**EDITORIAL**

**As We See It**

Britain Also Veers to the “Right,” but What Does It Mean?

Much to the surprise and the chagrin of the socialists in that land, Britain in last week’s voting veered to the “right.” Somewhat similar results have come out of recent elections in other parts of the British Empire. The communists—who in current terminology are the extreme left, although persons holding such views and engaging in such practices would, once upon a time have been regarded as the extreme right—fared very badly. Apparently, “the west,” as the Kremlin prefers to dub peoples or countries which are not disposed to bend the knee to its tyranny, has for the time being at least had about enough of Communism. Even the more extreme socialists whose economics, whatever their political preference, differs very, very little from that of the communists, are in less favor than at any time in recent years. For all this let due thanks be given.

But it would be very easy to read too much into the results of the British voting. Current comment is largely devoted to the fact that no party in that land can command a majority sufficient to enable it to proceed with confidence and vigor, or to enable it to make commitments which look far into the future. It is constantly being said that, superficially at least, Great Britain has now joined France and some of the other Continental nations in having a voting population so closely divided as to render effective political action difficult. Certainly, he would be foolish indeed who did not give full and due

Continued on page 40

Our Gold, Fiscal, Monetary And Interest Rate Policies

By B. H. BECKHART*

Professor of Banking, Graduate School of Business.

Columbia University

Economic Consultant, The Chase National Bank

Dr. Beckhart analyzes present economic problems and concludes necessary ingredients of a constructive monetary policy as: (1) return to gold coin redemption; (2) a taxation that will neutralize depressions; (3) reduction in Federal expenditure so as to create budgetary surplus; (4) well-devised debt management; and (5) abandonment of pegged interest rates. Urges restoration of original status of Federal Reserve.

I—Introduction—The Background of the Dollar

In the future as in the past, the soundness of the dollar will depend upon the gold, fiscal, monetary and interest rate policies of the American Government. These policies will, in turn, reflect domestic and international developments, the political controversies and the prevailing opinions of the time.

The dollar has had a turbulent past and, within our own lifetime, has experienced radical change. It lost a large share of its value in World War I, part of which it regained in the deflation of 1920 to 1921. In the ensuing years of that decade, the dollar helped in the reconstruction of Western Europe and challenged the position of the pound sterling as an international currency.

From this position of worldwide prestige, the dollar plunged into the Great Depression. It was adjudged one of the main culprits and its legal status was subject to drastic change. In a rapid series of measures in 1933 and 1934, the Administration took the United States off gold, reduced the gold content of the dollar, sequestered

Continued on page 20

*An address by Dr. Beckhart before the Business and Professional Men’s Club, University of Cincinnati, Cincinnati, O., Feb. 24, 1936.

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A continuous flow 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.

RICHARD D. DONCHIAN
Registered Investment Advisor and President of Futures, Inc., New York, New York (Western Union)

Western Union, once regarded as one of the bluest of blue chips, had an unbroken earnings record from 1874 to 1932. It paid $1.50 a share each year from 1874 through 1911. Its shares sold at 272½ in 1890. During the past 20 years it has been beaten by the competition in the form of increased use of long distance telephones and a decline in expenses due to its heavy dependence on rural service costs. It has been responsible for an arrangement with the United States including many sizable splashes of red ink. In 1946 its deficit was $9.81 per share. In 1948 the deficit of $3.58 per share would have been larger except for over $4,000,000 of extraordinary profits from the sale of a subsidiary.

Last year a net operating loss of $4,360,845 was also recorded. It is estimated to be $1,017,429 income from sales of real estate and securities, leaving a net deficit of $5,378,274. December, 1948, earnings, just reported, showed a recovery from operations, however, of $506,207, and the fourth quarter was the first quarterly period since 1947 in which net profits were reported. Indeed, this resurgence in earning power lies in a dynamic story of mechanization, reduced costs and profit-promising prospects.

Under the able leadership of Walter P. Marshall who was elected President and Chief Executive in 1944, Western Union has made remarkable strides in a field of communications program designed to make it once again the world leader in the communication field. Following is a brief summary of progressive developments:

(1) Mechanization of transmissions. Western Union has been the place leading to better service, lower costs. Since 1944, Western Union has spent about $80 million in mechanizing and streamlining its plant and equipment. Fifteen message centers in key locations across the country have been set up and equipped so that messages properly coded at the office of origin are automatically routed to their destination. A radio-beam network structure in New York, Washington, Pittsburgh area will carry valuable written messages on a single beam. Multiple-message wire systems have been increased many times. These expanded facilities mean not only more rapid and accurate service, but are making possible a cut of more than a third in total employees, from over 40,000 to around 25,000. During 1948 and 1949, non-recoverable changeover costs and severance pay on losses were $1,250,000, which has been an important contributing cause of the operating deficits.

(2) New and versatile picture-form communication devices known as Teletype are being developed. As an example of the best known as DextFax, about the size of a table radio and non-portable, which cost approximately $150 by a wholly owned subsidiary, has been installed in eight major cities. In customers' offices it is provided easy-to-use equipment.

(3) Expected elimination of the 2½ cent telegraph charge, on domestic telegrams should also increase revenue. Hearings are now being held to make this move, and it is expected that by the middle of 1949 this 2½ cent charge will be moved or at least substantially eliminated. While the same tax on telephone calls may also be called, basic air rural and telephone communication rates are likely to remain unchanged, perhaps increased. Western Union’s competitive position should thereby, and manufactured at a cost of 15½ to 20%. Large Telex equipment has been adapted to hotel and office buildings. Still other TeleFax, Western Union’s higher-priced equipment are recently expected to be over in 1929, should be increased to 20 cents.

(4) Proposal has been made to Senate Committee on Communication that Western Union require the Teletypewriter Exchange Service (TWX) and leased-wire telegraph services provided by American Teletype Corporation. This application would cover $40-545,000, in excess of that amount requested for all of 1946 and fund real estate mortgage bonds. If the May 1 of this year will probably not be made possible by out of current cash.

This Week's Forum Participants and Their Selections

Neptune Meter Co.—Philip L. Carret, Partner, Gambmck & Co., New York City.

Western Union—Richard D. Donchian, President of Futures, Inc., New York City.

Iowa Power & Light Co.—Ted C. Henderson, President, Iowa Power & Light Co., Des Moines, Iowa.

Burlington Mills Corp.—Harold M. Iseren, Member New York Stock Exchange, Burlington, New York City.

Sleep Rock Iron Mines—Glenn R. Miller, Executive, Vice-President, Ottis & Co., Cleveland, O.

Another, $15,700,000 of 5% bonds will mat at $100 on December 1, 1949. These are only 1,250,000 outstanding shares of class A stock, a book value of around $130 per share. Any appreciable increase in earning power would build up per share earnings rapidly.

While the reports and records of the Western Union mechanization program may not appear for another two or three years, and while the progress of the company may be subject to uncertainties affecting the general economy of the country over the near-term, it is the writer’s opinion that the Western Union in building a foundation which over the longer-term can result in the class A shares, currently selling around $30 and on which the only dividend income since 1946 has been $1.00 per share paid in 1948, becoming once again a reality, if one can reasonably be taking its former status of a gilt-edged dividend-paying investment.

PHILIP L. CARRET
Partner, Gammanck & Co., 59 West 57th St., New York, N. Y. (Neptune Meter Co.)

To speak of any one security as a favorite of mine or of another is perhaps to make a mistake. There is an idea that is not a usual trait of investment advice. In other words, monogamy is not a tenet of investment.

However, special situations hold unusual attractiveness at least for a time. And to-day we find several reasons to recommend the stock of Neptune Meter Co., selling on the Curb at about 29.

The capital is relatively small and it has been the policy to pay moderate dividends. While dividends have been paid without interruption since the fourth quarter of 25 rates of 25 cents since Jan. 1, 1948, the total for 1949 was

Continued on page 42
Steel Stocks Behind the Market

BY LOUIS STONE

Market analyst maintains investing public is grossly undervaluing steel stocks, in the light of all available indications of true value. Asserts postwar earnings represent new plateau.

By any of the usual standards of comparison, the total market capitalization of steel stocks now appears to be way behind the market. When you can buy Bethlehem Steel at 3½ times its earnings value, and at the same time get more than 10% on 2.40 margin of safety, you must be somewhere. Either there’s a good reason for the stocks’ low prices or the investing public is just plain wrong. Certainly there is ample basis for the record in favor of the second alternative. We’ll look at the record of the 12 leading steel stocks.

The Record

In 1937, a “good” year, the 12 leading integrated steel producers had total sales of $2.2 billion; in 1948 their total sales were up over $7 billion. In 1937 their net income was $225 million before taxes and $200 million after taxes; in 1948 their net was $275 million before taxes and $260 million after taxes. The tremendous increase in total sales was a direct result of a passing phase of a war economy or, as described by the Federal Reserve Board index, has gone up from 103 in 1919 to 1948 average, on a per capita basis. As for prices, the “Iron Age’s” composite price index of 1937 was 126, 1948 was 371, an increase of 195%. The greatest rise of all was in the prices of the ‘top of the line’ products, in the 30% of the increased dollar volume was due to price inflation—this 30% inflation is probably frozen into the steel price structure; the further price advances of late 1948 and 1949 may prove less permanent rate.

1949 Production Fall

Steel production went down in 1949 about 10 million tons from 1948, totaling about 1½ times less than in 1948, due largely to the October-November shut-down. Thus, considering the temporary mid-year slump in business, reduced steel company profits substantially from the record 1948 level. The 12 leading steel companies had a composite net per share of $134 in 1948; the 1949 estimate is about $75. In relation to the present composite price, about 1600 for those 12 stocks, the $97 figure certainly looks impressive—and the current price ratio of 40 to 50, earnings is better than the 1945 level. The present price ratio of 40 to 50 earnings compares with a historical ratio of better than 10 times.

Leverage Reduced

The following record will make clear the face of two extended periods of boom and depression. The principal factors in the changed position of the steel company common stocks in 1949 are: In 1937 the total debt of the 12 companies was $640 million; in 1948 the total debt was $200 million or 40% of sales volume, or less than two good years’ net earnings. In 1937 total assets were $260 million before taxes, in 1948 they were $610 million. The preferred stock dividend requirement was 25% of net earnings; in 1948 they were less than 9%. In other words, the common stocks of these companies have no longer marginal equities in anything like magnitude; in 1949 there were, and a further measure of earnings protection is afforded by the 38% tax cushion. Steel production in 1938 dropped about 20%, 1939 another 40% to a total level, 40% of capacity rate, resulting in the only deficit for the last 16 years. Given another 36% drop in production, from present levels, the deficit would be much larger than they were in 1937, and the soundness of the equities would be even more apparent than they were in 1938, due not only to their less marginal position but also to the substantial growth in their total values over the last ten years as a result of the boom.

The 12 leading stocks, now selling at about 19 to 20 times book value, had a composite book value of $975 at the end of 1948, and have a good earning power, and little reproduction costs, as against depreciation, which are almost astronomically high. Book value today is probably 50% below book value in 1948, to have much significance, but they are certainly still a factor in the current market value of the long-term investor. In this connection, it should be noted that the steel stocks, the aviation stocks, the rails, the rubber companies, and the rubber are the only major groups selling substantially below book value.

Continued on page 43

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Securities Salesmen’s Opportunities In A Changed Market

By ALBERT H. GORDON

Partner, Kiddie, Peabody & Co., Members, New York Stock Exchange

Pointing out changed conditions confronting securities salesmen following the stock market liquidation of the Thirties, Mr. Gordon stresses importance today of cultivating individual investors as prospects and clients over institutional ones and the need for a continuing action by investment firms to reach individual investors. Holds salesmen should be trained in securities business, and lays down 11 maxims for successful "personal selling.

You are very kind to listen to me. When I return to the office I'll boast about it. You should be instructing me on salesmanship, rather than listening to me, for you have a fresh point of view and you have just concluded a course on the subject, given, I understand, by some tried and true masters of the art.

With a net income of some $200 million, obviously one must do a terrific selling job. The private economy in the U. S. A. cannot do without selling. We almost killed the security salesman; now he is staging a strong comeback.

The intellectual has always looked down his nose at the salesman. But his eyes are jealous ones. Without the securities salesman private enterprise could not be diversified. Life is providing the country with more and more sellable products. The statistician will have full scope and he would be so busy projecting the future for everyone that he would stumble over himself, and the sound economy and necessary for our economic well-being would be in jeopardy.

Your Chairman suggested I allude to the selling and selling methods of the Wall Street of yesterday. It was a wild and hectic place then, but those who condemn it do not realize that without its great industrial growth of the 20's there is no Wall Street place. Here’s what happened in those days: People in high and low places deluded themselves into buying and selling bonds. They used to buy bonds on the road to plenty. The more stocks they bought the higher stock prices went. Now, of course, in those days they were more intrinsically and the better they were, at least so they thought. That continued them on the only mistake they had made was not to buy more. So, after chasing the money in common stocks they climbed out on the borrowed-money level, which, as you know, was abruptly saved off. If only a few had speculated it would have been unbearable. But with everyone in it, when the selling time came there were few to sell to. The market hit bottom at the escape hatches was a sight to behold. On particularly bad days I and many other brokers made it a point not to walk under high buildings—for obvious reasons.

Salesmen from all over the country had flocked to Wall Street to service the avid buyers. Training and preparation often was more of a handicap than an advantage. A gold football on the watch was more important than the Phi Beta Kappa key. It was not unusual to find yourself, when you knew, or better still, knew who. Jack Dempsey probably made more money as a customers man than he did as the highest-paid athlete. In history. When it was all over, however, I am sure none of us would have felt any better than after his encounter with Firpo.

During the 30's and New Era salesmen had a field day; bonds on the powder and oil. Profit margins, and the turnover in stocks was so great aggregative returns were tremendous. It was not uncommon for salesmen to find themselves in excess of their own. The main office wanted to do that for them in order to keep them away from the field. Salesmen paid in other industries were higher and promotion appeared to be the norm. The same business schools that conditioned graduates to go to Wall Street in 1928 and 1929, the worst of all possible times, told them in the 30's to shun the place. Recently in such schools there has been a revival of interest in the financial business be- cause of the high-grade incentive and rewards. As the years went on, the face of things changed at an incredible rate. There were never any new faces for the new faces grow larger, and there were few new faces for any years.

A Changed Market

Any one can see that business—what do we find? We find the market changed. Not more than 40 years ago you learned in a series, "Investment Salesmanship" sponsored by Investment Bankers and Securities, New York, New York, Oct. 18, 1956.

"A lecture delivered by Mr. Gordon, 30 years in the field, in a series, "Investment Salesmanship" sponsored by Investment Bankers and Securities, New York, New York, Oct. 18, 1956.

"Forces Moving Price Level Of Stocks Upward in 1950"

By FRED MARTIN

Director, Investment Research Department
Joseph Farrel & Co., Members Exchange

Investment analyst notes rising public confidence in securities which has already caused substantial increase in prices of better grade issues. Holds continued public confidence will lead to a substantial increase in preference of middle grade and more speculative issues, a number of which he lists.

Revaluation of stocks on a higher price level, as compared with earlier years, has given rise to some speculative action by firms to reach individual investors. Holds salesmen should be trained in securities business, and lays down 11 maxims for successful "personal selling.

Continued growth of the public in being revived somewhat as more favorable action are recovered from Wash-

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The State of Trade and Industry

Over-all industrial production continues to recede as the unauthorised coal strike spreads out and the questions at issue continue unresolved.

Total output in the past week was appreciably below the level set in the comparable week one year ago, and unemployment in the week showed a slight upturn.

The impact of the soft coal dispute on steel production is becoming steadily more apparent with a sharp drop in steelmaking operations indicated this week, says "Steel" magazine's recent index. Severe curtailment in the national input rate by March 1 appears certain, it continues, unless coal mining is resumed in large volume before then. At the bottom of their coal piles, most steelmakers have no alternative but to drastically curtail production. Since the beginning of February the input rate has dropped 8.5 points. It now is poised for a run of 20 to 25 more points. Blast furnace operations already have been severely curtailed and will be further cut back. Many stocks have been bailed. Still more are on reduced wind. Actually, iron output is down much more than indicated by since 1934. One-month, stack wind reducing furnace yields in some cases as much as 50%, the magazine observes.

The members of John L. Lewis' United Mine Workers pleaded "not guilty" to government charges that the union is defying a court injunction against a strike in the soft coal fields. The union disclaimed responsibility for what it called the "individual" acts of its members.

Meanwhile, contract negotiations between the union and soft coal operators were suspended "indefinitely." Chairman Cole of President Truman's fact-finding board said the recon would give both sides a chance to talk over the situation with their associates. Most observers felt there would be no further discussions until the contesting sides aired their differences. It was reported late on Tuesday that there was no indication from the White House that President would ask Congress to go on the heels of a bill that would permit the government to seize the mines.

Further action would probably be taken, Chairman Johnson of the House Committee on Commerce proposed the same day, to order an additional cut in cool-powered rail freight and passenger service short of what was needed... A new record for unemployment insurance payments was set in January in the 48 states according to the United States Department of Labor. Seasonal factors, it pointed out, were dominant in the rise. Benefits amounted to $186,383,000 during the month, compared with the previous record of $170,629,000 disbursed in August during the 365 stocks in the Standard & Poor's Index first declined by 20% and later recovered to end the period with a net gain of 1.7%. But contrasted with this net change of 2% in the overall picture, is the following crazy-quick of irregularity between the movements of the issues of individual industries. *

The State of Trade and Industry


dated for FRASER fraser.stlouisfed.org
The Advocacy of a So-Called Free Gold Market as a Means of Obviating a Redeemable Currency

BY WALTER E. SPahr
Executive Vice-President, Governors’ National Committee on Monetary Policy; Professor of Economics, New York University

PART III—(Concluding Installment)

Dr. Spahr concludes his defense of the gold coin standard, contending that protests for a dollar will disappear, private enterprise in foreign trade would be revised, people would have more power over public purse, and standards of honor among officials in respect to people’s money.

Some Benefits of Immediate Return to Gold Standard Money

BY WALTER E. SPahr

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The Lackawanna Story

By HUBERT F. ATWATER

Gammack & Co., New York City

After reviewing history of the Delaware, Lackawanna and Western Railroad, particularly since 1851, the writer has determined that as President, Mr. Atwater points out, due to reduction in fixed charges and other favorable developments, the position of Lackawanna shareholders has greatly improved, and the outlook for company’s future is better than ever before.

The first train to operate over any part of what is now the Delaware, Lackawanna & Western Railroad had its initial run on Oct. 15, 1851.

Two years hence, the Lackawanna, for the first time in its history, will celebrate its 100th Anniversary. In that time, the Lackawanna Story is a personal and economic history of over forty years.

This study is based on the data of the decade just closing, a period marked by almost equal years of war and prosperity.

During its existence, the management of the Lackawanna has many times been under the direction of some of the ablest business men who have earned distinction for themselves and left their mark upon the property and the community served.

The depression period in the decade 1900-1940 did not spare the Lackawanna. The company was in debt at the close of eight successive years, its President was approaching retirement, and a considerable amount of debt was due within a few years.

The Board of Managers, looking over the field of able and possibly available railroad operating executives, approached William White with the offer of the Presidency. He became President, Jan. 1, 1941.

The history of William White is typical of a great many Americans and it is very simple. He graduated from the Middlesex High School in 1913 and immediately went to work for the Lackawanna Railroad as a clerk. In 1913, it was not an easy job in the coal business. He had been in Bergen County to be an observer of the distribution of the transportation and to the business of your employer. Future security was up to you.

After 25 years, with time out to serve in World War I, White was in a senior position at Erie and had to make the decision whether to wait for a member of the management to die or to find promotion by accepting an appointment elsewhere. For the next three years he was operating head of one employee of the Virginia Railroad, a masterpiece of H. H. Rogers’ list. He had the next road to wisest improvement, to the extreme low operating costs and his road was chosen and the record of the man before him

White’s elder was to improve on the showing of 1800’s. Bill White, therefore, was an ideal choice for a coal-carrying road, operating partly in full country and having water connection with the main line, to be that of professional managemen

The Lackawanna Story was revised and presented to those interested in the study of financial and operating problems peculiar to this railroad. This railroad, with its modern facilities and agencies, is an industrial growth of almost every one who has been successful in both directions.

The rails of which this railroad were directly owned by the Lackawanna Company, which has been a known, had been confined within the state of Pennsylvania and barring a brief period just ending, was only held to meet debt for at least two generations.

This early railroad was built to a double-track standard and capable of rails in coal lands and mines. It was the part that coal to market and was sold at rates which covered costs and gave

A consistent pursuit of this policy has resulted the railroads to the great success in the New York harbor, where it has been laid to Buffalo. The D. & L. & Western has always been its history was operating lessees of the subsidiaries of its road when owned. It is this, particularly in suburban areas adjacent to the Port

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From Washington
Ahead of the News

By CARLISLE BARGER

Mr. Truman looked rather uneasily, at his news conference recently, towards the two-party dominance in British political affairs and reflected that he is inclined to see the bigger parties, so to speak. He was referring to the split in his own party, which has been supped division in the Republican ranks.

That there is a bitter cleavage in his own party is no doubt being stirred up by the seemingly by common consent to be inevitable defeat of Republicans are more superficial than real. They exist now, but they are not so much as the ambition of some Senators to attract as much attention as Bob Taft.

Take the much advertised rivalry between him and youngish Henry Cabot Lodge. In the event that Lodge is the leader of the party's "liberal" wing, Taft the spokesman for the "conservative" wing, it would point out to me one single domestic issue where Lodge is more "liberal" than Taft, one single instance, indeed, where they differ. Lodge succeeded several days ago in passing, over Taft's opposition, a resolution to amend the Constitution to change the procedure of electing Presidents, and much was made of his victory in the press and by the radio commentators. However, this is no indication of what he would do if he were in office. We would like very much to get an issue with the Ohioan. There is no doubt of this. He is quite ambitious, legitimately so, and his sights are set on the White House. His boosters like to depict him as a youth in politics, a young man thrown into the old party, as being more "farsighted" than Taft. But the record does not bear out this. Lodge has been in the Senate long enough to be sure that the Lodge could not state a more "liberal" philosophy and he couldn't state it at all as well. Indeed, I am quite sure there can't be a more "liberal" policy short of turning the country completely over to the weaklings under the chaperonage of a gang of political racketeers.

In short there is really nothing for Taft and Lodge to fight about, but until we can see this clearly, it might be a fight of some kind. It wouldn't be on any fundamentally national.

A few months ago things might have been otherwise. It looked as though Lodge was being groomed for the forthcoming leadership mantle worn by Vandenberg. He seemed by way of inheriting the "global"-sensitization in 1942. But somehow he could get an issue with Taft because the Ohioan, being a clear thinker and lacking pretense, has no taste for the global type of jargon.

There was a distinct cleavage on this in the party, roughly between the Easterners and Middle Westerners. But unless I mistake my source, Vandenberg has disavowed his intentions of becoming a Senator of all time. If this is true he could get an issue with Taft because the Ohioan, being a clear thinker and lacking pretense, has no taste for the global type of jargon.

But with Vandenberg to be the Senator of all time not only among the Democrats, are becoming less inclined to shout off their mouths. The World War II Jackson seems to be rapidly coming to a close. Vandenberg's health is still none too good but aside from this, there are indications that a complete disgust has come over him.

