Abolish Farm Price Support Program!

By PAUL C. JOHNSON* 
Editor "Prairie Farmer"

Assuming "hot house" treatment of farmers through subsidies "has put them out on limb," prominent editor of agricultural journal calls for re-examination of whole farm program. Opposes allotments and quotas and other bureaucratic devices, and attacks present agricultural price support methods. Says Brannan plan would make farmer dependent on Uncle Sam for income and would lead to Socialism. Calls for return of free competitive market and greater self-reliance on part of agricultural but upholds subsidies for soil conservation. Says aid to the marginal farmer, through educational instruction and credit or through building industries in rural areas, is needed.

The Perils of Chronic Deficit Financing

By JOSEPH STAGG LAWRENCE* 
Vice-President, Empire Trust Co., New York City

Dr. Lawrence, in calling attention to continuous deficit financing as leading to inflation and national bankruptcy, says Federal Government is ignoring basic rule of public finance by not living within its income. Halts our present paper money system is a species of fraud and warns of delusion that chronic deficit financing can lead to permanent prosperity. Calls upon bankers to avoid their own slaughter by educating public to perils of deficit spending and spreading knowledge regarding danger of our present irredeemable currency system.

PUBLIC UTILITY ISSUE NEXT WEEK—The "Chronicle" of Thursday, June 15, will feature the proceedings of the Edison Electric Institute Convention at Atlantic City, N. J. The same issue will contain pictures taken at the recent outing of the Bond Club of New York.

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RICHARD A. EISING

Member, N. Y. Stock Exchange

(American Cyanamid 3% Conv. Pfd. and Phillips Petroleum 2% Convertible Pfd.)

Because of exceptional growth prospects, a company with a capital structure carrying low risk two convertible issues in my opinion afford the short medium for investment at this time. They are: (1) American Cyanamid new convertible preferred "B" (109) which is convertible into common at 72. This is the present par value of the common at the time of this writing: and (2) Phillips Petroleum convertible 2% of 1975 (101%) which bonds are convertible into common at 75 with moderate current return. The accompanying tables are updated to the date of this article and present and in their present price in the common stock is convertible at 225 common.

In other words, these issues sell fairly close to their pure investment basis where they would be the most attractive for conversion feature. In addition, there suggests so that it would be almost immediately participate in any rise in price in the common stock which is convertible at 225 common.

For those investors satisfied with moderate current return, who seek growth through imagination, and who are concerned with relative safety, these issues appear to be eminently suited.

WALTER D. FIXTER

Manager, Municipal Bond Dept., J. W. Sparks & Co., Philadelphia

(Chemist, (Penna.) Municipal Authority, Water Revenue Issues)

Since the Municipalities Authority Act of June 20, 1933, was enacted into law in the Commonwealth of Pennsylvania and since amended (May 20, 1937 and May 17, 1939), there has been extreme activity in the financing of water, sewer and now, school authorities. The activity - operated sponsored revenue projects have all the same underlying concept and readily marketed to an adequate purchase of tax-exempt service.

In the writer's opinion there is one, however, which assumes the characteristics of a well-founded and conceived project and the resulting financing through bond issues of a tax-free nature has proved both satisfactory and attractive. Reference is made to the Chester (Penna.) Municipal Water Authority with its first financing occurring in December, 1939 through the issue of approximately $5,680,000, of which principal amount of $3% water revenue bonds maturing serially from Dec. 1, 1940 to Dec. 1, 1979. The proceeds of this original financing were used to purchase the authority for the acquisition of the properties of the old Chester Water Service Company. The Company had the city of Chester and surrounding communities with water both for home and commercial use. This latter company, as a corporate body, was in the process of being acquired, and had successfully operated income-producing service utility as was evidenced by a March 1, 1925 bond issue of $800,000 to the bonds issued by Chester Water Service Company.

In later years this bond was decided to create a new source of water supply for its consumers and to discontinue the use of the Delaware River. After a thorough investigation of science, in chemicals, ethical directions, a decision was reached in favor of certain special authorities. Given such adverse market conditions then, Phillips Petroleum common halved in price and Internal Revenue Service is reasonable to assume that the convertible issues would suffer no more than the market value of the bonds is the Phillips Petroleum common halved in price and Internal Revenue Service is reasonable to assume that the convertible issues would suffer no more than the market value of Phillips common.

On the other hand when American Cyanamid sold at 23 last year the 3% series A convertible preferred held at 99—some 17 points above this preferred's value in terms of common at the time. (This stock is convertible at 225 common.)

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European Steel-Coal Union: Cartelization in Disguise

BY MELCHIOR PALYI

Contending proposed Western European Steel-Coal Union is in reality a international cartell, Dr. Melchior Palyi attacks it as a "monolithic and monoplistic monster that does not mean a single step toward ideal of transcending national frontiers." Foresees difficulties which may lead to "internationalization of capital, monoplistic money, and foreign international unbalance as well as overproduction.

I

Mountains labor and a mouse is born. It is in Europe's salvation, some say, to be in union or integration (the old that does not mean the World come down to size). Now, we have what is, as far as I can see advertised a new development in European integration and co-ordination: the French-German steel-coal cartel. Is this a perniciously ominous Mr. Paul. G. Hoffman has been talking of? that sign that Free Europe does not mean to carry on the road to unity, strength and security.

"That is the fatal flaw in the version of the defunct international steel cartel—which the abraded Monsieur Loubier promoted in the 1920's under pacificistic slogans—should be the punchline of the denials notwithstanding. There is this difference, a Special Report, old car and left untouched the independence of its members. The proposed pool is to be totally composed. It will be a trust rather than a mere cartel. At any rate, it will be the monolithic and monoplistic monster that has been a single step toward the ideal of transcending national frontiers. To integrate, the participants will be a purely produced and eliminate monetary exchange deals, etc. Nothing of the kind is the involved here. What is involved is a more complete for prices of the super-protectionists.

To French ears, the monster is a beauty. Their hothouse-bred and spoon-fed heavy industry will be promoted to a rival, paragon of rival. Together with the Saar, it will constitute the mammoth bloc. France is to have the weight—presumably 54% of the vote—to choose the "high authorities" whose decisions will be binding to all concerned. In view of the fact that French coal is fully nationalized, this high authority" could be no one but a highly official or trustee of the French Government. In other words, that government will have the power to fix prices and wages, to determine investments, to allocate export quotas and markets, etc. Full control over France's war industrial potential as well as ever her coal competitive power is a worth-while return to the French for reversing their present posture of being Germany on every occasion. If European countries join, they are to be treated as so to as to vote-out the Germans (whose re-sentiment against the French policy is to be identified, too, by the "hard" French move). Germany, in turn, is anxious to submit the cartel. A great advantage for German present situation. She wins French benevolence. Probably, she will be permitted to increase her capacity from the present 11.1 million tons per year (imposed by the Level of Industry Law to some 12.5 million tons. German new coal will be permitted to participate in the (American fluc-tuated development of French colonies. In short, the Germans would rise from underdog to "as a partner of France, if every Euro-per-ior partners only.

As was to be expected. Mr. Acheson embraced the conception of Monsieur Schuman and Herr Adenauer. However, Mr. Truman joined in the embrace enthusiastically. So did the American press, with one or two notable exceptions. Mr. Bevin approved it reluctantly. On the whole, there is reason to worry about the (or rather, dubious) power of the monoplist. They, too, will rejoice if it turns out the talk of making Congress feel happy over Europe's apparent progress in "unification." That might help to jamp the sieve of the dollar-purse. But the B r i t i s h Steel-coal "statelessness" with Churchill's proposal of an Anglo-French union in 1940.

II

How is the steel-coal "union" to operate? It is to be the "equality" prices, which presupposes the equalization of costs. That was the first point on which the discussion of details started in Bonn between Chancellor Adenauer and Director Monnet of the French Planning Commission. For one thing, the French claim that their higher social security, in essence adds an extra 25% to costs. Then, their wage rates are higher than those in Germany. But there is more to differentials in labor costs than wage rates alone. Wage rates plus open and closed payroll taxes. And there is more to cost differentials than labor costs alone. In short, a cost coordination or "equalization" amounts to total planning of these basic industries with a vast number of products of widely different

Continued on page 19
The Near-Term Business Outlook

By EDWIN B. GEORGE
Director, Economics Department
Dun and Bradstreet, Inc., New York

Assuming we are now standing at the highest financial point in our business cycle, then another six months of prosperity is evident, business economists list consumer spending and continued heavy government spending as maintaining activity. Points out reasons why there was no basic down-curve in 1949, 1950, and 1951, and less consumer saving after completion of insurance refunding to G.I.'s.

I submit herewith two versions of what may happen to us during the next year. If you find both of them plausible; and I trust you will per¬mit me to present the opposing arguments in the vernacular, where all will try to show you what will happen. Let us enjoy the hardened position: with only a few soft spots at a high level. Construction for this year will probably be last year's business after allowing for the usual seasonal change. A Federal deficit of close to $4 billion, consumer credit up $3 billion. Both events add up to a cost that no one will want to pay for. For consumer credit is simply not comparable to this year, it will not take with it the buying power that it has been generating (through both current payments and new debt), but also open a long season of de¬flationary debt contraction. Post-war plant expansion is completed, except for hurrice. A rate of six million-plus cars and trucks a year may be maintained if demand for automobiles is not significantly decreased. The labor force is rising too rapidly to be balanced by the economic system to absorb the annual additions.

Mr. George before the National Economists and Loan Con¬vention, Chicago, Ill., May 31, 1950.

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Mr. George before the National Economists and Loan Con¬vention, Chicago, Ill., May 31, 1950.
### How to Expand Common Stock Investments

**BY WINTHROP H. SMITH**

Managing Partner, Lynch, Pierce, Fenner & Beane, Members, New York Stock Exchange

Executive of prominent stock exchange firm, denying there is any real shortage of equity capital, says it is more than adequate to meet new industrial expansions. This view, he argues, is supported by the fact that the market has been increasing in value and volume for a considerable period in 1949.

For the week ended May 20, latest available figures on employment show the total continued claims for unemployment insurance tapered slightly, while initial claims rose for the same period.

For the month of May employment rose to 9,531,000, or a gain of 1,063,000 over April, according to the Department of Commerce. This gain is probably due to the increased employment since the same source asserts, that adding only that a lag in the number of farm workers kept total employment last month 10,000 below the figure for the first time since July, 1948.

Unemployment in May dropped to 3,057,000, or a decrease of 480,000 from the preceding month and the lowest since April, 1949.

Despite record-breaking steel output, order backlogs continue to swell under consumer pressure reminiscent of the frantic buying in the scarcity market two years ago, and vacation curtailments next month promise further tightening in most industries. states "Steel," national metalworking magazine. The mills already hold commitments including four to five months of rolled products and carbon bars. Plate and shape deliveries are lengthening. Specialties, such as rivets, are sold out for weeks ahead. Orders for line pipe extend into 1951. Jobbers' stocks of standard pipe are unbalanced and inadequate to meet new requirements.

With carryover tonnage into third quarter promising to take most of that period's production, consumers are turning increasingly to the iron and steel industry for the needed supplies, the national metalworking authority notes, conversion business is increasing. Steel converters now are reporting into the fourth quarter.

One of the most important bullish factors influencing steel market buying today is the steady advance in scrap prices, the magazine adds. Although mill buying is limited a rush for scrap is seen on the part of brokers seeking to cover commitments in competition with conversion market purchasers.

Isolated price advances on finished steel products continue to be reported. The larger are the increases, the heavier the reaction in raw material costs, especially scrap. The view prevails that no general price advance is in the offing. The more severe the cutback, the smaller the chances for recovery in the case of excess capacity production and high earnings argue against such at this time.

The automotive industry the past week suffered a contraction in its high output attained three weeks ago. The Memorial Day holiday, plus an additional day off the Monday previous at plants of General Motors Corp., and others, was responsible for the drop. Daily rates at several Chrysler plants showed further gains, while Saturday work is planned at a number of General Motors assembly plants, "Word's Automotive Reports" stated.

A new record for a month's passenger car production in the United States was reached for April, 1949, an advance of 34,000, or 12.4% over March, and 14.1% over April, 1948. This increase was largely turned out. This agency predicted that this figure will be exceeded by nearly 100,000 in June.

Building Activity in May exceeded the seasonal peaks reached in the fall of 1949 and 1948, the Departments of Labor and Commerce report. Almost $2,000,000,000 of construction was put in place in May, 14% above April and over 20% above May, 1949. Reports of the National Lumber Manufacturers Association indicate the close of May indicate the building boom will continue strong in June.

At the same time, two other reports showed trends that could slow down rapidly rising building costs. The lumber manufacturers said property owners have been enabled to order new wood prices and the report of the Bureau of Labor Statistics noted that wage increases in the construction industry in 1950 were smaller than a year ago.

There was a moderate month-to-month decline in the rate of new housing starts in April, 1949, with the number remaining substantially above the level of a year ago. It marked the seventh successive month to show increase over the like month of 1949 with the number of concerns chartering totaling 8,875, according to Dan & Bradstreet, Inc. This represented a drop of 1 bin 105,000 from the March total of 8,980.

Steel Output Again Scheduled to Top 1,900,000 Tons

American steel companies are adding more than 2,000,000 tons to their annual output this year. The industry's "Iron Age," national metalworking weekly, in its current summary of the steel trade. In addition, they have already scheduled an increase in 1,700,000 tons for next year. The increase indicates that the industry will top 2,000,000 tons, too. The gains are coming from installation of new plants and extensions to existing plants.

These capacity increases—about 4,000,000 tons in two years—were disclosed in a confidential survey of the nation's steel companies by "Iron Age." The report indicates that the total figure will top 2,000,000 tons, too. The gains are coming from installation of new plants and extensions to existing plants.

Such capacity increases have been unprecedented in the industry. The additions alone would permit output of more steel than was produced last year, according to the report.

Continued on page 29

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- **U.S. Supreme Court Rules Bond Premiums Are Tax Deducible**

Sustains lower court in decision permitting premiums to be figured in capital gains.

An important decision of particular interest to bond investors was rendered recently by the United States Supreme Court on June 5. It was ruled by a majority opinion of the court that an investor in computing his Federal income tax may deduct the premium paid when acquiring a bond over the par or call price, if the bond is callable before the call date has arrived, even if the bonds were sold or turned over for redemption.

The case involved a premium paid for acquisition of a bond of the Western Union Telegraph Company bonds paid by C. E. Ammon, Inc. Mr. Ammon had submitted a figure of $3,000,000, $25,000 premium. The court had ruled that the premium was not deductible. The court held that the premium was deductible on the basis that the bond was called at $3,850,000, $25,000 premium after the sale and the bond market price had fell to $3,500,000. The court held that the premium was deductible on the basis that the bond was called at $3,850,000, $25,000 premium after the sale and the bond market price had fell to $3,500,000.

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*Continued on page 29*
British Socialism Has Failed!

By ET. HON. LORD WOOLTON
Chairman, Conservative Party in Great Britain

Asserting Socialism has failed, prominent British conservative leader nevertheless holds the experiment in Britain has rendered service to world in pursuing its goals. Says Labor Government have converted profitable competitive industries into losing socialised industries, thereby incuring heavy burdens on taxpayers as well as raising prices to consumers. Contends workers have not benefited or increased their productivity. Lays fundamental error of Socialism in misunderstanding of human nature, which seeks individual self-advancement and profit. Defends limited health insurance, without extravagant laypeople of the Conservative victory in next election.

I am honored that you should have considered giving me this reception, and I am sure to be your will that I could tell you something of the movement of political opinion in my country. You may, indeed, like me to answer the question Great Britain弄的是一个倾向到社会主义的趋势到社会。The fact that I put the three questions in that form indicates that I am not free from political bias. You said that you had "downhill" to the Socialist State.

There are many people in my own country who would say, "You mean uphill to the higher life that comes with Socialism?" The struggle against one another in a competitive life is a struggle against the allembracing conception of Socialism, and the idea that one can enjoy the hospitality of your country in the midst of poverty is an idea of the Socialists. I say it must be taken either as criticism, or as the surest test of your own government. I have neither the competence nor the desire to discuss the policies of the government of the country of my own country. I do not criticise its foreign policy. I would indeed add this—that I believe a doctrine in Party was adopted, of a bi-partisan foreign policy would be a mistake, not only for Great Britain, but for any country. Be that as it may, it is quite clear that I do not like the actions of our own country in world affairs, and the place where it is at home, and not abroad.

Problems of Human Relations

Whether it is not to problems of foreign affairs that I propose to address myself today. I am concerned with the problem of human relations between capital and land. This problem has been created by the changed circumstances of the last half century. The domestic life, the wide advancement of public and private life, the changes in the patterns of life, all these profound social changes and progress, so all changes are not changes for the better. The so-called labor of the past has become the man or woman who looks after a machine, product, or idea. Both the agricultural worker and the factory worker have become part of the mechanization, and the boy from the cottage, the brown-haired boy with the green shirt, has found himself on the broad highway of education that leads from the factory and from there onward to education. He is called an educated man. And you, my landlords in Great Britain as a result of the Education Acts of the Nineteenth Century, is there ever been a great change. The landlord is the owner of the house and the cottager is now joined with others in extending his ideas, and through public competition organized mutual risks.

In this fluid state of society it is no wonder that the successes and the failures of some should have aroused the envy, and on occasions, the hatred of those who were less successful. People have surely wondered whether the success was not a little too much, and whether a more equal state of things could not, in the end, raise the general standard of life of the whole community.

That is the way in which the great majority of people who are accused of patriotism have been accused. It has been almost a characteristic of Socialism to change what was not in the interests in the United States in our own country during the last quarter of a century. It is a line of thought that captured the British public mind, and that has been presented to the British people as the means of production, distribution, and consumption of goods, as well as an essential part of its philosophy and its system of the question of wealth by government action, through taxation.

