Korean Lessons
BY MELCHIOR PALYI

Asserting there is no reason to expect an armed conflict with Russia in foreseeable future, Dr. Palyi holds it is plain ignorance to assume Russia might easily be provoked to war. Says chickens of Administration's China policy are coming home to roost, and are seen in announcement of all-out aid to Southeast Asia, a new departure in U.S. foreign policy. Looks for momentous financial consequences from policy change, and contends genuine peace is not possible because of U.S.-Russia antagonism.

After years of total bungling in Asia, the Administration has been forced at last to adopt a realistic and at least partially honorable policy. But this country's almost universal if short-lived scare, that the Korean upheaval may mean war with Russia, is no tribute to our intelligence. The panic on security markets and the rush on commodity exchanges have mirrored a confusion in matters international not worthy of the world's leading nation. Or could it be that what they mirrored was lack of confidence in Washington's ability to match it with Moscow

There is no reason to expect an armed conflict with the Soviets in the visible future. Actually, the Korean showdown is a far less serious matter than the Berlin blockade was two years ago. If the Russians gave up without a single shot their attempt to muscle Berlin, a thorn in the flesh of their Central European empire, would they risk everything for a minor item in global strategy, and would they start it some 5,000 miles from their main base? Also, they were directly involved in the struggle for Berlin; in Korea, they claim no part in the "spontaneous uprising of local patriots." Russia's prestige is not seriously affected by their defeat. The Soviets are accustomed to such reversals which they twist into moral victories. If they accomplish nothing but sheer nuisance, the cost in American lives and dollars

Continued on page 25

Analysis of Wartime Stock Market Behavior
BY GEORGE F. SHASKAN JR., and A. WILFRED MAY

Study of past behavior of security prices at times of our actual entry into shooting-wars shows: (1) great difficulties confronting the investor during initial stages; (2) non-fulfillment of "War Baby" expectations, and (3) unpredictable divergence between industry groups. 

Part I is the first of a series of articles on the facts and significance of the stock market's behavior during past wartime periods

The investment community, engulfed in a sea of worry caused by the unexpected Korean outbreak, is again grasping for its emotional life raft of past performance. Despite the manifest pitfalls in the way of using historical behavior as a guide for present policy, including the differing periods-to-period backgrounds in industry and finance, it evidently will continue to be widely used.

Hence the author of this constructive effort offers a factual study of sectional, and overall market behavior during World Wars I and II; this should at least furnish helpful data for the construction of some widely-held wartime investment fictions.

Our entry into actual Military Conflict the Key Period
As our initial base of comparison we are using the periods starting with the actual entry of the United States into military conflict, in April, 1917, and at Pearl

Continued on page 22

GOING TO NSTA CONVENTION? On page 11 we give the rates and schedules for special trains to and from the National Security Traders Association to be held from Sept. 26-30 at the Cavalier Hotel, Virginia Beach, Va.

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The Security I Like Best

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

MORTON A. CAYNE
Cayne & Co., Cleveland, Ohio
(Warner & Swasey Co.)

The common stock of the Warner & Swasey Co. of Cleveland, Ohio, is not too attractive at this time. Since the market is not at a very low level, completely reflecting circumstances which forecast a brighter economic future, and current and future outlook is good, Warner & Swasey is one of the nation's most important manufacturer s of machine tools.

During the war this industry experienced a tremendous boon and following the war, the market became agitated over capital and machine tools. This, of course, resulted in depressed conditions in business and in the case of Warner & Swasey the situation became even more troublesome because of a strike that closed the plant for over three months in 1949. These circumstances resulted in depressed conditions to approximately 75% per share for last year. In addition, the company had heavy development expenses for new products on which they now expect sizable returns.

Since the first of this year, the management of this industry has experienced a very sharp rise in business which has been replacement and a great part has been for new equipment for the automobile industry, since mass production of automatic transmissions and other high-grade components requires new machines. Recently the National Machine Tool Builders Association announced their new order index at a new high.

While Warner & Swasey is best known for the production of lathes, etc., the company has begun to enjoy an income from products that tend to be important in a war time environment. The company has made a large plant investment in a new machine shop and plant and it is expected that the profits will approximate $10 million this year. If working capital is ample, this is based on the principle of the model made by Sulzer Bros., Ltd. of Switzerland. This machine shop has been operating successfully in Cleveland and the Warner & Swasey plant for some time. The company has been receiving orders for similar machines from other manufacturers, including Pacific Mills which has made a good production start for this year with first deliveries having been made in January of this year. Of major importance is the high-speed loom which is in production and is based on the principle of the model made by Sulzer Bros., Ltd. of Switzerland. This machine shop has been operating successfully in Cleveland and the Warner & Swasey plant for some time. The company has been receiving orders for similar machines from other manufacturers, including Pacific Mills which has made a good production start for this year with first deliveries having been made in January of this year.

The company is an exceptionally well-managed company and it is here that the prospects appear brightest. Several models of pin drop looms for earring cards are being marketed at the present time. A new large plant was developed by Pacific Mills has been in good production for some time with first deliveries being made in January of this year. Of major importance is the high-speed loom which is in production and is based on the principle of the model made by Sulzer Bros., Ltd. of Switzerland. This machine shop has been operating successfully in Cleveland and the Warner & Swasey plant for some time. The company has been receiving orders for similar machines from other manufacturers, including Pacific Mills which has made a good production start for this year with first deliveries having been made in January of this year. Of major importance is the high-speed loom which is in production and is based on the principle of the model made by Sulzer Bros., Ltd. of Switzerland. This machine shop has been operating successfully in Cleveland and the Warner & Swasey plant for some time. The company has been receiving orders for similar machines from other manufacturers, including Pacific Mills which has made a good production start for this year with first deliveries having been made in January of this year.

If I were to ignore the general price level and the important government program, the selection of the "Security I Like Best for the Future" would be easy. The choice would be the capital stock of the American Cyanamid Company.

The American Cyanamid Company's net profit of $237,000,000 for the quarter ended March 31, 1950 shows an increase of sales of 26.3% over the first quarter of 1949. The volume of business is being done in producing a diversified line of products, such as, for example, peni-cillin, anesthetic gases, dyes and pigments, synthetic resins and plastic. The company has not reported earnings of $2.78 per share in the first quarter of 1949.

Estimates for 1950 have run as high as $3.00 per share, although it is too early to formulate definite opinion. It is important to know how many shares of the company's preferred stock will have to be converted into common by the year-end. The company stock is currently selling at a price-to-preference of 110-150 and it is relative to such factors of other chemical companies. The company is conservatively capitalized and is in excellent financial condition with working capital in excess of $57,000,000 at Dec. 31, 1949.

American Cyanamid $3.50 Cumulative Preferred, Series B, is preferred, Series B is currently selling at 103, a yield of 3.4%. The stock is convertible into common stock at $72 per share (or about 14 3/4 shares per $1000 of preferred stock at an investment basis, without the conversion privilege). If the preferred stock should be worth close to $100 per share so that there would not be an advantage of less than 7% in the event of a further rise in the price of the common stock.

When the common stock was at $50, the Series A preferred sold at 99. A rise of 100% in the price of the common stock could cause the Series B stock to gain some $200 per share. This would be quite an unusual event. The $237,000,000 profit for the first quarter of 1950 may be considered in the light of the fact that American Cyanamid is the only company that has a large output of penicillin.

Robert J. Levy
Partner, Robert J. Levy & Co., Members New York Stock Exchange, New York City

American Cyanamid $3.50 Cumulative Preferred, Series B

The Security I Like Best for the Future, July 13, 1950

This Week's Forum: Price Fluctuations and Their Selections

Warner and Swasey Company—Morton A. Cayne, Cayne & Co., Cleveland, Ohio


SHIPEX, the most widely-used and accepted shipping term in the world, is now available on all exports to the European and Middle Eastern areas. SHIPEX is a new and rapid method of delivery. The term SHIPEX is a registered trademark of the Shipping Federation International, Inc., New York, N. Y.

The Commercial and Financial Chronicle... Thursday, July 13, 1950
United States Economy Will Expand Despite World Events: Keyserling

President's chief economic adviser predicts 25% rise in living standards within next decade. Says current hostilities in Korea need not inspire inflation dangers if pressures and content business cycle is not inevitable.

In an address at the Seagram International Business Conference Dinner in Montreal, July 3, Leon Keyserling, Chairman of the Council of Economic Advisers, expressed the view that the United States economy will continue to expand in spite of the current military situation. It is necessary not only to support the heavy military expenditures but to continue to work on the world of peace. It is equally necessary to demonstrate to the free world that freedom is compatible with economic stability and security.

We in the United States can no longer tolerate with equanimity even those moderate departures from maximum employment and production which were once innocuously regarded as the "natural" counterparts of a dynamic economy. The great danger which we have learned since the war is that even those moderate departures can be quickly checked and reversed by部署 and intelligent action in the behalf of maximum employment policy. We have learned not only that they must be checked but that we should note that never before in the modern industrial history of the United States did a great war and a combination of circumstances so threatening as those of early 1949, did there occur so rapid, vigorous, and sustained a recovery after so short and limited a downturn. This was no accident; there were concrete reasons for it in the structure of the American economy and in the content of private and public policy. The best proof that these concrete reasons exist is that even curting the darker moments of 1949, those who had analyzed the situation most carefully and objectively detected the underlying strength in the situation and foretold the advent of a vigorous recovery and end of the movement to new heights.

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The New York Stock Exchange: Its Economic and Social Functions

By EDWARD C. GRAY Executive Vice-President, New York Stock Exchange

After describing organization and operation of the New York Stock Exchange, Mr. Gray asserts its unrivaled existence is due to: (1) Lack of government interference, (2) freedom of enterprise, (3) need of obtaining capital for increased employment of individuals in industry and points out necessity of having free markets to provide liquidity for investments and for registering asset value of securities. He views tax situation as it affects securities.

The New York Stock Exchange is an unincorporated association of 1,737 members, many of whom are partners. The bank is a member of the New York Stock Exchange, but many of its members are not members of the Exchange. A member firm can go on the floor and transact business; the member does not have to be the same company as the member.

Mr. Gray went on to describe the history of the Exchange and also described in detail the rules and policies of the Exchange. He described the duties of the Board of Governors and the Board of Directors and, also, possessed the disciplinary authority of the Board of Governors. The Exchange is self-governing, self-administering, and self-financing.

The administration of the policies of the Exchange rests in the President and his staff. The Exchange is a self-governing institution and there is no Department of Treasury or subject. The Exchange has its own staff of attorneys and accountants. The Exchange is not a federal agency, but it is not independent of the government. The Exchange is a federal corporation under the auspices of the Board of Governors and is not a private corporation. The Exchange is a private institution and has no control over the government. The Exchange is not a body corporate and has no control over the government. The Exchange is not a federal agency, but it is not independent of the government. The Exchange is a federal corporation under the auspices of the Board of Governors and is not a private corporation. The Exchange is a private institution and has no control over the government. The Exchange is not a body corporate and has no control over the government. The Exchange is a federal corporation under the auspices of the Board of Governors and is not a private corporation. The Exchange is a private institution and has no control over the government.

The Exchange is a vital part of the economic machinery of the country. Without the market it would be very difficult to sell securities to the public. Anyone purchasing a security is naturally interested in the future of the country and the future of the country is a vital part of the economic machinery of the country.

There are about 3,000 Listed Securities, 25,000 Unlisted Securities in which there appears to be a very active trading market.

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The Money Market and Factors in Security Analysis

By WILLIAM M. TOWNSEND President, Townsend-Shimer & Co.