A few months ago, I am pretty sure, he would have countenanced a nomination by the President. The latter began on the State Department. His has been almost the prevailing voice against the Republicans making capital out of the mismanagement of our foreign affairs in the days before Pearl Harbor and since. He avails himself of this. The Foreigner, the propaganda that everything just happened and that the sorry mess that was made has been made under any Administration. We were just an ill-esteemed people. With the outpouring of memories and availability of other evidence, it is now becoming all too plain that our troubles were man-made. Some of Roosevelt's closest friends, his worshippers, now agree privately that Yalta was a tragedy.

We have been along with those who insisted that the Republicans shouldn't talk about the war, what led up to it and its management, and deprived them of their greatest issue, it seems to me, or dialog, I don't know. But he is not throwing his weight around, and I don't see Lodge or anyone else seeking to step into his foreign policy shoes. It is my guess that it wouldn't be a popular position in the coming election.

If this situation continues, and Taft wins re-election fight in Ohio this year, he is going to be a hard man to beat for the Republican Presidency in 1952. By then those backers of Eisenhower that they do not overboard. The way things are looking the 'internationalists' will have been worked out long before that. I can remember when Pershing, great达尔文man through and through, didn't back up his ambitions even in his ambitions to be Senator from Nebraska. The backwash of World War II is coming in and we may look for some awfully red faces, too.
DuMont and the Television Industry

By Dr. ALLEN B. DuMont®
President, Allen B. DuMont Laboratories

Dr. DuMont traces his growth of his company, which he predicts will be further greatly accelerated in 1950. Cites growing sales of receivers, and notes satisfaction in their distribution to lower-income bracket people. States as industry's problem, the problem the government's "freeze" on allocation of new stations. Declares no one in the industry believes color should be

For the people who are not familiar with the history of the company, I might just very briefly review briefly... It was founded in 1921, and the original idea was to develop the cathode ray tube and its applications. We found out at that time that there was an immediate market for the telephone r... We had to sell the tubes for industrial purposes, and we developed instruments in which the tube operated.

These instruments, known as cathode ray oscilloscopes, are now widely used in industry for all sorts of testing purposes. They are used to check various electronic phenomenons, mechanical, chemical, and so forth, and the cathode ray oscilloscope is really the visual end of the radio equipment that was later developed; in other words, the cathode ray oscilloscope itself is, you might say, the indicator end of the tube.

In 1939—We just made a very quick run-through of the sales of our organizations for a few years—sold $70 worth of material; in 1932, we introduced a new product, and in 1941, we had $345 million in sales, and in 1949, we had $4,900,000 cash sales, and $19,800,000 in total sales.

The 1950 Outlook

The outlook for 1950, as far as we are concerned in the business, is that we... Those sales considerably more... As we figure it, we are in a position to push... They are probably going to yield and market performance over a... We are going to sell five over-the-counter industrial stocks used in the National Quotation Bureau... We sold at the opening of the day, to sell at $75,000 cash... We would estimate that we are going to use the expanded sales and keep a very liquid position.

The television market, as you can see, the television market has had a gradual... If you would like to know, perhaps... There is some evidence that pressure is being brought to bear on the producers, but we are going to continue to push... We are going to push... We are going to continue to be a competitor in the market for those receivers.

One thing that has been very attractive to us is the fact that these receivers are not only quite sure in the upper brackets, but the big sale... They are the people who vote... They are the people who... They are the people who... It makes us very happy. Unquestionably, you have seen, in traveling around, the large number of antennas in those homes in the... The big "freeze" Problem

The big problem that is facing us today in the industry generally... Continued on page 38.
Human Relations In Industry
BY ROGER W. BABSON

Denying industrial peace can be legislated, Mr. Babson holds, problem resolves itself into question of what makes men work.

Conclusion on a basis of need, the entire enterprise system can be saved by allowing wage workers to become an important part of the management.

One of the greatest problems which will confront us in the next 12 months is how to break even-point down. When the financial boom has burst, producers must find ways to cut costs of goods at the same time and at the same time keep wages up, enable workers to earn more benefits.

Roger W. Babson

Management's Opportunities

The officials of too many corporations have inherited this scheme and work to keep alive a plant, labor, and management backs of a team demand more and more toward, on the basis of increased productivity. When the government stepped in with the Wagner and the Taft-Hartley Acts and said in effect, "We shall legiate cooperation, and peace and an attitude of enthusiasm for work," how in heaven's name can you "legiate" industrial peace by setting up a political football game between labor and management and of them? The answer is that the organized state of abundance.

When we send teams out to explore, procure, and develop the relatively unknown frontier of Human Relations in Industry.

One small manufacturing company many months ago as a result of management's Briggs of labor troubles. He put up a pair of overalls, went out to the plant as a sort of labor spy. He learned how to use a paint-spray gun and after a while was fully trusted by the workers as one of them. Among other things he was taught by them how to hold a fire hose back so that management would never know just how fast they could really work. He learned how to mix his paint and to make a gray that he could call for a three-coat job. This new man observed skilled workers withholding their skills from new workers. He watched a production pile up. He saw workers get excellent suggestions for improving efficiency and cutting costs go down, the drain, and then wonder and management because it was so inefficient. Company problems were none of their business, for these men "only worked there." Labor productivity has been frozen by management.

Conclusion

I believe that we can save our private enterprise system only by allowing the wage workers to become an entrepreneur along with management. When the workers have a personal interest apart in solving their company's production problem; when they can reap a proportionate reward, then, you won't need to worry much about "collective bargaining" in your plant.

Back on the Desk

PHILADELPHIA, PA. — Harry Fahir, Jr., trading department, Reynolds & Co., somewhat lighter in pounds and purse, has returned to the office after a four-weeks' lay-off occasioned by a minor operation.

WHEREVER COTTON GROWS, CONTINENTAL GINS

CONTINENTAL GIN and its predecessor companies have been continuously identified with the cotton ginning industry for 118 years.

Established in 1832—shortly after Eli Whitney invented the first practical method of separating cotton from the seed—Continental Gin Company has pioneered a large majority of the notable advances in the science of cotton ginning during the past century.

Continental ranks today as the world's largest manufacturer of cotton gin machinery—in use throughout the cotton growing world.

With central offices and plant in Birmingham, and other factories and branches at Atlanta, Memphis, Prattville and Dallas, its operations now extend not only over the entire cotton belt of the United States, Central and South America, but to all foreign countries that grow cotton, including the east and west coasts of Africa, India, Turkey, Persia, China, the Philippines, and Australia.

In 1936, Continental Gin departed from its long established precedent of making only cotton gin machinery to organize the Industrial Division, specializing in the manufacture of Materials Handling and Mechanical Power Transmission Machinery as well as a variety of special work. Today its machinery and conveyer equipment is used throughout the nation by coal mines, quarries, steel, food, textile, chemical, fertilizer, cement, farm equipment industries, and other varied types of enterprise.

The Company also maintains a Special Products Department, which is constantly engaged in utilizing Continental's flexible equipment in the manufacture of new products to further increase the Company's worldwide service to industry.

This is another advertisement in the series published for more than ten years by Equitable Securities Corporation featuring outstanding industrial and commercial concerns in the Southern states. Equitable will welcome opportunities to contribute to the further economic development of the South by supplying capital funds to sound enterprises.

NOW CORPORATION DENVER, COLO. — Robert D. Bowers & Co., Cooper Building, is now doing business as a corporation. Officers are Robert D. Bowers, former proprietor, President; Joseph W. Hicks, Vice-President; Edward E. Rout, Vice-President and Secretary; and Edward J. Shelley, Vice-President and Treasurer. All officers have been with the firm.

JOINS WALSTON, HOFFMAN

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Rudolph E. Boshard is now associated with Walston, Hoffman & Goodwin, 260 Montgomery Street, members of the New York and San Francisco Stock Exchanges. Mr. Boshard was formerly with Davies & Mejia and Stephenson, Leydecker & Co.
RCA Reports Color Stability Achieved in TV

Dr. E. W. Engstrom, Vice-President of Radio Corporation of America, has made a new development in color television that represents an advance toward potential service to public.

Complete color stability has been achieved in the RCA all-electronic system of color television, and its technical development is now proceeding as a potential service to the public. This advance allows color television to be shown with brilliant and unalloyed color. Dr. Engstrom says that this development eliminates the optical conversion method, and represents an advance toward potential service to public.

Television Grows Up

Analysis by National Industrial Conference Board shows recent growth at rate faster than expected, in both immediate market expansion and in limited technical and price factors.

The television industry seems to be over the hump of its growth. Ten quarter of 1951 (June-September) turned out sets at a faster rate than expected at the 1950 budget average in May. The immediate market is limited mainly by technical factors and by price factors in some cases. This is generally true of all television production and the end-offactory reservoirs have not increased in line with the present demand for television receivers.

The present development of television is in its 29th year, and by the end of 1951, it will have reached a new level of market maturity in its 11th year.

Until the development of television, the ice cream and radio refrigerator industries have historically depended on the rapid growth which made the market. Mr. Sloan pointed out. "The ice cream industry, which started a refrigerator system in a striking new color-line in 1951, has a refrigerator capacity of less than $18.50, lowest priced radio receiver ever built by Westinghouse.

All the television receivers have automatic controls which can adjust to different picture brightness and contrast, with a new range of colors. The television receiver is a color television set; it is a television set with a color tube. The television receiver is a television set with a color tube. In the center of the screen."

Johnston, Lemon Branch

In Alexandria, Va.

ALEXANDRIA, VA.—Johnston, Lemon Branch, the official headquarters of the National Association of Broadcasters, opened a branch on 13th North Pitt Street. The branch has Robert G. Whitten, Mr. Whitten is President of the Mortgage Finance and Real Estate Division of the association. The branch was the past was with the First National Bank of Alexandria.

Also associated with the new office will be Alice H. Whitten and E. Wallace Smith, Jr.

Television in 3/4 Million Homes by 1951: Sloan

Manager of Westinghouse Home Radio Division says three out of 10 homes in television area will have receivers by end of year.

Seven and three-quarter million homes in the country will have television receivers at the end of 1951, Mr. Sloan, manager of the Westinghouse Home Radio Division, announced at a press conference yesterday. The number of television sets in use will add up to nearly three-quarters of a billion.

Mr. Sloan made the statement as the Division's distributors gathered in New York to preview the Spring line of the new Westinghouse television receivers in nine cabinet styles to be marketed in color and radio combinations. The meetings today were held in New York in Easton, Pennsylvania, and New York City.

Mr. Sloan said that the industry will continue to set new records for television sales and output, and at the end of the first quarter of 1951, this number will total some 3,900,000 receivers.

The three quarter million television sets in the United States today is an increase of about 500,000 from the 2,500,000 which were in use at the time of the First National Bank of Alexandria.

The television industry has been growing at a steady rate since 1939, and its growth is expected to continue for many years. The television industry is a major industry in the United States, and it is expected to continue to grow for many years.

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Three of Ten Homes in TV Areas to Have Receivers by End of Year

Pointing out that the television industry is still in its infanthenzhen, the fastest growing new business America has ever known, Mr. Sloan added, "It is the composite opinion of television manufacturers that about the end of 1950, three of every ten homes in the United States where television sets can be received will have television. This is 30% saturation of the market, a point reached by the automobile industry in its 29th year, and by the radio industry in its 11th year."

Until the development of television, the ice cream and radio refrigerator industries have historically depended on the rapid growth which made the market. Mr. Sloan pointed out. "The ice cream industry, which started a refrigerator system in a striking new color-line in 1951, has a refrigerator capacity of less than $18.50, lowest priced radio receiver ever built by Westinghouse.

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The television industry has been growing at a steady rate since 1939, and its growth is expected to continue for many years. The television industry is a major industry in the United States, and it is expected to continue to grow for many years.
Pioneer in cathode ray tube development, Du Mont is the largest producer of the new 19-inch Life-size picture tube.

Pioneer in telecasting, the Du Mont-owned stations in Pittsburgh and New York were the first television stations to show a profit.

Pioneer in telecasting equipment, Du Mont has designed and equipped many stations.

Du Mont Bradford, with the Life-size screen.

The Du Mont Rumson, the world’s finest mass-market receiver.

The story of TELEVISION is the story of Du Mont.

Du Mont has been in television since 1931; and it was Du Mont’s development of the cathode ray tube that pulled television out of the laboratory and put it into the home. Du Mont marketed the first home television receivers (1939); and was first on the market with a line of fine postwar receivers (1946); and operates the world’s largest television assembly plant (1949). Du Mont is the one company that is in every phase of television, and only in television. Pioneer in receiver manufacture, Du Mont Telesets are generally accepted as the world’s finest in performance, appearance, and dependability.

Big-screen, direct-view television

Of course you want a big screen... but Du Mont also gives you a clear, sharply detailed, undistorted picture on its big screen. And every Du Mont also includes static-free FM radio.


DuMont first with the finest in television

Copyright 1950, Allen B. Du Mont Laboratories, Inc.
Allen B. Du Mont Laboratories, Inc. • Home Office, 730 Bloomfield Ave., Clifton, N. J.
Bank and Insurance Stocks

By H. E. Johnson

This Week—Bank Stocks

Bank of America National Trust & Savings Association in the recent action by the board of directors increased the annual dividend rate from $2.50 a share to $2.60 and changed the interval of payment from semi-annually to quarterly. At the same time a special meeting of stockholders was called for March 21 to vote upon a proposal to change the par value of the stock and issue to shareholders of record the new share for 42 shares now held.

The purpose of the stock distribution, according to the management, is to place the shares of the Bank within the reach of more people. Such action, along with the increased cash dividend, calls attention, once again, to the spectacular growth and favorable operating results recently established by the Bank of America.

Although the Bank began business in 1904 with only $150,000 of capital and surplus, in less than 50 years it has grown to be the largest bank in the country. At the end of 1949 capital funds were in excess of $500 million and deposits totaled approximately $5,775,110,029.

In 1907 the Bank established its first branch. Today, it is the leader of branch banking in the United States with over 525 banking offices operating in more than 300 communities throughout the State of California.

Bank of America has benefited greatly by being located in a growing section of the country and its further development and progress is tied closely with the economic fortunes of California. Nevertheless, since its formation, it has shown an almost continuous record of expansion. Some of the most spectacular gains are rapid growth have been taken in the past 10 years and coincide with a period of active change in population, industrial activity and bank deposits on a national basis.

The developments have been reflected in the figures of Bank of America, some of which are summarized in the following table.

FIC Banks Place Deps.

A successful offering of an issue of debentures was made by First National Financial Corporations, New York, at $175,000, 13% cumulative debentures, for the fiscal year ending March 1, 1950. The offering was over-subscribed and the issue was placed at par. Of the proceeds, $56,625,000 was used to retire an issue of outstanding maturing debentures, the remainder representing "new money." As of the close of business March 1, 1950, the total amount of debentures outstanding amounted to $481,480,000.

United States Assoc.

WASHINGTON, D. C.—United States Associates, Inc. has been formed with offices at 5600 Woodley Road, N. W., Washington for the purpose of organizing a national bank in 1950. Joseph M. Sherry has become affiliated with the company, 153 S. La Salle Street. He was in the past with C. J. Case & Co. and Case & Co., Inc., Chicago.

With Harriman Ripley

(Special to The Chicago Commercial)

CHICAGO, ILL. — John H. Kramer is now associated with Harriman, Barlow & Co., Inc., located at 135 S. La Salle Street. He will deal primarily with horrorlows & Weeks.

With Coughlin & Co.

(Special to The Commercial)

DENVER, COLO. — Lloyd W. Hump has become associated with Coughlin and Company, according to Scanlan, 105 South La Salle Street. He will deal primarily with Garrett-Bromfield & Co.

Earl Sladey Adds

(Special to The Commercial)

DENVER, COLO. — Charles Sladey has been added to the staff of the Bank of Colorado National Bank Building, members of the Midwest Stock Exchange.

Dividend Prospects for Selected Companies in 1950

"Forthnightly Market and Business Survey," issued by E. F. Hutton & Co. on Feb. 23, contains the following tabulations referring to companies whose dividends may be increased in 1950 or whose dividend coverage is narrowing appear.

15 STOCKS Whose DIVIDENDS MAY BE INCREASED IN 1950

<table>
<thead>
<tr>
<th>Stock</th>
<th>Ratio of Dividend to Earnings</th>
<th>Ratio of Dividend to Profit</th>
<th>Dividend as % of Earnings</th>
<th>Dividend as % of Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arco</td>
<td>33.00 3.50 23.70 2.17 28.00 2.59 3.00 2.41 2.43 2.16 3.00 2.50 3.00 2.16 3.00 2.50 3.00 2.16 3.00 2.50 3.00 2.16</td>
<td>2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00</td>
<td>8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00</td>
<td>8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00</td>
</tr>
</tbody>
</table>
## UNION CARBIDE AND CARBON CORPORATION AND SUBSIDIARIES

**OPERATING IN UNITED STATES AND CANADA**

### CONSOLIDATED BALANCE SHEET

**December 31, 1949**

#### ASSETS

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$196,286,151</td>
</tr>
<tr>
<td>United States Government Securities (Cost or Market, whichever lower)</td>
<td>33,243,082</td>
</tr>
<tr>
<td>Other Marketable Securities (Cost or Market, whichever lower)</td>
<td>1,312,949</td>
</tr>
<tr>
<td>Receivables (After Reserve for Doubtful)</td>
<td>$ 5,548,915</td>
</tr>
<tr>
<td>Trade Notes and Accounts</td>
<td>18,927,657</td>
</tr>
<tr>
<td>Other Notes and Accounts</td>
<td>65,267,772</td>
</tr>
<tr>
<td>Inventories (Cost or Market, whichever lower)</td>
<td>$ 45,176,706</td>
</tr>
<tr>
<td>Work in Process</td>
<td>31,147,285</td>
</tr>
<tr>
<td>Finished Goods</td>
<td>48,691,569</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>$335,663,314</td>
</tr>
</tbody>
</table>

#### LIABILITIES

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$2,709,642</td>
</tr>
<tr>
<td>Dividend Payable January, 1950</td>
<td>14,603,172</td>
</tr>
<tr>
<td>Accrued Liabilities</td>
<td></td>
</tr>
<tr>
<td>Income and Other Taxes</td>
<td>$2,827,168</td>
</tr>
<tr>
<td>Interest</td>
<td>331,500</td>
</tr>
<tr>
<td>Other Accrued Liabilities</td>
<td>7,675,772</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>$21,920,981</td>
</tr>
</tbody>
</table>

**RESERVE FOR CONTINGENCIES**

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Stock of United Carbide and Carbon Corporation</td>
<td>$36,623,273</td>
</tr>
<tr>
<td>No Par Value—Not Including 43,917 shares held by the Corporation (See Note 3)</td>
<td>$196,697,675</td>
</tr>
<tr>
<td>21,941,114 shares</td>
<td></td>
</tr>
<tr>
<td>$650,192 shares held by the Corporation as collateral under the Stock Purchase Plan for Employees (See Note 3)</td>
<td>36,623,273</td>
</tr>
<tr>
<td>28,006,344 shares</td>
<td></td>
</tr>
<tr>
<td>Less percent amount of Agreements</td>
<td></td>
</tr>
<tr>
<td>27,328,948</td>
<td></td>
</tr>
<tr>
<td><strong>Earned Surplus</strong></td>
<td>$219,154,385</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$744,313,664</td>
</tr>
</tbody>
</table>

### CONSOLIDATED INCOME AND SURPLUS STATEMENTS Year Ended December 31, 1949

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$92,210,192</td>
</tr>
<tr>
<td>Net Income Per Share—On 28,936,344 shares outstanding December 31, 1949</td>
<td>$3.20</td>
</tr>
<tr>
<td><strong>Income Statement</strong></td>
<td></td>
</tr>
<tr>
<td><strong>SURPLUS STATEMENT</strong></td>
<td>$246,503,909</td>
</tr>
<tr>
<td><strong>Additions</strong></td>
<td></td>
</tr>
<tr>
<td>Net Income for the Year</td>
<td>$92,210,192</td>
</tr>
<tr>
<td>Increase in Market Value of Marketable Securities at December 31, 1949</td>
<td>78,888</td>
</tr>
<tr>
<td>Earnings of Valuation Reserve—Securities sold during the year</td>
<td>36,566</td>
</tr>
<tr>
<td><strong>Deductions</strong></td>
<td></td>
</tr>
<tr>
<td>Dividends Declared</td>
<td>$57,613,658</td>
</tr>
<tr>
<td>Adjustment Arising from Devaluation of Canadian Dollar</td>
<td>2,109,375</td>
</tr>
<tr>
<td><strong>Earned Surplus</strong></td>
<td>$279,156,385</td>
</tr>
</tbody>
</table>

**Notes Relating to Financial Statements—1949**

1—The principles applied in preparing the accompanying consolidated statements for the year 1949 are as follows:

- All subsidiary companies that are one hundred per cent owned, and operate in the United States and Canada, have been consolidated.
- Current assets, deferred charges, current liabilities, and income of Canadian subsidiaries consolidated are recorded at the official rates of exchange, and the balances of such accounts consolidated are converted at the prevailing rate at time of acquisition or cancellation.
- Foreign subsidiary companies, one hundred per cent owned, and affiliated companies less than one hundred per cent but not less than fifty per cent owned, are shown as investments. After giving effect to the devaluation of foreign currencies, the Corporation's equity in the accounts of these companies (less than 100 per cent owned) is expressed at the rates of exchange prevailing at the date of consolidation, which rates prevail at the time the transactions were entered into. The Corporation's equity in these companies decreased $1,484,433 due principally to the devaluation of foreign currencies, between January 1, 1948 (date of acquisition, whenever in later, and the date of consolidation, except as noted above). The increase in these accounts was $1,312,949, being the current period the Corporation's equity in these companies increased $111,494,242. During the current period the Corporation's equity in these companies decreased $1,312,949 due principally to devaluation of foreign currencies, between January 1, 1948 (date of acquisition, whenever in later, and the date of consolidation), and the date of acquisition. The increase in these accounts was $1,312,949, being the current period the Corporation's equity in these companies increased $111,494,242.
- Income includes dividends paid by foreign subsidiaries and affiliated companies out of surplus earned since date of acquisition.
- Prior to December 31, 1948, the Board of Directors of United Carbide and Carbon Corporation made a special distribution of $1 per share to the Corporation. In the case of any foreign subsidiary, the dividends paid have been included in the amounts of income reported above.
- During the year ended December 31, 1949, the Corporation repaid short-term obligations to the extent of $18,697,638.

### Auditors' Report

To the Directors and Stockholders of United Carbide and Carbon Corporation:

We have examined the balance sheet of United Carbide and Carbon Corporation and its one hundred per cent owned and several subsidiaries operating in the United States and Canada, as of December 31, 1949, and the related statements of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and we have included such procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and surplus present fairly the financial position of United Carbide and Carbon Corporation and its subsidiaries consolidated as of December 31, 1949, and the results of its consolidated operations for the year then ended, in conformity with generally accepted accounting principles.

