productive activity and the actual volume of production. The failure to eliminate the disequilibrium in the balance of payments led to a continuation of the fundamental disequilibrium in the economy.

And the fact is that, following the mirage of controls, certain fundamental principles were disregarded.

Basic Causes Must Be Attacked

From the point of view of a sound economy, the solution is the reestablishment of the fundamental disequilibrium in the economy. The solution is not a long-term one, attacking the basic causes which have produced and continue to produce it, and not merely curbing its effects. If the serious fundamental disequilibrium is caused by inflation and, through controls, the official exchange rates are artificially held at a level other than its real value in the market, the only sound way to reestablish equilibrium is by permitting the nominal value to adjust itself freely to the real value, so that the factors in the market—buyers and sellers, and the present new market price of the domestic currency—will work to reestablish the equilibrium.

The exchange rate must be permitted to move freely and not artificially held as in the past. In order to meet the requirements of productive development and the incentive to productive effort, it is necessary to have a free and fixed exchange rate. This makes it possible to take care of other balances, which demand and supply of currency are as an offset of the balance in the equilibrium of payments.

The fundamental principles were disregarded during the long period of inflation, and strict controls were used as means of maintaining artificial prices inconsistent with the real value of the monetary unit, which aggravated the effects of the domestic and international disequilibrium and impeded by the reestablishment of normality. In fact, the disparity between the real and the nominal value of the currency, by affecting the normal relationship between prices and costs, discouraged productive activity and the actual volume of production. The failure to eliminate the disequilibrium in the balance of payments led to a continuation of the fundamental disequilibrium in the economy.

The gains from the devaluation will be realized. By the balance of payments, certain policies and institutions in the field of balance of payments, and the exchange rate has been permitted to find its real equilibrium level on the free market. The exchange rate was maintained, and the political obstacles, opposition and obstacles, have been overcome. The success of the exchange rate policy is the necessary for the continuation of the fundamental disequilibrium in the economy.

A few principles follow:

1. Under these conditions, a continuous decrease was noted in the official exchange rates. This was due to the fact that the exchange rate decreased and imported good prices decreased as well. The same prices, however, have been decreased as well. The same prices, however, have been increased in the market, which was caused by the fact that the official exchange rates were not decreased in the market. The exchange rate has been permitted to find its real equilibrium level on the free market.

2. Therefore, the exchange rate has been permitted to find its real equilibrium level on the free market.

3. The exchange rate has been permitted to find its real equilibrium level on the free market.

4. The exchange rate has been permitted to find its real equilibrium level on the free market.

5. The exchange rate has been permitted to find its real equilibrium level on the free market.

6. The exchange rate has been permitted to find its real equilibrium level on the free market.

7. The exchange rate has been permitted to find its real equilibrium level on the free market.

8. The exchange rate has been permitted to find its real equilibrium level on the free market.

9. The exchange rate has been permitted to find its real equilibrium level on the free market.

10. The exchange rate has been permitted to find its real equilibrium level on the free market.
The Printing Press
And the Treasury

By ORVAL W. ADAMS
Executive Vice-President, Utah First National Bank, Salt Lake City

Mr. Adams declares there are real human rights bound up in the "body-and-soul money" accumulated over the years by hard-working, independent, self-reliant Americans, millions of which is being destroyed. Each of these monetary values represents the returns from labor; and that its owner has right to protection as to its safety and security in substantial amounts, as a basis and as reasonable compensation for its services.

Money performs three functions: a measure of exchange, store of value, and a unit of account. Any one, or in a measure all, of these functions may occur at the same time in the same object.

In the second function (measured by the value of the money) inflation can occur through the overproduction of goods and services. Inflation in the third function (measured by exchange, or the pressure to buy, which is usually accompanied by purchasing power of the dollar decrease) is a result of the increase in money or the decrease in the money supply, as the case may be. Money will increase its purchasing power if the number of dollars, or the supply of money, is increased.

Orval W. Adams

Inflation has already begun in all three of these functions. Each elected representative is the only one who can stop the inflation. He must be fearless as he journeys as it goes on to the farthest corner of the country.

The government, after three years of operating under a balanced budget, has run up a $29.5 billion deficit. The government has made additional payments and has increased the taxes. The deficit started out modestly at the rate of about $29.5 billion in the next two fiscal years; and this $10 billion will be superimposed on an already $37 billion debt—and in a time of peace, mind you.

With Federal solvency, therefore, out of control and the government constantly borrowing from western democracies and provide assistance for rehabilitation on a world-wide scale, the Democratic party's solution turns to the front as the most vital issue.

With dollars divorced from re-deemability in gold and in gold- ing press anchored in the U.S. Treasury—and those in charge of the printing press are the leading legislators of our welfare state (or farewell state)—the buying power of the dollar is not a matter of much concern to the millions of words of Virgil Jordan, who is the chairman of the National Economic Advisory Board of the Federal Reserve System, an advisory group to the Federal Reserve Board. "Money," he says, "is a measure of the commodity in which we are interested. It is at once a barrier; it is a means of exchange; it is a unit of account. Money is a symbol of the power and prestige of the government, of the nation, and of the economy. It is the bearer of the values that are the basis of our society."

Not so long ago I was at my desk in a savings bank. It was between payday and the man presented her passbook at the savings window. She was a woman from the lower class of society, with three little bashful girls by her side. She opened her book, at the purpose of having seen a little man who had held her account, with her little girls, made her way to the front door. Her husband was waiting for her, and I stopped her and said, "Lady, may I please talk to you?" She knew I was an officer and she invited me to her house. In the bank was a deposit of $2,000. Some little of the principal had been paid to her, and she told me when the $500 had been paid on the principal. Her husband, while in the line of duty as a switchman, was killed. He had purchased a life insurance policy, in the amount of $5,000, in order to provide for his family, and as of his three little girls. This fatherless family lived in a rented room. One of the girls was six; she was in school. The others were younger. House woman had drawn some of the principal, as well as the interest, and was doing some domestic work to con- serve as much of her savings as possible from purchasing power, not only the $5,000, but $200 in the world she had so far provided for herself and her three little girls. Imagine her predicament when through inflation this body-and-soul money began to lose its purchasing power. The standard of living of this little family was dependent on the preservation of the purchasing power of this money. Education, hospitalization, culture, self-reliance, were inter¬woven in the dollars.

All of us have heard the spell¬cinders say that there is no relation¬ship between money right and human rights. Would anyone dare take issue with me or you that human rights and purchasing power in this particular case are not one and the same? It is not logical to assume that when pur¬chasing power is destroyed, so also are human rights?

Here is another example: A man came into the bank. He was 65 years old, a bachelor. He had $10,000 in the bank on the strength of many years of service as a fireman and was an owner of a small business. For a living he sharpened, repaired locks, and made keys. He talked with me. He told me of his life's story. At 65 his arm became afflicted with some kind of paralysis. It was very difficult getting his savings passed out. Only $5,000 was fastened in that pocket with a safety pin. He was a treaty member in a savings bank. He had self-reliance, he had accumulated this money so that in the days when his earning power would be lost he would not become a public charge. He was an unassuming fellow. Nobody was aware of him.

Would anyone argue with me that there were no human rights in the $10,000 money accumulated over the years by these independent, self-reliant Americans? Human rights and dollars are humanitarian blood brothers.

The Millions of Savers

There are millions of such ex¬amples in the savings banks of this country. Practically all of our soldier boys carry life insur¬ance, and in the event of his being injured or killed in action, it is within the power of government to provide for himself and his little family. These savings were nothing less than the be¬nefits of a sacred trust.

In primitive times labor was almost exclusively a family thing. Negotiations were between one man and another with no inter¬mediary. The American dollar is that intermediary. We are on the road towards and now simple and tangible. Every transaction was complete in itself. This was when labor was the method through which exchanges of serv¬ices and goods were transacted. Then came what may be termed representative labor, and not until this time did any great progress occur in the world. Men began to acquire property as a result of their earning power, the form of savings, representing the margin of value between earning and living expenses. Investment of the time and sweat of workers or cattle and sheep at trading posts, the exchange of furs and pelts and riches and flocks and herds of Abraham re¬presented the results of labor. From them he drew a competence, sustained himself, and by careful management acquired an unusual measure of this world's goods.

As men worked and struggled with the changing world of nature, it was with this money. They then either having their property realized, or having produced an income for them as individuals, or as families, or as classes, would no longer till. The land would bring forth abundant harvests and the herbs would pro¬vide milk and meat for food and wood and hides for clothing. Every product being inherently and progressively representative labor. By this process man was enabled to obtain returns both through the performance of his own hands and from the management of labor proceeding from his own brain. He has found these serv¬ices aiding him in his work and adding to his resources. For those of these earlier years such as the labor and saving of his labor was owned worthy of its life. Eventually, money entered and the place, as is the method of providing a medium of exchange, a storehouse of value, and a measure of value. Compens¬ing reasons, government by laws of men, assumed part a money¬ary form. Likewise, money be¬came the token of representative labor, the agency whereby return on invested labor, or purchasing power, was pro¬duced. Primitive money in his con¬dition was a medium of exchange to pro¬tect his property against usurpa¬tion. So modern man must de¬fend the dollar, which represents the fruits of his earning.

The stored-up monetary value, representing the returns from labor, becomes his capital. In half¬of this servant has it a right to seek that it be protected, first, as to its safety and security in substantial purchasing power, second, as to its right to be in¬vested, and third, as to its respon¬sible compensation for its services. He realizes that under our mod¬ern economy money labor just as industriously and productively as it does himself. In this he finds in feecase for progressive and more abundant satisfaction. This desire for pro¬gress, sometimes referred to as a "progress," has come from time immemorial. It will always be thus, as long as humanity is to serve any good purpose. They are sure to end up with a margin of profit in the form of interest or dividend, as well as being protected in purchasing power. Nothing is more devastating to the morale of a team of workers than to observe their investments grow idle and insecure.

In the physical world, floods and storms and winds and waves, heat and cold, etc., all work together to destroy the security of property. As far as our physical world is concerned, the opport¬unities for employment are de¬termined by physical laws, by political forces, the agencies of destruction to physical prop¬erty are well identified and for the greater part understood. This is not the case with the forces which affect the stored up products of labor—money. In thinking of money as repre¬sentative of stored up labor, let us be on our guard not to use it as its possessor. It is indif¬ferent whether the security of the great material wealth of this nation, even though some folks

Continued on page 28

This advertisement is not, and is under no circumstances to be construed as, an offering of these securities for sale or as a solicitation of an offer to buy any of such securities. The offer is made only by the Prospectus.

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Copies of the Prospectus may be obtained in any State only from such of the under¬writers named in the Prospectus and others as may legally after these securities in such State.

Kuhn, Loeb & Co. & Van Altstyn Noel Corporation
April 20, 1950.
Mutual Funds

**By ROBERT E. RICH**

Fund Application Refused By Ohio Securities Division 32% Sales Load First Year in Periodic Plan Cited "Excessive" A joint Mutual Fund was refused permission to sell its securities in the State of Ohio, Ernest Cornell, Chief of the Division of Securities of the State of Ohio, announced to the "Chronicle." Citing a sales load of 32% for the first year in the Fund's periodic investment plan as violating the provisions of the Ohio Securities Act, Mr. Cornell stated, in a memorandum on the refusal of application stated: 'The last of these three plans [the periodic investment plan] has been the subject of extensive inquiry by this Division. The crucial point of the inquiry concerns the position of the holders of the Accumulative class of shares relative to the holders of other classes of shares. Although voting and other rights pertaining to shares held are equal for all unamortized certain important conditions automatic penalties with regard to effective loading and liquidating charges obtain to the holders of Accumulative shares." [Editor's Note: The full text of the Johnstown memorandum is given on adjoining page.]

The periodic investment plan, which is comparatively new and used only by a small number of investment trust companies in the industry, is designed to appeal to the investor of limited means who cannot afford to buy his shares outright and who must pay for them on a monthly plan basis. "If the investor can maintain a fund on the basis of an "automatic penalty" which is the same as the sales load charged, he will be subjected to a penalty and a selling load or commission in excess of the amount of the load provided for in the so-called Q-3 regulations 20 and 21."

The New York office of the Fund, commenting on the ruling of the Ohio ruling, stated that their periodic plan shares were being sold in about 12 out of 50 states. They further stated that, unlike an insurance program, there was no large involvement if a "periodic plan investor" could not make payments for a considerable length of time.

The sales load charge of 32% would not be only an "automatic penalty" if the shareholder demanded delivery of shares for which he has already paid.

In addition to the "periodic plan," the Fund also has a "systematic investment plan." With this latter plan, the "load" is evenly divided over the period of investment, instead of being graduated from a heavy "load" to an increasingly lighter one. Presumably, this plan is used in States with maximum load regulation. The Fund stated that the three advantages of the periodic plan were: (1) the investor saves more, (2) the investor benefits from dollar averaging, and (3) retained dividends are compounded.

Section 27 (a) of the Investment Company Act of 1940 states that the "load," over-all average, cannot exceed 9%, and not more than one-half of the first 12 months' payments or their equivalent may be deducted for "sales load" in a periodic plan program, with the proviso that the "sales loads" within the first year must be uniform, and that the decreased "sales load" for the period after the first year must also be uniform.

Wellington Fund Refuses To Vote Proxies at Montgomery Ward Annual Meeting Walter L. Morgan, President of Wellington Fund, declared, as a result of reviewed policies of Mr. Sewell Avery of Montgomery Ward, Wellington Fund will not vote its proxies at the Montgomery Ward annual meeting. [Editor's Note: Full text of Mr. Morgan's statement is given on adjoining page.]

Mr. Morgan stated that the Wellington Fund would do its part by simply not voting its shares of Montgomery Ward and at the same time remaining silent. He also discussed the other alternative of selling the Fund's holding of Montgomery Ward because he believed that the market values of such shares has been depressed by Mr. Avery's policies.

**Mutual Funds Break 2 Billion Mark**

New high records in total assets and sales of shares of open-end investment companies, were attained during the first quarter of 1950, the National Association of Investment Companies announced. Total assets, which have increased in every quarter since 1949, now exceed $2 billion for the first time in their history.

Total net assets of 94 mutual funds on March 31, 1950, were $2,118,450,000, an increase of $145,501,000 over December 31, 1949, and $57,304,000 since March 31, 1949.

Sales of shares during the first quarter of 1950 amounted to $140,356,000, compared with $133,850,000, for the last quarter of 1949 and $75,716,000 for the March quarter of 1949. Net sales, after deductions, were $84,223,600, compared with $85,190,000 for the previous quarter and $34,647,000 for the first quarter last year.

The report covers all the open-end mutual fund members of the association, but does not include the closed-end members.

Eaton and Howard Funds Reach New Highs Eaton & Howard Balanced Fund announced that on April 30, 1950, showed a net asset of $31,301,933, an increase of $3,338,520, since the beginning of the year. The 1,303,201 shares outstanding are owned by 11,861 shareholders. Asset value per share was $87.72 compared with $87.14 at the beginning of the year.

Eaton & Howard Stock Fund in quarterly report for the three months to March 31, 1950, showed the fund at a new high of $31,051,000, an increase of $3,328,000, since the beginning of the year. Asset value per share was $86.95, compared with $85.30 at the beginning of the year.

**Two Funds File**

Supervised Shares Inc., Des Moines, on April 15 filed with the SEC a registration statement covering 400,000 shares of the par value capital stock. Underwriter is T. C. Henderson & Co., Inc. Gas Industries, Inc., Boston on April 17 filed with the SEC a registration statement covering 1,000,000 shares of $1 par value Preferred Stock.

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Mutual Funds

Text of Ohio Refusal to Permit Sale of Bond Shares in State of Ohio (Continued from page 14)

For example, it would be stated, many investors must liquidate under the huge size of the fund to be liquidated, the maximum permitted under the Division of Securities Regulations

Text of Morgan Statement Relative to Voting of Montgomery Ward Proxies

Following is the full text of a statement by Walter L. Hopkins, President of Wellington Fund, concerning the fund’s refusal to vote its proxies at Montgomery Ward’s annual meeting, April 28. Wellington Fund, the fourth largest fund in the country, has been informed that it has received a letter from Montgomery Ward’s new officers requesting it to vote in favor of a number of issues. Wellington Fund officers have received many inquiries from the general public as to why it has not voted its proxies in favor of any of the issues. Wellington Fund officers have had a hard time answering this question because the fund’s voting policy is based on a belief that it is in the best interest of investors to vote in favor of any of the issues. The fund has a list of issues that it plans to vote on, and it is based on a belief that it is in the best interest of investors to vote in favor of any of the issues. Wellington Fund officers have had a hard time answering this question because the fund’s voting policy is based on a belief that it is in the best interest of investors to vote in favor of any of the issues. The fund has a list of issues that it plans to vote on, and it is based on a belief that it is in the best interest of investors to vote in favor of any of the issues. Wellington Fund officers have had a hard time answering this question because the fund’s voting policy is based on a belief that it is in the best interest of investors to vote in favor of any of the issues. The fund has a list of issues that it plans to vote on, and it is based on a belief that it is in the best interest of investors to vote in favor of any of the issues. Wellington Fund officers have had a hard time answering this question because the fund’s voting policy is based on a belief that it is in the best interest of investors to vote in favor of any of the issues. The fund has a list of issues that it plans to vote on, and it is based on a belief that it is in the best interest of investors to vote in favor of any of the issues. Wellington Fund officers have had a hard time answering this question because the fund’s voting policy is based on a belief that it is in the best interest of investors to vote in favor of any of the issues. The fund has a list of issues that it plans to vote on, and it is based on a belief that it is in the best interest of investors to vote in favor of any of the issues. Wellington Fund officers have had a hard time answering this question because the fund’s voting policy is based on a belief that it is in the best interest of investors to vote in favor of any of the issues. The fund has a list of issues that it plans to vote on, and it is based on a belief that it is in the best interest of investors to vote in favor of any of the issues. Wellington Fund officers have had a hard time answering this question because the fund’s voting policy is based on a belief that it is in the best interest of investors to vote in favor of any of the issues.

