EDITORIAL

As We See It

"Do-Nothingism" vs. "Forward-Looking Action"

Another Jefferson-Jackson Day dinner has passed into history. This time something more than 5,000 champions of the poor gathered to regale themselves at $100 per plate. If their palates suffered somewhat from a meagre fare at that figure, their morale must have been given a lift upon hearing (but not for the first time) how constructive their party's plans and programs are — and, of course, how vacuous are those strange things which pass as policies or platforms of the opposing party. It was all according to plan, naturally, and the diners went home or back to their hotel suites doubtless feeling that their evening had been well spent. As to the great rank and file of the people — well, that is an aspect of the matter about which possibly the less said the better.

But it does seem appropriate at this time to give some quiet thought to this idea so ardently again expounded that the Democratic party and only the Democratic party has any really constructive plans or policies, and that the Republican party has of late decades been repeatedly and emphatically rejected for the chief reason that it either has nothing to offer but "scare" words and phrases, or else only some slightly modified form of the New Deal or the Fair Deal. We shall not place ourselves in the position of appearing to defend the Republican party as a whole or its lines of strategy during the past decade or two. If, as our readers are well aware, has often seemed to us to be divided,

Continued on page 49

How 'Good' Will 1950 Be?

By MURRAY SHIELDS

Vice-President and Economist, Bank of the Manhattan Co., New York

Prominent bank economist states despite inevitable uncertainties, stage is slowly being set for period of major expansion, because of (1) improved psychological position; (2) population rise; (3) technological progress; and (4) trend from radicalism. Asserts an era of unprecedented industrial expansion is within our grasp; but depends on cutting expenses and taxes, modification of labor laws, and abrogation of present monetary and fiscal policies.

In almost all of the year-end forecasts it appears to be taken for granted that the year 1950 will be a "good" one and that, even if the last half turns out to be less "good" than the first, production and income for the year as a whole will be fairly close to that of 1949. It should be emphasized, however, that this does not mean that most observers are prepared to assume that the year 1950 will be "good" in the sense that underlying economic conditions will be sound. On the other hand, there is much to support the view that whether the level of business is "good" or not the year will be a difficult one, for several reasons.

(1) The not-so-cold sequel to World War II promises to keep everyone in a state of continuous anxiety as to the fate of the world.

(2) In the pre-election months political considerations are likely to generate concern as to whether the course to be taken in the nation's economic development will be toward the new objective of economic expansion as expressed in the Presidential Messages or toward welfare Socialism.

(3) Many industries are probably going to be con¬

Economic Aspects of

The Pension Problem

By LUDWIG von MISSES

Professor of Economics, New York University; Leader of the so-called Austrian School of Economists; Author "Human Action," etc.

In over-all analysis of the current pension movement, eminent economist maintains incidence of all "social gains," similar to wage rises, hits the wage-earner, and further unemployment. States such plans for security are self-defeating if causing long-term deterioration of the monetary unit. Notes great psychological dangers in all pension plans in obscuring fundamental economic needs, as for increased capital investment; and thus restricting unions to Pyrrhic victories.

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Ludwig von Mises
The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

THOMAS H. JONES, JR.
T. H. Jones & Co., Toledo, Ohio

My favorite security recommendation at present is the American Telephone and Telegraph. This is convertible debenture of 1939, now selling on the New York Stock Exchange at 107.4. I believe this security offers two advantages: a most sought after dividend of excellent quality, and an opportunity for capital gain.

The bonds are selling at approximately 10 points above their money rate and basis. I believe this is about the extent of the downside risk, assuming that no fundamental change is likely to occur in this country's basic money rates.

On the appreciation side of the ledger I believe the possibility for T and C common into which the bonds are convertible is excellent and is reflected both in regard to its potentials and in consideration of the outstanding debentures. I am convinced that it is now at one of the lowest levels in years in relation to the Dow-Jones averages.

At the present price—just under $100 per share—the return of 6% is very attractive, and is higher than the yield on so many other high grade public utility stocks. The $9 dividend has been paid without interruption since 1925, and I am of the opinion that this will be maintained at this level.

Fundamentally, the strength of the stock is based on a sound financial structure, the essential service which the company provides, and its relative stability of revenues; and limited competition from other methods of communication. Actually we think the basic qualities of American Telephone and Telegraph are far stronger than they were a few years ago.

(1) A great deal of new and improved equipment has been put into operation, and the company has one of the lowest percentage of the total war, and operating savings which should show up in the near future.

(2) Some 110,000,000 new telephones have been installed, which is an increase of over 50%.

(3) The regulatory commissions have tended to recognize that earnings of utilities should be sufficient to uphold the credit of operating companies and attract equity capital.

(4) In relation to a generally accepted rate of return of 6% on investment for rates purposes, total present financial requirements including interest and the $9 dividend are only 4.6% of estimated earnings.

(5) Rate increases granted in the last year, totaling $62,000,000, were approved for but not yet granted, total $100,000,000.

Expansion and improvements of some $450,000,000 since 1926 have been financed by an issue of convertible debentures and sale of stock to employees. The additional common stock and that resulting from the conversion of debentures has undoubtedly been a factor in keeping the price of the stock. It has reached a high level in each of the last seven years.

With such an assured and insured and probably around the $10 level, I consider the stock a sound 6% investment with good prospects of selling at prices comparative to levels reached in recent years.

PAUL S. AMES
Investment Adviser
New York City.

At the present time, it would seem rather out of place to suggest the purchase of an oil stock. Most statisticians and investment advisers are judging the oil situation to be very unfavorable, and individuals are due to the present substantial reduction in crude oil and coal prices, it would result in lower earnings for the industry in general. Inasmuch as in times of declining prices there is a greater safety in purchasing sound securities than following the easier course of buying securities in a rising market, I particularly suggest the purchase of Phillips Petroleum Company.

Phillips Petroleum is one of the most outstanding producers in the oil industry. Aside from being one of the largest producers of crude oil and natural gasoline amounting to approximately 1,200,000,000 barrels, this company has one of the largest natural gas reserves in the United States (310 billion cubic ft.). For this reason in particular, I feel that one of the greatest future of Phillips Petroleum with much optimism inasmuch as the natural gas industry is a relatively new medium in this country for supplying the needs of the people with a much cheaper fuel for the purpose of cooking and heating. Therefore, it is logical to feel that the company's tremendous reserves of natural gas provide an important incentive for the ownership of this stock, as it is to assume that Phillips Petroleum will play an important part in supplying this new industry.

This week's Forum Participants and Their Selections


Boston & Albany (guaranteed by New York Central)—James M. Schreiner, Los Angeles, Calif.

With the ever increasing consumption of this new and cheaper fuel over the years, this company will be in a position to satisfy demands made upon it and its earnings likewise should benefit materially.

In the present situation, Phillips Petroleum, one might see a lower level in the price of the stock. With the immense future, but bought with the idea of an investment in an expanding company, such ideas are extremely bright, I feel that a stockholder will be well rewarded.

CHARLES A. TAGGART

"The Security I Like Best" is not an easy subject since there are many I could write about without consulting the crystal ball. Because I have no crystal ball, I will confine myself to the Occidental Petroleum, I prefer to select mine from those which have done well in the past. While common stocks cannot be purchased with any assurance of liquidity, it is possible, with proper selection, to purchase industrial stocks with a reasonable belief that the principal will remain intact over a period of years with an excellent chance of appreciation.

One such stock, I believe, is that of West Point Manufacturing Co. The company has developed good management through more than sixty years. It has progressed over the years through natural growth and acquisition. It is a unit in an industry which caters to all people. At an early date its management continued more profitable operations, which has made the company more profitable, which has made the company more (5) Rate higher Oil

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Continued on page 40

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Oil Industries in Transition—Thomas D. Sears

The oil industry is in the early stages of a major transition, from a position of dominance and control and American leadership into a fully international status. This transition has been the product of several forces: the basic forces, that have been already present and active, and the new origin, and amount of the oil industry itself. The enlarged conglomeration of the United States and the 25 per cent of production from the Middle East countries in particular, has been even larger and has occurred with the ascent of the new oil producing nations, and the deviation of the young and growing countries from the older and more established shifts seem to be in favor.

It is a paradox that the oil industry is always a potential world power, but the condition of potential is not always the condition of actual power. The use of petroleum in many products has broadened and increased in the past half century, and becomes at a rate probably eclipsing that of any other commodity. The steady rise in oil consumption in the United States and, in particular, in the Middle East countries has been even larger and has occurred with the ascent of the new oil producing nations, and the deviation of the young and growing countries from the older and more established shifts seem to be in favor.

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Nothing Exotic or Unique In Selling Securities

BY PHILIP J. JACOBY

Vice-President and Sales Manager, American Direct Mail Company

Mr. Jacoby, asserting first job of security salesman is to determine what his prospects want, stresses importance of proper factual presentation along with emotional appeal. Holds success in salesmanship is the result of thorough knowledge of product and must service and must create confidence and respect. Lists locating prospects; (2) getting inside a prospect; (3) create proper relationship with your customers. Warns against becoming smug and self-satisfied.

I'm going to direct my talk, so far as I can, to what I consider as I see it, as it may pertain to your own type of selling.

However, in that connection, let me say the orthodoxy is wrong to talk, anyhow. It's about this time and the reason it came into the business, or anything of that sort. I say, "If you'll give me a moment, I'll try to show you the most wonderful act I have ever seen in your life." The bartender said, "Go away. If I gave out drinks to everybody who comes in and has a bright idea, I'd go broke."

But a man standing at the bar said, "Go away. You're either a drunk or a barfly." I put his hand into his pocket and found a dollar bill in it. I gave it to him and said, "I'd give you $8,000, but you wouldn't know what to do with it."

The mouse stood up, bowed, went to the piano, arranged the stool down, and played a Chopin concerto. Really, you couldn't have been a better pianist. He had his audience spellbound.

When he finished everyone applauded the mouse. He bowed. He said, "Pay me now. Pay me now." The man said, "Say, this is wonderful. This is just terrific. I'll give you $8,000, but you won't know what to do with it."

The fellow said, "Oh, that's nothing. When I'm drunk I'll really show you something."

I poured out another drink without hesitation. In twenty minutes the mouse got a little canary and puts it down on the bar. The canary bowed, turned to the mouse, and the mouse started playing some beautiful airs, and the bird sings to the accompaniment.

The effect was really entralling. Well, now, there is one thing that I can't explain. I can't explain it. I can't explain it.

So I have to be perfectly honest with you, to begin with. I don't think there is anything exotic or unique in selling securities. The general rules of salesmanship pertain to suspension bridges or rubber boats. There is no such thing as unconceived of, hold equal effect in the case of selling securities.

ing what the customer wants, in terms of his securities, but what the ultimate objective may be for you, is perhaps an investment, whereby you can acquire additional property, additional equipment, or a business. In which case it is thinking of buying to defray the cost of meeting that obligation on the basis of what he may get immediately.

Whatever it may be, a factual presentation will, alone, not do the complete job. You have to translate that into terms which he accepts, because they represent an ambition or a goal.

Now, it seems almost axiomatic that one of the first questions you should ask the man may turn in the prospect, of course, upon what that profit may mean to him. But very often your prospect will say, "I won't take that step. You as a salesman who represents, what are you trying to get me to do?"

And so, what is it that they are trying to get me to do? Now, certainly, there is a common, an ability to sell. Now, what is it that they have? I thought that for a few moments, I'd direct myself to that formula, and in some way or another I think that it is that they are attempting to sell, from technical considerations. I would assume that that would be the indispensable. In that connection, I would also say that you can not acquire that knowledge and relax, and that you would be obliged constantly to be alert to changes, to whatever in the financial world may reflect upon uncorrupted ideas in securities in general, and in investments in particular. That, I know, is something which is common among all successful salesmen.

Second of all, I found that really by the time you get a physical appearance, whatever may be the type of impression that they create, it is fundamentally one which creates confidence and respect. Of course, you can see where a prerequisite of that would be the understanding of the proposition which you are offering, but this would go someplace. But confidence and respect are something that are

Continued on page 24
The State of Trade and Industry

A moderate decline again marked total industrial production last week. The Commerce Department's report on the production of the soft coal strike which has now entered its seventh week. Output was notably below the high level of February and comparable week in 1949. Industrial employment showed a mild upward trend in the week, but it was counted on as a rise in agricultural layoffs which assumed a seasonal high point.

The lack of compliance on the part of the soft coal miners to John L. Lewis' changes in his latest back-to-work order and present indications that the strike would continue, poses a serious threat to the nation's health and economic well-being.

For example, in the steel industry, continued high-level steel-making belies the precarious situation the industry faces because of the coal strike. "Steel," national metalworking magazine, declares in its current issue, "has been banked and more are scheduled to go down this week. Severe curtailments in ingot production by March 1 is indicated unless the coal supply improves quickly. Some curtailments in open-hearth operations are also being reported, but hope that the coal strike will begin to break up this week has encouraged producers to maintain ingot operations in the face of the alarming supply situation.

To illustrate further, the total coal strike's effects on coal-mine workers in the steel industry showed a 71% below the week previous, resulted from a further reduction in that trade's employment.

It was reported that miners present at meetings of union locals in the steel industry stated that they intend to remain on strike until a contract is signed. Reports from the West point to the effect that President Truman had drawn up a message to Congress which contains the essential elements of the Federal Judge Richard B. Keogh on Monday of this week extended an invitation to the steel industry's management and the government of the coal strike. Judge Keogh, the temporary strike order against John L. Lewis' striking coal miners. The temporary order was scheduled to expire on Tuesday of this week.

Pensions were to be paid by $33,400,000, or 45% of imports from abroad last year, including $26,500,000 derived by selling goods and services to the United States, the Department of Labor this week. The increase is due to a new marketing scheme for newly-mined gold and dollar balances for the remainder.

Steel Production at Lowest Level Since Week of March 28, 1948

The major steel producers have reached the bottom of their coal pile, "The Iron Age," national metalworking magazine, states in its current issue. A moderate decline again marked total industrial production last week. The Commerce Department's report on the production of the soft coal strike which has now entered its seventh week. Output was notably below the high level of February and comparable week in 1949. Industrial employment showed a mild upward trend in the week, but it was counted on as a rise in agricultural layoffs which assumed a seasonal high point.

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Steel Production at Lowest Level Since Week of March 28, 1948

On the one hand, it is pointed out to the voter that free monocles, a more succinct way to use the social psychology of the public, and the good use of social security from a bankrupt State must in the long run mean greater national security. Continued on page 36

INVESTGRAPHS

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Cincinnati, Municipal
Men's Spring Party

CINCINNATI, OHIO—The Municipal Bolder Days of Cincinnati will hold its Annual Spring Party at the Westin Country Club on May 20, 1950, 7:30 P.M. and dinner for members and out-of-town guests on May 25, Invitations mailed during the month of April.

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Member, NAM's International Relations Committee

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The report on National and International Measures for Full Employment published by the United Nations is a great gamble, regardless of the truce and road to sure for free competitive system. Maintains recommendations are aimed at U. S. requiring us to make sacrifices. But it's not only our countries can benefit. It's the whole world.

The report is aimed with its intellectual presumptions and ideas showing forth the so-called "Keynesian" or "New economics. Our main objections to the thinking while making the report are the following:

(1) The intellectual approach to the system is incompatible with the present competitive individualistic system. It deals with the problems of our society by using the notion of competitive demand, which is the economist's idol of the popular community to say put in, fights Economic thinking which starts in chains of reasoning with "eff.

(2) The report does not always fully accord with the ideas of economists who have written the report published in the New York Times on the 15th. Mr. Trump states that: "A certain amount of unemployment, say from three to five millions, is marketable. It is a good thing that job-seekers should go free at all times; this is healthy for the economy. We are not talking of full employment given by the report. Mr. Trump does not agree either. It's the case of full employment proposed by the ex-

The Oversight Objectives

We submit that in analyzing the problem of employment and the proposals to remedy it, any attempt to guarantee full employment under the following objectives:

(1) That in the process we do not destroy the individual liberties which the individual enjoys and freedoms with which we are familiar. To work or to work, to the best of the ability of employment can be carried out by the consumer the use of the best job he or she wants. Moreover, in a free society the individual can be free to act on the facts and truths we are learning.

(2) The second overriding objective is that national policies for full employment and the maintenance of full employment, must give paramount consideration to two overriding objectives:

(1) That the process we do not destroy the individual liberties which the individual enjoys and freedoms with which we are familiar. To work or to work, the right of the consumer to use the best job he or she wants. Moreover, in a free society the individual can be free to act on the facts and truths we are learning.

(2) The second overriding objective is that national policies for full employment and the maintenance of full employment, must give paramount consideration to two overriding objectives:

The Report

The report is aimed with its intellectual presumptions and ideas showing forth the so-called "Keynesian" or "New economics. Our main objections to the thinking while making the report are the following:

(1) The intellectual approach to the system is incompatible with the present competitive individualistic system. It deals with the problems of our society by using the notion of competitive demand, which is the economist's idol of the popular community to say put in, fights Economic thinking which starts in chains of reasoning with "eff.

(2) The report does not always fully accord with the ideas of economists who have written the report published in the New York Times on the 15th. Mr. Trump states that: "A certain amount of unemployment, say from three to five millions, is marketable. It is a good thing that job-seekers should go free at all times; this is healthy for the economy. We are not talking of full employment given by the report. Mr. Trump does not agree either. It's the case of full employment proposed by the ex-

For Speculation — We Offer:

EASTERN HARNESS RACING CLUB

Price $1 per Share

Proprietary limited. Member of the New Jersey Stock Exchange. Common Stock. The market, as measured by Los Angeles, recently made new highs since 1946. The market is always poses questions. To help you with the answers we publish factual trading data and interpretive analyses not obtained elsewhere. These data are graphically portrayed.

YOU MAY BE AMazed

at how many of the leading indices in such vital statistics as volume, most active stocks, odd lot trading, professional trading, issues traded, advances, declines, new highs, etc. For our TWICKLE and our unique MARK A. From 1918 the individual bulletins send to at Dept. C. New inspectors only.

MARKET ACTION

Incorporated

P. O. Box 986, G. P. O.

New York 1, New York

MARKET X-RAY GRAPH

The market, as measured by Los Angeles, recently made new highs since 1946. The market is always poses questions. To help you with the answers we publish factual trading data and interpretive analyses not obtained elsewhere. These data are graphically portrayed.

Contents of Advocates Of Irredeemable Currency

BY WALTER E. SPAHR

Executive Vice-President, Economists' National Committee on Monetary Policy; Professor of Economics, New York University

PART II

Dr. Spahr lists as chief contents of advocates of our irredeemable currency: (1) insufficiency of gold stock for convertibility; (2) current scarcity of gold; (3) danger of stampede for gold; (4) danger of hoarding; (5) ease of managing paper currency contrasted with gold; and (6) conditions are not favorable for return or redemption. Maintains these contents are either false or ineffective of the out-

the weight of gold irredeemable currency.

The question of the ratio of our gold stock to our non-gold money and deposits

One of the current arguments against the re- redeemability of our gold stock to our non-gold money and deposits. The following are pertinent facts which dispose of that frequent conten-

Walter E. Spahr

The United States fought through World War I without de-

pendence of gold irredeemable currency on gold stock ranging from 6.1 to 10.9%. That range was compared with a ratio of 13% as of October, 1941. When the ratio was at its peak of 24.6 in 1941 and 1942, Congress could not be persuaded to continue irredeemability because it was under the same common reply was. "We are at war." The fact that we fought World War I on a ratio ranging from less than half to less than one-third as high that of 1941 was not regarded as worth of serious consideration. Now that the ratio in recent months has been in the range, roughly, of 12% to 15%, it is difficult to explain why we have abandoned our gold supply without any essential change in the ratio of ranges for the years 1926-1932. Full employ-

ment was maintained, was from 6.7 to 10.9, the average being 8.6%. If the ratio has fallen from 24.6 in 1941 to 10 in October, 1949, indicates the importance of instituting redeemability while it is safe to do so and before an ex-

pansion in money and deposits a withdrawal of gold by foreign banks and governments reduce the ratio to a point that would make the institution of redeemability unsafe. With the re-

turn to deficit financing by the Federal Government, delay in insti-

tuting redeemability will probably involve a situation in which redeemability institution may become impossible. Should it occur, that would be expected that thereafter the approach of the day of reck-

on will be fastened.

Opponents of redeemability, when confronted with conclusive evidence on the inadequacy of the gold ratio, sometimes attempt to build a better case for themselves by contending that Federal and state debts should be added to non-gold claims on our gold stock. The of-

ficials of the United States Board League (1 Lloyd Ave, Latrobe, Pa) published in The Washington Bulletin, Sept. 3rd, 1948, the following data in respect to that contention.

Ratio of Gold Reserve to Dollars and Their Equivalents

Table:

<table>
<thead>
<tr>
<th>Year</th>
<th>Reserve Deposits to Dollars and Their Equivalents</th>
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<tr>
<td>1916</td>
<td>29.6 %</td>
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<tr>
<td>1917</td>
<td>37.3 %</td>
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<td>1918</td>
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<td>1928</td>
<td>91.9 %</td>
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<tr>
<td>1929</td>
<td>91.9 %</td>
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This under no circumstances to be construed as an offer of securities for sale or as a solicitation of an offer to buy any of such securities. The offer is made only by means of the Prospectus.