HUBBARD AND CRANSTOUN

New York, N.Y., February 25, 1950
Certified Public Accountants

---

Trade-marked Products of Divisions and Units of UCC include:

- LINDE OXYGEN
- PREST-O-LITE Acetylene
- PROFOX GAS
- BAKELITE, KRENE, VINYL, and VINYLITE Plastics
- NATIONAL CARBONS
- EVEREADY Flashlights and Batteries
- PRESTONE and Their Anti-Freeze
- ACHEMI Electrodes
- ELECTROMET Alloys and Metals
- HAYNES STEELITE Alloys
- SYNTHETIC ORGANIC CHEMICALS
Federal Reserve Bank of St. Louis

Our Reporter on Governments

By JOHN T. CHIPPELDON, JL.

Federal Reserve Bank of St. Louis

In the current list of non-bank issues, there is a strong feeling that prices of long maturities will go lower, there are many more non-bank holders who believe that there is likely to be more pressure on current issues, which usually results in lower prices and higher yields.

LOWER PRICES EXPECTED

Although the decline in quotations of government securities seems to have been arrested, current levels, the general feeling appears to be that slightly lower prices and higher yields will be witnessed in the not distant future. There are many imponderables over the market and among these are: How will the deficit be financed? If longer-term issues available only to non-bank holders are sold, the Reserve Board seems to think that there will be no doubt of the lower prices and passing investor interest. However, if higher interest rates are likely to be more pressure on current issues, this usually results in lower prices and higher yields.

As far as market leadership is concerned, it seems as though the buying interest is limited to a small group of institutions. The Reserve Board seems to think that there will be no doubt of the lower prices and passing investor interest. However, if higher interest rates are likely to be more pressure on current issues, this usually results in lower prices and higher yields.

The market seems to have overcome somewhat, appearances to believe that slightly higher yields will be obtained on prices available to be in government securities. This will be brought about, some believe, in a combination of ways, with Federal Reserve activity in the government bonds market.

FEDERAL RESERVE BANK

A 4th annual dinner of the Cincinnati Annual Association will be held at the Waldorf Astoria at Friday evening, May 28th, President Dinner tickets will be $125 per person, including all taxes, and will be strictly informal. Charlie Murphy and his Arrangements Committee have plans underway to make this no outstanding affair. All indications point to a large attendance.

Direct Reservations should be made with Daniel G. Mullin, Tucker, Anthony & Co.; Hotel Reservations with James Torpe, Torpe & Saltzman.

The committee's main concern seems to have been overcome somewhat, appearances to believe that slightly higher yields will be obtained on prices available to be in government securities. This will be brought about, some believe, in a combination of ways, with Federal Reserve activity in the government bonds market.

COMING EVENTS

Tuesday, May 28, 1950 (Minneapolis, Minn.)

Twin City Bond Club annual dinner at the White Bear Yacht Club.

Wednesday, May 29, 1950 (New York City)

Annual Meeting of the National Sports Council at the Cavalier Hotel.

With Webber-Simpson

With R. H. Johnson & Co.

Collins Public Gov., Of N. Y. Curb Exch.

Dean George Readlow Collins of New York University has been appointed a public officer of the New York Curb Exchange, it was announced March 1. He succeeds Francis Adams Truesdell, President of the Exchange, who is resigning.

Collins brings to the governing board of the Curb Exchange a wealth of experience in the educational field. He has been Dean of New York University's Graduate School of Business Administration since 1944 and dean of the university's school of Commerce, Accounts and Finance since 1944. Prior to coming to New York, Dean Collins had served as associate or assistant dean of the latter school. He has acted for varying periods as chairman or member of the board of curators and committees on many of the university's activities. He is recognized as an expert in the fields of sales and marketing research, and is a member of the Journal of Education in Street.

Author of many books and articles on business subjects and a public speaker of note, Dean Collins maintains many personal business and professional affiliations with the business world. He is a member of the educational committees of the American Institute of Banking and the New York State Chamber of Commerce, educational consultant for the Investment Bankers Association of America, and a member of the Joint Committee on Education in Street.

The board of governors of the New York Curb Exchange includes three members not engaged in the securities business. They are appointed by the President of the Exchange with the board's approval and represent the securities industry and the banking industry making body of the exchange.
Highlights of the 38th Annual Report of COMMERCIAL CREDIT COMPANY

The activities of Commercial Credit Company are carried on in three main divisions, consisting of Finance Companies, Insurance Companies and Manufacturing Companies. Consolidated net income from current operations of the Company for 1949 were the largest in the history of the Company.

Consolidated Balance Sheet as of December 31, 1949

Assets

Current Assets:
Cash and on hand: $ 36,949,498.76
Marketable Securities: $ 50,969,843.70
Other Marketable Securities: 5,853,507.38
Loans: $ 49,125,525.94
Total Loans: 69,313,345.44

Accounts and Notes Receivable:
Monetary and Industrial Realization and "F.H.A." $959,705,538.56
Monetary and Industrial Wholesale: 85,178,139.07
Open Accounts, Notes, Mortgages and Factoring: 46,606,544.69
Direct of Personal Loans: 34,160,092.39
Sundry Accounts and Notes: 3,060,512.99
Total: $505,740,764.70

Less: Reserve for Uncollected Income: $ 32,311,023.98
Less: Loans on Accounts and Notes Receivable: $ 6,445,835.89
Total Current Assets: $519,420,601.79

Other Current Assets:
Trade Receivables — Manufacturing Companies: $3,592,277.18
Investors — Manufacturing Companies: 6,876,346.03
Claims against U.S. and Canadians: 3,126,616.01
Total Other Current Assets: 14,747,239.22

Fixed and Other Assets:
Land, Buildings & Equipment — Manufacturing Companies: $5,213,479.49
Commercial Cars ($1,073,749.63)
Repossession ($3,076,940.00) and Others: 1,671,833.61
Total Fixed and Other Assets: $7,203,132.10

Deferred Charges (Prepaid Interest, Expenses, etc.): $1,772,452.00

Total Assets: $600,652,490.70

Liabilities, Capital and Surplus

Current Liabilities:
Notes Payable — Unsecured Short Term: $185,274,500.00
Accounts Payable and Accruals: 26,033,770.48
Refund for Federal Income Tax: 19,449,842.43
Funds Held Under Surety Agreements: 301,671.53
Reserves — Customer Loss Reserve and Other: 3,852,003.54
Total Current Liabilities: $215,206,747.38

Unearned Premiums — "Insurance Companies": 32,233,524.30
Reserves for:
Losses and Loss Expense — "Insurance Companies": $10,813,411.49
Security Value and Exchange Fluctuations: 1,705,287.26
12,514,698.75

Unsecured Notes:
Non, 3 1/2% due Aug. 1951: $ 30,000,000.00
Non, 3 1/2% due 1963: 50,000,000.00
126,000,000.00

Subordinated Unsecured Notes:
Non, 3 1/2% due 1967: $ 25,000,000.00
Non, 3 1/2% due 1968: 23,000,000.00
46,000,000.00

Minority Interests in Subsidiaries: 385,312.84

Capital Stock and Surplus:
Preferred Stock — $100 par value: $2,894,200.00
Authorized and outstanding 249,842 shares: 12,344,745.61
Common Stock — $50 par value: $4,594,200.00
Authorized 2,000,000 shares
Issued and outstanding 1,341,749.54 shares: 18,417,495.00
Capital Surplus: 24,654,149.82
Earnings Surplus: 607,320,320.43
$688,925,490.70

More than 350 Offices in Principal Cities of the United States and Canada
Mutual Funds

By ROBERT R. RICH

Natural Resource Fund Offering

A new type of mutual fund, the Natural Resource Fund, Inc., whose investments are concentrated in natural resources representing the oil, gas, coal, timber, forest, water and air is being introduced to the public by Frank L. Valenta & Co., Inc., on Feb. 23 offered 1,070,000 units at $100 par value, with a capital stock (par 1 cent) of the Fund at $4 a share. Thirty-thousand shares were outstanding.

This corporation, incorporated in Delaware, was organized to provide investors with a single medium through which they can obtain an interest in a broadly diversified portfolio of securities representing interests in the natural resources field.

Information Available

Wont Invest in Exploratory Companies

It is the intention of the Fund, whose assets December 1949, were $109,000, to invest primarily in readily marketable securities of established companies, that are, practical, to invest in companies whose operations include production, manufacturing and processing, and that provide products from natural resources, with a view to the exploration and development of new fields for the resources.

It is not the intention of the Fund to invest in companies solely or predominantly engaged in exploratory experimental operations nor in companies whose operations are confined solely to the processing, manufacturing, fabrication or processing of natural resources purchased from producers.

Seek Substantial Interests

It is expected that the major portion of the assets of the Fund will be invested in companies which directly or indirectly own substantial interests in such natural resources as natural gas, oil, iron ore, coal, timber, non-ferrous metals such as gold and silver, aluminum, sulphur, potash, gypsum and other minerals, chemical raw materials and hydro-electric power. It is expected that at no time will the assets of the Fund be invested predominantly in the securities of companies in any single industry.

The Fund has entered into an agreement with Frank L. Valenta & Co., Inc., under which the latter as investment adviser of the Fund, has been given the power to manage the investment and reinvestment of its assets. It will receive a monthly fee of 1% of the average asset values.

Robert R. Rich, President of Natural Resources Fund, Inc., and also is associated with Lionel Edle & Co., Investment Counselor, Mr. Valenta is president of Atlantic Mobile Banking Corp., of Philadelphia and of Crucible Steel Co. of America.

Irving Trust Co. is custodian and transfer agent.

Utility Study Gives Pension Fund Investment Policies

To obtain information on the investment practices of pension trusts, all the larger companies in the country known to have invested pension plans, as distinct from insurance plans, were contacted by the Cleveland Electric Illuminating Co., which conducted this survey.

114 Replies

Replies were received from 114 companies, representing a cross-section of all branches of industry and commerce. Pension funds of these companies fund these investments include one and one-quarter billion dollars.

The major types of securities in which the funds were invested were:

Information Classed

Group I contains companies whose investment portfolios had been diversified and included preferred and common bonds.

Group II included companies with portfolios of preferred stocks, in addition to government and corporate bonds.

Group III covers companies whose portfolios included preferred and common stocks in addition to government and corporate bonds.

Although in most of the trust funds there were small amounts of cash needed for current requirements, and some investments in securities other than mentioned in Group I (the most inclusive group) these funds were excluded because their total value was less than $5,000.

Results of Survey

The results of the survey are:

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<th>Group</th>
<th>No. of Companies</th>
<th>Percentage</th>
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<tr>
<td>I</td>
<td>50</td>
<td>46.5%</td>
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<td>II</td>
<td>21</td>
<td>18.4%</td>
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<td>III</td>
<td>46</td>
<td>35.1%</td>
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</table>

In Group II (bonds and preferred), the unweighted average investment in preferred stock for the 21 companies is 10.4%, with a range for individual companies from 4% to 14%. In Group III (common, preferred and bonds), the unweighted average investment in preferred stock is 12.5%, ranging 1 to 45%. The unweighted average in Group III is 15.3% with a range from 1 to 66.

The most important observation of this study should be of serious interest to the mutual funds industry, 91, or 83.5%, of the companies reporting had investment portfolios including equity securities, with the percentage investment in equities ranging from 2 to 78%.

Sydney L. Half, Vice-President and Secretary of Cleveland Electric Illuminating Co., submitted the report. Apparent Disequilibrium Waning

The apparent disequilibrium, extant since 1946, of the flow of money in the market and the corresponding shuffling of equity securities with yields more attractive, even after the risk factor was discounted, seems to be diminishing.

Mature Economy Signalled

New Age economists have, in the past four years, coined the term "mature economy" and "fear of risk," "desire for security" and "existence of large sums of liquid capital" as the sign of a finally matured or stagnant economy.

In view of the increasing dis-inclination of individuals and institutions to invest in equities with low interest rates, these economists have concluded it necessary to revise their analyses.

Other Examples

In addition to Cleveland Electric Illuminating Co., several other companies whose portfolios are partially invested in equity securities. These are the examples of the trustees of the First National Bank Pension Fund buying stock of the recently disclosed plan of the Old Colony Trust Co., pension fund trustee, to invest about one-third of its assets in bonds and stocks.

So, the struggle to improve field, an old story and a real one, is still with us.

Half-Way in the Door

With pension funds half-way into equities' market door and with labor unions, who must feel very rich and newly widowed, being pursued by the spirit of greed for their funds, estimated at about $4 billion in highly liquid assets, the mutual funds industry should feel jubilant. Half its battle was won when the report for common stock investment was won.

Trust Shares 87% Higher

Open-end investment trust shares hit a new high in 1949 and from all indications 1950 may be better, according to "Business Week."

The nation's investors bought enough open-end shares in 1949 to send net sales of 91 leading open-end investment companies to a record 827 million in addition to 1948. By comparison, sales of Series E savings bonds gained 53%, life insurance policy sales only 2%. Deposits of mutual savings banks rose 12.4%, with a range from 6 to 5%.

Asten Rate Compared

Total assets under management by investment funds rose 31.6% above 1948. That compares with a gain of 21% in the assets of individual mutual funds companies, 45% in mutual savings banks, 7% in life insurance companies.

Good as the 1949 showing was, 1950 may be better if business at least holds an even keel during the year. Many trade leaders think net sales this year will top $300 million.

Commonwealth Election Results

At the annual meeting of stockholders of Commonwealth Investment Co., held Feb. 21, the following were re-elected as directors to serve for the ensuing year:

S. Waldo Coleman, Roy W. Cloud, George B. Crothers, Edward L. Ryck, Alan Field.

At the board of directors' meeting held immediately after the continued on page 17

Keystone Custodian Funds

Certificates of Participation in INVESTMENT FUNDS inventing their capital IN BONDS (Series B-3, B-5, B-9)
PREFERRED STOCKS (Series K-3, K-9)
COMMON STOCKS (Series K-3, K-9)

Properties may be obtained from

The Keystone Company of Boston
20 Congress Street
Boston 9, Massachusetts

Keystone Custodian Funds

Certificates of Participation in INVESTMENT FUNDS inventing their capital IN BONDS (Series B-3, B-5, B-9)
PREFERRED STOCKS (Series K-3, K-9)
COMMON STOCKS (Series K-3, K-9)

Properties may be obtained from

The Keystone Company of Boston
20 Congress Street
Boston 9, Massachusetts

MUTUAL FUND OF BOSTON, Inc.
A BALANCED FUND

Prospectus on request from your investment dealer or

LOUIS H. WHITFIELD CO., 46 WALL ST., NEW YORK 5, N. Y.

MUTUAL FUND OF BOSTON, Inc.
A BALANCED FUND

Prospectus on request from your investment dealer or

LOUIS H. WHITFIELD CO., 46 WALL ST., NEW YORK 5, N. Y.

COMMONWEALTH Investment Company

A Flexible Plan for Systematic Investment

Prospectus and details from investment dealers or North American Securities Co.
3500 Ross Ave., Dallas
Mutual Funds

Nadler Summarizes Impact of Pension Funds

Economist, in address before Controllers Institute, says if growth of pension is accompanied by increased in price, new benefits will be needed, otherwise it may lead to lower living standards and more inflation.

Dr. Marcus Nadler

BARNES BALL COMPANY
and Subsidiary Companies

NASD Suspends Otis & Co. From Membership

Offers to waive penalty, however, if within 60 days furnishes data demanded by District Committee. Otis & Co. to appeal to SEC. Cyrus K. Eaton issues statement.

The National Association of Securities Dealers, Inc., meeting in Washington on Feb. 27, ordered a two-year suspension, effective April 29, of the firm of Otis & Co. The decision upholds the previous action of the District Committee No. 10 of the NASD.

The NASD, in announcing its decision to waive the suspension if Otis & Co. will agree to supply it with information the Association has sought in connection with a stockholder's lawsuit that was the basis for the withdrawal of Otis & Co. from its contract with the Kaiser-Frazer Corp. in connection with promising a federal grant in Feb., 1948, Otis & Co. have contended that such information would violate the confidence of attorney-client relationship. Otis & Co., through their attorneys, have announced they will take an appeal against the decision to the Securities and Exchange Commission, and, if this body does not reverse it, they will seek redress in the courts.

Cyrus K. Eaton, majority stockholder of Otis & Co., when informed of the suspension, said he was delighted with the decision as it gives him the opportunity to take them (the NASD) into an impartial tribunal and give them the works.

Fred A. Stoner Co.

MUNCIE, IND.—Fred A. Stoner is engaging in a securities business at 1306 N. Walnut, Muncie, Ind., under the firm name of Fred A. Stoner & Co.
Business Must Awaken
To Dangers of Socialism

By ARTHUR R. HOMER
President, Bethlehem Steel Company

Assuring business executives cannot afford to drift, but must assume active leadership in controlling dangers of Socialism, Mr. Homer cites situation in Great Britain as object lesson.

Drum beat of war is "big business" to "little man," and small business leaders to take affirmative and aggressive attitude in proving private, competitive and profitable private enterprise is best for our nation.

Though we deplore government in competition with business, we think we may have allowed the "big business" to get away with som¬thing in the way of a "slip between the talk about "small business" and "big business." The talk has become popular appeal, just as we are talking that "society may be all right, you take the true meaning of the words. We all favor a welfare and a socialistic basis on which to build our world.

But part of the left wing program is to paint a picture of the small, unpro¬fitable profits in business, profits which have been the result of years of honest effort to raise the present high levels of sales and economic welfare.

That rosy picture is part of the general argument of those who are ex¬pressing more and more the va¬ union of small men in a political background. It is the fault, the avoidance of accounting practices which overstate the true picture of the present high levels of sales and economic welfare of the nation.

That is why they have been so long as you consider the needs funds for recreation, I fear in spite of the present high levels of sales and economic welfare the nation is in a difficult situation.

As distinguished from most other countries, America's great growth has been due to industrialization. The ability of American industry to produce was a prime factor in winning two world wars. We were involved, and properly so, that America must be strong for our own purposes as well as to give leadership to our world.

But in the United States Social Trends
Let's not fool ourselves — the Socialists think they are well on their way to victory in the big strides. Unquestionably the trend is toward socialism.

The term Socialist Trend is misleading. I mean the big actual socialist movement, by which I mean the movement of having government control, which has swept over Europe and Eng¬land in the last few years, and which is being copied here in this country in various forms.

Many of you have probably read the pamphlets of the AFL-CIO, or the Socialists who have been printed in many a college textbook, in national publications, in newspapers, in magazines, in movies. The big, bad wolf threat¬ening everything from the top to the bottom of the rest of society. Government should take over, they conclude, and government should be run by in¬

The big, bad wolf. I touched upon big business a little earlier, and the services that it can render in certain situations. Certainly the new idea is this: control to numerous advantages and serv¬ices that small business offers, a store, a host of manufacturers and their products, thousands of factories, stores, and services, of all sizes, are essential to the maintenance of a sound economy.

Let's not be misled by attempts to scare us into the political camps. We all have similar prob¬lems that are being met, by making a payroll and making a profit. We all have our share of competition.

Good housekeeping on the ex¬terior of your plant or shop wins your friends and respect. All those plus factors which business can contribute to the national welfare of a strong, favorable influence on public opinion.

Let's Talk about Our Struggle
In planning for the future, we must as well face the fact that we live in a political world. We might as well accept that as being one of the normal factors in doing business.

It is no longer enough to make and sell your product at fair prices, to try for a decent profit, and to be proud in your financing.

Those fundamentals still apply, as you all know, but we live in a political world. Political welfare and private business attitudes are very largely going to determine whether, or in what ways, we shall be permitted to carry on our business.

If in our planning we accept this and take it in our stride, the issues to us do not seem very'real or important. But clearly, perhaps that realistic approach is the one we will have to take in the future.

For I believe that if business people are going to take the public's business, the public will actively takes the public's business. If we are going to appraise the true value of independence, initiative and free¬dom as the basis of our world and in our private lives.

Chicago Analysts to Hear Wm. W. Tongue

CHICAGO, ILL. — The Investment Analysts Club of Chicago will have as speaker at their meeting today William W. Tongue, economist for the Jewel Tea Co., who will address the members on "The Aluminum Industry" and "A Study of the Bookcore for the Grocery Chain.

NOTICE OF REDEMPTION

Celanese Corporation of America

3% Debentures, due October 1, 1965

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated December 2, 1949, between Celanese Corporation of America and City Bank Farmers Trust Company, as Trustee, and the holders of the Debentures issued thereunder, on the date of the general election in the State of Illinois, for the election of the Board of Directors of the Corporation, the Corporation has been authorized to purchase for cash, at the price of 101.5 per cent., plus accrued interest, the Debentures and coupons thereon, of record prior to the date hereof.

The Debentures specified above will be redeemed and paid on April 1, 1950, at the office of City Bank Farmers Trust Company, as Trustee, at 130 North LaSalle Street, Chicago, Illinois, 60602, without interest for redemption upon surrender of the same at said office on or before the redemption date at the rate of 101.5 per cent., plus accrued interest, per debenture, accompanied by the coupons thereon from the last coupon date hereof to the redemption date of April 1, 1950, or to the next coupon date, if earlier.

The Debentures specified above may be redeemed at the option of the Corporation at any time after January 1, 1950, at the price of 110.5 per cent., plus accrued interest, per debenture, accompanied by the coupons thereon from the date of the last coupon date hereof to the redemption date at the rate of 110.5 per cent., plus accrued interest, per debenture, accompanied by the coupons thereon from the date of the last coupon date hereof to the redemption date.

The Debentures specified above will be redeemed and paid on April 1, 1950, at the office of City Bank Farmers Trust Company, as Trustee, at 130 North LaSalle Street, Chicago, Illinois, 60602, without interest for redemption upon surrender of the same at said office on or before the redemption date.
Investors Can Have a Depression

By BARET GRIFFITH
Investment Council, Colorado Springs, Colo.

Maintaining, on basis of British experience, increasing wage rates and full employment are no insurance against depression for investors. Mr. Griffith presents data to support conclusion British investors have suffered losses from Welfare State.

It has happened in Britain, and it may happen here. Increasing wage rates and full employment are no insurance against a depression for American investors in securities if conditions in England are the same. Table I shows a record of weekly wage rates from 1929 to 1949 inclusive. From my table it will be seen that weekly wage rates in the United Kingdom increased about 81% from 1929 to the late fall of 1949. During the same interval, from 1929 to 1949, the number of unemployed persons in Britain declined approximately 77%, as evidenced by a fall in the numbers of unemployed persons from 1,287,000 in 1929 to 95,000 in 1949. Certainly, one would ordinarily conclude that increasing wage rates and declining unemployment go hand in hand in America. In Britain, however, unemployment was greater as a result of the war.

Partial explanation of the British investor depression is undoubtedly World War II. However, war cannot be blamed for the entire situation, or can it? There follows Table II, and Table II shows that all commodities, except for gold and silver, declined in price. The table proves conclusively that, although World War II made Britain a rich nation, it did not make the British investor rich. Indeed, the prices of commodities have not increased in the same proportion as increased wages.

Graffiti.

Table I—United Kingdom: Wholesale Price Index, All Commodities 1930=100

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SOURCE: Board of Trade figures. Yearly averages calculated by Federal Reserve Board. Obtained from Reserve Board.