As you know, Great Britain is a very old and mature country; new ideas can be grafted on it without unduly disturbing the whole framework of social and political life. And indeed, in good faith, not recognizing that behind them may be a complete revolution, Socialists have, as an essential part of their philosophy, and as an essential part of their system of wealth by government action, through taxation.

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Am I forming, therefore, any cause to be feared of a revolution, or of a change in the political thought of the world. It has been no cause of wonder that has survived in spite of it. If the facts are not to be ignored, and the facts that these revolutions that have been death's door and that a return to full free competition is an impossible thing. Let there be no misunderstanding, and let there be no misunderstanding of the words. I am glad that you gave to Britain. Your money has been well spent. It has been spent on a proper subject of my speech to you. The policy of Socialism is to be condemned on one very limited scale, and only encouraged by self-interest and which is not to be condemned as an essential part of the system of wealth by government action, through taxation.

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<td>1.60%</td>
<td>2000</td>
<td>1¾%</td>
<td>2.08%</td>
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$12,000,000 Grade Crossing Elimination 4%, 1½% and 1¼% Bonds
Due $600,000 each June 15, 1951-70, inclusive

The State reserves the privilege of redeeming, at par value and accrued interest, on June 15, 1967, or on any interest payment date thereafter, all of the Bonds then outstanding or all of the Bonds of a single maturity beginning in the inverse order of their maturity.

Prices to yield 0.70% to about 1.56% according to maturities

(Accrued interest to be added to all prices)

The above Bonds are offered subject to prior sale, for delivery when, as and if issued and received by us and subject to the approval of legality by the Attorney General of the State of New York.

*Interim certificates will be issued pending the delivery of definitive bonds.*


Drexel & Co.   Continental Illinois National Bank and Trust Company of Chicago of Portland, Oregon


American Securities Corporation   Bacon, Stevenson & Co.   Central Republic Company   Eldredge & Co. Incorporated


Second Phase of Rising Stock Market Cycle

BY BRADBURY K. THURLOW

Analysis, Munsell, Morely & Co.

Members, New York Stock Exchange

Separating cycle of rising stock price movement into three phases, vs. (1) recovery; (2) re-establishment of confidence; and (3) expansion, Mr. Thurlow points to the second or second-correcting stage, and therefore has a distance yet to go before final stage is reached.

It is becoming more apparent at time present working speculation in this country is changing, as we have pointed out many times in the past, is a necessary explanation to any important and rapid rise in the level of security prices. But to explain is not to excuse. A better explanation is simple: if one group of investors are courageous enough to buy General Motors at 55 or Youngstown Sheet at 59 from another group of investors, they must, if their judgment is sound, have eventually an opportunity to dispose of the stock at much higher prices. In order for this to take place, the stock must be considered by each theoretically destined to be less successful in proportion as they have been more respectful or more respectful, our public opinion, must follow. If the only reason for the rise in the market is the entry of new money into the market and not general business and other abstract considerations which makes stocks rise and fall.

In the language of the cynics (who by and large have made money as speculators as those who make fun of them) each important market correction consists of three phases. In the first phase, stocks tend to cheapen that holders, finding no logical explanation, become worried about the market and sell their holdings. The second phase occurs when the more intelligent and less timid see the recent error of their ways and "in a panic," non-speculative buyers enter the market. The third and final phase is the re-entry of the public to buy back the stocks they sold during the first phase. In the last phase, buyers' and sellers' roles are exactly reversed from what they were at the beginning of the move, and the psychological parameters in the ensuing decline follow the exact pattern of the rise with the cheering of these speculative sheen who wondered at the top why everyone didn't buy stocks for a living instead. But we are not going into this.

In the more familiar language of Wall Street, the rising part of the cycle is labeled (a) recovery from panic; (b) re-establishment of confidence; (c) appreciation and confidence. When we look at past market movements we find it was repeated in a constant series. The pattern itself seems to be a measurement of permanent money behavior rather than a peculiar stock market wind-up. It is very specific and detailed working out of the past and only a few of many successful retailers—nearly, if the public won't pay $1 for your stock, he won't take the counter and charge $2, because notionally things are selling like rising prices and scarcity. This may lead us to a diagnosis of the present state of affairs in the market. It is easy to break the main rise from the month of June to date into segments: the first from June 1 to mid-September, (160 to 180 in the Dow averages with daily volume consisting of under 2,000,000 shares); the second from mid-September to the end of October (200 to 230 in the Averages with daily volume running about 4,000,000 shares); the third from January into April, in which the Averages advanced from 230 to 330 and many individual stocks underwent proportionate advances. In one volume at one time exceeded 3,000,000 shares; this was the period of internal correction in the market prior to the reestablishment of confidence.

To the reader who is not versed in Wall Street jargon, Wall Street of Wall Street (into which we all fall too often from mental inertia) is not a place, it is a name, and more words. All that we are trying to say is that while this rise has been to a large extent speculative in character, it has a good distance yet to go, but that the speculative profits from here on are likely to be made in speculative issues. This last may sound like a commonplace, but anyone who held speculative stocks between June last and April is well aware that the real money was being made in the du Ponts and General Motors, because virtually no confidence was generated in speculative issues. The period since April we would call Phase 2. It may end in a severe reaction, but prices are not likely to be moved by months of doldrums, but we think Phase 2, in which food producers begin to buy stocks away from non-speculative buyers, skyrocketing prices, is still well ahead of us.

R. Emmet Byne Now With Morfeld, Moss

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—R. Emmet Byne has been associated with Morfeld, Moss, 507 Olive Street, members of the Midwest real estate exchange. Mr. Byrne was formerly manager of the real estate department of the Tegeler & Co., and prior thereto was a partner in Edward D. Jones & Co.

Kuhn, Loeb & A. C. Allin

Kuhn, Loeb Co. &A. C. Allin & Co., Inc., are offering in the public the securities of the Utilities Co., first mortgage bonds, 2% per annum due 1980. The bonds are priced at 101.02%, plus accrued interest to yield 2.70% to maturity. The issue was marketed, bankers, bidding alone, at a discount of 100.741%.

Provisions of the sale include the purchase of the company's 1929 construction program, as specified in the offer to purchase, and all other notes, and provide for other corporate purposes.

The company is engaged principally in the business of generating and distributing electric power in the vicinity of Boston, Massachusetts, and in the state of New York.

The general partners, Kuhn, Loeb & Co., are located at 12 Broadway, New York, New York.

Dealer-Broker Investment Recommendations and Literature

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


Chemical Companies—Booklet containing the financial records of the seventy largest companies. Since 1929. Issued by F. B. De Forrest & Co., 285 Broadway, New York, New York, 5, Manhattan, and distributors of Chemical Fund, Inc.

Commodity Trade—Weekly bulletin giving trading recommendations on the various commodi-

ties verbatim at exact prices which vary from week to week. Current bulletin on request. Commodities Trend Service, 30 Church Street, New York, New York.


Also available is a circular on International Harvester Co.

Legal in Massachusetts—Individuals who are interested in the purchase of bank stocks now legal for Savings Bank investment in the State of Massachusetts—Bridget F. Meade, 120 Broadway, New York, New York.

New Jersey Municipal Bonds—7th annual edition of statistical handbook. Has become associated with the firm of New York City offices, 40 Wall Street, as a sales representative. Mr. Young has been with the firm of Barker, Weeks & Barton.

Ohio Railroads—A circular on Tri-Continental Corp.


Over-the-Counter Index—Booklet showing an up-to-date comparison between the thirty listed industrial stocks used in the Dow-Jones Averages and the thirty-one other-industry and utility stocks used in the National Quotation Bureau Averages, both as to yield and market performance over an eleven-year period—National Quotation Bureau, Inc., 64 Front Street, New York, New York.


Artesia Standard Engineering Co.—Circular—Edward D. Jones & Co., 400 Fourth Street, St. Louis, Mo. 2.


Also available is a circular on Cooper Tire & Rubber Co.


Federals-Quisan Corporation—Memorandum—Wall Street, New York, New York.


LETTER TO THE EDITOR:

Sees Stock Market in for Major Technical Reaction

Alfred Hecht writes in advance in stock market over last year has been discounted, and advises "reap your profits, it may be later than you think."

Editor, Commercial and Financial Chronicle:

When a member of your organization happens to meet me with a visit the other day and invited me to write about my "Hurricane" stock, I could not help but advise him that your invitation seemed a little late. I wish you had asked me to write about an individual stock just a year ago. Now it looks to me like going to a ball just before the orchestra stops playing.

About a year ago I wrote clients that real estate speculation could be found then. Anybody who was willing to take a chance, believing that central control was usually naturally occurring, would be well rewarded. During the first half of last year, the market was in such a depressed state that one was able to buy securities from which the "water" was squeezed out. Then the best bargains could be found as the market positions were not yet discount wise. The securities which were most neglected bore the seed in themselves to become prime favorites later.

Up to now our government needed business through the veterans' bonus. A new government funded program and many other measures. Our present wave of prosperity is to a great extent built on this and on consumers' credit. While bond prices are not too alarming yet, this kind of prosperity seems to be very well with the present national policy of credit expansion.

This fall we shall have elec-
tions again and President Trum-
man does not seem to think that his Fair Deal policies have the ap-
proval of the majority of the American voters. The outcome of the Florida primaries showed that, to him and, therefore, he stumped the country making prosperity speeches. Maybe we shall have a swing here, like in England toward the conservative side. A balanced budget would be the best thing that could happen to the taxpayer, small and large alike. The consequences for the market would be a period of re-
adjustment, while the doctor has stopped giving the patient the needle continuously and is trying things from a chronic state of delirium. This does not mean that we shall enter a period of depression, but some people may be dropped from backed Federal payrolls and subsidized enter-
prises. When they are absorbed, and their dollar wages might buy more than they do today. An interrupted advance of about a year's duration, the market seems to be entitled to a major technical reaction which, in the near future, will be quick. Many signs point toward it. People who would not buy se-
curities a year ago, when they were at the bargain counter, will

not sell them today. Continued, seemingly ending inflationary forces influence the public to pull them away. Also ever so many new common stock buyers are en-
tering the market now, a phase which usually precedes major technical setbacks. If this reaction should happen, it is possible that it will occur till about election time, as the market usually makes double bottoms and double tops. To summarize my ideas, I would like to say: "Reap your profits it may be later than you think."

ALFRED HECHT

N. D. Biddison to Admit

Harry Lenart, member of the New York Stock Exchange, and Charles J. Stava, who will acquire the Exchange membership of the late N. D. Biddison, will be ad-
mitted to partnership in N. D. Biddison & Co. on Broadway, New York City, as of June 13. On the same date John N. Biddison, general partner, will become a limited partner in the firm.

Ernest MacLean Joins

Fairman Co. Staff

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Ernest MacLean has become associated with Fairman Co., 210 West Seventh Street, members of the Los Angeles Stock Exchange. He was formerly with Cantor, Fitz-
gerald & Co., and prior thereto was with Wallerot, Hoffman & Good-
win and Sutro & Co.

With Russell, Long

(Special to The Financial Chronicle)

LEXINGTON, Ky.—Earl J. Carson has become connected with Russell, Long & Burkhoffer, 257 West Short Street.

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these Debentures. The offer is made only by the Prospectus.

$60,000,000

Northwestern Bell Telephone Company

Thirty-Four Year 2¼% Debentures

Dated June 1, 1950

Interest payable June 1 and December 1 in New York City

Price 101.107% and Accrued Interest

Copies of the Prospectus may be obtained from only such of the undersigned as may legally offer these Debentures in compliance with the securities laws of the respective States.

MORGAN STANLEY & CO.
BLYTH, CO., INC. THE FIRST BOSTON CORPORATION
HARRIMAN RIPLEY & CO.
HARRIS, HALL & COMPANY (Incorporated)
LEHMAN BROTHERS
SALOMON BROS. & HUTZLER
STONE & WEBSTER SECURITIES CORPORATION

June 7, 1950.
Puerto Rico Government And Municipal Financing

By RAFAEL BUCASCAGLIA
President, Government Development Bank, Puerto Rico

Executive of Puerto Rico's leading fiscal agency, after describing recent economic improvement in Puerto Rico, explains establishment of the Governor's Development Bank, and the methods and procedures in financing municipalities.

Points out Puerto Rico municipalities are supervised and controlled by much the same methods as in continental U. S.

Puerto Rico, a commonwealth of the United States. The paramount Law of the Land is an Act of Congress of the United States entitled "The Organic Act of Puerto Rico." This act is in fact our State Constitution and incorporates therein the basis of the United States Citizenship of the People of Puerto Rico, who enjoy all of the political and economic rights of United States citizens in such status.

Bank or Finance of Puerto Rico can be reached from New York City in six hours by flight, and from Miami in four hours, with 10 flights a day direct from New York and four from Miami. In addition to air transportation, four ocean liners per week provide ocean travel between Puerto Rico and the Mainland. Regular steamship service is maintained by eight other lines at the major points in Canada, South America, and Europe.

Puerto Rico as Market for U. S. Goods

It should prove interesting to know that the annual foreign trade of Puerto Rico, although small in size, is a major market for manufactured goods and agricultural products of the Mainland. It absorbs such products from the United States to the extent of about $150 million, or $250 million annually and Puerto Rico has become the largest per capita consumer of exported American goods in the world.

The economic outlook for Puerto Rico has shown progressive improvement over the years which is rather dramatically demonstrated by the expansion of annual net income of Puerto Rico from $50 million in the fiscal year 1939-40, to an estimated $626 million in the fiscal year 1948-49. This represents an increase of approximately 136% during that period.

Agriculture continues to be a major industry throughout the economy. But, in the last 10 to 15 years, industrial growth has shown a marked increase. Today, Puerto Rico will have a more solid economic foundation if the increased importance of industry is due in large measure to the highly successful and well-supported and financed by the In- sanal United States Government Development Bank for Puerto Rico Industrial Development Company, which promote the ex-

notes, which encompass the Puerto Rico Water Resources Administration, the Puerto Rico Housing Authority, the Puerto Rico Tax and Mortgage Authority, and the Land Authority of Puerto Rico.

I would not like to attempt an estimation of the considerable amounts of foreign exchange that Puerto Rico retained during the period of the Cuban embargo. Puerto Rico has been able to reduce its foreign exchange by about 30% from the record levels of the pre-Cuban blockade period.

The refunding of municipal securities through the Government Development Bank in cooperation with the Puerto Rico Banking and Commerce Commission, the Puerto Rico Government has secured a saving in excess of $10 million in the process, which will reflect to their benefit and the Nation's.

Prior to the establishment of the Bank, the price level at which municipal bonds were being accomplished, did not reflect the true history of the Island which has maintained a non-default, non-deferred status for a considerable period.

There can be no question but that Puerto Rico is equipped with pride on the part it has played as an instrument of the Commonwealth, to provide new lower interest cost levels for financing its needs. In addition, the year has brought broader markets at higher prices, which means that we have established at least the beginning of a market structure to facilitate the full market recognition of the growing stability and creditworthiness of Puerto Rican emission.

Financing of the Insular Government

Except for the impact of the intervention of the Government Development Bank for Puerto Rico as Fiscal Agent of the Government of Puerto Rico in the financing of its obligations and its intervention in American and Governmental financing of Puerto Rico, fiscal procedures relative to debt issuance by the People of Puerto Rico is comparable to that of other states. One factor in debt servicing, however, that must be observed concerning those States since an Act of Congress guarantees the debt service of Insular Government obligations is a first charge against the revenues of the Insular Government.

As regards municipal issues the picture is very different to exist locally and refinancing through a common market or through private channels could be undertaken successfully on a large scale.

The Combined and Financial Chronicle . . . Thursday, June 8, 1950

Impact on United States Of International Situation

By Dr. MAX WINKLER*
Partner, Bernard, Winkler & Co.
Members, New York Stock Exchange

Dr. Winkler recounts our experience in lending financial aid to Europe following World War I, and contends current postwar conditions are more complex and more aggravated than they were after World War I, as a result of the higher level of U. S. business and profits, but foresees only slight setbacks when aid ends. Doubt's Point IV program can be implemented under present world conditions, and calls for more intervention for economic aid.

Economic conditions in most of the so-called Western World have been unsatisfactory since the cessation of hostilities. Rehabilitation and reconstruction have been advocated to save democracy from the dangers of a new totalitarian and fascist type of government.
Government Price Fixing

BY ROGER W. BABSON

Commenting on heavy purchase and storage of butter by government under the price support program, Mr. Babson contends butter prices are far from a real crisis. Government only government butter price fixing, but wholesome policy of support prices is needed.

Can anyone tell me, why, in the name of common sense, our government bought and stored away 114,000,000 pounds of butter last year at a cost to you and me of better than $70,000,000? The cry has been heard from the land that people's eating habits are changing. They say folks aren't eating as much butter as they used to. Obviously not, they can't afford it! But the economic medicine in Washington has pushed the price so high that substitutes have to be bought. The family physician may tell you that vitamin-reinforced margarine is just as nutritious as butter and abolishes your phony controls on price and you will see which spread the people really prefer. They prefer good creamery butter.

Last year, for example, we spend only 1 billion pound of butter as against 2 billion pounds prewar. But all the farmers cry in their churning over the sharp increases in margarine sales—from 300 million pounds prewar to 1,000 million pounds last year. Yet they let the Department of Agriculture continue turning their churns. If the boys in the Agriculture Department keep on, they will churn butter producers right out of business. And I say this as a boy brought up on a dairy farm who has both milked cows and delivered milk.

We Want Golden Butter
But this isn't the end of the tale. People cannot afford to pay huge prices for butter. Hence, consumption falls off. The government buys mountains of the stuff to maintain high sales prices. The dairy farmers go merrily on churning out and more spread for no one to buy; but for Uncle Sam to store away, and for you and me to pay for the privilege of not using. What government going to do with all the golden butter bricks! Who knows? Recently they have been trying to give them to relief agencies, schools, and so forth. But when they have them, they haven't the kind of money it takes to get transportation charges, especially when a good substitute is available. Anyone who wants rancid butter? To me, way of thinking, not only the butter, but the whole wholesome system is rancid.