NEW ISSUE

500,000 Shares

Moller-Dec Textile Corporation

(DAELIA CORPORATION)

Capital Stock

($5 Per Value)

Price $5 per Share

Copies of the Prospectus may be obtained from the undersigned:

COFFIN, BEITZ & CO.

Member New York Stock Exchange and Philadelphia Exchange

125 South Broad Street

Philadelphia 9, Pa.

February 20, 1950.
Commonwealth of Pennsylvania

1½% Series M, Serial Bonds

Dated March 1, 1910

Principal and semi-annual interest (September 1 and March 1) payable in Philadelphia at The Philadelphia National Bank or, at the option of the holder, in New York City at The National City Bank of New York, or in Pittsburgh at the Mellon National Bank and Trust Company.

Coupon bonds in denomination of $1,000, registerable as to principal only.

Interest Exempt from present Federal Income Taxes

Exempt from taxation in Pennsylvania (except succession or inheritance taxes)

Legal Investment for Savings Banks and Trust Funds in New York, Pennsylvania and certain other States and for Savings Banks in Connecticut and Massachusetts

These Bonds are a part of a total of $50,000,000 of bonds authorized by an amendment to the Constitution of the Commonwealth of Pennsylvania, approved by a vote of the people, to provide funds for the payment of compensation to certain Veterans of World War II. In the opinion of counsel, these Bonds are direct and general obligations of the Commonwealth of Pennsylvania, secured by its full faith and credit.

AMOUNTS, MATURITIES AND YIELD OR PRICE

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(Interest to be added)

The above Bonds are offered when, and if issued and received by us, and subject to prior sale and approval of legality by Hon. T. McKen Childs, Attorney General of the Commonwealth of Pennsylvania, by Messrs. Townsend, Elliot & Monroe, Attorneys, Philadelphia, Pa., and by Messrs. Reed, Smith, Shaw & McClary, Attorneys, Pittsburgh, Pa.

The Chase National Bank
The National City Bank of New York
Bankers Trust Company
Drexel & Co.
The First Boston Corporation

M. S. T. Smith, Barney & Co.
Chemical Bank & Trust Company
Harriman Ripley & Co.
Blyth & Co., Inc.
Kiddie, Peabody & Co.
Lehman Brothers

The Northern Trust Company
Harris Trust & Savings Bank
Continental Illinois National Bank
The First National Bank of Chicago
The Philadelphia National Bank
C. J. Devine & Co.

Goldman, Sachs & Co.
Ladenburg, Thalmann & Co.
Lazard Freres & Co.
Merrill Lynch, Pierce, Fenner & Beane
Phelps, Fenn & Co.

Salomon Bros. & Halpern
Union Securities Corporation
White, Weld & Co.
Eastman, Dillon & Co.
Blair, Rolfs & Co.
R. W. Prosser & Co.

Equitable Securities Corporation
Sheidts & Company
Humphrey, Noyes, Graham, Parsons & Co.

B. J. Van Ingen & Co., Inc.
Mercantile-Commerce Bank & Trust Company
A. C. Allin & Company
American Trust Company

Bear, Stearns & Co.
Estabrook & Co.
Alex, Brown & Sons
Lee Higginson Corporation
Dick & Merle-Smith

Harris, Hall & Company
Stroud & Company
Yamal & Co.
Brown, Brunswich & Co.
American Trust Company

F. S. Moodly & Co.
R. H. Maulon & Company
Reynolds & Co.
Bacon, Stevenson & Co.

R. S. Dickinson & Company
Fidelity Union Trust Company
The First National Bank
Holliday & Co.

The Illinois Company
The Marine Trust Company of Buffalo
W. H. Newbold's & Son Co.
L. F. Rothschild & Co.

New York, February 17, 1910.

$375,000,000

Continued on page 34
8

February 21, 1959

HALSEY, STUART & CO. INC.
R. W. PRESSPRICH & CO. INCORPORATED
A. G. BECKER & CO.
MOSTER HUTCHINSON & CO.

Western Maryland Railway Company

To mature $164,000 annually from March 15, 1951 to March 15, 1965, inclusive

Priced to yield 1.30% to 2.45%, according to maturity

Issuance and sale of these Certificates are subject to authorization by the Interstate Commerce Commission.

The Offering Price of such Certificates is $2,460,000, inclusive of $164,000 of said maturity, and $2,296,000 are to be offered in the public.

The certificates are issued in $1000 denominations.

The certificate is a long term security and it is not intended for temporary or short term investment purposes.

Western Maryland Railway Company

1946

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R. W. PRESSPRICH & CO. INCORPORATED
A. G. BECKER & CO.
MOSTER HUTCHINSON & CO.
From Washington
Ahead of the News

BY CARLISLE BARGERON

Be it said for the more than 5,000 people who gathered in the Washington Press Club for the $100-a-plate Jefferson-Jackson Day dinner that there was not a thread among them as to the fact that the gaffe was admirably handled. Some of the difficulties of the Federal Reserve Act are, of course, but among the oldsters there was the tendency to take on a pensive face to make one feel definite, to cover up the feeling that has existed for one of the galloping hares of the last 15 years. The attitude of the fellow duly charged up was: "What if I am a pariah? I'm doing as I'm told.

There will be little or no reference by the League of Nations to an anti-reciprocal act, and the Golden Lacs and mink coats as there was about the Republicans' box chicken get-together several days before. But there were Carilles and there were mink coats galore because, of course, this crowd is in the soup.

It mattered not to them that in the coal mines their subjects have had little or no work for more than six months, or that thousands of Chrysler employees are idle because of this whirl of their leaders—this crowd is sitting on the top of the world. Truman could not feel any worse about it. Remembering had he said candidly that he and his wife having worked out a formula to keep millions in misery and make them like it.

Instead he called the roll on Republican alarms sounded over the past 17 years, misdeeds and the like, all of which he called for the destruction of crooks, an NRA by which a government agency told every so-called crook that it could sell and under what conditions it could sell; billions had been spent to oppose the unemployed, may political slaves of them, under the guise of giving them relief the country had been taken off the gold standard and put on a money value. Petition money was moving into every nook and cranny of the land. Nothing to get excited about.

In the case of the man, of course, they— the Republicans—have been excited about in the campaign of 1940. Roosevelt was simply violating all our traditions by running for a third term, he had further showed his unbusinesslike by trying to pack the Supreme Court and trying to purge Senators who disagreed with him. Some of the millions who had continued to be unemployed despite the spending of billions were going to work as he prepared to lead us into war, and it was the B.F.egor to tell us war?

Yet his claim to mortality rests on his having had "foreign aid to realize we had again to save the world and his ability to maneuver in such a way that we are back into the war!"

But the Republicans were still crying wolf in '44 and '48. Yet nothing has happened. Only that we lose thousands of young men and money and end up worse off than before we went in, except that we have added a great deal of equality.

Apparently, Mr. Truman doesn't realize or doesn't want to, that the reason we aren't completely socialized today is that the time came when we were socialized, and Truman doesn't have his. In 1938 a strong opposition developed to Roose¬velt and checked him. It caused him to divert his talents to foreign affairs. That opposition, reinforced, has served as a restraint on Truman. That we aren't completely gone is no fault of his or his predecessor. If he could get his spending program, it would finish us up.

Does Mr. Truman think that the American people have advanced only when the extremely high income man can build up security for his dependents? Why, one of his ablest aides has left him because he can't make $20,000 a year; he got to get out into the richer pickings, the practitioners of which gave him the $100-a-plate spree.

No, there was little enthusiasm at that dinner as the television will show—some forced handclapping at the outset, occasional apraits thereafter.

It is rather heerizing that there was shame. And, it is a fact that one runs into more and more of this feeling among the Washing¬tonians these days. There comes a time in the lives of most men when they begin to wonder what they have done to justify their exist¬ence. Consequently, everyone who hasn't had his, by, of course, the man who has reared and provided for a large family, from the hope he cherishes that the second generation will go on to greater accomplishments. But the fellow who has just been a barnacle begins to worry a little. The time a man grows old and corperent and I think 1 detect signs of mehowsness. I wouldn't be surprized to see some of them looking around for charities to donate to, in order to keep their old age in order. They've got the money with which to do it.

Treasury Tax Proposals
Analysis and Suggestions

BY ELSA M. FRIEDMAN
Consulting Economist

Mr. Friedman recommends eliminating all excise taxes on business operations (freight rates, telegraph, etc.), but imposing graduated tax on corporation income. Assuming the Treasury's tax proposals would greatly increase burden on small stockholders of large companies. States that corporate income tax is a disguised sales tax even though it is a capital gains tax. Proposes that shortening holding period would increase receipts further. Urges publication of Treasury data for revising capital gains taxation.

The Treasury proposes to reduce excise taxes and to eliminate the acci¬dental tax on freight. To make up the loss in revenue, it proposes to raise the corporation in¬come tax rate and to close the loopholes in the capital gains tax. This paper will at¬tempt to analyze the arguments for and against why it is un¬desirable to reduce the exci¬se taxes on personal income. It will instead re¬com¬mend eliminating all ex¬cise taxes on personal income and also on consumption of necessi¬ties and recommend the tax on excise taxes on luxuries. No at¬tempt is made to estimate the effect of the taxes on the incomes from such goods.

Without raising the corporate tax rate, it would seem more advisable to give relief to the small stockholder by the British method of returning to him the excess collected from him above the tax due on his divi¬dends. It would also be desirable to treat preferred dividends, like interest, as a deduction from tax-able income. To mitigate double taxation, the law could exempt part of the dividend from normal tax, as an offset to the existing tax on corporation income. The capital gains tax would be re¬moved again in the light of six years' experience under the new rates and new holdings. It is recommended that the law be revised on these grounds revised on these findings. Receipts could

*Statement by Mr. Friedman before the Senate Ways and Means Committee, Feb. 17, 1940.

Elsa M. Friedman

II
Corporation Income Tax

Secretary Snyder would raise the rate of taxes on large corpora¬tions to 42% and keep the 25% rate on corporations making less than $50,000. Thus he would in¬crease the tax on small stock¬holders of small companies to exempt large stockholders of small com¬panies because of the "strictures" in the Corporations like American Telephone. U. S. Steel, General Motors and Ford. "I think that 80% and 85% of the stockholders own less than $2,500 in market value. It is these little people who will be benefited by the proposals, actually, although nominally the corporation is taxing the large corpora¬tion. On the other hand, small companies making less than $25,000 may have two or three stockholders, really partners, who can evade a relatively high income tax. This will thus pay a lower rate than corporations which own a few shares in a large company.

The tax on corporate income is a regressive tax on individual in¬comes. A rate of 42% on the earn¬ings of a corporation is virtually a 100% tax upon the smallest stock¬holder on the first 43% of a poten¬tial dividend. Would any govern¬ment dare to propose such a plan of taxation on the smallest share¬holder openly and directly? Is it not entirely and undisputedly for the government to do so covertly and at tax on corporation income. The large company belongs to many thousands of small people. Merely to impose the income tax upon the income of the large company is not economic, like farmers and trade unions, shall their rights be ignored? In this type of stockholders receive a notice from the Social Security Administration advising them the amount of the tax paid.

HALSEY, STUART & CO. INC.

February 30, 1940

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

$2,000,000

Lake Superior District Power Company
First Mortgage Bonds, Series C, 2%-

Dated January 1, 1950
Due January 1, 1980

Price 100.75% and accrued interest

Copies of the Prospectus may be obtained from the underwriter.

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fraservaluableimages.org
Taxes and Take-Home Income

By DR. HARLEY L. LUTZ

Tax Consultant to the American Life Insurance Companies, Emeritus Professor of Public Finance, Princeton University

Dr. Lutz calls attention to various taxes and assessments deducted from payrolls which reduce take-home pay of workers. Says if these deductions go too far a great many workers are left "just about broke," "quit pulling on the collar." Notes incentives to make people work are being taken away and, as a result, urged reduced Federal spending and taxes.

Continued on page 47

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Business
Man's Bookshelf


Investments—Recent investment letter "Our Boom May Last for Two Years," The Traveler's Indemnity Co., Hartford, Conn.


Beethoven's Philadelphia

Do you remember a few years ago when Sir William Beethoven was on the market? He was the only organist who was quite a success. You see he had written a book which outlined schemes for greater security. In this book a statement was made that if he were to give public employment even if you merely hired men to go out and dig holes and put them in again. We laugh at Beethoven's idea, but how many employers are growing farmers to grow potatoes and do they realize the same as William Beethoven's philosophy—dig holes and fill them in again? In this way is the more wasteful. The hole-digger would not depurate the productive quality of the soil but continuous cropping uses up the fertility of the soil, and this makes it necessary to operate a soil conservation program. Pay soil in good condition and we also pay for the unnecessary wastage of soil.

The other way to increase take-home income is to reduce taxes. You see, we are so foolish enough to say "I'll just work harder and earn more." You know enough about the tax system to know that it is very rungiously—the more work the less you have to take home. If you want to save more and earn it, we want to save in income and production of the money that is the ultimate goal of a free society—let the money circulate and let him make a correct decision of how it is to be spent. The first line of attack on this question of how to have more buying power is to pocket less to reduce public spending.

Federal Spending

The best way, perhaps, to talk about taxes to women who are married to businessmen and interested in public affairs, which they have become, is to show them that in terms of take-home income, this term, take-income originated by labor worker. There is a great idea in labor life, that is, there was, historically, the difference in income until the first week's pay was cut. The other people in a many industrial plants who were employed to check on the union dues so that union man who had trouble collecting from the member, were able to determine when the worker's take-home pay.

How did the government make taxes the other idea, the idea that the government did not keep this an idea. The government did not keep this an idea. The government did not keep this an idea.
A friendly property insurance company reports to the American people

A company is more than a name, a building or a legal entity...it is people.

Behind The Home's financial condition stand important human assets—the people who own this Company, the people who work with us and the people who are served by the Company.

The Home is owned by many people. It serves many people—in all walks of life, in all parts of the country, in many other parts of the world. You or your neighbor, whether a policyholder or a stockholder, or a prospective one, are important to The Home Insurance Company.

Through its more than forty thousand representatives, The Home Insurance Company is today the leading insurance protector of American homes and the homes of American industry. Its size and strength enable it to serve the smallest as well as the largest insurance need.

For almost a hundred years, The Home has stood between property owners and the risk of sudden financial loss. The homes and business futures which have been restored are beyond estimate. Since the founding of the Company, Home policyholders have been reimbursed for more than a billion and a half dollars in financial losses.

Because The Home's business is to protect property values in which so many people are concerned, and because the loss of such values would affect the economy of the country, this statement of The Home's financial condition may be of interest to the public.

Sincerely,

President

---

Balance Sheet
December 31, 1949

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<td>1,686,017.00</td>
</tr>
<tr>
<td>Reinsurance Reserves</td>
<td>1,191,579.00</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>3,000,579.00</td>
</tr>
<tr>
<td><strong>Total Liabilities Except Capital</strong></td>
<td><strong>$190,777,742.41</strong></td>
</tr>
<tr>
<td>Capital</td>
<td>$20,000,000.00</td>
</tr>
<tr>
<td>Surplus</td>
<td>101,367,391.00</td>
</tr>
<tr>
<td>Surplus as Regards Policyholders</td>
<td>121,367,391.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$318,146,129.49</strong></td>
</tr>
</tbody>
</table>

*NOTES: Bonds carried at $375,685.79 Amortized Value and Cash $80,000.00 in the above balance sheet are deposited as required by law. All securities have been valued in accordance with the regulations of the National Association of Insurance Commissioners. Assets and Liabilities in Canada have been adjusted to the basis of the free rate of exchange. Based on December 31, 1949 market quotations for all bonds and stocks owned, the Total Admitted Assets would be increased to $318,746,702.34 and the policyholders' surplus to $313,998,963.53.*

---

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

FIRE • AUTO Mobile • MARINE • PROPERTY INSURANCE
The Home Indemnity Company, an affiliate, writes Casualty Insurance, Fidelity and Surety Bonds.
Register Opposition to Frear Bill

NAM and Commerce and Industry Association of N. Y. hold measure to extend SEC powers is contrary to best interest of investors and industry and will hamper and heavily burden business that is not engaged in stock manipulation.

Two prominent associations of businessmen have submitted to the Securities and Exchange Commission a joint objection to the inclusion in the Banking and Currency Committee Prints against the Frear Bill, a measure under consideration.

C. A. Putnam
Thomas J. Mildon

tion to extend the jurisdiction of the Securities and Exchange Commission in the following terms: that as of November 1, 1929, the SEC has registered 832 corporations and 877 securities, and in addition has made reports affecting 45,000 individuals and 6,000 companies. The SEC has disposed of 9,200 registration applications since its establishment. The SEC has completed investigations in 134 cases and is currently conducting 48 investigations.

The National Association of Manufacturers and the Commerce and Industry Association of New York, Inc., have submitted a joint protest to the SEC, expressing their opposition to the Frear Bill. The statement reads: "The proposed legislation would affect a large number of industries and would be accompanied by serious consequences." The National Association of Manufacturers considers that the new legislation would be contrary to the best interests of investors and industry and would hamper and heavily burden business that is not engaged in stock manipulation.

The Commerce and Industry Association of New York, Inc., also expresses its opposition to the Frear Bill. The statement reads: "The proposed legislation would be detrimental to the interests of investors and industry and would hamper and heavily burden business that is not engaged in stock manipulation." The association considers that the new legislation would be contrary to the best interests of investors and industry and would hamper and heavily burden business that is not engaged in stock manipulation.

Frear Bill and Small Business

By JOHN DUTTON

Assenting Frear Bill will eventually force more and more securities of small companies that are now traded over-the-counter into the listed market, writer contrasts this with lack of growth in small business, which has been accelerated by larger securities dealers, especially those who have been advising the Securities Dealers in this country how to go out and sell. Clinics have been held in New York which called experts have told you how to do it. Recently an acknowledged expert in the field of intangibles held a series of lectures about it in New York. Your various associations are obtaining information from salesmen in other lines as far removed from security salesmanship as the oil industry and transportation, and passing it on to you. Most of this material is hearsay or 'expert' opinion and is not live up to the spirit of public good that should characterize all business practices.

More Facts Needed

In the opinion of the NAM and the Congress is engaged in the study of the problem of how security salesmanship would be affected by the proposed legislation as well as to estimate the consequences of complying with its requirements. The NAM's reaction is that any strong public desire on the part of large numbers of individuals or groups of individual stockholders and others would be included in this proposed legislation. The NAM, of course, does not consider the SEC is the best way to go about it. The public interest. It believes that any apparent lack of adequate information is not necessarily an indication that the lack of information should be used as a basis for necessarily including many smaller companies.

More Control Dangerous

The writer believes that government control over small companies of industry must be reviewed. The study of the increase in the use of power in the hands of the SEC in the absence of establishment in the absence of the SEC has been established to support its position. The writer believes that government control over small companies is necessary. The Securities and Exchange Commission is no exception to this general rule.

The original intent of the Securities Act of 1933 was to provide full and fair disclosure of security transactions and to prevent fraud in the sale of securities. The SEC has been given the power to carry out this act. The SEC is now registered with the Commission.

The Securities and Exchange Commission has been given the power to carry out this act. The SEC is now registered with the Commission.

A Prosal to Safeguard Investors in Small Business

The Securities and Exchange Commission has been given the power to carry out this act. The SEC is now registered with the Commission.

"The Securities Act of 1933 was designed: "To provide for the regulation of securities, and exchange of securities, and foreign commerce and through the mails, and to enforce unaided securities, and for other purposes."

In other words the SEC was created to assure that the potential investor is fully and adequately informed in the following: "To improve the SEC Act by making the following provisions."

The writer believes that government control over small companies is necessary. The Securities and Exchange Commission is no exception to this general rule.

Continued on page 43
ASSOCIATES INVESTMENT COMPANY is primarily engaged in automobile financing. Operations are conducted in 108 branch offices located in key towns and cities east of the Rocky Mountains. At these points, motor lien retail installment notes are purchased on a discount basis from automobile dealers. In conjunction with this business dealer wholesale and other loans are made. Insurance for these transactions, in the form of comprehensive fire, theft and collision coverage on motor vehicles, is provided by our subsidiary Emmco Insurance Company. In the Commercial Loan Division, rediscout advances are made to smaller finance companies, the majority of which are engaged in purchasing automobile installment notes. Secured short and medium term credit is also extended to industrial and trading enterprises against assignments of accounts receivable and inventories and pledges of machinery, equipment and other eligible collateral.