Table II—United Kingdom: Number of Unemployed Persons, Insured and Uninsured, 1929 to 1949 (In thousands)

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SOURCE: Figures for 1929-1932 are taken from Statistical Abstract for the United Kingdom, 1922-1930, No. 80. Figures for 1933 through 1944 are taken from the current issues of The Ministry of Labor, Government. Obtained through Federal Reserve Board.
Canadian Securities

BY WILLIAM J. MCKAY

Throughout the democratic world region hopes are now entertained for the attainment of long-desired ideals as a result of the British elections. Arousal at the prospect of an independent state of apocalyptic resignation, endless control and restriction, the northing of the economic potential of Britain have registered their first noteworthy advances. The coming of the Socialist tide, first detectable in New Zealand and then Australia, has been finally reproduced in the Mother Country. Although not yet as decisive in effect as it has been in the two Dominions, nevertheless, movement against op- position in the United Kingdom is now admirably placed to deal the coup de grace to the precarious Labor Government, whenever a desirable opportunity arises. Then the middle-of-the-road voter will doubtless associate himself enthusiasticly with the resurgent trend.

The lifting of the Socialist yoke in Britain can exert a profound influence on Anglo-Canad-ian economic relations. Under the doctrine of race, a peculiar to the British Dominions, the Dominion of Labor, despite its generous war efforts, the loan of the Canada to the Mutual Aid and credits to the United States, has been the recipient of reciprocal favors, but on the contrary has been not to submit to British trade dis- crimination. Moreover as a result of the limited the on the part of the Labor Government concern over the economic, political and dynamic economic development within the Commonwealth, the Commonwealth has been made since the war to encourage Anglo-Canadian eco- nomic cooperation. Also in the sphere of field of emigration, the British authorities have made an effort to encourage the entry into Canada of the many who might have emigrated from the British Isles.

On the other hand with a Con- servative government in power in Britain greater consideration would be given to the possibilities of bilateral cooperation between the Commonwealth and with the hitherto neglected Dominion of Canada in particular. When Mr. Macdonald nominated Sir Stafford Cripps and the Honorable Mr. Ross as Trade President Wilson naturally failed in this hope and the entry of Canada to encompass the tremendous possibilities inherent in the Canadian situation, their probable result is that the Commonwealth would really appreciate the vast potentialities of a policy based on the inter- national-honored principles of private initiative and freedom of enter- prise, which have been so long held.

In the past several centuries in foreseeing the development of overseas territories, but long before the advent of the Great Depression and regimentation, would emerge the need for complete disengagement from the Government.

In Canada it is believed that there would still remain a massive stumbling-block in the path of full Anglo-Canad-ian economic cooperation. This hitherto immutable obstacle is the extreme relaxation and dismantling of the British shortage of dollars on the one hand and an unwilling in- corporability on the other will cer- tainly not be solved automatically. However, with a Conserva- tive government in Britain there is little doubt that the reparations question will be clarified by the attention of the Commonwealth and by the revision of the currency question. Canada already stands at the disadvantage disadvantage vis- à-vis of the United Kingdom. Goods and cashing of dollars. As mentioned above, such policies are likely to affect the Canadian currency and expose the country to all the dangers of the monetary management and the government of the Canadian currency and might thus be better in the interest of both. Canadian currency, therefore, is best left to the discretion of Canadian currency, and may thus be better in the interest of both. Canadian currency, therefore, is best left to the discretion of Commonwealth and the two countries, as the United Kingdom has already shown that it is willing to play a large part in the establishment of a gold standard.

HISTORY OF THE DOLLAR

For the International Financial Account

International Position of the Dollar

The international position of the dollar is the key to the position of the United States with a great responsibility in discharging this responsibility, there is a need for service, and for the purpose of this service, the monetary policies which assure maximum stability of purchasing power in the United States and the relative over-valuation of the dollar are of the greatest importance. To reach the solution of the problem of the dollar, it is necessary to realize the following points:

(1) the desirability of an in- crease in the present price of gold;
(2) the establishment of a free gold standard;
(3) the revaluation of the coinage.

Few of those participating in this discussion favor the present official price of gold. Such action would nullify the beneficial effects of recent currency devaluations, would further stimulate curtailment of many operations of the world, which are least in need of financial assis- tance from the United States.

Those who favor the establish- ment of a free gold standard, com- pared to that existing during the Civil War, are, for a variety of reasons. Some look to a free gold market as a means of forcing the market and increasing the volume of dollar funds available for private in- "HISTORY OF THE DOLLAR"

A Restricted International Gold Standard

Since the passage of the Gold Reserve Act of 1934, the United States has been on a unique type of gold standard: it was fixed as a restricted international gold standard. It is restricted be- cause of the absence of the gold redemptions and because of the situation holding of gold by the American people. It is not a gold standard because the Treasury stands ready to release gold at the parity of 20 dollars to the foreign central banks and govern- ment of the United States, and the gold dollar is in fact fine, because the United States stands ready to purchase all gold offered and the Secretary of the Treasury is required by law, to maintain all forms of cur- rency at parity with the gold dol- lar. The passage of this act of American people to buy and hold gold when they may purchase gold in the natural state at the market price, which is about $57 and 45 an ounce.

Recent Discussions

Over the past few years, the policy of the American Government has received a large measure of attention, particularly by the introduction of the bill to limit the amount of gold held by the Treasury by the wave of current events. The bill was vetoed by President Roosevelt on the nineteenth of September, 1934.

* * *

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A. E. Ames & Co.

UNION BANK

NEW YORK, N.Y.

WORTH 42400

Fifty Congress Street

CHICAGO, ILL.-Joshua D'Ecsposito, Jr.

JOINTS GOODBODY, CHICAGO

Joshua D'Ecsposito, Jr., formerly with Kidder, Peabody & Co., has become recently a member of the firm of Goodbody & Co., 15 West Adams Street. He will specialize in the development of Middle Western corporate activities and coverage of institutional investment accounts.

Canadian securities

A detailed and lengthy question- naire which Senator Douglas sent a large number of persons business and academic life.

The first reason cited by offi- cials in the Treasury that the gold redemption does not present and, inter alia, causes wide fluctuations in the net gold ratio between 1920 and 1921 and in the years following 1921.

It is true that, of course, claim in all seriousness that domestic gold is valued at its market price, but domestic gold is not intrinsically valuable as it would be noted under the Gold Reserve Act of 1934, the price being $35 an ounce.

This point of view assumes errone- ously, as indicated above, that the market gold price would have the official mini- mum of $35 an ounce.

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The first reason cited by offi- cials in the Treasury that the gold redemption does not present and, inter alia, causes wide fluctuations in the net gold ratio between 1920 and 1921 and in the years following 1921.
the depression of 1920 to 1921 nor that of 1929 to 1933 did domestic redemption and hoarding play a starring role.

Not only was there no hoarding of coins during these two periods, but, surprisingly, the volume of gold coins and gold certificates actually declined from 1929 to 1933. As gold payments were resumed, to the end of 1929, significant changes occurred in the outstanding volume of gold certificates, that ratio reaching a level at the end of 1932 than at the end of 1929.

In January and February 1933 did our citizens show a marked desire to hoard gold coins and gold certificates. Even so, the increase in these two months amounted to only $150,000,000 in a total of $280,000,000 in the volume of money circulation. In neither of these two periods of inflation, that is, in 1929 and 1933, was there domestic gold redemption a limiting or inhibiting factor on economic activity.

The same token, the people of the United States did not refuse the right of gold redemption to influence the monetary policy adopted by the government.

Gold Convertibility and the Monetary Gold Stock. The gold convertibility, by the opponents of domestic redemption, is feared as an indication that our monetary gold stock is not sufficiently large to justify this action. This argument is based on the concept that the American people are not inherently hoarders and are not going to hoard gold. This is in a literal sense true, but it is also true that the people of the Far East do not hoard gold, and their monetary reserves are not indexed to the gold standard. Domestic gold redemption existed.

The convertibility of the gold held by the Federal Reserve Banks is a residual internal balance of payments that is such as we are apt to continue to regard in the future to lose gold to other countries.

Domestic Gold Redemption in the International Setting. A final argument advanced by the opponents of gold redemption in this country is that the dollar cannot be reserved if the International Monetary Fund is to continue to function in its present form.

In an attempt to justify this action, that we need a more flexible gold standard, the opponents of gold redemption espouse the view that the domestic monetary gold stock is inadequate to stabilize the exchange rate in times of international trade. That is the Reed Bill.

The Reed Bill, introduced into Congress March 7, 1939, restores the right of American citizens to own gold and gold coins and reintroduces the gold-standard. It does not alter the basic structure of the Gold Reserve Act of 1934, nor does it repeal that act.

By directing the Federal Reserve Banks to redeem gold and gold certificates at a price controlled by the Act of 1934, the coffer of central banks and commercial banks will help facilitate the stabilization of the exchange rate in time of recovery of international trade.

The Need for the Gold Reserve Act of 1934. Theokit shall be made available from the public coffers of the United States. Instead of defer, we should be willing to adjust the present fiscal and monetary policies to the needs of the day.

In some cases, it must be assumed that the opponents of gold redemption, although highly desirous of a fixed exchange rate, are fearful of the failure of the dollar. The excess reserves of the Federal Reserve Banks to maintain international balance of payments is greatest in such a period. We are not so desirous to deviate for long periods from our present fiscal and monetary policies without fear of a heavy foreign drain or of the disciplinary effects of gold standard. In fact, the elasticity in our credit system is so great that we need to draw tight the checkbook of our credit. This can be done by increasing the reserve requirements of the Federal Reserve Banks to some point which would permit the war credit to start issuing the public debt. To attain a dollar which will best serve our domestic and international requirements, we need not alter the domestic gold standard.

Inconsistency of Gold Policy. Our gold policy is bordered by many inconsistencies. We permit foreign central banks and governments to buy gold against our gold stocks. We permit gold to be sold at a much lower rate at market prices and yet apparently we want that rate to be fixed at a gold standard price. These inconsistencies can be resolved only through the establishment of a more consistent and coordinated redemption. Considerations of:

1. The total volume of gold coins and certificates outstanding in 1932, and in each year, of the next ten years, the variations in the volume of circulation on several occasions.

2. The present conditions in the domestic currency market, and the deficits and surpluses of the Treasury.

3. In a dissenting note to the reply of the President to the joint resolution on the International Monetary Fund, Mr. N. Malcolm Maclean stated that "he believed that "we could save the nation from the dangers of deflation and war by a strict enforcement of the law, and law and regulation with respect to the purchase of gold and gold certificates by the Treasury, Credit and Fiscal Policies, op. cit., p. 155.

4. Under present programs, the rate on gold certificates is approximately 1.75 per cent. It is expected to reduce this deficit by $100,000,000.

5. A special committee of the Senate Finance Committee, of the 82nd Congress, 1st Session.

The annual report of The Detroit Edison Company has just been mailed to stockholders. It is an illustrated 32-page booklet which describes in detail the 1949 activities of the company which supplies light and power to the great industrial and farm areas of southeastern Michigan. If you are interested, we shall be glad to send you a copy of the report. Write 2000 Second Avenue, Detroit 26, Mich.
The current rationalization for debt retiremment must be that the speculative posture of that part of the prewar period. Then deficits were justified because there seemed to be a possibility of full employment; now they are justified because there seems to be a possibility of full employment. Large expenditures are now needed because they will perpetuate boom conditions. It needs to be pointed out, however, that some analysis of this system is inevitable in a condition of continuous inflation, not just for the reason of inflationary tendencies but also for the reason that, in so doing, it would be desirable to employ an instrumentality which is effective and which is currently not employed. The federal debt is the net of reducing the floating debt, i.e., the debt maturing within one year. A large floating debt either could cause the market to anticipate the run-up of interest rate fluctuations or could cause the market to anticipate the run-up of interest rates if the Treasury had a system of restrictive credit policies necessary in boom periods. The floating debt was reduced from $35 billion in 1950 to $16 billion in 1951, which would sharply reduce the effective substitute tax receipts or by being reduced into long-term obligations.

Closely related to the problem of the floating debt is the need to properly space and to extend the existing floating debt by interest rates, the Treasury has followed the very short-note policy and has been following that policy. This action has been dictated by the need to reduce debt costs on the debt at a minimum.

Those of us who favor the private ownership of public debt vigorously oppose the continuation of a federal government debt policy. Its continuation will result in a sharp increase in the government's ability to control the economy. The deflationary forces are smothered by the means that the commercial banks can be discouraged to bid for the demand for government bonds. The price of the government bond should be determined at some high level.

In assessing the trend of public expenditures, we are faced with the necessity of determining the effect of the government's bond market policy. The government bond market policy has been determined by the need to control the flow of funds to the government to meet the demand. Sound tax, budgetary and debt management policies can be achieved through the following steps:

(1) The Federal Reserve System should have primary responsibility for managing the money market.

If the Treasury does not maintain effective control over the money market, the Federal Reserve System cannot maintain effective control over the money market.

Advantages of Monetary Policy

Monetary policy possesses the great advantage of flexibility. It can be quickly adjusted to changing conditions. It is a familiar means of policy available to the private enterprise economic system, and its use in regulating the volume and availability of capital is one of the most important instruments of policy.

Federal Reserve System and Monetary Policy

The Federal Reserve System is the monetary instrumentality of government responsible for monetary policy. In many countries, the Federal Reserve System is subject to direct control and influence from the government.

The Federal Reserve System is the major instrumentality of government responsible for monetary policy. In many countries, the Federal Reserve System is subject to direct control and influence from the government.


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dollar and the economy.
Can Dollar Gap Be Closed?

By Paul Einzig

Revealing revived pessimism in Britain regarding closing of dollar gap, Dr. Einzig calls attention to American resistance to reducing dollar gap and suggests steps to extend dollar savings. Points also to agitation in U.S. because of closing of Waltham Watch Company plant, to take steps to avoid damaging competition with American industries. Concludes unless U.S. competes with American industries.

Natural Resources Fund Shares Offered at $4

Frank L. Valenta & Co. Inc. on Feb. 23 publicly offered an issue of 19,177 shares (par one cent) of Natural Resources Fund Inc. at $4 per share (the largest offering in connection with the market value of the Natural Resources Fund Inc., owned by National Bank & Trust Co., New York, has been designated to mature under the terms of the Fund's charter and will also serve as its transfer agent and dividend disbursing agent.

Natural Resources Fund Inc. is a new open-end investment company, concentrating its investments in the field of natural resources.

New Members of Security Analysts


Paul G. Hoffman

Yes, Let's Not Deceive Ourselves

"It is an immoral act to require people to sign notes they can't repay. I would not object to a provision that as much aid should be put in loans as could possibly be paid back and to ask Western European nations to take most of the aid in loans instead of grants to amount to asking them to commit an immoral act.

"By 1953 these countries will barely have their noses above water and I don't see any substantial improvement in the picture for the next decade. I say to you that they can't pay and that it will take 50 years for Europe to come back to where she can buy and pay for what they need from us and services already existing loans."

"We don't want to make bad loans. It would be deceiving the American public to actually calling this aid loans that this program is going to cost less than 10% of our foreign debt.

"That is unless they have!"

Appointed Chairman of Curb Committee

The appointments of vice chairmen of the standing committees of the New York Stock Exchange have been announced by Francis Adams Trautlow, President of the exchange.

Charles J. Kercher of Reynolds & Co. has been named Vice-Chairman of the committee on floor transactions, and Edward C. Skyes has been appointed to that post on the committee on finance.

Edward A. O'Brien will serve as Vice-Chairman of the committee on admissions of the exchange, with Edgar C. deGorsor of Harris, Upham & Co. will act in the capacity of the committee on securities.

With Kidder, Peabody

Kidder, Peabody & Co., members of the New York Stock Exchange, announce that John E. Sinclair has become associated with the firm as joint manager of its uptown office at 10 East 45th Street.

Annual Reports

Mail your Annual Report to the Investment Houses offices country. Investors look for them for information on your company.

Addressograph Service

We have a metal stencil in our Addressograph Department for every investment banking and brokerage firm in the country. It is arranged alphabetically by States and Cities, and within the Cities by firm names.

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Corporation News and Notes

Natural Gas for Eastern Penna.
Allentown-Bethlehem Gas Co., Harrirnub Gas Co., Consumers Gas Co. of Reading, and Lancaster County Gas Co. all subsidiaries of United Gas Improvement Co., have made application to the Pennsylvania Public Utility Commission to receive natural gas from Manufacturers Light & Heat Co., a subsidiary of the Commonwealth Gas System. Action on the applications is expected at an early date.

Last December the Federal Power Commission granted the petitioning companies authority to receive the natural gas and the Securities and Exchange Commission has authorized U. G. I. to advance $1,757,000 to the four subsidiaries to help meet the cost of laying pipe lines to connect with those of Manufacturers Light.

In a recent order, a request of the distributing companies to be declared not natural gas companies under the Natural Gas Act was turned down by the Federal Power Commission. Consequently operations of the companies will remain under the jurisdiction of the PSC as well as the State PUC.

* * *

Giant Portland Cement Co.

Assets of Giant Portland Cement Co. in 1948 are reported at $4,451,265, compared with $3,170,108 in the preceding year. Net income of $568,006 was equivalent to 35 cents per share compared with $415,962, or 32 cents per share, in 1948. During the year manufacturing improvements were put into effect at both the Egypt and Harvellye plants, a program which will be continued in 1950. Company report to stockholders stated that operation of a new quarry has improved the quality of raw material. Percentage of purchased limestone in the company's mix amounted to 6.9% last year compared with 15% in 1948.

Lehigh Valley Coal Corp.

Extensive interruptions in mining operations and protracted delays of uneconomically warm weather which adversely affected demand for anthracite have resulted in a consolidated net loss of $24,331 for Lehigh Valley Coal Corp. and subsidiaries in 1949. The loss was recorded after a tax carryback credit of $220,000 and is compared with a consolidated net profit of $1,685,044 reported in 1948. The mining company subsidiary, Lehigh Valley Coal Co., due to labor stoppages, reported working time of only 191 days in 1949, compared with 256 days in 1948, and sustained an operating loss of $608,541. No dividends were paid to the parent company.

Net income of the corporation dropped from $1,104,231 in 1948 to $182,603 in 1949. The latter figure is equivalent to 31 cents per share on the outstanding first preferred stock on which a dividend meeting is scheduled for March 16. Dividend rate on this issue is $3 per year, cumulative only if and to the extent earned and not paid.

A group headed by William A. Blakley, Chairman of the board of Guardian International Insurance Co. and President of the Lovefield State Bank of Dallas, Texas, is acquiring controlling stock interest in Girard Life Insurance Co. of Philadelphia. At least 90% of the 65,000 outstanding shares will be purchased at $27.50 per share. The new Girard board members will include Mr. Blakley, Ralph Morgan and M. S. Maloney, of Philadelphia, and Charles W. Windham and J. B. Tuckcr, of Illinois.

Westmoreland Coal Co.

Directors of Westmoreland Coal Co. last week took no dividend action on a common stock disbursement usually payable March 15, citing losses incurred since the first of the year due to the coal strike. Last year the company paid $1 per share to each of the first three quarters and, in December, a stock dividend of one share for each 14 shares held.

Hajoca Corporation

Reporting net sales of $29,465,288 in 1949, compared with $35,225,486 for the previous year, Hajoca Corp., manufacturer of plumbing supplies, showed earnings of $2.93 per share against $10.63 in 1948. Current ratio, however, improved to 2.81-to-1, compared with 2.17481, and book value of the common shares increased to $52.07 from $50.82.

In November, 1949, Hajoca acquired the business of the Rowland Supply Co., High Point, N. C., bringing to 15 the number of branches operated by the company. A new property in Germantown, Pa., has been purchased and ground acquired at Levittown, Pa., and Slatington, Pa., for the erection of new buildings.

After 51 years of continuous operation, decision was made to discontinue manufacture of Hajoca brass since it was found to be more economical to purchase requirements from larger manufacturers. It is expected that building, machinery and equipment can be disposed of at book value or better, at no loss to the corporation.

In his letter to stockholders, W. A. Brecth, President, said, "Looking to the future, the Department of Commerce, the Bureau of Labor Statistics and leading economists all predict that continued on page 29

Philadelphia Markets

Established 1865

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Michael J. Rudolph
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Investment Traders Association

N. H. Baumm, Stroud & Co., Inc.; R. Victor Mosley, Stroud & Co., Inc., announcing the winner of the First Annual Crystal Ball Derby, an annual event at the Stroud & Co., Inc. cocktail party held prior to the dinner.


Herbert H. Blizzard, Herbert H. Blizzard & Co., announcing the winner of the First Annual Crystal Ball Derby.

William Nichols, Jim McAtee, and William D. Buzby, Jr., all of Butcher & Sherwood.

Floyd Justice, Kidder, Peabody & Co.; Walter L. Morgan, Wellington Fund, Inc.


E. Cott Williamson, Schmidt, Poole & Co.; Henry Hood, Fidelity Mutual Life; Ellwood Robinson, Apfden, Robinson & Co.; Don Poole, Schmidt, Poole & Co.

Holds Winter Dinner


Thomas C. Pattison, C. Howard Umstead, N. H. Baumm, and Robert J. Campbell, Jr., all of Stroud & Co., Inc.


Harold Scatteredgood, Boening & Co.; Larry Stevens and Wallace Runyan, Hemphill, Noyes, Graham, Parsons & Co.


Leo Dolphin, Dolphin & Co.; Marguerite Campbell, A. C. Wood, Jr. & Co.; John M. Mayer, Merrill Lynch, Pierce, Fenner & Beane, New York City

Jim Cleaver, Goodbody & Co., New York City; Sally Lewis, President Trust Co.; Chas. A. Taggart, Charles A. Taggart & Co.
At the Benjamin Franklin Hotel


Pete Molloy, Neergaard, Miller & Co., New York City; Dunbar Abell, Reed, Lear & Co., New York City; Allan Kadell, Homer O'Connell & Co., New York City; Irv Maxfield, Cohn & Co., New York City


Al Bracher, Jones, Miller & Co.; Phil Street, DeHaven & Townsend, Crouter & Bodine; Frank J. Forretty, Larry Griffiths, DeHaven & Townsend, Crouter & Bodine


February 21, 1950

Maurice Hart, New York Hanseatic Corp., New York City; Bill McCullen, Hendricks & Estwood, Bay Allen, H. A. Riecke & Co.; Bob Lienhard, Trester, Currie & Summers, New York City


R. Conover Miller, E. W. & R. C. Miller & Co.; Harry Knecht, Presbyterian Board of Pensions; Bill Kurtz, Fidelity-Philadelphia Trust Co.


George Wyckoff, J. W. Sparks & Co.; Sewell W. Hodge, Treasurer, Provident Mutual Life Insurance Co.; Alex Selider, Jr., National State Bank, Newark, N. J.

Joe Dorsey, Merrill Lynch, Pierce, Fenner & Beane, Philadelphia; Ellwood Williams, The Pennsylvania Company for Banking and Trusts; Percy Ayres, Merrill Lynch, Pierce, Fenner & Beane, Philadelphia; Charles O'Brien Murphy, Merrill Lynch, Pierce, Fenner & Beane, New York City


Joe Smith, Neuburger & Co.; George Muller, Janney & Co., Cormac Tully, Weden & Co., New York City


Continued from page 24

Pennsylvania Brevities

1950 will be another good year for the building industry. It is expected that construction con- 
tracts will exceed $18 billion and we fully expect to participate in this record building business. 