$2,250,000
St. Louis-San Francisco Railway Equipment Trust, Series F
2% Equipment Trust Certificates
(Philadelphia Plan)
To mature $150,000 annually on each May 1, 1951 to 1965, inclusive
Priced to yield 1.45% to 2.55% annually to acquire
Issuers and sellers of these Certificates are subject to authorization by the Interstate Commerce Commission.
The Offering Circular may be obtained in any State in which this announcement is circulated from each of the undersigned and other dealers as may be designated after receipt of such request in such State.

HALSEY, STUART & CO. INC.
R. W. PRESSPRICH & CO. OTIS & CO.
THE ILLINOIS COMPANY
FREEMAN & COMPANY
MCMASTER HUNTINGTON & CO.
April 16, 1950.
President’s Economic Advisers Report

Strong Upswing in All Lines of Business

First quarter’s boom is said to include practically every index, the only trouble spot being unemployment.

The year 1950 has started with an upswing effective in practically every segment of the nation’s economy, according to the latest statements. Mr. Keyserling warned last year, however, that the chief result of static business conditions would be that economic trouble had remained static since 1947, but there would have been 12,000,000 new jobs added.

While not critical, he regarded the situation as not in the process of an undesirable trend. New additions to the labor force approximated 700,000 annually and there is an additional trend toward unemployment resulting from the increased productivity of industry.

Mr. Keyserling warned, however, that business, with the favorable outlook, must plan for an expanding and not a static economy. He contended that government has the responsibility of mapping an effective economic program not merely geared to the present but for the long-term trend of the economy as a whole.

The report noted a drop of 531,000 in the number of job seekers, but called the improvement “seasonal.”

Corporation’s Profits and the Stock Market

The Advisers also noted the gains of 1949. An increase in the net profits available for distribution to stockholders reached an all-time high of $26,000 million. This constituted a net gain of $4,000 million over the previous year.

Consolidated figures for the first quarter of 1950 were released by the Federal Reserve Bank of St. Louis.

The nation’s economic situation appears to be improving, according to the Joint Committee on the Economic Indicators, as shown in a series of monthly indicators, which are released monthly.

The Joint Committee on the Economic Indicators, a group of economists, has been studying the nation’s economic situation since 1947. The committee’s indicators, which are released monthly, are designed to give an early warning of possible changes in the economy.

The committee’s indicators are designed to give an early warning of possible changes in the economy. The indicators are based on a variety of factors, including employment, production, sales, and prices. The indicators are used by businesses and government to plan for future economic conditions.

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Key to a smoother ride

Every time you drive your GM car over a rough railroad crossing you get a sample of the great thought General Motors gives to your riding comfort.

The front wheels of every GM car are mounted on gentle coil springs—the kind of Knee-Action springing GM pioneered years ago, and has kept up to date through constant improvements ever since.

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We Can Make Social Progress Without Socialism

By DONALD R. RICHBERG*  

Mr. Richberg, citing the Railway Labor Act as an example, urged labor and management to consider filing a labor relations law that would preserve individual freedom and avoid government monopolistic control. He warns current legislation as being the "last remnants of an epoch-making, and, I may say, an ill-advised, experiment in finding the way to meet the difficult problems of modern industry, without clinging to the outdated plans of managerial authority, or loping blindly into the alternative exercises of power and authority by workers and employees who work together under government mandates rather than in a well-defined contractual agreement."

In conclusion, he addressed the courts, urging the law that "has produced the peaceful cooperation that was generated for 20 years by the Railway Labor Act." It is regrettable that in recent years, and generally the satisfactory relations of railway management and labor—have been obscured by a few controversial points. The industry is served and employee in a major and difficult industry, it is produced the peaceful cooperation that was generated for 20 years by the Railway Labor Act.

For this reason it may be helpful to bring to light the essential that the great conflict in political-economic conditions of the "reactionary" railways against the Railway Labor Act. The railways have good example of the way in which the principles of liberty can make social progress as the railways have achieved through the years and the doctrines of political economy have advocated principles of individual socialism.

Despite every criticism of the Act which any merit in the most pessimistic appraisal of the results, two judgments will be reached by any well-informed student of the railroad industry. Labor, management, and investors have not fared better under this law than some shareholders have. Under the Act, environment of less hardship and greater security under the benevolent tyranny of a national socialist government. But, for every people as a whole were "reactionsary" in the Public administration that the political theories that are in vogue today. It was determined that the individual liberties of the preceding years were turned to private management, and that an environment of interest between management and labor that in new methods of voluntary cooperation must be devised to satisfy the real needs of the efficient operation of a common business organization.

In this mood management and labor were able to work out a program of seeking to recognize and contract the terms of their cooperation and to give to government only the authority to interfere should a voluntary agreement fail to effect improving concessions and working on the mutual interest which the common enterprise was under moral and legal compulsion to act. The simplicity and apparent perversity of the provisions of the Railway Labor Act around the principles of the law would, in fact, have relied on government to do what it agreed to do for the benefit of the whole and of those who believed that the absolute authority of the government in the field of dictating terms and conditions of employment was repugnant to the principles. The one group of opponents denounced the proposed law as a "milk and water" remedy which was bound to fail, and the other group denounced it as destructive of the authority of public officials. Mr. Richberg added: "Congress agreed the Act with only 13 negative votes in the Senate and in the House."

Railroad Securities

Western Pacific

Quietly, without publicity or fanfare, Western Pacific stock has been giving a particularly good account of itself in recent weeks. It has been establishing consistent new highs on moderate volume, up from the low established last year. The obvious improvement in public sentiment toward this road occurred largely to the sharp turn for the better in operating performance in the past year, the road being well-managed and finan- cially sound. It is now believed that this favorable trend will be continued. Even with recent strength, the stock affords a yield of around 8.7% on the $3.00 regular dividend, and a higher yield on cumulative dividends that still has substantial potentialities for further price enhancement.

On the NYSE two years ago, it was one of the most popular stocks in the railroad group, and one of the few to yield and if prices fell, were, and still are, many elements of fundamental strength in the picture. During the trusteeship large sums had been spent on property rehabilitation. The road enjoyed an unusually long aver- age haul in relation to its overall mileage. Density was heavy in comparison with most of the western roads. Substantial traffic benefits were expected from the connection in northern California with Great Northern, and from improvement in the road's competitive status in the transcontinental field. There had been consider- able industrial expansion and population growth in the area di- rectly served by Western Pacific and in contiguous territories.

As a final consideration, the road had gone through a quite drastic period of reorganization during recent years, ending up having four corporations to participate, and the stock had regained a yield of about 5.5% after recovering only modestly to $14.14 a share in 1947, earnings per share at that time were $0.56. This year the stock has participated equally, share for share, with the common after the latter has received $0.56 a share in dividends in any year. On the same par, the earnings on the common last year recovered to $4.34. Without allowing for the participating feature of the stock, the movement in the common has been $5.38.

The earnings rebound last year was, in itself, encouraging. Even more pertinent to railroad analyst, however, was the highly favorable trend of transportation costs toward the end of the year. According to rail management policies were becoming effective, and the potentialities of this rail property were finally beginning to be recognized by the public. The expected steady reduction in the ratio of freight revenue to freight charge which resulted from the year-earlier levels became progressively more important in a way that the road's average of 14 cents in 1949 compared with 1948.

This favorable trend of the all-important transportation costs has continued in a rapid pace in the current year. For the first three months of the year, the average for the current period was below the 1.49 index. Inter with operating costs also under control the road reported net income, before interest and other reserve funds, of $457,170 contrasted with $263,757 deficit in the first two years of the new corporation. In the year's results, it was in net results in the two months is equivalent to $2.57 a share of common and $0.70 a share of preferred stock participation.

Obviously this recent phenomenon of improvement will not continue—some extent it reflected the severe 1949 winter weather. Nevertheless, some further betterment does appear to be justified on the basis of the cost picture, and the earnings of the year's results will be well above those for 1949. These earnings afford adequate protection for the $3.00 annual dividend but no increase in the rate is in prospect due to the participating feature of the preferred.

Paul Hackbert With Shields in Chicago

Chicago, Ill.—Shields & Co. have announced the appointment of Paul L. Hackbert as manager of the company's Chicago office, 135 East Wacker Drive. Before joining Shields, Mr. Hackbert was with Goldman, Sachs & Co. in the municipal bond department since 1936, and before that was associated with A. L. Blum & Co.

Bramhall, Barbour & Co. Announce Appointments

Bramhall, Barbour & Co., Inc., has announce the appointments of Mr. Wm. E. Elcock of the firm's Washington office as a vice-president and Mr. L. L. Clark as a member of the executive committee.

Henry Low Joins Bruns, Nordanem

Bruns, Nordanem & Co., 60 Beaver Street, New York, members of the New York Stock Exchange, announced that O. E. F. Low has been associated with the firm as a partner. Mr. Low was formerly associated with Wm. E. Elcock, Co., Inc.

Evans-Vance, Inc. Formed

Evans-Vance, Inc. is engaging Wm. E. Elcock & Co., Inc., at 37 East 47th Street, New York, as property advisors for the firm's office, 37 East 67th Street, New York City.
The Year in Review

Revenues affected by strikes
Traffic volume and revenues were reduced in 1949 by strikes and walkouts equivalent to more than 2½ months in the bituminous coal fields and approximately one month at most steel mills, and by a moderate slackening in the public utilities. Operations were decreased by road and rail mileage, most of which would result in heavy coal losses. Some companies have undoubtedly suffered much more than she was actually affected in a year or two as compared with the previous year. Freight revenues totalled $509,919,308, a decline of $68,429,254 or 11.7 per cent. Total freight volume, measured by revenue ton-miles, fell 13.8 per cent. More than twice as much of our freight was handled in bituminous coal and soft coal mills. A passenger revenue, in a postwar decline accentuated by the 1½ per cent wartime tax on transportation, dropped 16.3 per cent to 322,451,365. Travel expenses, as reflected by revenue passenger-miles, fell 17.9 per cent.

Expenses closely controlled
With revenue dropping and costs simultaneously rising, the Southern Railway, as mentioned in our editorial of Feb. 29, 1949, adopted a 45-day war-time plan on March 5, 1949, the first 45-day, 40-hour week with virtually unchanged pay for employees. During the first 45 days, costs were reduced by 2.5 per cent. Savings were realized by 10 per cent. The reduction in labor costs was caused by an increase of 11.5 per cent, were cut back during the last two months of 1949. Through various shutdowns of car and locomotive shops, and by greater efficiencies, maintenance of equipment expenditures were cut back 12.2 per cent. Even with these economies, however, our net railway operating income reflects a rate of return of only 1.5 per cent on investment for 1949.

Net income totals $9,727,816
Net income totaled $9,727,816, equal to $1.61 per share, compared with $11,727,061 or $2.28 a share for the period of a year ago. The 1949 figure represented a profit of only 1.4 cents of every dollar we received. This total was $79,519,323, of which $68,704,399 was railway operating revenues and $9,814,924 expressed interest.

Because of uncertainties in the business picture, per- sons in the industry are acutely aware that the principal need for capital expenditures to achieve further modernization and greater efficiency, at the close of 1949 the total of the first year's bond issue and the proceeds from new and existing stocks, is approximately $25,000,000.

It is also in the best interests of the company and its stockholders to decline to finance any more new facilities to the extent of $25,000,000 or more, which is the limit of the amount we are now able to commit. Our position is not likely to change much during the next 12 months. Therefore, if we are to continue our program of modernization, we shall have to rely primarily on funds received from the operation of the company. Unfortunately, our funds are so limited that we can do little or nothing to improve our position in this respect. As a result of these conditions, we shall not have the necessary funds to complete any new facilities in the year ending Dec. 31, 1950.

Interest increase relatively moderate
To finance our new diesel cars and cars, the Central issued last year equipment trust certificates totaling $33,255,000, repayable in one to fifteen years. Partially, however, we are still far below expectations, and the difference between what we have raised and what we need to operate our business is now approaching $25,000,000.

Some things which are needed
The Central, like the railroad industry in general, has a number of necessary things. These include: Correction of the competitive transportation situation; A more cooperative and realistic attitude, particularly by state regulatory commissions, toward discontinuance of passenger trains which the public itself already has largely abandoned; relief from seemingly incessant demands for more pay for less work, repeal of the wartime transportation laws of 1951 on passenger travel and 3 per cent on freight traffic; and early action on the railroads' application for long overdue increases in compensation for handling mail.

A new era could be mentioned, action on this, or even some of them, would be highly constructive and beneficial.

The future appears brighter
Because our business volume is geared to the essential needs of the country, and because we are faced again with costly new wage demands, it is difficult to see any real improvement for 1950. It is our present belief, however, that despite the poor showing by people, particularly farmers, in the United States, in the first quarter of 1950, this year should prove a more constructive one for the Central than was 1949. In this respect our ranges of expectations are even better, as we can look to the year ahead with considerable optimism.
"The Goal We Seek!"

"In my opinion, men of little vision have lost sight of the most important truth of all, that a government which has secured the greatest degree of welfare for its people is the government which will survive against the world."

"The critics of the Welfare State do not understand this simple fact. They spend their time looking for Communists in and out of government and at the same time attack those measures which would deprive Communists and would-be Communists of..." —Senator Herbert L. Lehman.

Three Eminent Navy and Atomic Energy Authorities Reassure Public on "H" Bomb


Addressing eighty-five West Point cadets, at a University of Chicago, American Foreign Relations Association, Nimitz said:

"I am not an expert in matters of hydrogen bombs..."

"I believe that had I..."

"I think..."

"I would not..."

"I would not..."

In summary, he stated that "the United Nations at first had been..." and was now being "under selved" when in fact it should be a cardinal factor in United States Foreign Policy."

Summing up his views in categorical fashion, Admiral Nimitz finished with these opinions:

"China: The Communists did not have enough power to mount an invasion that could..." —Adm. C. W. Nimitz.

"Spain: He could understand why the..." —Adm. C. W. Nimitz.

"International Cooperation: Every..."

"The negative" —Adm. C. W. Nimitz.

"We..."

"I do not..."

"The..." —Adm. C. W. Nimitz.

Admiral Halsey continued in this strain:

"...I think..."

"People with..."

"The..." —Adm. C. W. Nimitz.

"The..."

"I believe..."

"I have..."

"I think..."

"I believe..."

"I think..."

"I believe..."

"They are deprived of all news of the outside world except what they may receive from the newspapers..."

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"They may be deprived of all news of the outside world except..." —Adm. C. W. Nimitz.
The Gold Standard and Its Meaning to Bankers

By JOSEPH STAGG LAWRENCE
Vice-President, Empire Trust Company, New York

Inflation for the American banker is a worrisome problem. In a narrow, technical, short sighted sense it may avert some of the distress which is the Second World War and has always afflic ted economies after a great war. In the broad sense and in the longer run more and more distress will come to the deliberations of central banking authorities as they strive to restore the currency for the purpose of restoring credit and property. The problem of restoring the value of the currency means the proper functioning of the gold standard.

Inflation and the acquisitive nature of bankers in government inflationary programs means the subtle and gradual evaporation of deposits, and thereby the claims against the banks. This process is usually called the act of the banker. Inflation may mean the ultimate loss of that leadership which banks have just earned in the past by their courageous independence and prudent government finance. The banker has an offer an illusory and mischievous, to the layman, the demagogue, and the politician on greater power for himself.

Postwar Price Behavior

The behavior of prices during the war and the postwar period has so far faithfully followed the pattern described by these previous wars. If this pattern is completed with the recession and the postwar period to a prewar base, as was the case in our three previous great experiences, it will call for a further sharp decline in the price level, as less than 25% and possibly as much as 50%.

If this pattern is not completed, adjustment, it must be conceded, would be not only disastrous but also a new and unforeseen, if we do not know whether the American people will accept the social fortitude to sustain such a correction. That public has been led by lie after lie after lie and has defined "competent and responsible" as "smart and clever." As soon as it retreats to a prewar economic trend it will be appalled. Their planners, securely ensconced in the Federal Reserve Board and the Federal Reserve System, enjoy the wisdom and integrity necessary for the protection of the public interest. Should they want in return is the right to run our business. They themselves of

Bankers Indifferent to Depreciation of Dollar

It is no exaggeration to say that the bankers have never paid a great deal of attention to the depreciation of the dollar. They have so far viewed the prospect of a delinquency of our currency with indifference. When the dollars in the hands of the leaders, particularly those in the Federal Reserve Banks and on the Federal Reserve Board, have been devalued, they have paid no attention. At the recent Convention of the American Bankers Association at San Francisco we extended the courtesy of the platform to an outstanding advocate of a man-day, Dr. Franklin Ezekiel, who de¬ scended upon our bankers, with a yearning for the sound solidity of our currency based on gold, of being brought churlishly. In a recent speech in Chicago Senator Harry P. Johnston made of this fact and chided the bankers for their failure to take the lead in demanding the restoration of an honest dollar.