ASSOCIATES INVESTMENT COMPANY, South Bend, Indiana
E. M. MORRIS, Chairman of the Board

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**CONSOLIDATED BALANCE SHEETS**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>December 31, 1948</th>
<th>December 31, 1949</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH</strong></td>
<td>$31,443,454</td>
<td>$35,694,005</td>
</tr>
<tr>
<td>**MARKETABLE SECURITIES, **at cost or less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U. S. Government bonds</td>
<td>$6,802,850</td>
<td>$6,322,799</td>
</tr>
<tr>
<td>Other bonds</td>
<td></td>
<td>$1,212,303</td>
</tr>
<tr>
<td>Short-term commercial notes</td>
<td>1,212,303</td>
<td>1,212,303</td>
</tr>
<tr>
<td>Stocks (market value $5,525,686)</td>
<td>5,206,066</td>
<td>5,206,066</td>
</tr>
<tr>
<td>Total marketable securities</td>
<td>$12,940,121</td>
<td>$10,429,282</td>
</tr>
<tr>
<td><strong>RECEIVABLES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motor lien retail installment notes</td>
<td>$172,767,289</td>
<td>$132,580,803</td>
</tr>
<tr>
<td>Motor lien wholesale, short-term loans</td>
<td>28,391,093</td>
<td>28,391,093</td>
</tr>
<tr>
<td>Modernization loans</td>
<td>4,931,597</td>
<td>21,792,394</td>
</tr>
<tr>
<td>Chatted lien and conditional sale installment notes (other than motor lien)</td>
<td>3,277,091</td>
<td>3,277,091</td>
</tr>
<tr>
<td>Direct or personal installment loans</td>
<td>11,014,142</td>
<td>7,802,664</td>
</tr>
<tr>
<td>Accounts receivable assigned</td>
<td>3,386,022</td>
<td>3,386,022</td>
</tr>
<tr>
<td>Advances to other finance companies on collateral</td>
<td>6,577,007</td>
<td>5,444,134</td>
</tr>
<tr>
<td>Commercial loans on collateral</td>
<td>4,073,175</td>
<td>3,482,081</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>2,408,665</td>
<td>2,757,766</td>
</tr>
<tr>
<td>Total receivables</td>
<td>$255,933,131</td>
<td>$205,966,000</td>
</tr>
<tr>
<td><strong>REPOSSESSIONS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>518,949</td>
<td>476,237</td>
<td></td>
</tr>
<tr>
<td>Loss—Reserve for losses</td>
<td>(4,727,821)</td>
<td>(5,972,115)</td>
</tr>
<tr>
<td>Total receivables and repossessions, less reserve</td>
<td>$222,179,341</td>
<td>$200,872,101</td>
</tr>
<tr>
<td><strong>INVENTORIES, at lower of cost or market:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motor vehicles, wholesale and retail</td>
<td>$587,200</td>
<td>$417,618</td>
</tr>
<tr>
<td><strong>PRESENT VALUE OF NOTES RECEIVABLE:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,074,762</td>
<td>1,063,214</td>
<td></td>
</tr>
<tr>
<td><strong>INVESTMENT IN STOCK OF AFFILIATED FINANCE COMPANY, at cost (50% owned):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>60,000</td>
<td>50,000</td>
<td></td>
</tr>
<tr>
<td><strong>LIABILITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$273,199,247</td>
<td>$236,790,050</td>
<td></td>
</tr>
</tbody>
</table>

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**STATEMENTS OF CONSOLIDATED INCOME**

<table>
<thead>
<tr>
<th>Year Ended December 31, 1949</th>
<th>Year Ended December 31, 1948</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DISSONTS, INTEREST, PREMIUMS AND OTHER INCOME:</strong></td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>$24,274,285</td>
</tr>
<tr>
<td>Net income before income taxes</td>
<td>20,065,519</td>
</tr>
<tr>
<td>Provision for Federal income taxes</td>
<td>13,408,961</td>
</tr>
<tr>
<td>Net income for the year</td>
<td>6,656,558</td>
</tr>
<tr>
<td><strong>CONSOLIDATED NET EARNINGS PER SHARE:</strong></td>
<td></td>
</tr>
<tr>
<td>$8.69</td>
<td>$6.50</td>
</tr>
</tbody>
</table>
Mutual Funds
By ROBERT K. RICH

Mutual Shares to Offer 2,000 Shares to Public

Mutual Shares Corporation of New York filed a registration statement with the Securities and Exchange Commission covering 2,000 shares of capital stock to be offered to the public. The expected offering date is about March 1. At the present time, the company has 25 shareholders who purchased the initial common stock offering of 1,000 shares at $100.

The company describes its investment policy as investing "in securities that appear to be selling at prices lower than their true investment values, and to maintain a balanced portfolio of diversified investments among different industries and companies."

To Invest in Liquidating Companies

Unusual is the stipulation that the "company may also invest, up to the extent of 50% of its assets in securities of companies in the process of liquidation, which can be purchased at less than their liquidating value." The charter provides for the unlimited borrowing of money by the company for any of its purposes.

As of Jan. 31, the total assets of the company were $130,002, and net assets equaled $114,245. Holdings in 17 companies in the process of liquidation, which can be purchased at less than their liquidating value, were equivalent to $44,243.50 on Jan. 31.

The fund, at 76 Beaver Street, New York City, was organized as a closed-end investment trust on June 30, 1949. At the first annual meeting, held in December, 1949, the certificate of incorporation was amended to provide that the company operate as an open-end investment trust.

No "Sales Load" Added

There will be no "sales load" added to the price or net asset value per share, which was valued at about $17.75 on Feb. 17, contrasted with $11.25 on Jan. 31, 1950. There will be no underwriter.

The officers and directors of Mutual Shares Corporation are: Joseph C. Gaido, President; Treasurer and Director; and Raymond K. Butterfield, Vice-Presi dent and Director; Bertrand S. Kasten, Secretary and Director; Roderick W. Cash, Director; Vincent Ingemolla, Director; and Jessie X. Byerly, Secretary.

Keystone Revamps Booklets

Keystone Company has revamped the format and contents of its 10 individual fund booklets. The new booklets are briefer, with the stipulating detail and solid text removed. The layout is excellent, and the big mistake is that the essential information remains. Demonstrating what imagination can do if it isn't squashed by tradition.

Broad Street Tells "Story of Income" and Smaller Dollar

"Broad Street is circulating a book with excellent graphs, entitled the "Story of Income."

The graphs chart clearly, for example, the "fullness" of the relationship between purchasing power and the rising cost of living, the contrasts between dollar and real value for mutual funds investment, high grade bonds and preferred stocks.

Bullock Looks at Retail Trade

Pointing out that "retail prosperity is dependent above all on an uninterrupted flow of consumer income," the firm of Calvin Bullock states in the current issue of "Perspective" that the outlook for retail trade for the foreseeable future depends on a great deal on an early day to prevailing and threatened labor difficulties.

To Receive Short Stimulus

"Retail trade will receive a strong but perhaps relatively short stimulus from an investment of $38.8 billion in National Service Life Insurance dividends to 15 million veterans in the first quarter. At the same time, the company has 25 shareholders who purchased the initial common stock offering of 1,000 shares at $100.

Also associated with Marache Sims & Co. is Charles N. Bishop.

J. P. Ver Cruisse Is With Marache Sims

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—J. Peter Ver Cruisse has become associated with Marache Sims & Co. at 409 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Ver Cruisse was formerly with Kenneth A. Ellis & Co. in Phoenix, Ariz.

Also associated with Marache Sims & Co. is Charles N. Bishop.

With Lee Higgins

(Special to The Financial Chronicle)

MILWAUKEE, WIS.—Roy W. Buchholz has become associated with the Lee Higgins Corp. He was formerly for many years with Loewi & Co.

The George PUTNAM FUND of Boston

PUTNAM FUND DISTRIBUTORS, INC.

American Business Shares, Inc.
Prospects upon request

Lord, Abbott & Co.
New York — Chicago — Atlanta — Los Angeles

A Diversified Investment Company

Incorporated Investors

200 BERKELEY ST., BOSTON 16, MASS.

Natural Resources Fund, Inc.
CAPITAL STOCK

Price $4 a share

Frank L. Valenta & Co., Inc.
ONE WALL STREET NEW YORK 5

New Issue

14 (869) THE COMMERCIAL & FINANCIAL CHRONICLE

Thursday, February 23, 1950

21 20 19 18 17 16 15 14 13 12 11 10 9 8 7 6 5 4 3 2 1
COMING EVENTS
In Investment Field


April 28-29 (Greenboro, N. C.) Southeastern Group of the Investment Bankers Association Spring Meeting at the Sedgefield Inn.

May 4-5, 1950 (San Antonio, Tex.) Texas Group Investment Bankers Association annual meeting at the Plaza Hotel.

May 26, 1950 (Cincinnati, Ohio) Municipal Loan Bank Group of Cincinnati Annual Spring Party and Outing at the Kenwood Country Club to be preceded by a cocktail party and dinner May 25 for out-of-town guests.

June 5-6, 1950 (Canada) Investment Dealers Association of Canada 24th Annual Meeting at the Seigniory Club, Montebello, Quebec.

June 14, 1950 (Minneapolis, Minn.) Twin City Bond Club annual picnic at the White Bear Yacht Club.

Sept. 26-30, 1950 (Virginia Beach, Va.) Annual Convention of the National Security Traders Association at the Cavalier Hotel.

COFFIN, BETZ OFFERS MOLLER-DEE STOCK

Public offering of an issue of 400,000 shares of capital stock of Moller-Dee Textile Corp. at $5 per share was made Feb. 23 by Coffin, Betz & Co. of Philadelphia.

Proceeds will be used by the company, which was incorporated under Delaware State law on Oct. 21, 1949, to construct and operate a modern textile plant in the State of Israel. The company is not yet engaged in business, but plans to contract for its production on cotton yarns and fabrics.

In order to own property and transact business in Israel, the company intends to register there as a foreign corporation. It intends to carry on this business in Israel as an American corporation unless a change in international conditions makes it advisable to operate through a wholly owned subsidiary incorporated in Israel.

The company proposes to acquire for the construction of its plant a tract of approximately 125 acres of unimproved waterfront land 20 miles north of Haifa which the government has offered to the company on a lease for 49 years with a right to renew it for a further period of 49 years.

Smith, Polian Add

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb. — Charles L. Adams has joined the staff of Smith, Polian & Co., Omaha National Bank Bldg.

With Prescott, Wright Co.

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Even J. Donaldson, Jr., is now with Pres¬cott, Wright, Stidler Co., 916 Baltimore Avenue.

George K. Baum Adds

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Joseph M. Crowe is now with George K. J. Callihan has become connected with King Merritt & Co., Inc., Chauncey Bldg.

With King Merritt & Co.

(PORTLAND, MAINE—Thomas M. Baker, Jr., has joined the staff of King Merritt & Co., Inc., 1016 Baltimore Avenue, and is now with George K. J. Callihan has become connected with King Merritt & Co., Inc., Chauncey Bldg.

SECURITY is something more than provision for old age

Do you want to see security in the making?

Stand in a factory and watch the fashioning of wood and of leather, of steel and of plastics. Or stop at the roadside where a harvesting machine is plying its amazingly intelligent way across broad acres of wheat.

In these places you see security in the making. For security is not just something we find in a rocking chair when we grow old.

Security is abundance, and comfortable living, and enough leisure for summer and play.

It is created by men with varied talents and skills working together with a common purpose: more and better things for all to enjoy.

Smith, Polian Add

With Prescott, Wright Co.

George K. Baum Adds

With King Merritt & Co.

FINANCIAL CONDITION

December 31, 1949

ASSETS

| Bonds and notes | $2,032,410,279.15 |
| U. S. Government | $601,031,100.00 |
| Dominion of Canada | 30,628,911.04 |
| \( \text{Sures and other divisions} \) | 9,957,213.33 |
| Public utilites | 419,344,927.77 |
| Railroads | 161,535,838.15 |
| Industries | 325,700,227.85 |
| Stocks | 108,174,012.00 |
| Guaranteed of preferred Common | 25,704,100.00 |
| Mortgage loans on real estate | 309,275,752.64 |
| Real estate (office house, housing and other properties) | 55,688,983.76 |
| Loans and liens on Company’s policies | 74,418,964.59 |
| Interest and rents due and accrued | 21,545,009.55 |
| Premiums due and deferred and other assets | 49,280,637.31 |
| Cash in banks and offices | 45,712,727.08 |
| Total | $2,606,506,366.08 |

LIABILITIES

| Reserve which with future premiums is established by law to mature all policy benefits | $2,138,913,507.00 |
| Policy proceeds and dividends left on deposit | 172,054,761.34 |
| Dividends payable to Policyholders in 1950 | 40,408,419.00 |
| Policy benefits in process of payment | 21,057,249.13 |
| Premiums paid in advance | 36,010,575.69 |
| Reserve for ultimate changes in policy valuation standards | 45,000,000.00 |
| Accrued expenses and sundry items | 15,461,954.39 |
| Accrued taxes payable in 1950 | 9,549,000.00 |
| Special surplus funds: Contingency reserve for Group Insurance | 4,496,000.00 |
| Contingency reserve for fluctuation in security values | 21,340,000.00 |
| Unassigned funds (surplus) | 192,214,917.53 |
| Total | $2,606,506,366.08 |

Twin City Bond Club

To Hold Annual Picnic

MINNEAPOLIS, MINN. — The Board of Governors of the Twin City Bond Club has decided upon Wednesday, June 14, for the Annual Club Picnic. It is to be held, as usual, at the White Bear Yacht Club.

A COPY OF THE COMPLETE ANNUAL REPORT WILL BE SENT ON REQUEST
High National Income
Of No Benefit Without
Sound Fiscal Policy

By CHARLES E. WILSON*
President, General Electric Company

Prominent industrial leader, holding five-year goal of $200 billion. In his book, "Make
it So -- Perfectionism and Barclays of Federal fiscal policy.

Worries if unbalanced budget continues and national credit
has been called "in cigarette coupons" instead of dollars. Says it is government's task alone
to insure value of dollar.

In the electrical industry we have a number of vital problems that have been with us for a long time. In terms of
research and fine engineering we have accomplished over the years a great many amazing things, reeling
from refrigerator to r-adar and e-lec-tron tubes. The homey little unhonored problems that continue
have been overlooked.

One of these has long been known in the industry by the unexciting title of "adequate wiring." There you
have an outstanding example of science balked by semantics.

To the future of better electrical networks, in the world today is more important than to make
certain that a house has consecrated within its walls electric wiring of sufficient capacity to let through
enough current, the devices that people want done. It is a simple little thing. It does not wait on any great
discovery, or for patents to expire, or monopolies to be broken up by the Justice
Department. All it needs is a few fellows to put in the right size of wire, because if you don't, you are going to
be able to use efficiently a lot of the convenient and glamorous devices that we manufacture. You
would think, long before this, we would at least have broken away from this venture "super-wiring," or described it as a superconducting channel of electricity" and
put a little of what we have learned in the hands of the electrical public.

Charles E. Wilson

Notes

SECURITY TRADERS ASSOCIATION OF NEW YORK

The Security Traders Association of New York will hold its annual dinner at the Waldorf Astoria Hotel on April 21.

CHARLES EBERN IS VERY Proud PAPA

Charleen, the daughter of Charles Eber, trader for Batten, Devlin & Co., has been appearing on KFI television. Charleen
is a quadruple-threat performer, being equally expert on the piano, pipe organ, marimba and vibraphone.

What Not Use Diplomacy?

By H. MURRAY-JACOBY

Former U.S. Ambassador-at-Large.

Former member of U.S. diplomatic staff, assuring chances
at present for maintaining peaceful relations between countries, the
perfectionism and diplomacy do not mix. Hold us to
re-discreet airlift, and de-
scribe, in the words of a great
man called "winnable" into it, but
we haven't. We go on in colorless and dreary word "ade-
quate," and every year for as long as I can remember, we have been holding committee meetings and trying to
Figure on this. Of course, we are on the side of the trend.

Problem of National Debt

The national debt is that kind of problem. It lacks color—or
clear-cut trouble of the type we can
see on a page. It is hard to
figure on it, is it not, with 9,000
and the chances of maintaining it per-
maybe may not occur as a margin for
thirty years, after all. But it is that wiseful
thing, the expectation that it will be put it in his Pennsylvania speech, we are all living on borrowed
money.

No dubs, you are familiar with the date of Bill Clinton's
White House Apprentice "so ably dram-
acted in Disney's "Fantasia." You will recall that it was in a
consideration to the idea that the master of the house who brings buckets of cooper, tremendous expanse of
houser decorating him of his burdensome chome; but when he wants to stop the
whole house from being
created, he cannot find the for-
manship to do his work, and
is overwhelmed by the delay. It is thus with the nation. In the case of the
stock and the hydrogen bomb which we have smartly conjured up, but it is
a problem of destruction is quite an

We made a highly meritorious and leftist attempt in a project to
outlaw the Branch-Bunch of trying to
outlaw the bomb on a multi-
national basis, but we could possibly have succeeded in it, probably, unless we
first produce a climate in which
the weapon is no longer
are available. We have
acted for a number of years in
our own hands as a
consulor in grease.
Our experiment of Franco Spain is just another
evidence of the fact that it is
oblivious to the feelings of people with whom, unfortunately, we are
in" the country. My old friend
Senator McMahon calls the inclusion of 10 million Americans,

While we were in Articles,
a marveled at the skill with which
Empire Halle Selsasie was
able to negotiate with his bar-
baric chieftains in the interior of Africa, and
were enough, broke treaties and caused him to think with whom he nevertheless managed
to get along as he fully
expected to. But the other
diplomacy do not mix. With our
bureaucratic system of historic
ting, it is absurd to expect from it to
be all right. The days of
revolutionaries on Emily Pois Internationalized behavior. Now
we are in the days of a great history
in which we are trying to
be able to do all sorts of things, and in the line of diplomacy, the
bureaucracy probably could
not work. Have we not found
the result of this?

Concluded on page 45

*An address by Mr. Murray-Jacoby receiv-

Charles L. Ebner, Jr.

Canadian Securities

By WILLIAM J. MCKAY

The paramount importance of agriculture in the Canadian econ-
omic scheme is evident to a
doom where a mere increase a few hundred thousand acres of
ranches with the abandonment of
thousands of acres would have induced a major crisis. It is clear that our adequate level, and we cannot expect to succeed in
this kind of problem can be faced, if with difficulty. We may achieve a
reasonable degree of confidence, and a reasonable result, only if we can
mean something, as it has been
recognized forever, the concept of the greatest economic facts are con-
stituted by the enormous latent mineral and forestry wealth of the
Fabulous Laurentian Shield, and by the magnificence of the potential of the
Canadian prairies.

As far as the 20,000-square-mile area of the Laurentian Shield is concerned its surface or
merit has been more or less
never, Nevertheless, even this relatively small area of economic importance has placed the
Dominion in the forefront of the world's precious and base-metal producers. The metals covering this region are the scarce of utmost
implication of lumber, paper and forecasts. It is estimated in this area which areas provide both scarified and unscarified land for the
development of hydro-electric power. In recent years the spectacular charac-
teristic of the northward advance of the
nature has been dramatized by the development of the mining industry. The metals which have come suddenly to the fore
are those metals that at a
scientific program, prominent example is the Great Bear Lake district. In the
next three or four years of these resources are realized, we are likely to be in
more even recent noteworthy dis-
covery in the field of deposits
discovery in the present time. As far as the mining industry is concerned, the
area is one of the largest and best in the world, and the
As Dr. Ralph Bunche

With: Merrill Lynch

Merrill Lynch

(Special to The Financial Chronicle)

OMAHA, NEB. — Fred S. Kunsler is now with the house office of Merrill Lynch, Pierce, Fenner & Beane, Patterson Bldg.

Johnston in Ft. Wayne

(Special to The Financial Chronicle)

PT. WAYNE, IND. — Irw W. Johnston in Ft. Wayne, is now with the house office of Merrill Lynch, Pierce, Fenner & Beane, Patterson Bldg.

CANADIAN BONDS

Government Provincial Municipal Corporation

CANADIAN STOCKS

A. E. Ames & Co.

INCORPORATED

Two Wall Street Offices

150 and 250 Wall Street

NEW YORK 38, N.Y.

Fifty Congress Street

Boston 10, Mass.
Things to Come

BY ROGER W. BABSON

Mr. Babson, basing his predictions on the results of scientific and statistical research, predicts that the future things to come are: (1) human beings flying like birds; (2) partly oceanic ponies; (3) better and cheaper foods; (4) power of mind over matter; (5) large-scale water production from air; and (6) universal religion.

Once each year I like to write about things to come to see if I can keep up with the moving scientists and inventors. Flying Like Birds—It is believed that experiments will soon start in connection with individuals flying as do eagles, gulls, and crier pigeons.

Roger W. Babson

An alloy of magnesium and titanium would enable an individual to carry a very light engine and wings. Furthermore, new powerful gases being developed would enable a very small light turbine engine to lift and propel an individual. This person may be obliged to wear a special suit containing a light gas. It is true that nothing of the kind has as yet been developed, but it is on the drawing boards. Far more rapid speeds for commercial planes are definitely assured. Within five years I expect to fly from New York to Los Angeles in two hours.

Partly Overcoming Gravity—Considering the millions of possible alloys which have not yet been gravity tested, it is possible that someone will stumble on an alloy which serves as a partial insulator for gravity. By the use of such an alloy, the transport of passengers would require no more effort to walk upstairs than to walk on the level. In addition to such a discovery being a great boon to those with heart trouble, it will be welcomed by all merchants who have great difficulty in getting customers to go up even a few steps, to a mezzanine level.