Mr. Townsend in covering the field of investment analysis and stressing significance of the money market on security values, discusses the money market as a basis for determining rates. He emphasizes principle of degree of risk or safety existing that has not been anticipated as well as effects of change in basic rates and market. He discusses factors of business trends and concludes that through medium of market activity, tendency is for security price to approximate its value. Says timing in securities purchase is "safeguard important."
Shorten Capital Gains Holding Period and Thus Increase Revenue

BY ELSHIA M. FRIEDMAN
Consulting Economist, New York City

Mr. Friedman, prime mover since 1938 in revising capital gains tax, urged Senate Committee's approval of three months holding period. Shown past shortening of holding period produced phenomenal increase in revenue, his 1942 forecast regarded as "extravagant" by former Treasury Counsel. Holds even if Korean situation causes taxation reductions in H.R. 8929, capital gains provision for 3 months holding period abolished.

I have appeared, as a public service, before the Senate Finance Committee or filed briefs with it on the capital gains tax since 1938, the only witness to a consistent reduction. My interest in the rate was aroused during a trip abroad in 1938 when one of the foreign banking firms I was asked to visit (an American) said: "Tell F. M. L. a notice from the United States Treasury department says that for the first half of the year there has been no increase in the rate of capital gains tax." I then cited a notice from the Treasury department giving the new rate for the first half of the year. I have written scores of other treasurers of foreign banks. The firm suggested that I ask the American authorities to look into the problem, otherwise they would be in the position of being caught short in American markets where no capital gains tax was in effect. It also reduced brokers' income and Treasury tax.

My 1938 brief urged shortening to six months, the five holding periods which then ran from 1933 to 1939. The first period, six months, I argued, was out of line with the five year or longer holding periods of the other countries. In 1942 I brought to the hearings before the Senate Finance Committee in New York, who explained that their countries had no capital gains tax. I also interested Mr. Emil Schram and persuaded him to join in appearing before the Senate Committee.

Shortening the holding period to six months in 1942, the greatest increase in receipts from capital gains taxes since 1925, was approved by the Senate of the House provision for a three months holding period in the United States. The provision was to be reviewed and in three months holding period the revenue could be reduced by 50%.

I have been a member of the Senate Finance Committee, and I urged them to pass the bill. It passed and was signed by the President. The bill became law on June 23, 1942.

The bill I urged was a bill to speed up the collection of capital gains. It was a measure to reduce the cost of the capital gains tax and to bring the tax into a position where it could be a tax of revenue. It was a measure to make the capital gains tax a revenue bill and not a tax of privilege or an excise tax on capital.

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The September 1946 Break

Strictly speaking, the panic which started at the beginning of most of us in September, 1945, cannot be compared to the others discussed in this chapter as most of it was touched off by the Korean War. It is interesting to observe that the market, which had developed from a slow upturn during the war, showed a decline in September 1946, which was not the result of the market's attempt to appraise the outbreak of the war. In fact, this decline is the result of a poor assumption of the leading industrial index, which was made in September 1946, and was better off in the long run than those who sold out at the then existing level. The more important price change was the panic following the outbreak of the Korean War. After a rally during September that was not sufficient to bring the market up to a new equilibrium level, the market reacted 9% in just six trading days. During the outbreak of the war, the panic set back to levels that were not reached by the German inflation of the losses yielded in November 1930, and only the levels established in November were subsequently violated in a panic. It is therefore expected that recovery will be slower than the 1929 panic, since our country's industrial growth has not been greatly increased, and nothing will have been learned. Nor unlikely it will come about that Communist China will get back into the market in a major way, now that we have learned. It is being bruit around among the experts here in Washington that this is the case, and that Communist China has learned and one of the great powers of the world. Red China will have given us a miserable time in Korea by way of showing this.

The Korean conflict has caused much concern in view of the fact that the future action of the stock market on the basis of analogy with similar situations in prior years is always a hazardous procedure.

There is some new and different factor is overlooked which largely invalidates the analogy. Nevertheless, the reaction that has occurred so far is similar to that which occurred in 1929, so far as the pattern of the broad pattern will be evident. The story of the 1929 market price movement is following conclusions about the price level of the stock market (1) the trend and the waves of the market will not be broken for at least a few months; and (2) that some bottoms will be found in the stock market in evaluating the panic in the past.

Garfield Co. to Admin.
Gronick as Partner

Samuel Gronick will become a partner in Garfield & Co. Over 30 minutes of the members of the New York Stock Exchange were still uncertain about the future of the company, told us that the company would be able to turn around in a matter of a few months.

This analysis presumes a prolonged depression in the market prices will not break out—a conclusion which seems justified in view of the panic in the stock market in evaluating the panic in the past.

Reserve Oil Corp.

Reserve Oil Corp. has been formed with offices at 141 Fifth Avenue, New York City. It is a geophysical prospection company. The company is now in the process of raising additional funds. This company will be managed by a group of experienced geologists in a new and different factor is overlooked which largely invalidates the analogy. Nevertheless, the reaction that has occurred so far is similar to that which occurred in 1929, so far as the pattern of the broad pattern will be evident. The story of the 1929 market price movement is following conclusions about the price level of the stock market (1) the trend and the waves of the market will not be broken for at least a few months; and (2) that some bottoms will be found in the stock market in evaluating the panic in the past.

Organic & Williams

BEAUMONT, Tex.—John C. Organic & Williams have been joined to the American National Bank and Trust Company to engage in the securities business.

A. J. Acouin Now With
J. Arthur Warner & Co.

J. Arthur Warner & Co. Inc. has announced that A. J. Acouin has joined the sales department. Acouin was formerly with Van Alyn & Co., 120 Broadway, New York City.
Techniques for Avoiding Depression

By COURTNEY C. BROWN*  
Head, Petroleum Economics Department, Standard Oil Company (N. J.)

After pointing out avoidance extreme fluctuations in business is a continuous job and terror of our elders as well as in depression, Dr. Brown reviews critical proposed correctional devices, such as investment stabilizers, fiscal policies, and regulations designed through wage-price policy, as well as imposition of structural controls to prevent chaotic markets. Contents business fluctuations result from progressive changes, and are not necessarily harmful. Stresses need for governmental intervention or caution and increasingly prospering.

Depression is bad. Prosperity is something that everybody can understand and love. But there are many who are most likely to assure maintenance Business firms have every incentive to be maintained in the main stable conditions. Profits are high. They move up and down a much more violent scale than the general level of business. They are not nearly as large as many other income shares. In its own lifetime, business has been a large stake in the stability of our society with the natural sciences and engineering. It may be just a little bit misleading, but I suggest that this matter of policies and measures that assure prosperity and depression is more exact than it is in fact.

To avoid any possible misunderstanding, I think it should be emphasized that the techniques used to avoid depression must include measures that safeguard the rights of property, as well as during periods of depression. Many of the seeds of depression are planted in mistimed policies taken during prosperous times. There is still no adequate standard of prosperity without much thought of depression. I believe that the Johnson in the report on the National Bureau of Economic Research like the developments in prosperity shape the character of a depression. It is likewise true, he believes, that the errors of developments in a business decline, largely unconnected with what happened during the previous prosperity, "can convert what might have been a temporary contraction into a severe one."

Avoiding Depressions a Continous Job

These comments by one of our most careful observers of business behavior, point up the critical character of business cycles that I want to point out, this movement, the phenomenon that the fact is not an exact science, study, and action with consequences which will be avoided "will be the job," which states to avoid depression, or in alternative terms, which I personally like to express, avoiding prosperity. Part of the effort should be to avoid the temptation to think that the economy to permit it to adjust automatically to the abnormal and the decent state of consumer wants. This is essentially the same as wage-price relationships that will clear markets, both in detail and in the gross. This is called balance, or equilibrium in terms of demand and supply. A lack of balance in this sense would indicate a bias in our economic system for a long time. A restoration of balance will help business stabilize. The Chairman of the President's Economic Advisory Council, had frequently reaffirmed his view that stability is the goal of our country's income in our recent anti-depression efforts was that they did not place enough emphasis upon re-

**An address by Dr. Brown at the Sum- mer Institute for Social Progress, Welles- ley College, Wellesley, Mass., June 1.**

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The City of Morgantown, West Virginia 24% 2.5% 24% and 2% Water Revenue Bonds

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Redeemable August 16, 1960 at any interest rate established in inverse order of maturities on 30 and accrued interest is on or before August 1, 1960, at 100, 2/24 of face at any time after August 1, 1953, there- after at 100, 2/24 of face at any time after August 1, 1960, at 100, 2/24 of face at any time after August 1, 1959.

These Bonds, to be issued under authority of Article 12 of Chapter 8, of the Code of West Virginia 1949, in the opinion of counsel, will constitute valid and legal binding obligations of The City of Morgantown, West Virginia, and together with any parity obligations hereafter issued, are payable solely from the revenues to be derived from the operation of the waterworks system of the City, a sufficient portion of which revenues has been ordered set aside and pledged to the payment of interest on and principal of these waterworks revenues bonds.

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*Yield to 1976/77 first optional date at par (Accord interest to be added)

The bonds are offered when, and if Issued and received by us and subject to the approval of any securities commission of the State in which the bonds are offered. HALSEY, STUART & CO., BLAIR, ROLLINS & CO., STIFEL, NICOLAU & COMPANY, THOMAS & COMPANY. 

July 11, 1959.
The Market Outlook And Inflation Hedges

BY BRADBURY K. THURLOW

Mr. Thurlow, contending recent market break is merely inter¬ruption in a year long rainy trend, notes, however, due to all¬out defense program and its inevitable motive for buying should shift from investment to inflation hedge.

It is extraordinary how quickly ideas on the stock market can grow obsolete ideas on the stock market. Three months before we left on vacation, a business friends of ours said that without the 200 million dollarthe bull market, the market would collapse. He predicted a "peace scare" in August and was out of the market in anticipation thereof. If there is more than one way of making money in Wall Street.

To predict that the market is going to do over 5 since near term seems even sillier now than it did three months ago, particularly since historically it has reached a point of decline in the bull market in the "level of the "blue-chip-capit" evident in early June. Most stocks are selling where they were three months ago and slightly higher than when they were selling on the same day in the month of May. The stock market railroad has evidently been and may be emotional rather than analy¬tical. The opinion and prediction of most investors is that the market will not recover unless there is a very bad news of a surprising nature. But this, of course, is a very large assumption.

For the longer term the outlook is the clearer. The outlook of quick guerrilla hostilities in A, La and the suggestion that similar eruptions will occur elsewhere is in the atmosphere. If this is done without our entering a declared state of war, there is no reason to believe that taxes will be much higher. On the other hand, the railroad industry, particularly heavy industry, will probably remain at the present high level of prices. Meanwhile railroads will have already ceased to buy for use or for investment, and therefore the stocks are more probably going to be released to the market than to the public. If this is done without our entering a declared state of war, there is no reason to believe that taxes will be much higher.

On the other hand, the railroad industry, heavy industry, and the like, will probably remain at the present high level of prices. Meanwhile railroads will have already ceased to buy for use or for investment, and therefore the stocks are more probably going to be released to the market than to the public. If this is done without our entering a declared state of war, there is no reason to believe that taxes will be much higher.

With Waddell & Reed

ATLANTA, Ga._Courts & Co., 1 Marietta Street, N. W., mem¬ber—Edward F. Halle, 300 East Tenth Avenue, Chicago, and Walter A. Winters, 50 Wall Street, New York, N. Y.


With Waddell & Reed (Special to The Financial Chronicle)—FT. COLLINS, Colo.—Fred L. Wadell & Reed, Inc., of Kansas City.

Waddell & Reed Add

Celanese Corp. of America—memorandum—Sutro Bros. & Co., 129 Broadway, New York, N. Y. Also available is a memorandum on Riese-Hayes Wheel Co.

Central Vermont Public Service Co.—memorandum—Roscoe, 111 Broadway, New York, N. Y. Also available is an analysis of the current market situation.

Chicago, Rock Island and Pacific Railway Co.—memorandum—Stanley Hecilier & Co., 30 Pine Street, New York, N. Y.

Consolidated Natural Gas Co.—memorandum—Birch & Co., 20 Broad Street, New York, N. Y. Also available is a memorandum on Electric Bond & Share.