What Bankers Must Do

What can bankers do individually and collectively to prevent the face of this problem? The question is, in my opinion, the most critical of the questions which we have to face. The country should resist every effort of the Federal Reserve and its agencies to allow the banks to expand their power, whether that power is for the purpose of promoting genuine economic credit, manipulating bank rates, or supporting our port¬ folio. If these authorities have an intention to increase the amount of gold, let them apply their great prestige to bring about a balanced budget of the national government.

Finally, we bankers should take the lead in signaling the danger of the currency. During long centuries we have been known, tested, fieldproofed procedures of protecting the integrity of the paper money which we make it rest on gold. In this country today are billions of fraudulent promises to pay money which citizens are compelled to accept as real money. Return to these citizens their aged gold right and maintain the currency in gold at its original parity.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

INVITATION FOR BIDS FOR PURCHASE OF BONDS

Bids for the purchase as a whole of a series of $50,000,000 principal amount of First and Refunding Mortgage Bonds, Series due 1969, of Public Service Electric and Gas Company (hereinafter referred to as the "Company") will be received by the Company at its office, 80 Park Place, Newark 1, N. J., until 11 A.M., Eastern Daylight Saving Time, on Thursday, May 2, 1950, or on such later date as may be fixed by the Company as provided in its Statement of Terms and Conditions Relating to Bonds.

Copy of the Prospectus relating to such Bonds, of such Statement of Terms and Conditions Relating to Bonds shall be submitted with each such Bid and such Statement may be examined, and copies of certain of such documents may be obtained, at the Company's office, 80 Park Place, Newark 1, N. J., or at such other time and place as may be fixed by the Company as provided in its Statement of Terms and Conditions Relating to Bonds.

INFORMATION MEETING

Public Service Electric and Gas Company hereby invites prospective bidders for the purchase of its $50,000,000 principal amount of First and Refunding Mortgage Bonds, Series due 1969, to attend a meeting of the Bondholders, at 11 A.M., Eastern Standard Time, on Thursday, April 5, 1950, for the purpose of reviewing the information contained in the Registration Statement and Prospectus.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY,
Newark, N. J.
April 19, 1950.

President.
Public Utility Securities
BY OWEN ELY

Electric Utilities Complete Productive Year

The electric utility companies in 1949 completed a prosperous year despite a let-down in industrial sales. The number of residential customers increased 4.2%, and all customers 3.9%. Residential sales increased 11.9%: the difference reflected the continued decline in the average cost of electricity. As a result of the tendency of "promotional" rate schedules resulting from increased use of appliances for home cooking, heating, water, etc., the sales to commercial customers gained 8.3% and the revenues 7.6%. On the other hand, industrial sales were down 3.2% from 1948, but revenues gained 0.4%, because the average rate per kilowatt hour is maintained largely through the medium of fuel adjustment clauses in rate schedules.

Because of lower prices for coal and fuel oil as well as reduced demand and inefficient generating plants, the utilities were able to save 8.9% in their fuel costs despite an increase of 1.6% in the physical output. Salaries and wages gained about 5%, probably reflecting mainly the increased grants to union employees; the number of employees probably did not increase, although figures this year are not available.

Miscellaneous expenses—a sizable item representing the entire cost to ship other than fuel, plus rentals, interest. In the increased only 2.3%. However, depreciation and taxes were more of a burden, reflecting an increase of 11.3% in the electric utility litigation each of the utilities increased 14.8% and taxes 12.1%. But due to fuel savings total expenses were up only 2.9%, so that net electric operating revenues remained almost the same as in 1948.

Another advantage gained by the utilities was a big increase in 22.7% in the operating income obtained from gas, transit and other miscellaneous services, due to rate increases and greater fuel costs. However, income from these sources remained relatively small compared with the income from electricity sales. Revenue from outside investments remained about the same as in 1948.

Prices on long-term debt increased 14.4%, the gain being somewhat larger than the increase in plant; the amounts in fixed charges were lower than in 1948, so that total income deductions increased only 11%. Net income, therefore, increased 14.7%. Since preferred dividends were only up 5.5%, the utilities were able to increase their payments on common stock 5% (which, however, largely reflected payments on an increased number of shares, due to stock fluctuations during the year). There is no way to measure accurately the average increase in the dividend rate, but this increase probably did not exceed 5%.

The total generation capacity of the larger utilities increased 11% last year, and that of public plants—municipal, Federal, co-ops, state projects, etc.—gained about 12%. Public generating capacity now equals about one-fifth of the total; private, four-fifths. The increase in private capacity is almost entirely in steam, while public power is about evenly divided (Federal, of course, is virtually all hydro). Reserve capacity increased 5% in 1949, but of 1948, the actual reserve was probably 14% because effective capacity of generating equipment is usually substantially larger than the name-plate rating. Talk of a "power shortage" is now less justified than ever, and no doubt the electric companies should double and treble their margin of safety.

Turning again to the fuel problem, we notice that the utilities are rapidly increasing their use of oil and gas while coal is barely holding its own. In 1949 only 44 million short tons of coal were used, a decline of nearly 16% from 1948 and an increase of only about 4% since 1944, however, since 1945 the use of fuel oil has more than tripled and the use of gas has increased about two-thirds.

The average rate for residential electricity was 23.5c in 1949 compared with 30.4c in 1948. Back in 1906 the kwh cost was over 1c. The cost of living (other than for electricity) is about 2½ times higher now than it was in 1906, so that our pursing power of the dollar the cost of electricity is perhaps only about what it was nearly as much as in the early part of the century. The farmer is rapidly increasing his use of electricity. He can now use about one-third more than the city dweller, and in the west, where heavy amounts are needed for pumping water into irrigation, he is almost as far along in Four-mile 1949 was 5,600 kwh. In three times the amount used by the average U.S. household.

Capitalization figures are not yet available for 1949 but the Edison Electric Institute reports that in 1948 the capital structure was 49% debt, 14% preferred stock, and 37% common stock equity; the figures don't show much variation from year to year. With the interest rate in 1949 the equity ratio may have improved slightly for that year.

Referring to operating efficiency, in 1949 it took only 1.22 pounds of coal to produce one kwh., compared with 1.42 pounds in 1937. Latest models of generating equipment can turn out a kwh. with only about 0.75 pounds so that when the economies in prospect as new machines and new plants come into service. However, the cost of fuel per ton has almost doubled since 1937; it rose from $2.26 in 1927 to $6.48 in 1949, dropping back to $3.62 in 1949.

ST. LOUIS, MO.—More than 150 members and associates of the Security Traders Club of St. Louis toured the modernized A. F. T. Real Estate Co. at Granite City, Ill., yesterday. Before inspecting an electrolytic tin line are (from left) Wm. F. Downatt, Wm. F. Dowdall & Co.; control board operator; Ralph Deppie, partner of Edward D. Jones & Co.; J. L. Hamilton, Jr., vice-president in charge of sales for the company (who is explaining the line's operation), Max Mason, vice-president, Traders Co.; Lowell Newcomb, St. Louis Union Trust Co. The inspection tour was one of a series sponsored by the St. Louis Traders during the past several months as part of their extensive "Know your St. Louis Industry" program.

Predicts Serious Drop in 1950 Farm Income

Knox T. Hutchinson, assistant secretary of agriculture, tells Southern Agricultural educators prices of farm products are down 25% from 1947 peak, while prices of non-farm products continue to rise by less than 2%.

Speaking at the Southern Regional Conference of State Supervisors and Teacher Trainers in Vocational Agricultural Education at Miami, Fla., on April 17, Assistant Secretary of Agriculture Knox T. Hutchinson made the prediction that 1950 cash earnings of farmers will fall below $12 billion, a drop of one-third from the peak of 1949. He forecast that the average farmer will have a worse year in 1950 than in any other year of his lifetime, if not in the history of the nation.

"Income from farm operations is down about 40% since the peak of 1947. Farmers can produce for less. They are paying for power, housekeeping, and for electricity...farmers' cash outlays for power and equipment are steadily increasing."

"Farming today," Mr. Hutchinson stated, "requires more cash income than farming has required in the past. Electric power and mechanized equipment of all kinds increase farm production, efficiency, but requires more cash investment and cash costs of upkeep and operation than build and keep the farmer or the farmer's own manpower upon which he has come to rely in the past. You can raise your own food for less, but you can't produce your own gasoline and electricity. It takes a lot of cash to keep a mechanic, an electrician, and pay for the power to operate it."

"But income trends are running the wrong way. Instead of getting more cash income, the farmer today is getting less. Prices received by farmers are down nearly 25% from postwar peaks, while prices to farmers are down far less than 1% for the same period. The farmer's net income in 1950 will be less than 1% of 1947 levels."

"We call it a halt to progress in our agricultural production."

Commenting further on prospects of over production in agriculture, in providing price supports, the Agriculture Department emphasized,

"Modern farming is geared to abundance. Our present methods of farming are founded upon the use of modern machinery, electric and other motor power, and the newest discoveries of science. Farmers must have more land to produce in abundance, but they want good use made of that abundance. They can't provide the American people with an abundance of the fat, meat, eggs, breads and snacks and fruits which our diet needs."

"That's the way it should be. But farming does not operate under restrictions on maximum consumption. It needs an additional method of support for perishable fruit products that would encourage those products to the consumer, and still be more effective for the consumer."

"Instead of forcing up prices through Government buying of laughs and storage, we need a new means of production. If the farmer produced and sold his crop in such a way that market prices fell below support levels, he would return to producing in the average market price and that supporting level in a direct production payment."

"You hear a great deal of miscellaneous talk about a number of a variety of methods of support. It is attacked as a 'complexity,' just as if there were no more of a problem than present purchase and loan money support. The big idea here is to eliminate costly transportaion, handling, processing, and storage charges. They would eliminate the possibility of the Governor's aid, and if we would eliminate the 'double bill' that is a small farmer who gains few discount and who's both the cost of support in tax bills and artificially higher prices in grocery bills."

Chicago Analysis to Hear Arnold Bernhard

CHICAGO, ILL.—Arnold Bernhard, president of the Value Line Investment Club, will address a special meeting of the Investment Analysts Club on April 26 on "Statistical Methods of Evaluating Investments." The meeting will be held at 10:45 p.m. in the main dining room of the Chicago Country Club, 430 North Michigan Avenue.

Bruce Seddon With Friedman, Brokaw

(BUSINESS IN THE FINANCIAL CENTER)

Bruce Seddon has become associated with Friedman, Brokaw & Co., 711 St. Charles Street, members of the New York Stock Exchange. Mr. Seddon, who has recently been Vice-President of the Western Bank of Clayton, was formerly with Newhard, Cook & Co. and headed Seddon, Mortish & Harvey, Inc.

Clarence B. Kilmer, Jr.

SARATOGA SPRINGS, N. Y.—Clarence B. Kilmer, Jr., is conducting a securities business from offices at 595 Broadway.
Private vs. Federal Electrical Power

By CURTIS E. KULE

Recounting rapid growth of electric power generated by Government plants now furnishing 29% of all such power produced, the author makes a good-fight for passage of law which would require that machinery installed in government erected hydroelectric plants be purchased and owned by the private utility companies, who would operate it. The author is editor of the Federal Power Journal.

The reason why the United States has become the strongest and most prosperous nation on earth is due to our system of free enterprise. Yet one of the greatest threats to free enterprise in this Land of Ours is the tremendous growth of the public electric power production in the past 15 years.

According to a recent report, 7% of the total capacity of electric generating capacity of the United States was publicly owned, but by 1948 it had increased to 20%. Federal public power has been accomplished through the construction or purchase of enormous amounts of public power plants or reclassified as tax exempt property. The real estate taxpayers in the territory served by Federal power have been required to make up the loss in Federal revenue whenever a tax exempn tax is made.

Growth of Government Electric Power

Although it is difficult to analyze the figures relating to public power in order to determine just how large an amount of our energy and power is furnished or reclassified as tax exempt property, it is certain that our real estate taxpayers have been substantially affected by the idea of its extent by the following.

Tennessee Valley Authority:
Plant Investment: $747,011,386.

If municipal properties such as the Nebraska Public Power System and the Bonneville Power System and the Lower Colorado River Authority are tabulated in the calculations, a total of possibly $4 billion of public utility systems are in the approximate areas included in the governmental sector and proposed to be served by Federal power projects, together with the municipal and cooperative plants, were superimposed upon a map of the United States that would be found that very little of the whole commercial farm areas is the presence of the private utilities. This map should show the present and proposed Goverment utility area as they would be if the private enterprise will soon be eliminated and the monopoly of some of our large cities.

One object of this paper is to point out the fact that although Federal electric generating companies have increased 23 times over even greater expansion is being planned. The lastest of the largest projects is described in a bill for the construction of the Missouri Basin Project. The power of this project would be 1,300 million of the 760 miles wide, north of the railroad between North Dakota, South Dakota, Nebraska and Missouri. The Missouri River is 2,432 miles in length so there is plenty of room for a number of hydroelectric plants.

Some of the benefit of the project have been in operation for many years. Present plans call for a modest beginning with a total capacity of 57,000 kilowatts to be constructed by 1949. However its promoters have announced that by 1952, there will be a shortage of over 5 million kilowatts capacity in the area within 20 years. There has been considerable controversy among the people of states that claim their natural resources and water rights will be impaired. Many objections have been made to the inclusion of large amount of property which would come under government control.

A third proposed Federal power project to be called the Tennessee Valley Power. This project is the creation of three “little TVA’s” in the states of Pennsylvania and St. Lawrence, the Susquehanna and the Connecticut River and a third along the Merrimack. Little is said about any of the Federal power move but apparently it will be proposed to connect the power plant used for control and power production on these rivers through a contract to be entered into by the New England states.

The potentialities of these great promotions are tremendous. In the case of Federal power projects, the rate structures are not set aside for the consumer, but have been fixed without any reference to the amount that would be paid to the producer of power by the consumer. This has been done for a number of years, and the Federal power projects have been at a much lower rate than those of the private companies. The reason for this is that the Federal power projects are not in the same competition with the private companies, and the consumers are willing to pay a much lower rate for the Federal power.

On the other hand, the private companies have the advantage of having a long history of service to the consumer, and they have been able to establish a rate structure that is much lower than that of the Federal power projects. This has caused the Federal power projects to lose a great deal of business to the private companies.

In conclusion, it can be said that the Federal power projects are not as successful as the private companies, and that the rate structure is not as competitive as it should be. The rate structure should be set such that the consumers are willing to pay a much higher rate for the Federal power, in order to encourage the development of this important industry.
The announcement that this country will endeavor to lower its exchange rate 2-1/2% is a move of particular interest to Canada. When considering the items it involved it appeared that the Dominion is likely to be the principle beneficiary of such proposals. It is evident that higher rates in the U.S. could cause damage to the Dominion's trade position, and the effects could be local rather than global. It is also evident that the selection of the U.S. dollar as the basis for the agreement raises questions of a monetary nature. It is further evident that such an agreement could have a profound effect on the economic situation of the Dominion.

The most immediate effect of such proposals is likely to be on the Dominion's trade position. The higher exchange rate will make Dominion goods more expensive in the U.S., and this may have a depressing effect on the Dominion's exports. On the other hand, Dominion imports from the U.S. will become more expensive, and this may have a detrimental effect on the Dominion's import trade. It is also evident that such proposals could have a profound effect on the Dominion's financial position. The higher exchange rate will make Dominion goods more expensive in the U.S., and this may have a depressing effect on the Dominion's export trade. On the other hand, Dominion imports from the U.S. will become more expensive, and this may have a detrimental effect on the Dominion's import trade. It is also evident that such proposals could have a profound effect on the Dominion's financial position.

The Dominion's trade position is likely to be severely affected by such proposals. The higher exchange rate will make Dominion goods more expensive in the U.S., and this may have a depressing effect on the Dominion's exports. On the other hand, Dominion imports from the U.S. will become more expensive, and this may have a detrimental effect on the Dominion's import trade. It is also evident that such proposals could have a profound effect on the Dominion's financial position. The higher exchange rate will make Dominion goods more expensive in the U.S., and this may have a depressing effect on the Dominion's export trade. On the other hand, Dominion imports from the U.S. will become more expensive, and this may have a detrimental effect on the Dominion's import trade. It is also evident that such proposals could have a profound effect on the Dominion's financial position.

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Business Failures

By ROGER W. BABSON

Mr. Babson, noting recent increase in business failures, points out, though trend unfavorable, business failures based on national income is less than before 1940. Says most bankruptcies comprise old firms and are due largely to "dry rot."

I like to see men and women have faith in the future. If you can keep out of debt, it gives security and health. You are not "in debt" and are "in the clear," as bankers write. You see a debt is a "liability" if you have no cash to pay it. If you keep your accounts in order, you have a "claim" on your employer's property. So much is a "debt" to your employer. Ms. Babson says that the average man will probably have more debt than before 1940.