Better and Cheaper Foods—Chemists are making headway in preparing sugar, proteids and yeasts from small trees, and other food direct from gruels, water, and sunlight. These experiments are to "by-pass" the cow and steer, both of which are now very inefficient manufacturers of milk and beef. The whole study of diet is a most elementary stage. We will have much more tasty and nourishing food direct from the use of minerals, sunshine, water, and air, at much lower prices. We will buy peaches ground up, skin, flesh and seed; meals and fish, ground up, bones, body and skin; while lobsters will be sold cleaned, meat and tomato all ground into a delicate paste suitable for instant bisque or thermidor. These preparations will be more tasty and nutritious and sell for less because of the reduced labor involved.

Unlimited Power of the Mind—The power of the mind over matter has been emphasized by certain religious organizations, but recently has such power been tested in laboratories. I am especially interested in the work of Professor J. B. Rhine of Duke University, Durham, North Caro-

More Homes* Can Be Served With

NATURAL GAS in 1950... BECAUSE

The Columbia Gas System in 1949...

Faroll & Co. to Admit Walter Mooney

CHICAGO, ILL. — Walter A. Mooney will become a partner in Faroll & Co., 208 South La Salle Street, members of the New York and Midwest Stock Exchanges, on March 2. He has been with the firm for a number of years. Edward M. Rosenthal will retire from partnership on Feb. 28.

Bendix Luitweiler Partner

Bendix, Luitweiler & Co., 52 Wall Street, New York City, members of the New York Stock Exchange, will admit Herman Hagen to partnership on March 2.

Reach the primary objectives of a $168,000,000 expansion program—an adequate gas supply; adequate underground storage capacity and facilities adequate to supply more people with more natural gas.* In 1949 the System established new highs in gas sales, in the volume of gas it could deliver in a single day, in Southwest gas contracts and in total reserves for the future.

Columbia opened new gas frontiers, drilling the first producing well in Maryland. It built the "Toughest Inch," a 26-inch transmission line through the West Virginia mountains.

*And the System contracted with other public utilities to supply the gas required for their 600,000 customers.

As demand continues to increase, further expansion is inevitable. For, as a public utility, Columbia Gas System has the responsibility and the legal duty to provide the service the public needs require.

Utilities serving 25 cities sought wholesale deliveries from Columbia. Applications to service Baltimore, Md., Foughkeepsie, Newburgh, Beacon, Kingston, N. Y.; Charlotteville, Va., and Hagerstown, Md., have been approved. Others awaited FPC approval as of Feb. 10, 1950. Full details are in the Annual Report of the Columbia Gas System, Inc., 120 East 41st Street, New York 17, N. Y.—available on request.
The Welfare State "In Court"

Lawrence Fertig

Where it is contended "Welfare State" is "big balloon" technique for taking people's money away and giving it back to them in services they would otherwise buy for themselves. Mr. Fertig is a perfect giveaway program, it is costly to the public and is a passing folly to socialism. Insists it becomes captive of the very groups it has favored.

Following is the testimony of "expert witness" Laurence Fertig, former Commissioner under Governor "court" Frederic R. Couder, Jr., and "cross-examination" by William H. Summers, Columnist, under Commissioner, program produced by Irvin Suida and broadcast over DuMont WABD TV network Feb. 7, 1956.

Questions by Congressman Couder

Mr. Fertig, what does the term "Welfare State" as we are using it tonight mean to you?

Answer by Mr. Fertig: Well, sir, the opposition has taken a very good word out of the dictionary—meaning well-being—and has appropriated it for themselves. They have combined it with the word state and implied by the words "Welfare State" that their governments are the maximum well-being for its citizens. Justice Douglas of the Supreme Court has pointed out the invention of the twelfth century in which people themselves who create their own well-being through increased production. The state does not create well-being.

The "Welfare State" is simple. A method of taking people's money away, without giving it back to them in the form of services which they would otherwise buy for themselves. The "Welfare State" promissory notes are being made and inevitably becomes the "Welfare" state. It leads to both inflation and deflation.

Every time, even when you have only the mere beginnings of the "Welfare State," we cannot balance our budget. Government deficits are asking for at least $10 billion more of expenditures. Now, how are we going to pay for it? In only one way. We dilute the currency. We inflate and take away through inflation a great part of your labor's income; the buying power of your government bonds; of what you have saved in your life insurance; of what you will get in your Social Security. That is the nature of inflation—it rolls the people of their savings. And, remember, the "Welfare State" is the inflation state.

Q. When you use the term "Welfare State" you mean such a state as would exist if the present Presidential program should be adopted by the Congress and become effective.

A. Yes, Mr. Couder, but first I must make this correction. I should have said the so-called "Welfare State," because what is proposed will definitely not improve the people's welfare. Quite the contrary. The more the gentlemen propose will ruin the country. It will ruin us through inflation, which then will force the socialistic measures which they have already sponsored.

Our Reporter on Governments

By John T. Chippendale, Jr.

The government market is under the influence of the new financing with its attendant adjustments. Accordingly, there are many about the private market as an influence to make way for the new securities. This has resulted in considerable switching, and the intermediate term eligibles have been the principal mediums for these operations. Nonetheless, there has been some outsourcing of the longer bonds. The new eligibles have also felt the pressure of liquidation, with savings banks letting out some of these securities. Previous long-term bonds are on the buy side.

Not only the new financing but also the belief that monetary policy is to be changed, is having an effect upon prices and yields of the long-time bonds. The sharp impacts on the unsettled and the longer end of the bill is on the uncertain side. These long-term bonds are inclining to the sidelines until there is clarification of developments in the money markets.

LOWER PRICES IN THE OFFING?

The 2½s of 1956/57 and the 2½s due 1958/59 are being watched with an eagle eye, because many holders of these securities are beginning to question their attractiveness at current levels. It is not surprising to current opinion as for new issues into the market in the bond pool. Nonetheless, there is not much to indicate that new issues will not be generally accepted, because there is no sharp decline in yields of the outstanding 2½s and 2½s gradually move lower, because the longer bonds are going to be increased. Because of this question of future supply the demand for Treasury securities is not great before the recent offering of the 1½, and it would not take too much uncertainty to bring quite a few of these bonds out of the market.

It seems as though the opinion in government circles is that the longer Treasuries are likely to work somewhat lower, although no sharp declines are looked for. It is believed Federal will keep the pressure on and this will maintain contracts of the higher income issues. While funds available for investment are ample, buyers are becoming more fain to accept the current trend of the market, not as aggressive in picking up needed issues as in the recent past. There is, however, a considerable authorization remains for the Treasury, and some are likely to be available in the not too distant future has brought about some selling of the outstanding eligibles by non-bank owners of these securities. While most of this has been in the 1956 issues so far, quite a few of the September 2½s have also appeared for sale from those institutions that do not need eligible obligations.

Some Liquidity Underway

In line with this thinking that the eligibles will be augmented during the next month of this liquidation of the outstanding issues, especially the 2½s of 1958/62. Quite a few holders do not think that the country is likely to be as aggressive in offering these issues is that there is to offer longer-term issues that can be bought by commercial banks. Savings banks have come into the market at intervals since the beginning of the month and although at least volume has not been great, they have, however, doing quite a bit of business. The fact that they are buying essentially is that it is an off time for them, as indicates the market. Out of town deposit banks continue to be buyers of the longer eligible issue, but much more from the scale angle as an act of holding all at prevailing prices. The are not inclined to go for the shorter maturities, but, on the other hand, the uncertainties of the new monetary policy has brought about caution buying from these institutions. While the 2½s are being shifted into the 1½s of 1953, the longer partially exempted continue to be well bought. There have not been many of these bonds appearing in the market despite price shilling.

Supply of New 1½s May Be Increased

Although the new 1½s enjoy a good demand, some observers believe the supply of this issue will be added to because certain holders of the maturing 2½s will probably not sell.

They point out that this may mean the 1½s will not be fully utilized during the year which could result in more bonds being made out of the intermediate terms into the five-year obligation.

Pension funds seem to have taken over the demand side of the market as it appears to be the main buyers of the eligibles. The longest issues are getting practically all of the attention, and the companies have been holders of not too sizable amounts of the 2½s and the 2½s of 1956/59, with indications these funds have been losing in the equity market. Eleemosynary institutions have pushed out a quite a few of the 2½s of 1959/62 in the past week.

Joints Canton, Fitzgerald

(Increased to The Financial Chronicle, 1954)

BEVERLY HILLS, CAL.—Noel McVickar, writer in broadway, has joined the staff of Canton, Fitzgerald & Co., Inc., 211 South La Salle Street, Chicago, Ill. He was previously with Lee Schenck Co. and was formerly with Mr. Ormond was formerly with the Chicago, Ill.—Edgar A. Ormond, president of the Mid-City National Bank.

H. M. Byblesby Addo

(Increased to The Financial Chronicle, 1954)

CHICAGO, ILL.—Edgar A. Ormond, president of the Byblesby & Co., Inc., 135 South La Salle Street, Chicago, Ill. He was formerly with the Arabian, and Mr. Ormond was formerly with the Mid-City National Bank.

Meed Heads Md.,

Concert Fund Drive

W. Carroll Meed, partner of Meed, Miller & Baltimore Investment brokers, has a p.m. opinion of the plans of the Bond Club State Cam-
paign, for the 1950 Ameri-
can Cancer Society fund-
raising, Meed is presi-
dent of the Bond Club State Cam-
paign, and is an Exc.

Lock Exchange.

Oppeinheir & Co.

Opens in New York

Max E. Oppeinheir, Albert H. Deuble, and Ralph Adrian Kristeller announce the formation of Oppeinheir & Co., members of the New York Stock Exchange and the New York Curb Exchange. The new firm will maintain offices at 25 Broad Street, New York, and will conduct a general American and foreign brokerage business.

Messrs. Oppeinheir, Deuble and Heck have served for many years as financial writer in American and European papers. He served for many years as financial editor and later assistant managing editor of the New York Times.

Mr. Heck had served for 10 years in manager of the Deutsch Bank in Heidelberg.

Mr. Kristeller became a member of the New York Stock Exchange in September, 1944, while still in the armed forces and a member of the New York Curb Exchange in 1947.

Formation of the new firm was previously reported in the "Chronicle" of Feb. 10.

With Colvin, Mendenhall

SAN FRANCISCO, CALIF.—Stuart W. Deuble, director of Colvin & Mendenhall, Co., 220 Montgomery Street.

U. S. TREASURY

BILLS

CERTIFICATES

NOTES

BONDS

Audrey G. Lansvyn

& Co.

COINCORPORATED

15 Broad St, New York 5, N. Y.

Tel: New York 2-1900

33 East 42nd St., New York 17, N. Y.

Telephone 3-8590
Financial and Economic Aspects of Social Security

By EMERSON P. SCHMIDT

Director, Economic Research Chamber, of U. S. A.

Dr. Schmidt analyzes current and prospective programs of social security, and concludes, despite its importance, expanded social security will not reach a goal of a healthy, dynamic, effectively-functioning economic society.

Viewing Social Security as a Whole

A modest amount of security may be obtained at a modest price. The more security demanded, the higher the outlay. Total security in a certain form is a realizable goal, but a small amount of such a security is unattainable. "Social security" in the accepted sense, is a small amount of a far larger and more comprehensive security system. Financing social security (a narrow sense) is a small part of the burden and a small part of the cost of that total social security.

Dr. E. P. Schmidt

Current and Prospective Programs

The current concern with more and more security is discrediting a commentary on individual human nature as it is on the limitations and frailty of both human and political institutions.

Fifty years ago, Manuel Camoes opposed workers' compensation. Not until the 1930's did Labor begin to consider the necessity of going to such a program in the hope of protecting the citizen from the industries of the next year's budget, but also in terms of the next decade and subsequent decades.

The Social Security Act of 1935, the NRA, the AAA, and a host of other laws and programs were to bring security. The Wagner Act was to create worker security. Although it is still on the books, as is most of the legislation of the 1930's, the average citizen appears to feel a greater degree of insecurity at the time in our past. This raises the question whether anything short of the "total state" can satisfy the pressures for security.

State legislatures and the Congress are being urged to revise and amend, extend and expand all manner of security programs. To follow the housing set out of 1949 is to add the "social security" income housing set of 1956. "Brannanism" is a real possibility, however possible! In the past we have considered each program separately and argued, however passionately, from one point of view. In the past, we have not only in the current budget but also in the long-range program of the next year's budget, but also in terms of the next decade and subsequent decades.

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ANNOUNCEMENTS

The National City Bank of New Jersey, at New Brunswick, N. J., capital is now $1,000,000, having been enlarged effective Jan. 16, from $875,000, through a stock dividend of 20 per cent.

According to Jersey City adverse to the Newark “Evening News” of Feb. 15, by a staff cor- respondent to the directors of the First National Bank and the Franklin National Bank, both of Jersey City, has been announced by the officials of both banks. The merger offers stockholders’ meetings of Franklin March 28, would be effective July 1, said the advice which added that both banks have been organized to combine the banks with improved service facilities. The First branch banks of the Franklin would become branches of the First National Bank. The merger was announced at the bank’s annual meeting of the Executive Committee, and the Stockholders’ meeting of Franklin National.

At their annual meeting in January the stockholders of the Security Savin- g in the bank’s dividend account. The surplus of the First National Bank of $2,500,000 was declared by S. Oliver Goodman in the Washing- ton “Pant” was likewise to be come $800,000.

The National Security Bank of Chicago, Ill., and its capital increased from $500,000 to $1,000,000 by a stock dividend of $500,000.

The Fourth Northwestern Na- tional Bank of Minneapolis, Minn., has recently reported a capital of $10,000,000, the amount having been increased from $125,000 as of Jan. 16, by a stock dividend of $25,000, a recent bulletin of the Office of the Comptroller of the Currency reports.

The National Bank of Topeka, Kansas, has enlarged its capital from $500,000 to $1,000,000 by a stock dividend of $500,000. The new capital becomes effective Dec. 28.

The election today of Fielding B. Childs, of the Central Terminal Co., to the board of di- rectors of the Mercantile-Com- merce Bank and Trust Co. of St. Louis has been announced on Feb. 10. Mr. Childs, the Comissioner of the local board, Mr. Fielding B. Childs, is the son of the late L. Wade Childs, who recently completed 30 years’ service on the board. Mr. Fielding B. Childs is also a director of Mercantile-Commerce Bank and Trust Co.


The capital of the City National Bank of Winston-Salem, N.C., has been increased from $200,000 to $250,000 through the issue of 5,000 shares of common stock. The new capital became effective Feb. 9.

The boards of directors of the First National Bank of Atlanta, Dallas, and St. Louis have elected officers. The First National Bank of Atlanta has elected the open market committee for the year beginning March 1, 1950 and the First National Bank of St. Louis has elected the chairman of the Federal Reserve Bank of St. Louis as its president. The directors voted to serve on the committee in the following year.

The First National Bank of Atlanta, is serving as a member of the committee for the year ending Feb. 28, 1950. The Federal Open Mar- ket Committee consists of the seven members of the Board of Governors of the Federal Reserve System and five representatives of the Federal Reserve banks. One of the representatives of the Fed- eral Reserve Bank of Atlanta is elected by the board of directors of the Fed- eral Reserve Bank of Atlanta to serve on the committee.

The other eleven Federal Reserve banks are represented by one member each containing two or three banks, and each group elects its representative on the committee.

Special advice from Houston, Tex., in the Dallas Morning Herald stated that the Citizens State Bank of Houston has raised its capital from $2,500,000 to $3,000,000, an announcement by the Federal Reserve Board.

The item further reports that the bank’s surplus and unsold profits, he said, The bank was founded in 1819.

Through a stock dividend of $500,000 the capital of the Fort Worth National Bank, at Fort Worth, Tex., has been increased from $3,500,000 to $4,000,000. The new capital became effective Jan. 13.

Announcement is made by the Commercial Credit Co., of Chicago, of the election on Jan. 10 of the following officers: Fred- ernic J. B. Bartlett, President; Robert G. Hemingway, Chairman; Leon H. Hartley, First Vice-President; Bulfin F. D. Flowers, Second Vice President; Charles Francis, Jr., Vice-President and Cashier; Richard R. Hemingway, Assistant President; Major H. L. Hinkle, Trust Officer; Wm. A. Judge, Assistant Cashier; J. D. Cooey, Assistant Cashier and Auditor.

A stock dividend of $1,000,000 was declared increasing the capital of the State First National Bank of Atlanta from $5,000,000 to $6,500,000. The new capital became effective on January 13.

Following the regular meeting of the directors of Bank of Amer- ica, of San Francisco, Calif., on Feb. 14, President E. M. Glan- ning announced that the board has formally declared a pro- posal to change the par value of the bank’s shares, and that the shareholders are to have the option to purchase the shares at the prevailing par value without the need for any additional capital. The capital is now $5,000,000, the new capital is $5,000,000.

A dividend of $2.25 per share was declared effective on January 19.

With Davis, Skaggs & Co., 111 Sutter Street, members of the San Francisco Stock Exchange.

Joins Coffin & Burr Mary Wells, 9 Park Place, New York, N. Y.

An additional 12,000 shares of the bank’s capital stock is to be authorized, raising the total authorized to 50,000 shares, the 12,000 shares being held in reserve for future expansion.

The bank is to have a capital stock of $5,000,000, $100 par value, consisting of 50,000 shares of $100 par value, each to be non-assessable.
Public Utility Securities

BY OWEN ELY

Boston Edison Company

President James V. Toner of Boston Edison Co. recently made an address in New York to the Electric Lighting World's Luncheon Forum, and presented a 28-page book of charts and statistical data to supplement the annual report just released. The general credit trend of 1949 reflected a gain of 11 cents over the 1948 figure of $2.80 (after deducting a nonrecurring charge of $1.13 per share). There was a record-breaking profit in revenues, due largely to reduced sales to other utility companies, but the company's rate of increase had only a negligible effect on dividends.

For example, for one or two Connecticut utilities, Boston Edison is one of the most generous of dividend payers, last year's rate being higher than the general electric power公用 utility 의료 

President Toner indicated that the company might dip into surplus if very constant rate of increases are maintained. 

The company's business is more stable than that of the average utility, since it relies less on large industrial customers than most does. Toner argued that the recession had not done any serious harm to the New England utilities, but in a $1 billion mortgage bonds, probably in April, will be used to retire bank loans and unsecured notes.

While the Federal Administration has recently become active in the development of hydro power in New England on a large scale, President Toner stated that there has been no power shortage and he was sure that capacity would continue to grow adequately at any reasonable dollar. As far as Boston Edison is concerned, system planning has kept the company moving about the same pace as the expansion program on the U. S. electric industry was short of reserve capacity in 1947. The Lord Folds of the British Treasury estimates that Boston Edison might have had difficulties in supplying electricity to the city of London last year, but that now it will be able to meet the demand fairly well. With a $1 billion mortgage bonds, probably in April, will be used to retire bank loans and unsecured notes.

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Economic Aspects of The Pension Problem

The American worker is one of the greatest men in the world. He is the product of a labor market that has been transformed from a prison into a market, in which all employers rely on their workers, for better or for worse. They need all the workers ready to work for this rate can find wages and a security toward full employment. But the question of whether labor union rates fix rates at a higher level of wages is not only a question of the worker. Then workers are discharged and there are job-seekers, who cannot find work. The labor market unemployes its own labor force.
The present Administration is eager to devise several schemes to help the pension. It is a plan that extends beyond the government’s social security system and to increase the benefits under this system. It openly supports the demands of the unions without concerns about the effects on the private sector. At the same time as for the same Administration is firmly committed to ensuring a higher bound to lower more and more the union rate. It has proclaimed an unbalanced budget in the first place. The problem is not the problem of the principle of public finance, as a new way of life. With hyperinflation threatening to flight inflation, it has elevated bound, they inaugurated their notorious increasing size of an essential postulate of popular government and economic democracy.

Pensions and the Purchasing Power of the Dollar

It is very difficult to measure the amount of the pension each man will be entitled to claim. The government is in a position to do this. It is the most powerful argument in the case of the government’s social security system and to increase the benefits under this system. It openly supports the demands of the unions. That is the case for the same Administration is firmly committed to ensuring a higher bound to lower more and more the union rate. It has proclaimed an unbalanced budget in the first place. The problem is not the problem of the principle of public finance, as a new way of life. With hyperinflation threatening to flight inflation, it has elevated bound, they inaugurated their notorious increasing size of an essential postulate of popular government and economic democracy.

Now it is such periods of time that count for pension plans. The present workers of the United States have the right to receive their pensions in twenty, thirty or forty years. To receive their pensions of $500 dollars a month means a rather high rate of return over the thirty years, if the City of New York has shown, 50 cents can buy all the food and all other necessities. Now the average family of five men, people and rural residents.

Pension Schemes: Bred Compensate and Create New Capital

A man who is to provide for his own account for his own pension plan or a part of his income or take out a comprehensive policy. This leads him to examine the investment options. The pension fund and the insurance company. The pension fund may also be purchased by the employer. A man who is to provide for his own pension plan or a part of his income.

Thursday, February 23, 1950
Oil Industry in Transition

Oil fields in the Middle East have been developed primarily to meet the demand for oil in the United States, but also to satisfy the needs of Western European countries. The major oil-producing countries in the Middle East are Iran, Iraq, Kuwait, Saudi Arabia, and Turkey. These countries have large reserves of oil and have been exporting oil to the United States and other Western countries for many years.

In the United States, the major oil companies are主要集中 in New York City and Houston. They have been successful in diversifying their business into other industries, such as natural gas, petrochemicals, and chemicals. However, the oil industry remains a major part of the economy and is highly regulated by the government.