Action and Reaction
This is but one illustration of the system of false economies in Fudge in this country today. You just can't tamper for long with the law of supply and demand because it will boomerang. Newton's law of action and reaction also applies here as aptly today as two hundred years ago. Ostrich economics (the head in the sand variety) is due for a terrific rude awakening some day.

Yet, our President is urging other spending programs like the butter program that could run up a debt of nearly $15,000,000,000 in the offing. Projects requiring huge outlays of public money—when business is at near peak performance—will lead some day to economic disaster. If we must prime the pump in this fashion in good times, what can the soothsayers predict in hard times for us in hard times? The awful conclusion of this kind of reckless spending ought to be taught all high school teachers in their classes. The harsh object lessons of Great Britain offer excellent source material.

Unemployment Rising
Unemployment is currently and steadily rising. Even Leon Keyevel sees the connection between a mountain of butter and the mounting unemployment. As long as business is forced by an increasing tax burden to hold up prices there just isn't venture capital sufficient to create and expand business.

Capital Reserve Corp. Is Being Formed
WASHINGTON, D.C.—Capital Reserve Corporation is being formed with offices at 1346 Connecticut Avenue to engage in securities business. Officers are Charles B. Connolly, President; Joseph R. Donaldson and George E. Elmore, Vice-Presidents; and Mr. Connolly, Secretary-Treasurer. Mr. Connolly was formerly head of Charles E. Connolly Co., and prior thereto with A. W. Benkert & Co. of New York City. Mr. Donaldson was a director of Plough & Co., Inc. and prior thereto was associated with Weil & Arnold.

Pennsylvania Company
Collateral Trust Serial Bonds

Dated May 1, 1950. Due serially $2,400,000 each May 1, 1951 to 1975, inclusive.

The issuance and sale of these Bonds are subject to authorization by the Interstate Commerce Commission.

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Plus accrued interest from May 1, 1950, in each case.

Copies of the Offering Circular may be obtained in any State only from each of the several Purchasers named in the Offering Circular and others as may lawfully issue securities in such State.

| Kuhn, Loeb & Co. |
| Blyth & Co., Inc. | Eastman, Dillon & Co. | The First Boston Corporation |
| Goldman, Sachs & Co. | Harriman Ripley & Co. | Lehman Brothers |
| Stone & Webster Securities Corporation | Union Securities Corporation |
| Hemphill, Noyes, Graham, Parsons & Co. | Hornblower & Weeks | Lee Higginson Corporation |
| Dean Witter & Co. | Wood, Struthers & Co. |

June 7, 1950

This advertisement is not, and shall not, in any circumstances be construed to be, offers of securities for sale or as a solicitation of an offer to buy any of such securities. The offer is made only by the Offering Circular.
Planning for the 17th Annual NSTA Convention has been underway since last January under the direction of Edward H. Welch, Jr., and his committee, which is comprised of Herbert H. Blizzard of Herbert H. Blizzard & Co., in Philadelphia. Welch was not until mid-March to hand in his plans to the national leaders of the Convention Committee together with NSTA President Frank Buchanan of Tenn., and Secretary Morton A. Cayne of Cleveland, visited Virginia Beach and completed many plans while inspecting the facilities of the Cavalier Hotel which will be the site of the Convention headquarters.

Aside from the Hotel and its beautiful grounds, the Committee visited the Beach Club, with its cabanas and the Cavalier Yacht and Country Club where the NSTA Calcutta golf tournament will be conducted.

A special train will be operated starting in Chicago and stopping for a day in Washington, enroute to Virginia Beach. Side trips are also a part of the program and a day will be spent in visiting Williamsburg, Virginia.

Members are urged to start planning now to attend what promises to be the largest attended NSTA Convention on record. Applications for convention registration and hotel space will be sent to all members on July 10th.

Current Construction

By JOHN L. HAYNES
Chief, Construction Division, U. S. Department of Commerce

Predicting building will keep its present pace throughout 1950, Commerce Department specialist prescribes present high level to continue, and total construction is about equal to prewar level. See no likelihood building costs will decline in near future.

It seems that my task calls for a few very brief remarks on three subjects: (1) What’s the relative size of our present construction boom—or is it a boom? (2) Where do some of the economic indicators relating to construction stand today? How serious is the building activity appearing in the May issue of the ‘National Mortgage and Loan League’ Journal on the “Future Demand for Housing.”

Point No. 1

An unusually mild winter in most sections of the country is in part responsible for the high level of construction activity during the first four months of this year which amounted to a little over $8 billion, a rate 25% higher than last year. On a seasonally adjusted basis the construction volume which is going at the rate of about 1/3 billion per month a year, certainly the highest on record. In addition to this there is, of course, several more billion of maintenance and repair work.

Home building dominated construction activity throughout the winter; some other types of construction yielded a bit to the weather but housing didn’t. Private and public housing data, for the latter being proportionately small at present, together accounted for around 45% of all building put in place during the first few months of this year. Some 400,000 new dwellings were started during the first four months and this figure, even when G. I. life insurance refunds are excluded.

Nongovernmental personal income in the first quarter of 1950 exceeded even its previous peak in the first quarter of 1949, and the increase was somewhat lower. The general outlook for profits is better than at any time last year, though profits in home building might be somewhat less.

Unemployment has declined significantly. There were a million more people at work in April than in March.

Payrolls moved upward during first quarter of this year from the fourth quarter of 1949. Personal consumption expenditures in the first quarter were at a rate higher than at any time in 1949.

New orders on the books of manufacturers established a new record for February. Steel production currently is running at the theoretical capacity. At the end of April short-time work of steel is beginning to appear.

Retail trade, seasonally adjusted, during March was at a rate 4% ahead of the closing quarter of last year. Sales of house-furnishings were especially strong.

(a) the more than normal increase in number of married couples, reflecting the very high postwar marriage rate.
(b) the undoubled of married couples previously living as sub-families in other households, and
(c) the setting up of additional households by single persons, or two or more unrelated persons.

Contrast the figure which I just mentioned, of 1,400,000 units, to the average of only 600,000 house-holds created from 40 to 47. In no small part the recent high family formation was due to the marriage rate being almost twice the normal rate. Although still above normal the marriage rate has been declining since 1946. Long-range projections by the Census Bureau forecast that the rate of new family formation will drop to about 440,000 per year in the five years from 1950 to ’55 and to 390,000 per year in the following five years.

If the immediate reaction must be to dispute the figures. If we had family formation of about 600,000 during the war with sever-al million men overseas part of this time why is it going to be so low in the coming decade? A simplified answer is that there will not be as many young people around, because:

(1) young men in the depression years caused us to have in the near future a low popula-tion of age groups with respect to marriage.
(2) this low population of respect for houses has been reduced further by the very high marriage rate following the war—these marriages up in advance, if you don’t mind the saying, in the Commerce and construction.

Without going through the detailed statistical processes tonight as to the effect of demobilization, immigration, the fact that 20,000 farm boys move to the city per year, and the many other factors, I will merely say that reasonable computations lead to the conclusion that family formation beginning about 1962 will be at a level only half our present home building rate.

What may result from tomorrow’s easy financing—the lure of the new kitchen—better roads and cars, which extend suburban living, and an increase of silver factors will to some extent, perhaps to a considerable extent, offset the fact of low family formation in the future.
Pink Promises for Pale People

BY DONALD R. RICHERB

Former New Deal Federal official, justifying early New Deal policies as need for quick-acting, although dangerous remedies, finds today a transformation of the taxonomic form of government into national paternalism. Admits New Deal educated many people to unhappy dependence upon government, believes many people who traditionally have asked for the welfare of the community are not convinced that the old "selfish" liberties of individuals to pursue happiness in their own way, to serve themselves and to take care of their dependents, are incompatible with some ancient liberties to our new obligations as servants of the state.

A National Paternalism

Perhaps this explains the tolerance with which the people of Hippocrates have watched the rapid transformation in recent years of the formal public form of government into a national paternalism. They generously and perhaps naively in the early days of the New Deal, the need for social and economic security, although dangerous, remedies. They saw millions of workers unemployed. They saw millions of farmers in their misery. They saw owners facing the loss of their homes. They saw great banks closing and huge enterprises going down. Our whole economic structure was apparently disintegrating. It was not time for political discussion but for the sustenance of the economic diet, self-discipline and plenty of rest, fresh air and sunshine. It was a job for the nation, a wave in the arm, not a kick in the teeth. It was a lecture on mental hygiene.

The universal cry was: "Why don't we do something?" That cry is like a fire without a spark. The fires slide joyfully down the brass pole and soon, as a helmeted hero, rush forward and remove the burning holes in your floors and ceilings, or anywhere in your household treasures, with a ruthlessness of purpose to see the community from destruction by fire—even though you may be unable to save yourself and your process of salvation.

As an old veteran of the rescue brigades of 1833 I can assure you that the dominant aim of the original New Deal was to save a free economy and a free government from destruction. It was a rush of red-shirted firemen to stop the conflagration of revolution. There were not red-shirted, stirruped conspirators trying to kindle the flames. The fact that you confessed that every now and then the government imposed a little more stirring gasoline on red hot coals. It is true that difficult to believe that we could have been so foolishly not officially approved, particularly with the widespread propaganda of the programs which are now being advanced as substitutes. What the experimenters on the New Deal design. It is also now evident that the New Deal is going to help people in an unhappy dependence upon government, that it granted special privileges in payment for votes, that it was a word for the way of selling what the socialists call "security" to a host of people in order to maintain in their ability to support themselves, to the speculative struggles of a complex civilization.

We were educated to sacrifice the individualities of a self-reliant people in exchange for public pledges which can never be redeemed—pledges, contrary to the public interest, which a government can guarantee, but of freedom from fear and want, which the government can guarantee—pink promises for pale people.

But how could the American people, and their government, be so stupidly deceived by the apparent "wave of the future" which we have seen swept the little crumbs of private enterprise off the table. It is time to warn the "security" harbors of paternal, big government! Look back and recall that Mussolini had created a Fascist socialism in Italy; Hitler was com¬

Kuhn, Loeb & Co.  
A. C. Alyn and Company

Continued on page 27
Mutual Funds

Robert R. Rich

This week we turn our attention to a speech made by Charles B. Baruch at the Mutual Funds Insurance convention in New York. Mr. Baruch is an old-time manager of the Mutual Funds Department of In- 

surance Co. and, discussed, with no toe-hold in the mutual-fund industry, the problems of inter-industry competition and the need for larger life insurance companies and mutual funds.

Mutual Funds, in the scheme of national economic life, is no longer an obscure oddity, a salesmanship of negligibly small securities. Its growth has been electric. Blid- 
dings of the combined efforts of labor union treasurers and for the handling of pension plans, the growth of mutual funds may well be more phenomenal in the future.

That there should exist a discussion of inter-industry competition between insurance and mutual funds is indicative of the fact that little lines are to be drawn or compromised made. The Funds have most of the space of large-scale industries.

Clearly then, on the policy of the mutual-fund industry needs its leaders and their wisdom for this new growth. With a sensitive, far-sighted ap- 

titude, they will not excuse or reason for other than sane and intelligent regulation by govern- 

ment. The need is now to correct the well-known and fla- 

rances of the dim past and can only be lessened by the honest forthrightness and good practice in its industry, in its be- 

toward its customers and other interests.

With these two contents in mind, one might read Mr. Bacon's conclusions might not be all-inclusive— he ignores the differ- 

s in risk and the prevention of fraud, and is the issues raised in Mr. 

Bacon's speech are indicative of the proving points to come.

The essence of Charles Bacon's discussion follows:

Investors must test an instrument which can provide for fu- 

er, protection, and a part of a mortgage, and for other needs. The 

er a function you perform it appears, is the protection of those left be- 

he, etc.

Now Investors Trust 

shares perform these identical services plus one other, which I be- 

you will agree cannot be accomplished by insurance. This extra service is sort of an "eating of the cake and having it too." For when insurance is provided for protection for death, Mutual Funds' ob- 

ive is to provide protection for you while you are still alive. At the same time, the corpus of the contract is used, where insurance protection is needed by others after we die. The retirement income policy and generally do this, but not to the same degree. There is quite a difference between the investment in these policies and in Mutual Funds.

In Bonds (Series B-12-B-3-B)

COMMON STOCKS (Series B-12-B-3-B)

PREFERRED STOCKS (Series B-12-B-3-B)

The Knickerbocker Fund

The George Putnam Fund

We are pleased to announce that MR. A. DRYDEN EBERHART has become associated with this organization.

Eaton & Howard

Incorporated

Investment Managers

Boston

We are pleased to offer investors that mutual funds differ im- 

portantly as to objectives, policies, and degrees of risk.

Third, we ought to tell them that they must expect fluctuations in the value of their investment; that means the big difference be- 

between the savings deposits and mutual shares. There is nothing wrong or unusual in these fluctuations. They are a normal part of all investing.

Fourth, we ought to emphasize that investors shouldn't put their money in any mutual fund with the idea of 'selling out at a profit of any' (new to know). Investors should be encouraged to look at mutual funds as they look at their homes —as something to keep and cherish as long as they meet their requirements and give them sat- 

isfaction, regardless of the periodic ups and downs in price.

"Mutual funds are the means whereby two highly desirable ob- 

jectives may be realized,—first, the building of 'true estates' for

which each becomes most ef- 

teective. For the insurance policy holder that period of time is his death. He has bought death pro- 

tection. He has another policies which give him living protection, they cannot be as great as we furnish in Mutual Funds.

On the other hand, Mutual Funds provide for both living and death protection. There is a sub- 

stantial income to heirs and assigns and a sum a death benefit to his family. You will agree, that both insurance and Mutual Funds have their proper place side by side in estate planning.

Some Things Need Retelling

George Putnam, in his "Putnam Fund, mentionings in "The Trustee's Review" some of the things about mutual funds which he believes ought to be retold to investors today.

"First, we ought to tell investors —and keep on telling them—that the mutual funds are not a market- 

et. No market for the "market" way of investing, we are apt, at times, to overstate the case. That's not understand, let's pretend mutual funds for what they are—

as a sound way to fulfill various investment objectives— as the means of securing professional in-

vestment management at a rea- 

sonable cost—but not as a 'sure-

all' or a way to get rich quick.

"Second, we ought to tell invest- 

ors that mutual funds differ im-

portantly as to objectives, policies, and degrees of risk.

The advantage of the insurance policy over Mutual Funds as a protection during life is obvious. If you live in the accumulation period your heirs have no share in your wealth. However, the Mutual Funds advantage is that if you die, you will have much more real income and principal sum to transfer at death. I think you will agree that both insurance and Mutual Funds have their proper place side by side in estate planning.

The Commercial and Financial Chronicle . . . Thursday, June 8, 1950

The George Putnam Fund

20c per share, payable June 30 to stock of record June 16, 1950.

WELLMINGTON FUND

32nd Consecutive Quarterly Dividend

20c per share, payable June 30

stock of record June 16, 1950.

EATON & HOWARD

RIANZI FUND

Envisioning a dividend of twenty-five cents quarterly for the year ending June 1, 1950.

EATON & HOWARD

STOCK FUND

Eaton & Howard declared a dividend of fifteen cents per share on the Series A, B, C and D preference shares of the fund at the close of business on Thursday, June 16, 1950.

24 Federal Street, Boston
Small Wonder!

"The American people are and always have been a progressive people. Reaction they want none of; conservative people are not a great asset; but above all they see a party with a leadership which is realistic, possessed with common sense and able to recognize conditions and problems as they are. They are seeking a party with a policy and program geared to meet these conditions, and to solve these problems without engulfing the country in totalitariansim." —Senator Irving M. Ives.

The Republican Party can best serve the American people by clearly injecting the issue as to whether America shall go forward in a freedom-of-opportunity society, with its promise of over-investing for individual effort, thrift, and initiative, or whether it is to be sucked backward into the quicksand of governmental regimentation, control and ruinous taxation, which offers no rescue except more regimentation, control, and even greater taxation."—Association of New York State Young Republican Clubs in convention assembled.

What the Senator means by these glittering phrases is clear in the main from the record. He is seeking a political party to give a lead.

It may be questioned whether the young Republicans really themselves know precisely what they mean.

Small wonder the party makes so little headway!

Bond Bros. Inc., New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following changes:

BOND BROS., INC., 20 Wall Street, New York, N. Y., has been formed with offices in the Starks Building to engage in the securities business. Officers are: C. S. Montgomery, President and Vice-President; T. J. Turley, Jr., W. W. Stimson, Jr., and A. A. Savage, Secretaries.

Atlantic Coast Line Railroad Company

Offer of Exchange Extended

To Holders of Atlantic Coast Line Railroad Company First Consolidated Mortgage 4% Bonds, due July 1, 1952:

Under the Atlantic Coast Line Railroad Company's Offer providing for the exchange of its First Consolidated Mortgage 4% Bonds, due July 1, 1952, for any Bondholders having a combined total of $21,900,000 principal amount of Bonds due 1952, Letters of Assignment or Letters of Transmittal from bondholders who have not yet ascribed the offer will be received by the Agent named below at least until the close of business on June 21, 1950, but the offer may be terminated on that date or at any time thereafter.

The Board of Directors of the Company on May 18, 1950 declared the Modified Offer effective, and on May 26, 1950, the Atlantic Coast Line Railroad Company's series A Bond, Series A, due March 1, 1950 (bearing interest at the rate of 4/- per annum from March 1, 1950 to September 1, 1952, assumed and has been received on due of $2,000,000 over 600 bondholders with aggregate holdings in excess of $21,900,000, principal amount of Bonds due 1952. Letters of Assignment or Letters of Transmittal from bondholders who have not yet ascribed the Offer will be received by the Agent named below at least until the close of business on June 21, 1950, but the offer may be terminated on that date or at any time thereafter.