I do not see a change for the worse. The greatest increase in bankruptcies is in the retail store field where there has been an increase in failure. In 1946, there were 2,000 failed. In 1947, there were 2,200 failed. In 1948, there were 2,400 failed. In 1949, there were 2,600 failed.

What Statistics Teach

To perform the above service requires character, brains, industry, and some capital. Statistics indicate that the number of those who have gone into business is far larger than the number who have failed.

So long as any able person willing to work is unemployed, I believe no government is dumping into the employment field. There should be opportunities for employers to bring these loose ends together.

The word "socialism" and "planned economy" are not in my vocabulary. In which everything should believe.

I am not only a direct appointment to nearly a million people in the various states to the owners of a large number of vacant stores, unused plants, idle trucks, all of which are the result of the failures. Those who have been forced into bankruptcy are those of a small number. Most of them will find a new chance.

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I am not only a direct appointment to nearly a million people in the various states to the owners of a large number of vacant stores, unused plants, idle trucks, all of which are the result of the failures. Those who have been forced into bankruptcy are those of a small number. Most of them will find a new chance.

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Investment Companies

These many companies are able to hire some of the finest financial brains in the country. Never since 1890 have the British invest¬ers been more successful in making such major injury because the investment business is still largely unexploited. I learned, and that is very much the reason why the American companies went through in this country years later.

U. S. Beginning

Now it has been a lucky development in this country. Prior to World War I, I was in England, and speculation would be a better word for that period) was conducted largely to the rich. Our participation in World War I and our pioneer service in the Arms of Liberty Bonds to millions of small investors, with our investment procedure completely. I personally recall it vividly, for during those Liberty Loan drives I was in the Boy Scouts and went from door to door in my town in New Jersey selling $50 and $100 Lib¬erty Bonda. I still recall that practically everyone I called on had to explain to detail what a bond was. I blush to think what my description must have been, for the bonds were sold.

Mr. Bullock, the founder of my firm, the late Mr. Calvin Bul¬lock, enters the picture. He had been a member of that famous bank for many years, having especially studied about telephone companies. He recog¬nized that the education of the Liberty Loan drives was opening a field of millions of small in¬vestors for the British managers. He obtained considerable information about American investors and then, in the year 1924, brought out his first investment company. Since then, for all practical purposes, we take the year 1924 as the year that marked the launching of the American investment com¬pany industry.

Mr. Bullock was not alone in sensing this trend, for several other foresighted individuals also

startred investment companies in that year.

Closed- and Open-Ends Started

In 1924

The year 1924 marked the be¬ginning of the so-called closed-end trusts and the so-called open-end funds of which there are several valuable reasons. The chief difference between the two is that the closed-end fund is continuously being of¬fered for sale by the company, while the open-end funds are sold only once. To the holder the stock is a closed great deal to sell the stand¬ing of investment companies. The fact has been that a member of the Securities and Ex¬change Commission stated that the growth of investment companies is probably one of the most im¬portant single developments in the financial history of the United States during the last 25 years.

I may quote from a recent re¬port of the Joint Committee of the Investment Bankers Association of America. "Shares of these companies would seem to offer an unusually high degree of protection of the in¬terest of the shareholder, particularly in periods of speculation or distress. The companies represented in this investment group are known to us as conservative in their investments.

Sufficient supervision of such a list requires a large organization. The best type of Investment com¬panies is a fairly large research staff. This staff would keep to their list of stocks abroad where they and their staffs would have been formed. In fact, in one instance, we have had an instance where the Banker, who actually had the responsibility of the investment of several hundred millions of dollars, and the list that was recommended to him for the purpose of investing the money, had been so thoroughly created and had made such a loss in the market that it was necessary to get through the medium of one of our American investment companies to make sure that the list was not going to be condemned to such disastrous results. It has been a well-known fact for many years now that there are a number of investment companies which have been fenced off in order to use the proceeds of the home market, and many of their sales abroad bring in the profits."

The first basic principle of an investment company is diversifi¬cation of investment, on the theory that 10 securities are safer than one, 100 safer than 10.

The second principle is continuous, experienced supervision. Some companies have been highly skilled and well in¬formed, cannot possibly follow the fortunes of 40 or 50 different companies in all the states as they are combined in any other class of security available.

The mutual funds have been given over the years various titles and descriptions, but the one that seems to have become generally accepted is the title, "mutual fund," because well, because whenever several investors have united themselves with a service that they want and that service is available there is the mutual enterprise. In the investment field, it is a very important development.

Varieties of Funds

There are many varieties of mutual funds. The largest group are those whose assets are invested primarily in common stocks, which are often described as orthodox "blue chips," or what are often called seasoned stocks. These are the funds which have been described by some of the leading journals and by the newspapers as "broad, diversified, balanced, conservative, sound, and successful." Others are more speculative and are described as "growth stocks." These funds limit themselves just to buying and selling "growth stocks;" others to preferred stocks, bonds, and high-grade corporate bonds; others to real estate and industrial funds; and a number of funds are restricted to steel stocks, chemicals, aviation, and aircraft industry funds. Since 1945 there has been a con¬siderable change in the so-called corporate funds, which are known as "broadly diversified." These are funds which at all times invest their money in varying proportions of bonds, preferred and common stocks. This type of fund is intended to furnish the investors with a diversified investment program in one stock certificate. There are in fact a number of these funds in Boston, Philadelphia, Min¬neapolis, and other cities, and in the principal cities of the country. Some of these are known to have a great many of them per¬haps 15 or 20 or more, and it is the companies with the very high standards that we are used to regarding for them. The directors of these companies are men of experience and distinction—lawyers, bankers, lawyers, engineers. Then there are the affiliated directors—professional investment fund man¬agers.

Up until the outbreak of the late great war, the group of mutual funds associated with was the Fortu¬nian Corporation, which had its origin in 1922. It was the former of the Mutual Corpora¬tion of America, which was the sum total of a number of different companies, and the funds are known as "Fortu¬nian trusts." There are in fact a number of these funds in Boston, Philadelphia, Min¬neapolis, and other cities, and in the principal cities of the country. Some of these are known to have a great many of them per¬haps 15 or 20 or more, and it is the companies with the very high standards that we are used to regarding for them. The directors of these companies are men of experience and distinction—lawyers, bankers, lawyers, engineers. Then there are the affiliated directors—professional investment fund man¬agers.

In the Commercial and Financial Chronicle, Thursday, April 20, 1939
When, of which these many types of security, would the investor purchase? That would depend, if it were to be, in part, a matter of estate or building up a college fund for your son's education.

We have found these accumulation plans particularly popular among military personnel who look forward to the future but want to have additional income or to take up the slack between their earnings and the reduced income from one's employment.

Who should invest, and who is the best investment? You need not be a member of the leading investment companies? Briefly, the young and the old, the poor and the rich.

The head of one of the leading investment companies research and church funds, hospital funds, pension funds, trade union funds, and so on.

They are being held in increasing amounts by institutions—insurance companies, securities companies, banks, as trust funds, endowment funds, or one who finds reading the financial page a chore, can buy a life insurance policy in this manner and achieve that wonderful condition—one of freedom.

The same for the very busy business man, woman, doctor, dentist, farmer, and so on, who never has time to give to his or her personal affairs.

Apology to the Elderly
Also elderly people who want to put their affairs in good order and secure a sum of money will have a lot of odds and ends of miscellaneous securities that might require a lot of time and expense in getting them together after death. Moreover, if the estate is of a lengthy period, the investments are still being watched and changed if necessary even after the legal custodians are under seal in a safe deposit box.

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For example, the assets of your company, while it may be worth many hundreds of thousands of dollars lying idle in the bank for many years, you are just the man to tell me what to do.” As he told me this story he referred me to a gentleman who could recommend a good investment company to you. In any case, I would assume the responsibility in a normal way, but do not put your eggs in one basket, or the one who finds reading the financial page a chore, can buy a life insurance policy in this manner and achieve that wonderful condition—one of freedom.

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Continued from page 2

The Security I Like Best

EDWARD R. HOLT
Partner, Newburger, Loeb & Co., New York, N. Y.

(Southern Pacific Co. Convertible Debentures 3% of 1960)

"What security is best for the future?" you might ask, "and what would be best to buy in today's market?" The answer would be far more important. It would depend on many unusual circumstances, the expectation for enhanced prices in value, a stable income, in fact, and, in turn, the stability of the business or down market. Thus a bond would be the natural selection for these requirements. I believe the bond is of great promise for future growth. Would not the answer be the Southwest Pacific Coast, Southern California—just the territory that the Southern Pacific serves. The road starts at New Orleans and, with many side branches, runs through Texas to Los Angeles, then up the Pacific Coast to Portland and down to Ogden, Utah. The Southern Pacific is one of the "Golden Rails" which connects New Orleans with St. Louis and the territory in between.

The new Convertible Debentures are selling on the New York Stock Exchange around 101 and yield 2.65% to maturity. Each $1,000 Debenture plus $100 in cash is convertible into 20 shares of common stock after the third year.

During the past five years, the Southern Pacific has posted a record growth in the years 1946 and 1947. In 1948, the company's earnings were $7.30 a share, which was the highest ever published, and in 1949, the company's earnings were $7.40 a share, which was the highest ever published. In this period, the company has increased its dividend from $1.00 a share to $1.50 a share, and the stock has increased from 100 to 125.

In the year 1950, the company's earnings were $7.25 a share, which was the highest ever published, and the stock has increased from 125 to 150.

I believe that the Southern Pacific is one of the best examples of a company that is growing and that is growing rapidly. The company's earnings are increasing at an annual rate of 10%, and the stock is increasing at an annual rate of 15%. This is a very attractive combination, and I believe that the Southern Pacific is one of the best examples of a company that is growing and that is growing rapidly.

As far as the security I like best is concerned, I believe that the Southern Pacific is one of the best examples of a company that is growing and that is growing rapidly. The company's earnings are increasing at an annual rate of 10%, and the stock is increasing at an annual rate of 15%. This is a very attractive combination, and I believe that the Southern Pacific is one of the best examples of a company that is growing and that is growing rapidly.

The Security Salesman's Corner

JOHN P. SATTERFIELD
Partner, Hoppin Bros. & Co., New York, N. Y.

(Standard Oil Co. of New Jersey)

Inasmuch as it seems to me to be difficult, if not impossible, to pick a good security at present, I shall strive to construct a "Security I Like Best," which I shall con¬

The question, "What is your favorite stock which you would be willing to invest in?" I believe that the Standard Oil Co. of New Jersey is one of the best examples of a company that is growing and that is growing rapidly.

The company's earnings are increasing at an annual rate of 10%, and the stock is increasing at an annual rate of 15%. This is a very attractive combination, and I believe that the Standard Oil Co. of New Jersey is one of the best examples of a company that is growing and that is growing rapidly.

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At a regular meeting of the Board of Trustees of Central Hanover Bank & Trust Company, New York, held April 11, 1931, Mr. W. E. McNeill, Jr., was elected to succeed William S. Gray, who became Chairman of the Board in 1928, as President and became a Trustee of Central Hanover in 1931. He has served as President since January 1923. He is a graduate of Princeton University, Class of 1919, and lives in Greenwich, Connecticut.

J. K. Olyphant, Jr., Vice-Chairman of the Board, was elected to succeed Mr. McNeill as a President in December, 1930, and is head of the Hanover Division in New York. He has been on the staff of the Bank since 1920.

The Board was appointed Trustee of the New York Trust Association, Inc., and Assistant Vice-President. The Board was appointed Assistant Vice-President in the American Bankers Association. It was appointed Assistant Vice-President on the Federal Reserve Board, the American Bankers Association, the New York Stock Exchange, the New York Stock Exchange, and the New York Stock Exchange.

At a regular meeting of the Board of Directors of the New York Trust Association, New York, held April 18, Henry A. Hackler and Roydall St. M. McNeill were appointed Assistant Vice-Presidents.

At a regular meeting of the Board of Directors of Bankers Trust Company, New York, held on April 21, Kenneth A. Hackler and Roydall St. M. McNeill were appointed Assistant Vice-Presidents.

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We Can Make Social Progress Without Socialism

Continued from page 18

The Commercial and Financial Chronicle, Thursday, April 30, 1900

The socialists claim that there is greater "security" in government ownership of industries than in private ownership, but the free-enterprise system which has regulated the values of the dollars we use in buying and selling has allowed us to get about 60 cents in our pocket for every 100 we spent. No private inquirer has the power—our future and our country's future is in our hands. As long as it is in the hands of the people, the problem of the government control of industries will be solved.

The control of labor relations is a major subject of socialist legislation. Under the Railway Labor Act, the government controls the relations of the railroad companies and labor. The act is designed to control labor relations. It does not prevent the employment of both employers and employees to deal with each other in the way that they see fit. It provides for the appointment of a board to work out agreements and to represent the representatives of labor and management in these matters.

In the eloquent words of William Jennings Bryan, "in our social life, in every infringement of human liberty, in every effort to enslave the individual, in every argument for the nation, the argument for the state, the argument for industrialism, the argument for government tyrants; it is the crooked lie of the socialist." No one can say that the socialists have not tried to show their ideas. The time has come for the government to take over the control of industries and agriculture, as I have tried to point out. Ever since the government began to take over the control of industries and agriculture, I have been trying to point out the unfounded claims of socialists and the necessity to control labor relations. As a matter of fact, the government should be the first to do what the socialists claim they want to do.

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first, to rely wholly on private force and, eventually, to be completely self-sufficient.

Social Progress Without Socialism

We cannot make social progress steadily without socialism. We cannot eliminate the requisition of our government for labor, work or play only with those who are willing to make peace agreements and self-discipline. Various companies and European enterprises are operated to perpetuate the reliance upon government force because the enforcement of such laws as are necessary to maintain the order of society and to inspire confidence is provided by governments for those contracts. The government who founded our government knew that all the tyrannical, it was the tyranny of the government was the easiest and the most difficult to destroy. If we would preserve our heritage of liberty we must preserve our system, not against foreign enemies but against the well-meant, mis-guided fellow citizens who would lead us into dependence upon a paternalistic national government.

That great liberal, Justin Barlow, expressed the opinion of the Supreme Court.

"Those who won our independence Without a just cause, to the satisfaction of the whole nation, and the submission of the whole people, can never be a permanent war. They valued liberty both as a principle and as a way of life. They believed liberty to be the secret of life and courage to be the secret of liberty.

If we understand that liberty is the secret of happiness, if we understand that liberty is the secret of freedom, we will reject the bribes and the appeals of the masses who are made by socializing politicians who promise us the specific security which is enjoyed by all peoples as wards of the government.

We will say those political seducers:

"Don't try to understand the nature of freedom. We can 

America provided one of the vehicle on which capitalism rode through its glorious Century of Progress. The British colonial empires on the Atlantic and the Mediterranean, the story. It creates chaos and confusion after the war. The new order that had emerged from the time being, Asia's de-European- peurization causes shortages in the developed world, reduces the outlets for industrial production. The British, who also, most valuable dollar-earning materials of both Britain and Holland are threatened.

In the longer run, the end of the colonial era may turn out to be a very important step in progress. But the "cycle" we are discussing may not be affected.

Dollar Shortage

Just a few words about the so-called dollar shortage which is being talked about. Suppose a road in bankruptcy goes on paying high wages, and the other wages, also, invests generically in new equipment, but does not pay out money to lubricate the payroll line, its liquidity position keeps deteriorating, and in the end, liquid and liquid reserves decline.

It is due to this picture, essentially the most Marshall Plan recipients, true, the ever-all dollar deficit will be reduced from a record of $7 billion after the war to some $3 billion this year. And it is sup- posed to be "stabilized" around this figure, although there is hope that is based on the wishful thinking of the present administration that it will cease price sequel of the devastation and the depression in the world.

If the international monetary crisis (and it is a simmering and explosive situation, we continue, we shall be exposed to unpleasant shocks. However, the discussions about the situation must come to an end. What then?

The new expansion in Europe's international accounts is due to the following factors:

1. The current accounts of Britain and the United States have already near rock-bottom, rather than arbitrage that supports to hard-money areas (financed in the form of capital). In many countries, the old, and even the clear, countries like Britain cannot eliminate entirely their balance of trade deficits, unless by reducing mass living standards in a revolution of how. Moreover, the United States imports a large volume of goods to increase imports, which will not be more than $10 billion, a sort of surplus. It is a one-half of that will start coming, a genuinely self-satisfied surplus of about $1 billion. The short, thoroughly the dead appear nearly all the agricultural fields. The result is visible already, in the agricultural industry in particular.

The foreign exchange controls. The foreign exchange controls were put in place by many countries to stabilize the exchange rate and to prevent speculative capital flows. These controls were also sometimes used to manipulate the exchange rate in favor of domestic producers.

Borrowing cheaply in Paris and investing high in return in the Latin American countries. The British, as a result, have become a major creditor in the Latin American countries.

Lastly, there are the large-scale problems of Western Europe and the American economic recovery. The American economic recovery, and most of Latin America.

But no doubt is left on any here today that the Soviet, the tempest is at hand. It is a question of time and not of determination which states are not im- possible to control and that even our friends mistrust us.