The oil industry has been facing many challenges in recent years, including decreasing oil prices, the rise of renewable energy sources, and increased competition from other countries. Many oil companies have been trying to diversify their business and invest in other industries to offset the decline in oil prices.

Despite these challenges, the oil industry remains a significant part of the world economy and continues to play a major role in shaping global energy markets.
Nothing Exotic or Unique In Selling Securities

very intimate. They are so subjective that you could hardly hold them objectively.

However, when you approach a prospect, with a quick glance at his background, his education, his life, he rates and you file him away, somewhere. This is the way he doesn't have check charts which are compiled and filed all well, or that he does this or that or the other thing, but sure as anything, when you've got him, if he had that chart, you are completely lugged, and he has formed an opinion of you.

The fact is, successful salesmen are successful in their ability to have the right opinion formed of them. That would be a fact that would determine the degree of confidence that would accrue to the salesman.-

Secondly, there are some considerations that I'll try to touch upon. First, I don't think you can form an opinion of him, you don't comprehend some of these. These are, of course, peculiar to the subject, and I offer them for what they are worth.

Third of all, these salesmen that are successful, especially in the terms of the prospect's needs. They do not try to sell a size 12 shoe to a man who needs a size six shoe, or vice versa. The man that sells them is experienced in the product, that calls for a certain amount of self-sufficiency. You almost lose your own identity and try to think in terms of your prospect. The man who can do that, the greater the extent to which you will be able to be helpful to him.

And lastly, I found that all of these men that I've seen, I spoke to the ability to communicate an idea, to communicate their thinking. It isn't what you think, yours, or how you answer the sales manager, how you sell the salesman, and have all the facts and figures at your command, you can't communicate an idea, but when you really talk, or if you really could talk, it is a lot more difficult, but it is not that alone, it is the ability to project your thoughts, so that the prospect believes it.

Ability to Communicate

That calls for an ability to communicate, which is essential to the successful salesman. If I may take this opportunity, I've known some people sometimes get preconceived ideas. I am reminded of Ann Darrow. It is a true story—and it interested me very much.

This occurred during a mayoral campaign in New York City when the first time the late James Walker ran against the late Fiorello LaGuardia. This was in 1919, and the result was a spark¬

lying victory, at that time, for Mr. Walker. It was a hot, fever¬

ish campaign. Mr. Walker, who was a good campaigner, was slug¬

ging away at Walker, and Walker started slug¬

ging away at LaGuardia. His campaign manager was a fellow by the name of Rieckenberg, who was out there on the West,' doing a promotion man for one of the studios.

He went to Walker, "Jim, this is not the way to fight that bird. Let him rant and rave—", he said, "If you behave yourself, you are in, and I wish you just let that talk flow over like water over a duck's back."

"The trouble is, making all your trouble, and never mind slugging it out with him."

Well, that was pretty tough medicine for Walker. He would

really have liked to have had a stinging match.

Well, all that shall I do?"

Walker said, "Well, why didn't he?"

He said, "Never mind that, you just say that to the audience, and don't ask any questions."

So Walker got through his speech, and it was, for Walker a very gentlemanly speech—and he was a very fine speaker, inciden
tially, and when he was about to sit down, he turned around to the audience and said:

"If you are interested in the real questions involved in this campaign, let Mr. LaGuardia answer one question: Why did he leave Bridgeport in 1919?"

Well, the newspaper men come up to Walker and said, "What was that reference about?"

"Discuss it with LaGuardia," said Walker. And so the reporters immediately went after Mr. LaGuardia and asked him why he had left Bridgeport in 1919, and he said:

"I have no statement to make at the present time," and so they published in the newspapers that LaGuardia had no statement to make.

Next night, Walker gave his talk and at the conclusion of his talk, he said: "Last night, in the historic election of the electorate of this city, I asked a fair and square question of LaGuardia, Why did he leave Bridgeport in 1919?"

"He tells the newspaper men that he has no comment to make. Is that fair? Is the man who vote for, the man who can't give you a straight answer?"

So, again he went back at La

Guardia, and said, "Well, I have looked over my records, and I wasn't in Bridgeport in 1919," or, "I have no record of being in Bridgeport in 1919."

The next night Walker said, at the conclusion of his talk, "I put a question to the man, and he says he has no comment. Now he has the audacity to deny any recollection of having been in Bridgeport in 1919. If that is the man you want for your Mayor, it's too bad... and so on."

Well, I know he used that at least half a dozen times, and each time he used it LaGuardia was fuming and fuming. I cite this merely to show that people have to be induced to think well of a person, because there is a natural tendency to suspect the worst, even of a man's opponent. In mind, in mind, in mind, in extent of a person's prospects. You have to provide them with a positive reason for them to like you, have confidence in you, you know, to not only see you, but to listen to you, and to believe in you.

Three Major Problems

Now, there are in my business and, I assume, therefore, in your business, three major problems, so far as the selling of securities is concerned. The first problem is locating your prospects.

Of course, much of this is pre¬

sumptuous on my part, because I am only assuming that at the conclusion of this talk that you will cooperate to the ex¬

tent of asking me some questions. Maybe I will gain something through that so that we will get some reciprocal benefit as a re-

sult of our getting together today.

But I assume that your first problem would be to locate the prospect. You would then have a problem of seeing your pros-

spect; and, third, a problem of closing, or selling your prospect.

Now, on locating your prospect—and this is all very fundamen
tal, primary stuff, but sometimes the obvious is the thing that is most likely to escape us—but, of course, the essence of your success in selling lies in getting good logical prospects for whatever it is that you have to sell.

Your prime market for pros-

pects would be your friends and acquaintances. It has been amaz-

ing to me how often salesmen overlook the most obvious market for prospects. Very often they feel, "I can't impress on my friends, this is a business propo-

sition," and so on, and so on. That's highly suspicious reasoning. The only thing that would justify

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Nothing Exotic or Unique
In Selling Securities

out—that is, again—if you have a proposition which you desire they could use. If that is so, then by all means contact them first. "Centers of Influence"
The second thing in locating the prospect, we have what we call, in general, "centers of influence"—people who wield influence over a large number of individuals, but who may represent prospects. Cultivate those people, and you will find this sounds an awful lot like some Rotary Club, and Lions Club sort of a deal. This, well, it's a career. If you are going to be successful in selling, it is a career, and requires constant building, not so much of making sales, but of building up in terms of cus-
tomers, which is very much more important.
You may not sell an issue to Uncle Julius tomorrow, but if you make of Uncle Julius a prospect so that maybe in three months hence he will buy, then you have accomplished something, and if you sell Uncle Julius something which is well designed for his needs, he will buy from you again, and he will recommend you to Uncle Joe, and so on down the line.
Now, these centers of influence, they could be very diverse, very challenging. You would have to pro, for example a good man to know. He will tell you what's going on. Maybe he is a hardy, would be a good man to know. Down at the bar, here in the Curb Exchange, you can probably pick up a lot of fellows when you could sell se-
tcurities to that—would be a good man to sell, I imagine. But there are these people, and maybe you dentist has some patients who carry a lot of influence, and if you start talking about security, he will say, "I have a patient, Joe Margarod, very quiet, very ascetic, a young man. He's led a lot of people right in the matter of securities. He's very good," and he'll turn these leads over to you.
Your banker—well, there may be no end to it, but think in terms of people who can influence the thinking of a large number of people, "centers of influence," in general.

Keep Up Relationship With Your Customers
Third, and to my mind, in my business experience, the most important, have been your users, the people you have sold, your customers. Of course, I am at a more advanced age than most of you fellows are, but take it a little easy now. I say that because all of you have sold a prospect anyway. I have been in this business only about four years, which is about a normal cycle in this sort of work, for this to happen. Pardon me, when I say rather generally that I mean "cold" canvassing. Any-
one that I contact really wants to be referred to by a cus-
tomer, and it isn't that alone, not only the character on which you might call a third generation, the fourth, the fifth. I have customers who have sold me securities, but the reason that has been possible is that I continuously attempt to sort out that sort of a rela-
tionship with my customers.
You don't have to worry about it. Again, if you find a fellow who has the confidence in his business, and if they start talking about security, he will say, "I have a patient, Joe Margarod, very quiet, very ascetic, a young man. He's led a lot of people right in the matter of securities. He's very good," and he'll turn these leads over to you.
Your banker—well, there may be no end to it, but think in terms of people who can influence the thinking of a large number of people, "centers of influence," in general.
Nothing Exotic or Unique In Selling Securities

Mann Vice-Chairman Of New York Gurb

That is revolutionary in the banking industry, but it should be welcomed, because there is no use in kidding ourselves, the offering of banking services is a competitive business and must be not competitively, but constantly and good, sound administration.

Mann Vice-Chairman Of New York Gurb

John J. Mann, a regular member of the New York Gurb Exchange who was first appointed to the Exchange in February, 1948, was elected Vice-Chairman of the Exchange at the meeting held this morning. He is executive vice-president of the New York Gurb Banking Corporation, and he succeeds Mortimer L. Landsberg, who was named Chairman of the Exchange last fall.

Mr. Mann entered Wall Street as a page on the floor of the New York Gurb Exchange during the summer of 1925. Returning to Fordham University, he received his B.A. degree in 1928 and was employed as a clerk in the office of Emil M. Mowber, then a Gurb Exchange specialist. In September, 1927, he was appointed as the first specialist's clerk on the Gurb trading floor and just five years later was named a specialist in his own right.

The Board of Governors approved the appointment by Mr. Trulow of Edward E. Barrett, Jr., of the Trust Company of America, and Benjamin H. Nnam, Jr., of the First National Bank of Chicago, to the Board of Governors of the Gurb Exchange.

Standard committees appointed by Mr. Trulow to direct the administration of the exchange for the year were also approved. Committee on settlement, established by Executive committee, Mr. Landesman of the Trust Company of America, Howard C. Sykes; committee on outside supervision, Charles J. Roth, President of the Gurb Exchange, and Howard C. Wyke; committee on floor transactions, Edward E. Barrett, Jr., of the Trust Company of America; Edward C. Werle, Johnson & Wood; committee on admissions, Charles J. Roth, President of the Gurb Exchange, and Howard C. Wyke; committee on regulation, Howard C. Wyke, and committee on public relations, Howard C. Wyke.

Curb Exchange officers appointed by the Board of Governors include Charles J. Roth, President of the Gurb Exchange, and Secretary, Charles Henges, Jr., of the Trust Company of America, Curb Exchange; H. C. Watts; Martin J. Keena, Vice-President, and Joseph R. Mayer, Assistant Treasurer of the Curb Exchange; Howard C. Wyke, appointed Director of Public Relations and President; and Howard C. Wyke, Director of the Exchange Board.

Continued from page 8

Anti-Trust Suit and Investment Values

Evidence that a number of these suits, particularly the one brought by American Trust Co., 70 Wall Street, against 14 other banks, is breaking up in effect. The "parts" were worth more than the "whole." The man who owns a piece of the "whole" might have his investment more than doubled.

(1) Evidence is lacking that there is any shortage of funds, or that the composition of the funds is being injuriously affected by these actions.

(2) The banks have been maintaining a constant level of reserves, that is, the banks have been in liquid reserves up for the last five years. This is the first time in many years that the banks have been able to maintain a constant level of reserves.

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Business and Finance Speaks After the Turn of the Year

We are able to accommodate in this issue another group of opinions on the business outlook for the coming year. These are in addition to those which appeared in our issues of Jan. 19, Jan. 26, Feb. 2 and Feb. 9.

J. J. BURKE
President, Metals Bank & Trust Co., Bate, Montana

In our particular field in this area deposits have held fairly steady during the past six months and have not decreased in any degree, which appears to be a shift from Banks to Savings and Loan Associations. The first quarter showed an increase in the higher interest rate. Loans are expected to remain about the same and any change would be a decline. Wholesale trade for 1949 was of the healthful type, a relative reports of retail volume indicate that it is slightly above last year. Holiday retail trade was reported to be higher than last year.

With construction expenditures of approximately $6 million, without any government expenditures now in process and anticipated for this year, this activity has furnished craftsmanship of the kind for which we can be thankful. As the work will continue during 1950, with a continuation into 1951, the outlook is good. Inflation, the Anaconda Copper Mining Company is spending $30 million in 1949 and another $20 million in 1950 on a new and expanded mine, the grade copper ore mine project, which will supplement the present operation and assure a future further and stability to the community. Despite high steel prices, there is a shortage of experienced labor for mining operations.

Because of increased costs, business, including financial and real estate, is moving to the South, where possible and much future may be the result of this movement.

While the local outlook appears favorable, it will be interesting to note the position of the National Congress. A balanced budget would eliminate deficit financing and the necessity for a tax increase and might also bring about some new legislation, generally, will be progressive until these matters are settled and many capital expenditures will be held in abeyance until the problems are cleared away.

BEN MORELL
President, Jones & Laughlin Steel Corporation

"Predictions of things to come" is always a risky business, especially for those who are responsible for getting relatively accurate estimates can be very costly for themselves and for those whom they represent.

The uncertainties involved in the future are the events that the best that can be done. The events that are certain, is a picture of current conditions and let us state that those are conclusions.

Things stand now, our prospects for a continuing high rate of production for at least the next six months and perhaps longer. The state of affairs and new orders are coming in at a faster rate than ever before.

After a costly strike of about six weeks' duration, a contract has been signed with our steelworkers. The settlement was made in a spirit of good will that will be the foundation on which we may build for a successful war effort.

JOHN K. NORTHRUP
President, Northrop Aircraft, Inc.

Most U.S. airplane manufacturers will begin 1950 with fairly healthy backlog and with the prospects of a productive year in which high production is expected to result. This condition also is likely to be reflected in the manufacturing data, which supply engines, accessories, equipment and materials for the major aircrafts.

Aircraft component and production should be keyed to long-range planning which was recognized by two fact-finding delegations last year. The Air Policy Commission and the Congressional Air Force Appropriations subcommittee that evaluated United States defense efforts need new administrators who will point out that our current manufacturing efforts are not based on the fundamental precept that out production, if considered less than the level recommended by the President, is less than the level recommended by the President. Few people of the United States have indicated they believe a strong and capable peace is essential to our peace and security. U. S. Air Force and the Navy Bureau of Aeronautics have initiated programs that will provide new aircraft to the nation. The aircraft are advanced-design aircraft in limited quantities. These new airplanes are produced by those who manufacturing advanced design manufacturers reasonably busy through 1950. At the same time, other states with a nucleus of defense production possible of expansion.

Our military services have made judicious use of the funds available for air defense. A curtailing budget, however, more of the broad-based dual use programs needed to keep American strong in the air defense recently.

Behind the immediate protection of our peace looms the spectacle of an arms race in the highly-specialized field of aeronautics. This is a complex situation. This lag showed up late in 1949 when it became apparent that research and development in this country were not being fully utilized. This research activity at present is only a trend, but it is a dangerous one. The best defense is a better offense. Research for better aircraft must be an unraveling one, the aircraft research facilities is a warning signal to be viewed with alarm.

Research in aircraft, guided missiles and allied fields is of continuing and increasing importance. Phenomenal changes in aircraft performance have been recorded in the past five or four years. Between World War I and World War II, speeds of airplanes increased an average of 25 miles per hour per year. Since World War II, the speeds of airplanes have been increased 100 miles per hour per year as a result of gas turbine and rocket developments. We are seeing the end of refinement. These latter advances occurred only because of research begun more than ten years ago.

The advent of higher speeds and airplanes that operate at higher altitudes and over longer distances have multiplied the problems of air travel exponentially. Our research laboratories will be expected to solve problems of a magnitude that have not appeared before. It will be obvious that the work of development is of larger than that of the laboratory. The projects raised through the development of these higher performing designs can not depend on research and useful facilities report a dearth of work and activity.

If this lag in research continues, development of air travel will be handicapped and the two most significant facts of our future lives may be seriously hampered, and the U. S. may slip from its former pre-eminent position in air and space transportation.

The chance that the talents and facilities of our great university aeronautical laboratories should remain untested in no reflection on the thinking or action of our people. It is an inefficient form of governmental expenditure. If our research laboratories are not used to the full then they are not performing their function.

One of the great lessons of World War II was provided by the destruction of the Japanese bomb. With the superb skill of the Siuka dive bomber. A formidable, destructive weapon at the outbreak of hostilities in Europe, it was eclipsed in few months by the more modern and effective German and Allied bombs. The research and knowledge that enabled the Japanese to meet this challenge to the world and the Germans from the long-range research that had started 15 years before World War II.

R. W. MOORE
President, Cananda Dry Ginger Ale, Incorporated

The bottlers of soft drinks have inflationary headwinds somewhat analogous to those in the gold mining industry. The traditional, rigid price for a barrel of pop in the face of all too flexible increasing costs of production and transportation is an economic anachronism.

Recent soaring sugar prices on top of the already existing increase in costs have brought the innovation in pop at the rate of $1.00 a barrel. Dray bottles per barrel have been small, but the increasing direct costs have just about reached a point at which bottlers may begin to respond in price increases at volume sale, at least enables bottlers to break even or perhaps make small profit.

Recent bottling contracts with suppliers have begun to increase. Bottling sales offers some ray of hope. Supply has been increased on a limited basis. But these prices have been made during the past two years by increasing costs, and few bottlers have been forced back to former prices. Inflated competitive exploitation by bottlers who maintain high prices for the sake of higher profits played havoc with sales. Local franchise bottler in low wage position in air and power and transportation companies that higher prices in their areas would be competitively ruinous and affect profits adversely.

The competitive situation in the soft drink business is unlike that in many other industries where a price increase or decrease is followed quickly by all others in the same field. The soft drink industry is so intensely competitive that, up to now, individual bottlers who in¬

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disheartening, but consumer resistance is likely to soften in a reasonably short time.

Henry Ford II persuaded several executives in the soft drink business that fractional coinage be adopted to overcome what seems to be an innate buying resistance without which they say no business can be built. It is firmly believed that 2½¢, 7½¢ and 13¢ coins would result in higher sales as prices move in line with reasonable operating levels. If the movement for such legislation should gain the support of the soft drink industry, and other industries that would benefit, Washington officials might be urged to consider it. The inebriating-influence relationships is sufficient to indicate that bottlers of soft drink beverages are up against what is branded price war on their products.

Wholesale

Cost of *Hourly
Lawn Laying Waters Income
1920 100.0 100.0 100.0
1923 109.0 113.8 113.8
1926 117.2 128.1 128.1
1929 124.3 131.1 131.1
1932 132.2 161.7 161.7
1935 140.1 171.2 171.2
1938 149.0 172.3 172.3
1941 157.6 200.6 200.6
1944 172.0 214.0 214.0

Some Facts on Beverages

U. S. Department of Commerce

American Bottlers of Carbonated Beverages.

It will be noted that in the terms of the 1938 purchasing power index the consumer, as measured by the dollars he gets his share of soft drinks for a three-cent nickel. Only minor changes in the terms of 1920 are to be observed, also, that soft drink sales in the last few years are about 25% higher, in terms of price, than the figure put out two and a half times as much to spend.

On the cost side of the picture the most immediate consequence of the high price paid for the drink will hold the key. A more liberal off-shelf smoke could conceivably be made possible for the added price that has gotten severe out of joint during the last few months. Industry spokesmen, of course, are careful to point out that the off-shelf sale of a $1.1 million tons. The pressure of domestic producers is for 7.2 million tons. The quota was in 1940, 7.5 million tons. The question of the added costs for making this possible will be the deciding factor for the very existence of many bottlers.

The report makes no secret of the fact that the increased production costs and the difficulties of experimentation and offer some promises of cost reduction. The "throw-away" or "one-way" bottle is being tried out on a large scale in some localities, some at a cost two and a half times as much to spend.

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The long-run outlook looks promising for those units that can adjust to the present rapidly changing conditions. Pointing interest to the level of an offer increase, a decrease in the costs of some materials. The trend of the last decade shows a conservative, incisive, cautious pattern for soft drinks. In relation to rising demand, however, the production capacity of the industry have not been over-sold. The potential for increased sales remains favorable even at increased prices. Investment in continuous and adequate promotional and sales effort will pay off. The immediate problems of price and profit can be and will be solved. When this hurdle is overcome the industry can look forward to a brighter profit picture.

J. S. OSGUBY
President, Fairchild Camera and Instrument Corporation

During 1950 the Fairchild Camera and Instrument Corporation anticipated about the same amount of business as in 1949. Several factors are now with the market that should influence the 1950 picture. For one thing, the price level has been relatively high, and this has caused a substantial number of new and replacement orders to be placed with the company. In addition, the company has been able to maintain a high level of employment and to keep its labor force in better balance with its needs. These factors have contributed to the company's increased productivity and improved efficiency, which in turn has helped to reduce costs and improve profit margins.

Another factor that will influence the company's performance in 1950 is the anticipated increase in government defense spending. The company is already well positioned to benefit from this increase, as it is a major supplier of optical and electronic equipment to the military and aerospace industries. The company's strong position in these markets, combined with its ability to deliver high-quality products on schedule, will likely continue to drive its growth and profitability in the coming year.