Cooper Bessemer Corporation—study— Hayden, Stone & Co., 25 Broad Street, New York, N. Y.

Dana Corp.—memorandum—Sherman, Harnett & Co., 14 Wall Street, New York, N. Y. Also available are memoranda on E. W. Hedes, Lemoson, Johnson & Johnson.

Fleetwood-Airflow, Inc. — analysis—De Pascale & Co., 25 Broad Street, New York, N. Y.

Foremost Dairies, Inc.—memorandum—Moore, Leonard & Co.—Co., 20 Broad Street, New York, N. Y.

Flying Tiger Line, Inc.—analysis—Frontier Equities, Inc., New York, N. Y.

Heywood Wakefield Company—study—May & Gannon, Inc., 161 Brown Street, Boston, 10 Mass.

Kelsey-Hayes Wheel Co.—memorandum—DePascale & Co., 20 Broad Street, New York, N. Y.

Lanewells, Inc.—memorandum—Bache & Co., 36 Wall Street, New York, N. Y.

Lea Fabrics Information—Aetna Securities Corporation, 111 Broadway, New York, N. Y.

Mexican Railways—Analysis—Ezpin, Co., 208 South La Salle Street, Chicago, Ill.

Mohawk Rubber Co.—memorandum—Wm. J. Merckel & Co., 110 Broad Street, New York, N. Y.

Republic National Gas Co.—memorandum—First Southwest Bank Building, Dallas, Tex.


Your RED CROSS must carry on!
Mr. Trusiow likened the petroleum industry to ‘chicken or egg’: whether the oil-producing properties were a cause or the result of the petroleum industry. Nobody can say which came first, Mrs. Trusiow argued. It is possible that the petroleum industry is a cause of the petroleum resources, or it may be that the resources are a cause of the petroleum industry. The truth is not yet known.

The petroleum industry has been compared to the chicken and egg question, as to whether the chicken came first or the egg. Similarly, it is not clear which came first: the petroleum industry or the petroleum resources. It is possible that the petroleum industry is the cause of the petroleum resources, or it is possible that the petroleum resources are the cause of the petroleum industry. The truth of the matter is not yet known.

The petroleum industry is not the only economic activity that has been compared to the chicken and egg question. Many other economic activities have been compared to this question, as to whether the activity came first or the resources were a cause of the activity. The truth is not yet known.
Pennsylvania Brevities

July 21, 1959 (Portland, Ore.)
Portland Investment Bond Club annual summer outing at Mt. Hood Golf Club.

Sept. 6-8, 1959 (Portland, Ore.)
Pacific Northwest Group of the Investment Bankers Association annual meeting at Gearhart Hotel, Gearhart.

Sept. 15, 1959 (Philadelphia, Pa.)
Bond Club of Philadelphia Field Day at the Manufacturers Country Club.

Oct. 12, 1959 (Dallas, Tex.)
Dallas Bond Club Annual Fall Meeting.

Dec. 5-8, 1959 (New York City)
New York Security Dealers Association Silver Anniversary Dinner at the Waldorf Astoria Hotel (Starlight Roof).

We solicit inquiries in E. & Brooke Iron
River side Metal
American Pulley
A. B. Faughar
Honey Process
General Manifold & Printing

Herbert H. Blizzard & Co.
1421 Chestnut Street (Suite 706)

Pennsylvania Water & Power Co.
Common Stock
Currently selling at $14 3/4.
Free of Penn. Personal Property Tax.

Memorandum on Request
Boening & Co.

Samuel K. Phillips & Co.
Members Stock Exchange Parked Hall, Philadelphia
Teletype 376
N. Y. Ph 718

Valuations and Appraisals
Railroad Equipment & Appraisal City of Philadelphia's Bonds
As of June 30, 1959

Our current publications will be sent on request.
Please mention which group—or both.

STROUD & COMPANY
Incorporated
PHILADELPHIA 9
ALLENTOWN • PITTSBURGH • NEW YORK • SCRANTON • LANCAS TER
in securities of other utility companies.

Principal properties which the petitioning group seek to have dis-
averred are Linn County Gas & Elec. Corp., the Delaware Co., the Ohio Valley Power Co., and the Northern Realty Co., the latter company owning the Columbus office building which the U. G. I. actually owns.

Not involved in the action are Poughkeepsie & Ellenville Gas Co., Allen-Bechtelheim Gas Co., Con-
strained of the Pennsylvania Small Train Security Association.

In addition to the Federal Reserve

The New York Security Dealers Association is announcing the

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Snyder Reports on Fiscal Year Results

The Treasury Secretary has announced revenue receipts at $37,045,000 compared with $38,246,000 for the previous fiscal year.

In a statement on budget results for the fiscal year ended June 30, 1950, the Treasury Secretary has announced that government expenditures for the fiscal year 1950 amounted to $1,312,121, compared with $1,285,121 for the previous fiscal year. The increase in expenditures is attributed to the higher costs of government operations and the increased obligations incurred in the defense of the country.

The gross public debt on June 30, 1950 amounted to $227,857,000,000, compared with $224,800,000,000 in the previous year. The increase was attributed to the higher costs of government operations and the increased obligations incurred in the defense of the country.

The increase in the gross public debt is attributed to the higher costs of government operations and the increased obligations incurred in the defense of the country.

The increase in revenues is attributed to the higher costs of government operations and the increased obligations incurred in the defense of the country.

With Waddell & Reed

With Waddell & Reed

BOSTON, Mass. - Charles S. Bird III and John L. Thorndike have joined the staff of Waddell & Reed, Inc., Lafayette Loan & Trust Building.

Joseph H. Hertel

Joseph H. Hertel, associated with Henrickson & Co., died of heart attack at the age of 52.

Our quarterly comparison and analysis on 19 leading New York City Bank Stocks Available on request

Laird, Bissell & Meeds

Securities Members of New York Stock Exchange 190 BROADWAY, NEW YORK, N. Y. Telephone: TAT 1-2300

L. A. GOODY, MANAGING TRADING DEPT. - 190 BROADWAY, NEW YORK, N. Y.
Britain’s ‘No’ to Schuman Plan
By PAUL EINZIG

Alerting it is now clear that Britain will not participate in a plan to pool Western European coal and steel. Dr. Einzig ascribes it to the inability of the British government to set aside national sovereignty, and to the inability of the British Labour Government to defect with the principle of the plan. This is the first time that Britain has rejected a coalition plan, and it is the first time that Britain has refused to participate in a plan that has been accepted by the other Western European countries.

From the debates in both Houses of Parliament on June 27 and 28 it has become obvious that Anglo-French disagreement is not one of procedure, but one of principle. Britain’s non-participation in the Paris discussions was not due to her unwillingness to commit herself in advance but to her unwillingness to commit herself at all. This was explicitly stated by the Labor Party National Executive on European Unity, and if any doubts were entertained by the government itself, they were completely disposed of by the speeches made by the Foreign Secretary and the Prime Minister during the debate. From these speeches the fact emerged that the British Government would in no circumstances be prepared to submit the British people to control of an intra-European body. Hence the unwillingness to take part in a Conference on the Schuman Plan was based, it has been alleged, on the principle of national sovereignty.

This attitude was subject to much criticism by the Opposition—it was described by Mr. Churchill as “Palmerstonian Jingoism” on the part of Mr. Attlee—but in substance it truly represents the feelings of the British people. The overwhelming majority of the British people, as is well known, would have been willing to participate in the Paris Conference on European Unity, but the government itself was unwilling to commit itself to such a course without a guarantee that the plan would be adopted by the other Western European countries.

The effect of Britain’s non-participation is that the Schuman Plan will have to be revised in order to meet the objections of the British government. The plan as it stands now is not acceptable to Britain, and it is not likely to be acceptable to the French government. The British government has stated that it is willing to participate in a conference on the Schuman Plan, but only if the plan is revised to meet the objections of the British government.

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American Cladmetals

Stock Publicly Offered

Graham & Co. and Graham, Rons & Co., Inc. are publicly offering $400,000 shares of common stock (par value $0.01) of American Cladmetals Co. at $1.05 per share, less 90% of a dealer's 22 cents per share.

The net proceeds are to be used to install additional machinery and for working capital.

The company manufactures clad metals under the "Kinney Process". Its principal products, known as "Continuous Clad", are stainless clad metal—copper—steel alloy sheets, and also clad clad metal with inconel, a product of International Nickel Co. of Canada, Ltd. Products are sold to fabricators of cooking utensils, tinners, processing vessels, evaporators, and other heat and heat dissipating articles.

William Wendt With Shearson, Hammill

(Particular of the Financial Chronicle)

PASADENA, Calif.—William T. Wendt has become associated with Shearson, Hammill & Co., 348 Green Street. Mr. Wendt was formerly Vice President of庚Eo. R. Miller & Co.

With Daniel Reeves

(Particular of the Financial Chronicle)

BEVERLY HILLS, Calif.—Noel Mickver, Jr., has become associated with Daniel Reeves & Co., 350 South Olive Avenue, members of the New York and Los Angeles Stock Exchanges. He was formerly with Bank of California, Fitzgerald & Co. and Leo Schoenbren.

Merrill Lynch Adds Two

(Particular of the Financial Chronicle)

ATLANTA, Ga.—Joseph D. Ratteer and James J. Williamson II have joined the staff of Merrill Lynch, Pierce, Fenner & Beane, 23 North Pryor Street.

Ames, Emerich Adds

(Particular of the Financial Chronicle)

CHICAGO, Ill.—Abe Kritzler has joined the staff of Ames, Emerich & Co., Inc., 103 South La Salle Street, members of the Midwest Stock Exchange.

U.S. TREASURY

BILLS CERTIFICATES NOTES BONDS

Audrey G. Lansont & Co.

INCORPORATED

15 Broad Street, 65 Milk Street.

NEW YORK 5, BOSTON

Philadelphia: 1323 Main Street

THE COMMERClAL AND FINANCIAL CHRONICLE.

Thursday, July 13, 1950

Our Reporter on Governments

By JOHN T. CHIPPEDENE, JR.

The government market continues to move in a narrow trading band. A large measure of this is due to the lack of any new important change in policy is looked for, unless the Far Eastern situation should take a turn that would change the premises presently underlying the market. The main factor here is the desire to hold complete control of the authorities for a long time. It would be foolish to pretend there is no problem of determining the policy and pattern to be followed.

Until more is known about what is likely to come out of the current London conference, the government market probably remains in a restricted range. There will undoubtedly be a feeling that the authorities would like to keep prices down. If not the same pressure as in the recent past to move quotations downward, this type of control and also the attitude which is expected in the market will most likely result in larger investments in the short-term issues.

1 1/2% Limit on Certificates Likely

The eligible issues seem to be reaching their equilibrium: (a) because of the good demand which appeared when prices receded and (b) the opinion that no high-coupon obligations will be offered in the September financing. There appears to be rather general agreement now among money market followers that the certificate rate will not go above 1 1/2%. This should be confirmed by the early fall operation. Which probably means one-year obligations and intermediate-term securities will be used to take care of the September maturities. Some deficit financing may also be done at the same time.

Bank Eligibles Provide Market Action

What the intermediate maturities might be is a matter of conjecture. The August 7 to 9-months, the 8 to 10-year, and the 10-year issues. It is on these issues that the market is evaluating the outstanding purchase program, which has brought bond prices to the 1956/58 and the 1956/59, with buying especially strong when these maturities are supported. On the other hand, if the market does not add anything to the September 1967/72, because some believe an 8 to 10-year maturity might take part of the demand away from this bond.

Whether there will be an 8 to 10-year maturity in the coming September offering is to make an assumption based on money-market followers, as far as the longest 10 years is concerned. They feel that the market will not find the market attractive with the recent relations and it is believed switches and outright sales will eventually push it down to lower prices. This could happen, but there is the belief that the market is not interested in the 10-year maturity of this particular security. Even when prices went down to this level in the market, and those that did appear were well taken by investors and not by the quick-turn operators. Also a good part of the recent price recession was not due to real liquidation in volume, but to a dropping down of prices.