As that may be, the "cold war" is the first, the second, the third, the fourth, the fifth, the sixth, the seventh, the eighth, or the ninth. We are not the enemy of socialism. The enemy is the people who are against us, not our friends.

The political and economic situation, the economic situation. The political and economic situation is a complex one, and it is important to consider both the political and economic factors.

The economic situation is characterized by a high level of unemployment and underemployment. The political situation is characterized by a high level of political correctness and a low level of political freedom.

The economic situation is characterized by a high level of inflation and a low level of productivity. The political situation is characterized by a high level of repression and a low level of political freedom.

The economic situation is characterized by a high level of debt and a low level of savings. The political situation is characterized by a high level of corruption and a low level of political integrity.

Continued from first page...
Continued from page 3

**Business in the 1950’s**

try is due for one of its catalytic depressions.

The argument upon which their conclusion rests is that the cycle is now in the upswing stage of its rhythm. There are several cyclical theories of the depression type. One of them has a 3½-year cycle pattern. We have a 5-year cycle pattern, and there is a 2½-year cycle pattern, and a 4½-year cycle pattern.

Thurston and Diffie are no different, they believe, in the economic and business data. And if you compute the dates they figure all these cycle patterns, and you get a lot of different analyses.

If you have four component cycle patterns all converging at a low, in the same two-year period, you can imagine what that suggests to us about a depression.

In reading this I thought of a book that I know. I know business people who do not read a great deal, and who probably would be interested in reading it: Eat, drink, and be merry, for tomorrow we die.

No, to the meaning of the term. I would not argue that there are any evidences of this sort—each man, of course, makes up his own mind—towards the conclusion I have come to, these various lines of statistical, historical, and anecdotal evidence, and do not add up to a strong probability, I would say, as to a severe depression these years ahead. The evidence, I think, would be that a depression is not prehensive, is not sufficiently prefigured, to make us think of preparing ourselves to our this rather dire conclusion.

**Intelligence to Forestall Depression**

So, on the basis of the evidence that we do see for a depression, I would suggest that we recognize that there is some evidence that we do see for a cycle pattern which is not quite complete, and we do not have much evidence on the severe depression pattern. And I think you know the prevailing thought before the 1929-1933 depression. I think it undoubtedly was analogous to the 1950’s optimism; the strong statement—that the majority of people operating business, the business executives, that we didn’t need to fear a depression again. You know what we had from 1929 to 1933.

Now, a realization of the fact that on important occasions the public is not as enlightened as we think most of us would agree that it is better for people to have been taught a broad realization of the consequences of a given picture. I think, is one of the strong assurances that perhaps we can help to arrange for. And I have been fearful that it can be overdone, and fearful that the prosperity might run out.

I would be in a spot right here where in times past I would have thought it is not there. And I am not suggesting that it is because we think it is not, I just don’t think it is appearing just now. But it may appear some day. I wish we could in some way get the leadership to realize that the cycle is very much in the stage of severe depression is made, as I believe.

I think it would be very wholesome, therefore, if business, government, and all of us understood that if there are periods of much in the way of a depression is a very dangerous position and expansion of an unwholesome sort, which is just about to hit at a time we are in severe depression is made, as I believe.

We have had trouble in the downturn in 1920 and 1921—the downturn was very severe—there was a fairly general opinion that was left. But it is a very dangerous concept, I believe, to get the notion that economic conditions can actually be forestalled. There are three main supports for the view that we are in a depression; one for some, some say, and then there is danger of blowing the prosperity to a great, much indiscutible—certainly that severe depressions were a thing of the past.

**World War Changes**

There have been major changes in the economic and industrial pattern of World War I. We had begun to be aware of a debt burden. We, as a nation and government, have been paying this debt burden. The debt burden has been a part of the way of life in our country, and the government and the people are aware of it. It is a very serious concept, I believe, to get the notion that economic conditions can actually be forestalled.

I think that perhaps the most important change in the economic situation in this next decade may consist of the possibility of a much more rapid rate of prosperity. There are three main supports for this view that we are in a depression; one for some, some say, and then there is danger of blowing the prosperity to a great, much indiscutable—certainly that severe depressions were a thing of the past.

**Europe’s Collapse Problem**

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The State of the Trade and Industry

plan down as being inadequate on other grounds. A company that is the subject of a liquidation, reorganization, or reorganization funding plans, one like Ford's, another similar to Bethlehem Steel's, is the result of a similar trend. The results are distinctly favorable.

STEEL OUTPUT SCHEDULED AT 10% OF CAPACITY—GREATEST IN HISTORY OF INDUSTRY

More price advances in the scrap market this week forecast a possible further gain in the steel market. The move, which is significant in that the previous advance in the "Iron Age," national metalworking weekly, states in its current summary, is the first in the steel trade. An analysis of scrap prices and activity reveals the following salient features:

(1) Steelmakers expect their operations to remain at a high level for the next several weeks; (2) the scrap market is good and is expected to get better. (3) The sales outlook for autos, steel cars, and construction activity is improving in line with steel in concert with its execution. Steel is one of the strongest props supporting the scrap market, the magazine adds.

This week "The Iron Age" steel scrap composite again moved to a new high ground for the year, rising $c over last week's figure to $25.82 per gross ton.

The conversion market the present week is stronger than it has been for many months; it is even now to last longer than anyone would have predicted a few weeks ago—well into the third quarter, states this trade authority. A common conversion arrangement is calculated to cost the mill plus the cost of scrap.

Steel business is so good this week that some sales executives are warning their sales teams against overconfidence. They fear buyers may lose interest in the Third Week, a fact that shortens but they just want to make sure. Even the more cautious say that the business is going to be a very good year for steel.

Steelmaking operations are currently scheduled at 100% of rated capacity. If maintained, this rate will yield 1,800,000 tons of steel. This compares with approximately 110,000 tons of steel output in the month of January, a rate that was almost 100 million tons, this means that production records are being broken. The steel market is not staying in the scrap market.

Demand for steel is strong in all areas, but it is strongest in the Midwest—stemming from the Chicago and Detroit industrial areas and the "Iron Age" composite.

The American Iron and Steel Institute announced this week that the operating rate of steel companies having 90% of the total production of the entire industry will be 100% of capacity for the week beginning April 17, 1950. This is an advance of 2 percentage points over last week's rate of 87.7%.

The scheduled rate of output this week represents the greatest reduction in the history of the industry, and consists of this week's 88.2% of the tons produced during the week ending April 10, 1949, when the industry's capacity was lower and operations were at 79.7% of operating capacity.

This week's operating rate is equivalent to 1,563,690 tons of steel ingots and castings for the entire industry compared to 1,641,000 tons for the same week of last year. And for the two years ago.

ELECTRIC OUTPUT CONTINUES SEASONAL DECLINE

The amount of electrical energy distributed by the electric light and power industry for the week ended April 15 was estimated at 19,462,000,000 kwh., according to the Edison Electric Institute.

Sales of electrical energy were 9,371,000,000 kwh., or 6% below the record level for the week ended April 16, 1949, and 7,762,000,000 kwh., or 6% below the same period in 1948, in excess of the seasonal decline in the heating season, which began two years ago.

CARLOADINGS OFF 2.5% IN LATEST WEEK

Loadings of revenue freight for the week ended April 8, 1950, totaled 700,129 cars, according to the Association of American Railroads. This was a decrease of 20,224 cars, or 2.8% below the preceding week.

The weekly total also represented a decrease of 75,655 cars, or 7.6% below the corresponding week in 1949 but an increase of 17,195 cars, or 2.5% above the comparable period in 1948, when coal traffic was by far the largest source of revenue freight.

AUTO OUTPUT MOVED INTO HIGHER GROUND POST-PERIOD

According to "Ward's Automotive Report" for the past week, motor vehicle production in the United States and Canada advanced to an estimated 147,657 units compared with the previous week's total of 133,172 (revised) units.

The weekly total was 14,485 cars, or 10.8% above the corresponding week in 1949 but 8,800 cars, or 5.7% above the average weekly total for 1948, when output was by far the largest source of revenue freight.

BUSINESS FAILURES DECLINE SLIGHTLY

Commercial and industrial failures dipped to 291 in the week ending April 8, 1950, compared to 306 in the preceding week, according to the New York City, street, observed. Despite this slight decrease, casualties exceeded the 180 and 101 which occurred in the comparable week of 1949 and 1948. Continuing below the previous level, failures dropped 36% from the total of 313 in the similar week of 1939.

WHOLESALE FOOD PRICE INDEX PERKS UP AFTER SHORT DOWNSWARK REACTION OF PREVIOUS WEEK

Following the sharp decline in the wholesale food price index, compiled by Dun & Bradstreet, Inc., moved 1 cent higher last week to stand at $5.75 on April 11. This compared with 541 points recorded at this time last year. A year ago, the index stood at 157.

WHOLESALE COMMODITY PRICE INDEX CONTINUES FORWARD TREND TO NEW HIGH FOR YEAR

Continuing the mild upward movement of the past few weeks, the weekly index of wholesale commodity prices, compiled by Dun & Bradstreet, Inc., rose to 253.80 on April 10, a new high for the year, 14% above the previous peak at 225.14 a week earlier, and with 253.97 at this time last year.

Although daily price movements were relatively small, gradual but steady, the index maintained its strong and finished with moderate net advances.

Offerings of corn remained limited; prices rose steadier with current quotations the highest since last September although still well below the government low. Oats reached new highest for the year, $1.17, on April 9, three cents above the volume's 253.14 a week earlier, and with 253.97 at this time last year.

Continued dryness and reports of dust storms in southwestern Winter wheat areas resulted in further gains in wheat prices.

The Department of Agriculture issued its second Worker wheat crop forecast last week, showing a drop of almost 14% in the estimated yield between Dec. 1 and April 1.

The wheat crop is expected to be down after the past week but better developed a weaker tons under an accumulation of offerings over the week-end. The wheat crop was estimated at 1,025 million bushels, and the volume of bookings considerably below mill capacity. Trading in cocoa was comparatively light and prices slightly to slightly steady for the week. There was a rise in the price of wheat compared to the week but little change in the market.

Domestic cotton markets continued strong last week, the New York spot quotation showing a rise of 33 cents for the period.

Strengthening influences in prices last week included consistent export price-fixing and renewal of mill price-fixing. Profit taking and the advance in London led to an increase in quotations in London and a fall of 12.5 cents.

RETAIL AND WHOLESALE TRADE REFLECTS MODERATE SEASONAL DECLINE IN POST-ESTER PERIOD

Retail trade in goods for the week ended last Wednesday in the period ended on Wednesday of last week. Total volume was no longer sustained by the Easter impacts of the previous week and dropped slightly below the level of the comparable week in 1949, Dun & Bradstreet, Inc., records in its weekly summary of trade. Unfavorable weather in scattered areas served to hinder sales somewhat.

The dollar volume of apparel was maintained at the previous week's relatively high level as a general interest in Spring buying carried over from Easter.

The demand for women's accessories also rose, as did that for some types of clothing, the purchase of sweaters, and to a lesser extent, of women's coats. Women's coats rose on these modest gains in the less favored communities. Men's Spring suits were on the increase in almost all areas.

Shoppers at the nation's food stores spent slightly more on canned and dried items than in the week before.

The season's second snowfall of May in the week, but it was about even with the high level of a year ago.

Total retail dollar volume for the period ended Wednesday of last week was 1,024,803,000 higher than the level of a year ago. Regional estimates from the levels of a year ago by these percentages:

New England, South, and Northwest—4.2 to +4; East 1 to +4; Midwest and Pacific Coast +1 to +4; and Southwest 0 to +4.

With the climax of the Easter buying season, wholesale dollar volume declined moderately during the week. Total order volume was slightly below that for the corresponding week a year ago. There were fewer buyers in attendance at wholesale centers than during the previous week, and slightly more than the similar 1949 week.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended April 8, 1950, showed no change from the like period of last year. The same held true for the preceding week. For the four weeks ended March 31, 1950, there was a drop of about 6% above the comparable period a year ago, but for the year to date show a drop of 2%.

Retail trade in every week of the year compared unfavorably with that of a year ago. Estimates placed sales of department stores at close to 26% under the 1949 level for the corresponding period.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period to April 8, 1950, fell 4% from the like period last year. In the preceding week a decline of 4% was also registered from the similar week of 1949. The 1950 level was 7% below the 1949 level, as 3% was reported from the like week of last year. For the year to date volume decreased by 5%.

真正做到自然语言阅读理解，将文本转换成人类可读的形式。
hollow mockery of much of what is being done in the name of public welfare.

Expensive Packages Artfully-Bound

Probably the major difficulty has been found in the fact that so many measures have been so devised that large blocs of voters appear to be- obtaining benefits at the expense of others in the population which have few votes. It is relatively easy to attract a large farm following by promising schemes which appear to be good. It appears, under existing circumstances to be about as easy to prevent it from costing votes in other quarters by the simple technique of changing the word "financing" as being designed in part at least to the benefit of the political party. It is possible to illustrate the same principle abound, and would be listed here if space permitted. Meanwhile, the public has been kept in ignorance of the difference on the principles of sound fiscal management.

Now, we recognize that it requires great political courage to stand up against such cleverly arranged packages of maneuvering as this. At the same time it is difficult for us to believe that these more courageous tactics would not be more profitable than the "me¬ too-ism" of recent years. We should like to see the saner elements meet this campaign strategy of President head-on.

Continued from page 9

What Kind of Monetary System Does Business Really Want?

As We See It

As a sounding board to launch the drive—if indeed it had not been launched long ago.

Two Chickens in the Pot, Again!

Strongly reminiscent of the time that the Republican party had only two chickens in every pot and looked forward to the day when one chicken would be two. The present situation is very similar and equally suggestive of the more recent occasion when President Roosevelt announced that "we had planned it that way,＂in other words, that Congress had voted a "killed cock robin this time. Unfortunately, custom forbids quoting the President on such occasions, but according to the New York Times, which, of course, had its representa
tive at the conference, here is a close paraphrase of what the President said:

"The first five years of (the President's service) had been rather difficult, but the country was still on its feet. He could not have there was anything serious the matter with the country as a whole. In fact, the first five years after the worst war in history had been easier on the country than any previous year. Of course, this would have taken place even if a moron had been on the job, according to some press reports (sardonically). But the President thought that he could take credit for it and that is what he is doing today."

There was more of the same sort. The President's Council of Economic Advisers rather conveniently notified the President and the world the other day that business had been definitively better in the first quarter of this year than during the last quarter of 1948, quoting estimates of "national income" to substantiate the thesis. Secretary of Commerce goes so far as to suggest that the Council one further reason why business is better that he is very, very confident of the remaining months of this year. And so it may be said that the Admin¬ istration's view of the "national income" in Western Europe is essentially not a question of the restoration of the "national income"—is the problem of the national debts, enormous in the United Kingdom, and if less intractable in other parts of the world, less intractable conditions of Western Europe, at the moment.

And that enables me to say, straightaway: that I regard the remarks that the dollar problem does not exist in any real or scien
tific sense of the word, as a grotesque over-simplification of the problem. Of course, it is true that if Western Europe had no dollar problems, there would be none from the United States and, therefore, no dollar problem at all would be exactly that particular approach to the problems that is exactly the problem. It is at least true that the balance of payments al¬ ways has been in the country.

The Real Question

The real question is at what level at what standard of living will the balance of payments bal¬ ance, and what kind of standard of life would arise in Western Europe if the dollar gap were bridged by the simple experiment of buying nothing from the dollar area.

However, in the hang¬ over problems of the war is un¬ doubtedly the most difficult of the economic strength of various national economic relations, and associated with it, is the dis¬ tortion of the price, and income, structure of the nation, and the countries, produced as a conse¬ quence of the war's in war suffering.

For example, in France, in Italy, in Germany, in Austria, in the United Kingdom, the degree to which prices in such countries have been in¬ fluenced there has been a very serious question as to the inter¬ relations as expressed through the exchange rate. The political and social price and income structures of these particular countries.

Whenever there is a problem of whether or not further brutal devaluations will be necessary, as in 1950, and whether a further group of devaluations would become necessary in the course of the next few years.

And the third of the hangover problems, one of the simpli¬ fication of which, I think, has been almost forgotten in the last two or three years, is that there is really an immensely intractable one—is the problem of the national debts, enormous in the United Kingdom, and if less intractable in other parts of the world, less intractable conditions of Western Europe, at the moment.

Well, that is the first group of problems. The second group of problems are those which arise, as I have already said, from the almost general acceptance, which is given in this modern world of certain types of social philosophy. Now, what are these types?

Types of Social Philosophy

They have nothing to do with the larger problems of the "law-abiding" citizen-farmer against man, or things of that ilk, by which I mean newspaper and political debate. They have nothing to do with the ex¬ penses of the government.

The first element in our postwar society which is based on the acceptance of the welfare state, even in this country of individualism. Does that mean that? That means that the organized public is not only a power, but a power that can be cut through, can be handled out, day in day out, weeks in and weeks out, some of money to certain of its designated citizens on pretenses and excuses, and on and on. The expenses which may be good or bad. Now, which of this mean? If.

In a community let us say, a community like the United States, the United States Government accepts the responsibility of handing out money for the employment, insurance benefits, and the things of the sort. It can be said, I think, that in certain circumstances that certain of the future value of money.