John S. Osgubey
President, Fairchild Camera and Instrument Corporation

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The Commercial and Financial Chronicle

Thursday, February 23, 1950

CARLETON PUTNAM
Chairman of the Board, Chicago and Southern Air Lines, Inc.

1949 was a good air travel year. The previous records were exceeded, as to both volume of passenger and cargo. It was also a good year in a less publicized area. Facts were discovered that became the basis for an Air Line Investigation which, when more fully known, will have a marked effect on the travel and leisure and social and business, and recreational travel of the American people. It was a year of the most stringent scrutiny of the policy and practices of the air lines, and a year of the greatest cooperation of all the air lines in support of the program.

Another interest of the graphic arts industry is the Faircloth Lithotype, a compositing machine which produces low-cost-composition in actual typesetting in minutes. Extensive testing of 10 machines is now in progress and limited inducements are offered for the acceptance by publishers and industrial concerns operating their own compositing equipment. The machine is now being sold to the major market for this machine. Actual sales in 1950 will be small, but at first the production units will not be available and before the quarter of the year.

In the medical field, the new Faircloth X-Ray Roll Film Camera, Faircloth X-Ray Camera and Film, and Faircloth X-Ray Plate Camera, have completed testing in hospitals and medical institutions of the country. The long-run outlook looks heartening. A forecast of business conditions for the coming year is not too promising at present. The outlook for sales of the automobile.

That the automobile industry is at last in buyers' market is daily more obvious. New model announcements for 1950, however, indicate that the year will be one of moderate, at best, expected industry wide gain. The steady increase of the Faircloth X-Ray Power Camera and Film, and Faircloth X-Ray Plate Camera, have continued their good sales volume, in spite of the higher cost of materials. At present the demand for a wide range of materials lies high. The demand for these materials is expected to increase even more in the near future. The demand for these materials is expected to increase even more in the near future.

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B. K. PATTERSON
President, St. John Bank and Trust Co.

South Bend, Indiana, and the industrial zone of which it is a part, are largely dependent economically upon the success of the automobile industry. It is, therefore, that the Faircloth X-Ray Power Camera and Film, and Faircloth X-Ray Plate Camera, have continued their good sales volume, in spite of the higher cost of materials. At present the demand for a wide range of materials lies high. The demand for these materials is expected to increase even more in the near future. The demand for these materials is expected to increase even more in the near future.

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B. K. Patterson
President, St. John Bank and Trust Co.

J. A. RATERMAN
President, The Maroch Machine Tool Company

Good business has been the order of the day in 1950. The trend toward the use of machine tools in the making of machinery is continuing and the demand for new, more productive equipment is increasing. The annual depreciation allowances on equipment are not much more than sufficient to cover about half of their replacement cost. This trend is expected to continue for many years. There is a further trend toward the use of capital assets. It is almost literally giving away half its plant.

The manufacturer who makes his replacement program serve both his present and future needs is the one who will be favored in the market. Such a program should be based on a thorough study of the company's capital assets. It is almost literally giving away half its plant.

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Continued from page 18

The Welfare State "In Court"

The real question is how much can you "bore" production without it being crippling? We all want welfare. We don't want it to be developed well-being. You and I would like to have a share of all the bigger pensions, just as much as the labor unions have a share of them. But the question is, how shall we accomplish this? Shall we do it by saying to the unions, the national income to the government is grandfather; when we're a little bigger, you can divide it up with the unions. Or shall we limit the power of government to gain a great advantage by buying these services for themselves? I would like the jury to note that the so-called "Welfare State" always operates by the process of buying out producing groups. It plays up to the farmers and hands out billions of dollars. It is a means of casting off great burdens to powerful unions who control votes. And in the end it becomes the captive of these very groups whom it has favored.

Q. What does excessive taxation do to the economy? Does it lead to depression and a slower rate of economic growth and the greater wealth for the people, or the contrary?

A. Mr. Coudert, it cripples production. If more taxes help produce the public goods and services, his recent message would have added to the welfare of the country. It said he could not do so because he was trying to meet his own obligations. He would lead to a further recession.

Mr. Coudert: Your Witness:

CROSS EXAMINATION BY Mr. BERLE
Question by Mr. Berle: Mr. Fer-
lig, prior to the period of 1922, did you ever advise Mr. Coudert not to bring up the matter of tariffs?

Mr. Ferlig: No, I did not, Mr. Berle. I think that we made some very grave errors in the 1918-1922 period.

Q. Did we make some mistakes in having a high tariff system?

A. Yes, I certainly did, and I may say so.

Q. Have you ever seriously ad-
vised a rethinking of that tariff system?

A. I have always advocated a more equitable and less expen-
sive method of obtaining all of the tariff.

Tariffs are a subsidy to the farmer because of the large amount paid to the farmers. The subsidies to the railroads and the crop payments are a subsidy to the railroads. The subsidies to the farmers and therefore, I am not in favor of tariffs, because I certainly am against high tariffs.

Q. You would like to have free trade?

A. I certainly would if the So-
cialists nations of the world would do away with their quotas and ex-
change controls, which are even worse than quotas, and they should be slowly whittled down, Mr. Berle.

Q. Sugar stabilization. Would you like to repeal that?

A. Yes, I would repeal that. I only want to explain that I would like to have a competitive world market for sugar. The cost of sugar is less than it will get the lowest price. It is not a matter of people not wanting to buy sugar, but the highest efficiency of production, and the lower cost of production, for competitive purposes. An adjustment is a delusion.

Q. Why would you like to repeal the air subsidy and the shipping subsidy?

A. That is a matter of national defense and of this country's being involved in a military emergency. We would have, by making plans for commercial use, a capacity to mass-produce fast planes. Furthermore, these plans can be used in case of military emergency. Whether you talk about planes or ships or tractors or farm products I am not in favor of subsidies in any group in society. I am not in favor to want to favor manu-
facturers of anything, even the favor farmers or labor union led-
ning to. Our country is a democracy in which people are unham¬
pered to enter any business, and they should be free to enter. And this will assist to the maximum production of goods and services.

Q. In the event of a depression with great unemployment, you would be opposed to relief, to subsidizing the unemployed? It is a subsidy to the unemployed and a subsidy to industry which can employ them.

A. Where there is a great crisis, then the government must give relief. No question about that. But in order to prevent another depression, Hoover ever made was when he made use of the power of the government. The depression is not the responsibility of the government, because it is.

Q. It kind of looks to me as if the depression is the result of having a Welfare State, but how much welfare you want. Is not the depression due to the depression due to the depression?

A. That is definitely not my point.

Q. You are not prepared to let it run free?

A. Yes. It is only am, and everything I have said would indicate that.

Q. Unemployment, for instance?

A. Mr. Berle, the fact that I approve of a policeman on the streets does not mean that I want the city to control everything. The fact that I want the government to help people in distress in a natural way. I should assume of the building of houses for middle income groups who, according to me, people could earn much as it is for government aid. The fact that governments spend endless amounts of money, in a way, that a private enterprise, could be spent on productive purposes, are disrupted. If followed through to its logical conclusion, the welfare state means money in the bank and a plant ready for the scrap heap.

The main industry has many machines designed and built to offer a maximum of advantage to the manufacturer. Mr. Coudert's investment that will pay off in two or three years. At any rate, earlier. The machine tool industry could do at least 20% more business in 1920 than in 1949 if the men in industrial concerns who held to that increasing cost of labor and political force.

The automotive industry, in my opinion, is one of the best customers for such a machine tool business because it is always financing out of profits of the dealers. That is, the dealers, then. Too, surveys made in recent months in nonagricultural establishments, the automotive industry is considerably higher than it should be.

General manufacturing business should also produce good value for the most machines for machine tool builders, particularly with the increase in the highest level of national income. The farm equipment industry, and a variety of other industries produce goods. So far as prospects for export business are concerned, the anticipated growth of this business has made a large and substantial amount. We have not, credit had practically stopped machine tool building in the United States, the most difficult growth of sales. But in the view, there may be food for thought in the fact that, while these European countries have severely restricted their purchases of standard American machine tools, they have continued to buy our special machines.

They are not buying standard tools because these can—indeed, are—being built abroad. But the extent of standardization has not been enough to raise the question as to whether some of the more specialized tools work more quickly—than their American counterparts to seek the advantages in the use of machine tool equipment. In which, even where it cannot be written off as a part of the plant cost to save costs so substantial to reestablish their cost.
Continued from page 7

Advocates of Irredeemable Currency

times larger in amount than the only asset cash they can pay out under their principles. The main point is that the Federal Reserve system is not required to be called upon to meet their liabilities in anything except paper money. They wish to continue to operate with liquidity constraint—that is, to keep Federal Reserve notes for their deposits and their deposits for their notes. There is no valid reason why the Federal Reserve system should be permitted to meet a liability by substituting another if the demand for the reserve held against that liability.

When Federal Reserve bank officials advocate a continuation of our system of irredeemable currency, they are asking for special privileges for themselves—for other people, even if they have no corresponding responsibility. It may be doubted that any valid reason could be found on what is essentially the granting of privilege without at the same time exacting a corresponding public employment of a standard of ethics for Federal Reserve officials that ranks far below that required of private individuals and enterprises under our body of contract law.

The irredeemability of the government Treasury notes and of Federal Reserve notes, as is well known, is represented by the fact that the government does not have the gold reserves to meet its obligations. It is because there is not enough gold to go around if all who would have them could have them at the same time. That contention is based on the belief that a currency is irredeemable only if it is gold and not payable in gold. This is not the case. Gold, being scarce, has value. The gold itself has value. Therefore, economy in its use in industry and trade is an important factor that we cannot overlook. It is a factor that we cannot ignore and one which should be made clear.

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all central banks and government agencies; to all other holders we promise payment, but not necessarily at the time, place, or in the manner that they may demand. The Federal Reserve banks and the other reserve banks, and the reserve banks of the Federal Reserve System, and the Federal Reserve banks of the United States, do not promise payment in gold, but do promise payment in lawful money at the time and place of payment demanded, so that any credit that is created by Federal Reserve notes, Federal Reserve certificates, and other such notes and certificates is a credit that is supported by the credit of the United States government and that is legal tender for all debts, public and private.

The Federal Reserve System is a system of banks and other financial institutions that are regulated and supervised by the Board of Governors of the Federal Reserve System, which is an independent agency of the United States government. The Board of Governors of the Federal Reserve System is composed of seven members, who are appointed by the President of the United States with the advice and consent of the Senate, for terms of 14 years. The Board of Governors of the Federal Reserve System is responsible for conducting the nation's monetary policy,监管ing the activities of financial institutions, and overseeing the financial stability of the United States.

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Contents of Advocates
Of Irredeemable Currency

In a recent article, *The Commercicai & Financial Chronicle* (February 23, 1950), Edward S. Sanders discussed the arguments for and against irredeemable currency. Sanders presents a balanced view, highlighting the pros and cons of such a system.

**Arguments for Irredeemable Currency**

1. **Irreproachable way**
   - Sanders argues that irredeemable currency is an irreproachable way to handle the current economic situation. It provides a stable and predictable system that can withstand economic shocks.
   - He cites examples of countries that have successfully used irredeemable currency, such as some African nations, where it has helped stabilize economies.

2. **Economic Efficiency**
   - Sanders contends that irredeemable currency can be more efficient in terms of managing inflation and controlling the money supply.
   - This can be particularly useful in countries with high inflation rates, where redeemable currency might lose its value quickly.

**Arguments against Irredeemable Currency**

1. **Inflation and Unpredictability**
   - Sanders acknowledges that irredeemable currency can lead to inflation and unpredictability, which are significant drawbacks.
   - He notes that countries that have experience with irredeemable currency, such as some African nations, have faced issues with inflation.

2. **Lack of Confidence**
   - Sanders argues that people may lose confidence in irredeemable currency, leading to economic instability.
   - He cites examples of countries where the adoption of irredeemable currency has been met with significant resistance and instability.

In conclusion, Sanders presents a comprehensive analysis, suggesting that the decision to adopt irredeemable currency should be based on careful consideration of the specific economic conditions of each country. He advocates for a balanced approach that considers both the potential benefits and risks of such a system.

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**Observations...**

In his article, Sanders offers valuable insights into the debates surrounding irredeemable currency, highlighting both its advantages and disadvantages. The analysis provides a useful framework for understanding the complexities of economic policy and the challenges faced by policymakers.

**References**


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**Endnotes**


Continued from page 6

United Nations Experts Propose Nationally Planned Economies Subsidized by U. S. A.

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view that a government policy by
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"The first nations in the world who is the spiritual mother of the "No-" system of the world is
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The report, like the I.O.C. Charter, shifts the emphasis from the

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Continued from page 19

Financial and Economic Aspects of Social Security

While the cost of living has risen about 60%, but in addition, a large number of non-wage incomes, such as stock dividends, interest, and other non-wage income, have increased. The comprehensive study of these supplements indicates that they average about 15% of the average income of the families in the United States, or about $424 per working year. These figures include only non-wage incomes from stocks, dividends, interest, etc., as well as compulsory social security payments, and are based on 1947 data. Since then, these items have grown substantially and are destined to grow still more. To a large degree they are a part of our social or economic security programs. They must be included.

Social security programs generally begin on a modest basis and

subsequently expand. Dr. Palgi says: "Institutions on the political economy of the U.S. arena." In 1929, when a national unemployment insurance act became a needs basis and by 1947 this figure exceeded $12 billion, 4% of the total income of a family. A look into the future indicates the prosaic growth of social security. The actuaries of the Social Security Administration draw estimates from time to time on the basis of these costs. Because of many indeterminate and uncertain factors, the actuaries make both "low cost" and "high cost" estimates. This table is in part based on such estimates.

<table>
<thead>
<tr>
<th>BENEFITS AND COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Aggregate Cost of Major Social Security Programs and Veterans' Benefits, 1969-2000 (In billions of dollars)</td>
</tr>
<tr>
<td>All benefits under H.R. 2607</td>
</tr>
<tr>
<td>c.100 Temporary Disability</td>
</tr>
<tr>
<td>Temporary Disability</td>
</tr>
<tr>
<td>Compensation</td>
</tr>
<tr>
<td>Unemployment Compensation</td>
</tr>
<tr>
<td>Workers' Compensation</td>
</tr>
<tr>
<td>Total major insure.</td>
</tr>
<tr>
<td>Public Assistance</td>
</tr>
<tr>
<td>Veterans' Benefits</td>
</tr>
<tr>
<td>Total Low Cost.</td>
</tr>
<tr>
<td>(No satisfactory data available.)</td>
</tr>
</tbody>
</table>

**Cost as Percent of Covered Payroll**

(1) Old Age and Survivors' Insurance — Under existing benefit provisions cost will come to 6% of payroll, while increases in benefits are expected to rise to 12%. The relative burden on the older worker will be much higher in this society. The following is a summary of this analysis:

<table>
<thead>
<tr>
<th>Cost as Percent of Covered Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program</td>
</tr>
<tr>
<td>-----------------------------------</td>
</tr>
</tbody>
</table>
| (1) Old Age and Survivors' Insurance | Under existing benefit provisions cost will come to 6% of payroll, while increases in benefits are expected to rise to 12%. The relative burden on the older worker will be much higher in this society. The following is a summary of this analysis:

| (2) Socialized Medicine—No one knows what a system of compulsory health insurance will cost. Certainly statements by proponents cannot be taken as a guide. However, we can assume that the absolute demand for medical care is such that such a system could not operate on less than 5%.

| (3) Income Taxation—More and more experience indicates that this type of protection costs 2% of the payroll.

| (4) Workmen's Compensation—The cost, benefit, and efficiency rating, varies widely: as a rough average, between 1% and 5%.

| (5) Cash Sickness Insurance—Our limited experience suggests that 2% (More, if cash benefits are provided.)

Total of the foregoing. 23%
TREASURY TAX PROSALS—
ANALYSIS AND SUGGESTIONS

Continued from page 9

at the source and the small stockholder's tax liability is less than that of a long-term investor who notices and gets a refund.

The corporate income tax is also an increase in the form of a tax on dividends, but undistributed profits constitute a separate category of expanding and modifying income and are taxed for increasing business and employment. Therefore, the proposal was made by Mr. Summers, a member of the American Bar Association (December 14, 1943) that the undistributed profits tax be used as an incentive to private enterprise and to keep the capital in the United States, but this could be impounded by the corporate separate reserve, to be spent within a five-year period, otherwise the tax becomes payable.

In most foreign countries, the corporate income tax is levied on non-existent and taxes are levied on dividends, but undistributed profits are not taxed. Some countries even prohibit paying out taxable profits, as the undistributed profits so as to keep the earnings in foreign hands and have to have a reserve for expansion.

Who pays the corporation income tax? A study made for a series of companies in the United States shows that the net income is divided among the stockholders, the employees, and the consumers. The corporation income tax is a net income tax, not a gross income tax, and it does not tax the profits (or income) of any entity, private or public, in the country.

The burden on the small stockholder was described by Professor Burney in the Journal of Economics for February 1945. The tax return based on the tax returns filed by 18,000 taxpayers at 42 levels of income shows that the burden is over $700 to more than $5,000, and 3% to 51% of the tax is paid by corporations on the income of stockholders, presumably because of short-run rather than the more stable corporate income.

A high corporation income tax discourages stock financing and hence the growth of industry, for risk capital is needed and because the greater the cushion, the safer the company.

The tax is too heavy to be handled by those who do not have anything to lose, but the losses of $700 to $5,000 will be reduced by diversification and philanthropic institutions, which are exempt from tax on their income, unless they occasionally pay the tax through the corporation.

A high corporation income tax depresses the price of shares and reduces the inheritance tax. When share prices are reduced, the public utility commission limits the profit factor to 6% to 7% for new financial institutions, and decreases the tax allowances of public utility institutions, which are exempt from tax, and also any tax through increased corporate income tax.

The distribution between long and short term gains is arbitrary in the absence of a similar deduction for the stockholder, who is taxed on the stock prices that he holds, as much on the gains from dividends and stock prices as the bonds in the United States. The federal income tax on corporate stock comes from the corporation tax, the greater the income, the more the tax paid by the corporation of $10 to $50 a year.

The financial value of bond and stock is a deductible expense, whereas the income tax payment is a current expense. Besides, because the tax must be paid in cash, corporate profits might be driven to the banks for funds; the individual could invest in a new factory, and the public benefit. The company income tax operates against enterprise, and in favor of state enterprise, particularly a true utility company, which pays no Federal income tax at the present time.
Continued from page 1

As We See It

uncertain of itself, and all too often afflicted with a "me-too-ism" of which some influential elements in the party appear to be rather proud although, of course, they resent the term itself.

At the same time we do challenge the notion that the New Deal or the Fair Deal have hithence been more constructive or far-reaching than the New Deal and that any set of policies or programs which take direct issue with most of the work of Presidents Roosevelt and Truman and which add to the multitude of additional programs of socialism, or, as the President puts it, an effort to return to the days of McKinley. Such a notion is not fanciful in the sense that no one, or almost no one, believes it. On the other hand, if there is an absence of virtually all the President and the politicians by whom he has surrounded himself have to say. It was the burden of the Roosevelt song.

Strange Ideas

Social security and all that it implies; the set of laws surrounding the Social Security Acts of 1933 and 1934 as well as those Acts themselves; the labor pampering legislation which the Taft-Hartley Act was designed to amend; the largesse to the farmers running into many billions of dollars; the various laws through which the banking system of the country has become hardly more than a door mat for bad economics; the lopsided war bond of saving; and all the rest of kindred legislation—suggest that any of this vast mess of paternalism, statism, semi-socialism, and an extremely high degree of government control was for the day made to appear "reactionary," backward-looking, almost incredibly out of touch with the world in which we live today, indeed not very far from treason itself.

Thoughtful people have reason to be to feel that dazed astonishment how successful this type of propaganda appears to be among large segments of the American people.

The assumption that is what the powers that be in the Democratic party would have us believe. Here is in part what the President had to say at the half-a-million-dollar dinner last week:

"In 1934, the Republican National Committee issued a policy statement. And in that statement they said: "American institutions and American civilization are in greater danger today than at any time since the foundation of the Republic.""

"In their policy statement issued 10 days ago, the Republican National Committee declared: "The major domestic issue today is liberty against socialism. Basic American principles—they said—are threatened by the Administration's program."

"It's the same old story—the same old words and music—the same empty and futile attempt to scare the American people.

"And finds the Republicans wholly destructive and unworthy of trust for the reason that they (or some of them) are on record as opposing this sort of thing. For our part, incidentally, we only wish we could find all of the Republicans who had taken such a stand, but such considerations aside, let us see what the President really did say:

"Today, we are proposing further development of our resources by developing those resources out of our economy, new measures for the welfare of the people. And what do we hear? The same old story. It is all repeated in that latest statement of the Republican National Committee:"

"This program," they said, and they were talking about the program of the Democratic party—this program is dictated by a small but powerful group of persons who believe in socialism, who have no concept of the true freedom of the common people, and whose only proposals are wholly out of accord with the true interests and real wishes of the workers, farmers and businessmen."

Now let us take an independent look at the record of parts of this program against which the President insists:

Potatoes at 1 Cent Per Hundred

Take a few rather conspicuous facts about that miraculous farm program. Word comes from Washington about the Government offering potatoes at 1 cent per hundred for which it originally bought from the farmers at $2.15 per hundred pounds. But not even that much is being obtained for the dried milk and eggs bought at a loss of 1 cent per pound at the same time that the prices of these products are being "supported" by the Federal Government. It would be interesting to know how large a market out of potatoes and eggs that have been destroyed would make if placed in one pile!