Prices of Ineligible Keep in Hand

Federal, in addition to selling the Vics, has been supplying the 2½% due 1959/62, the 1962/67's and the 1963/67's, because however, it is believed none of these security issues are expected to be trading down. It seems as though the Central Banks do not want to bring the price of this line of the 1959/62/67. Prices are evidently making securities available to keep prices within bounds. The feeling is that at the present time there are no reasons and it is believed switches and outright sales will eventually push it down to lower prices. This could happen, but there is the belief that the market is not interested in the 10-year maturity of this particular security. Even when prices went down to this level in the market, and those that did appear were well taken by investors and not by the quick-turn operators. Also a good part of the recent price recession was not due to real liquidation in volume, but to a dropping down of prices.

Edwin G. Bruns

Edwin Bruns, associated with Thompson & McKintin since 1925, died at his summer home at the age of 80. Mr. Bruns' association with the firm was for 15 years. He had conducted his own investment business for 33 years.

American Securities Co.

KENDALLVILLE, Ind.—The American Securities Company of Kendallville is engaging in a securities business at 132 South Main Street.

In talking before International Labor Conference at Geneva, Switzerland, Secretary of Labor says our social security laws guard our economy.

In reporting on United States labor laws and international developments at the recent meeting of the International Labor Conference at Geneva, Switzerland, Secretary of Labor J. Tobin expressed the opinion that this country will never again experience a depression as the one that had taken place during the economic depression from 1929 to 1933. "We are confident of our present social security laws that we will avoid a major depression in the future," the Secretary said.

"Among the bulwarks of our economy are a system of old-age and survivors' insurance, federal unemployment compensation, unemployment insurance system, teachers retirement system, bank deposits, a minimum wage and hours legislation, and a social security system. If this program continues, the objective will be reached of a social security system that will carry us into the future. The program is designed to guarantee that the American people that we shall not have another depression, the kind that brought us the unemployment and poverty of the early 1930's."

"Amercians has proved the great strength of the free enterprise system buttressed by sound national and economic programs. The combination of a free enterprise economy and a national social and economic legislation has permitted us to achieve an economic growth that we have never before experienced. This has brought a new era of peace and stability to our state as well as to the world economy.

"The significant fact, however, is the decline in economic activity and the level in which it has reached. It is this: it did not spiral in cumulative proportions, as it did in the depression years. The cause of the decline was a cautious liquidation of our economic ventures. The ef-

fects were almost completely limited to our economic ventures. The in-

dustries directly affected by curtail-

ment were in large part by business for inventory purposes.

"It is important to note that the very fact which led to the decline in business activity in 1940—a ra-

lional and non-speculative attitude in the market—was based upon the practices and policies by businessmen. The factors making for confidence in the general sta-

tionary conditions and the future.

"The market has already recovered from the depression and will continue in its upward move. One of the significant institutional developments in this recovery will be the increased recognition of the role of American corporations, in the management of corporate invest-

ments. The recovery has been primarily that of the corporations that contributed to the recovery of the corporate sector of the economy bringing about a recovery in the small business and industrial sectors of the economy."

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ment were in large part by business for inventory purposes.

"It is important to note that the very fact which led to the decline in business activity in 1940—a ra-

170
The bank, with three offices, reports resources over $151 million. 

Announcement is made by the Manufacturers Trust Co. of New York that William Goldfine, Vice-President of the bank’s Metrotech office, 360 East 149th Street, has been named Officer in Charge at that office, as well as Supervising Credit Officer of the four branches of Manufacturers Trust Co. which formerly constituted the National Bank of New York. Mr. Goldfine was earlier identified with the credit union movement and eventually elected President of the New York City Credit Union League, of which he is now Honorary President. He was charged to the banking business in 1918, when the Federal Reserve Bank of New York was established. Mr. Goldfine continued as a Vice-President of the latter institution.

Brooklyn Trust Co. of Brooklyn, N. Y., announces that its new Glen Oaks office, at 203-11 Union Tpke, Glen Oaks Village, Glen Oaks, will open for business on July 1. The new office will be in charge of Nila S. Mathison, Manager and Henry W. Haason as Assistant Manager. It is the 29th banking office of the company and the 29th new banking office opened this year.

**BANKERS TRUST COMPANY**

**NEW YORK**

[Image of the cover page of the Bankers Trust Company's annual report, showing the company's logo and the financial statement for the year ended June 30, 1930.]

**DIRECTORS**

- Alfred H. Adney
- Charles E. Bost
- William E. Baer
- John V. Tompkins
- Robert W. Baer
- Allen W. Elkins
- Harold W. Williams
- J. W. Gillette
- Franklin E. A. Bunker

**BANKERS TRUST COMPANY, New York, N. Y.**

**ASSETS**

- Cash and due from banks: $53,412,998
- Loans and Bills discounted: $31,107,239
- Bills and notes payable: $3,130,677

**LIABILITIES**

- Deposits: $54,111,903
- Securities: $3,360,100
- Loans and Bills discounted: $3,710,000
- Bills and notes payable: $3,130,677

**RESULTS**

- Total resources: $151,087,000
- Total liabilities: $144,131,000

**SUMMARY OF STATEMENT OF CONDITION, June 30, 1930**

- Total resources: $151,087,000
- Total liabilities: $144,131,000

**OFFICERS, 1930**

- President: Franklin E. A. Bunker
- Vice-Presidents: John V. Tompkins, Robert W. Baer
- Treasurer: John V. Tompkins
- Secretary: Robert W. Baer

**CONCLUDED STATEMENT OF CONDITION, June 30, 1930**

- Cash and due from banks: $53,412,998
- Loans and Bills discounted: $31,107,239
- Bills and notes payable: $3,130,677

**CAPITAL STOCK**

- Preferred $50,000,000
- Common $50,000,000

**SURPLUS**

- Undivided profits: $3,130,677

**Liabilities**

- Total liabilities: $144,131,000

**CAPITAL Stockholders, 1930**

- Preferred: $50,000,000
- Common: $50,000,000

**Directors, 1930**

- A. H. Adney
- C. E. Bost
- W. E. Baer
- J. W. Gillette
- F. E. A. Bunker
- J. V. Tompkins
- R. W. Baer
- A. W. Elkins
- H. W. Williams

**Secretary and Treasurer, 1930**

- R. W. Baer

**Auditors**

- William E. Baer
- A. L. Knight

**Counsel**

- L. A. Knight

**Director of Trust Company**

- E. H. Adney
- C. E. Bost
- W. E. Baer
- J. W. Gillette
- F. E. A. Bunker
- J. V. Tompkins
- R. W. Baer
- A. W. Elkins
- H. W. Williams

**Directors of Bank**

- A. H. Adney
- C. E. Bost
- W. E. Baer
- J. W. Gillette
- F. E. A. Bunker
- J. V. Tompkins
- R. W. Baer
- A. W. Elkins
- H. W. Williams

**Secretary and Treasurer**

- R. W. Baer

**Auditors**

- W. E. Baer
- A. L. Knight

**Counsel**

- L. A. Knight
The Commercial and Financial Chronicle... Thursday, July 13, 1950

Mutual Funds

by ROBERT E. RICH

Dealers Warned About Women

Paul Bartholow, whose Mutual Fund Institute is sponsoring an investment program for women, asks investment dealers participating in the program to feed the women's club-planning approach warning that mutual fund members club-planning views about mutual funds' recent aggressive sales approaches. If dealers subject their sales techniques to the critics, they will be in the same position the critics themselves more harm than good. We wish to emphasize to the public, in particular, that mutual fund is an investment that should be made in each and every case, not just for the long-term investor. By the same token, brokers should not discourage the public from investing in mutual funds.

Whitehall Funds Ask for Higher Rates

Even before the recent rise in prices caused by the Korean situation, Whitehall Funds, which were sitting on the sidelines because they feared that common stocks were selling at too-high prices. And yet, many other investors were not at all fearful as is evidenced by the continued strong demand for funds. In the recent persistent upward trend of stocks, the Whitehall Funds' Jones Industrial Average to its highest peak in late 1950. The decline in common stock prices of the past two days has not changed the basic logic of the situation. The data presented here should shed some light on this.

The Industrial Average at its recent peak was almost 21.50, whereas Standard & Poor's Composite Index and the New York Times Stock Index were both slightly above their 1946 highs. Even more significant, the Index of all stocks listed on the New York Stock Exchange was 21.5% below its May 1945 high at the end of 1949. (The most recent available data) While this Jones Industrial Average was only 5% below. And there is no reason to believe that this disparity will change materially in the near future.

Despite the level of the Industrial Average many common stocks were selling well below their 1946 peaks. Even in the most recent peak, the buying power of the average investor may have been well below their 1946 levels. The low bid at the level of 60 or 70 on the Industrial Index, the average price for those of the earlier boom year in the table below.

Price-Earnings and Price-Dividend

As yet, there are no serious signs of a let-down in business activity—although many dealers report that stock prices would not necessarily be high even if earnings were increased to $15 or the Industrial Average. The price-earnings ratio would then be 14.1, which is not high by past standards.

Lowered Purchasing Power

Today's dollar will buy considerably less than in almost all goods and services, and investment media—than in any of the years shown in the above table. This is not the case with common stocks, whether measured by the Dow-Jones Industrial Average or by any other index. Thus the market levels shown in the price table adjusted to reflect the 1959 purchasing power of the dollar (last time market was at current level) would be as follows:

Long-Term Trend

For the past 5 years the Dow-Jones Industrial Average chart of the Dow Jones Industrial Average shows that the peaks of earlier years were nearly identical to the current rise in prices. After a lapse of time, the supporting low points for later advances. And there is no indication of a reversal of the trend.

There has been a marked growth trend in the over-all economy of the United States since the late twenties and thirties. Population is up sharply, productive capacity has been greatly expanded; individuals' savings are much larger; and some of the factors that should be taken into account in any judgment of the level of the stock market.

The beneficiaries of the capital gains were the same as in previous years, the problems of investment management.

As a solution to this problem, the heirs may be given shares in a larger investment program in keeping with their needs.

New York Trustees

Face Important Decision

Incorporated Investors, in its Parker Corporation letter, presents a persuasive and erudite discussion of the decision facing New York Trustees. Incorporated remarks:

During July New York trustees face an important decision involving hundreds of millions of dollars. Passage of a so-called "prudent man" law has added common stocks with certain qualifications to the "legal list" of securities which a trustee may purchase. How they decide to use this permission will not only affect their beneficiaries, but may also affect the movement of the stock market itself.

In essence the trustees are faced with these alternatives:

(1) To invest in common stocks now.
(2) To refuse to buy common stocks at all.
(3) To postpone investing in common stocks as a complete investment of substantially lower stock prices.

Let us examine first the position of a trustee who decides not to buy common stocks at all. The Act permitting investment in

American Business

shares, Inc.

LORD ABBETT & CO.
Investment Managers

LORI ABBETT & CO.
New York — Chicago — Atlanta — Los Angeles

The Keystone Company on Boston
50 Commonwealth Street
Boston 9, Massachusetts

ATTENTION, Bond Investors!

Write to your local investment dealer or to High W. Long and Company, Inc., 48 Wall Street, New York 5, for the official prospectus and other descriptive material about

AFFILIATED INVESTMENT COMPANY INVESTING ONLY IN BONDS

Manchester Bond Fund, Inc.

A REGISTERED INVESTMENT COMPANY

American Business Shares, Inc.

LORD ABBETT & CO.
Investment Managers

LORI ABBETT & CO.
New York — Chicago — Atlanta — Los Angeles

APPROVED INVESTMENT COMPANY

A Diversified Investment Company

Prospectus may be obtained from your local investment dealer or The Parker Corporation, 200 Berkeley Street, Boston 15.
Postal Service Cuts

By ROGER W. BASON

Calling Postal Department service "vital," Mr. Bason
scribes high Postal costs to obsolete equipment and
methods. Says cuts will mean higher prices to consumers.