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**Bank and Insurance Stocks**

**By H. E. JOHNSON**

This Week—Bank Stocks

One of the best sources of statistical information on general bank operations throughout the country is the Federal Reserve Board and the Federal Reserve Banks. In addition to the weekly publication of such important series as bank earnings, deposits, and investments, periodic reports are published by each of the Federal Reserve Banks on bank operations in its respective districts.

Thus, by following and interpreting these figures, an indication of the trend of banking operations in a particular section of the country can be obtained. This is especially important in those areas where the different banks publish detailed reports on their operations. While it will not take the place of such reports, it will give a general view of the various trends in the operations in the area.

In this connection, the Federal Reserve Bulletin for May has a review and discussion of member banks operating for 1949. Figures from one of the tables are presented below:

**MEMBER BANK EARNINGS**

(Dollar Amounts in Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Earnings</th>
<th>Expenses</th>
<th>Net Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1944</td>
<td>$2,096</td>
<td>$2,168</td>
<td>$72</td>
</tr>
<tr>
<td>1945</td>
<td>$2,096</td>
<td>$2,168</td>
<td>$72</td>
</tr>
<tr>
<td>1946</td>
<td>$2,096</td>
<td>$2,168</td>
<td>$72</td>
</tr>
</tbody>
</table>

**Net profits**

- $696
- $621
- $633
- $756

Cash dividends Declared...

- $331
- $341
- $351
- $361

The net profits reported above, as well as the profits and losses reported above, were estimated to have been at least one-third of the amount reported.

A second group of figures is probably of greater interest to bank stock investors as it includes the operations of the Central Reserve City Banks in New York and Chicago where there is a large concentration of bank capital.

**MEMBER BANK EARNINGS**

(Dollar Amounts in Millions)

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</tr>
</thead>
<tbody>
<tr>
<td>1944</td>
<td>$476</td>
<td>$476</td>
<td>$1,232</td>
</tr>
<tr>
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<td>$476</td>
<td>$476</td>
<td>$1,232</td>
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<td>$476</td>
<td>$476</td>
<td>$1,232</td>
</tr>
</tbody>
</table>

**Net profits**

- $194
- $192
- $45
- $45

Cash dividends Declared...

- $331
- $341
- $351
- $361

The net profits reported above, as well as the profits and losses reported above, were estimated to have been at least one-third of the amount reported.

Bankers and investors in general will find the above figures of great interest in their investment in bank stock. They are based on the operations of the Central Reserve City Banks in New York and Chicago during 1949. They are believed to be accurate, however, that this change did not materially affect the earnings results.

It is interesting to note that the changes in the trends for additional earnings reserves and increased taxes on income account for the lower net profits for New York City banks in 1949. Actually net current earnings before taxes and other adjustments were higher for 1949.
The Treasury's Role in Public Debt Management

By EDWARD H. FOLEY, JR.*

Under Secretary of the Treasury

The general area into which the functions of the Secretary of the Treasury fall is now a matter of deep concern to President Roosevelt and me. The recent deficits in the Federal budget and the resultant planned and unplanned part of any program to counteract economic trends. They have arisen as a result of the collective responsibilities in maintaining world stability in the present world war. At this time the press conference two weeks ago, Treasury officials, which either feels no more strongly about deficit financing than he does; that we will work our way out and eventually balance the budget; but that the matter of primary importance now is the prevention of another war.

Forty-three per cent of the total budget for the fiscal year 1945, $13 billion, is in the public debt. The saving of this money is to be done not by individuals, but by the machinery of the country. There is an element of the public debt that amounts to $43 billion, including the interest thereon. This element is comprised of the savings bonds program, the savings bank deposits, the amount of the Treasury bills, the foreign debt, and the savings accounts. The public debt is comprised of the whole of the nation's total financial resources. The public debt is comprised of the whole of the nation's total financial resources.

The management of the public debt is a matter of utmost importance. It is a grave responsibility and presents many complex problems. It is the problem of the policies which are adopted with respect to it affect not only the financial structure of the Government, but the economic structure of the entire country. The number-one problem which must be kept in mind is that the debt must be managed in such a way as to provide the maximum contribution to economic stability and good business conditions.

Current Borrowing

Whenever the current receipts of the Federal Government are not sufficient to cover current expenditures, the Treasury must borrow the difference, or the resultant deficit. In the fiscal year 1945, the deficit was $13 billion, or about $13 billion. The Treasury Department is not, of course, the only department concerned with a deficit; but the Treasury Department is the place where the deficit is handled. In addition to borrowing new money, a part of the Federal debt, the Treasury is faced this year—say, it has been in each year of the war—worth about $40 billion with a huge refunding task. At the beginning of the calendar year 1945, there were $20 billion of marketable securities either maturing or callable within the year. This exceeds the total of all the employment picture. Because of this, our growing labor force, unemployment was also higher than last year—about 250,000 more persons seeking jobs than at that time.

Current Feeling of Optimism

The general feeling throughout the country is one of optimism. Various other indicators confirm the healthy condition of our economy. The steel industry is running at 100% of capacity, and steel exports look for continued good business for some time ahead. The automobile industry is unable to meet the full current demand for new cars, despite the fact that production is at the highest levels on record—46 million passenger cars and trucks were turned out in 1945. The Federal Reserve Board's index of industrial production reached 188 in April, compared with 179 a year ago.

Construction activity continued to rise in April, with the value of construction put in place exceeding all previous records for the month; it was 24% higher than in the corresponding month last year. Moreover, continued high construction activity foreboded favorable signs of economic growth in the future.

Edward H. Foley, Jr.*

The Federal Reserve Bank of St. Louis

The Federal Reserve Bank of St. Louis in the Commercial and Financial Chronicle (2373) 17

*Address by Under Secretary Foley at the luncheon meeting of the American Bankers Association at the Statler-Hilton, New York City, June 1, 1945.
The Business Trend and Need for Caution

National City Bank of New York, in current monthly publica-
tions, has expressed the opinion that conditions of business activity, restraint, if inflationary boom is to be avoided. Holds there is wide uncertainty in outlook.

Commenting on general business trends, the banks' report was based on a survey of 18 banks. The report noted: "The chief support of the boom is based on the continued and increasing speculative financial operations, on the assumption that bank money is available for purchases of houses, automobiles and other durable goods continues to in-
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European Steel-Coal Union: Cartelization in Disguise

Truman Says New Deal Has Been Salvation of Free Enterprise

President denies charge of promoting creeping Socialism. After a long visit to the gates of the Better Business Bureau in Washington on June 6, President Harry S. Truman denounced the 1932 private enterprise system as "a real disaster" that would have been "a real disaster to society as a whole". The report shows that the business condition in recent years has been a failure of the private enterprise system.

Recalling business conditions in 1932, when the New Deal Democ-
rats were elected, the President remarked: "All you have to do is to compare those conditions with those today, and look at the Congress of 1932, the private enterprise system was clearly a real disaster. That is why we need the people of the country, the way we have to keep the private enterprises system as strong as necessary, or we could not have done this work. People of the country have done this work. The business recovery since 1932, the President declared, has been a failure of the private enterprise system that would lead straight to disaster. "It is not as evident to everyone," Mr. Truman continued, "as the policies have been following for passing months, but the greater and more persistent campaign of promoting is agreed that it is evident that socialism is not the answer. The Nation can not avoid and can not resist the depression in the private enterprise was under attack and uncertain of its own future. Today, it is no better off than it was in 1932. The nation's total output in 1932 was less than $60 billion. Today it is more than $100 billion. Since 1932 this country has not advanced toward socialism but toward greater prosperity and freedom for all."

Railroad Securities

The ICC and Passenger Service Deficits

A recent issue of the "Monthly Report in Transportation Statistics" of the Interstate Commerce Commission Bureau of Transportation Statistics reveals that the synergies of the railways' earnings by passenger service deficits. Among railroad executives, there has been some difference of opinion as to the validity of such figures based on Commission accounting rules governing the allocation of operating expenses, railway taxes, equipment rents and joint facility rents between freight service and passenger service. It is claimed, and with some justification, that the allocation of expenses tend to inflate the losses attributable to the passenger service.

It is undoubtedly true that if passenger business were to be eliminated entirely all of the expenses allocated therefor under the Commission accounting rules. For instance, track maintenance would have to go on even without the passenger trains, although in some instances standards of service might be altered with some saving in outlay. Shops would have to remain, and crossing watchmen barely could be eliminated just because there were no more passenger trains. Granting that these is, and other obvious weaknesses in the Commission's accounting rules, there is the present means of measuring the relative profit status of the two services and the results are hardly encouraging. The recent Bureau report points out that the passenger service net railroad operating deficits for the year ended June 30, 1949, was $549,342,000, the previous peak of $598,551,000 established in 1948. It was further pointed out that except for the years 1941-1943, when war considerations were dominant, the passenger service deficits had been tending upward consistently since 1936. Moreover, industry's forecast for 1950 is that since the end of the war despite successive increases in passenger fares. Last year the passenger service operating deficit was $400 million, or 35.9% in 1949. As in all other aspects of railroad operation, the performance of the passenger service was inadequate to a degree.

Quiggin to Address NY Security Analysis

Frank J. Quiggin, Chairman of the Board of Feidler-Quiggin Corporation will address the New York Society of Security Analysts at their 2nd annual meeting to be held at 10 New York on June 9. Also on the program with Mr. Quiggin will be Mr. Sal-
lore Krueger, President, of Feidler-Quiggin Corporation.

A large attendance is expected in view of the interest existing in these mutual funds and the growing role present-
dition field in which Feidler-Quiggin enjoys a leading position.

Continued from page 3
The New "Gold Scare""n

By PAUL EINZIG

Dr. Einzig, commenting on recent fall in gold price, asccribes it largely to abandonment of belief dollar will be devalued as well as to improving position of most European currencies. Commenting on London market, the British have apparently given up entire disappearance of gold premium; hints any adverse change after Marshall Aid cases may cause price of gold to advance again.

LONDON, England—Following its heavy fall early this year, gold has rallied sharply in London market during last few weeks. Its fall would have been even more pronounced had it not been for buying from the U.S. Treasury, thus serving the dual purpose of moderating the shock, of course, and of preventing the dollar from losing its gold. The decline in free market price of London gold has been more than just a world-wide phenomenon. It has assumed such dimensions that there is some justification in calling this fall a new gold scare.

Ever since the outbreak of World War II, it was generally assumed that he who holds gold has a safe and an almost infallible investment. The British, on the other hand, lost almost all their gold and have since then been converting their gold into dollars, as a result of which the value of gold in terms of dollars has increased. During the war years a number of countries hoarded gold, and the British, because of the fact that they had little gold in their own possession, were in the same boat as they were in 1914. Recently the number of these countries has increased to the extent of over a dozen gold reserves.

At the same time, if the market price of gold has been maintained at a premium even in relation to the dollar, the premium has been the widespread belief that the dollar will eventually be devalued. This belief has been further strengthened by the fact that the official dollar has been converted to the gold standard and that the price of gold has been fixed at $35 an ounce or later the official American buying price of gold would be raised.

There can be little doubt that the widespread realization that, after all, the dollar is not a gold standard and that the price of gold has been fixed in terms of American dollars, is an important factor contributing to the gold scare. As a result of the widespread realization that the value of gold is not fixed in terms of a standard currency, as has been the case in the past, the gold market is in a state of uncertainty, that is, a result of which the value of gold in terms of the other currencies has increased.

A number of countries that have a dollar to their own have been in the same position as the British, and have been converting their gold into dollars. A number of these countries have been converting their gold into dollars, as a result of which the value of gold in terms of dollars has increased. During the war years a number of countries hoarded gold, and the British, because of the fact that they had little gold in their own possession, were in the same boat as they were in 1914. Recently the number of these countries has increased to the extent of over a dozen gold reserves.

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Dr. Paul Einzig
The New "Gold Scare"

Our Reporter on Governments

BY JOHN T. CHIPPENEA, JR.

The same pattern holds in the government market: not too much volume or activity, with the modest erosion in prices of the Longer-Term obligations still going on. The payoff to Treasury bondholders is limited, largely because of the market trend and the keen competition for the available dollar of some institutional investors. Investors are not inclined to do any reaching for desired issues. The market is on a broadening front which has been done with a bit more caution. Switches and exchanges are not as easy to carry out as they were in the past, however, but some states have a number of issues available which could make an appearance in the trend of the government market.

For the most part, the market is very limited, with the longest and shortest issues the leaders. The bank obligations seem to be getting what is known as "complementary" to issues of the longer term, and are carrying off with the longs as to get needed income and maturities.

Analysis of Reserve Bank Holdings

Current holdings of Treasury obligations by the Federal Reserve Banks, when compared with those of Nov. 10, 1948, the high point in the System's acquisition and ownership of government bonds, shows what has been done by the Central Banks. At the peak, some $900,369,000 of Treasury bonds were held by the Reserve Banks in the System. At the time, however, Federal Reserve holdings were about $250,000,000 less than the then production of government bonds could bear, and a reduction of about $250,000,000 in price could be made, largely among the smaller institutions. Decreased activity and the wait-and-see-happen mood of investors has put a damper on a forlorn attempt to changes in trend of the government market.

Significant Portfolio Decreases

Total holdings of government securities by Federal on Nov. 10, 1948, amounted to $23,144,100,000 compared with $17,309,325,000 for the same date of 1949. Thus, it decreased by $5,834,775,000, or about 34%, which the Psychological effects of the stock market prices and business activity, which might have strengthened the climate for a demand for government bonds, have been weakened, and in the circumstances everybody must admit that a demand for government securities is nonexistent.

On the other hand, the most significant and gratifying decline in holdings of government securities by the Central Banks, took place in Treasury bonds, which have gone from $11,223,488,000 on Nov. 10, 1948, to $5,811,900,000 on May 31, 1949, a decrease of $5,411,588,000, or close to 50%.

Government bonds due in more than five years, held by the System, were decreased from $9,077,660,000 on Nov. 10, 1948, to $4,100,000 as of May 31, 1949, a decline of $5,444,000, or 58%, which the System's holdings of government bonds due in less than five years, which was $6,036,369,000, and certificates of indebtedness were down from $3,877,375,000 to $1,756,575,000, or approximately 55%, and these were all the available data of the holding in these bonds were not bothered. The market price of $100,000,000 of the total of these bonds due in more than five years which have been eliminated by the Central Banks.

Yields: Then and Now

Conditions now are vastly different from those of 1948, because Federal is in the driver's seat and the Central Banks can reverse the drop in government security prices by buying bids to do so. Yields today are still quite a bit above where they were in November, 1948, with the 2½'s of 1959/62 at that time on the peg of 100 to return 2.24% against the current quotation of 101.22 to yield 2.04%. The Vics were being held at 100.8 and showed a yield of 2.48% compared with the present price of about 101.25 and a yield of 2.29%. The basic issue, the 2½'s due 9/15/51, the 3½'s due 12/15/54 and, in November, 1948, was quoted 101.15 and showed a spread then of 2.40%. This spread has been considerable and may be caused by a different yield in government security prices, and at current levels of approximately 10.56 it gives a return of 2.13%.

Can Liquidation Continue?

How much further Federal will go in letting out its holdings of government securities is anybody's guess. It is likely matter of conjecture. There is no doubt the Central Banks have improved their position to protect the government market if there should be another repetition of what happened a couple of years ago, when it was possible to take bids on 3½'s at 100.82. But will the Treasury continue to grow? Federal could run out of these securities in not too long a time, since a very large amount of these are held by the Central Banks and the Federal. This could bring about a change in the Treasury's policy of financing because more long-term obligations would have to be issued to meet the needs of investors.

Before an answer will be forthcoming on this point, because the financial community has seen what happened to prices of the scarce salable issues, to a defined market. The fall of the higher coupon bond obligations might cast considerable light upon this subject.

Merrill Lynch Awards Six-Wave Fellowships

Merrill Lynch, Pierce, Fenner & Beane has awarded six-week fellowships to study the business of Professor Robert T. Bent of the University of Chicago, and Merrill Lynch, Pierce, Fenner & Beane, is pleased to announce, the Chicago Board of Trade, and other exchanges, Mr. H. P. Hirschy, Merrill Lynch, Chicago partner, and Chairman of the Exchange, Professor Robert T. Bent, will be Professor Bent's guide. On July 15 Mr. Bent will leave for Memphis, where he will observe spot market, warehousing and leverage for the close-runup under the tutelage of Brown Brothers, local Merrill Lynch, Merrill, Lynch, Partner, Professor Bent, who is a visiting member of the Federal Reserve Board, as well as associate professor of economics at the University of Chicago, will have the program, with more emphasis on finance than commodity, however. His fellowship will begin later in the summer.

Porges & Co. Forming

Porges & Co., members of the New York Futures Exchange, will be formed as of June 15 with offices at 15 Broad Street, New York City, and the partners will be Michael Porges and David Ritts, master both of the Exchange, and the American and will be limited partners in the firm. Mr. Porges and Mr. Ritts have been active as individual floor brokers.

New DePasquale & Co.

Ralph DePasquale has formed DePasquale & Co. as successors to Atkinson & Co., 245 Broad Street, New York City.

U. S. TREASURY

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BILLS CERTIFICATES NOTES BONDS

AUBREY G. LANSTON

15 Broad Street 45 Milk Street NEW YORK 9 BOSTON 9

Wiltskill 3-380 f. Bankers 6-6695
At the regular meeting of the Board of Directors of The National City Bank of New York held on Thursday, July 1, by teleconference, Charles H. Vanly and Clarence H. Welsey were appointed Vice-Presidents. Both officers entered the bank with the College Training Club of 1918.