Lee Rubber & Tire Corp. 

An unusually refreshing philo- 
osophy regarding to a corpora- 
tion’s stockholders was expressed by A. L. Calkins, president of Lee Rubber & Tire Corp., at the annual meeting held last week. "We realize that the cost of living of the stockholder has in¬ 
creased like that of everyone else, and, while in the past, we have been pretty conservative, we are now going to try to give more consideration to the stockholder."

In the last fiscal year, ended Oct. 5, 1949, the company paid four quarterly dividends of 30 cents and a year-end extra of $1. Last week the board de¬ clared the regular 50 cents quar¬ terly dividend plus a 50-cent extra, both payable May 2 to shareholders of record April 14. According to Mr. Calkins, the question of extra dividends will be considered again in the future. Last fiscal year earnings were $4.78 per share.

George Friedland, President of Food Fair Stores, last week told the Financial Analysts of Phila¬ delphia, "Our company’s sales and earnings will set new records for the fiscal year ending next April 29. Last fiscal year, he said, should be between $80 and $2 per share."

Baldwin Locomotive Works Acting President Wurl has increased sales for 1949 declared to $119,042,443 from the $156-

E.W. & R.C. MILLER & CO. 

123 S. BROAD STREET 
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Price $1.00 per share 

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Charles A. Taggart & Co., Inc. 

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Dime Building, Allentown, Pa.

Gersley, Sunstein & Co. 

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New York Stock Exchange 

New York City Bank (Member) 

213 S. Broad Street 

Philadelphia 

Telephone: 

New York Sunstein 4-2390 

Rio Association of Phila. 

Bought—Sold—Quoted

— SCHMIDT, POOLE & CO. 

123 So. Broad St., Philadelphia 

Philadelphia, Plans—Kingsley 5-6060 

N. Y. Phone Hannon 2-6054 

Bell System PG 1020 

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Crouder & Bodine 

Established 1874 

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New York and Pacific, Stock 

Exchanges and New York Curb 

Stock

Packard Bldg., PHILA. 2 

L.O. 4-2500 

30 Broadway, New York 4, N. Y. 

C.Hawes 2-7976 

Tel. PH 898 

Cambridge Bldg, 3s 1953 

N. E. Walnut & Juniper Common 

Pittsburgh Hotels Common 

Virginia Coal & Iron Common 

Philadelphia Transportation Co. 

Issues 

John F. Felin Common 

Samuel K. Phillips & Co. 

Permanent Halls, Stock 

Exchange, Packard Bldg, Philadelphia 

Telephone 

PH 175 

Newburger & Company 

Established 1872 

Members 

New York Stock Exchange 

New York Curb Exchange 

Philadelphia-Baltimore 

Stock Exchange

1342 Walnut Street 

Philadelphia 7, Pa. 

Telephones—Kingsley 5-6050 

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Altona & Logan Valley 

Riveride Metal 

Northway Process 

A. B. Fairbairn 

Roberts & Mander 

Hector H. Blizzard & Co. 

1451 Chestnut Street 

L.Ocus 7-6161 

H. M. Bylesby and Company 

Established 1910 

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New York Stock Exchange 

New York Curb Exchange (Member) 

Underwriters, Distributors, Dealers in 

CORPORATE AND MUNICIPAL SECURITIES 

MEMBERS 

New York Stock Exchange—Philadelphia-Baltimore Stock Exchange 

New York Curb Exchange (Associate)

1500 WALNUT STREET—PHILADELPHIA 2, PA. 

Philadelphia Telegraph 

Pension-5-2700 

Teletype PH 4 

New York Telegraphs 

Barclay 7-6461 

PUBLIC UTILITY—Railroad—Industrial 

Securities 

New Jersey and General Market Municipal Bonds—Electric and 

Television Securities—Guaranteed and Leased 

Stocks—Equipment Trust Certificates 

Bank and Insurance Stocks 

Mutual Funds Shares 

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Established 1867 

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Locust at 19th Street 

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Telephone— 

Philadelphia 5-5550 

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Series 1½% Bonds 

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Pennsylvania Brevities

gowan, partner, Merrill Lynch, Pierce, Fenner & Beam.

12:30 p.m. Luncheon Address:
"The importance of Southwestern Natural Gas to the Economy of Pennsylvania," by
Gardner Synosia, President, Tennessee Natural Gas, Inc.

2:00 p.m. Railroad Forum—R. Victor
Kaul, Chairman & Managing Director (Chairman). Addresses: Current and
Prospective Trends in Railroad Operations and Earnings," by
Julius H. Parmelee, Vice-President, Association of American
Mahrall Dunn, Wood, Struthers & Co.

3:38 p.m. Public Utility Forum—
John S. Malick (Chairman). Addresses: "The Effort of Federal
Government Activities on Private Electric Companies," by
P. L. Smith, President, National Association of Electric
Companies. "The Outlook for the Utility Industry," by
Nelson Schaefer, partner, Smith, Barne-

6:30 p.m. Cocktails.

7:15 p.m. Dinner Address:
"The Investment Bankers Association Today," by Albert T. Arroyo, Chairman and President, Investment
Bankers Association of America. "A Preliminary Report on the Pfuf-
fin & Burr, Inc.; "Insuring Our Technological Future," by
Mur-

Janney Co. Opens
Branch in Easton, Pa.

EASTON, Janney & Co. have opened an office in the Drake Building, under the manage-
ment of Mr. E. M. R. Smith, formerly Mr. Werkheiser was formerly Manager for Fitzgerald & Company.

Shedd-Bartlett Foods
Common Stk. Offered

Blair, Rollins & Co. Inc. and Shedd-Wickett Co., on Feb. 28, 1950, offered Shedd-Bartlett Foods, Inc., com-
mon stock at par ($1,000 per share). These shares are part of the stock of the company which stockholder who will be a continuous stock-
holder in the company.

All of the common stock of the company is offering directly to key em-
ployees. The offering is from a newly incorporated firm and
unissued common stock, the income from which will be paid in whole or in part in the company.

Greenfield, Lax Offers
Mid-States Equip. Stk.

Greenfield, Lax & Co., on Feb. 28 publicly offered 300,000 shares of Mid-States Equipment
Co. stock common at $1 per share. Proceeds will be used for expan-
sion purposes, additional working capital, and retirement of indebted-
ess to finance the company.

Mid-States was organized in Delaware on Nov. 30, 1949, is immediately thereafter acquired and
now owns all of the outstanding capital stock of Modern Atlas Corp. (Mich.). On April 2, 1949,
Mid-States took over active opera-
tion of the business formerly carried on by Modern Atlas.

The company is engaged in the business of retailing household equipment for the home, including
such products as stoves, ovens, refrigerators, washers, dryers, irons, etc.

Income Builders, Inc.

Income Builders Inc., has been formed with offices at 30 Rocke-

 Reduced rates: Officers are Charles Dobrow, Jr., President, Treas-
urer and Secretary, and M. L. Dobrow and Horace K. Free. New NASD Guns
Officers, Take Office

HANCOCK, Mass., Feb. 28—A new board of directors of
New England Life Insurance Co. was elected at the annual
meeting of shareholders held here Friday.

New officers named are: Herbert H. A. Holm, chairman; Vern
Young, vice chairman and W. C. Paine, secretary.

Executive Director: Wallace H. Fawcett, president; Edward D.
Hunt, vice president; Charles A. Bickel, secretary.

New officers of the company will be elected at the next annual meeting to be held in March.

The company is operated by the New England Life Insurance Co., a mutual life insurance company.

John J. Sullivan Clarence A. Bickel

Executive Director: Wallace H. Fawcett, president; Edward D.
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come to this figure was about 6.9%. However, while it is not known what rate base the State Commission might adopt in any rate proceeding, it is probable that it might be no higher than $435 million. The Commission in the past has approved the issuance of $125 million of bonds for a rate base of $1.32. To assume that the company would have to lower the dividend to such a level somewhat unreasonably, considering possible future economies from the use of the surplus, and that the dividend should be considered about normal, taking into account the capital structure, in 1907 the company would correspond to a dividend of $1.47 at the present price. In a recent issue of the Wall Street Journal, the New York Society of Security Analysts, Vice-President McDonald gave assurance of the intention of the directors to continue the $1.60 dividend rate through 1919, even if it should be necessary to draw on surplus.

The subsequent decline of about two points in the stock appeared due to the demand for stock in a more remote. The company might be planning to increase the rate to $1.80, as well as to raise this year's earnings might be affected by other operating costs. It is understood that the company is now preparing a new study of the outlook for 1919 earnings but this has not yet been completed.

### Railroad Securities

#### ICC Decision on Maine Central Plan

Last week the Finance Division of the Interstate Commerce Commission handed down its first decision in a stock recapitalization plan under the so-called Mahaffie Act. Debt revision plans have been consummated by Central Railroad of New Jersey and Lake Shore and Michigan Southern, both of which was designed to expedite voluntary reorganizations. When the act was passed it was expected that it would expedite voluntary reorganizations as well as to protect railroad companies to be in temporary financial difficulties from going through the long drawn-out process of reorganization under Section 77. It was thought that the service of the number of railroads with large preferred dividend arrears to liquidate, under the new act, would prove to be a tremendous advantage. If the first decision of Division 4, which was in respect to the Maine Central plan, is to be accepted as setting a precedent, earlier hopes of getting relief under the Mahaffie Act might seem to have been an act of disappointment. A Commission examiner had recommended that the plan be approved, with a reservation that the Commission modify its refusal to consummate a readjustment plan under the Mahaffie Act. The action is interesting both for the denial of the petition.

Maine Central has two classes of preferred stock. The 6% prior preference stock went into arrears in the late 1906 but these were cleared up in 1914 and the stock has been on a regular dividend. The 5% dividend has not had any dividend since 1931 and appears thereon on Dec. 31, 1948, the date for which the plan was drawn up, and the amount of these share and dividend accumulations as $185 per par value 4%. Preferred stock. The objections and modifications were proposed by a protective committee. As to the validity of the plan the Commission made no findings, ruling that the plan itself was not necessary and did not come under the terms and intent of the Mahaffie Act.

The decision reads in part, "The chief purpose of section 20b is to afford carriers, subject to its provisions, means whereby they may avoid financial difficulties by agreeing to remove obstacles to needed financing which cannot be avoided or removed by voluntary action on the part of the owner or by agreement between the carrier and its security holders. Immediate removal of dividend arrears, which a carrier is particularly in need of, but which it cannot liquidate except over a long period of time, might well come within the purposes of section 20b and be shown to meet the requirements of the rule. Division 4 would enable the carrier to resort to equity financing or otherwise aid it in solving its financial difficulties. Here there is no such proposal.

The report went on to say that the evidence strongly supported the protective committee's contention that the plan was designed primarily to help stockholders immediately access by way of dividends to the applicability of the issuance of surplus and its prospective earnings." Mention was also made of the plan meeting with a common stock by the directors, and it was finally stated that "Everything which the applicant could accomplish by the proposed modification or alteration of the preferred stock, except the immediate removal of the obstacle to the public benefit, the company can accomplish by a resumption of dividends on the preferred and the liquidation of arrears as provided for by the plan." The decision was not on this point. The company has set up such a plan and Nickel Plate was expected to have one ready shortly. Plans for Missouri-Kansas-Texas and Western Maryland were considered more remote. Based on the reasoning of Division 4 in the Maine Central case it is difficult to see how any of these other readjustments could be justified.

### Television Industry Grows Up

#### Continued from page 10

**Television Industry Grows Up**

as has been done for the first half of the year.

Whatever may be the further improvement in consumer attitudes toward television, the present potential market is already being covered rapidly.

At the start of this year over 3.5 million homes had television sets, or roughly a sixth of the 22 million families to whom service is now technically available. However, a portion of these 22 million homes are not in an income bracket that makes purchase of a set practicable at present TV prices.

Hence, sets in use already cover over one-fifth and perhaps as much as one-fourth of the homes in the refinements and sets which are served by television programs at present. On the basis of the expected 1850 output, the number of TV sets in use will double the present figure by the end of this year. This means that even with some moderate expansion in television service areas, perhaps a half of the market that is within the range of stations and that can afford sets will have been "sold" by the end of this year.

The building of new stations and possibly further reductions in prices after this year will expand the potential market. It remains to be seen how much demand all this will generate in comparison with the installation of productive capacity of some five million sets a year.

Television has soared to a multimillion annual production rate in less than four years. Automobiles, being a much smaller item, did not expand as fast. But neither did refrigerators, which more closely approach television sets in price range. Radio also exhibited phenomenal growth in its early years and comes closest to approaching changes. If not, match TV's record. Radio took six or seven years to reach a comparable volume, just about the time it took for long as television. (See Chart 1.)

The spectacular rise of television, seems to point up the enormous development of the American a new industry. Higher per capita incomes and tremendous gains in mechanization and industrial facilities make it possible to manufacture products to grow with great ease. At least this appears to be the case of new industries that will turn out a completely new product.

While TV manufacturers, distributors and retailers have enjoyed profitable operations, station owners have suffered losses. Particularly because of large initial capital expenditures, telecasting has not yet reached the money-making stage. National television advertising for the first three quarters of 1949 was running at a rate of around $11 million a year—about 7% of radio's rate for national advertising during the same period.

A considerable increase in number of television advertisers has taken place in the past year and a half. Net work and spot advertisers each have multiplied fivefold from June, 1948, to October, 1949, while local advertisers have increased tenfold in this period. The total number of television sponsors has risen from 254 to 1,801.

With expansion of the video audience, still greater numbers of advertisers will be attracted to the medium. This will, no doubt, make for more and bigger programs.

#### Chart 1: Television Grows Fastest

<table>
<thead>
<tr>
<th>Year</th>
<th>Television Sets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943</td>
<td>2,500,000</td>
</tr>
<tr>
<td>1944</td>
<td>5,000,000</td>
</tr>
<tr>
<td>1945</td>
<td>10,000,000</td>
</tr>
<tr>
<td>1946</td>
<td>15,000,000</td>
</tr>
<tr>
<td>1947</td>
<td>20,000,000</td>
</tr>
</tbody>
</table>

Sources: Automobile Manufacturers Association; Caldwell-Clements, Inc.; Electrical Merchandising; Radio Manufacturers Association; The Conference Board

#### Chart 2: Television over the Crest

<table>
<thead>
<tr>
<th>Year</th>
<th>Cable and Satellite</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943</td>
<td>2,500,000</td>
</tr>
<tr>
<td>1944</td>
<td>5,000,000</td>
</tr>
<tr>
<td>1945</td>
<td>10,000,000</td>
</tr>
<tr>
<td>1946</td>
<td>15,000,000</td>
</tr>
<tr>
<td>1947</td>
<td>20,000,000</td>
</tr>
</tbody>
</table>

Sources: Radio Manufacturers Association; The Conference Board

#### Chart 3: Television Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>Television Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943</td>
<td>2,500,000</td>
</tr>
<tr>
<td>1944</td>
<td>5,000,000</td>
</tr>
<tr>
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<td>15,000,000</td>
</tr>
<tr>
<td>1947</td>
<td>20,000,000</td>
</tr>
</tbody>
</table>

Sources: Automobile Manufacturers Association; Caldwell-Clements, Inc.; Electrical Merchandising; Radio Manufacturers Association; The Conference Board

6 Growth is not necessarily so fast for new stations, putting out second, third, and even fourth shows, and adding shows such as movies and foreign plays.

7 Based on reports to Radio Manufacturers Association by member companies and adjusted to represent entire industry.
Richard K. Payster, Jr, Financial Vice-President of the New York Trust Co., announced on March 11 that he had been elected a trustee of The New York Trust Co. An announcement in The New York Times of March 11 stated that Mr. Payster is known as a financier and a banker. In addition, he is a member of the New York Stock Exchange and a director of the New York Life Insurance Company.

A short-term and long-term plan for the expansion of the Safe Deposit Co. of New York has been approved by the board of directors of the company, which are made up of permanent and temporary members of the board of directors. The plan, which was approved by the board of directors on March 1, will provide for an increase in the number of safe deposit boxes from 17,500 to 22,500.

The New York agency of Credit Union Bank of New York is now open in the same building as the New York agency of the bank. The new agency is under the direction of Mr. J. A. Sloan, president of the bank, and Mr. A. J. Lafferty, vice-president of the bank.

The announcement of the election of the officers of the Federal Deposit Insurance Corporation (FDIC) was made on March 17. Mr. Payster, who was elected president of the FDIC, is a member of the board of directors of the New York Stock Exchange. The election of the officers of the FDIC was announced on March 17 by Mr. Payster.

The New York Stock Exchange authorized the directors of the New York Stock Exchange to issue 17,500 shares of stock at $25 per share on March 1, in addition to the 27,500 shares authorized by the board of directors on February 1.

The election of the officers of the New York Stock Exchange was announced by Mr. Payster on March 1. Mr. Payster was elected president of the exchange.

The directors of the Second National Bank of New York, in a meeting held on March 17, announced the election of Mr. Payster as vice-chairman of the board. Mr. Payster is also a director of the New York Stock Exchange.

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Business and Finance Speaks After the Turn of the Year

We are able to accommodate in this issue the concluding group of opinions on the business outlook for 1949. These opinions, in addition to those which appeared in our issues of Jan. 19, Jan. 16, Feb. 2, Feb. 9, and Feb. 23.—Editor.

FREDERICK JOHNSON
President, The Bell Telephone Company of Canada

The huge payday demand for telephone service, which has resulted in three-quarters of all telephone buildings being placed in service in The Bell Telephone Company of Canada's territory in Quebec and Ontario since the end of 1948, must be kept in mind. With the present rate of construction it is possible that this feeling of confidence in the return of the 1949 new start industry may continue until such time as the new outside capital will be required, $52,000,000 of which will be coming at the end of the year. In October of last year, because of the steadily declining return on capital due largely to increased costs and due to the need for expansion of the system, the company authorized to raise telephone rates to a level that would suggest revenues before taxes by 20.6%. This was the first general rate increase added to many smaller increases since 1929.

The company has indicated that it had failed to earn fully its dividend requirements in every month since December, 1948. During the first quarter of 1949, inclusive, the company estimates its gross construction cost of $354,000,000, of which $322,000,000 would be spent in 1949. To finance these expenditures the company no longer is able to do so at the current exchange rates. In October, 1949, the net addition of some 180,000 telephones brought the total in service to about 1,594,000. Local calling reached a new peak of 10,000,000 daily, while toll calls averaged 212,000 daily.

Faced with the highest demand for telephone service ever in the history of the company that its 70-year history, the company has been forced to meet the demand. During the three-year period from 1947 to 1949, inclusive, the company estimates its gross construction cost of $354,000,000, of which $322,000,000 would be spent in 1949. To finance these expenditures the company no longer is able to do so at the current exchange rates. In October, 1949, the net addition of some 180,000 telephones brought the total in service to about 1,594,000. Local calling reached a new peak of 10,000,000 daily, while toll calls averaged 212,000 daily.

The Board of Transport Commissioners for Canada, the Federal Government body having regulatory powers over the company's operations, is hearing the application in 1949 because of previous commitments. However, the Board of Transport Commissioners for Canada, that case would be heard at the beginning of March and if, as is probable, the Board recommends a temporary rate increase for temporary needs would be considered at that time.

Complete figures for 1949 are likely to reveal revenue increases for the company of the order of 30% largely due to higher wages and material costs, may have been spent in the first three quarters of 1949. The shortage of labor in the company that it its temporary relief would be considered at that time.

The year 1949 has been crowded with developments of the greatest significance, not only for the gold mining industry, but for the cause of sound money. In a spe-

DONALD H. MCLAUGHLIN
President, Homestake Mining Company

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D. H. McLaughlin

It is not possible to reverse the course of time and re-create at this point the conditions which made the gold standard the only stable cover for real gold value must continue to be evidenced, if the conditions that caused the twentieth century to be in the fly. A great deal of water—political and economic—has passed over the dam and the major economic relationships have been distorted almost beyond recognition. The first step, if it would be so, seems to be to avert a major re-creation of the gold standard but such is established in 1945, which will not subject the major mon¬

ARTHUR E. McLEAN
The Commercial National Bank, Little Rock, Ark.

What the year 1950 may hold for business is anyone's guess. In my opinion it will not be as good as 1949 or 1948. Increased construction is coming into the new year but part of this recovery has been due to the high rate of interest increases, pensions being granted, and the exchange rate of the dollar can only mean a high price level. The construction is a big stimulus to demand and the present rate is not only on the decline but will continue to be on the decline.

Farm income will be less in 1950 than in previous years, and with prices higher, profits for many farmers and businesses of business must inevitably suffer. It is not a happy outlook that faces the American business today. The in¬

L. L. MATTHEWS
President, American Trust Co., South Bend, Ind.

It is significant that industry and finance are entering the new year with a spirit of optimism and confidence not noticeable in January of 1949. At that time "infla¬

L. L. Matthews

While we have practically reached the peak in most lines, easy credit, tremendous speculation, and the prospect of high prices for the fore¬

Continued on page 34

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Deficit financing by the government is, of course, conducive to bank deposits, and we anticipate no downward trend in new business for several months. Insurance refunds to veterans during the first quarter of 1949 will maintain the tempo of our present economy.

For the most part, the private projects, as well as installment buying, should be important elements in maintaining the present level of business. Banks will find it difficult to increase earnings from their bond portfolios under the present monetary policy, and they are likely to be forced to offer higher borrowing rates, which will influence some degree the tempo of the present expansion.

However, with an increased consciousness of expense control, increased efficiency, and considering good prospective local industries, the area in this year should experience another year as satisfactory as 1948.

E. F. SCHAEFER
President, Gardner- Denver Company

We are glad to outline briefly our opinion of 1949 prospects in the various industrial classifications upon which we are dependent for our business.

In addition to general industry, which might be primarily defined as an industry that produces on a substantial scale, efficiency, and considering good prospects of local industry, banking in this area should experience another year as satisfactory as 1948.

FREDERICK E. SMITH
Chairman, Trust Committee, First Security Bank of Utah

The trade area, which comprises Utah, parts of Idaho, Wyoming and Nevada, of which Salt Lake City is the largest center, has a population of nearly 3,900,000 and 35,000,000,000 of dollars. As the nation's basic industries, the chemical products and the processing industries are producing in the area. The chemical industry, which has been growing at a rate of 7,500,000 to 8,000,000 new plants, has been producing a substantial amount of new products in the last few years. The chemical industry has been producing a high volume of new products, and the trend is expected to continue.

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dustries have water power installations of their own on the Kennebec and Androscoggin Rivers. The new investments in electricity only as long as they have good storage systems. Over the years storage conditions have been improved by using single dams to make or improve the old made lakes such as irasuma. The newest man-made lake at the Androscoggin is called the New Kennebec Lake. When Central Maine Power Company’s new Dead River storage project will form a lake covering 22 square miles and adding one-third to existing storage on the Kennebec River. This project was planned and the first phase of it was purchased nearly 20 years ago. In providing the electric power and the development of Maine’s natural resources in its territory, the power companies are spending more than a billion dollar a year during the past several years in improving these water power plants and enriching its facilities. And this program is continuing.