Insurance, I notice, I spend a good deal of time arguing about the various kinds of invest¬ ment in which insurance funds can be placed, but I am not sure that it is the fundamental issue both for the state and for the taxpayer, and for the man in the street, and for the world. What is money going to be worth in the future? What is it going to be worth in the future from the monetary point of view. I don't talk in the least about any
the corollary to the adoption of an exchange control is the universal
ex-
the individual's reaction to the policies of the central bank, namely the black market. Many of the problems of the hangover problems is continuous the idea of the dollar in the United States people are cleared the budget by the resort to the central bank, and if bondholders and in-
vestors were willing to 0 to $75 million January, this is ex-
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Fantasy of Figures—Responsibility of Accountants

often of a portentous sort," are made from these statistical data. At this time, therefore, when industry grew from a typical small-scale operation to a billion-dollar corporation, bookkeeping methods immediately began to represent physical events. These bookkeeping figures became "accounting" because they represented double-entry bookkeeping. In later years, it became apparent that accountants were not responsible for double-entry accounting practices. It was the management responsible for the accounting practices. This regard for their data's reliability among the owners, understanding it was not only the responsibility of management to see that huge earnings and dividends were not overestimated. Even this hazard was eliminated by the use of conservatism in a day and night, dividends were preferred to profits. This brought us to the question of how the SEC was functioning. It is supposed to be protecting the stockholder against all important information is published. "accepted accounting practices," millions of dollars were added to the income statement at one time and taken out at another. Many people believe the only integrity and sense of responsibility is that an accountant would not keep rigidly honest by the most approximate figures that are possible, opportunities of an irresponsible director, or a friend of a director, would be under the same conditions. He would be aware of the directors of the company's stock; watch fictitious profits pile up and the amount of the directors were then ignored.

"In the first half of 1949, Armour experienced an inventory price decline of $27 million, Mr. Specht explained.

"Our LIFO reserve cushioned this drop to the extent of about $8 million," he said. "In other words, our inventory was at a LIFO credits amounted to about $10 million. Armour held LIFO position as large as Swift but the chief difference of $10 million in our first half shows. On a rising market like 1948, Armour's earnings looked very well, Mr. Specht said, but when the markets go down, if you have a very limited LIFO base as Armour does, it's a very slippery slope.

Two companies in the same industry using different inventory accounting methods invites comparison, Mr. Specht suggests. The reported net income for these crucial years was as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Company</th>
<th>First Quarter Net Income</th>
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<tbody>
<tr>
<td>Oct. 27, 1945</td>
<td>Armour Swift</td>
<td>$3,200,000</td>
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<tr>
<td>Oct. 24, 1949</td>
<td>Armour Swift</td>
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*These are the figures presented to the Securities and Exchange Commission...\n
Firms that have been made responsible for the accuracy of their financial statements have two departments, one for sales and one for costs. The sales department has terrific pressure to make the numbers look good; while the cost department has the same problem. In many firms, however, the only pressure comes from the sales department. The problem is that the sales department has the most to lose in terms of commissions and bonuses. The cost department, on the other hand, has little to lose since they are not directly responsible for the numbers. The result is that the sales department is often willing to sacrifice accuracy for the sake of improved earnings. This problem is especially acute in firms that operate in volatile industries where the pressure to meet earnings targets is high. In such firms, it is not uncommon to see managers make adjustments to the financial statements in order to meet the earnings targets. While these adjustments may be legal, they do not reflect the true financial performance of the company. This is a testament to the need for strong internal controls and effective communication between the sales and cost departments.

He added that he was aware of the directors' activities and the fact that the earnings were ignored. He commented that the earnings were not too bad, but that the directors were not very interested in the company's affairs.

"If you look at the earnings figures, it's very difficult to see anything that is a matter of concern," Mr. Specht said. "The earnings were not very bad, but the directors were not very interested in the company's affairs."

"I think the directors were more interested in other things and that the earnings figures were not very important to them," Mr. Specht said. "The earnings figures were not very important to them, but the directors were not very interested in the company's affairs."

He added that he was aware of the directors' activities and the fact that the earnings were ignored. He commented that the earnings were not too bad, but that the directors were not very interested in the company's affairs.
freeing prices in the face of falling consumer and capital costs. Consumer goods industries have cut costs and in some cases have maintained an abnormal profit margin. This large margin is not sustainable because, when prices are cut, the drop in demand will therefore be met from inventories. As stocks are reduced, prices will rise again.

4. The stockmarket and economic confidence. The market for stocks has been characterized by a remarkable stability. There have been no major price declines and the yield on stocks has been generally stable.

5. The labor market. Labor market conditions have improved significantly over the past two years.

6. The housing market. The housing market is improving, with a decrease in the number of foreclosures and an increase in home sales.

7. The credit market. The credit market is improving, with an increase in lending and a decrease in loan defaults.

8. The monetary policy. Monetary policy is supportive of economic growth, with low interest rates and easy monetary conditions.

9. The government policies. Government policies are generally supportive of economic growth, with fiscal stimulus and easy monetary conditions.

10. The global economy. The global economy is improving, with an increase in trade and capital flows.

In conclusion, the economy is in a strong position, with a high level of confidence and a strong outlook for the future.
Tomorrow's Markets
Walter Whyte Says—

By WALTER WHYTE

Now that the television stocks have zoomed and the averages have set a new high (215.3; 7 rays, April 14), the outlook's hopeful again and optimism is running high. At least that is the common belief in the two rooms, according to my undercover operatives.

I hesitate to throw a damper on such enthusiasm. For one reason, wild optimism can carry stocks beyond any measurable heights; for another, a cautious finger in the face of public enthusiasm is likely to be reversed.

Still, when all the chips are down, the mob psychology, which so often dominates prices, has to be ignored for a cloudier outlook ahead. For the past few weeks I've written here that the familiar averages indicated a place somewhere between 211 and 225. These statements were made in the face of reactions, mavens and matter-of-fact nomena common to the begin-

Now that the market has managed to get up to the top figure of the previously mentioned industrial range, the sentiments have changed. I'm not trying to tear anything down or deny anybody else's theories. But from where I sit this looks like the time to lighten up—rather than increase accounts.

This doesn't mean that a bell-ringing run and things are going straight to pot. On the contrary, stocks may even go so much higher before they start turning around. But just as I can't pick the bottom eight so I can't pick the top fraction. If, by chance I do, it is an accident and not any skill. Of course if readers would like to think this admission is over-modesty, I can bow low and take congratulations with the flowers.

* * *

Seriously, however, it might be pertinent to men-
clude that the industrial in-


tinstalled a new high, the rails have done little more than level off. According to Dow Theory, such lack of confirmation indicates that the bull market that started in June 1969 is still intact. It doesn't point to any set-

back. By the same token a picture completely con-
firmed by the other cannot be construed as the beginning of any new dynamic bull swing. On the contrary there's something ahead that spells if not danger then cer-

tain caution.

* * *

Cooper-Bessemer broke its stop of 24 and you're now out on the face of it, crossing its profit-taking 18 1/2 and point is now about 29 1/2. Some months ago I recommended that those purchasing the eighth of a point be still in for a long-term speculation. Since its original mention I've recommended that you hold on to it. If you still have it, hold on.

(The views expressed in this column are entirely my personal time in character with those of the Chronic.) They are presented as such only.

Denver Bonds Offered
By Otis & Co. Syndicate

A syndicate headed by Otis & Co., Inc., is making public offering of $3,700,000 City and County of Denver, Colo., 3% off-street parking and 3% revenue bonds, as follows:

$500,000 non-callable 3's, due April 1, 1961 to 1980, incl., at prices to yield from 1.90% to 2.25%, maturing in 24 1/2 years.
$2,412,000 3's, due April 1, 1961 to 1979, incl., and callable beginning April 1, 1974 at the price of 102, are priced to investors from 2.19% to 2.30%, maturing in 19 years.
$700,000 3's, due April 1, 1980, and callable beginning April 1, 1955, at par, are priced to yield 2.19%.

The bonds are payable solely from revenues of the off-street parking facilities and have been approved as to legality by Pershing, Bowkow, and Denver, of Denver.

Ge. St. Germain Bonds
(Special to The Commercial Chronicle)

SPRINGFIELD, Mass. — WILLIAM J. WEBSTER, president of the American Bankers Association, said that the problem of lowering the price of gold and the pressure toward tax and bankruptcy may not be all around as they were to the gravity of this whole, that is, the mental dei-
manship and courage to so legis-
bate that the gold standard was a patriotic measure of self-financed, political expense of their public.

Bankers and insurance execu-
tives at the conference will not muster all the influence they can to persuade the increasing political leaders and save what will be left of the American dollar will in a political of their trust. They must bring pressure on their depositors among the public and voting voting—loyal officials, white, or.

Soom averse to forestall demon inflation of their work. Work is already a long on the road in its journey to destroy the hard-earned accumulations of American people. Only—our elected representatives—have this power and they must the power and influence to force the bills.

In 1939 the American dollar was worth one hundred cents. To-day, therefore, is wholly lost in the hope of a gold standard that is indeed, in the direction of more inflation. The reasoning has been that the power and influence that created the American dollar is now the public deficit increases the purchasing power of dollars.

The American way of life can be maintained with the chaos and the dictatorship that will follow bankruptcy. American citizens will not willingly accept the establishment of a totalitarian state in the United States. If it is they can increase its power, but the government will be reduced to dictatorial stage. All, after a dictactor is only a receiver for a nation gone bankrupt, a receiver for a moment. The men who now control the nation will not sit back and see Europe or America fall into power at the breakthrough of solvent governments. Their ad-

The promise, even though through economic exhaustion, the parent.

* Why it was that the Black Shirts were able to march upon it. However, without resistance and take over government. It was Italy's duty that she had done it. It was not until the German gov-

* * *

In the hands of our elected repub-
cians, the fate of the Lord for the ballot box. Use, it fellow Americans. Vote to re-establish the gold standard. Gold is a gift to the world from an all-

This is the great tragedy that can happen to America. We say, it can't happen here. Here are the resolutions to force that resolution into reality.

As the dollar decreases in pur-
purchasing power, the Federal spending, those politicians responsible for the political czar, will be in the majority, disregard the constitution to guarantee the gold standard. When those protective provisions are ignored, a state of bankruptcy will be left to save.

One hundred and ten years ago Daniel Webster, in a eulogy for General Washington, said:

"Other misfortunes may be borne or their effects overcome; but disastrous war would sweep away our commerce from the ocean, another generation may renew it; if they exhaust our treasure, future industry may replenish it; if it desolate and lay waste our fields, still under a new cultivation they will grow again; and in the future, a more thrifty spirit; it would be a trifle; even if the walls of yonder hospital were to tumble. Its lofty pillars should fall and its columns be crushed; it would be restored by the dust of the valley; all of them, if the present, may yet shall reconstruct the fabric of de-
molished government? Who shall reorganize the columns of constitutional liberty? Who shall provide the skillful architecture which unites national, municipal and individual rights, individual security and public prosperity? No, if these columns are to fall, let them fall not again. Like the Colosseum and the Pyramids, the gold standard is destined to a mournful and mel-

ments of a more glorious edifice than Greece or Rome ever saw—the realization of constitutional Amer-

85 Million Savings Bond Owners
(Radio and Television

cines of a bond-owning government, millions

1 for each $1,000 purchased and $75 invested ten years ago and the purchaser is ten years older. A study of the figures in this section consideration, not the least of which is that it indicates how many people can have returned to the endowment fund has put into its keeping in bond pur-

100,000 on the same $5,000 put into its keeping in bond pur-

The printing Press
And the Treasury

Continued from page 13

The Commercial and Financial Chronicle, Thursday, April 30, 1959

Pacific Coast Securities
Orders Executed on Pacific Coast Exchanges

Schwabacher & Co.

Members
New York Stock Exchange
New York Cotton Exchange (Associate)
Chicago Board of Trade
14 W. Washington St., N. Y. City
300 California St., San Francisco
422 Market Street, San Francisco
Santa Barbara, Calif.
Press-Telegram, Los Angeles

SPECIAL CALL OFFERINGS
Per 100 Shares Plus Tax

Int. T/L 5 1/2's
Corey...% 5 1/4's
Kanpy...% 5 1/2's
Kasuga...% 7 1/2's
Coca-Cola...% 8 1/2's
Coke...% 15 1/8's
Ben...% 10 1/2's
Kirkman...% 12 1/2's
Hepburn...% 7 1/2's
Studebaker...% 7 1/2's

THOMAS, HABER

Members
Ful & Cubie Brothers & Victor, Inc.
50 Broadway, N. Y. 4, Tel. 584707

58}
Mining Industry Must Retrench

Continued from first page

consumer demands for raw mate-
rials are seldom fully recognized.
The violent fluctuations of metal prices, so
often a feature of the industry, have re-
lected this and full adjustment has not
yet been realized. In the present uncer-
tainty of war and peace, the mining in-
dustry must be prepared for a period of
retrenchment.

The Pressure on High-Cost
Operations

I appreciate that you are not very
concerned for those who are mining
non-ferrous ores to realize that it is a
bright, but meanwhile they may go as
high as they can. There is not a
some operators in the high-cost
category may be unable to escape the
pressure of economic events. The
postwar stockpiling program
both the uncertainties of the industry,
12
strated action before the backlog
of orders is cleared, and the possibility
that metal prices will decline again.
Procurement for the stockpile at the
Federal Reserve Bank of St. Louis
15
pends on shipments of metals to
cover part of the 1948 deficit, which
is materially lower than the
1947-1948 levels. Such shipments have
been lower than expected, and the
1948 deficit is likely to be higher than
expected. The high-cost mining in-
dustry must be prepared for a period of
retrenchment.

Stockpile Difficult

It might be supposed that
stockpiling is continued in such a
fashion as to increase the demand
and give rise to surpluses or sudden
collapse. Unfortunately this is not
true. The high-cost mining industry
stockpile does not have the power to
stimulate the mining industry. Parenthe-
tically, the stockpile may be useful in
supply of strategic materials for
national security. The high-cost industry
is not able to develop new mines
that would be obvious to all of you that
an economic development is not
balanced at all times: it is undesirable
for there to be an excess anywhere.
National security must be taken into
account in all decisions. An improper
allocation of resources would be
harmful to the overall economy.

On the other hand, the active
and producing domestic mining in-
dustry is a major national strength and has
been so recognized by the
federal government and the
public. Unfortunately, the high-cost mining
industry has never had a good
reputation. This is a fact that
cannot be overlooked.

The mining industry, however, has
reduced the demand for the
higher cost units of the
metallic mineral industry.
In some cases this has come
about through increased
production costs, which is a factor
that has contributed to the
depression of the metal
mining industry.

Congress Against Subsidy

The only legislative solution so
called is the Congressional
problem of affecting the
higher cost units of the
metallic mineral industry.
It is necessary for me to
tackle this subject with
sufficient care, as the
problems that have arisen through
changing requirements,
the need for such a pro-
gram of assistance is
recognized by those of us in government
who are familiar with the problems
of the industry, and also by those
who have been made possible within
available authority. Unfor-
tunately, when stockpile
objectives have been
impossible to close the
distorting operations—quicksilver and ant-
imony mining.

A Sick Industry?

It has been stated repeatedly
that the mining industry is a sick
industry, beset with many problems
which require drastic treatment. For
most mineral producers, the high cost
industry is a sick industry and will
be said to be become sick as the
mining industry must be prepared for a
period of retrenchment.

Parenthetically, as
be a sick
industry, precious metals are
not likely to return to their
dramatic increase in the
value of precious metals, which
are currently at a
record high.

The mining industry
is still in the midst of
the depression of the
1930s, and the
industry
is not likely to
return to its
dramatic increase in
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metals, which are
currently at a
record high.

Marshall Purposes

In numerous sections of the Economic Cooperation Admin-
istration report, the importance of the mining industry
is evident. It is crucial that the mining industry
be protected from the
industrialization of the
world, which is a threat
to the stability of the
world economy.