Irvin A. Sprague Berkeley D. Johnson

Irvin A. Sprague, Berkeley D. Johnson, and Thomas J. Madden were appointed Vice-Presidents of the United States Trust Company of New York at a meeting of the Board of Trustees, it was announced on June 3 by Benjamin Strong, President. Mr. Sprague and Mr. Johnson are with the Investment Department. Mr. Madden is in charge of operations within the company. Mr. Sprague joined the company in 1923, was appointed Assistant Secretary in 1933, and Assistant Vice-President in 1941. He is a member of the Trust Investment Study Committee of the New York State Bankers' Association, which made recommendations leading to the new trust investment law effective on July 1. Mr. Johnson became associated with the company in 1929, was appointed Assistant Secretary in 1941, and Assistant Vice-President in 1944. He is a Trustee of Packard Junior College. Mr. Madden joined the company in 1916, was appointed Assistant Secretary in 1934, and Assistant Vice-President in 1947.

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Public Utility Securities
By OWEN ELY

Atlantic City Electric
President England anticipates about $6.25 for the calendar year 1905. The anticipated savings, which are based on the estimated rate base will be below the allowable amount, it is estimated.

Continued from page 6

British Socialism Has Failed!

There is a third factor: it was believed that the industrial workers would have more interest in their jobs because they were not working for the private profit of a rich man. In the case of Great Britain, the state Board would be more benevolent and more humane in its treatment of its white-collar and blue-collar workers than the government itself. One of the few means it may secure complete balance, let me add this: that the board will be able to make on the basis of its own opinions of the company's policy, and the fact that, since the Socialist Government was returned, we have become an even higher road to destruction, that whole plan—merely to say this: that I believe that this plan will succeed. In any case, the Liberal Government was returned—so I believe it will be at the next election—then will Great Britain, as a country, be on a higher plane than any other country, be on a plane that has a multitude of enemies. It will be the most difficult to get. That way, the grievances grow. Letter pillars on the street, the field, until, in the end, a moperative room of paper separate the worker from the anonymous man who earns his bread and火焰 his destiny. And not infrequently the Trade Union vote, on which the government depends for their existence, has at least as much weight as these factors which used to determine these issues. It settles the selling prices of goods. When the government, which is the final arbiter of the price. For some people the price of life is the cost of living. For others, it is the cost of the social revolution. In reinforced the anti-socialist forces: it has attracted people of all classes, for we are no "class party." To you it is important, because the effect of the price will have on the government is the effect of the price of life on the government. Whether the government will resist the social revolution, to fight the Communist menace.

Anti Socialists Must Have Free Trade

Britain is through with the Socialist menace. It has told the world that it will not join you in seeking the ways to prevent war.

The demonstration of failure of one form of political philosophy does not relieve us from the necessity of having a positive creed, in Great Britain, we have tried to do it through the Conservative Party, on three issues. The first, a movement called the "Industrial Charter," defining the questions of the industrial associations and commercial organizations. The second, our efforts to obtain a high standard of living, and the third was the plan of the Conservative Party, the workers of the country security and the condition of the unemployed. This employment. These are the fundamental conditions of the Welfare State.

I believe that you have a right to be interested in the "Me-too" idea. I understand that it is a term of opprobrium, and it is a thing of both parties. It is the "muck-in" on the voter's mind, and it is the word of the opposition party as if it were a term of opprobrium if it were a "Me-too." They should, however, be interested in, and to do it through the Conservative Party of "Me-too." Every expression of benevolence must be accepted by the worker, whether it is catching, and as being incorrect. There is no one party that has a prescriptive right to say that they would be interess...
they are alone are the people who care for their fellowmen.

In my own business I am proud of the men who work for me. They are good human beings. I have always made a point of giving them what they need to live comfortably. I have always tried to keep them out of the shadow of the other workers who are not so well off. I want my men to be comfortable so they can be happy. This is what makes my business successful.

We don't talk about it very much, but there is a great deal of unhappiness in the world today. People are worried about their jobs, their families, and their future. They need help, and they need it now.

I believe that the government should do more to help the poor. We need a new social program that will give everyone a chance to be successful. We need to invest in education and training programs, and we need to provide more jobs for people who are looking for work.

We also need to address the issue of health care. People should not have to worry about paying for medical care. The government should make sure that everyone has access to affordable health care.

In conclusion, I believe that the government should do more to help the poor and to address the issue of health care. We need a new social program that will give everyone a chance to be successful. We need to invest in education and training programs, and we need to provide more jobs for people who are looking for work.

By the way, I also believe that the government should do more to protect the environment. We need to do more to reduce pollution and to protect our natural resources.

In conclusion, I believe that the government should do more to help the poor, to address the issue of health care, to invest in education and training programs, to provide more jobs for people who are looking for work, and to protect the environment. We need to work together to create a better future for everyone.
Abolish Farm Price Supports!

The period of World War II was America's agriculture's brightest hour. In the four years between 1941 and 1945, nearly 2 million people were taken from the land, and the agriculturists, led by the farmers, fed our country better than we have ever been fed before. But the war ended, and the huge armies scattered over the globe, and then had much left over that they didn't have to eat. You have to be on your toes to do a thing like that.

Mary Elmer, former Farmfield editor in Esopus, is right now the subject of a very hot story about farming in Esopus. He had just visited the Federal Reserve Board, and he says the banks have been taking 3,000 years ago. On the walls of the towers of the banks, he says, are pictures of Egyptian farmers plowing with a bushel of gold in their hands, and behind them men and women following with hammers to break the earth. The editors went out of the 3,000-year-old tomb and onto the 3,000-year-old field that was as amazed to see exactly the same scene.

This is most certainly not the record of farming in our country. Less than 5 percent of our farmers live off an agricultural nation with five families. To do this, they have to supply the extra food for one family carrying on industrial or city life. It is a reflection of the fact that, so now it takes less than a year's production to grow the food we need.

As a matter of fact, in our most efficient agricultural sections, sections like the lower ten to twenty, one family on the land can feed adequately ten families in the city.

The significance of this should not be lost on anyone. We are living on ten of, or four out of five of the country's farm products, yet we are not freed to do other things besides grubbing a living out of the soil. They can build homes, manufacturing, automobiles and refrigerators, education, and all of those good things by which we measure our standard of living. You have to be on your toes to do a thing like that.

Good farming has made it possible for many families to live their whole life without any worry about what they are going to eat or drink, and without worrying about the price. Now in England the cost is up 45%, including government subsidy, of course.

A study of Dr. M. A. K. American farmers need to spend only about one-third of their income on food, and goes on to improve his standards by the mark of about 300% over and beyond food.

In some countries like India and China about 90% of the average man's income must go to scrape together the food to hold body and soul together.

Holstein Treatment of Farmer

But there is danger too in pounding our point and overemphasizing the indispensability of agriculture. I feel uncomfortable when a farmer shows, as some do, that agriculture is the key to all prosperity. I feel the same when the Government, must take care of the farmer. I believe that the Government has a good deal of truth in what the man says, but the state of mind he has is bad for the farmer himself. I feel that the industry is dominated by the Farmers' Alliance, the feeders, and the economists in position. I feel that the prosperity of agriculture is so important to this country that we can't allow it to be a preferred treatment—sort of put farmers on a pedestal.

I cannot agree. I'm quite sure that the treatment may actually destroy the productivity which has made our agriculture great and may make it progres-

sive poverty rather than guaranteed prosperity.

There are farming in the public reaction against farmers which has been going on during the past year or two. While they are not based on misinformation which both the press and the radio have been playing up, there is much of what may come if agriculture per-

sists. The farmers are on a limb by politicians looking for votes and the industries people look at for the good business.

The farmers are already too far out on that limb. We must re-examine our farm programs along with our national farm programs into something which will be the stuff which will enable an increasingly competitive and efficient agricultural market.

We have arrived at our present high productivity by following the same methods in order to get more income. The demand we get in the market and what we should have had according to the market.

What's wrong with this plan? We have failed to realize that we, as a nation, are just as dynamic as the farmers. We have done all that has been reminded properly by the farmers themselves. We will be a visible, direct subsidy, and not a hidden one to bolster up commodity prices.

To make this way you look it, the income guarantee idea is loaded with trouble. It heads down the road of industrialization and independence on the part of the farmers.

Right now we are wrestling with acreage allotments, with one plan after another. Marketing quotas which are further only one used to bolster up commodity prices.

The Brannam Plan would be no better. We are only widening the margin between what the Government would be doing to our farmers and what the more it would cost Uncle Sam. There is not the hot seat and sweet consumers away from their cheap food tariffs would be to slash production and reduce the production to the point where food prices would rise again.

At what point would it be possible to do the same or similar those Government price? It is possible that the Government would be able to do it. But they would have to try to stimulate it as quickly as possible because they will not live without their Government

sort of direction; but there would be no benefit by entering to our bureaucratic supervising which is so heavily so strong. As production increases this progress from big crops to little crops, the marketing efforts to be sold to food products, there would be less need of the Federal support from many publics to be provided. If the Federal government are, you have to go to the floor and ask them to recognize the farmer's urge to cash in. Such a program would reduce production or hand it over to the Federal government should get its money's worth. It would take as much if not more assurance of a future food supply.

In the second place, I believe that our present machinery should be changed as possible to become a stand-by program to prevent emergency. Some people will say that this is cruel and unusual. Nevertheless, I believe a government price would be a floor and not an income guarantee.

If the floor automatically becomes the going price of the day, the price of a free market is more likely to give us a crack at our share of the underground, but to come up to its prestige. Foreign governments have to protect their prices. With them, they don't like us fighting cold wars with their price controls. We'll like to farm a lot of wheat and cannot control a thing to the starving Chinese but Chinese Government will probably refuse it.

If we don't jump aboard the bandwagon we are going to jump up our own country. That isn't easy. We could make a difference, the corn and wheat into alcohol and possibly a large percentage would have to include a certain percentage of this stuff. But we know that would be a terrible blow to the stability of our soil, fertility may be needed desperately next year, now, for an inexperienced and expensive program, I think we can do it.

How Problem Should be Solved

All right, what should we do? That's a free question and des-

cribes a free policy, I think the answer is not easy. I, for one, believe that we have to move in the direction of a competitive market and greater self-reliance in agriculture. Of course, there are risks. Of course, the consumer is going to have to pay the checks. The question of how we are going to keep the government debate.

We have some scars when the going gets tight, shifting, but I don't believe there will be anyone widespread disaster.

So that's the way one editor looks at our national farm situation.

What Bankers Can Do

You men are interested in the banking and credit part of the picture, and especially the country banker, can do to sort out the many conflicting claims and take care of our farmers on a sound basis.

Well, I say you can do a lot. The bureaucrats are still a long ways from replacing local talent with an expert in agriculture. We can do a lot of good for the farmer.

In the first place, I believe that the Government should be Visioned to keep an eye out for the farmers. We can do a lot of good for the farmer.

I believe that the Government should play a significant part in reversing this process is going to have to show how to do it. It's not enough to sit behind the desk and work on the doctrine of rugged individualism and free enterprise. We can't sit back and let it play a significant part in reversing this process is going to have to show how to do it. It's not enough to sit behind the desk and work on the doctrine of rugged individualism and free enterprise. We can't sit back and let it play a significant part in reversing this process is going to have to show how to do it. It's not enough to sit behind the desk and work on the doctrine of rugged individualism and free enterprise. We can't sit back and let it play a significant part in reversing this process is going to have to show how to do it. It's not enough to sit behind the desk and work on the doctrine of rugged individualism and free enterprise.

We won't do to take the line of least resistance ourselves. It's not enough to sit back and let it play a significant part in reversing this process is going to have to show how to do it. It's not enough to sit behind the desk and work on the doctrine of rugged individualism and free enterprise.
Incidence of the French Emptiness in the United States is illuminating: French army casualties, killed and missing 300,000

French civilians, killed 120,000

Military and civilian deaths 1,070,000

In other words, France lost almost 27 lives out of every thousand of her fighting population, and this is why her losses and loans are greater today.

Frank X. Keane

Haworth F. Hoch

ST. LOUIS, Mo.—The St. Louis Board of Trade, in the course of its annual meeting on May 31, elected substantial new membership for the coming year, President—Frank X. Keane, Vice-President—Carl L. A.

Secretary-Treasurer—Haworth Hoch.

Haworth Hoch is a graduate of St. Louis University and has been a member of the Board of Trade since 1937. During the war he was a Lieutenant in the U. S. Navy and in the United States Navy Reserve during the war.

Mr. Beckett is an Assistant Vice-President of the St. Louis Union Trust Co. Mr. Hoch is connected with McCrory-Breck

Kuhn, Leeb & Co. Offers $60,000,000 of Serial Bonds of Penno. Co.

Kuhn, Leeb & Co. headed a group of 51 investment bankers, which on June 7 offered to the public over-the-counter, $50,000,000 of 6% serial bonds of the Pennsylvania Railroad Co., maturing in 50 years, and bearing interest semi-annually in 25 instalments of $2,500,000 each, which are callable at any time after maturity.

The bonds are secured by a first lien mortgage in Pennsylvania on all the property and equipment owned by the Pennsylvania Railroad Co., and are guaranteed by the Pennsylvania Railroad Co. and its two subsidiaries, the Lehigh Valley Railroad Co. and the Delaware, Lackawanna & Western Railroad Co., and are secured by a first lien mortgage in New York State on all the property and equipment owned by the Pennsylvania Railroad Co. and its two subsidiaries, the Delaware & Hudson Railroad Co. and the Delaware, Lackawanna & Western Railroad Co., and are guaranteed by the Pennsylvania Railroad Co. and its two subsidiaries, the Delaware, Lackawanna & Western Railroad Co. and the Delaware & Hudson Railroad Co.

The proceeds of the offering will be used for the purpose of providing additional working capital for the Pennsylvania Railroad Co., to be used in the ordinary course of business, and for other purposes as may be determined by the Board of Directors of the Pennsylvania Railroad Co.

The offer was made through Kuhn, Leeb & Co., with a view to provide the Pennsylvania Railroad Co. with additional working capital for use in the ordinary course of business, and for other purposes as may be determined by the Board of Directors of the Pennsylvania Railroad Co.

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As We See It
upon big things from this program. Even the $35 million plan must still await legislation to give it practical effect, and even this much was accomplished by the barest of majorities.

However, if one is to take Washington reports at face value, PiT operations are counted upon in Administration circles as one element in the armor protecting the world from communist domination. Cabell Phillips in last Sunday's New York World-Telegram, doubtless with the benefit of close contact with the powers that be: "Point IV has an important destiny within the framework of this country's new role of leadership in the world, along with the North Atlantic Treaty and the Mutual Defense Assistance Program, it is an important weapon in the 'cold war' arsenal."

"Its ambitious purpose is to dry up the sloughs of poverty, hunger and illiteracy in the underdeveloped regions of the world in which communism would have a chance to breed. Its technique is to provide technical assistance and knowhow for the development of the natural and economic resources within these countries and to create a situation that will attract the investment of private capital, both native and foreign."

If all of its ideals, it is hoped, will come higher standards of living for the people and a new element of stability in their political lives. This is the hopeful theory of the President's "bold new plan."*

How Naive!
For our part, we cannot imagine how any thoughtful man, or woman, or person of intellect could be so naive as to subscribe to the absurdity, of any such idea as this. We recognize, of course, that this statement of the purposes and proposed functions of Point IV is not official in any sense. It is conceivable that Mr. Phillips is not here giving a genuine account of what is in the minds of Administration planners and leaders. His statement, however, is quite consistent with the incoherent chatter from Washington which have come out of Washington during the past year-and-a-half. It is indeed difficult to see how one can fail to accept it as at least a rough approximation of much of the official thinking of the Administration.

The impropriety of this type of reasoning, then, are of more academic importance. One of the strongest elements in this line of reasoning seems to be the putative close alliance between communism and illiteracy. The world is, of course, threatened with two related dangers, communism and its twin socialism, on the one hand, and what may be termed Kremlin and illiteracy on the other. Resistance to the latter is a matter either of lack of faith in the former or else of patriotic unwillingness to bow the knee to any foreign power. Remove the foolish notions of the possessors of any sane sense of national security and happiness not known or shared elsewhere, and the worldwide menace of Kremlinism would virtually vanish overnight.

Communism and Illiteracy
Now where is the evidence of any close association between socialistic or communist leanings and illiteracy? Serious defectors toward such notions in the United States have either originated or been most effectively expounded in quarters where "learning"—as learning is defined in this day and time—was far from deficient. This is true of the most part even if we confine attention to those cases where subservive crimes has been proved. It is even more conspicuously true if we include the leaders of many of the New Deal and Fair Deal movements which, if you will, have the highest, very strong socialistic leanings.

But abroad the situation is still more striking. Socialistic Britain is hardly illetrate. France has a large communist movement and a large socialistic element—the two being closely connected. France, really, is closer to Kremlin than any other. Who would regard the French as illetrate, and who could say that both the socialists and the communists were not accounted to count among their numbers some of the least illiterate in Europe, and Germany, and even Italy? There are large and powerful socialistic movements in a number of other European countries, as well as in a group of Latin American countries. The fact that these peoples do not wish to be ruled despoticall y by the Kremlin does not in the least alter the situation in this respect. Nor may it be said that the creaping danger of socialism (or communism, if one is able to divorce communism from Kremlinism) is less real for countries which insist upon their independence than from those which do not or are unable to do so.

The Poor Are Always With Us
Of course, persistent and widespread poverty and hunger are the conditions under which Lenin and all sorts of communists have been since the world began. It is in such pools that the ambitious Kremlin loves to fish. If there were some way in which a few billions could be made to flow to the task of the troubleshower would be very much more difficult without the slightest doubt. That includes Kremlin agents as well as the intelligentsia of our own breeding. But it is a task that will have to be abandoned at fiscal even in this country, to say nothing of the vast backward areas of the world. Of course, they cannot be. Indeed, they cannot for the simple reason that an alleviation of the abysmal part of the poverty stricken wais and in a degree no one has yet found a way to induce. It may or may not be good world politics for a short time to try to outpromise the Kremlin with the bag of gold and to throw the flood of cheap talk and empty promises into the political arena here and there, but the effect of such things is not enduring.