While the hydro-electric potential of Maine’s rivers feasible of development is not, in our opinion, as great as Federal Government figures would indicate, the full development of the river has by no means been reached. However, the demand for this good electricity is increasing at a rate which can be developed as the need arises.

Concurrently, the nuclear power industry is using the quickly rising demand for electric power to encourage the development of new resources of all kinds and by the discovery and development of new kinds of resources can be developed for the electric power.
The Lackawanna Story

of New York, was growing rapidly. The state's economy became of great importance and the Road of Anthracite saw in a few years a growth which was daily in its character. In the early days of railroading, all commodities could be brought to the factories and back, and to bring them to the factories and back. The position of the Lackawanna was unique. It supplied its own coal on every mile and was reconnected from the factories. Each commodity brought little or nothing to the factories and back. The war under the New York State, including the output of coal, was enormous.

How Operations Were Improved

A railroad sells two products: freight ton miles and passenger miles. To keep its freight business going, a railroad must keep its passenger business going. In 1920, Lackawanna passenger agents paid an average of $178 per month, and the railroad paid them 2.10 cents. Similarly in 1921, the average rate received by passenger agents in the whole railroad was 0.33 cents for moving one ton of freight three miles away. Lackawanna paid its freight effort toward obtaining increased income. The rate in 1926 was higher, but the income from freight was still not enough to cover the cost of the agent. Lackawanna has increased freight rates and reduced agent's salary to one-half of what they were when, even then, the agent was in a separate department.

In the eight years 1914 through 1922, Lackawanna freight tonnage increased from 14,100,000 tons in 1914 to 21,100,000 tons in 1922. With 10% dividends on L. & W. were paid regularly. In this fortunate circumstance, the Lackawanna Railroad of New Jersey has been able to pay a dividend in some paucity of perpetual dividends of $4 per cent. This dividend was sold to L. & W. stockholders as a special dividend.

We have seen that the cut-off was justified by operating economies. It is doubtful whether the average dividend was good judgment. In the case of new business, the cut-off was justified by operating economies. It is doubtful whether the average dividend was good judgment.

Financial Problems

The growth of the D. L. & W. from a small local railroad running in Pennsylvania to the present Lackawanna System is a growth story in the history of American industrialized states has been achieved by running into new connecting railways. Some of these railways are now a part of the D. L. & W. But as each came into the System, the parent underwrote it, and the income from dividend on leased line stocks was used to pay both the capital and interest of their bonded debts. The parent could not have accomplished this by the parent company had no fund, that the charges for interest on its obligations and its commitments to lessees of bonded lines had been fixed by the period of the lease.

In the days prior to March 14, 1919, the parent company had to its possible effect of Federal In-

A railroad with money was the use of every facility of its subsidiary operation. First, the average number of tons of coal delivered to customers was 25.3 in 1926 but by 1928 it was 39.8. In the years 1928 to 1930, the gross tonnage of freight in each freight train increased from an average of 54.08 to 62.08. Motive power must have been better for efficiency and the number of gross tons (more car plus weight) in each train increased from 2,112 tons in 1920 to 2,816 tons or 33.5 percent. In 1918, the gross tons of freight movement was much less. The charges for these services were increased by the parent company, and the freight per mile of line increased by $2.08.

Mr. White in charge during the entire war and period of competition with the Pennsylvania Railroad, in 1919, Lackawanna was paying additional cost of running only three new box cars and six new flat cars and never had to retire freight cars and 154 pieces of equipment. No one of these new cars was good beyond repair.

By the end of 1914, the agency position was thoroughly improved. The Lackawanna purchased 3,100 box cars and 100 hopper cars and had 3,000 new coal cars left in hand by the end of 1920. With incidental equipment, the total cost was $100,000,000. In the previous period, the railroad had supplemented its capital stockholders' earnings of $74 per share.

of Internal Revenue. But it is certain that some of the income was lost in the leased line issues.

The Lackawanna itself owed the Federal Government $5,000,000 as a result of a litigation, but it was leased under a lease to the parent company, the parent company could make the payment and the tax liability was passed on.

Briefly the plan was this: If the D. L. & W. had guaranteed 5% to the stock of a leased line company and the Federal Income Tax on the earnings of the leased line company would be about 60% of the net income, the parent company could make the payment and the tax liability would be passed on to the parent company.

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DuMont and the Television Industry

is this "freeze" that we have had on color all month. It makes a difference in the distribution of new stations. In September, the Federal Communications Commission put a "freeze" on any grants to new stations and that was the start of the freeze, and it continues. So far, the industry has been operating in a vacuum of that, but various leaders in the industry are getting together to talk to the FCC to try to get that loosened up as much as possible, partly because of interest between Cleveland and Detroit. In that particular allocation, the allocation for Cleveland and Detroit, and they found that, with that separation, one station interfered with the other. But that has been that when stations are 200 or 225 miles apart, there is very little difference in allocation. Industry originally argued that the Federal Communications Commission should hold up, to take a look at the situation. All they have done is to delay it. And before they went ahead with all the differences.

The question of the time, when the thing was ready to be cleaned up, Senator C. R. Warden, chairman of the Interstate Commerce Commission, came out with a blacklist against color. It had color all developed and it was ready to be ready, and so forth and so forth.

Action for Color

It disturbed the Commission enough to bring the action for color to hold hearings on color before going ahead with the allocation. We have had hearings on color. They started in December of last year and they are still going on. Later this month, we are going to have hearings on the allocations and then, after that, there will be some more hearings. The FCC is trying to make up its mind that until the industry accepts color, it is going to hold off. We have been hearing that, and we know how long they can keep that color in the air, but they have not been able to hold up any allocations.

Now, there is no technical reason for that. Various tests have been made to indicate that they can go ahead with allocations immediately, and if when and as color is ready, color can be fitted right into the picture; other words, stations transmitting the black and white or color need only be allotted a quarter of the same distances, and there are no particular problems in that connection; so there is no reason why the color stations should not go ahead immediately and make those allocations. We are waiting for the FCC instead of holding back and keeping those stations from going on.

The present distribution of stations is that the Commission has 98 stations operating in 58 markets. That leaves the difference between that and your main market areas, so you have 46 market areas where there is no television whatever, and in the 58 areas where you do have television, you have only one single television station being operated. We have found that as far as the sales of these television stations in a town that has two, three or four stations, and if you are in the city station town, where the owner of the set has no choice whatsoever in his programming, we have

Continued from page 8

transmitters Held Up

Obviously, our transmitter difficulties are going to last not only as well as we would like to have complete systems, but we will be unable to deliver transmitters when the Government permit says you can't put them up.

RCA and ourselves and GE, the three transmitters, we are working overtime and I don't think that there would be any particular problem if that permits to be solved, that we would have delay in the shipment of transmitters. In other words, this "freeze," so far as the sale of receivers is concerned is a real problem to the industry but we are afraid that if it continues, we can't continue to progress at the rate we have been going at the present time. The operation of this "freeze" is a great deal more serious in the operation materially. At the present time, the stations have done considerably better than most people thought they would do. This is so, I believe, because somewhere around one-third of all the people in the country are now in the black; one-third are still watching pictures; the tail end of the market is still watching, and one-third are losing money.

The general consensus was that we would have a period of time before this would get to a profit, and that is the situation today.

Networks All Losing Money

As far as the networks are concerned, there are all losing money now. Obviously, in our particular case, we have been operating quite well, but if you add the income up from those three stations, we are running right along as well as the other network operation, the fee to the 35 or 36 stations throughout the country, we are definitely in the red, and we don't see where we can overcome that until this "freeze" is over. The situation is simply this: that we have to buy the cables on a monthly basis. Therefore, there is a point where you only have a single station, you can have four networks that split the fare in other words, it may be that we are going to be in some variation of that; so that whatever the stations that work has cables to all these spots, it is a very small portion of the time and get revenue back. The minute this allocation is over, you will undoubtedly have three or four stations in these various towns, and the operation of the network at a profit should be a very simple proposition.

Color TV Reviewed

I would like to go briefly over this again, because it is something that because in which I think you people would like to have something from the three systems of color television that you have been hearing about. One by the Columbia Broadcasting System, the other one by the Columbia Broadcast- ing Corporation and one by the DuMont, and another by the CBS, that is, Color Television, Inc of San Francisco. The system that the Commission is assigned to the FCC in Washington, it is assigned to the FCC in Washington, and we are working that 1946 and now it is up again. It is a three-color system, a blue-green and red color filter in front of the cathode ray tube. It is known as the DuMont system, and the three systems are in a difference.

These three particular systems, this method of transmitting the color, that is, in the Columbia television, one picture is in red, the next in green, and the next in blue. In the RCA system, each little dot in the picture is a dot of blue, another dot of red, one dot of green, and the dot changes color. So each system is entirely different from that one, and it is a new system, and it is the only system that they have to work with, and they have had to develop a new system to meet the situation. I believe that the industry generally has not been particularly keen about going ahead with the mechanical difficulties.

In 1941, their proposal was for a color system that it had gone up to 525 lines in the picture, increased to 405 lines in the picture. The present color television system is 525 lines. One of the problems that the industry has to face is that the picture is only one-third that of black and white, and in other words, this is a horizontal and vertical resolution that you have to consider there. In addition to its being 405 lines and the black and white 525, their horizontal resolution is only 100 lines as against 330 lines of the present picture, so if you add it all up, they have about 85,000 elements in their picture, whereas the present black and white. The industry in order to have a satisfactory picture, has got to get our present system of 100-foot lamberts, but we have cut an unobjectable flicker. If you bring the color picture up to the point, and one-third is losing money.

The present systems as far as we can get, and they are about 100 per cent of the picture, but the color industry as it is, a very good, and when you try to put color into a system, you can make it so you can't even hear it, but you can make it so you can't see it.

Well, after the second or third playing of your television, you are going to try to make the network pay for this "freeze" over. You may have noticed the proposition that we have all been going for, the FCC will make sure of the industry for color. We have now color as we have had with black-and-white television, you can tie all the cities together in one country, or a new product or government policy, or anything you want.

We have had a fair amount of interest in that and we have some proposals that we have made for the people to utilize the color that is not in use as yet, and it may be a very useful device for the FCC in the future.

We have tried on our network to show that it is a high cost that some of these programs are being given and what you have noticed it, but a number of the programs are being kept on the air, having four or five sponsors per hour, and each one may be used in the commercial networks, and we may be able to line up a fair amount of business for you people, that will be used for the color picture for the color picture.

The outlook, as I mentioned previously, is extremely good, and it will look like a very good solution to the color distribution problem solved.

Lewis Adams Opens

(Special to THE COMMERCIAL & FINANCIAL) GLEN ECHO, Md. — Lewis A. Adams, president of the Adams businesses from offices at 1 Talia Avenue.\n
The CTV System

The third system was the CTV system. I am not going to say anything about that system, as it is proposed in section system similar to the one that is being proposed. It has that color is discarded, as far as the projected picture is concerned. It has only 10 pictures per second, and it is the one color picture and a black and white, and it is the one that is being proposed.
The State of Trade and Industry

stores and apparel stores. The largest increases in wholesale failures were in the food trade and in commercial service.

STEEL OUTPUT SET AT SHARPLY LOWER RATE FOR CUR-
RENT WEEK ON DIMINISHING COAL SUPPLIES
Steel production for the week is continued hereafter, though inevitably, to the coal shortage, according to "The Iron Age," na-
inng the American Iron & Steel Inst., which reported a week's pro-
duction schedule at 68.5%. Even this rate is tentative. It will be revised sharply if the steel supply situation is missed again this production. Week's coke and pig iron have been made at a higher rate, practically that 50% of the coal and 50% of these reduced operations will bring the ingot rate down with it.

Steelmakers have gambled that the coal-labor crisis would have been less and now, as a result of great distress and continued closure of smaller plants, have been in a position to charge 70% of capacity. steelmaking operations are scheduled at 70% of capacity. The current rate, 68.5%, is a further indication that the labor crisis is going to reduce output. The coal shortage, however, has been continued.

Steelmakers have greatly increased the proportion of scrap steel going into their furnaces. This partly explains why some companies which have cut making steel and steel by 29% of their capacity have been able to keep their steelmaking rate at about 50%. But there is a limit to how far their ingenuity can be stretched. The situation is here to stay, since the general shortage of steel is still a problem. Steelmakers have kept the steel ingot rate down to about 2,151,210 tons.

Many steelmakers have attributed the great surge of demand for steel products. Steel men generally have expected de-
clines in buying through the month and they allowed to continue operating at a high rate. But the forecast they that the clamor for steel will be extended into the third quarter. Steel buying, according to the Inventories of Formers of times, is at a high level, with every indication of rising rapidly and the return of the demand for steel at a limited scale. The return of the steel market is being pressed by resisters in the steel industry for orders for their products but who have been unable to get harried steel producers to promise delivery of the material they need.

This steel consumption arrangement has been going pretty well on schedule. This week the pressure from this direction is being transmitted through the mills to the consumer to buy up all available ingots. Much of this tonnage could be converted into usable steel items even of the coal crisis continues. "The Iron Age.""

The American Iron and Steel Institute announced this week that the operating rate of steel companies having 93.5% of the steel-making capacity for the entire industry will be 73.5% of capacity for the week beginning Feb. 27, 1949. This is a decline of 15.4 points from last week's rate.

Operations continued to decline steadily since the Jan. 16 week, as follows:

This week's operating rate is equivalent to 1,164,990 tons of steel ingot from the steel industry compared to 1,051,680 tons one week ago. A month to the end of June, 1951, the production amounted to 1,170,780 tons a year ago. This was a record of 1,164,990 tons in 1949, highest period year, at 1,251,210 tons.

ELECTRIC OUTPUT CURTAILED FURTHER BY REDUCED PLANT OUTAGES

The amount of electrical energy distributed by the electric light companies for the week ended Feb. 25, was estimated at 5,854,259,000 kw., according to the Edison Electric Insti-
tute, 177,002,000 kw. lower than the figure reported for the previous week, 285,052,000 kw., or 5.3% above the total output for the week ended Feb. 28, 1949, and 602,340,000 kw., or excess of the output reported for the corresponding period two years ago.

CARLOADINGS DROP FURTHER AS COAL STRIKE CONTINUES

Loading of revenue freight for the week ended Feb. 18, 1950, totalled 609,114 cars, according to the Association of American Railroads. This was a decrease of 8,725 cars, or 1.5% below the preceding week, being absorbed due to a cutback in coal shipments.

This also represented a decrease of 127,210 cars, or 19.7% below the corresponding week in 1949, 244,212 cars, or 39.4% under the comparable period in 1949.

AUTO OUTPUT IN LATEST WEEK EXCEEDS PRECEDING WEEK

According to "Ward's Automotive Reports" for the past week, manufacturers in the United States and Canada were 91,532 units produced in the United States and Canada in the like 1949 week.

BUSINESS FAILURES TURN DOWNWARD

Commercial and industrial failures dipped to 210 in the week ended February 23 from 218 in the preceding week, Dun & Brad-
street reports, which were one of the lowest rates since the comparisons in the comparable weeks of 1949 and 1948 and 1970 and 1936 occurred during the depression. Failures declined about the prev-
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In the Los Angeles Chamber of Commerce, in the six-month period, which reached its highest total since the week ended May 5, 1949. Little attention was paid to the week's advance in steel production. All lines except manufacturing had more businesses failing than a year ago, with the rise marked in retailing and service.

WHOLESALE FOOD PRICE INDEX LOWER AFTER FOUR WEEKS OF RISE

Declining for the first time in five weeks, the wholesale food price index, compiled by Dun & Bradstreet, Inc., fell 3 cents to stand at 194.4 at the end of the six-month period, which reached the level of the week ended April 24, 1949. The index is the latest of the four weeks.

Trade in grains on the Chicago Board of Trade was compar-
atively light last week. Price trends were generally firmer although they were not all uniform. While hard red winter wheat in local elevator hands were firm and advances in prices were in line with previous trends. The general market demand for steel was still being well bought with 249.20
discorded the week before. The current index, however, is still about 1% below the level of the week of Sept. 21, 1949.

The index represents the sum total of the price per pound of 31 commodity price groupings.

WHOLESALE COMMODITY PRICE INDEX HOLDS TO A NARROW RANGE

The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., continued in a narrow range for the third week last week, closing at 249.4 on Feb. 21, as compared with 249.20 a week previous, and with 249.20 a week previous, at 249.4 on Feb. 14.

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**As We See It**

consideration to this aspect of last week's election results, even if the British have repeatedly shown in the past that they are less likely to fall victims of such a state of affairs through the exercise of doctrinaire and emotional peoples across the English Channel.

**Other Aspects**

There are, however, certain other aspects of the voting last week which appear to us to be fully as important, and if so, the whole matter becomes much more likely to be overlooked. What in the collection of nostrums offered by the Labor Party did the British people show sufficient hesitation in accepting? Possibly, the best way to arrive at the proper answer to this question is to take careful note of those programs or policies of the socialists which were not in any real way challenged during the campaign. Of course, the Labor Party made much of its slogan "fair shares for all," but this phrase, like so many which become political slogans, cannot be assigned a precise meaning in terms of programs and policies.

Very much the same can and must be said of a good deal of the campaigning by the Conservatives. One of their most widely used set of catch phrases ran either "the government of the people, by the people, for the people." But the people of America have never been and are not likely to become an important part of the Canal in this country. A good deal of the controversy, evidently, centered about the way in which certain things, hereafter referred to as "the fillet and an iron frame," were thought of free countries, would be done, rather than whether or not they would be undertaken at all. There was not even a pretense of attacking a good deal of the so-called progressive program of the Labor Party—except possibly by indirection and that as to the cost of it rather than the basic nature of it. As and as such, in order to judge what the Conservatives would do the same thing at lower cost.

**Some Real Issues**

On the other hand, there were certain fundamentals upon which the two leading parties definitely and unequivocally hung—horns which is rather more than could be said of most of the recent Presidential elections in this country. There can be little question that the Conservatives, had they been in power, would have called a halt on nationalization of industry. Indeed they were definitely opposing the repeal of the law for the public ownership of the iron and steel industry. The Labor Party was as definitely committed to a vigorous prosecution of the socialization program already started. As things now stand, it would appear as though the Labor Party is as likely to soon be accomplished in further nationalization. Another election with a definitely larger majority in favor of nationalization might well be required to put the breath of life back into this movement, although, of course, it is not to be forgotten that slightly more than half the voters of that bedeviled hand voted for this program.

As to most of the remainder of the "Welfare State," which the Labor Party has set up or has been engaged in setting up, the Conservatives attacked the costly way in which the work had been done, and the annoying degree of controls which had been imposed upon both business and the rank and file of the people. There can be little question that the public ownership of the iron and steel industry is more likely to come about if the Labor Party maintains power. It has given rise thus far, a host of others, or even a realistic, critie might very well argue that in very significant degree the Conservatives endorsed the "Welfare State" or at least for a while were willing to for the purpose of their disagreement with their opponents being merely that they knew how to assure them, possibly to increase the product to be divided, as is done by the Labor and the Liberal Parties, they would be able to do all that the Labor Party was doing for the poor (now known as the lower income groups) without burdening any one so heavily.

**Are We Skeptical?**

Well, it is hardly for us to say what can and what cannot be done in Britain, but we cannot refrain from expressing strong skepticism when it is said that the medical services program now in effect in that country can be continued; the vast network of "social security" now in effect, where the controls now would be made to the wage-earner retained, and the rest which go to make up the so-called Welfare State as exemplified in Great Britain, that at all this can be done at the same time reduce taxes and reduce or eliminate controls. Indeed it is an open question whether it really can be done over any great length of time under existing controls. The fact of the matter is that Britain today is not producing enough to support itself even on that scale to which it had become accustomed, and nothing short of a determined promise to bring that production up to the point where such living will again be possible (on their own terms) regardless of the cost over any standard that is being promised by the Welfare State.

For our part, we should have felt uncertain about the economic future of the British people even if the Conservative Party had won a triumphant victory at the polls last week.

**Are We Finacing Insolvency Ahead?**

The question is not: whether the various insolvent nations will be helped. The question is, (a) what are the terms of aid which would promise that the aid will turn wrecked nations into at least semi-decent people, and (b) what will be the need for further aid?

**Europe's Suicide Threat**

The permanent symptom of Europe is ever is proved by the fact that the subject of the "insolvency" of the States is the contrary to the threat of Bolshevism which is a mortal threat to blacksmail this country. The unreality of that threat has been demonstrated by the "Moorfields C o m m e r c i a l and Financial Review." The question may become: may be added that if the Western States made a "deal" of the Communist, which is virtually out of the question, the situation of the State of the Stalinate variety. It will be a tragic thing for the Western States that might become more powerful allies to the East than they are at present. A totalitarian state, especially one forced into self-defense, is more likely to arm to the teeth than a democratic state. Our national security is in social security and wealth rest in the fact that we have got the best of the new 

The fact that the threat of annual deficits of Europe may be added constantly in front of us to see how effective our anti-Russian propaganda is — to our own advantage. Marshall Plan installations still are being sold under the "defense angle" (as is a growing number of defense work-barrels) to the American public. This is a "distraction" of the truth. We may observe our wards that come to us very much as the American sheep are frightened by the spectre of the Russian wolf.

**Financing Insolvency**

There are many reasons why there need be no reason why Europe is insolvency is needful. We have conditions which may be the reason for our "imperialism"—but also our markets for our excessive productive capacity or our "imperialism"—but also our markets for our excessive productive capacity. A few billions of dollars, put on the "sell" abroad even if he gets other countries the new publics has spread the further idea that our international accounts, the dollar, oil refining and numerous other industries. Countries coming out of a physical cataclysm need fresh capital. There are many reasons why they should reconstruct rather than build up or saving more — perhaps for general economic and political simplicity. It made sense in the early 19th century when they were spending the amount of heavy machinery and other equipment. It is not the case today, even the most negligible, and when practicably all of them. But it could also be an international scope were involved. To apply the same medicine in different places with different results. But it is worse that short-sighted, on a large scale and with no end in sight, with virtually no strings attached. That will be our contribution, to Europe's doubts, unanswerable. The question is not: whether the various insolvent nations will be helped. The question is, (a) what are the terms of aid which would promise that the aid will turn wrecked nations into at least semi-decent people, and (b) what will be the need for further aid?
Some Benefits of Immediate Return to Gold Standard Money

In the present-day economic and military situation, the obvious and necessary course is to return to the gold standard. A gold standard is indeed a means of greater freedom, both for the individual and for the country.

The gold standard is a means of stability, both financial and economic. It is a means of predictability, both for the individual and for the country. It is a means of security, both financial and economic. It is a means of certainty, both financial and economic.

The gold standard is a means of efficiency, both financial and economic. It is a means of productivity, both financial and economic. It is a means of growth, both financial and economic.

The gold standard is a means of fairness, both financial and economic. It is a means of justice, both financial and economic. It is a means of equality, both financial and economic.

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Tomorrow's Markets
Walter Whyte Says—

*BY WALTER WHYTE*

Every now and then the market roars out what its intentions are. Well, maybe it doesn't exactly roar, but it boils over, and then the market makes like a shy little maiden, hiding and refusing to say anything. Not even a peep. *

I could say that it is now playing the coy little female, but the chances are I'd be wrong. Actually it isn't playing anything. In fact it is just dumb; neither aggressive or coy. It is just a market that opens at 10 and closes at three with no fall-de-rall about it.