The present war talk, due to the
situation in Korea, does not worry me. Cer-
tainly, it should not make you any more res-
signed to the idea that the Postal Depart-
ment is a government monopoly. It will be
more serious if it should ride on the res-
bility of the post office and the public to
overlook the fact which the Post Office
Department has started to do. In the en-
vironment the post office is in, it may
be more serious than if the post office is
in the retail business of a city or town
that is the first or second class post of-
face, or your mail is only delivered
to your house. On the other day than
rathar a number of a day.

There is also the situation where you
will not get it the
ail.

If you have a bunch
of new customers who are located in a so-called "business
area," and you can have deliveries for a
small amount, you must struggle along,
with a single daily delivery.

We have to come
living in semi-rural areas beyond the
city line, and try to keep things town
and on farms, are glad to get their
mail only once a day. But in addi-
tion to curtiling delivery serv-
ices, the Post Office Department
has made sweeping cuts in pick-
ups from street letter boxes in cit-
es. It is true. It has been elimi-
nated much of the night work in post
offices which formerly was such a
good help in moving the mail
quickly and efficiently. These lat-
ter cuts will be felt by everybody
who writes to or receives mail
towns and cities.

Why the Cuts Were Ordered

For the first time since the es-
tablishment of a post office on
its present site, 250 years ago, we find our American postal
service is being cut back.

We are told that the cuts were
ordered to save money and to close
the amount of the Post Office De-
partment budget within the amount
of the amount of government spending
budgets. This may be true. If it is true,
the Post Office Department is
making no attempt in moving the mail
other than the curtailing of service.

It is possible that these cuts
were engineered to divert public
attention from the acute need for streamlining and
modernizing the post service?

Reorganization & Urgently Needed

One thing is clear: that the postal service is grossly
mismun-
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Canadian Securities

by William J. McKay

It is perhaps highly significant that at a time when it appeared that the western world was at last gearing into an era of a larger and greater economic prosperity, the properties of the plateau were the result of a struggle to arrest the movement by drastic action. Whereas the failure of the enormous contributions made by the United States and European war-ravaged countries of Europe would have actually increased the already strained strain on the U.S. economy, this expectation was clearly doomed to failure. Europe and the British Commonwealth were obvi¬ously drawing stresses and strains from which the future world, if it avoided a world war, would have to be able to absorb the weight of the economic burden.

In this event the free world would suffer a severe moral reverse. The lines are now clearly drawn between the one hand and freedom of economic liberty would play into the hands of the western democracies. Democracy, for which so much is unknown or unknown, is a menace to the world. The economic challenge should be accepted in the same manner as the political situation, and the economic challenge to be accepted in the same manner as the political situation, and the economic policies of those who will be most disturbed by the likely risks involved in meeting the issue.

The country that has a strong, effective, constructive example in this circumspection is Canada. Economic events have conspired to place the Dominion in an exalted position and to make constructive policies an almost unassailable strength. If the United States is the capital of the world, the Canadian Dominion’s natural resources, as compared with those of the United States, do not only result in further evolution of the Dominion’s virile economy. In these circumstances it would be necessary to have recourse to the processes described in the Foreign Exchange Control Board restrictions.

The Dominion’s position would at any rate provide a cushion against which the future world, if it avoided a world war, would have to absorb the weight of the economic burden.

Continued from page 3

United States Economy Will Expand Despite World Events: Keynesing

by Leslie Morgan

The Federal Reserve Bank of St. Louis

The Canadian government has always been a critical player in the global economy, and it is always interesting to see how Canadian securities are performing. The economic events described in the text suggest that the Dominion’s economy is in a strong position, with constructive policies providing a cushion against the world economic burden.

The United States economy, on the other hand, is facing several challenges. Despite the global economic events, it is expected that the U.S. economy will expand, though certain factors are being monitored.

The United States government is considering ways to address these challenges and ensure continued economic growth. This includes maintaining and expanding benefits for the lower-income population and addressing global trade tensions.

Keynesian economics is also being discussed, with some arguing for increased government spending to stimulate the economy. However, there is a concern about potential inflationary pressures.

Despite these challenges, the U.S. economy is expected to continue growing, though at a moderate pace. The government is working to balance the budget and reduce the national debt, which will be a key focus in the coming years.

In conclusion, while there are some challenges facing the U.S. economy, it is expected to continue growing, with the government working to address the economic landscape and ensure continued economic growth.
U. S. Oil Investment Reaches Thirty Billions

Petroleum economists note industry's gross assets now exceed $30 billion—more than half the total investment of the whole nation. The company's investment in 1949 a readjustment year, with net earnings down but dividends up.

The investment of the petroleum industry of the United States has been estimated at $30.2 billion at the close of 1949 and in terms of gross assets employed it exceeded only the investments in railroads and the public utilities. This estimate is made by Joseph E. Pogue of the Petroleum Department of Merrill Lynch, Pierce, Fenner & railroad and by selling goods to other parts of the world, we are not able to sell to us if we expect to continue to export goods to other countries. The United States must cling to the production of goods and services, and now to excel other parts of the world in production, if it is to exert a dominant role in the world, it is essential that we are better or others in producing goods and services.

The low net score, with handicaps was established by the American Oil Company in Wall Street. The American Oil Company, which received the shortest pin on the track, was represented by the firm of Merrill Lynch, Pierce, Fenner & Beane, which established the score of 96

At the annual golf tournament of the Investment Association of New York, the Country Club in Rye, N. Y., held on July 10. The industry's plant property and equipment are carried at an estimated gross value of $53.2 billion, current assets at $8.3 billion and net worth at $1.8 billion.

According to the study, the year 1949 was a period of readjustment for the petroleum industry, following the postwar boom which started in 1946. Prices underwent some reduction, and gross operating revenue of the 30 companies was down 57% from 1948. Net earnings of the group were $1,018 million, a decrease of 30.2% from 1948. Dividends were up, however, by 22.6% to $564 million, a sum which repays 75.4% of current earnings. The balance of earnings was upward from 1948 and represented an increased disbursement war made possible by the increased earnings of the past five years, for plant, property, and equipment. Expenditures of this kind for the year 1949, about 16% less than was spent in 1948.

Cash earnings of the group amounted to $2.7 billion in 1949, the expenditures for fixed assets and other investments aggregated $2.4 billion, requiring $0.3 billion from outside sources. Funds generated by operations amounted to $3.6 billion, of which $2.7 billion was retained for reinvestment, and sales of assets totalled $0.7 billion. Of this amount, about $0.4 billion was disposed of as a dividend.

In the year 1949, the group obtained funds totaling $641 million from banks, insurance companies, and other sources. Of this amount, following proportions: 42.6% from banks, 39.2% from insurance companies, 13.0% from the public, and 27.0% from banks.

The borrowed money and the mortgage companies employed by the 30 companies at the close of 1949 were about 18% of this amount was in the form of mortgage debt, a slight increase over 1948.

The combined world-wide cash earnings of the 30 companies averaged $3.4 million bares per day in 1947, a 10% decline in the gross oil production of the earth and the group averaged 5.2 million barrels per day, a slight decline from 1948.

Insurance companies are becoming increasingly important as factors in the mortgage market as a whole, according to a study of "Urban Mortgage Lending by Life Insurance Companies" published by the National Bureau of Economic Research.

Interesting in the insurance companies is the great increase in the number of mortgage companies that have loaned money to others since 1945. In 1942, about 30% of the mortgage companies had loaned money to others, while in 1949, about 40% of the mortgage companies had loaned money to others. In 1942, about 14% of all mortgage companies had loaned money to others, while in 1949, about 16% of all mortgage companies had loaned money to others.

Insurance companies are large holders of mortgages.

Since 1850, life companies have held securities to one-fourth of all mortgage companies have loaned money to others, and about 16% of all mortgage companies have loaned money to others.

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Since 1850, life companies have held securities to one-fourth of all mortgage companies have loaned money to others, and about 16% of all mortgage companies have loaned money to others.
The most valuable asset any salesman has is his time. Figure it out for yourself and you will see that you normally have only three important hours in your day—the first hour, the second hour, and the third hour. The first hour is the time you spend in the morning when you can call to see people. This gives you about seven daylight hours each day for the actual solicitation of business. If you work five full days a week, that's a total of 35 hours. However, by adding two luncheon dates a week and four hours on evenings into between nine and ten, you will have only 42 hours which can be used to place your business this week.

But as you well know these 42 hours are not free time that can be completely devoted to the production of business. There is time that you spend in making appointments, calls on customers, and even after hours, which is not included in the above 42 hours each week and we are down to 32 hours again. Unless you can always see people when you call (which is impossible even if you have appointments) there must be additional time spent in waiting and delay. Three more hours of this and our work week has dwindled to 25 hours.

There are about two weeks of holidays which are observed in the investment business during the year and over two weeks of vacations. Here then are another two hours a day that you can subtract from your available actual selling time. This now leaves 27 hours a week that are available to you, even if you work some nights and take time for two luncheons with clients. However, we have spent any time all at the office. We have included time for making appointments, for doing clerical work and record keeping. We are not counting the time Monday to Saturday, on which you can take off another two hours each week. This now leaves a net of 22 hours, which you have to devote to your own customers if you are to go on business. Less than four hours and a half a day that are available to you, even if you work nights as we have indicated above.

When you checkup on men who have made an above average successful career in the investment business, you find them using five to six hours of their time actually aware of the value of their time. Nearly all of them were planners. They plan what to do the week ahead as ideal a surveying a battle. Each day had its appointments and these dates were marked on a handy diary. Each morning was planned—luncheon dates arranged—evening calls set up—and this was done a whole week in advance. Some men have found it better to spend Friday afternoon, Saturday and Sunday in the field, of course, by telephoning clients and prospects in order to arrange set dates and telephone appointments. Then when they came to their office on Monday morning they knew where they were going, what they were going to do and say when they got there, and what they were going to do in the afternoon.

Five hours can be added to your actual "selling time" by doing clerical work, bookkeeping, and telephone work in the evenings. When you stop to consider that you actually only have 22 hours, isn't it possible to add almost 25 to 30 per cent to your income just by consistently using this additional time for the direct solicitation of business? Possibly there are some metropolitans who will say they cannot be advised to see prospects at nine o'clock in the morning, but in many parts of the country this is feasible.

Let us try this for a week. Two nights of work, two luncheons each date, six hours spent on the work through till five. Do clerical work at other times. Sure it is, it is not so easy, but if you will just give it a try. After all, if you want to work a 40-hour week it is easy to get a job where you can spend as much time as you want on your work, but you are not the most successful of men, the motions expected of you, and at the end of the week collect your pay. Of course, our office is doing business, unemployment, a union card in some cases, and small bank notes for personal satisfaction. The kind of a job you have is something more than this, so it should be a go of it this is true; he is jealous of every minute of his time and he uses every gold one of them in its fullest.

The Fifth Third Union Trust Co.
CINCINNATI, OHIO
Statement as of June 30, 1950

RESOURCES

Cash and Due from Banks $24,151,158.92
United States Bonds 8,260,848.60
United States Notes 7,031,216.65
State and Municipal Bonds 2,656,219.29
Other Bonds and Securities 1,232,935.02
Trading Account in Investments 3,624,240.00
Banking Premises Occupied No. 97
Bank Premises and Expense Prepaid 458,000.00
Reserve for Taxes and Insurance 75,526.50
Reserve for Unpaid Interest 19,991.60
Other Resources 87,874.63
TOTAL $327,937,274.66

LIABILITIES

Capital Stock $7,000,000.00
Unredeemed Preferred Stock 7,150,070.45
Other Redeemed Capital Funds 1,661,245.65
General Reserve 11,750,076.66
Reserves on Preferred Stock 1,080,511.00
Reserve for Taxes 917,552.60
Reserve for Unpaid Interest 19,991.60
Reserve for Unpaid Dividends 786,073.47
TOTAL $327,937,274.66

*In addition to these items there are $1,350,000 of deposits in the Rehoboth Trust Co., a Federal Reserve Bank of Cleveland member bank.
**This includes $27,830,815.49 of trust deposits on deposit in the Rehoboth Trust Co., a Federal Reserve Bank of Cleveland member bank.