The fact is that Point IV as now approved by Congress is hardly more than an enlargement or rather an addition to activities long going on in private funds. It is not likely to revolutionize anything—and we hope Congress will always insist upon keeping it to modest proportions.

Puerto Rico Government And Municipal Financing

In the Commercial and Financial Chronicle the particular situation and the features of the Government of Puerto Rico was considered. The final recommendation of the Government Bank is that certain proposals did not merit consideration for immediate permission, that others had, in general, favorable conditions, financial meaning which might have a tendency to render such measures more feasible than the judgment of the Bank it was felt that the Congress, in order to complete to a major extent proposed legislation, should desire that eventual permanent financing would be more attractive to the general market. In such instances the Government Development Bank has provided temporary financing either through its own resources or in combination with other banking institutions. When we consider that the total cost to date of the first five years has been in excess of $350 million, and that it is not difficult to evaluate the benefits that have accrued to such instrumentality, it is clear that, if a clause of their obligations when compared with the cost and the income which must go to the market whenever financial requirements are excessive, these are factors which would make a stop construction on essential public works impossible.

The intervention of the Bank in the financing provides an interest rate at which is considerably lower than the market and the authority whose interests would thus be helped but be identified with his own.

Nati' City-Lehman Bros.
Syndicate Wins Award Of N. Y. State Bonds
A National City Bank of New York-Lehman Brothers group was awarded on June 6, a total of $70,736,312 of bonds consisting of $35,310,000 housing bonds at 3.5% due 1952-2060, inclusive, and $12,000-300,000 in non-elimination bonds, due annually in stated amounts, 1951-1970, inclusive.

The3 $70,736,312 of bonds were won by the group on a bid of 100.0000 for 3.5% housing bonds and 1% bonds, or an interest cost of 1.843% to the State. The success of the bid was $100 for a combination of 4%, 1% and 1½% bonds, or an interest cost of 1.4214%.

The group is re financing the $35,310,000 of bonds scaled to yield from 1.33% to a dollar price of 89%, according to maturity. The 4% housing bonds not being refinanced presently.

Besides the National City Bank of New York-Lehman Brothers underwriting group includes, among others, the following:

Continued from page 10
continued from page 10

The Commercial and Financial Chronicle. Thursday, June 8, 1950
Pink Promises for Pale People

tributed in any way to this hecho's development, the simple, humane and natural train that each of us is to some extent a criminal. I must express my deep regret for such a remark. However, the example of the humble Negro slave was accepted by a petty crime and, worse, I was supported by the Court: "I plead guilty and will pay the fines that will result." To which, the accused answered: "I say, I done it and I's a prisoner and I's a goin' to serve about it." I think it is worthwhile to discuss briefly a few more examples of this needed to enforce social responsibility.

We have laws fixing minimum working hours and overtime wages, which in effect reduce employers' gains and losses from which, incidentally, forbid the employment of a great many men and women who might otherwise be employed. The power of the national government, however, is limited by the Constitution to the regulation of commerce among the States, wherein their commercial pursuits are concerned. Of course eventually new taxes may be raised, but that would mean a huge increase for pensions already paid for.

Every year there are demands for minimum wages, which are in order by more persons, and less paying to the taxpayer's load and to the number of persons depending on it.

The FEPIC Bill

There is now underconsideration in Congress a law to establish a so-called Fair Employment Practice Commission and to penalize employers who refuse to employ or promote, if, despite an employer's denial, the Commission rules the person to be refused to hire or promote a person on the ground of race, color, or religion. Thus is it proposed that employers can refuse to work with persons to whom they do not wish to ascribe any religious, and enforcing involuntary servitude on persons of any religious persuasion. It is discrimination against a person because of his race, color, or religion.

As an effort at "thought control," this measure is of great importance in the minds of those who believe in, or are supposed to represent, the Federal government.

The United States, wherein Congress is denied the right to control the First, the Fifth, the Ninth and Tenth Amendments, as well.

The American people are being constantly assured that our paternalism will make us good and unselfish by making us are to make our very rich. This is a political necessity because our national government is a very expensive one and only starrily paid for by the people of the United States. This a political necessity because our national government is a very expensive one and only starrily paid for by the people of the United States.

The power, many of my old friends and I will go on faith in a free government and a free economy. If, however, there is an election, we had a way of being my political religion.

So, I smiled and said: "Don't ask me to quarrel the candid words of this old friend and say to doctors who are being to me and the chief shadows of a political tyranny creeping in to me: 'Have you got any sense now!' If I have, I will soon indeed be a party to the destruction of the freedom, the integrity and the independence of the personal doctor iron's worths of your honored profession.

You will stand upon your God, right to accede and your body will fill us as much personal responsibility for the welfare of others as you can. But you cannot refuse to accept social responsibility. You will be taken by the commissioners of national identity and the political and the evils of the welfare state. You will join forces with the demand for work, and willing to fight for the right of every citizen to use his own work, to live their own lives, and to serve no masters except their conscience and their God.

Says Business Cycle Is Still Unconquered

Arthur F. Burns, research Director of National Bureau of Economic Research, in describing characteristics of business fluctuations, holds crucial problem is prevention of severe

A business recession starts while aggregate economic activity is still expanding, whereas aggregate activity is still contracting, by the late Thirtieth An...r, and the National B...re, just released. "New...Cycles," says Dr. Arthur F. Burns of the National Bureau of Economic Research.

Dr. Burns, summarizing some of the recent results of the National Bureau's investigation of business cycles, points out that although the high points in various types of economic activity show continuous cycles, their movements have not had the same timing. Practically every month some series peaks while others troughs. The expansion and contraction of these series tend to be bunched up. When a downturn in general business occurs, all the series are shown first in investment orders, later in production, and a little later still in wage payments, the National Bureau finds.

Characteristic Sequence in Cycles

Among the specific series that tend to be identical in every economic cycle are construction contracts or permits, stock prices and stock transactions, security issues, business incorporations, hours worked per week, and liabilities of business failures, on an annual basis. Series that end to move simultaneously are construction contracts or permits, production, employment, commodity prices, and imports, and business failures.

Among the laggard payments, wages, interest, and retail sales, and business inventories. Nor can the cycle be counted on to act in the same way in every market, but when groups of them act together, then an overall cycle appears.

These factors, the availability of the nature and development of the cycle. It is significant, for example, that the series characteristic affectively lead other changes in the cycle. Furthermore, it also may affect attempts to forecast.

Two Cycles—One Seen, the Other Unseen

The common records of great business activity show restarted cycles of expansion and contrac-

Business Cycle Not Yet Conquered

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How to Expand Common Stock Investments

To invest his money in the common stock of American industries was, a few years ago, as useful to many individuals as it is today. However, the increase in the number of industries and the vast number of people who now own stock has made it necessary to consider the possibilities of common stock investments. The problem is how to increase the value of common stock investments without increasing the risk of losing money.

First, it is necessary to understand the nature of common stock investments. Common stock is a share in the ownership of a corporation. An investor who buys common stock becomes a shareholder in the corporation, who has a claim on the assets and earnings of the corporation. The value of common stock is determined by the market price of the stock, which is influenced by the earnings of the corporation, the prospects for future earnings, and the demand for the stock in the market.

Second, it is necessary to understand the different types of common stock investments. There are two main types of common stock: those with a fixed dividend and those without a fixed dividend. Fixed dividend stocks pay a certain amount of money each year, regardless of the earnings of the corporation. Non-fixed dividend stocks pay a percentage of the earnings of the corporation, which may vary from year to year.

Third, it is necessary to understand the factors that affect the value of common stock investments. The value of common stock is affected by the economy, the interest rate environment, the earnings of the corporation, and the supply and demand for the stock in the market.

Finally, it is necessary to understand the strategies that can be used to increase the value of common stock investments. Strategies may include buying and holding, buying and selling, and using margin to purchase stocks.

In conclusion, common stock investments can be a valuable part of a diversified investment portfolio. However, it is necessary to understand the nature of common stock investments, the different types of common stock, the factors that affect the value of common stock, and the strategies that can be used to increase the value of common stock investments. By understanding these concepts, you can make informed decisions about how to expand your common stock investments.
The State of Trade and Industry

The passage of the freight absorption bill by a 43-27 vote in the Senate last week preserved the plan of increasing the President's bill to the Senate. The President's bill would have allowed the President to sell off all of his gold reserves as he saw fit, a proposal that was met with strong opposition. In the end, the Senate defeated the measure, leaving the fate of the gold market uncertain. The gold market has been a major topic of discussion in recent months, with many economists expressing concern that a sustained increase in gold prices could have negative effects on the economy. The Senate's decision is likely to be seen as a positive development for the gold market, as it removes one of the key uncertainties that have been weighing on the sector. However, it remains to be seen how the market will react in the coming days and weeks, as investors continue to assess the implications of the Senate's decision.

Commodity Price Index Breaks Through to New Peak

The mild upward trend in basic commodities continued in evidence last week as the Dun & Bradstreet daily wholesale commodity index increased by 1 point for the week ending May 29, to 226.22. The index finished at 226.73 on May 25, with 226.22 a week previous, and with 243.00 on the corresponding date a year ago.

Grain markets continued to show strength and recorded further upward movement in most of the important world markets last week. Grain prices were sustained by widespread declines in the American and Canadian Northwest, but indications pointed to a relatively steady hold throughout the latter part of the week. Export business in corn lagged but local demand was good and prices rose slightly for the week. Current offerings were fairly steady and showed little change in wheat, while beef and feeder cattle continued to bear the brunt of falling trade expectations.

Oats continued to lag in sympathy with the trend in other markets. Trading in grain futures on the Chicago Board of Trade remained quite active, totaling 237,995 bushels for the week. This was the highest total for a single week since the start of the current year, with 44,500,000 bushels the previous week, and 28,000,000 bushels in the corresponding week last year.

Trading in domestic floor markets was fairly active in the form of the week; demand was principally for hard wheat bakers' flours. Offerings of cocoa remained light, reflecting the light statistical position as a result of smaller crops in the growing areas.

The year's trading experienced a marked upswing in new seasonal highs during the week.

The index numbers were prepared by Mr. Charles J. C. Mitchell of the New York Times.

Food Price Index 3.5% Above Year Ago

Extending the upward movement of the past six weeks, the Dun & Bradstreet wholesale food price index increased by 3.5% for the week ending May 29, and was recorded on the corresponding date last year.

The index represents the sum total of the price per pound of 51 food and grocery items for retail stores.

Continued on page 5

American Financed

With all the talk today about security, many people seem to be thinking of ways in which they can invest their money in a way that will make the most sense. The thing to remember is that Americans are still willing to take a risk if they know what they are doing and they are not too greedy.

The job of educating the man-in-the-street about the potential for investment in a volatile market has been considered by a number of economists to be the responsibility of the investment banker. While we are not convinced that in the investment bank¬ing world enterprises are the necessary condition to help us. A vigorous and constantly expanding consumer market is a requisite for a free, democratic capitalism.

In all of us in the conduct of our own private affairs should "take the right thing at the right time" as the answer to this yardstick: "Will this action contribute to the development of the latter half of the century?" In a word: capitalism in America! If we do this, sometimes we may find our short-term personal or corporate interests may run counter to what a free and prosperous society desires. If we do this for our free enterprise economy. But it is the heart of business, not in the business, that is the forest for the tree.

Barret, Fitch Arms

KANSAS CITY, Mo.—Joseph M. Luby has become associated with barton, fitch & co., 1004 Baltimore Avenue, in their Kansas City office. He has had several years' experience in Kansas City in the municipal bond department.

The firm also announces that Howard E. Kett, of Hueston & Kett, has been elected a Junior Kansas City resident representative, located in Lincoln, Nebr., and W. A. H. Stone, of Light resident representative in Winfield, Kan.

Federal Reserve Bank of St. Louis

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The Canadian Pacific Railway System is the oldest and perhaps the most important of the railroad systems in Canada. It includes the large-scale operations of the company's three railroads, which are the Canadian Pacific Railway, the Grand Trunk Pacific Railway, and the Western Canada Railway.

Vincent M. Doherty is With Emerson & Co.

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Federal Reserve Bank of St. Louis

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The following statistical tabulations cover current commercial 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:

### Indications of Current Business Activity

#### AMERICAN IRON AND STEEL INSTITUTE:
- Steel and steel products operations (payroll of capacity)
  - Latest: 103.1
  - Previous: 100.4
  - Month: 103.1
  - Year: 103.1

#### AMERICAN PETROLEUM INSTITUTE:
- Crude oil and condensate output — daily average (bbls. of 42 gallons each)
  - May 27: 8,116,000
  - May 26: 8,217,254
  - May 25: 8,212,536
  - May 24: 8,220,155
  - May 23: 8,218,379
  - May 22: 8,218,171
  - May 21: 8,217,808

#### ELECTRICITY:
- Power consumption (kwh.)
  - May 27: 2,129,750
  - May 26: 2,129,750
  - May 25: 2,129,750
  - May 24: 2,129,750
  - May 23: 2,129,750
  - May 22: 2,129,750
  - May 21: 2,129,750

#### ASSOCIATION OF AMERICAN RAILROADS:
- Freight revenue (from revenue tables (number of cars))
  - May 27: 780,953
  - May 26: 780,953
  - May 25: 780,953
  - May 24: 780,953
  - May 23: 780,953
  - May 22: 780,953
  - May 21: 780,953

#### DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM:
- May 27: 273

#### ASBESTOS:
- May 2000: 9,439

#### SHIPMENTS:
- May 27: 160,349

#### SUGAR:
- May 27: 3,500

#### SALT:
- May 27: 1,500

#### GOMBE SALT COMPANY:
- May 27: 100

#### NATIONAL PAPERBOARD ASSOCIATION:
- May 27: 200

#### RAILROAD:
- May 27: 210

#### WHOLESALE PRICES NEW SERIES — U. S. DEPT. OF LABOR:
- May 27: 220

#### TRANSACTIONS—MOODY'S PRICES—AMERICAN STEEL:
- May 27: 230

#### COKE (BUREAU OF MINES)—Month of April:
- May 27: 240

#### COTTON (BUREAU OF MINES)—Month of April:
- May 27: 250

#### COMMODITY INCOME:
- May 27: 260

#### RAILROAD EARNINGS—CLASS I RAILWAYS (ASSOCIATION OF AMERICAN RAILROADS):
- May 27: 270

#### PRICES RECEIVED BY FARMERS—INDEX NUMBER:
- May 27: 280

#### ELECTRICITY:
- May 27: 290

#### RENTAL:
- May 27: 300

#### WHOLESALE PRICES:
- May 27: 310
Perils of Chronic Deficit Financing

This is a sound rule. It is a rule that has been proved by the experience of individuals, as corporations, as even local governmental units, and, last but not least, by the experience of the 30's, our national government's great national emergency and the most striking illustration of the soundness of this principle.

Nor was this a great national emergency constitute in the past an acceptable excuse for failure to pay the bills. As long as the last six months were fired in the war, our government resolutely set its face to the task of balancing the budget and accumulating each year a surplus with which to reduce the public debt. This is the program followed that by the middle of the 30's the per capita national debt had been reduced 44%.

Similarly, in the decade after the First World War, our national leaders were successful in living within their tax income and thus in reducing the national debt to a margin which could be applied to the retirement of part of a matter of a decade, the public debt was cut, on a per capita basis, by more than 50%.

It should be noted that on both these occasions a part of this basic rule of prudent finance by the government was entirely counteracted by the natural progress of industry, industrial expansion, increased employment, and rising living standards.

Continuous Government Deficits Much greater fatality would be attendant upon a continuous government during the last twenty years. This is the result of a trend in the same direction. In the long run it is impossible to maintain a continuous deficit or to raise the national debt.

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The second major expansion following the depression of 1929 brings...
Securities Now in Registration

**INDICATIONS ADDITIONS SINCE PREVIOUS ISSUE**

**Allied Electric Products, Inc.** (6/19-23) May 24 filed 160,000 shares of preferred stock (par $5) and 100,000 shares of common stock (par $1), to be offered in underwritten sale of shares. Proceeds—To finance expansion.

**American Clad Metals Co.** (6/12-16) March 31 filed 400,000 shares of common stock (par $1). Price—$5 per share. Underwriters—Graham Co., Pittsburgh and New York. Proceeds—To install additional facilities and for working capital. Expected next week.

**American-Marietta Co., Inc.** April 8 filed 864,000 shares of common stock (par $5) being offered to holders of 50,926 shares of capital stock of Union Brick & Tile Co., Kansas City, to complete acquisition of the latter company. Underwriter—Hill Thompson & Co., New York City. Proceeds—For equipment, construction, raw materials and working capital.

**General Electric Co.** (6/12-17) May 23 filed 150,000 shares of common stock (par $5). Proceeds—To be sold to directors and officers of the company (par $5). Price—$40 per share in cash. Underwriters—Whoode & Co., New York.

**Balleine & Smith Co., Inc.** March 18 filed 20,000 shares of common stock (par $1) to be offered to the public at $10 per share. Underwriters—To be announced. Proceeds—To improve stores and add new stores.

**Bluegrass Life Insurance Co., Louisville, Ky.** March 18 filed 20,000 shares of common stock (par $5.25) at $100 per share. Underwriters—Kahn, Loeb & Co., New York. Proceeds—To sell stockholding.

**California Electric Power Co.** May 3 filed 20,000,000 first mortgage bonds due 1980. Price—$5 per bond. Proceeds—For underwriting costs, legal fees and expenses of issue.


**Citicom Telephone Corp., Decatur, Ind.** April 27 (letter of notification) 3,000 shares of 4% preferred stock (par $100). Proceeds—For proceeds of sale. Underwriter—American Telephone & Telegraph Co. (letter)

**Clariant Manufacturing Co., Inc.** May 4 (letter of notification) 44,000 shares of common stock (par $1). Price—$25 per share. Underwriter—None. Proceeds to be used for working capital.