Recent developments by the
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### Indicators of Current Business Activity

#### AMERICAN IRON AND STEEL INSTITUTE:

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<th>Latest</th>
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<th>Month</th>
<th>Age</th>
<th>Year</th>
<th>Age</th>
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<td>95.5</td>
<td>96.4</td>
<td>96.4</td>
<td>96.4</td>
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Steel ingot and castings (tons net):

| April 23 | 1,960,760 | 1,945,300 | 1,935,200 | 1,944,000 |

#### CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWSPAPERS:

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#### METALS AND MINERALS:

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<th>Age</th>
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<td>6,750,000</td>
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#### COMMODITIES:

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#### OIL AND PAINT AND DRUG REPORTER INDEX—1936-36

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#### CEMENT AND POTASH:

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#### COTTON:

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#### COAL:

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<td>135,116,000</td>
<td>134,854,000</td>
<td>134,694,000</td>
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#### SHIPMENTS:

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#### BUSINESS INSTITUTIONS:

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#### BUSINESS INVESTMENTS, DEP. OF COM.: SERIES A—Month of Feb. (millions of dollars): 

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<tbody>
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<td>8,297,615</td>
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#### COMMODITIES:

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<td>214.3</td>
<td>213.4</td>
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#### MUNICIPAL BOND RATING:

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<th>Month</th>
<th>Age</th>
<th>Year</th>
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<tbody>
<tr>
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<td>130.2</td>
<td>130.3</td>
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#### MUNICIPAL BOND RATES:

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<td>210.1</td>
<td>207.9</td>
<td>205.7</td>
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#### NEWSPAPER:

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<td>710,352</td>
<td>708,842</td>
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#### MEXICAN TRADE:

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<td>217,000</td>
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#### GOLD:

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#### BONDS AND SECURITIES:

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<td>135,586,000</td>
<td>135,324,000</td>
<td>135,062,000</td>
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#### BUSINESS INSTITUTIONS:

<table>
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<td>5,234,769</td>
<td>5,219,421</td>
<td>5,204,073</td>
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<tbody>
<tr>
<td>650,125</td>
<td>620,994</td>
<td>611,864</td>
<td>602,735</td>
<td></td>
</tr>
</tbody>
</table>

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date.
Continued from page 5

Observations

Then comes this contradictory and meaningless clause: "This negligence is all speculation, all investments for an uncer-
tain and doubtful market." At the very least there should have been included a definition of what was intended by this phrase. The different men of discretion and intelligence do not in their own affairs "speculate" in the same way. This classic opinion then goes on to say: "[This necessarily excludes] of course everything that does not take into view the general condition of the country and the consequences of a mistake in the selection of the investment to be made."

The Practical Effects of Vaguity on Investing

The above-mentioned indefiniteness and disclosed lack of clarity implies the absence of precise thought, yet a real key to forecasting the coming effects of the broadened powers granted to banks is, so to speak, the ability to predict what the bankers will be doing. This ability to apply the term to the investment field, shares the jurist's and laymen's unhappiness in not really giving the concept a utilitarian meaning somewhere between conventional, respectable, blameless, and following-the-crowd.

A real and very effective aspect of the coloration of prudence on the legal inhibitions surrounding the considering of respectable investments in bank stocks and other securities outside the legal list by the 21st State, to be in the situation of the 1947 Blue Chip-In in the stock market. It will undermine value-analysis as the guiding principle in portfolio choosing, and the existing over-emphasis on "liquidity." It will further the existing Fubâris, which is also big money, because more will always be other buyers on whom subsequently to unload.

Aversion of Liquidity

Confirming the prevailing liquidity-preference, or more truly liquidity-scarcity, may be a function of the recent New York State legislation in throwing property out of the new law and into the convention. The aversion of the attraction of the liquidity element, and not factors of value or risk, must have been the determining one in making the hard-and-fast law of avoiding against property and in favor of exchange-listed securities.

Blue Chip-In Everpresent in Fiduciary Functioning

This implies no reflection on the New York or Massachusetts type of fiduciary in its present legal status, if the record of the event is to be entirely taken as the exercise of the fiduciary function through any investment. To be sure, the truism that the "I want more" and the "I want faster" is this basic principle for the industries, of which it is also a function, and may follow the lines of least resistance, and to lose the money respectably. This playing-it-safe situation is controlling wholly institutional situations in the market as it is otherwise wide in its application, notably in the case of British banks and other fiduciaries. Even in the case of trusts, here equity investment is permitted without qualification as to quality or amount, but the fiduciary in his commodity is not how far its demonstrable hard-boiled value may exceed its market price. A fiduciary's job is at the very least to avoid the escape into window-dressing with the "unexceptionable" quality of the "blue chip" in the market, wholly irrespective of their degree of genuine value based on earnings and assets.

Conventionalism's Precedence Over "The Golden Rule"

Prudence as an adjuvant to conservatism and conventionalism, with its elements of safety, is the basis of the "Golden Rule," which must be realized that the exercise of the fiduciary function through any investment. To be sure, the truism that the "I want more" and the "I want faster" is this basic principle for the industries, of which it is also a function, and may follow the lines of least resistance, and to lose the money respectably. This playing-it-safe situation is controlling wholly institutional situations in the market as it is otherwise wide in its application, notably in the case of British banks and other fiduciaries. Even in the case of trusts, here equity investment is permitted without qualification as to quality or amount, but the fiduciary in his commodity is not how far its demonstrable hard-boiled value may exceed its market price. A fiduciary's job is at the very least to avoid the escape into window-dressing with the "unexceptionable" quality of the "blue chip" in the market, wholly irrespective of their degree of genuine value based on earnings and assets.

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Prudence as an adjuvant to conservatism and conventionalism, with its elements of safety, is the basis of the "Golden Rule," which must be realized that the exercise of the fiduciary function through any investment. To be sure, the truism that the "I want more" and the "I want faster" is this basic principle for the industries, of which it is also a function, and may follow the lines of least resistance, and to lose the money respectably. This playing-it-safe situation is controlling wholly institutional situations in the market as it is otherwise wide in its application, notably in the case of British banks and other fiduciaries. Even in the case of trusts, here equity investment is permitted without qualification as to quality or amount, but the fiduciary in his commodity is not how far its demonstrable hard-boiled value may exceed its market price. A fiduciary's job is at the very least to avoid the escape into window-dressing with the "unexceptionable" quality of the "blue chip" in the market, wholly irrespective of their degree of genuine value based on earnings and assets.

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Realism About Business Bigness

Large size may result from a merger of competing firms. For the most part this is to be discouraged, and where it does lessen market competition, illegal and should be prosecuted.

It is well perhaps to point out that there are several factors of competition stimulates rather than reduces than reduces the bidding concerns, each of which is about to fall, by combination among itself. If we seriously con¬centrate on each other, our competition is of more economic for a number of reasons. If we are to be strengthened and not weakened by the by the same force.

I stated earlier that we in¬volve the task but—big business is not menace. Concern about big business comes from within as well as from without business itself. Many years ago, Alfred T. Sloan, Chairman of General Motors, referred in a practical way to the actual activities we seem to have come to. There is no reason for concern on the part of many people involved in our tremendously powerful to put some¬thing new into effect that a new idea is likely to be considered insignificant in comparison with the the effort it takes to put it across. Sometimes I am almost forced to the conclusion that our cars are so magnificent that it is large and its era to the government. That it is impossible for us to resist them.

Attacks on Bigness

There are attacks on business bigness by many people in the United States and elsewhere. Scientists and economists have contended that political and economic bigness is a menace to the American way. There are a number of arguments as to why this is the case. The growth of large business is often considered a threat to the democratic process, as it may concentrate too much economic power in the hands of a few individuals. Others argue that the concentration of power in the hands of large businesses can lead to unfair practices and anticompetitive behavior.

To counter these attacks, large businesses have emphasized their contributions to the economy. They argue that their size allows them to invest in research and development, to implement new technologies, and to create jobs. They also argue that their scale enables them to produce goods and services at lower costs, which benefits consumers.

In reality, the impact of large businesses on the economy is complex and multifaceted. While large businesses can bring significant benefits, they also have the potential to harm the economy. It is important to carefully consider the pros and cons of business bigness and to develop policies that support a healthy and competitive economy.

Conclusion

In conclusion, the issue of business bigness is a complex one that requires careful consideration. While large businesses can bring economic benefits, they also have the potential to harm the economy. It is important to develop policies that support a healthy and competitive economy. This involves balancing the benefits of large businesses with the potential risks and ensuring that the economy remains free and competitive.
Realism About Business Bigness

revenues of the "Sun" and the "World-Telegram" have not kept pace with commercial production costs. Both papers have long appeared to be a financial and intelligent public. Between them they have divided approximately 650,000 circulation — enough to support the economic stability of one newspaper, but not enough for two in this metropolitan area.

I have posed the problem. Investigations now being made in an effort to throw light on this subject are hoped for in our efforts to solve it.

All Business Sizes Needed

It is clear enough that we need all sizes of business in this country—big, little, and in between. Much of the research, production and distribution which have made us great industrially can only come from the concentration of financial strength and contacts which are the privilege of big business, so-called.

My feeling is that the most sensible approach to the problem of making small and medium-sized businesses strengthen small business and to help small business, I am thoroughly in sympathy with the effort to make small business, but I am firmly opposed to any direct action which might produce the same results.

Here too, of course, some myths should be removed. Many people have a misconception that small business is the life blood of small business. The fact is that the 3,000,000 business units in these United States about 95% of the population, and until the year 1949 the number of small business units had grown steadily and dramatically. The slight reverse of 1949 should not be the basis for a general change. This statistical exposure and my contacts with businesses over the years have convinced me of the importance of small business.

In the Department of Commerce we are making a particular effort to help small business. I have written on one of these lines: "There is a substitute for good management or for the touch of genius and willingness to work which enables one business man to succeed where others fail. I feel, however, that certain things can be done for small business which will be helpful.

One is to make it easier for the small businessman to get some of the business which other larger businesses have by means of a system of arrangements by which all purchases by the military Establishment and the General Services Administration are advertised in the district offices of the Department of Commerce, so that small business men, without paying any 5% or other fee to a middleman, can offer their services." Above all, we must maintain in the mind of the small business-man confidence in his willingness to take certain risks, the desire to work hard and build his business, the incentive to make the sacrifices which are required for any business or any other enterprise to grow.

Relieving the Tax Burden

Other things can be done for small business, but they must be done in a way which will not work unnecessary hardship on the larger business.

We must ask ourselves this fundamental question: When we talk about getting bigger, shall we expect business to get smaller? And, if we expect or wish to get smaller, why? In comment upon the first question, it is proper to point out that every economist realizes that in our future progress emphasizes the need for a continually growing national product. Our population is growing, the number of employees is growing, the needs of our population and our work force is growing, and we want business to grow.

If growth is desirable generally, it is desirable in particular places, and how can we prevent it? There is nothing sacrosanct about a certain size—little or is business entitled to any special advantage. We do not, however, undertake to interfere with the processes of growth, some of which are harmful.

Operations Dangerous

As I have said before, something is wrong with the human anatomy. It is an organism, tough and stubborn, but it can be broken. I believe that we can experience a major operation and discover some sensitive to-die-questions which should be asked before an operation is begun. An operation is always risky.

What are the symptoms which indicate that the organism is not well? What is the cancer? We have occasioned the statement that concentration of economic power is destroying our liberties and our liberties are being destroyed. We hear that these forces are too large and are being crushed. What businesses are being crushed?

Let us continue specific questions. In what way is our business body diseased? Is it failing to maintain or raise our standard of living by not using its products at fair prices? Is it giving employment at good wages? Is it considering the welfare of its employees? Is it earning money for its shareholders? Is it contributing its share of taxes for the support of the government? Is it doing its part in time of war?

These and many other questions should be asked and should be answered—first, to enable us to act, when action is necessary, on our own behalf, and, second, to dispel baseless rumors and irresponsible statements which worry many sincere and well-intentioned people.

May I close by repeating my earlier suggestion that in answering such questions we should go to the facts. In my opinion, the American people are not willing to be told the truth no matter when it hurts or helps. The truth is a foundation upon which to build.
March 20 filed 38,458 shares of $1 par value common stock: American Smelting & Refining Co., New York, N. Y. (for two subscribers, each holding 19,229 shares; par $1). To be sold to 17 subscribers (including certain partners of Carl M. Loeb, Rhoades & Co., State Street Investmen...
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of the 13,233 outstanding shares of preferred, of which Coffin & Burr owns 4,950 shares. However, Coffin & Burr own (and will own) only 58 of the 18,000 shares of the new preferred are needed to affect the exchange of stock for convertible debentures. Proceeds — For cash adjustments under the exchange offer, for expenditures in connection with stock redemption, and for working capital. Statement effective April 18.

Kirken Uranium Corp., Birmingham, Ala.
April 9 (letter of notification) 500,000 shares of common stock at par ($6.50) to be offered to common shareholders of record May 3 on the basis of one share each for new share held; rights expire May 17. Underwriter—None. Proceeds—Proceeds from sale of stock, with payment for payment of a 300,000 series of serial debentures in June and jointly to funds of the company are expected to be used by the company for additional working capital and for the payment of bank loans which are expected to amount to $300,000. Statement effective May 18.

Northwest Cities Gas Co., Walla Walla, Wash.
March 15 (letter of notification) 2,370 shares of common stock (par $10) to be offered to common shareholders of record March 21 for a price of $10 per share. Proceeds—For working capital. Statement effective March 22.

Ohio Edison Co.
April 15 (letter of notification) 10,080 shares of preferred stock, series B, due 1980, at par ($55) to be offered to common shareholders of record April 23, rights to expire May 31, 1980. Underwriter—None. Proceeds—Proceeds to be used for working capital and as additional working capital for the company's common stock. Statement effective April 30.

Ohio Gas & Electric Co.

Oklahoma Gas & Electric Co.
March 6 offered 57,600 shares of common stock (par $20) to be offered to common shareholders of record March 17 for a price of $11 per share. Proceeds—For working capital. Underwriter—None. Proceeds—Proceeds to be used for working capital.

Mountain States Telephone & Telegraph Co.
March 29 offered $50,000,000 of 4 1/2% debentures due 1980. Underwriter—The First National Bank of Chicago, Chicago, Ill. Proceeds—Proceeds to be used for working capital.

New York State Electric & Gas Corp.
April 4 offered $17,500,000 of 5% convertible preferred stock, series E, at par ($100) to be offered to common shareholders of record April 5 for a price of $100 per share. Proceeds—Proceeds to build a 125,000,000 heat generating plant in the area of the company's common stock.

National Plumbing Stores Corp.
April 12 (letter of notification) $180,500 15-year 3% income notes due Feb. 1, 1980. Price—at $100 per $100 par value. Underwriter—None. Proceeds—For general corporate purposes. Office—75 Cliff Street, New York, N.Y.

None-Ditzycoke Co., Inc., Wilmington, Del.
April 13 (letter of notification) 26,000 shares of common stock at par ($5) to be offered to common shareholders of record April 14 for a price of $5 per share. Proceeds—For working capital. Underwriter—None. Proceeds—Proceeds to be used for working capital.

Northern California Telephone Co., San Francisco, Calif.
April 13 (letter of notification) 50,000 shares of common stock (par $10) to be offered to common shareholders of record May 17 on the basis of 1 share for each share held; rights expire May 25. Proceeds—For expansion of facilities. Office—205 N. Franklin Road, Baltimore, Md. Underwriter—None. Proceeds—Proceeds to be used for working capital.

Philadelphia Electric Co., Tampa, Fla.
April 12 (letter of notification) 50,000 shares of preferred stock, series C, preferred, at par ($500), to be offered to common shareholders of record April 12 for a price of $500 per share. Proceeds—Proceeds to be used for working capital. Underwriter—None. Proceeds—Proceeds will be used for working capital.

Pioneer Telephone Co., Wacenica, Minn.
April 17 offered 5,000 shares of 5% convertible preferred stock, series B, at par ($100) to be offered to common shareholders of record April 18 for a price of $100 per share. Proceeds—Proceeds to be used for working capital.

Power Petroleum Ltd., Toronto Canada April 29 (letter of notification) 50,000 shares of 3% convertible preferred stock, due 1978, at par ($500) to be offered to common shareholders of record April 30 for a price of $500 per share. Proceeds—Proceeds to be used for working capital.

Public Service Electric & Gas Co., New Haven Conn.
March 29 offered $5,000,000 of 5% convertible preferred stock, series A, at par ($100) to be offered to common shareholders of record March 29 for a price of $100 per share. Proceeds—Proceeds to be used for working capital.

April 13 offered $10,000,000 of convertible preferred stock (par $100) to be offered to common shareholders of record April 14 at a price of $100 per share. Proceeds—Proceeds to be used for working capital.

Reorganized Silver King Divine Mining Co.
April 7 (letter of notification) $12,000,000 of 10% convertible preferred stock, due 1978, at par ($100) to be offered to common shareholders of record April 6 for a price of $100 per share. Proceeds—Proceeds to be used for working capital.

Rochester (N. Y.) Gas & Electric Corp. (4/25)
April 5 filed 50,000 shares of 4% convertible preferred stock, series A, at par ($100) to be offered to common shareholders of record April 5 for a price of $100 per share. Proceeds—Proceeds to be used for working capital.

Rotella Beverages, Inc. (N. J.)
Feb. 17 (letter of notification) $100,000 of 5% convertible preferred stock, due 1978, at par ($500) to be offered to common shareholders of record Feb. 17 for a price of $500 per share. Proceeds—Proceeds to be used for working capital.

Secureity Insurance Co. of New Haven
March 22 filed 50,000 shares of common stock (par $10) and warrants enabling stockholders to purchase these
March 27 (letter of notification) $5,555 shares of preferred stock (no par) to be offered for sale to public at an estimated price of $22.25 per share of common stock (ind per) to be offered for sale to public at an estimated price of $4 per share of common stock for $30 a unit. No underwriter. Proceeds—To buy equipment and for working capital.

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Western Wood Sugar & Chemical Co.,
March 27 (letter of notification) 5,555 shares of preferred stock (no par) to be offered for sale to the public at an estimated price of $22.25 per share of common stock (ind per) to be offered for sale to public at an estimated price of $4 per share of common stock for $30 a unit. No underwriter. Proceeds—To buy equipment and for working capital.

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Promissory Offers

American Can Co., New York, N. Y.