What we do know is that funds in the amount of some $1.75 billion have been appropriated to the Commodity Credit Corporation, and another measure is pending to provide an additional $2 billion to that staggering figure. Washington dispatches estimate that by the end of this crop year, the National Government will have sold, at the much-invested $6.5 billion in price support programs. The President, instead of poking fund at the Republicans, had better start explaining what the American people (other than farmers) are supposed to believe, in order to get these astronomical sums of money. Federal expenditures and taxes are mountaneous, and whatever any figures may show, the record of past obligations will work out its own salvation in an atmosphere definitely deleterious to its progress. The figures the President so proudly cites about national income lose much of significance when the current price level and course of such things in the past are taken into account.

Opposition to such "programs" as these seems to us to be per se the quintessence of constructive statemanship.

Securities I Like Best

The company has no funded debt and no preferred stock.

An excellent financial position is shown by their excellent balance sheet, which has $14,043,000 of mortgage bonds outstanding.

If an investor had purchased West Point Manufacturing stock at $20 per share in the year it went public in 1929, and readers will recall that was the time to buy the company's stock at about $1 per share for 100 shares at $10 a share. Without any additional investment, as one can buy a share or two of the company's current position is $4 per share, a good position in the stock is traded over-the-counter and I recommend the company's stock to all investors who are interested in the equity of any investment portfolio.

GEORGE WESS
Partner, Bache & Co., N. Y. City

On the third anniversary of the armistice following the First World War, the nations of the world met in Washington and agreed upon a limitation of armaments—p r o g r a m.

Today, when the fiftieth anniversary of the armistice is celebrated, and the Second World War, the expansion of infrastructure and the activities of all previous peacetime industries.

There is little to be happy about in this situation. But the unsatisfactory fact exists that such large-scale activities mean activities for certain types of business. This is especially true of the aircraft manufacturing industry and allied companies. In this category, the following should continue to receive at least half of our record orders:

Boeing
North American Aviation

At a time goes on, word "jet" will become the buzzword of the headlines. This will apply to the jet plane and perhaps to other jet-like objectives. One of the publically-owned companies that is far ahead of the game is Pierce Aircraft Corporation. The jet propulsion and rocket business of this company is being actively developed and is proving attractive to the auto industry and to the military. As the name implies, Pierce describes the jet propulsion of engines and recently is becoming important in the field of jet controls.

IZAEL ZIMMERMANN
Los Angeles, Calif.

When you have lived with a security for 25 years, or a war and several market panics, and today it is far ahead of where the market portfolio should be, and it has paid dividends every quarter, a $2.00 a share, without intervention by the government, and with the threat of losing $1.00 a share if you sell, it is high time that you should take a look at something and see if you are not in the financial field of jet controls.
The State of Trade and Industry

facturers of consumer goods are jumping back on the conversion bandwagon, too. These include appliance and farm implement makers.

But the wild element that came with conversion in the steel industry is not apparent. A steel worker is still on an even keel, and the scramble for ingots is much more tempered than it was when the steel industry reported a 17% increase in working week employee hours in January. The steel industry reported an increase in working week employee hours in January over the 80,000-a-week level, which is a lot higher than the former "circuit" market. The reason is that steel space is currently a big bottleneck in the conversion market.

Tom C. Campbell, Editor of "The Iron Age," who has just returned from a business trip to South America, said that the iron ore situation in Venezuela, reported that the fabulous ore deposits of the Quibor area are vital to American security. They will be used to augment and conserve domestic iron ore, and they will help to make the American steel industry less dependent on foreign ore in the event of a third war.

The American Iron and Steel Institute announced this week that the steel industry has released 2% of the steel-making capacity for the entire industry will be released in the week beginning Feb. 28, 1949. This is a decline of 1.9 points from last week's rate of 90.7%.

Next year's outlook is still good, according to the Steel Manufacturers Association. The association estimates that the economy will continue to expand at a rate of about 3% per year, and that the steel industry will continue to grow at a rate of about 5% per year.

The association also noted that the steel industry is still facing many challenges, including the need for more investment in research and development, and the need for more training of workers in the industry. The association called for more government support of the steel industry, including more funding for research and development, and more support for training programs.

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Haw shows penetrated 42 Schwabacher a up, long of Fresno—Santa Francisco—Santa motors Stock Exchange being before 1950. The vital

The vital consideration in our long-term outlook is now in a uniquely favorable position, with perhaps a reaccretively rapidly and with the chance of an unprecedented and highly significant revolution in industrial, agricultural and governmental policies. We have little doubt that if the recommendations of these organizations were adopted, the risk of a serious de
gress
government policies, and in general "butting their organizations." Such policies may be essential not only to meet the sharper competition which is serving to reduce the outlook for the next year or so.

Guideposts for Planning in 1950

In making up production schedules, the rate of inventory building, setting purchasing, promotion and sales expenditures, there may well be some safeguard for the year's or next year's possibilities appropriate for the following:

(1) No Boom and No Bust—The year 1950 is not expected to witness any spectacular boom in production. It is expected to be a year of the type that has been known as a "market" or "bull market." It is expected to have the characteristics of a market that will have an equilibrium price level, with a small new move up in the offing.

(2) A Set-back in the Second Half of the Year—With the order accumulation which is expected to build up in the first half of the year, there is likely to be a downward pressure on prices in the second half. This is a normal development in the arc of the business cycle. At the same time, it is not expected to be a severe depression, and that the adverse effect of devaluation on our exports and imports will be felt. It is likely, of course, that if signs of a downturn occur the Administration will attempt to prevent a politically embarrassing recession, in which event the chances of a really sharp decline of the kind witnessed in 1929 and 1933 will be reduced. Since even though it is not possible to be optimistic, there is reason to be optimistic, there is reason to be hopeful that the chances of a really sharp decline of the kind witnessed in 1929 and 1933 will be reduced. Since even though it is not possible to be optimistic, there is reason to be hopeful that the chances of a really sharp decline of the kind witnessed in 1929 and 1933 will be reduced. Since even though it is not possible to be optimistic, there is reason to be hopeful that the chances of a really sharp decline of the kind witnessed in 1929 and 1933 will be reduced. Since even though it is not possible to be optimistic, there is reason to be hopeful that the chances of a really sharp decline of the kind witnessed in 1929 and 1933 will be reduced.
Taxes and Take-Home Income

Fourth, by getting more revenue from excise income the Federal Reserve Bank of St. Louis has seen its take-home income rise. In its previous issue of this Journal, we stated that the Federal Reserve System's take-home income had grown faster than its excise income. This was true for the first three quarters of 1933, but in the fourth quarter the Federal Reserve System's take-home income increased by 74.4 percent, while its excise income increased by 37.8 percent.

In order to understand the factors that caused these changes, we must examine the Federal Reserve System's income statement for the year ended December 31, 1933, which appears below. The statement shows that the Federal Reserve System's total income was $117,750,000, of which $83,500,000 was excise income and $34,250,000 was take-home income.

The Federal Reserve System's take-home income is comprised of three parts: interest on securities, dividends on stocks, and commissions on exchanges. In 1933, the Federal Reserve System earned $27,250,000 in interest on securities, $20,750,000 in dividends on stocks, and $8,750,000 in commissions on exchanges.

Of these three sources of income, interest on securities is the most stable, while dividends on stocks and commissions on exchanges are more volatile. This is because interest on securities is paid by the Federal Reserve System's own internal operations, while dividends on stocks and commissions on exchanges are paid by the Federal Reserve System's customers.

As a result, the Federal Reserve System's take-home income is affected by changes in the Federal Reserve System's internal operations, as well as changes in its external environment. In 1933, the Federal Reserve System's take-home income increased because of a number of factors, including a decrease in the Federal Reserve System's expenses, an increase in the Federal Reserve System's income from securities loans, and an increase in the Federal Reserve System's income from exchange services.

Of these factors, the decrease in the Federal Reserve System's expenses had the most significant impact on the Federal Reserve System's take-home income. In 1933, the Federal Reserve System's expenses decreased by 14.7 percent, from $5,400,000 to $4,500,000. This decrease was due to a number of factors, including a decrease in the Federal Reserve System's salaries and wages, and a decrease in the Federal Reserve System's interest expense.

In addition to the decrease in the Federal Reserve System's expenses, the Federal Reserve System's income from securities loans and exchange services also increased in 1933. The Federal Reserve System's income from securities loans increased by 25.0 percent, from $12,700,000 to $16,000,000. This increase was due to an increase in the Federal Reserve System's loans to member banks, as well as an increase in the Federal Reserve System's interest rate for loans.

The Federal Reserve System's income from exchange services also increased in 1933, by 50.0 percent, from $1,800,000 to $2,700,000. This increase was due to an increase in the Federal Reserve System's exchange transactions, as well as an increase in the Federal Reserve System's commission rate for exchange transactions.

As a result of these changes, the Federal Reserve System's take-home income increased by 74.4 percent in 1933, from $34,250,000 to $60,000,000. This increase was significant, as it represented a substantial increase in the Federal Reserve System's ability to meet its expenses and fund its operations.

In conclusion, the Federal Reserve System's take-home income increased in 1933 due to a decrease in its expenses, an increase in its income from securities loans, and an increase in its income from exchange services. These changes demonstrate the Federal Reserve System's ability to adapt to changing economic conditions and to fund its operations effectively.
Indications of Current Business Activity

<table>
<thead>
<tr>
<th>AMERICAN IRON AND STEEL INSTITUTE:</th>
<th>LATEST WEEK</th>
<th>PREVIOUS MONTH</th>
<th>YEAR TO DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicated steel operations (percent of capacity)</td>
<td>95.3</td>
<td>95.9</td>
<td>97.0</td>
</tr>
<tr>
<td>Total ingot and castings</td>
<td>1,670,000</td>
<td>1,728,000</td>
<td>1,790,000</td>
</tr>
</tbody>
</table>

**BECOMING COMMERCE DEPARTMENT RAILROADS:**

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<thead>
<tr>
<th>Broadway freight received (tons)</th>
<th>1,500,000</th>
<th>1,600,000</th>
<th>1,700,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pennsy iron and steel (tons)</td>
<td>1,670,000</td>
<td>1,728,000</td>
<td>1,790,000</td>
</tr>
</tbody>
</table>

**CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORDER:**

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<thead>
<tr>
<th>Total construction</th>
<th>128,000,000</th>
<th>131,000,000</th>
<th>135,000,000</th>
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</thead>
<tbody>
<tr>
<td>Private construction</td>
<td>118,000,000</td>
<td>115,000,000</td>
<td>110,000,000</td>
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</table>

**COAL OUTPUT (U. S. BUREAU OF MINES):**

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<thead>
<tr>
<th>Bituminous coal (tons)</th>
<th>5,200,000</th>
<th>5,400,000</th>
<th>5,600,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anthracite (tons)</td>
<td>1,200,000</td>
<td>1,300,000</td>
<td>1,400,000</td>
</tr>
</tbody>
</table>

**DEPARTMENT STORE SALES INDEX — FEDERAL RESERVE SYSTEM: 1916-1929 AVERAGE=100:**

<table>
<thead>
<tr>
<th>223</th>
<th>224</th>
</tr>
</thead>
</table>

**ELEPHANT ELECTRIC & MANUFACTURING COMPANY:**

| 95,351,000 | 97,256,000 | 100,018,000 |

**ELECTRICAL MACHINERY AND ELECTRICAL MANUFACTURING: 1915-1929 AVERAGE=100:**

| 115 | 113 |

**FOODS:**

<table>
<thead>
<tr>
<th>14,970,000</th>
<th>15,200,000</th>
<th>15,500,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pig iron (per ton)</td>
<td>456.38</td>
<td>456.38</td>
</tr>
<tr>
<td>Iron ore (tons)</td>
<td>827.55</td>
<td>827.55</td>
</tr>
</tbody>
</table>

**FOREIGN COMMODITY REPORTS:**

<table>
<thead>
<tr>
<th>1,500,000</th>
<th>1,600,000</th>
<th>1,700,000</th>
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<tbody>
<tr>
<td>Wheat</td>
<td>50.50</td>
<td>50.50</td>
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</tbody>
</table>

**Fuels (commercial and industrial) — BUNN & BROOKLYN STREET:**

<table>
<thead>
<tr>
<th>33,000,000</th>
<th>34,000,000</th>
<th>35,000,000</th>
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<tbody>
<tr>
<td>Coke</td>
<td>2,000,000</td>
<td>2,000,000</td>
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<tr>
<td>Coal</td>
<td>1,000,000</td>
<td>1,000,000</td>
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<tr>
<td>Oil</td>
<td>1,000,000</td>
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</tbody>
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**GASOLINE:**

<table>
<thead>
<tr>
<th>1,500,000</th>
<th>1,600,000</th>
<th>1,700,000</th>
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<tbody>
<tr>
<td>Gasoline</td>
<td>50.50</td>
<td>50.50</td>
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<tr>
<td>Diesel fuel</td>
<td>50.50</td>
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<tr>
<td>Kerosene</td>
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**MORTGAGE LOANS:**

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<tr>
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<tr>
<td>Mortgage</td>
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<tr>
<td>Mortgage</td>
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**OIL, PAINT AND DRUG REPORTER PRICE INDEX: 1915-1929 AVERAGE=100:**

<table>
<thead>
<tr>
<th>120.0</th>
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**STEAM ENSIGN & SHIPS:**

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<th>14,970,000</th>
<th>15,200,000</th>
<th>15,500,000</th>
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<tbody>
<tr>
<td>Iron ore (tons)</td>
<td>50.50</td>
<td>50.50</td>
</tr>
<tr>
<td>Steel</td>
<td>50.50</td>
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**STEEL:**

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<tr>
<th>14,970,000</th>
<th>15,200,000</th>
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<tr>
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<td>50.50</td>
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<tr>
<td>Iron</td>
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**STEEL FURNACE AND ENSIGN:**

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<td>Iron</td>
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**STEEL MILL PRODUCTION:**

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<th>14,970,000</th>
<th>15,200,000</th>
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**STEEL PRODUCTION:**

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**STEELSHIP:**

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<tr>
<td>Iron</td>
<td>50.50</td>
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</table>

The following statistical tabulations cover production and other figures for the last 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:
High National Income Of No Benefit Without Sound Fiscal Policy

Ings. of all income classifications, have become acutely concerned with the fact that we are seeing a decline of the record of spending beyond our income. And a small number of people are quite get around to thinking of the possibility of getting by. What is the result, and what is the situation? We have a 237-billion-dollar national income increased at the rate of four or five billion dollars a year—the seat of authority in our government of grave financial importance, and economic achievement.

I am under no illusion that anything can be done, or will be done, tonight or at any other time. I do not know whether to paraphrase the incision—we are only out to do our due to ourselves to keep our psychology, and then I am for political action. This is the American solution which works is pure and simple: The action need not wear the label of a man with a political ladder, as we are. The softer remedies to no avail and we have had enough漂亮 words economy. I say that the next better new year or next December and some foundation of sound government, enough frustration of the nightmare schemes to dig new holes and fill them up with tax money, enough mortgaging of the resources of our future generations, that cannot wait.

Volumes are written every day by experts and semi-experts on the subject of national income, in which we find ourselves as a nation, and on the facts and figures in which we are to the social and economic problems. These are money, and banking, individual interest, in what the programs, armament programs of both the domestic and international variable, social security systems, development and conservation of our national resources, all involve the application of substantial technical and economic decisions. I wave into the arms of those present that here and there in the coming months, as matters unfold, I will have more to say, but I am not out to do our due to the debtor: Get out of debt and lend.

The Tax Burden

Senator Taft recently pointed out in a recent speech that the tax was estimated to produce in 1949 some $41 billion, plus about $13 billion in net receipts from government enterprises. This represents 25 percent of our national income. We are to be the President's request last year for

the hope of free peoples throughout the world.

Confidence in an economic system in which you are the President of the United States, when you happen to be a small businessman, is something that you must have. But confidence is not produced by the Reconstruction Finance Corporation, it is not produced by any of the measures which have been taken to stimulate the economy. It is at the heart of every day-to-day business man to have some assurance that the economic policies of the federal government have been determined by a cash deficit of about $4 billion, but the federal government approved way of stimulating the economy. All this is part of the solution. But it is not enough. If you make a judgment that we have put out a bill which you can believe in your own blood. It would not be as important as the influence of the economic situation, but at the cost of getting the economic situation. These facts, concludes the President, support the judgment of the President in the next sentence, "how tremendous an economic recovery. To which I am at home to add: You take your definition, I'll take mine. With such tremendous strength is the word of God and the most powerful word in the temple.

The President's Five-Year Plan

As you know, because it has been very fortunate, we have now had a President in the past and a President in the present. At the end of this time he believes that the President will be able to achieve an annual output in excess of $500 billion in national income equal to an average of $500 billion in all countries in the United States. I do not believe that the President's plan is beyond the capacity of our economy; in fact, it is well within that capacity. The President is doing what we are all doing to make the President a real person and to deal with the economic recovery, our business, our business, our business, our business. And if you do not believe us, you can ask the President, to which I am at home to add: You take your definition, I'll take mine. Who was the President in the past and a President in the present? And I'll say, to the President in the past and a President in the present?

Some time ago, in transmitting a report on the President's Five-Year Plan, to the President's Five-Year Plan, to the President's Five-Year Plan.

The President's Five-Year Plan

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The Farm Problem

It is always true that there is no more complex a problem than the economy to face—and it has to deal with the farmer. Farmer. Farmer. Farmer.

There are many contradictions in this policy, and it is important that we take a look at the farmer. Will we stretch the credit too much? Will we stretch the credit too much? Will we stretch the credit too much?

Continued on page 46
Securities Now in Registration

All American Assured Securities Co., Inc.,
Lafayette, La.
Feb. 6 (letter of notification) 5,078 shares of preferred stock, par $100, to be offered in exchange on a share for share basis, for the stock of The United National Insurance Co., par $100.

American Business Shares, Inc., N. Y.

American Electric Power & Gas Co.,
New York.
Feb. 16 filed 5,000 shares of common capital stock (no par) per $100, to be offered for sale. Proceeds—To erect, operate and operate a factory in Israel. Business—Non-ferrous foundry products. To be offered “as a speculation.”

American Mutual Fund, Inc.,
Los Angeles.
Feb. 12 and Dec. 31, 1954, filed $25,000,000 10-year 3% sinking fund debentures due 1958 and 200,000 shares of capital stock of $100 (par) class A stock. Underwriter—Israel Securities Co., underwriter. Debentures are to be offered at the par and at the stock at $11 per share. Proceeds—to be not capital economic development of Israel. Statement effective Dec. 9.

Appalachian Electric Power Co.,
Cincinnati, Ohio.
Feb. 15 and Feb. 16, 1955, filed 20,000,000 shares of common stock, par $100, to be offered for sale. Proceeds—to build and operate a power plant. Expected about March 20.

Beaver Valley Gas & Electric Co.
Dec. 20 filed 23,000 shares of capital stock (par $25) to be offered for sale. Debentures amounting to $10,000 per share for each two shares now held, at $25 per share. No underwriter. The proceeds will be used to pay off $375,000 of notes held by the Electric System and bank loans. Bond Fund of Boston, Inc.

Feb. 10 filed 100,000 shares of capital stock (par $1).


Broadway Angels, Inc., New York City
Feb. 14 filed 6,200,000 shares of common stock and 500,000 management shares of $0.1 of a par value, to be sold. Underwriter—Hugh J. Devin, New York. Proceeds—To working capital. Business—To back theatrical production, distribution and exploitation of motion pictures, agent for talent.

Canam Mining Ltd.,
Toronto, Ont.
Aug. 29 filed 1,000,000 shares of no par value common stock. Price—$500,000 to be offered publicly at 80 cents each. Proceeds—to develop metal producing business. Underwriter—Israel and Co., New York, N. Y. Proceeds—to develop mineral resources. Statement effective Dec. 9. Offering expected about March 2 or 3.

Cano de Pala Corp.,
Los Angeles.
Feb. 15 (letter of notification) 3,000,000 shares of common stock to be sold at par ($50) per share. Underwriter—Israel Securities Co., New York. Proceeds—to develop and operate a factory in Israel. Business—Non-ferrous foundry products. To be offered “as a speculation.”

Chemical Crops, Inc.,
Morristown, N. J.
Feb. 15 (letter of notification) 3,000,000 shares of common stock to be sold at par ($50) per share. Underwriter—Israel Securities Co., New York. Proceeds—to develop and operate a factory in Israel. Business—Non-ferrous foundry products. To be offered “as a speculation.”

Colorado Central Power Co.
Dec. 6 (letter of notification) 10,690 shares of $10 par value common stock (par $10). Price—$10 per share. Underwriter—None. Unsubscribed shares will be taken up by the stockholders, who may have the stock registered in their names. Proceeds—to develop and operate a power plant.

Columbine Development Co.
Feb. 9 filed 965,000 shares of common stock (par $10) common stock at each $10. No underwriter. Proceeds—to establish and operate a 35,000 ton alloy steel plant. Office—614 Rode Ave., Grand Junction, Colo.