**Columbia Gas System, Inc.** (6/20) May 28 filed 110,000 shares of debentures, series A, due June 1, 1950, and 15,000 shares of debentures due 1957, and $17,500,000 for construction program. Underwriter—None. Proceeds to be invested on June 16 and opened at 11:30 p.m. (EDT) on June 20.

**Comascorning Inc., Cincinnati, Ohio** May 2 filed 5,000,000 shares of common stock (no par). Proceeds: Underwriter—None named as yet. Price—$100 a share. Proceeds for working capital, expansion, equipment and working expenses. Business—Manufacture of metal, heating and heating-treating of metals.

**Continental General Gas Corp.** May 28 filed an estimated 250,000 shares of common stock (par $5) on which $87,350 shares are first to be offered to common stockholders of share-holding group for share basis. Underwriters—Scott & Stringfellow and Ander- son, Hopkins & Company. Proceeds—To build a pipeline, to cover financing costs and provide working capital.

**Continental Commercial Corp., Pittsburgh, Pa.** June 1 (letter of notification) 20,000 shares of common stock (par $20). Price—$50 per share. Proceeds—To be added to working capital. Underwriter—None. Proceeds—For expansion.

**Crowns Capital Corp., Wilmington, Del.** May 28 (letter of notification) $50,000 of 5% subordinated debentures due 1951 to be sold to the public at 100 per cent of the par. Underwriters—Merrill Lynch, Pierce, Fenner & Beane (jointly). Proceeds—to retire $100,000 of 5% debentures due 1956. Proceeds—To be used to increase working capital. Proceeds—To be expected to receive up to noon Aug. 29. Underwriter—None.


**Dean Corp., Chicago** April 10 (letter of notification) 1,000 shares of common stock (par $100) to be sold to the public. Underwriter—Boettcher & Co., Denver and Chicago. Proceeds—For corporate purposes. Offering—Only to residents of Illinois.


**Dome Exploration (Western) Ltd., Toronto, Canada** Jan. 28 (letter of notification) 2,000,000 shares of common stock, $10 par value. Proceeds—To develop oil and natural gas properties in Western Canada.

**Drymat Corp., Alexandria, Va.** May 29 (letter of notification) 100,000 shares of 6% cumulative non-voting preferred stock (par $50) and 500 shares of common stock (par $1). To be sold in units of one share with the 100 shares of preferred. Proceeds: Underwriter—None. Proceeds for working capital.

**Eagle Rock Gas Co., Pittsburgh, Pa.** May 25 filed $3,000,000 of 20-year 3% sinking fund debentures to be sold by the company. The Phila- delphia Co. from its present holdings. Underwriter—To be named. Proceeds to be invested by Check-Halsey, Stuart & Co., Inc. The First Boston Corp.; Kahn, Loeb & Co. and Smith, Barney & Co. (jointly); Harri- man, Bigley & Co.; Kidd, Pedley & Co. and Merrill Lynch, Pierce, Fenner & Beane, Wold & Co. (jointly). Proceeds—To retire 100,000 outstanding shares of $4 cumulative preference stock by Philadelphia Co. Ex- pected to be sold to the public.

**First Springfield Corp., Springfield, Mass.** May 23 (letter of notification) 3,000 shares of common stock (par $10) to be sold to the public. Proceeds: Underwriter—None. Proceeds to be used for working capital.

**Fleetwood Airflow, Inc., Wilkes-Barre, Pa.** April 20 (letter of notification) 107,050 shares of common stock (par $1) to be sold to the public. Proceeds: Underwriter—None. Proceeds—From $79,000 for working capital. Remaining 20,000 shares to be sold six months in payment of debt. Office—421 N. Pennsylvania Ave, Wilkes-Barre, Pa. Expected next week.

**Foam & Fabric Center, Inc., Akron, Ohio** June 1 (letter of notification) 100,000 shares of common stock (par $1) to be sold at $1.25 per share, of which 110,000 are for the account of the company and 60,000 for the account of John Decker, President. Underwriter—Blair F. Claybaugh & Co., Harrisburg, Pa. Proceeds—For company working capital and pay- ment of obligations.

**Front Range Mines, Inc., Denver, Colo.** May 19 (letter of notification) 176,000 shares of common stock (par $1) to be sold at $1.25 per share, of which 110,000 are for the account of the company and 60,000 for the account of John Decker, President. Underwriter—Blair F. Claybaugh & Co., Harrisburg, Pa. Proceeds—For company working capital and pay- ment of obligations.

**Gatineau Power Co., Ottawa, Canada** (6/15) May 26 filed 660,000 shares of non-par common stock, to be sold by the company. Proceeds: Underwriters: to holders of International Electric’s matured and par- tially amortized debenture stock and 9% debenture holders. Underwriters—Merrill Lynch, Pierce, Fenner & Beane; E. W. Hutton & Co. Proceeds—to retire $100,000, with an option of $30,000. Proceeds—to be applied by the company. Proceeds—to be applied to retirement of all debentures not ex- changed. No proceeds to Gatineau.
NEW ISSUE CALENDAR

June 8, 1950
American Metal Products Co., Clinton.

Rosfield Packing Co., Clinton.

June 12, 1950
American Cladmetal Co., Common.

General Radiator Co., Common.

Columbia Power & Light Co., 4 1/4% bonds.

June 13, 1950
Fauci Gas & Electric Co., 1 1/2% trust.

Toledo Edison Co., 3 1/4% (EDT).

June 14, 1950

Dollar Power & Light Co., 6% bonds.

June 15, 1950
Galaxian Power Co., Preferred.

Southern Ry., noon.

June 19, 1950

Arkansas Power & Light Co., noon.

Bonds & Preferred.

Indiana & Michigan Electric Co., noon (EDT).


Michigan Power & Light Co.

Bonds & Preferred.

Spencer Chemical Co., Preferred.

Tucker's (Mrs. W. B. Tucker), Inc., Preferred.

June 20, 1950
Columbia Gas System, Inc., 11 3/4%.

Debentures.

Kansas City Power & Light Co. (noon.

Northwestern Interurban Co., Common.

Sunray Oil Co., Preferred.

June 21, 1950
American Investment Co. of Illinois.

Dyed Dayton Power & Light Co., Preferred.

Proceeds—To pay debts and assemble and test new ma-

achinery for the company.

International Packers, Ltd.,

May 11 filed 2,000,000 shares of common stock (par $15) and certificates of stock (par $150) for the sale of which 2,000,000 shares are to be offered publicly at $5 per share and 10,000 shares to employees at $5 per share and 2,000 shares to employees of expansion program and for working capital. Office—153 East 44th St., New York 17, N. Y.

Godfrey Food Co., Inc., San Marino, Calif.

May 28 filed of of shares of common stock, participating, 6% cumulative preferred stock (redeemable at $25 per share) and 1,000,000 preferred stock, par $25 per share. Underwriter—Floyd H. Underwriter. No underwriter. Proceeds—To retire indebtedness and provide working capital. Office—2394 Huntington Drive, San Marino, Calif.

Goldblatt Bros., Inc., Chicago, III.

May 28 (letter of notification) $300,000 in interest in a profit-sharing plan for employees at the rate of 5% of their compensation, but not more than $25 per year. No underwriter. Proceeds—For expansion of business and for working capital. Office—335 So. State St., Chicago, Ill.

Figaro Co., Inc., New York City

April 3 filed 118,935 shares of common stock (par $5). No underwriter. These shares will be sold to employees from funds held by the company. Purchase plan approved on April 18. Proceeds—To add to working capital. Price—Not less than $2 a share. Statement effective May 1.

Grinnell Mfg., Ltd., British Columbia

Feb. 16 filed 100,000 shares of common non-assessable stock (par 50c). Price—5c per share. Underwriter—None. Proceeds—For expansion and for working capital. Statement effective May 10.

Gulf Atlantic Transportation Co., Jacksonville,

May 27, 1949, filed 620 shares of class A particile (1 $1 par value) in a profit-sharing plan for employees at the rate of 5% of their compensation, but not more than $25 per year. Offering—135 shares of common will be offered for subscription to employees and the remaining 485 will be offered publicly at $5 per share. Underwriter—Names by amendment and may include Blake, Hollins & Co., Inc.; John J. Berg, Jr.; B. F. Alton Co.; Atlantic Trust Co., New York. Price—For personal $5 for class A. Proceeds—To complete an ocean ferry to finance dock and terminal facilities, to finance current obligations, and to provide working capital. Statement effective May 10.

Hartford Electric Light Co., Hartford, Conn.

May 18 (letter of notification) 2,490 shares of common stock (par $33), 100 shares of $100 par value common stock, and 2,500 shares of preferred stock (par $50). Price—$37 per share. Underwriter—None. Proceeds—For general corporate purposes.


May 15 filed 2,000 shares of common stock (par $50) of the stock to be sold to present stockholders. Price—At par ($50) per share. Underwriter—None. Proceeds—For general corporate purposes. Office—Industrial Canal Plant, New Orleans, La.

Indiana & Michigan Electric Co. (6/19)
May 18 filed $20,000,000 of 20-year first mortgage bonds, due 1969, 4% cumulative preferred stock (par $100) and $50,000 of preferred stock (par $100). For the proceeds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; First Boston Corp.; Union Securities Corp.; Harriman & Co.; Kidder, Peabody & Co.; and Securities Corp. Office—235 East 42nd St. (EDT) on June 19. Proceeds—To pay bank notes and for construction.

Industrial Stamping & Mfg. Co., Detroit
May 15 filed $500,000 of first mortgage $50,000 stock fund book bonds, 6% cumulative preferred stock (par $100) and 2,000 shares of common stock. Underwriter—P. W. Brooks & Co., Inc. Proceeds—To pay mortgage, buy machinery and for additional working capital. Business—Stamping and as-

sembling of machinery, making and selling heating, refrigeration, laundry and other apparatus. To be offered later this month.

May 26 (letter of notification) 9,259 shares of common stock to be sold at par ($1 per share). No underwriter.

Merrill Lynch, Pierce, Fenner & Beane (jointly); Equit-


Lamont (M. H.), Inc., New York City
May 19 (letter of notification) 1,200 shares of common stock (par $10 per share). Proceeds go to selling stockholders. Underwriter—To be offered through Childs, Jeffries & Thordike, New York, N. Y.

Link-Belt Co., Chicago
April 27 filed 10,000 shares of common stock (no par) offered only to employees of the company and its subsidiaries. Underwriter—None. Price—$1 per share. Proceeds—For working capital. Statement effective May 17.

Louisiana Power & Light Co. (6/19)
May 23 filed 50,000 shares of preferred stock (par $100). Underwriter—To be determined by competitive bidding. Probable bidders: W. C. Langley & Co. and First Boston Corp. (jointly); Blyth & Co., Inc.; Equitable Securities Corp.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Bros. & Co., Inc.; and Kidder, Peabody & Co. Proceeds—For general purposes.

Loven Chemical of California, Newhall, Calif.
May 18 (letter of notification) 4,000 shares of common stock (no par) 12,000 shares of preferred stock (par $5). Proceeds—The proceeds of one of the preferred and one common share will be offered at $25 per share. To each common share will be exchanged for patent rights covering the rights of interest of liquidation and other purposes. Bids—Shelton, Los Angeles, Calif. Office—11 1/2 S. Hope St., Los Angeles, Calif.

Magazine Co., Chicago, Ill.
May 18 (letter of notification) 4,000 shares of common stock (par $15) and 6,000 shares of preferred stock (par $100). Underwriter—None. Proceeds—For the purpose of meeting current liabilities of the company, to build a tank and equip it to produce so-called "industrial plastics." Office—138 W. Jackson Blvd., Chicago, Ill.

Market Basket, Los Angeles, Calif.
May 17 (letter of notification) 25,529 shares of common stock (par 50c) to be offered to common stockholders of record May 22 on a 1-for-10 basis; rights expire June 12. Price—$10 per share. Underwriter—None. Proceeds—For expansion and for working capital. Office—601 South Eastern Ave., Los Angeles 22, Calif.

Mattiason Hydrocarbon Chemical Corp.,
Baltimore, Md.
May 22 (letter of notification) 82,067 shares of common stock (par $1), of which 48,667 shares of stock are offered to common stockholders of Tennessee Gas Transmission Co. up to June 20, and 33,399 shares, held as of May 25 and the remaining 6,000 shares will be sold to the public. To each stockholder of Tennessee Gas Transmission Co. Price—To stockholders $10.50 per share (letter of notification). Underwriter—Stone & Webster Securities Corp. and White, Weld & Co. Proceeds—to build, equip and operate a plant. Business—Manufacturer of ethylene glycol and other organic chemical products. Statement effective May 22.

Mayer (Oscar) & Co., Inc., Chicago, Ill.
May 22 (letter of notification) 25,000 shares of common stock (par $10) to be sold to employees at $12 per share. Proceeds—For expansion and for working capital.

Metrogas, Inc., Chicago, Ill.
May 22 (letter of notification) 1,344 shares of common stock (par $100) to be offered to employees at $100 per share. Rights will expire on June 30. No underwriter. Proceeds—For mortgage obligations and for purchase of equipment. Office—22 West Monroe St., Chicago, Ill.

Mid-West Equipment Co., Detroit, Mich.
June 2 (letter of notification) 3,148 shares of common stock (par $100) to be offered at $100 per share. Proceeds—To expand facilities. Office—501 W. 14th St. & Co., New York, N. Y. Proceeds—To Greenfield, Ind.

Ohio Oil & Gas Co. May 5 letter of notification, 1,100 shares of common stock now held in trust, $30 per share. Underwriter—None. Proceeds—For modernization plant.

Pacific Gas & Electric Co. (6/13) May 17 filed $80,000,000 of first and refunding mortgage bonds, series B, to be sold for working capital purposes at $10 per share. Proceeds of sale will be used for redemption of debentures and two shares of common stock at $5 per share. Underwriter—Palo Alto underwriter. Proceeds—For new construction. Bids—Expected May 13, 1950, 11 a.m. (EDT) on June 23, 1950. Motion to terminate on June 20.


Ohio Oil & Gas Co. May 24 letter of notification, 10,000 shares of common stock held in trust, $25 per share. Proceeds—For sale of assets and other corporate purposes. Bids—Tentatively expected at noon (EDT) on June 23, 1950, 11 a.m. (EDT) on June 23, 1950.

Pacific Refining Co., Honolulu, Hawaii May 29 filed $75,000,000 of 5% 15-year sinking fund debentures due in 1965 and 500,000 shares of common stock (par $100). Proceeds will be used for working capital and to expand other corporate purposes. Proceeds—For real estate investment, mortgage finance, or general corporate purposes. Office—960 20th Ave, Seattle, Wash.


Niagara Mohawk Power Corp. May 23 filed 189,263 shares of $1.20 cumulative class A preferred stock (par $50). Proceeds will be used for working capital purposes. Underwriter—International Securities Corp., New York.

Norlite Oil Development Corp., Washington, D. C. March 28 filed 600 shares of capital stock (no par). Proceeds to be used to explore and develop oil and mineral leases. Statement effective April 15, 1950.

North Western Coal & Oil Ltd., Calgary, Alta., Canada April 4 filed 2,000 basic units of $50 face amount each of production bonds, series B, due June 13, 1950, at an interest rate of 5% per annum. Proceeds will be used to develop mining properties. Underwriter—Mercantile National Bank of Canada, New York.

Northern Indiana Coal Corp., Chicago May 10 letter of notification, 5,000 shares of common stock (no par) to be sold at the market price (on an exchange) for the benefit of the members of the President of the company, Underwriter—Farrell & Co., New York. Proceeds to go to the members of the company.

Northern Indiana Public Service Co. June 12 filed 21,145 shares of capital stock (no par) to be sold at the market price (on an exchange) for the benefit of the members of the President of the company, Underwriter—Farrell & Co., New York. Proceeds to go to the members of the company.

Northern Illinois Gas Co., Chicago June 11 filed 8,000 shares of capital stock (no par, $12.50) to be first offered to present stockholders on a stock-for-stock basis during June 20 with rights expected to expire on July 10. Price to be fixed by amendment. Underwriter—Messrs. Wheelwright & Co., Chicago.


Ohio Oil & Gas Co. May 5 letter of notification, 1,100 shares of common stock now held in trust, $30 per share. Underwriter—None. Proceeds—For purchase of bank loans.

Orchards Telephone Co., Orchards, Wash. March 16 letter of notification 500 shares of common stock (par $10) to be sold for working capital purposes. Proceeds—For modernization of plant.


Rocky Mountain Tobacco Co., Philadelphia, Pa. May 3 filed 50,000 shares cumulative preferred stock, series B, $100 par value, $8 per share. Proceeds to be used for working capital. Proceeds—To be used for working capital. Proceeds—To be used for working capital. Proceeds—To be used for working capital. Proceeds—To be used for working capital.

Roslyn Art Metal Works, Inc., Newark, N. J. (6/19) May 29 letter of notification, 1,000 shares of common stock (par $10) to be sold for the benefit of the estate of Louisa V. Aaron at $10 per share. Underwriter—None. Proceeds—To purchase additional equipment.

Roslyn Oil Corp., New York, N. Y. May 10 letter of notification, 150,000 shares of common stock (par $5) to be sold for additional working capital. Proceeds—For working capital.

Sentry Safety Corp. May 19 letter of notification, 150,000 shares of capital stock (par $1) to be sold at $1 per share. Proceeds—To be used for the benefit of the estate of Louisa V. Aaron at $10 per share. Underwriter—None. Proceeds—For additional working capital.

Sheet Metal Workers Int'l Union, Chicago, Ill. May 21 letter of notification, 150,000 shares of common stock (par $1) to be sold for the benefit of the estate of Louisa V. Aaron at $10 per share. Underwriter—None. Proceeds—To purchase additional equipment.