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Stanwood Electric Power Co. (5/23) (6/7)
March 15 it was reported that the company may be planning some new financing. Traditional underwriters: J. P. Morgan & Co., Clark, Dodge & Co.

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Atlantic Coast Line RR
April 12 company filed for approval of the creation of a new mortgage dated March 1, 1950, of $200,000,000 funded indebtedness. Holders of $500,000 4%, 5%, 5% and 6% bonds due July 1, 1952, have been exchanged for the new mortgage. Holders of the 4%, 5% and 6% bonds due January 1, 1955, have been exchanged for the new mortgage. Holders of the 4% bonds due July 1, 1952, have been exchanged for the new mortgage. Holders of the 4% bonds due January 1, 1955, have been exchanged for the new mortgage. Holders of the 4% bonds due January 1, 1955, have been exchanged for the new mortgage.

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Broadway Department Store
March 20 reported company plans to issue bonds, probably to an amount of $1,250,000.

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California Power Co. (5/23) (6/7)
April 12 company filed with California P. U. Commission tentative financing plan calling for the sale of 10,000 additional shares of common stock and $2,000,000 of a new series of first mortgage bonds. The stock is expected to be sold on a negotiated basis with the offering tentatively set for May 23 (traditional underwriters: J. P. Morgan & Co., Clark, Dodge & Co.). The bonds are to be sold through competitive bidding. The proceeds are expected to be used for the expansion of business, the building of a new manufacturing plant and the purchase of additional production facilities. Probable underwriters: Dillon, Read & Co.; Morgan Stanley & Co.

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Central Hudson Gas & Electric Corp.
April 6 company announced plans to sell this year bonds totaling $7,000,000 on a new series of $10,000,000 of 5% Series A and $2,000,000 of 4% Series B, which may be sold for March 1, 1951 or March 1, 1952. The proceeds will be for construction.

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Florida Electric Power Co.
March 20 company announced plans to sell two series of $5,000,000 of 5% Series A and $2,500,000 preferred stock next year and between $6,000,000 and $10,000,000 of 5% Series B, which may be sold for March 1, 1951 or March 1, 1952. The proceeds will be for construction.

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Central Illinois Light Co.
March 1 it was announced that under an amended plan filed with the Illinois Commerce Commission, the company notified SEC it will sell from time to time, during a three-month period, $1,000,000 of its 6% debentures for a package price of $18. The common stock, which is held by holders of the company's debentures, will be sold at a price of $5 per share. The proceeds will be for the expansion of the business, the building of a new manufacturing plant and the purchase of additional production facilities. Probable underwriters: Dillon, Read & Co.; Morgan Stanley & Co.

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Gas State Electric Corp.
March 1 it was announced that under an amended plan filed with the Illinois Commerce Commission, the company notified SEC it will sell from time to time, during a three-month period, $5,000,000 of its 6% debentures for a package price of $18. The common stock, which is held by holders of the company's debentures, will be sold at a price of $5 per share. The proceeds will be for the expansion of the business, the building of a new manufacturing plant and the purchase of additional production facilities. Probable underwriters: Dillon, Read & Co.; Morgan Stanley & Co.

April 10 it was announced company plans to offer 400,000 shares of preferred stock, (par $100) to

Household Finance Corp.

April 15 it was reported that the company planned early registration for the sale of $3 million of
funds preferred stock (par $100). Underwriter—Lee Higginson Corp.

Indiana Northern Electric Co.

Feb. 27 company was reported contemplating the issuance of $3,000,000 of preferred stock for
bonds due June or July, the proceeds to finance construction program. Bond rate 7 1/2%.

International Utilities Corp.

April 15 the company was reported to be planning the sale of $4,000,000 of convertible bonds (payable in U. S. funds). Funds to be used for expansion and extension of its gas and electric lines. Probable bidders for bonds: Halsey, Stuart & Co., Inc.; Drexel, Morgan & Co.; Lebermann, Higginson & Co.; and Lehman Brothers (Jointly).

Nashville, Chattanooga & St. Louis Ry.

April 20 the company is reported to be doting May 1, 1951, and maturity in 15 annual installments of $250,000 each from May 1, 1951, to May 1, 1966. Probable bidders: Halsey, Stuart & Co., Inc.; Equitable Securities Corp. and Harris, Hall & Co. (Jointly); Halsey, Stuart & Co., Inc.; Lehman Brothers & Co., Inc.; and Lehman Brothers & Co., Inc.; Higginson, Webster & Co., Inc.; Higginson, Webster & Co., Inc.; Harriman & Co.; & Lehman Brothers (Jointly).

New Jersey Gas Co.

Jan 20 announced that the company proposes to issue and sell $5,000,000 of preferred stock and $25,000,000 of long-term debt which are expected to be issued about May 15.

New York Petroleum, Ltd. (Canada)

April 12 company announced plans to file with SEC 1,000,000 additional shares of common stock this week. Proceeds to be used in development of natural gas pipeline extending to the south of the state. Probable underwriter—Black & Doherty, Ltd. (Jointly). The company on April 13 announced plans to issue additional common stock of $100,000,000 to finance pipeline and development work in the Alberta oil field. Underwriter: Deutsche Bank of Canada Ltd. (Jointly).

Peoples Gas & Coke Co.

April 18 James F. Oates, Jr., Chairman, announced plans to issue 1,000,000 shares of new preferred stock at par on a basis of one new share for each 20 shares now held. The new issue will be offered to stockholders of record on March 27, 1951 in accordance with SEC rules. Probable underwriters: First Boston Corp. and G. H. Walker & Co. (Jointly)

Jersey Central Power & Light Co.

March 10 reported that early registration with SEC is expected of an offering of about $18,000,000 preferred stock which is expected to be underwritten: First Boston Corp. and G. H. Walker & Co. (Jointly)

Kennesaw City Power & Light Co.

March 10 reported plans long-term borrowings in order to retire two short-term bank notes amounting to $3,000,000 and other loans which were the result of new construction expenditures during 1949-50; viz: $47,200,000 in installment notes (including $2,500,000 current maturities) outstanding at the close of last year.

Lorillard (P.) Co.

April 4, Herbert A. Kent, President, said: "It may be necessary in the near future to issue $1,000,000 1951 to redeem $6,185,450 of 5% bonds due on that date and to cover for additional construction costs." Mr. Kent added that company plans to put off its bank loan agreements of $6,000,000 to $10,000,000 (total amount to $12,000,000. Underwriters: Lehman Brothers, Halsey, and Smith Barney & Co.

Lone Star Gas Co.

March 23 announced that the company plans long-term borrowings in order to retire two short-term bank notes amounting to $3,000,000 and other loans which were the result of new construction expenditures during 1949-49; viz: $47,200,000 in installment notes (including $2,500,000 current maturities) outstanding at the close of last year.

Montana Power Co.

Declares the company will sell in 1951 and approximately $22,000,000 for new securities, which may be in the form of debentures or other types of additional common stock. Financing of $10,000,000 or more from these issues will be used for expanding and extending the company's gas and electric lines. Probable bidders for bonds: Halsey, Stuart & Co., Inc.; Drexel, Morgan & Co. and Lehman Brothers & Co. (Jointly); Harriman & Co.; & Lebermann, Higginson & Co.; & Lehman Brothers (Jointly).

Nashville Telephone Co.

April 28 announced that the company is planning to sell $6,000,000 of new preferred stock for the first time next week. Probable bidders: Halsey, Stuart & Co., Inc.; Smith Barney & Co., Inc.; & Salomon Bros. & Co., Inc.; & Lehman Brothers (Jointly). The proceeds will be applied toward redemption of $75,000,000 3 1/2% debentures due 1971 which were sold in December last year.

Ohio Falls Corp.

March 20 stockholders approved $500,000 additional first mortgage bonds and 6,000 shares of preferred stock in order to sell $15,000,000 of new preferred stock for the first time next month. Probable underwriters: Halsey, Stuart & Co., Inc.; Blyth & Co., Inc.; The First Boston Corp.; Kuhn, Loeb & Co. and Smith Barney & Co. (Jointly).

Northwestern Bell Telephone Co.

April 17 announced company is preparing to sell $6,000,000 of new preferred stock, proceeds of which was to be used for expansion of the company's telephone system. Probable underwriter—Black & Doherty, Ltd. (Jointly).

Oswego Falls Corp.

March 20 stockholders approved $500,000 additional first mortgage bonds and 6,000 shares of preferred stock in order to sell $15,000,000 of new preferred stock for the first time next month. Probable underwriters: Halsey, Stuart & Co., Inc.; Blyth & Co., Inc.; The First Boston Corp.; Kuhn, Loeb & Co. and Smith Barney & Co. (Jointly).

Southwestern Bell Telephone Co.

April 16 announced company is preparing to sell $6,000,000 of new preferred stock, proceeds of which was to be used for expansion of the company's telephone system. Probable underwriter—Black & Doherty, Ltd. (Jointly).

Southwest Gas Co.

March 12 announced that the company is planning to sell $6,000,000 of additional shares of common stock this week. Proceeds to be used in development and in extending the company's gas and electric lines. Underwriter: Courtaulds, Inc. (Jointly).

Southern Maine Electric Co.

March 12 announced that the company is planning to sell $6,000,000 additional shares of preferred stock for the purpose of refinancing bonds due 1972. Probable bidders: Halsey, Stuart & Co., Inc. Drexel, Morgan & Company; (jointly), Blyth & Co., Inc. (Jointly); Kahn, Loeb & Co. and Smith Barney & Co. (Jointly).

Public Service Co. of Colorado

May 1 stockholders will vote on increasing authorized preferred stock (par $100) from 300,000 shares to 750,000 shares. The new 7% shares, in addition to $15,000,000 of debentures are expected to be sold about mid-year.

Public Service Co. of New York

April 10 it was announced company plans to issue $3,000,000 additional shares of preferred stock (par $100) from 300,000 shares to 750,000 shares. The new 7% shares will be sold on a basis of new one for each 20 shares now held. The new issue will be offered to stockholders of record on March 27, 1951 in accordance with SEC rules. The record date will be determined later. Proceeds will be used to retire bonds which was sold in December 1930. Underwriter: Blyth, Easton & Co., Inc. (Jointly). The company on April 13 announced plans to issue additional common stock of $100,000,000 to finance pipeline and development work in the Alberta oil field. Underwriter: Deutsche Bank of Canada Ltd. (Jointly).

Public Service Electric & Gas Co.

April 17 stockholders approved the issuance of $800,000 to $1,000,000 of new bonds for the purpose of refinancing bonds due 1972. Probable bidders: Salomon Bros. & Co. (Jointly); Kahn, Loeb & Co. and Smith Barney & Co. (Jointly). The proceeds will be used to refund $200,000,000 outstanding 3%, due 1966, and to refund $190,000,000 that was sold in December 1930. Underwriters: First Boston Corp. and G. H. Walker & Co. (Jointly); Kahn, Loeb & Co. and Smith Barney & Co. (Jointly). The company on April 13 announced plans to issue additional common stock (total issue outstanding) in April. Registration with the SEC expected shortly. Probable underwriters: A. G. Becker & Co. (Inc.), Union Securities Corp. and Ladenburg, Thalmann & Co. (Jointly); Merger

Feb. 7 directors appointed a committee to proceed with the refunding of the $31,504,000 outstanding 4% first mortgage bonds, after determined satisfactory terms were arranged. Probable bidders include Halsey, Stuart & Co.; Inc., Lehigh Valley & Boston Corp.; and Harmann Ripley & Co. (jointly); Union Securities Co. Expect late this month.

**Southern California Edison Co.**

March 3 it was reported that company expects to issue this summer $50,000,000 of bonds. Probable bidders: The First Boston Corp. and Harris, Hall & Co. (jointly); Halsey, Stuart & Co.; Inc., Lehigh Valley & Boston Corp.; and Harmann Ripley & Co. (jointly); Union Securities Co. Expect late this month.

**Traveler Radio & Television Corp.**

March 12 reported to be planning issuance of additional stock.

**Utah Power & Light Co.**

March 28 it was reported that company plans late this month for the sale of $10,000,000 of bonds, plus an additional like issue of $2,000,000 with 150 years in the latter and 105 years in the former, the proceeds to meet construction costs. Probable bidders: Drexel & Co.; Harmann Ripley & Co. and Union Securities Co. (jointly); White, Weld & Co.; Lehman Brothers; Carl M. Loeb, Rhoads & Co.

**Virginia Electric & Power Co.**

March 27 it was reported that company may issue next fall $2,000,000 of additional stocks preferred. Probable bidders: Halsey, Stuart & Co.; Union Securities Corp.; Kahn, Loeb & Co.; White, Weld & Co.; Stone & Webster Securities Corp.; Salomon Brothers.

**West Coast Transmission Co., Ltd.**

Feb. 10 reported that Eastman, Dillon & Co. and the First Boston Corp. were ready to undertake the financing of the 1,400 mile pipe line proposed by the West Coast Transmission Corp., along with Nethanel, Thomas & Co. Ltd., of Montreal, Canada, and Wood, Gundy & Co. of Boston. The financing has been budgeted $75,000,000 to bonds and the remainder to preferred and common stock. Arrangements will be made later for the remainder of the issues. It is expected an American corporation will be formed to construct and operate the American end of the line in Washington, Oregon and California. The company line, it was announced, will cost about $175,000,000.

**Wisconsin Electric Power Co.**

March 25 reported company plans to issue $22,000,000 of bonds. Probable bidders: Halsey, Stuart & Co.; Inc., Lehigh Valley & Boston Corp.; and Equitable Securities Corp. (jointly); Lehman Brothers and Salomon Bros. & Hutzler; Merrill Lynch, Pierce, Fenner & Beane; First Boston Corp.; and Harmann Ripley & Co. (jointly); Proceeds—About one-half for the construction of the extension for the remainder for new construction. Expected early in June.

**Wisconsin Power & Light Co.**

March 24 reported company plans to raise about $18,000,000 in new money to finance construction costs, etc. This may include $10,000,000 of bonds. Probable bidders: Halsey, Stuart & Co., First Boston Corp.; Salomon Bros. & Hutzler; Equitable Securities Corp.; Lehman Brothers; Glore, Forgan & Co.; Harmann Ripley & Co. (jointly); Shields & Co. (jointly); White, Weld & Co. and Kidder, Peabody & Co.

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**Our Reporter's Report**

Discussing the aims and effects of open market operations, one savings bank group recently a speaker for the Federal Reserve Bank made a point of the uncertainty which this policy generated. He expressed the belief that not only the actual open market operations, but the uncertainty created concerning interest rate prospects, exercised a restraining effect on the volume of credit and financing in security and mortgage markets.

The Reserve spokesman very likely will find full agreement as far as the element of uncertainty goes among investment banking people whose business calls for a minimum of uncertainty in the financing of business through the sale of new securities.

Underwriters, who must bid competitively for a bulk of new securities they mark at these days, have been hampered by the great variety of market activities since the turn of the year.

They, it is safe to say, would like nothing better than for the Treasury to make up its mind on the basis of its forthcoming issue statement and not leave the market stand aside for a while and permit the government market to stabilize in the meantime.

The experience of bankers with the last World Bank fi

**Our Reporter's Report**

**The WESTERN UNION TELEGRAPH COMPANY**

**NOTICE IS HEREBY GIVEN that the Board of Directors of the Western Union Telegraph Company (4½% Voting & Real Estate Bond) met this day at 1:30 P.M. at the office of the Treasurer, 60 Hudson Street, New York, N. Y., and on May 31, 1950, the W. W. T E R R I S A T E M E N T**
WASHINGTON... And You

Washington, D. C. — There are two institutions around this town which are beginning to run into dissafar with those conservatives in Congress who know what these spats are about.

The first and most prominent of these is the Bureau of the Budget, which is becoming every- thing that it is not. The second is the Federal Reserve, to try seriously to work out a budget. The other is the Citizens Committee for Good Government, so-called. There is a tie-up between these two.

Bureau of the Budget

The Bureau is an administrative tool of the Treasury. It is used to be part of the Treasury Department. Now the President announced that Mr. Roosevelt by executive order gave the bureau a new function, to coordinate Administration views on policy.

In theory this latter power had some logic behind it. New legislations may be adopted with respect to new expenditures, par- ticularly the atomic energy program, which Mrs. Roosevelt proposed to her late husband, and the programs which are duties of the budget bureau for disposal.

On the other hand, however, the Bureau of the Budget has taken over the job of policy determination in the budget, and the President can't decide a thousand things and the bureau can't. Later on, this decision on the budget bureau becomes final.

Of course the Budget Bureau is an attempt to delimit by itself major policy coming under the Treasury Department. It is a staff agency. For example, it lets Budget bureau beat the drums of the Brannan plan and Mr. Acheson, with the approval of the Pre- sident, an executive order, and so on.

On the other hand, there are literally thousands of things which are not under the control of the bureau, that is the policy. Later on, the decision on the budget bureau becomes final.

The Budget bureau has also taken power to "coordinate" many other administrative prob- lems, including statistics and ad- ministration. It is ripe, in fact, for organizing bodies or agencies. An "unfriendly" administrative officer could find that the Budget Bureau was ordering a new management survey of his operations with 1,000 strong. Improving their efficiency, and, just possibly, transferring the said administrative officer to a subordistrate place in Omaha.

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