The Commercial and Financial Chronicle Thursday, July 13, 1950

By JOHN DUTTON

The Fifth Third Union Trust Co.
Cincinnati, Ohio

Mandate from UN

The United States acted, says the New York Times, to mandate from the UN. It would be more correct to say that the US was acting on a mandate from the UN. How could we do anything but follow, on whom they do the bidding in matters of security for security? The fact is that the UN’s function today is vast. Every great power has representatives used to perform in the past. But it is a subsidiary of the UN that is the nearest analog to the present situation. The UN itself is the logical follow-up of the invasion in 1900 to subdue the Boxer Rebellion in China. However, all these previous efforts were exercise of one and another took and equal measures. The UN, on the other hand, is an international, the role of our allies is that of custodians of satellites in all but name.

It makes no difference in our Korean procedure whether it is justified by a decision of six powers or the veto of seven powers in the Security Council. The legal and moral foundation may be slightly different, but the purpose of the UN is to prevent the war. In the face of the same challenge, the same conflict, the same threat, the same thing is just as bad. No one is better able to face it as a real showdown. What do you think the Chinese leaders would do if they were well ahead of us in super-power? Short of destruction, how many other ways are there to destroy Japan? If we can learn to live with Japan as a neighbor, to tolerate the presence of a country which we have never trusted, to learn to live with any country which we have never trusted, to learn to live with the Soviet Union, we can learn to live with China.

The New Colonialism

The Korean incident may blow over in a matter of months (but guerrilla war is likely to continue much longer). However, the situation is much more serious than the President’s statement of June 31, which only speaks of a phase of time and space. It announced, in effect, all-out aid to Southeast Asia. We are in the middle of a Cold War. Which means a new departure in the foreign policy of the United States.

Since the 1929, America’s attitude toward her colonies has been that of the Lattimore line of the State Department. But what else could have been done? It was a good enough that the Communists should have been made the colonial line of the State Department, let us do the best we can with the cards we have been dealt.

The Chinese revolution has put an end to the policy of free trade which we followed in the years 1937-1945. We no longer live in an economic world. We are in the middle of a Cold War.

The Cost of Cold-Traveling

The President is being applauded in the House of Representatives for his “timetable” for the Korean War. He is the man who is leading the world to a new era of world conflict. He is the man who is leading the world to a new era of world conflict. He is the man who is leading the world to a new era of world conflict.

Our political objective is to contain Russia. In the process, we have been divorced from both military and economic policy. In the economic, the US is the largest and strongest of all the states in the world. The US is the largest and strongest of all the states in the world. The US is the largest and strongest of all the states in the world. The US is the largest and strongest of all the states in the world. The US is the largest and strongest of all the states in the world.

A Marshall Plan for Asia

The Marshall Plan was a big moment in American foreign policy. It was a big moment in American foreign policy. It was a big moment in American foreign policy. It was a big moment in American foreign policy. It was a big moment in American foreign policy. It was a big moment in American foreign policy.

Unfortunately, the pattern of the Soviets’ dynamism is not that of a clear and concise statement of political goals. They do not specify their aims, they do not specify their aims, they do not specify their aims, they do not specify their aims, they do not specify their aims.

The lesson of Korea is that genuine peace is not possible in a world of genuine antagonism. The key to peace is not to be found in the framework of a world of two powers, but in a world of three powers. In a world of three powers, the balance of power can only be achieved if the powers are not reliant on a multilateral balance of power; and that, therefore,
our national security is endangered by a tremendous force that not only threatens our future, but also directly affects our current situation.

Preparations against both hazards are bound to call for added material sacrifices. The troubles are, we are told, due not to the breathing spell of the last five years to deflation, rising to an unbalanced budget, and a continued rise of prices?

The mails are being loaded with mailbags, and the Federal Reserve Bank of St. Louis prepares for an early break in the current production boom is negligible.

Arthur Solomon With
Folger, Nolan

WASHINGTON, D. C.—Arthur Solomon, III, vice-
ness in the municipal bond department.

The New York Stock Exchange, New York and prior thereto with the New York Union Bank of Nashi

Fred E. Hawk Co. Formed

YUKON, Okla.—Fred E. Hawk, president of the Federal Reserve and Security Co., has been

Harry M. Stenomt

Harry M. Stenomt of Schie

Railroad Securities

Southern Pacific

By the end of last week the market had settled down appreciably.

The sharp wave of selling which had beset the Southern Pacific on the two weeks earlier had pretty well worn itself out. On the contrary, market analysts regarded the stock as well taken, particularly in view of the weak technical position following the recent hard sell-off. The company is also very active in its day-to-day-new buying and selling on the market, without hinting any threat of price controls and materials allocation. Nevertheless, on recurring declines there was ample evidence of excellent qualities of the stock.

It is probable that stock prices will continue to fluctuate fairly promptly and that they may be expected to

One of the stocks that has been attracting considerable interest is Southern Pacific. Aside from any temporary considerations brought about by war developments the stock has had definite appeal. The managers have done a very good job of raising the Fair price of the stock from $23 to $30, and they have relieved fears of all overstate of other railroad threatened for July 15. May earnings were estimated at $200,000,000, and June comparative results should be even better. The outlook for the second quarter is said to be exceptionally bright, as it was last year by steel and coal strikes, and further gains in operating results are expected.

Generally speaking rail stocks are very low in relation to earnings and dividends. The group should benefit relative to other stocks of similar class. Under present conditions any necessary taxes to be imposed, the railroads are in a relatively sheltered position as we have it in the Northern Pacific. The group is not likely to be affected by any increase from the price control. Increased defense appropriations will extend the period of high traffic volume. Finally, price controls or materials allocations are no problem, and the company is showing off on the car business.

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Analysis of Wartime Stock Market Behavior

Harbor time of December, 1941, and throughout the "cold war" period.

Bearish Market Response

Study of both of these "hot war" periods' differentials indicates that some will disburse us the impression that was inescapable from the beginning of 1941. Changing rising prices for appropriate segments of the stock market, irrespective of the nature of taxes and controls. In 1917 as well as in 1941 there were nearly all securities - even the anticipated "safest" bonds - were extremely disappointing.

During the months following our entry into World War I in April, 1917, 110 of some 211 stocks listed on the New York Stock exchange declined, while only 31 advanced. The percentage of value unchanged was relatively well for a short time, but, as we shall see below, even these two groups soon joined the bearish market in its sharp decline.

Similarly, following Pearl Harbor, 271 of 465 securities turned down with only 56 advancing and 20 establishing an intermediate substantial change. Surprisingly, even such seemingly "safe" groups as bank, air transport, explosives, machine tools, petroleum, chemical, steel and declined during the period of actuality into shooting war. Others doing badly then were meat packers, rubbers, variety chains, and checkers in gum companies. During this early period shoes, sugars and nonferrous metals advanced for a short time, but, following the First World War pattern, these groups soon joined the general market's initial decline. The following groups were fairly stable: banks, dairy, distilleries, drug, natural gas, and sulphur.

The above described bearish behavior of the market immediately following and during both wars is shown in Table I.

Other significant conclusions are to be drawn from this table. Gold mining stocks behaved very poorly in the initial 1917 war periods, as did the utilities, motors, and transportation roads did much better during the latter than in the former period, even when taken over by the government on Jan. 1, 1918. Groups of relatively considerable degree of stability in the initial stage of war periods were contained, and containers, and equipment.

Difficulty of "Picking Winners"

Following the initial shock of war in 1917, not even those securities which had so extensively and well joined the rest of the market in its declines, so that six months after the beginning of hostilities only a handful of stocks were available above their prewar levels. Therefore, the investor, to be successful, had to perform the feat of not only picking one of the few that would benefit initially, but also of being patient enough to take a profit in short order.

Again illustrating the investor's wartime difficulties, even if he was able or lucky enough correctly to recognize the set lows which occurred eight and four months, respectively, after the beginning of hostilities, he would have had to wait a considerable time for his stocks to return to their prewar levels. These delays in later retreats are covered despite a background of sustained industrial activity and high earnings.

This is shown in Table II for the Second World War. No knockdown in, however, shown for World War I, since only a few securities remained over the conflict levels by November. The outcry of 1941, which did not intend their studies to furnish an investing guide following the Korean outbreak, charging us from co'd to hot war, nor to impose selective exclusions and conclusions. They hope the material will be useful as a springboard toward further investigation, particularly of the causes of post market behavior.

In a succeeding article we will show how security prices acted from our market levels in the prewar periods as a whole.
Techniques for Avoiding Depression

holder, even though it may have to pay for it.

It is, however, whether instances such as these account for the substantial increase in real corpo-

rate business investment. Although quantitative data are lacking, I believe that as the volume of private investment was rising, so was the prospect of profit. This is true in that the order in which investment decisions involve reinvestment of depreciation allowances, net addi-
tions to existing plant and equip-
ment, or new investment in new property in every numerical consideration.

There likewise appears to be a somewhat limited opportunity for municipal investment, which is very likely to be adjusted to cyclical require-
ments. That leaves the Federal Government as the only significant source of potential contra-cyclical policy associated with investment. But there will be more Federal outlays on the budget, and in the next financial year the Federal Government will be financing more primary spending and in turn upon business invest-
ment and consumer expenditures. Moreover, Federal investment and national expenditures are made by the implement of new and in changes in that sector of the economy and are subject to the politics of those agencies.

Fiscal Policy

Something of the same rever
dence, however, is paid to the Federal Government. When we shift the analysis to the compen-
satory fiscal policy of the Federal Government, the view is that it can be in-
duced by expanding outlays, or simply by increased and changed expenditures for all purposes against a cyclical recession and depression. Nevertheless, I believe that fiscal policy can be effective in stimulating dis-
bursements with some success. The Com-
munity of Interest has recommended that we "set tax rates so that the yield in taxes will provide a surplus for debt reduction at an agreed high level capable of not causing in-
flation." Tax rates would presumably remain stable relative to out-
lays, so that when activity and employment were found to be declining, and an automatic deficit would occur. An in-
flation for an adjustment of the public revenues and thus the surplus, and the maintenance of the public credit.

The results of Federal outlays — usually ex-
penditures.

All of the literature that I have examined, which have been the sources of the policies of expanding and contracting government expenditures, has been contra-cyclical device, has supposed that governmental policy is not a con-
trary to the theory of fluctuations. In the first place, there is the fact of uncontrolled timing —of forecasting with sufficient ac-
curacy and with sufficient lead in contract expenditures. The in-
evitable delays of translating pol-
icy into action, once policy has been determined, also introduce an "asymmetrical" timing factor.
**The State of Trade and Industry**

United States: (4) to carry out the provisions of the Atlantic Charter. If within the next three months voluntarily to continue the effective implementation of the controlled materials plan—CMP—requirements matched against consumer demand.

Recognizing this, steel users this week are climbing all over the country to purchase the steel they need. This is more than they have been building, but that won't stop them from trying. Consumption of steel is still very high. The steel makers are very busy. They are only partly successful. Alloy producers, booked solid through the third quarter in the Midwest, could deliver the situation. It is not surprising that the East, "The Iron Age" declares, but tightening fast. The new producers are working on their own, but supplying the old, of course, will not last. The East, however, remains solid indefinitely, although demand is more flexible in the East. Makers of silicon steel are booking up solid through the third quarter and are working on October delivery.

The American Iron and Steel institute announced this week that the operating rate of steel capacity was 94.8% for the week beginning July 10, 1950, compared to 92.6% a week ago.