Southern Natural Gas Co. May 17 letter of notification, 2,500,000 shares of common stock held in trust, $15 per share. Underwriter—No underwriter. Proceeds—To restructure the company's capital structure. Proceeds—To restructure the company's capital structure. Proceeds—To restructure the company's capital structure. Proceeds—To restructure the company's capital structure. Proceeds—To restructure the company's capital structure.
Western Uranium Cobalt Mines, Ltd.

February 13 filed 800,000 shares of common stock (par $1) for sale on the New York Stock Exchange.

Prospective Offerings

Aetna Finance Co.

Announced plans on May 7 to do some financing later this year. Underwriter: Goldman, Sachs & Co.

Alcoa Preferred Co.

May 15 announced it will file a registration statement covering the offering of $4,500,000 of preferred stock (par $5). Underwriter: Oppenheimer & Co., Inc.; Marketing: Securities Corp. & Equitable Securities Corp. (jointly); Dealer: Harriman, Kipley & Co. Proceeds will be used for working capital.

American Natural Gas Co.

May 28 announced company plans issuance of 300,000 shares of common stock (no par) common stock. Proceeds will be used to acquire assets of the company to construct new facilities. Price—To be determined by underwriters, if any. Underwriters: Glener, Forgan & Co., and W. C. Langley & Co. (jointly); Blyth, Eastman, Dillon. Proceeds to increase investments in stock of Michigan Consolidated Gas Co. and Milwaukie Gas Light Co.

Celanese Corp. of America

April 12 the stockholders voted to authorize the creation of 10,000 shares of a preferred stock (par $100). 500,000 shares of which will be issued at any time. Plans are being formulated for the issuance this year. Underwriter: Lehman Brothers. Proceeds from the new series of this new preferred stock may be used for the expansion of the company's operations. Proceeds will be distributed to the company's stockholders.

Central States Electric Co.

March 15 announced that under an amended plan of reorganization approved by the court, it has been instructed to issue to holders of the common stock of the company 5% preferred stock at a price of $4.50 per share. Underwriter: John C. Perry & Co., Denver.

Chicago & Western Indiana Ry.

Jan. 31 reported company will probably issue in the near future a series of preferred stock, with a stated par value of $150 per share. Proceeds for working capital.

Columbia Gas System, Inc.

Apr. 17 the company is considering the issue of 50,000 shares of preferred stock (par $100) to be sold on the New York Stock Exchange.

Columbus & Southern Ohio Electric Co.

Mar. 30 reported plans for new equity financing before the end of the year in the form of common stock. Proceeds will be used to finance a portion of the company's construction program.

Commercial Credit Co.

Mar. 30 stockholders approved creation of 500,000 shares of preferred stock (par $100). A company underwriter is also expected to offer the stock.

Consolidated Edison Co. of New York Inc.

May 15, Ralph H. Tappert, chairman, said the company will sell up to $25,000,000 of common stock through the sale of securities. No permanent financing is expected before the end of the year. Underwriters: Morgan & Co., Morgan Stanley, & Co.; and The First Boston Corp.

Domestic Credit Corp.

June 20 stockholders will vote, among other things, to elect three directors and one vice-president of the company, issue a series of preferred stock, issuable in series, and on changing name of the company to Domestic Credit Corp., the corporation will further expand which will require additional capital from time to time. Underwriters: Morgan & Co., Morgan Stanley, Lynch, Pierce, Fenner & Bean, and Paul H. Davis & Co.

Eastern Utilities Associates

May 23 announced it will issue under a plan filed with the Securities and Exchange Commission, approximately $500,000,000 of preferred stock to acquire additional assets. Western Utilities Associates of Chicago, which has the largest utility assets of Eastern, and of the Brockton Edison Co., Fall River Electric Light Co., and Montauk Electric Co. will issue and sell its preferred stock to collateral trust bonds and $5,000,000 of preferred stock.

Eliot Co.

May 28 it was reported that between 47,000 and 48,000 shares of this company's common stock may be offered some time in the near future through F. Eberstadt & Co.

Emerson Radio & Phonograph Corp.

May 29, Benjamin Abrams, President, announced that the company proposes to file a registration statement covering the offering of $5,000,000 of common stock (par $5) to acquire additional assets if needed. Underwriter: F. Eberstadt & Co.

Fedders-Quigan Corp.

June 10 reported that company plans registration late this month of about $5,000,000 preferred stock. Offered expecting in mid-July through Smith, Lipson, Jones & Co.

Florida Power & Light Co.

June 9 stockholders will vote on creation of 50,000 shares of $5,000,000 preferred stock (par $100).

Houston Lighting & Power Co.

April 14, B. B. Bertron, President, estimated construction expenditures for 1956 between $19,000,000 and $20,000,000. This estimate may be raised to accommodate increased power demands on the system. If this is the case, more stock may be offered through additional common or preferred stock financing.

Island Lighting Co.

May 18 it was reported company's construction program in 1956 will cost $20,000,000 which is currently being financed through construction bonds. Plans for the expansion of company's current or planned service area may cost $10,000,000, or $12,000,000. Underwriters: Lehman Bros., and Smith, Barney, & Co.

Leverett (P.) Co.

April 4, Herbert A. Kent, President, said: "It may be necessary in the near future to file a registration statement to redeem $6,185,450 of 5% bonds due on that date: '84. The company is also considering the possibility of an expanded sales volume. He added that company plans to pay off $15,000,000 of bonds due on June 1, 1957, and to file a registration statement to redeem all of its bonds due on June 1, 1957. Proceeds will be used for working capital. Underwriters: Lehman Bros.; and Smith, Barney, & Co.

Macy's (R. H.) Co.

May 29, company is considering issue of $10,000,000 of new securities, either debentures or preferred stock. Underwriters—Lee Brothers, Goldman, Sachs & Co.; Morgan Stanley & Co.
Power & Light Co.
April 13, Merrill Lynch disclosed that a group of 16 purchasers who acquired company's 500,000 shares of common stock from American Power & Light Co. on the New York Stock Exchange late last week will make a public distribution of these shares at earliest April 22. The purchasers—A. A. Lajun, Inc., and Bear, Stearns & Co. headed this group. The 500,000 shares of common stock are being sold at $15.50 a share, a price at which they will be publicly offered. Company also expects to raise $7,500,000 in cash money later this year and a similar amount in 1951.

Public Service Co., Colorado
May 22 it was announced that company raise approximately $15,000,000 this summer, viz: $7,500,000 by means of a 71/4% debenture offering and $7,500,000 of bonds. Proceeds to be used for issues indicated in the Public Service Co., Colorado, announcement of May 15.

Public Service Electric & Gas Co.
April 17 stockholders approved the issuance of $90,000,000 new first mortgage bonds for the acquisition of the 9% stub bonds due 1970 and $15,000,000 new 9% bonds due 1965. Probable bidders: Halsey, Stuart & Co.; Morgan, Stanley & Co. and Drexel & Co. (jointly); First Boston Corp.

Raytheon Manufacturing Co.
June 1, Charles F. Adams, Jr., President, announced that arrangements were being made for an offering later this summer of $5,000,000 additional common shares of the company—the last of a series of shares offerings. This offering, he said, will be underwritten by a group of investment bankers headed by Hornblower & Weeks.

New England Power Co.
April 24 it was estimated that about $37,000,000 new financing will be required to pay construction costs estimated at $40,000,000 for 1950 to 1953. Present plans are to issue in late summer or early fall $10,000,000 preferred stock. Probable bidders: (1) for bonds—Halsey, Stuart & Co. Inc.; Harriman Ripley & Co. Inc.; Lehman Brothers; Kidder, Peabody & Co.; Morgan, Stanley & Co.; Johnson, Wood & Co.; Union Securities Corp. and Salmon Bros. & Hutzler (jointly); (2) for preferred stock—Morgan, Stanley & Co. and Drexel & Co. (jointly).

New England Public Service Co.
April 10 company announced an application to sell 200,000 shares of Public Service Co. of New Hampshire common stock or a sufficient number of shares of common stock of the company in the state of New York, approximately the same amount of money. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co. Inc.; Lehman Brothers; Kidder, Peabody & Co.; Morgan, Stanley & Co.; Johnson, Wood & Co.; Union Securities Corp. and Salmon Bros. & Hutzler (jointly); (3) for preferred stock—Morgan, Stanley & Co. and Drexel & Co. (jointly); First Boston Corp.

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Morgan, Ripley & Co.; (2)

bonds—Halsey,


Tide Water Power Co.
May 20 it was reported that early registration with SEC was made for a $7,250,000 offering of 71/2% debentures. Underwriter—Blair F. Claybaugh & Co. Proceeds to pay calls and for additional working capital. Offering—Expected late in June.

Utah Natural Gas Co.
May 22 it was announced company plans to build a 232-mile 12-inch pipe line to carry approximately $25,000,000. Hearings will be held before the Utah Public Utilities Commission in August or September, after a study of the project.

Utah Power & Light Co.
May 22, 1950, said company plans to sell $10,000,000 of additional first mortgage bonds through competitive bidding during the first half of 1951. Proceeds to be used to carry forward the expansion program into 1951. Probable bidders for these bonds: Morgan, Stanley & Co., (jointly) for bonds; First Boston Corp., (jointly) for debentures; Carl M. Loeb, Rhoades & Co.; Lehman Brothers and Blyth, Eastman, Dillon, & Co., (jointly) for common stock

With T. Nelson O'Brien
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R. C. Whittaker Opens
(Special to The Financial Chronicle)
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C. Whittaker is engaging in a se-

The Masonic Temple Building.

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DETROIT, Mich.-Hale L. Dick-

eralpurities business from offices at 1221

With Blair, Rollins Co.
SAN FRANCISCO, Calif.

Building.

With J. Morris Bro. Staff

HOLLYWOOD, Calif.—Betty

Murray, Miss; Joan Varney War-

Building.

With Davies & Meija
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SAN FRANCISCO, Calif.—Richard
V. Schneider has been added to the staff of

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BEVERLY HILLS, Calif.—Jesse
Marans has been added to the staff of

Wall St. & vine

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With Waddell & Reed
(Special to The Financial Chronicle)
LINCOLN, Neb.—Loren G. Hat-

Van Wygarden are with Wad-

Building.

With King Merrill Adds
(Special to The Financial Chronicle)
San Francisco, Calif.—A. L. H. De-
With any of this week's new bond offerings well absorbed underwriters were making ready for another busy period in the week ahead.

Large single underwriting in the immediate list is $80,000,000 of Pacific Gas & Electric Co., first mortgage bonds, 3% series T, due 1976, to finance new consumer properties, to appear for the first time in the running for this issue, when bids open on Tuesday. On Monday, another large Northern Gas Co.'s $48,000,000 of serial debentures, 4% is to appear in the running for this issue, when bids open on Tuesday.

On Monday, another large Northern Gas Co.'s $48,000,000 of serial debentures, 4% is to appear in the running for this issue, when bids open on Tuesday.

... of the underwriters earlier in moving the predecessor's several recent issues which had proved to be "sticky" at prices offered fixed.

Northwestern Bell Telephone Co.'s $90,000,000 of 34-year debentures bearing the two bids of 100.7199 for a 2.75% coupon, will open, bid, and reach, 101.107, for the same interest rate.

... the bidding tpubbed that it of the offering by less than a penn, per $100 principal amount or barely 10 cents per $1,000 principal amount. This indicated that the groups were thinking in almost identical terms. Thus this appeared to make the actual market much livelier than anticipated.

The second group dropped off reportedly for the reason that it was unwonted to permit a large enough aggregation to handle the business under circumstances that prevailed.

Conjecture around the Street was of the opinion that it had been bad, suggesting that the financing should have been put ahead or back to get it out of competition with Northwestern Bell and the big New York State issues.

Moreover, it was argued, a single maturity accompanied by a heavy Block of $2,000,000 would have aroused more interest.

Bond Well Received

Whatever the discussion, the fact remains that the bonds found a ready reception when brought to the market in competition with groups, same competition, paid the company $99 for a combination of coupons ranging from 4-1/4% to 4-3/4% for 25 maturities.

Reoffering was undertaken at prices fixed to return the buyer a yield of from 1.75% on the shortest maturity, up to 4.65% on the longest series.

At least three of the major underwriters reported that the bonds were expected to come into the market for substantial redemptions, both at the opening and by the close of the first day it was expected that the only unsold would be under $15,000,000.

Another Big Week Ahead

With virtually all of this week's new bond offerings well absorbed...
WASHINGTON...To be

WASHINGTON, D. C.—Two
of the most widely accepted cur-
rent"here-tomorrows" of this capital
are that Congress will not ad-
journ at the very earliest until
mid-August, and that there will be
no tax law enacted this ses-
sion.

It is admitted that the cur-
rently available evidence gives a
preponderant alternative to both
these outlooks, and yet it is pos-
sible to foresee possibilities which
could change either or both of these prospects in a few weeks.

Until recently, everybody prac-
tically assumed that Congress "just
could not hang around" longer than in an election year, that the boys were too hot and bothered about getting re-
lected in 1946 to worry about legis-
lation, and that no matter how bleak the outlook for adjourn-
ment appeared, come July the
legislators would fold up their
toosh and quietly or otherwise
steal away.

Now the stampede is in exactly
the opposite direction. The Wall
street security bill will take three weeks of Senate floor consideration, and the conference with the House as-
serted "terrorist" of this capital out
of the way, or so it is opined. The Senate Appropriations Com-
nmittee has reported in full in its
own version of an overall supply
bill. This bill wends its way when it
does come on the floor, it will take
another three weeks of floor con-
sideation through the Senate be-
to be a tax bill as well. It just
doesn't seem to fit in. In any event,
the Congress to finish up before
Labor Day at the earliest. This
is exclusive of a parcel of lesser
bills, many of them controversial
and requiring some consumption
of time.

There is no doubt that the pres-
ence of these two major bills pro-
pects for a late adjournment are
honored in the Senate at least.
Logically enough, that the House is
just about through with its sched-
ule of business. All the House members are
in it as usual, up for election. Only
one third of the House members
are in their seat each two years. The House boys can be absent in droves, come
back only from time to time from the
fields of political battle to sit out a conference on an appropri-
ation bill or some other legislation, and then skim out of town again while the Senate sweats it out.

There are two intangibles, how-
ever, to keep in mind. One of these
is that when the Senate gets anxi-
ous to quit, it can pass great
 gobts of controversial legislation with a speed that is truly astonish-
ing. The other is the head start. Instead of taking three weeks, the omnibus ap-
propriations bill might be out of
the way in three days. In times
past, before the appropriations
were tied up together, the Senate
would have to bow to the will of a major supply bill and complete it in a little more than
two weeks.

Secondly, the President has
shown no sign as yet of whispering
the boys into his program
and the boys have let Mr. Truman
know that it is their wish to be
whipped—Democratic boys, that
is.

So all it needs is a change in the
mood of the Senate, and these
changes in mood sometimes come
with surprising speed. Thus a late
session is not yet a certainty, even if it seems to look that way today.

The way the tax bill has got
itself tangled up has been rather
widely press-written.

There is every reason to sus-
pect that at least part of the mess
is due to an unparalleled concert
of motives between Republicans
and Democrats to sabotage the
bill, and the delay in the bill in
House Committee suggests no seri-
ous attempt to get the bill en-
serted into this law session.

It has been known of course, pri-
ately, that Mr. Truman wants to veto
the bill. They want the veto to
take two hours. they have the beau-
iful campaign issue of the Presi-
dent's "do-si-do" with the Democrats
and spending and spending. A good
thing for the second, majority,Democrats have the President the embarrassment
of having to veto a tax bill in an
election year. and of thereby giv-
ning the Republicans a campaign
issue.

It is not a question of Repub-
licans and Democrats on the Ways
and Means Committee getting to-
gether in either a smoke-filled or
an air-conditioned room. It is just
that landing the bill in a way to
harm its chances meets these ut-
hories.

On the other hand, there are
many Democrats who feel that the
outlook is such that it will weigh
heavily in the President's favor to
push through with the Senate this
down tax bill, and many Repub-
licans as well as Democrats will
come along with him in order to
make the President's threat to veto
a bill without compensating tax
increases. Mr. Truman can be per-
ruelled to let a stripped down bill
get into law.

It will be from four to six
weeks yet before a "moderate"
bill can be ruled out altogether
this year. When and if the House
passes the bill, then the time will
be right for the Democrats prom-
ising the right party tax issues to
see whether the arrangement can
be sold. If sold it will be put across
fast. Republicans would not dare

Bussiness Buzz

"'Am sorry, sah, but ah refuse to transact any business
with you' except on the southern side of the floor!"

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or indirect", including the costs of appearing before Congressional committees, it is noted that even the most powerful witness is exempt from the appearance before committees un-
der the ancient and Constitutional right of petition.

It is reported in informal quar-
ters that Mr. Buchanan's attempt-
ment of invasion of business privacy was approved by the Senate, the approval of the Lobbying Committee and without a vote. It is in ad-
verse to Representative members. There is substantial opposition to the legalism of the question.

 incidentally, the questionnaire contained a number of questions to the information sought.

Bluntly the new General Mo-

tors contract with the United Auto
Workers, it is asserted here, has the effect of guaranteeing that in-
icreased productivity will be shared among consumers, labor and stockholders.

With the wage outlook ahead for
the motor industry as a whole, the prospective gain against any overall reduction in car prices for the next two or three years. Those firms which have no im-
portant retooling expense may make token reductions in car prices. Those which are forced to do, the extension of model changes may be expected to in-
crease some prices.

House leaders, it is reported, have passed a new anti-Japanese
aid to the White House that they will not wear themselves out by en-
ing on the floor the proposed
ratification of the International
Trade Agreement. There is scarcely a chance the Senate will ap-
prove it.

(This column is intended to re-
port the "behind the scene" inter-
views with Congressional leaders and may or may not coincide with the "Chronicle's" own views.)

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