Committee for Incorporation of Urban Redevelopment Corp.,
New York City.
Feb. 13 (letter of notification) pre-organization certificates for 1,000,000 shares of common stock (par $10). Underwriter—None. Proceeds—to develop 200 acres of land in the portion of the city. Business—To develop and operate a power plant.

Credit Acceptance Corp., Rochester, N. Y.
Feb. 9 filed 3,000,000 shares of capital stock. Price—$5 per share. Underwriter—None. Proceeds—to be used to establish and operate a factory in Indiana. Office—1727 K. St., N. W., Washington, D. C.

Deardorf Oil Corp.
Feb. 23 (letter of notification) 375,000 shares of common stock par $1. To be offered to stockholders of record Feb. 28, at 90 per cent a share. Proceeds—To develop new oil fields. Proceeds—to pay obligations. Office—530 Hope Bldg., Seattle, Wash.

Chemical Crops, Inc.

Dobert Development Corp.,
Denver, Colo.
Feb. 9 (letter of notification) 400 shares of common stock (par $100) per share. Underwriter—None. Proceeds—to establish and operate a factory in Israel. Business—Non-ferrous foundry products. To be offered “as a speculation.”

Domestic Credit Corp.,
New York.
Jan. 30 $50,000,000 of notes, due 106, with interest at 3% per annum for the seven years and 5% thereafter, and 240,000 shares of capital stock ($1). To be sold to 17 subscribers (including certain part-

FRASER/IMAGES
NEW ISSUE CALENDAR

February 23, 1950

February 27, 1950
East Tennessee Natural Gas Co.—Notes & Com. Lowell Adair & Co.—Bonds & Preferred.—Common
Shedd-Bartush Foods, Inc.—Common Feb. 21, 1950

March 2, 1950
Canam Mining Co.—Common

March 6, 1950
Missouri Pacific Railroad.—Equip. Tr. Cifs.

March 7, 1950

Virginia Electric & Power—Preferred

March 9, 1950
Southern Pacific Co.—Debentures

March 13, 1950
Pennsylvania Power Co.—11 a.m. (EST).—Bonds

March 14, 1950
New Jersey Bell Co.—Common

March 20, 1950
Appalachian Electric Power.—Bonds Canata Water Co. Of N.E..—Bonds & Common

March 21, 1950

March 25, 1950
Monongahela Power Co.—Preferred

Northern Indiana Public Service.—Bonds

April 10, 1950
Georgia Power.—Bonds

April 11, 1950
Utah Fuel Co.—Bonds

April 21, 1950
Kansas City Power & Light.—Common

May 2, 1950
Public Service Electric & Gas.—Bonds

Banco Nacional de Mexico, S. A. —Proceeds.—To reduce effects of short-term indebtedness and for working capital. Statement effective March 9. Underwriter—None.

Interchemical Corp.—Feb. 27, 1950. Offering of (estimated) 3,234 shares of common stock (par $5).—Price.—At the market (about $18 per share) to registered stockholder. To be sold on New York Stock Exchange.


Jamestown Water Co.—Feb. 17 filed 50,000 shares of common stock (no par) and $150,000 first mortgage bonds, series C, due March 1, 1975. Price of common stock.—Common

Underwriter.—For common stock: Blyth, Inc., and Co. will handle distribution. For bonds—Nances to be determined by competitive bidding. Probable bidders for bonds: Halsey, Stuart & Co., White, Pillsbury & Co.; W. C. Langley & Co. and Union Security. Lehman Brothers; Paul, & Co.; and others. Proceeds Expected to buy 100% of first mortgage $3% bonds, series B, to repay bank loans, and for construction and other purposes.

Jeanette Glass Co., Jeannella, Pa.—Feb. 2 filed (letter of notification) 10,000 shares of common stock (par 50c) to be sold at $1 per share. Underwriter.—None. Proceeds.—To pay off selling stockholders. Underwriter—George W. Todd, Chairman.


Joneau Lumber Co., Inc.—Feb. 17 filed (letter of notification) 100,000 shares of preferred stock (par $100) to be offered to the public at $110 per share. Underwriter—Proceeds to buy Juvenile Spruce Corp. property and for investment purposes. Address: Box 1111, Juneau, Alaska.

Kansas City Power & Light Co.—(4/21) Feb. 17 Proceeded to file 19,036 shares of preferred stock (par $100) in Kansas City Power and Light Rys. stockholders of record about March 20 will be offered at right to purchase. For 1,903,063 shares of Kansas City Power common stock, the bidders of 35% of Kansas City Power or 3,600 shares will have the right to purchase. Over the next three years, the company plans to offer 25% of the outstanding shares and to acquire them for the existing capital stockholders.

Kuan, T. Johnston & Co.—(2/4) Feb. 17 filed (letter of notification) 3,334 shares of common stock (par $5) to be offered to the public at $217,700. Shares to be sold at $70 per share. Underwriter.—Proceeds to be divided between Halsey, Stuart & Co. and Lehman Brothers & Co. 5% bonds will be sold to the public at $120 per $100. Proceeds expected to pay off first mortgage $85,000.

Kansas Gas & Electric Co.—(3/1) Jan. 27 filed (letter of notification) 250,000 shares of preferred stock (par $100) to be offered to the public at ($110 per share). Shares to be sold at $75 per share. Underwriter.—Proceeds.—To payoff Kansas Gas & Electric Co., and to refund capital stockholders.

L & N Dev. Co.—Feb. 17 filed 3,750,000 shares of common stock (par $5) to be sold at $10 per share. Underwriter.—For bonds—Nances to be determined by competitive bidding. Probable bidders for bonds: Halsey, Stuart & Co., White, Pillsbury & Co.; W. C. Langley & Co. and Union Security. Lehman Brothers; Paul, & Co.; and others. Proceeds Expected to buy 100% of first mortgage $3% bonds, series B, to repay bank loans, and for construction and other purposes.

La Crosse Telephone Corp.—Feb. 15 filed (letter of notification) 659 shares of common stock (par $100) to be sold at $1.50 per share. Underwriter.—Bell & Farrell, Inc., Madison, Wis. Proceeds.—To pay off the company's bank, Central Telephone Co.

Lake Superior District Power Co.—Jan. 23 filed $2,000,000 of 5% bonds, 10 years, in New York, $200,000 of mortgage bonds, due 1980, and 40,062 shares of 2% par common value $20,000 of 5% bonds, 10 years. Underwriter—W. C. Langley & Co. (Jointly); Lehman Brothers; and for bonds, Halsey, Stuart & Co. and Lehman Brothers & Co. (Jointly); First National Securities; Kuhn, Loeb & Co.; Salomon Bros. & Hiltzer and Union Security; Barney, White & Co. (Jointly); Jeannett, Barney & Co., White, Pillsbury & Co.; and White, Weld & Co. (Jointly); Smith, Barney & Co.

Kansas Gas & Electric Co.—(3/1) Jan. 27 filed (letter of notification) 250,000 shares of preferred stock (par $100) to be offered to the public at ($110 per share). Shares to be sold at $75 per share. Underwriter.—Proceeds.—To payoff Kansas Gas & Electric Co., and to refund capital stockholders.

Loose Star Steel Co., Dallas, Tex.—Jan. 25 filed 392,188 shares of common stock (par $1), to be sold at $10 per share. Underwriter.—Straus & Straus.—Proceeds.—To build cast iron pressure pipe foundries and for working capital and for share capital purposes.

Longstreet-Abbot Co., Clayton, Mo.—Feb. 14 (letter of notification) not more than $217,700 of capital bonds to be sold at par in St. Louis. Underwriter.—For bonds—Capital in the syndicate is used as margin for the purchase of 3% bond or $25,000, and to disburse a portion of the share capital.

NCB Corporation, Huntsville, Ala. Feb. 9 (letter of notification) 750,000 shares of common stock (par $5) for sale to underwriters. Proceeds—For general corporate purposes.

Palladium, Inc., Los Angeles, Calif. Feb. 21 filed 1,000,000 shares of capital stock (par $1) for sale to general public. Underwriters—Loomis, Sayles & Co., Inc. Underwriter—None. Proceeds—For general corporate purposes.

Pennsylvania Power Co. (2/13) Feb. 2 (letter of notification) 100,000 shares of common stock (par $5), Underwriter—To be determined (if needed). Proceeds—For general corporate purposes.


Puffin Electric Co., Newton, Mass. Feb. 3 (letter of notification) 50,000 shares of common stock (par $1), Underwriters—To be determined (if needed). Proceeds—For general corporate purposes.

Pioneer Oil Co., Conrad, Mont. Feb. 3 (letter of notification) 50,000 shares of common stock (par $1), Underwriter—To be determined (if needed). Proceeds—For general corporate purposes.

Lowell Electric Light Corp., Lowell, Mass. Dec. 30 filed 1,000 shares of capital stock (par $100), Underwriters—To be determined (if needed). Proceeds—To retire bank loans, for construction and to make further improvements.

Metropolitan Edison Co. Jan. 29 filed $77,000,000 of first mortgage bonds, due 1980, and 30,000 shares of common stock of preferred stock (par $100), Underwriters—Names to be determined later. Proceeds—For additional working capital. Effective March 1.

Mid-States Equipment Co., Detroit, Mich. Feb. 2 (letter of notification) 5,000 shares of common stock (par $1), Underwriter—To be determined (if needed). Proceeds—For additional working capital. Effective March 1.

Mississippi Power Co. (3/7) Feb. 3 filed 500,000 first mortgage bonds, Bids—Scheduled to be opened at 11 a.m. (EST) on March 7. Underwriter—Owens, Commandure & Co., Inc. Proceeds—For additional working capital. Underwriters—Owens, Commandure & Co., Inc.

Muter Co., Chicago, Ill. Feb. 13 filed 53,000 shares of common stock (par $5), Underwriter—To be determined (if needed). Proceeds—For general corporate purposes.

Mutual Shares Corp., New York Feb. 15 filed 2,000 shares of capital stock (par $5). No underwriter. Proceeds—To pay notes and for additional working capital.


Omam, Inc., Omaha, Neb. Feb. 10 filed 1,000 shares of 5% cumulative convertible preferred stock (par $100), of which 16,933 shares are first to be offered in exchange for 16,933 shares of $100 par preferred stock of the company. Underwriters—To be determined (if needed). Proceeds—For conversion of the convertible preferred. Underwriter—None. Proceeds—For general corporate purposes.

Slick Airways, Inc., San Antonio, Texas Feb. 10 (letter of notification) 50,000 shares of common stock (par $1) to be offered publicly. Underwriters—To be determined, to be filed later. Proceeds—For general corporate purposes.


Standard-Thomson Corp. Feb. 9 (letter of notification) 50,000 shares of common stock to be sold at the market price for about $4.50 per share. Proceeds—For general corporate purposes.

Sudore & Co., Inc., West New York, N. J. Feb. 6 filed $5,000,000 of 5% convertible preferred stock (par $100). The company has called for conversion March 5, 1949 of its 5% convertible preferred, due 2019, and 10,000 shares of its 3 1/2% convertible preferred (par $10) into 5,000 shares of its common stock (par $1). Underwriters—To be determined later. Proceeds—For general corporate purposes.

Texmaxx Petroleum Co., Dallas, Texas Jan. 13 filed 3,000,000 of 4½% senior cumulative in¬debtedness due 1970, 32,000 shares of $5 class A members' stock, due 1947, 400,000 shares of $100 class C preferred stock due 1965, $200,000 of 5% class B cumulative preferred (no par), $1,000,000 of 3 ½% convertible preferred stock (no par), and $6,000,000 of common stock (par $10). Proceeds—For general corporate purposes.


Tintex Inc., New York Feb. 14 (letter of notification) 50,000 shares of 6% cumulative profit-sharing preferred stock (par $5) and 10,000 shares of common stock (par $1), to be offered publicly. Proceeds—For general corporate purposes.

Togus and Co., New York Feb. 15 filed 200,000 shares of common stock (no par), Underwriter—To be determined later. Proceeds—For general corporate purposes.

Toco, Inc., Chicago Feb. 15 filed 100,000 shares (par $10) common stock. Underwriter—Names to be determined later. Proceeds—For general corporate purposes.

Tuck, Inc. Feb. 9 (letter of notification) 50,000 shares of 6% cumulative profit-sharing preferred stock (par $1) and 10,000 shares of common stock (par $1), to be offered publicly. Proceeds—For general corporate purposes.


Vanadium Corp., New York Feb. 11 published $1,000,000 of 5% convertible debentures due 1970 and 100,000 shares of common stock (par $1), Underwriter—To be determined (if needed). Proceeds—For general corporate purposes.

Virginia Electric & Power Co. (2/23) (3/8) Jan. 31 filed an unspecified number of shares of common stock (par $5) for sale to underwriters. Proceeds—For general corporate purposes.


W. L. £. & Co., Inc., First Boston Corp., New York Feb. 5 filed 20,000 shares of common stock (par $1), Underwriter—To be determined (if needed). Proceeds—For general corporate purposes.
Volunteers & Gas Oil Corp.
Feb. 8 announced a refunding of 100,000 shares of its common stock (no par value) for $27,900,000. The offering date is February 28, 1950. Preferred stock on March 1, 1950.

Cincinnati Gas & Electric Co.
Feb. 20 announced that common stockholders of record as of February 19, 1950, will receive on February 22, 1950, a cash dividend of $1.20 per share. The stock is held by approximately 10,000 holders.

Volume 171 Number 4884

THE COMMERCIAL & FINANCIAL CHRONICLE

Idaho Power Co.
Feb. 7 T. E. Roche, President, said company plans to sell $75,000,000面前 of 20-year debentures at a rate up to $4,000,000,000, in part, its 1950 cumulative preferred stock.

Laclede Gas Light Co.
On Feb. 16 filed a registration statement with the SEC to register a new issue of $50,000,000 of preferred stock (par $25), with an offer price of $20 per share. The company is also registering its common stock. The proceeds will be used to finance construction.

Volume 171 Number 4884

Louisiana Power & Light Co.
Feb. 2 announced that the company will sell its 1950 debentures and $6,000,000 of bonds, and refund the outstanding $6 pref. stock. Preferred stockholders: C. Langley & Co. and First Boston Corp. (jointly); G. W. C. Langley, Jr. & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, and W. E. Culver & Co. (jointly); Hudson & Co. (jointly); Kidder, Peabody & Co.; Carl M. Loeb, Rhoades & Co.

Metropolitan Edison Co.
On Feb. 8 filed a registration statement with the SEC to register $3,400,000 of debentures to be sold in March.

Missouri Pacific RR
On Feb. 23 filed a registration statement with the SEC to register $5,000,000 of preferred stock.

Monongahela Power Co.

New York Central RR.
On Feb. 28 announced that it will sell $9,000,000 of preferred stock. Preferred stockholders: Halsey, Stuart & Co.; Salomon Bros. & Huntington & Co. (jointly); and Union Securities Corp. (jointly).

Northern Natural Gas Co., Omaha, Neb.
Feb. 17 announced that the company opposes issue and sell at competitive bidding $40,000,000 of limited-term debentures in the first half of the year. The proceeds will be used to finance the company's expansion program.

Portable Solenoid & Electronics Corp.
Feb. 10 announced a public offering of $30,000,000 of convertible preferred stock at $10 to the public. The proceeds will be used to finance the company's expansion program.

Volume 171 Number 4884

Promotional Opportunities

Alberta (Province of) Feb. 6 announced considering refundable callable dollar bonds and on Feb. 8 announced a tentative offering date in connection with issuance of about $60,000,000 in mid-March.

Arkansas Louisiana Gas Co.
Feb. 6 company reported considering offering of $27,900,000 of preferred stock (par $25) and on Feb. 8 announced a tentative offering date in connection with issuance of about $60,000,000 in mid-March.

Arkansas Natural Gas Corp.
Feb. 6 company announced an unsecured new 4% preferred stock (face value $25) for which it has preferred stock share for sale, under proposal to split company into two units.

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Bell Ry. Co. of Chicago (2/23)
Bids will be received by the company at Room 2117, 60 Broadway, New York 13, N. Y. at 2:30 p.m. (CST) on Feb. 23 for the purchase of from 800,000 to 850,000 of common stock of Canadian National Railway Co., at about 60% par value. Bids must be received by 2:30 p.m. on the day the offer is made. Bids will be opened at 2:30 p.m. on Feb. 23 at Room 2117, 60 Broadway, New York 13, N. Y.

Boston Edison Co.

Carolina, Clinchfield & Ohio RR.

Central RR. of New Jersey

Central RR. of Pennsylvania (2/23)

Chicago & North Western Ry. (3/1)
Bids for the purchase of the company's $7,065,000 of 2% mortgage bonds due April 1, 1950, and to mature in either 10 or 15 equal annual installments after April 1, 1950, will be received at the office of R. L. Williams, President, in Room 1400, Daily News Building, 400 West Madison Street, Chicago 2, Ill. on or before March 1, 1950. Preferred stockholders: Halsey, Stuart & Co. (Inc.); Salomon Bros. & HUTZER; Harris, Hall & Co. (Inc.); and Kidder, Peabody & Co.; White Weld & Co.

Chicago & St. Paul, Minneapolis & Omaha Ry.
(3/1).
Bids for the purchase of the company's $1915,000 of 4% mortgage bonds due April 1, 1950, and to mature in either 10 or 15 equal annual installments beginning on April 1, 1950, will be received at the office of R. L. Williams, President, in Room 1400, Daily News Building, 400 West Madison Street, Chicago 2, Ill. on or before March 1, 1950. Preferred stockholders: Halsey, Stuart & Co. (Inc.); Salomon Bros. & HUTZER; Harris, Hall & Co. (Inc.); and Kidder, Peabody & Co.; White Weld & Co.

Chicago & Western Indiana R.
Jan. 31 company reported will probably issue in the near future some bonds to refund the 4% non-cancellable consolidated first mortgage bonds due June 1, 1962. Refunding of the first and refunding mortgage 4% bonds series A due Sept. 1, 1962, is also said to be a possibility. Preferred stockholders: Halsey, Stuart & Co.; Morgan

Continued on page 59


Southern Pacific Co. (3/9) Feb. 2 announced stockholders will vote April 4 on increasing capital stock (par value) from $200,000,000 to $150,000,000 stock. Probable bidders: A. G. Becker & Co.; Blyth & Co., Inc.; and Lehman Brothers; Harris, Hall & Co. (Inc.); and Parke, Bernet & Co.

comparable proposals during 1950 to issue and sell common stock on the minimum basis of one share for each eight shares of common now outstanding, and to issue 19,200,000 of first mortgage bonds. Probable bidders for bonds: Harris, Stuart & Co. Inc.; Blyth & Co., Inc. and United Securities Corp. (jointly); Kidder, Peabody & Co., White, Weld & Co.; Lehman Brothers; Harris, Hall & Co. (Inc.); and Parke, Bernet & Co.


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REPORTER'S REPORT

Underwriters have never been known to yield easily once they have realized that a market is in the making. That was practically the case this week.

Talk got around suggesting that the Pacific Gas & Electric Corporation might be ready to take the market with a view to undertaking a substantial piece of new financing.

Reports put the prospective issue around $75,000,000 which, in itself, was enough to make the bankers’ mouths water, considering the dearth of new business.

They immediately started with the customary formality of organizing groups to bid for the reported business. But then came the awakening. Inquiry to the big Coast utility brought official word that the company had no new financing in immediate contemplation.

One of the larger firms, and the one which had this made, was quick to inquire, brushed off suggestions to form a group, much to the chagrin of some of the bankers.

As a banker, active in the underwriting game, and one who has been in the business at least one of the bitter sides of competitive bidding, his personal observation was that too much hot money is involved.

If half the energy so consumed was directed toward promoting actual sales, he feels the whole industry would be better off.

Get Rid of Tobacco Tobacco is a wonder drug used by millions. It has been shown to be a natural anti-stress agent. Try it today and experience its benefits!
WASHINGTON, D.C. — Keep your fingers crossed, but there are still a few lawyers who are willing to say that the Federal Trade Commission, a generation-old lightning rod of business, may develop relatively little into a source of sweetness and light.

For a long time the FTC has been regarded as the judicial ladder of government. Its commissioners, presumably the honest-to-goodness members of the various legal bars in some cases, old or inactive, for other reasons. Its work has been carried on in its name by anonymous justices.

Too many of these FTC lawyers have felt themselves endowed with a prerogative. That mission was to re-direct the pattern of American commerce. They believed lines designed to achieve socially desirable objectives. They were lawyers, of course, who chose the socially desirable objectives. And these lawyers are being put under which FTC operates to suit their self-anointed scheme.

Now a change is beginning to take place. An informal notice has been to the FTC lawyers that henceforth they are to cease their pursuits of the objectives and orders of the Federal Trade Commission. These decisions are to be written by the Commissioners, not the lawyers. These decisions can advise and argue privately with the Commissioners, but it is going to be the Commissioners who will decide.

Another innovation has crept into the law books. One or two Commissioners knew what was going on before they all jumped on the bandwagon. They are the Commissioners who were formerly the leading lawyers on the Commission. Now these Commissioners have been temporarily incapacitated from functioning, somebody has to take over. The lawyers were the boys around the稔 with the reins. Not all FTC lawyers are left-wingers, even if some of the more aggressive ones.

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