You can hardly pick up a financial service without seeing a statement that the market is going straight through the roof once it penetrates the 205 level, or plumb through the floor if it breaks the 200 level, then he doesn't visit customers' rooms, or have his broker call him regularly. In fact, such a man is probably not even in the market. And such a mangy interest is not in this column anymore.

This would be the time for me to make a positive statement—more so than being coy about the guesswork out of this market. One that would take you by the hand, lead you to the order window, have you buy a hatful of stocks, all of which would promptly go up 10, 20 or more points.

If I knew how to do that, I'd probably do it myself and let you stumble along the best you can and know how. Unfortu-
nately, my crystal ball is all clouded up and I don't know much more about the whole thing than my readers. Maybe my readers know more.

But behind all that talky talk and second guessing there's a little thing that happens and no one seems to notice. The rails went through their old track and, accordingly, a lot of short means that the bull trend has further to go.

If those lessons meant what they were supposed to, then this is the time to buy rather than sell. What to buy is of course, where to prefer the steels and motors and some of the positive leaders. Not because they are endowed with any magical qualities. But they're easy to get and worth buying. That's all.

Even their steps needn't be too far under their heels. A buy at a market with a stop two points under the buy point is the practice I follow.

If you don't want to do any more buying then just hold off. If the bull market is rolling, the denouement is closer than we think.

(The views expressed in this article do not necessitate the time coincidence with those of the editor of the Wall Street Journal.)

Continued from page 41

Some Benefits of Immediate Return to Gold Standard Money

men, the mutilation of issues, the distortion or neglect of pertinent facts by debaters who are interested in the gold standard are supposed to be able to get and hold the audience's attention. Supposedly a smart quip and a few swipes at the debaters' hollow pontifications, ponderous and platitudeous pronouncements and the like, will make the point. But, although common current substituents for refutation of verifiable fact and principle, are not in the least helpful to those Congress that needs facts and reliable data.

We mend our ways and get our facts, principles and lessons and, if, and then, Congress will act, and thus in the best interests of the people of this country, we should expect our country to be made redeemable. The reason is that there is no valid argument for maintaining an irredeemable currency in this country. An irredeemable currency is, in the broadest meaning, a delusion and a worse.

The Reed bill, and similar Hal bill, providing for redeemable currency with a 25 per cent premium rate of 15 per fine ounce of gold, was passed by the Senate of the United States, the House, the Treasury, the Federal Reserve Board, and the Senate. The bill was also passed by Con-
gress. The Reed bill (or Hall bill) should be made law.

The Prospects of Obtaining a Redeemable Currency

Monetary history teaches that there never has been a permanent suspension of specie payments. The reason is that paper is paper and gold is gold. Paper is no bet-
ter, in the long run, than the value of the promise by the maker of the promissory note. Such promises have a notoriously poor record. Gold, on the other hand, has a built-in weakness of human beings. It should be appreciated that the government in accordance with the weight and fineness of the amount of gold employed. It does not follow, therefore.

**SPECIAL CALL OFFERINGS**
4 for 100 Shares Plus Tax:
U.S. Steel $527.5ler steel ... $225.60
Dow Chemical ... $225.60
Southern Pacific ... $52.50
Juno ... $225.60
United States Steel ... $148.40
Amalgamated Co. ... $57.60
Mellon ... $45.00
Great Northern ... $30.00
Ore body ... $45.00
Standard Oil ... $12.00
Morgan Co. ... $22.50
Thomas, Haas & Babb

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Pacific Coast Securities
Orders Executed on Pacific Coast Exchanges
Schwabacher & Co

Members

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Chicago Board of Trade
Exchange of New York
Chicago Board of Trade

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20 Exchange Square
Cortland 1-1200
Telpepe 5-1912

Frigate 25 & P [Principal Offices]
San Francisco—San Diego—Santa Barbara—Monterey—Oakland—Sacramento—Fresno—Santa Rosa
Steel Stocks Behind the Market

As the record shows, these 111 steel stocks were still considered bargain counter historically—they might be neither adjusted to the new relation to their past extremes. But in relationship to all the available indications of value, and in the light of the last 20 years' growth, there can be little doubt that the steel stocks are relatively under-priced. But by 1946 there was always a fairly clear relationship between stock market prices and company earnings, with occasional divergencies which were always selected within fairly short time periods. Measured by the Dow Jones Industrial averages, the stock prices always tended to exaggerate the earnings trends, swelling too far in one direction or another. But in general, the general average steel stock has been a good earnings anchor. Since 1946 this generally normal procedure has been stayed within a relatively small trading area, and the investing public appears reluctant to accept the reality of this new level of earnings, despite all the evidence that the present standards are not longer applicable.

Appended is a table showing through 1946 the more pertinent growth figures.

### Steel Stocks

<table>
<thead>
<tr>
<th>Company</th>
<th>1939 (100)</th>
<th>1940 (100)</th>
<th>1941 (100)</th>
<th>1942 (100)</th>
<th>1943 (100)</th>
<th>1944 (100)</th>
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<th>Year</th>
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<th>Preferred Value</th>
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<td>1,400</td>
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<td>1,400</td>
<td>1,400</td>
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<td>4,200</td>
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<td>1942</td>
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<td>1,400</td>
<td>1,400</td>
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<td>1943</td>
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<td>4,200</td>
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The following statistical tabulations cover production and other figures for the latest week or month available. Data shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

### AMERICAN IRON AND STEEL INSTITUTE

<table>
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<th>Year</th>
<th>Latest Month</th>
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### AMERICAN PETROLEUM INSTITUTE

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### ELECTRIC TRANSACTIONS

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### ASSOCIATION OF AMERICAN RAILROADS

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### CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-

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

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### DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM

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### EMBASSY ELECTRICITE: Electric output in units, (short tons)...

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### HOOD'S BOND PRICES DAILY AVERAGES:

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### METAL PRICES (H. M. J. QUOTATIONS):

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### VOYCE'S COMMODITY INDEX:

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The SEC Today

part of the parent companies which had to be investigated, val-
ued and regulated.

During the past year or two we have had a somewhat similar situa-
tion in particular in Bond & Share. Four of the major subholding companies which at first were handled separately have now completed their major pro-
grams of pooling, and thus are now handled as one. It has been nec-

cessary to liquidate; and two will re-
main. With the new SEC, we have arranged their properties and a capital structure for the holding companies. It is gener-

ally known that the Holding Com-
panies will permeate a complete elimination of all public utility systems from our original till introduced into the Securities Acts. The rise in the prices of the stock of the Holding Companies, and the insistence of the House, was not allowed to permit companies serving a useful purpose, as meeting the standards of the Act to continue.

Two of the Bond & Share sub-

systems will remain in existence as integrated companies—American Gas & Electric Company, which can be handled by our 250 stockholders, through lower Michigan, Ohio, Indiana, Illinois, Kentucky, and Tennessee. Furthermore, the Virginia and Tennesse

ese states, and the assets of the Louisiana, Virginia, and Kentucky Holding Companies, the integrated holding companies of Electric Light & Power Lite and operates in Arkansas, Louisiana, and Texas and the other hand, National Light & Power shares, the largest and has left only two or three small independent holding companies. The Power & Light, whose plan went into effect last Wednesday, will be handled also as two separate holding companies in the Northwest after it has been modified to a situation of some fine companies as Florida Power & Light, and the Mississippi Power and Texas Utilities.

This leaves, of the old Bond & Share holding company, the Foreign Power and Bond & Share itself—which owns, in addition to remnants of the four systems, its major asset in Arizona. We have the Foreign Power, EBARC Services and United Gas. Bond & Share has been retained in reality only an ex-

istence as an investment company. This is not, however, an undesirable contingency, and extensive proceedings are now in progress.

This sketch of the gradual rear-
nuntings of the holding companies, the largest and most complicated busi-

nesses that have ever been. The notion of the terrific impact the Holding Company has shown, and the SEC has thus far been able to realize the full values which were in-

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ity holders have been the chief beneficiaries. Assisted by favor-

able economic conditions, cheaper capital, and an under-

standing of the power, the Act has en-

abled them to realize substantial improvements in their invest-

ments. We made an analysis re-
cently for a subcommittee of the Committee of the change in market value as to the outstanding holding companies from 1933, when held at 50 cents per share, to the date of final break-up in 1949. While the Dow-Jones utility average rose 300%, the common stocks of the Holding Companies rose about 100%, the common stock of the Bond & Share rose 300%, and the Dow-Jones average increased in value 226%, of Electric Light & Power, the holding company of the Texas Utilities and of Engineers Public Service 914.

I don't know whether these are typical or not. We analyzed only three companies, but I think that these records are not unusual and have been duplicated in many other systems.

Indirect Benefits

There have been many indirect benefits from the SEC. The capital position of the utility in-
dustry has traded very possibly an en-

vymous expansion of plants; rates to consumers have been declining; one company which once was so roundly condemned, have been able to continue operations thereby, to my mind, strengthen-

ing the industry and restoring public confidence.

Section 11, through its unprece-
dented and far-reaching authority, en-

ables companies to modernize their properties; it also enables the company to make it possible to eliminate such archaic holdovers from past finan-
cial history; it excludes personal warrants and non-callable securities so as to make the removing of securities which have little or no merit and which served only as instruments of speculation and a trap to the unwary. Until the enactment of Section 11, such a thing could not be accomplished only through liquidations, and even then new capital structures were often an acceleration of the process; it is, in or more, or in.

In the case of the break-ups, por-
tfolio securities are receiving a just treatment. Since the SEC was formed, the Commission has had to decide what rights should attach to these securities, and what difficulty of deciding which companies should be listed on an exchange.

Exchanges and Over-the-Counter Markets

Our role has been frequently misunderstood. We have taken no part in the business of listing a security holder gives a listed security and a good return in a listed security. There have been some differences in the Commission that should be immediately or might be eliminated; the Commission is not only incidental and it has no power to decide basic principles, however, even that principle has been misunderstood. Some peo-

ple believe that in settlement that securities emerging out of utility reorganizations are little we have shown favoritism toward the earnings. That is not true. Our job has been to see to it that where, by law, the particular number of the company has been to establish and that he gets the "equivalent" of what he is given up.

Cases like these put the SEC on a hot seat.

The exchanges and over-the-

The SEC today is an impartial \textbf{Red Cross} must carry on!
Security Now in Registration

- All American Casualty Co., Chicago, Ill. Feb. 27 filed 1,000,000 shares of common stock (par $1). Price—$2 per share. Underwriter—M. A. Kern, President of company, will sell the stock. Proceeds—For stated capital and paid-in surplus to carry on business.
- American Food Products, Inc., Colorado Springs, Colo. Feb. 20 (letter of notification) 100 shares of 4½% preferred stock (par $50), 2,000 shares of common stock (par $15), to be offered at par. No underwriter. Proceeds—To equip and renovate buildings, buy machinery, and for working capital.

American Israel Foundries Corp., N. Y. Feb. 16 (letter of notification) 100,000 shares of common stock (par $10) to be offered at $12.50 per share. Underwriter—To be filed by amendment. Proceeds—For further capitalization and for current operations.

Ampal-American Palestine Trading Corp., N. Y. Nov. 3 filed $3,250,000 10-year 3½% sinking fund debenture bonds (par $100), $200,000 1% convertible debentures (par $100). Underwriters—Israel Securities Corp. May be underwritten. Proceeds—to be used for expansion of operations.


Beverly Gas & Electric Co. Dec. 23 filed 33,000 shares of common stock (par $25) to be offered to stockholders at the rate of 1½% for each two shares now held, at $25 per share. No underwriter. Proceeds—to be used to pay off $750,000 in medium and long-term notes held by the New England Electric System and bank loans.


California Water & Telephone Co. Feb. 20 filed 5,000,000 shares of 6% 10-year convertible preferred stock (par $25) and 50,000 shares of common stock (par $25). Underwriter—To be named by amendment, probably Blyth & Co., Inc., through negotiated sale. Proceeds—to repay bank loans and for new construction.


- Central Ohio Gas Corp., Columbus, Ohio Feb. 16 (letter of notification) 10,000 shares of common stock (par $10), $75,000 in first mortgage bonds (par $100) to be offered at $12.50 per share. Underwriter—To be filed by amendment. Proceeds—For construction and working capital.

- Chicago Whirler, Inc., Chicago, Ill. Feb. 24 filed 556,666 shares of common stock (par $8.50), of which 498,066 will be offered to stockholders at the rate of one new share for each five held, 58,000 shares will be sold to officers and employees. Underwriter—To be filed by amendment. Proceeds—to be used for additions to property, plant and equipment.

- Color-Beck, Inc., New York City. Feb. 26 filed 600,000 shares of common stock (par $1). Underwriter—To be filed by amendment. Proceeds—to be used in connection with the financing of the company’s operations, and for other corporate purposes.

- Commercial Credit Co. Feb. 26 (letter of notification) 25,000 shares of common stock (par $10). Underwriters—Kidder, Peabody & Co. and The First Boston Corp., New York. Price—to be filed by amendment. This stock will first be redeemed outstanding on a pro rata basis at 3% per annum and $25 per share. Proceeds will be publicly offered. Proceeds—to complete retiring the 3½% preferred at $105.90 a share.

- Connecticut Savings Bank, N. Y. Feb. 16 (letter of notification) 1,000,000 shares of common stock (par $10). Price—To be filed by amendment. Proceeds—to be used to acquire and construct new office buildings.

- Daniels & Fisher Stores Co., Denver, Colo. Feb. 16 (letter of notification) 10,000 shares of common stock to be offered at $32.50 per share, the proceeds going to the estate of Arthur H. Bowyer. Underwriters—Bowyer, Sullivan & Co., Inc., Denver. Office—16th and Arapahoe, Denver, Colo.

- Detroit Edison Co. (3/7) Feb. 14 filed $35,000,000 of general and refunding mortgage bonds, series J, due 1980. Underwriter—to be supplied by amendment, along with offering price. Bidder—for the series J issue in 1947, were: Coffin, Burr & Co. and Spencer Trask & Co. (jointly); Halcyon, Staurt & Co., Inc; The First Boston Corp.; and Kidder, Peabody & Co., Inc. Proceeds—to be used to construct new power plants.

- Dom Empire Co. of California Feb. 3 (letter of notification) 15,000 shares of common stock (par $1) to be sold at the market price of about $3.75 per share by Woodrow G. Kriger, President. Underwriter—Shearman, Hamill & Co., Los Angeles, Calif.

- Duke Power Co. Feb. 20 (letter of notification) 80,000 shares of common stock (par $1) to be sold at the market price of about $1 per share by Carleton S. Smith, President, and J. A. O’Byrne, Vice President. Office—1406 Ewell Ave., Detroit. Office—1406 Ewell Ave.

- Duval Sulphur & Potash Co., Houston, Tex. Dec. 21 (letter of notification) 75,000 shares of common stock (para $10) to be offered to stockholders at $13.50 per share, with the proceeds going to the estate of Arthur H. Bowyer. Price—$15 per share. Proceeds—to be used for working capital and other general corporate purposes.

- East Tennessee Natural Gas Co. (3/3) Jan. 30 (letter of notification) 3,000,000 shares of common stock (par $1) to be sold by Garfield K. Stierley, President, and J. F. Wood, Vice President. Price—to be filed by amendment. Proceeds—to be used in an expansion program.

- Livonia and Dearborn, Mich. Feb. 16 (letter of notification) 12,000 shares of common stock, of which 9,000 are to be offered to employees of the company. Price—to be filed by amendment. Proceeds—to be used in an expansion program.

- Rock Drug Co., San Bernardino, Calif. Feb. 16 (letter of notification) 15,000 shares of common stock (par $1) to be sold at the market price of about $1 per share. Underwriters—Macy & Co., San Francisco. Proceeds—to be used in an expansion program.
NEW ISSUE CALENDAR

March 3, 1950
East Tennessee Natural Gas Co.—Netrs & Com. 

March 6, 1950
Missouri Pacific Rl Co. (Ests) & Tfs. 

March 7, 1950
Detroit Edison Co. . . . . Bonds Harnar & Co., Inc. & Preferred. International Great Northern Rl. 

Nor, (CST).—Equip. Tfs. Lowell Adams Factors Corp. 

Mississippi Power Co., 11 a.m. (EST.) Bonds Oil Tool Public Service Commission of St. Louis. Brownsville & Mexico Ry. 

March 6, 1950
Virginia Electric & Power Co.—Preferred 

March 9, 1950
Baltimore, Rl Co., 10 a.m. (EST).—Equip. Tfs. Southern Pacific Co., 11 a.m. (EST) Debentures 

March 13, 1950 
General Public Service Corp.—Common 

Metropolitan Edison Co. 

Noon (EST).—Bonds & Preferred 

New Jersey Bell Telephone Co. —Debentures 

March 15, 1950 
Bank of New York.—Common 

March 20, 1950 
Appalachian Electric Power Co.—Bonds 

March 23, 1950 
Seaboard Air Line Rl. —Equip. Tfs. 

Monongahela Power Co. —Preferred 

Northern Indiana Public Service Co.—Bonds 

March 31, 1950 
Ohio Power Co.—Bonds 

April 10, 1950 
Utah Fuel Co., 11 a.m. (EST).—Common 

April 11, 1950 
Iowa Public Service Co.—Preferred 

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

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

The above offerings are to be offered to common stockholders on a two-for-five basis. Price—$4 per share. Underwriters—Straus & Blocher, Chicago, Ill., and Dallas & Sons, Dallas, Texas. 


Lew D. Adams Factors Corp. (3/7) Feb. 2 (letter of notification) 50,000 shares of common stock (par $10) and 25,000 shares of 5% cumulative preferred stock (par $50). For public offering. Par; and for common, $2 per share. Underwriter—The First Guaranty Securities Corp., New York. 

Lowe Electric Light Corp., Lowell, Mass. Dec. 30 filed 55,918 shares of capital stock (par $25). Offering—To be offered to common stockholders at the rate of one new share for each three shares held. Underwriter—Blyth & Co., Inc. 

Managed Funds, Inc., St. Louis, Mo. Feb. 23 50,000 shares of capital stock. Underwriter—Lehman Brothers & Company (par $50) and 1,656,156 shares of stock (par $10) to be issued. 


Ottar Tail Power Corp (3/7) Feb. 14 filed 125,000 shares of stock (par $5). Offering—to be offered to common stockholders at the rate of one new share for each six shares held. Underwriter—Blyth & Co., Inc., Merrill, and Blyth, Co., Inc., Central Republic Co., and Merrill, Blyth, Co., Inc., First Boston Corp.; Harriman & Co., Inc.; Lehman Brothers & Bear, Stearns & Co. (par $5). 

Ottawa Financial Corp. Feb. 13 filed 114,000,000 shares of stock (par $1). Offering—to be offered to common stockholders at the rate of one new share for each five shares held. Underwriters—Kidder, Peabody & Co., Inc.; Blyth & Co., Inc., and Lehman Brothers & Co. (par $5).


Staemstone & Mortgage Co., New Ulm, Minn. Feb. 27, filed $20,000,000 of series 1957 investment certificates, and $10,000,000 of Series 1217-A accumulative saving certificates. No underwriter. An investment company. 


Supplier (O. C. ) Co., Louis, Mo. Feb. 15, filed $2,000,000 of 5% cumulative preferred stock to be offered at $100 per share. Proceeds for working capital. Underwrite—103 Hadley St. 

Tenneco Nov. 21 filed 100,000 shares ($10) common stock. Offering—These are shares to be offered to holders of $100 bonds due 1979, to be paid in five equal installments for each five held. Underwrite—None. Proceeds—For working capital. 


Texas Utilities Co. (2/10) Feb. 26 filed 400,000 shares of common stock (no par). Underwriter—Citicorp. Probable bidders: Blyth & Co., Inc. and The First Boston Corp. (jointly); Lehman Brothers; Goldman, Sachs & Co. (jointly); Harris & Co. (Inc.); and Lazard Freres & Co. (Inc.). Proceeds—To be used to construct and operate a pipeline from Galva, Tex., to Roanoke. Underwrite—125 Church Ave., S. W., Roanoke, Va. 

Texoma Service Corp., Los Angeles, Calif. Feb. 20, filed 20,000 shares of common stock. Proceeds to be used to construct and operate a pipeline from Galva, Tex., to Roanoke. Underscribe—125 Church Ave., S. W., Roanoke, Va. 

Texas Power Co., Dallas, Texas Jan. 13, filed $3,000,000 of 4% senior cumulative irredeemable preferred stock. Proceeds—To be used for general corporate purposes. Underwrite—First National Bank of Atlanta, 150,000 shares to be offered at $100 per share to holders of $100 bonds due 1953; 52,000 shares to be offered at $100 per share to holders of $125 bonds due 1953; and 36,000 shares to be offered at $100 per share to holders of $150 bonds due 1953; and 36,000 shares to be offered at $100 per share. Proceeds will be used to construct and operate a pipeline from Galva, Tex., to Roanoke. Underwrite—125 Church Ave., S. W., Roanoke, Va. 


Philadelphia Red Oak Lumber Co., Chicago, Ill. Feb. 13, filed $25,000,000 of 5% cumulative preferred stock (par $100) and 200,000 shares of common stock. Proceeds—For additional working capital. Underwrite—Kidder, Peabody & Co.; The First Boston Corp.; Union Securities Corp. Proceeds—To be used for working capital. 

Prospective Offerings 

Alberta (Province of) Feb. 27, (letter of notification) 1,000,000 shares of common stock to be offered to the public. Underwriter—None. Proceeds—For working capital. 

Arkansas Louisiana Gas Co. Feb. 27, (letter of notification) 1,000,000 shares of common stock to be offered to the public. Underwriter—None. Proceeds—For working capital. 

Arizona Natural Gas Co. Feb. 6, announced an unexchanged new 3% preferred stock (par $100) for sale to the public. Proceeds will be used for the purchase of additional working capital. Share is contingent upon approval by SEC and favorable Court and will be sold to holders of $100 bonds who own any of the two common shares and $18,000,000 preferred stock of the company. Proceeds will be used for working capital. 

Boston Edison Co. Jan. 26, reported company is planning to issue $18,000,000 of 5% preferred stock (par $100) for sale to the public. Proceeds will be used for working capital. 

Carolina, Clinfield and Ohio R.R. Feb. 27, (letter of notification) 1,000,000 shares of common stock (par $10) for sale to the public. Underwriter—None. Proceeds—To be used for working capital. 

Columbia Gas System, Inc. Feb. 17, company applied to the SEC for authorization of an offering of not to exceed $40,000,000 of its common stock (par stock) to be offered to the public. Underwrite—None. Proceeds—For working capital. 


Virginia Electric & Power Co. (3/8) Jan. 21, filed 100,000 shares of preferred stock (par $100). Underwrite—Merrill, Lynch, Pierce, Fenner & Beane. Proceeds—To be used for the construction and development of new generating facilities and for working capital. 

Virginia Electric & Power Co. (3/8) Feb. 4, (letter of notification) 1,000 shares of common stock to be offered to the public. Underwrite—None. Proceeds—For working capital. 