The curtained output is due to the vacation schedule now in progress in some areas, particularly in the Northeast and Midwest.

This week's operating rate is equivalent to 1,830,000 tons of steel ingots and castings for the entire industry, compared to 1,768,000 tons last week. The output was approximately 1,200,000 tons for the week ending July 10, 1949, and 1,760,000 tons in the corresponding period of 1948.

**Economic Output Shows Sharp Drop for Week**

The nation's electrical energy distribution by the electric light and power industry for the week ended July 8, 1950, was estimated at 5,579,924,000 kw-hr., according to the Edison Electric Institute.

The week's total was 41,550,000 kw-hr. above the weekly rate for the comparable period of 1949, and 1,000,000 kw-hr. below the week's total for 1948.

Carloadings Cut by Strike on Western Railroads

Loadings of revenue freight for the week ended July 1, 1950, totaled 782,257 cars, according to the Association of American Railroads. This was below the high for the nine-weeks period ended June 21, 1950, which was 156,800,000 cars.

The week's total represented an increase of 138,173 cars, or 21.8% above the corresponding week in 1949, and an increase of 22,816 cars, or 3.9% above the week's loadings for the preceding week.

In 1948, the week's total was 137,100 cars, or 18.3% below the corresponding week in 1947.

Loadings in 1949 and 1948 were reduced by the coal miners' annual vacation period, which is scheduled for a later week this year.

**Auto Output Cut by July 4 Holiday**

According to "Ward's Automotive Reports" for the week ended July 1, 1950, motor vehicle production in the United States and Canada dropped to an estimated total of 1,425,548 units, compared with the previous week's total of 1,719,747 (revised)

The drop in output was caused by the additional day off on Monday of last week and the July 4 holiday. A few plants worked on a three-day week, made up of 111,739 cars and 21,070 trucks built in the United States and a total of 7,010 cars and 2,240 trucks in Canada.

The week's total compares with a combined output of 118,511 units produced in the United States and Canada in the like week of 1949.

**Business Failures Cut by Holiday**

Commercial and industrial failures declined to 138 in the holiday-shortened week ended July 8, from 148 in the week ended June 21, according to Dun & Bradstreet, Inc., reports. At the lowest level yet reached in 1950, casualties were 10% below last year when 138 occurred, but they remained above the 88 in the comparable 1948 week.

Failures were 34% below the 250 reported in the corresponding week of 1939.

Retailing and commercial service accounted principally for the week's decrease. In manufacturing, casualties ran from 27 to 36

*Food Price Index Registers Sharpest Rise in Two Years*

Reflecting further substantial advances in prices and wages, the Dun & Bradstreet wholesale food price index climbed to 80.19 (1947=100) in the week ending July 8, according to the index, for the week ending July 10, 1948 when the index stood 24 cents to reach its all-time peak of 73.80. The current figure compares with 56.60 at this time last year.

Commodity Price Index Stimulated by Korean Crisis

The general level of wholesale prices continued to move higher last week, largely under the impetus of developments in

**The Commercial and Financial Chronicle . . . Thursday, July 13, 1950**
As We See It

Kremlin, we charmed ourselves into thinking that with the fall of Hitler and Mussolini and the crushing of the Japanese war machine, the long peace was "safe for democracy." Imperialism was gone with the winds of the mid-century. The lion and the lamb, if indeed there were any realism in a division of the nations of the world between these two animals, would live together. It was the "great game" of the most influential man of his time, but then recently passed to his reward. But the record did not show quite as long as the record we had established in arming when our life seemed at stake early in 1942.

Promises Meant Nothing

It was, of course, at once obvious that Russia had no intention to be "safe" for democracy. It was no more "safe for democracy." Imperialism was gone with the winds of the mid-century. The lion and the lamb, if indeed there were any realism in a division of the nations of the world between these two animals, would live together. It was the "great game" of the most influential man of his time, but then recently passed to his reward. But the record did not show quite as long as the record we had established in arming when our life seemed at stake early in 1942.

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Our Own Ineptness

But what did the Administration do? Its chief occupa-
tion was the "long and winding road" and "going up north," as it describes in its "original determination" not to try to defend Southern Korea. It is now evident that we took no steps whatever to implement any other program if one had been decided upon. While the record did not show quite as long as the record we had established in arming when our life seemed at stake early in 1942.

Continued from page 9

Petroleum Industry—Egg or Chicken Itself?

Le very unwise in any military sense to permit ourselves to be come committed to the defense of Southern Korea since it was quite "unattainable," as the military jargon goes. For months past, so it is now said, we have known that the Russians have been building up north of the 38th parallel. Apparently, we have supposed that they were playing some game since we were very much surprised when use was made of these preparations. Our policy during this period appears to be rather too nice to be credible. We remain complacent as we did before Pearl Harbor, and if our policy toward Formosa is to be taken as any criterion, we may well continue to stick to our original determination not to try to defend Southern Korea. It is now evident that we took no steps whatever to implement any other program if one had been decided upon. While the record did not show quite as long as the record we had established in arming when our life seemed at stake early in 1942.

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But the record did not show quite as long as the record we had established in arming when our life seemed at stake early in 1942.
I'm aware that the Korean War is still on the horizon for the recent break but I don't believe it has had much to do with it as generally believed. Because of that, I'll look for other reasons. It isn't that I am concerned with reasons for why they can be applied to future action, and it is the future that interests me.

**Commodity futures**, affected by all kinds of fears, have started climbing. This is certain to be reflected in the prices of the two commodities involved in the Far Eastern fracas there will be little political agitation. The check in a similar rise will almost certainly affect heavy industries. The drive to check government spending is certain to be stopped. Instead of less there will be more spending. Warnings that there may have been found by responsible sources. All this adds up to inflation and some sort of inflation we had expected.

How the stock market will react to all this I find too easy to foresee, but the market seldom does the obvious. Based on all apparent factors, the market should go up. It is so simple it is difficult to see any other answer.

But because it is so simple the chances are obvious won't happen — at least not right away. The argument that buying blue chip stocks can't hurt you is one I find naive. When they go down they all go down. And the blue chips probably go down faster than the so-called speculative. I can give reasons for this. But the little point. The seasoned observer will know the answer; others won't believe it matter what argument I present.

The sum total of this column is that having gotten out of one disturbing position, we have no intention of getting into another until I see more signs. I suggest you do the same.

[The views expressed in this article do not necessarily at any time appear in the Chronicle. Those presented are those of the author only.]

With Ball, Burge Firm
(Special to The Financial Chronicle)

Mr. I. J. Ball has been affiliated with Ball, Burge & Krus, Union Commerce Building, members of the New York and Midwest Stock Exchange.

With Saunders Stiver
(Special to The Financial Chronicle)

CLEVELAND, Ohio — John M. Saunders, member of the Stiver & Co., Terminal Tower Building, member of the Midwest Stock Exchange.

Schubacher & Co.
Orders Executed on
Pacific Coast Exchange

Shorten Capital Gains Holding Period and thus Increase Revenue

1917-1914, which show, on balance, a smaller deficit and also a net deficit of revenue from 1915 to 1932, the period 1917-1923 and 1920-1923.

The capital gains tax is undesirable and unpredictable as a tax for several years 1917-1923 when capital gains were not treated as a new source of revenue, the net capital gains tax receipts up the body, and where the capital gains tax is unproductive, deceptive, and expansive when most needed. Even under these conditions of gains and losses relatively little revenue was realized until 1923.

The relation between long and short term gains is arbitrary and meaningless. By waiting one day, a taxpayer in the high bracket can cut his capital gains tax from $50,000 to $0. A capital gains tax does not reach the rich. Selling securities to take capital gains is discretionally limited. It is true that in the high income brackets takes practically no short term gains, but long term capital gains is like a farmer with a bountiful supply of land, it is hard to use the extra. Capital gains can afford to take short term losses. A low flat tax would be fair to long term and also produce revenue. A fair and just tax for the deduction of losses, income, and administrative maintenance. It is the most efficient and least expensive measure as Government officials concede.

Because a high capital gains tax deterring taking profits by big holders, it tends to tax short-term profits and, therefore, also the subsequent decline. It contributes to the increase in the number of corporations for the little fellows rush to buy capital in the company which will be saved. Therefore, the market fluctuates violently it produces a high degree, the market moves more violent, and short term capital gains were taxable.

In fact selling to establish losses during the depression, the year has created the seasonal downward trend in the last quarter. Before 1917 and a brief holding period would encourage profit taking, produce revenue, check a wild rise, encourage buying at low prices, thus bring the period short and lay the basis for future capital gains.

The price of shares on the New York Stock Exchange is relatively high compared to our European markets, in countries which have been able to learn from foreign investment institutions on a recent trip abroad. Taking the yearend figures (or stock prices are much lower) are as follows:

<table>
<thead>
<tr>
<th>Country</th>
<th>Price (end of year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>10,000</td>
</tr>
<tr>
<td>United States</td>
<td>1,000</td>
</tr>
<tr>
<td>Japan</td>
<td>500</td>
</tr>
<tr>
<td>Australia</td>
<td>100</td>
</tr>
</tbody>
</table>

Despite the high prices of shares in Europe and the United States, the price in Japan is relatively low. This is true. Strangely enough the parent company's dollar shares remain unquoted, although selling shares of a subsidiary listed in London, the yield is lower (or dividend yield is lower) than even though the product and the tax rate is lower. Because the capital gains tax makes investors hold rather than

sell, it prevents funds which would go into capital from mature situations to new sources of growth. The tax on capital incomes and new sources of employment, as illustrated in the 1942 hearings, "As to capital gains and losses, we should replace the present, instead of offering a premium to hold,"

A tax on capital gains is a tax on property and on estates. As evidence the House Committee on Ways and Means, in considering the estate tax in the figure estate tax of a decedent, a tax be levied on the capital—gains in addition to the tax on the original value of the property. The capital gains tax is a form of capital levy or an advance on the death duties. Indeed it is a duplication inheritance tax. Therefore, investor tend to hold until death instead of risking money in new fields.

Again the country is in the midst of an inflation. All prices rise. The rise becomes still more acute when the capital gains tax is taken from the stockholder. Capital gains tax does not reach the rich. Selling securities to take capital gains is discretionally limited. It is true that in the high income brackets takes practically no short term gains, but long term capital gains is like a farmer with a bountiful supply of land, it is hard to use the extra. Capital gains can afford to take short term losses. A low flat tax would be fair to long term and also produce revenue. A fair and just tax for the deduction of losses, income, and administrative maintenance. It is the most efficient and least expensive measure as Government officials concede.

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The Money Market and Factors in Securities Analysis

Tions in the security market take place for two reasons.

One is the discovery by the public of the amount of a company's earnings, the degree of risk or safety existing anywhere in the investment field. This is obviously the case when the rental value of riskless credit, "pure interest," as they call it in Wall Street

The return of any given investment to the investor in the money market is determined by the following things: the pure interest, the rental value of riskless credit, the necessity for brokerage and payment for knowledge.

When I write this at meal about your age 20 years ago, I made a point, and I will make it today, that the difference between price and value is an acquired characteristic.

Whenever you find price Miller in the market and you may depend upon the opera-

The current rate of interest is as inseparable, as the law of supply and demand, as the sun in the sky. Your friends will ask its own level. That law is called "that price in a free market is the price plus markup above value.

If you do not determine value "ex" price considerations? Well, I will tell you, and I can risk this, as it would be the day before I get to the last characteristic for the determination of value. Simply stated values are the price, the margin, the volume, the efficiency of the corporation, the book value, the liquidity, interest, and the borrowing capacity of the corporation; which are derived, of course, from the stocks plus history and is a matter of the company and its judgment for fiscal responsibility.

Value of Banking Figures

Again you can't get that information more promptly from the banking figures. You might not know that in 1949 there were drawn considerably more than 100 million items of checks. Does anyone know what that is worth? Even with inflation that is a figure to conjure with, isn't it?