Virginia Power Co. Feb. 24, directed approval a plan for the sale of 232,350 additional shares of common stock (par stock) at a price of $60 per share. Proceeds will be used to repay bank loans. Offer- 


Whirlpool Corporation, etc., New York, N. Y. Feb. 17, (letter of notification) 1,000,000 shares of common stock to be offered to the public. Underwrite—None. Proceeds—For working capital. 

Whirlpool Corporation, etc., New York, N. Y. Feb. 19, (letter of notification) 2,000,000 shares of common stock to be offered to the public. Underwrite—None. Proceeds—For working capital. 

Whirlpool Corporation, etc., New York, N. Y. Feb. 21, (letter of notification) 1,000 shares of common stock to be offered to the public. Underwrite—None. Proceeds—For working capital. 


Louisiana Power & Light Co. Feb. 18—Registered to sell $4,000,000 and $6,000,000 of bonds, and refund the outstanding $6 pre¬ferred stock. Probable bidders: Halley, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Beane (jointly); Kidder, Peabody & Co.; and First Boston Corp. (jointly). 

Mississippi Power & Light Co. Feb. 8—Registered to sell $4,000,000 of preferred stock. Probable bidders: Halley, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Beane (jointly); Kidder, Peabody & Co.; and First National Bank & Trust Co. (jointly); Kidder, Peabody & Co.; and Eastman, Dillon, Read & Co. (jointly) 

Our Service Co. of Colorado Feb. 19—Registered to sell about the middle of this year $7,500,000 debentures and $7,500,000 pre¬ferred stock. Probable bidders: Halley, Stuart & Co. (debtenuents only); W. C. Lehman & Co. (preferred stock only); Merrill Lynch, Pierce, Fenner & Beane; and Drexel & Co. (jointly); Halley, Stuart & Co.; Morgan Stanley & Co.; and Ripley & Co. (jointly); Kidder, Peabody & Co.; Harris, Hall & Co. (Inc.) (jointly); Lehman Brothers; Har¬riman Ripley & Co. (jointly); Kidder, Peabody & Co.; and Eastman, Dillon & Co. (jointly).

Public Service Electric & Gas Co. (5/2) Feb. 15—Restated plan of reorganization of the company including $10,000,000 first mortgage refunding mortgage bonds. Underwriters—Names to be announced. Probable bidders: Halley, Stuart & Co.; Morgan Stanley & Co.; and Ripley & Co. (jointly); Kidder, Peabody & Co.; Harris, Hall & Co. (Inc.) (jointly); First Boston Corp.; Union Secur¬ities Corp.; Halsey, Stuart & Co. (Inc.); and White, Weld & Co. (Inc.). Proceeds—to refund $34,000,000 first mortgage bond. 


Air Line Airline Co. Feb. 15—Announced that the Allen Property Custodian is prepared to pro¬ffer at competitive bidding $40,000 shares of common stock (total issue outstanding) late in March or early in April. Registration with the SEC expected. Probable bidders: A. O. Decker & Co. (Inc.); Union Securities Corp. and Ladesseburg, Thalman & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Halsey, Stuart & Co.; Charles E. Besbest & Allen, C. 

Airline Co. Feb. 15—Announced that the Allen Property Custodian is prepared to proffer at competitive bidding $40,000 shares of common stock (total issue outstanding) late in March or early in April. Registration with the SEC expected. Probable bidders: A. O. Decker & Co. (Inc.); Union Securities Corp. and Ladesseburg, Thalman & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Halsey, Stuart & Co.; Charles E. Besbest & Allen, C. 

New York Central R.R.

New York Central R.R. Feb. 15—Registered to sell $9,000,000 equipment trust certificates is expected early in April. Probable bidders: Halley, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Beane (jointly); Kidder, Peabody & Co.; and Ripley & Co. (jointly).

Northern Natural Gas Co., Omaha, Neb.

Northern Natural Gas Co. Feb. 24—Registered to sell at competitive bidding $40,000,000 of 13% mortgage bonds to be used to refund the maturity of some of the company's outstanding debt. Probable bidders: Kidder, Peabody & Co. (jointly); Kidder, Peabody & Co.; and Whitman, Pierce, Fenner & Beane (jointly).

Ohio Edison Co.

Ohio Edison Co. Feb. 18—Registered to sell at competitive bidding $32,000,000 of first mortgage bonds payable May 1, 1965 at $1,000,000 premium if called before May 1, 1968. Probable bidders: Halley, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Beane; White, Weld & Co.; and First Boston Corp. Proceeds—to be used to reimburse the company for all outstanding first mortgage bonds and equipment trust certificates of Ohio Public Service Co.

Otter Tail Power Co.


Pacific Intermountain Express Co.


Pennsylvania Power & Light Co.


Utah Fuel Co.

Utah Fuel Co. Feb. 18—Registered to sell for cash $5,000,000 of 7% mortgage bonds. Probable bidders: Goldman, Sachs & Co.; Kidder, Peabody & Co. 

Utah Power & Light Co.

Utah Power & Light Co. Feb. 17—Announced that company proposes to sell during the first quarter of 1965 about $10,000,000 of preferred stock financing in order to supply a portion of its future needs for expansion. In addition, company and Matthews Chemical Corp. is said one of these holdings. Probable bidders: Lebus, White, Weld & Co.; Lee, Bainton & Co.; Lebus, White, Weld & Co. and Kidder, Peabody & Co. 

Wisconsin Public Service Corp.

Wisconsin Public Service Corp. Feb. 17—Announced that company proposes to sell at competitive bidding all of the 1,635,000 shares of its Wisconsin Electric Power Co. stock, the company's principal subsidiary, seeks to sell the certificate to the highest bidder following its proposed reorganization (see Equitable above). It is the intention of the System to sell only about half the company's holdings in WEP stock: First Boston Corp. and Robert W. Buil & Co. (Inc.); E. H. White, Gore & Fargan (jointly); Harriman Ripley & Co. (jointly).
Observations…

the earnings rise but, in the atmosphere of rising speculative excitement they were capitalized with higher multipliers. For example, the earnings of 1946/7 at a line of $1 per share, American Foreign Power was “appraised” with a multiplier of no less than 300. The 1929 situa-
tion was repeated and the past record of new high prices for the same reason.
First the upper-nature of the expanded market was capitalized, and now the earnings were capitalized with record-high multipliers. Instead of reduced multipliers being put on the inflationary phase of the market, the risk in the market was put on the fundamental price of the specific industry, or in the market in the general market.

Similarly with the closed-end investment companies, as this column has demonstrated in the past, the discounts from asset values were much larger in the market in the present and in the market.

The New Pools

Now, in contrast to past practice, the double-reflection of bull market capitalization in the market is emphasized, perhaps, in the surprise over the general market’s sticking to the unprecedentedly low cap-

italization of the current high earnings, primar-
ily when related to the low yields currently obtainable from bonds as capitalized in the popularized “5%-versus-7%” slogan. “It must be conceded that the stock market has been demonstrating remarkable poise,” is Ihe description grudgingly offered in a current Market Letter.

The Roller-Coaster Abandoned

The changed attitude is exemplified by the current valuation of the market, at its highest level, as in its traditional "roller-coaster" market action, as statistically detailed in Mr. Louis Stone’s article in this issue of the “Chronicle” (p. 3), the steel stocks are quoted at a price level 500% above their 1945 lows in the face of a doubling of earnings; and compared with 1945, the market prices are no higher than the highs of that year although there have been substantial gains in the market.

So it is that Youngstown Steel and Tube is valued in today’s market at 45 times its 1949 earnings (a price that is less than its present quick-liquidity value).

The further test of such phantasmatic investor intelligence with bull market capitalization is readily apparent, in the earnings drops—temporarily—to $4 per share, will the market’s com-
munications retain enough sense to continue the present price level of $80 per share?

Bargain Counter or Just Reasonably Priced Merchandise?

As an argument by the bulls claiming present market levels reminiscent of the bargain counter is put forward, that many stocks today, despite higher earnings, are selling at lower levels than the 1929 levels at which they were bid on (23 times), whereas in 1946 it sold at 20 with the lower earnings of $6.70.)

But unresolved bullish conclusions claiming this represents cur-
temporary conditions and overlooking the relatively valid explanation: (1) in both periods the earnings have tem-
porarily lagged behind income at a time when the market is looking over the long-term— that in 1945 such temporarily big earnings are being matched by multipliers that are the consequence of the generally greater speculative market interest in the earlier bull-market period. Consistent with our conclusion re-
garding the understanding of the current market level will be confirmed if in the next railroad depression today’s price of Southern Pacific is knocked down to conform to the tempo-

rarily lowered earnings.

Clarity in T-V Reception

Another manifestation of current sophistication—at least among some professional element—is the rise in the abject interest in the television shares. Evidently at least some of the market community is able to maintain enough poise to spur the bonds earnings-cum-"romance" of our newest industrial underirden. This is not to imply that the public has forgotten its ife of buying issues after (because?) they have quadrupled in price—particularly when price is numerically low. In order to understand the present anecdotable of investor psychology is the sobered attitude toward the potential effects of price changes. Many are not willing to watch the changes in market prices and capitalization to come around to the view expressed by the Bankers Trust Company in debunking the "stratospheric" expectations of some observers by re-emphasizing both the size of the liquid funds and their effect on the investment markets.

While there is considerable increasing abandonment of infla-
tion as a bull argument. Apparently it is being realized that past experience in this country as well as in England, France, and Germany, demonstrates the fundamental failure of stock prices to compensate for depreciation of the mone-

they are at present. In the high-producing United States there is the additional empirical "anti-
inflation" effect of price changes, because of the fact that inflation attracts plenty of interest. Missis-
inflation may be $3,000,000 or $10,000,000 to the

equipment trusts due up next week, on Thursday, is Chicago Burlington & Quincy’s $10,200,000 of earning. Missouri Pacific will touch off the week on Monday when it opens bids for $3,000,000 of its equipment certificates.

Two smaller undertakings, $957,000,000 for the St. Louis, Brownsville & Eastern, and $9,000,000 for the International-Great Northern, both due on Tuesday round out this phase of the new underwritings.

Rosenthal Roth With Bache & Co., Chicago

CHICAGO, III.—Edward M. Rosenthal and Nicholas Roth have become associated with Bache & Co., 135 South La Salle Street. Both were formerly with Farrall & Co., of which Mr. Rosenthal had been a partner for more than 20 years.

George Sirola Sons To Handle Securities

George Sirola & Sons, 2 Broadway, New York City, will en-
gage in a business in general terminal services, particularly

earnings; and insurance companies evid-
ence that the present capitalization is in the form of a turnover, and a net decrease represented by the net decrease in Reserve’s holdings beyond actual turnover in the securities held.

With governments showing a simultaneous upward movement on a per-

point on the average, high-grade corporates likewise have been depressed, and while there has been no absence of real pressure there has been no great change, except in the point of disposition to bid for such papers.

World Bank Bonds

The World Bank’s experience in the turbulent market of its second offering was the result of an early and strong action of the market.

The Bank’s officials naturally understood the failure, in the end, not amainly of saving in-

interest on how competitive bidding

is can boomerang on occupation.

The Bank’s officials understood the finance, without not only of saving in-

interest on how competitive bidding

is can boomerang on occupation.

Two With Waddell Reed

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, MO.—Albert H. DeCanniere and Robert E. Holli-

are with Waddell & Reed, Inc., 1012 Baltimore Avenue.

Loewi & Co. Add

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, WIS.—Eimer & Engell has been added to the staff of Loewi & Co., 25 East Mason Street.

DIVIDEND NOTICES

AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 174
Common Dividend No. 154

A quarterly dividend of 7½¢ per share (15½%) has been declared upon the Preferred Stock of The American Tobacco Company, payable in cash on April 1, 1950, to stockholders of record at the close of business March 31, 1950.

Checks will be mailed.

E. A. HANVEY, Treasurer
February 14, 1950

ANA CONDA COPPER MINING COMPANY

Dividend No. 147

The Board of Directors of Anaconda Copper Mining Com-
pany has declared a dividend of Fifty Cents ($0.50) per share on its capital stock of the par value of $100 on March 30, 1950, to stock-
holders of record at the close of business March 10, 1950.

C. EARL MORAN
Secretary and Treasurer

Beneficial Industrial Loan Company

DIVIDEND NOTICE

Dividends have been declared by the Board of Directors, as follows:

CUMULATIVE PREFERRED STOCK $2.25 per share $1.40 per share $1.40 per share

$4 Dividend Series of 1948 $5 Dividend Series of 1947 $5 Dividend Series of 1946

$81/2 per share $81/2 per share $81/2 per share

COMMON STOCK $37/8 per share $37/8 per share $37/8 per share

$2 per share $2 per share $2 per share

The dividends are payable March 31, 1950 to stockholders of record at the close of business March 10, 1950.

PHILIP KAPINAS
Chairman
March 1, 1950
The Board of Directors of the Colorado Fuel & Iron Corporation on March 7, 1950, declared this day a quarterly dividend of $1.00 per share in cash on the Common Stock of the Company, payable March 17, 1950, to stockholders of record at the close of business on March 10, 1950.

W. F. HAUTAU, Treasurer.
February 23, 1950.

The Colorado Fuel & Iron Corporation

DIVIDEND ON COMMON STOCK
At a meeting of the Board of Directors of the Colorado Fuel & Iron Corporation held on March 7, 1950, the regular dividend of 10½% per annum has been declared on the Common Stock, payable March 17, 1950, to stockholders of record at the close of business as of March 10, 1950.

W. F. HAUTAU, Treasurer.
February 23, 1950.

The Board of Directors of the Colorado Fuel & Iron Corporation has declared a quarterly dividend of $1.00 per share in cash on the Common Stock of the Company, payable March 17, 1950, to stockholders of record at the close of business on March 10, 1950.

W. F. HAUTAU, Treasurer.
February 23, 1950.

The Cleveland Trust Company of New York, New York, March 1, 1950, has declared a quarterly dividend of 15¼% per annum, equivalent to a quarterly dividend of $1.00 per share in cash on the Preferred Stock, $100 par value. Stockholders of record on March 1, 1950, will be entitled to receive said quarterly dividend payable March 15, 1950, at the close of business on March 10, 1950.

MATTHEW T. MURRAY, Secretary.
February 14, 1950.

The Board of Directors of the Corporation have declared a dividend of $0.10 per share in cash on the Preferred Stock, $100 par value, payable March 15, 1950, to stockholders of record at the close of business on March 10, 1950.

W. C. COLBERT, Vice President and Treasurer.
February 25, 1950.

Newmont Mining Corporation, Denver, Colorado, March 14, 1950, has declared a dividend of $0.50 per share in cash on the Common Stock, payable March 15, 1950, to stockholders of record at the close of business on March 10, 1950.

GUSS MEYERICK, Treasurer.

L I B E R T Y P R O D U C T S C O R P O R A T I O N

Fortuneville, New York.

DIVIDEND NOTICE

The Board of Directors of Liberty Products Corporation has declared a dividend of Ten Cents (10¢) per share in cash on the Common Stock of the Company, payable March 15, 1950, to stockholders of record at the close of business on March 6, 1950.

William G. Holman, Secretary

February 28, 1950.

A cash dividend of Fifty Cents (50¢) per share on the outstanding common stock of this Corporation has been declared payable April 1, 1950, to stockholders of record at the close of business March 15, 1950.

KENNETH H. HANAN, Secretary.

DIVIDEND NOTICE

The Board of Directors of the Corporation has this day declared a dividend of Twenty-Five Cents (25¢) per share on the Common Stock of the Corporation, payable April 1, 1950, to stockholders of record at the close of business March 15, 1950.

H. M. Mason, Secretary.
February 28, 1950.
WASHINGTON . . .

And You

WASHINGTON, D. C. — Aftermerely a few weeks, the move for fast cuts in the existing taxes is now obvious. Unless some unexpectedly strong power comes for quick action, it appears at present as though the buyers’ strike on the high-taxed articles might as well fail, unless it is set to continue until June.

As of this week end the House Ways and Means Committee is scheduled to complete its open hearings on tax legislation. The committee then goes into a closed-door session to work out the plans and committee members think it will take a month to come out with a bill.

Even if the committee reports a bill the next two or three weeks, however, it cannot go through the Senate before another week, or at the very earliest by the third week in March. This is about the time the Senate Finance Committee has to take to put the public hearings on the Social Security Bill, if the House gets its tax cuts over to the Senate Committee just after the Senate’s public hearings on the Social Security Bill, it is possible the Finance Committee might say so early as to start work on the tax bill.

If the Senate Committee took the same slacker attitude, though unlikely, it might conceivably delay the action of a tax bill by the early part of April. Give the Senate a week, and the December public hearings are scheduled, and at the very earliest, come out with a tax bill. The speed, both houses might separate the tax bill by the end of April. Adjustment in conference could easily be made even if all zeal for apathy were applied, come before another two or three weeks.

This is a matter of agreement on a final version acceptable to both Houses in conference. Then will come the veto message, if the President does not back down. In view of the fact the cause Congress will not over-examine the cuts with compensating revenue.

So very early there could be some agreement that would be about June 1, and only if the Senate action was not as promet action. It is not reasonable, however, to expect the breaks to come for speed. The Senate will get behind schedule, and those piled up in the forth-coming filibuster over FCC. If the House does not get its bill to the Senate before May, at this merely the Senate may not entirely possible the Senate Committee would work extra hard and not even begin to consider taxes until later.

Chairman Cannon (D., Mo.) has taken quietly a self-sacrificing step for the sole purpose of avoiding any mishap to the single appropriation bill. This year the House (and Senate also) is handling all appropriations in a single measure, due perhaps in late March. The idea is to withhold appropriated any money until a down payment had made on the amount to be recommended to the Appropriations Committee.

Subcommittees are holding hearings and considering simultaneously the dozen separate appropriations bills, which will be given final approval until they are considered by the committee.

Obviously when the several separate subcommittee recommendations come before the full committee, the same apparatus has to be set up to correlate the pieces into a single bill. Somewhere in this has got to say how much, if any, overall reduction shall be applied where. A full committee obviously cannot take the time to consider all appropriations.

So Mr. Cannon originally projected the top-ranking Republicans and Democrats on the Missouri Representative’s sacrifice of this key spot had little to do with the single appropriation bill, which is now proceeding in so harmonious a fashion. The Federal Power agency appears to have got a little break in time, but to get it money will, so it could proceed on a power project a gainst the Appropriations Committee.

Conservative - minded persons here regard the outcome of the British election as the best possible thing short of a stable Conservative party majority in Commons. Under the British system a slender majority can be hamstring and harassed by a large minority as to come to look like a futile and vestigial government without plans, purpose, direction or accomplishment.

During the last two years of Mr. Roosevelt’s administration, the U. S. scene afforded a rough equivalent of what this situation. The Democrats controlled the House during that two years, and the nimble, po¬ litically brilliant Jack Garner did his job of stepping Mr. Hoover’s legis¬ lative program through Congress using bright alternatives. It was Op¬ erator Garner who was responsible for frustrating Mr. Hoover and spreading the impression abroad that the former Presi¬ dent was a man of inaction. It was the late Chair¬ man Michaelson, Democratic pub¬ lisher, got the credit for bringing about.

There was more significance to the recent scratch contest over what group in the Senate would hang out the shingle as the professional spokesman in the upper chamber for small business than to swing a couple of vaudeville artists as to which should get top billing and biggest letters on the theater marquees. The actors may hate each other privately but the show will go on just as it is written in the script.

For some time both Houses have had a "special committee" on small business. These special committees are without legislative power, and naturally so. The interest of small business in tax appropriations, regulatory, and other legislation can hardly be strained out of the interest of all business.

But the "special committee" on small business provides a forum where so-called small businessmen can sound off in public. It is a vehicle to show that certain Congressmen love small businessmen and deserve their votes, and it is a commit¬ tee where ponderous investigations are discussed. Its output of constructive legis¬ lation is usually small. It has to be small because the Federal Government is not yet ready to reduce income taxes or lessen the SEC brackets.

However, at the beginning of the 81st Congress the customary res¬ olution to continue the Special Senate Committee on Small Busi¬ ness got referred to the Banking Committee. When it arrived, Chairman Barret R. Maybank (D., S. Car.) sat on it. He set up his own banking subcommittee on small business with himself as chairman, because he wanted to sell the public small business merchandise himself. He was able to get away with it because it included the Democratic-sponsored Legislative Reorganization Act of 1946 declared against special commit¬ tee principles, and (2) there was a little doubt as to whether the Democrats wanted Senator James E. Murray (D., Mont.) to be chairman as was his due, since Mr. Murray is a little too far back to suit most of the Demo¬ crats.

However, with President Tra¬ man in 1950 adopting small business as his own weapon, the Majority Leader Scott Lucas (D., Ill.) sponsoring small business financing aids, it began to appear as though it would be necessary to re-create the spec¬ ial committee to sound con¬ fusion, with Lucas backing the idea, the special committee was set up once more, but until Senator Maybank had told the Senate that he was most angry.

There is now definitely estab¬ lished (always subject to later change) a new line-up on housing. For the last several years the Sen¬ ate Banking Committee, loaded with both Democratic and Repub¬ lican "Kearls", has been a top¬ gessor for more and cheaper housing and for cheap and expensive housing for the Treasury to pay for. It has been the House Banking Committee, under both Democratic and Repub¬ lican "Tories", which has always held back, which has asked the most skeptical questions which often has stopped subsidi¬ zing.

Now the House Banking Commit¬ tee has a change of direction without important changes, and the new form virtually that it was drafted a bill for the modification of the cooperative housing bill. The Senate Banking Committee is not as well known but is coming somewhat and come out with a curiously modified, if still expensive, proposition. The Senate Committee did this because the Republican "liberals" who be before have steadfastly supported political housing, run out on the proposition.

One of the little incidents of the affair is that it was Senator Allen J. Fears, Jr. (D. of Dela¬ ware, who held the balance of power in the committee. The bill that has come forward, however, does not suit his wishes to get the majority of one necessity to get it re¬ pealed.

There appears to be little doubt but that the Treasury is moving to space its financing on a quarterly basis and the Treasury is moving to space its financing on a quarterly basis and the Treasury is moving to space its financing on a quarterly basis and the Treasury is moving to space its financing on a quarterly basis. The Senator Murray approach now will bring a 10% rate or move into the 1½% rate, as business conditions indicates many years prior to the war. The new quarters, however, will be that such issues will mature 15 days, or 60 days, or 90 days, or 120 days, or 180 days, or 240 days, as the case may be.

Rate-wise, the Treasury is as reported, placing itself in a po¬ sition to pay 1½% on the 1-year $15 rate or move into the 1½% rate, as business conditions indicates many years prior to the war. The new quarters, however, will be that such issues will mature 15 days, or 60 days, or 90 days, or 120 days, or 180 days, or 240 days, as the case may be.

The small business is used to be a matter of interest to the Congress, and may or may not coincide with the "Chronicle’s" own views.

J. A. Rayvis Co., Inc.

MIAMI, Fla. — J. A. Rayvis Co., Inc. has been formed with offices and warehouse on the north¬ east in a large office building. Of¬ fice will be under the direction of President; Rita Rayvis, Vice-Presi¬ dent; Albert Sinclair, Treasurer, and Charles H. Malcolm, Secre¬ tary.

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Thursday, March 2, 1950

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