I have formed a definite opinion as to whether the government does not shirk on the pocket nerve of the Ameri-

I have been following the world over, and I think it was one of the reasons the yield on that chart is nothing in the world except the reaction to that movement of the chart and down expressed through a multi-

The other set of factors is that set relating to the outlook for the business world generally. It is a thing that is not easily defined but it is a question that is difficult to answer. It is a question that is difficult to answer. There is no change very often except as the fortunes of an entire industry are affected by conditions of the Rock Island or the Illinois Central in some way, or the big utility companies. We now, instead of hanging a nail in the wall which is the pure interest rate. If that rate does not move, the whole chart will move up and down, and price will be completely illogical or extraneous to any change that is on that chart nothing is in the world except the reaction to that movement of the chart and down expressed through a multi-

We will have to reserve judgment, but fortunately the picture isn't black.

The whole chart of your securities is constantly moving up and down as that chart moves up and down. Your interest rate today and tomorrow is going to be influenced by all the other factors.

Well, gentlemen, you can cir-

To make the money market or the securities market move.

If you have not the Bible you know the story of Joseph and the seven lean years and the seven fat years, you also know that the politicians don't work that way.

There is one thing we have a few more potatoes and a few extra eggs however, you can take them around for a checkup and they will actually do your homework, advice, perhaps a little bit of a see-through.

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The whole chart of your securities is constantly moving up and down as that chart moves up and down. Your interest rate today and tomorrow is going to be influenced by all the other factors.
You should have lengthened your market time, because what you did was absolutely worse. I guess, if you were to be candid, if you engage from choice in the field of security analysis, you are exposed to a very great deal of expertise that is equally as beguiling or equally as unscrupulous. At the other end of the spectrum, you have a reservoir of capital available. That is the supply of money which imposes on the gold-backed bond market.

As that credit is used up or is not used up by the demands of finance, the market's impact on the confidence of the necessity for earnings (on the part of bankers) on your high-grade bond markets. It is just another tool in the armament of a very critical and demand factor which will operate very definitely.

A very important support -- the government has quite an extensive lending power long, but there isn't any human agency big enough to generate the buying of the government bond market long-term because the capital market has been so disrupted. The only reason the government bond market has been able to function is because of the fact that people believe it.

The powers of the government are enormous. The Federal Reserve Committee of the Federal Reserve has become the biggest bank in the world. It has a history of the securities business with which the government's armament's headings includes the secondary market business.

**The Money Market and Factors in Securities Analysis**

That is a little beside the point of what I have been trying to illustrate. The Federal Reserve upon the government bond market to keep the rates comparatively low has had a catastrophic effect on the supply of your high-grade corporate obligations because, after all, there isn't any other place that securities can go.

That brings us to the first but, what is it worth while. The only reason I have expected it in such great detail is because I have a theory in the theory that any problem properly analyzed is three centuries answered.

I believe that another way, I am primarily interested in expressing this principle, which is the determination of the risks. You have the securities, and I have the risk.

This is the idea. Nor do I believe my idea is the best. It is certainly the one and worked out very well, only, it is still in use by many good people. I am not suggesting that you should make your analysis of risk by the principles and not by the basis of details.

I am not seeking to make it difficult in dealing with an accountant was the fact that he was not only not sure, but not by not. Anything which is important. The question, how by which he has been taught to reach a conclusion is a matter of time. I found that my difficulties believing, but when I take all of the other accounts they said it was absolutely true. I guess, if you are to be candid, if you engage from choice in the field of security analysis, you are exposed to a very great deal of expertise that is equally as beguiling or equally as unscrupulous. At the other end of the spectrum, you have a reservoir of capital available. That is the supply of money which imposes on the gold-backed bond market.

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### CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-REVIEW

<table>
<thead>
<tr>
<th>Current Price</th>
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<tr>
<td>$255,568,000</td>
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<tr>
<td>$388,126,000</td>
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</table>

**Domestic construction (bbls.)**
- July: 114,400,000
- June: 114,800,000
- May: 115,200,000

**Foreign construction (bbls.)**
- July: 950,000
- June: 970,000
- May: 990,000

### METAL PRICES — E. & M. Q. QUOTATIONS

<table>
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<tr>
<th>Metal</th>
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<tr>
<td>Nickel</td>
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<td>$5.35</td>
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</table>

**Domestic production (net tons)**
- July: 73,000
- June: 73,500
- May: 74,000

**Imports (bbls.)**
- July: 3,000
- June: 3,500
- May: 4,000

**Exports (bbls.)**
- July: 4,000
- June: 4,500
- May: 5,000

### BOOKKEEPERS AND OFFICE WORKS

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###ogl and Paint Reporter Price Index—1925-36

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<tr>
<td>233.2</td>
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### METAL OUTPUT (BUREAU OF MINES)—Month of April

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<tr>
<td>416,575</td>
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### BUSINESS INVESTMENTS, DEPT. OF COMMERC.

<table>
<thead>
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</thead>
<tbody>
<tr>
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<tr>
<td>$36,000</td>
<td>$35,500</td>
</tr>
<tr>
<td>$37,000</td>
<td>$36,500</td>
</tr>
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</table>
Aeroquip Corp., Jackson, Mich.  
June 21 filed 162,010 shares of common stock (par $1), of which 16,455 shares are offered by the company and the remainder by selling stockholders. Underwriters—Watling, Lorchen & Co., Detroit. —To be filed by amendment. Proceeds — To pay for construction of a new plant for production and storage use, business — Filed 7/10/25.

Alabama Gas Corp.  
June 12 (letter of notification) 1,479 shares of ($2 par) common stock, at $2.50 per share, tendered for subscription by stockholders of record as of July 12, 1925. — Proceeds — To pay for improvements. Office — 101 Golden Gate Ave., San Francisco.

Blue Grass Cereotyping Co., Inc., Louisville, Ky.  
June 22 (letter of notification) 2,000 shares of preferred stock (par $100); 8,000 shares of class A common stock (par $25) and 2,000 shares of class B common stock (par $100) for issuance. — Price—Preferred, $100 per share; for class A, $25 per share; for class B, $100 per share. Underwriters—Richmond & Co., New York. —For organizational expenses. Office—Kentucky Horse Life Bldg, Louisville 2, Ky.

Canadian Smelting Refining & Mining Co., Ltd.  
June 14 filed 179,833 shares of capital stock (par $7), of which 120,000 shares are offered for subscription by stockholders of record as of June 20, 1925. — Proceeds — To pay for improvements. —Underwriters—IGP, New York. —To public, $3.95 per share; to employees, $3.65 per share. Proceeds—To reduce a loan and for general corporate purposes. Business—Distributor of building materials. Office—370 Madison Ave., New York.

Canadian Superior Oil of California, Ltd.  

Canam Mining Ltd., Vancouver, B. C.  
Aug. 26 filed 1,000,000 shares of no par value common stock, at par, for subscription by stockholders. Proceeds—To reduce a loan and for general corporate purposes. Price—To public, $1 each. Proceeds—For working capital. Underwriter—Hawaii & Co., New York.

Caspers Tin Plate Co., Chicago, Ill.  

Castle Mountain Mining Co., Salt Lake City, Utah.  
June 2 (letter of notification) 3,000 shares of class A common stock (par $15), and 1,000 shares of class B common stock (par $25), to be sold in units of three shares of class A and one share of class B stock. Price—$44.50 per unit. Underwriter—Emory S. Warren, D. C. Proceeds—For general funds. Office—107 Oak Building, Salt Lake City.

Citizens Credit Corp, Washington, D. C.  
June 2 (letter of notification) 3,000 shares of class A common stock (par $15), and 1,000 shares of class B common stock (par $25), to be sold in units of three shares of class A and one share of class B stock. Price—$44.50 per unit. Underwriter—Emory S. Warren, D. C. Proceeds—For general funds. Office—109 Bank of America Building, Washington, D. C.

Citizens Telephone Co., Decatur, Ill.  
April 23 filed 2,500 shares of 4% preferred stock, nonconvertible. Price—At $100 per share. Underwriters—None. Proceeds—For plant additions and general corporate operations. Office—240 W. Monroe St, Decatur, Ill.

Columbia Gas System, Inc.  
B. L.  
July 7 filed 1,000,000 shares of preferred stock (par $5) and 1,000,000 shares of common stock (par $1), for subscription by stockholders. Price—$10 per share. — Underwriters—None. —Proceeds—For working capital. Business—Stainless steel plate and steel pipe. Office—330 Michigan Ave., Chicago.

Ecor Inc., New York City.  
July 7 (letter of notification) 250,000 shares of common stock. Price—$1,000 per share. Underwriter—None. —Proceeds—For working capital. Office—464 11th Ave, New York 18, N. Y.

Even-Air Corp., New York City.  
June 16 (letter of notification) 65,000 shares of common stock (par $10 each). Price—$4 per share. Underwriter—None. —Proceeds—To promote sales, pay expenses and for working capital. Office—464 11th Ave, New York 18, N. Y.

Fodders-Quinlan Corp.  
7/15 July 26 filed 1,000,000 shares of series A cumulative convertible preferred stock (par $5) at a price of $15 per share. Underwriter—None. —Proceeds—To jump fuel installations contracts and for investment in selected common stocks of diversified companies. Office—100 Wall St., New York.

May 14 filed 75,000,000 shares of common stock (par $5) and 15,000,000 shares of preferred stock (par $5). Price—$2 per share. Underwriter—None. —Proceeds—For working capital, etc.

Gillette & Sexton Co., Chicago, III.  
July 3 (letter of notification) 2,000 shares of common stock (par $5) and 160 shares of preferred stock (par $5). Price—$2 per share. Underwriter—None. —Proceeds—For working capital, etc.

Golden Age Mines, N. Y. City  

Capital Corp., Wilmington, Del.  

Research Associates, Inc. (Pa.)  
June 27 (letter of notification) 12,000 shares of common stock (par $1). Price—$10 per share. Underwriter—None. —Proceeds—For working capital and operating expenses.

Denver Chocolate Co., Inc., Denver, Colorado.  
June 20 (letter of notification) 10,000 shares of common stock (par $1). Price—$2 per share. Underwriter—None. —Proceeds—For working capital.

Dona Exploration (Western) Ltd.,  
Jan. 30 filed $10,000,000 of notes, due 1969, with interest 6% payable in the second year, and 3% thereafter, and 459,993 shares of common stock (par $1). To be sold to 17 subscribers (including certain part¬ners of the company). Underwriters—Dona Exploration Corp. and State Street Research & Management Co.—To manage the offering. Underwriter—Hardy & Co., New York. —Proceeds—To go into settling the company's business.

Diana Stores Corp.  

Electrosteel Corp., New York City.  
July 13 (letter of notification) 12,000 shares of common stock (par $1). Price—$10 per share. Underwriter—None. —Proceeds—For working capital.

Fedco, Omaha, Ne.  
June 4 (letter of notification) 50,000 shares of common stock (par $1). Price—$4 per share. Underwriter—None. —Proceeds—To promote sales, pay expenses and for working capital. Office—464 11th Ave, New York 18, N. Y.

Fleetwood Airflow, Inc., Wilkes-Barre, Pa.  

Fisher, New York City.  
July 10 (letter of notification) 2,644 shares of capital stock (par $5). Price—$20 per share. Underwriter—McKee, Fish & Co., New York. —Proceeds—For working capital, etc.

July 3 (letter of notification) 2,000 shares of common stock (par $5) and 160 shares of preferred stock (par $5). Price—$2 per share. Underwriter—David A. Hoyes & Co. and Swift-Henshaw, New York. —Proceeds—To a selling stockholder.

Hydrometals Corp., New York City.  

June 27 (letter of notification) 12,000 shares of common stock (par $1). Price—$10 per share. Underwriter—None. —Proceeds—For working capital and operating expenses.

Lee Commercial Co., Denver, Colorado.  
June 20 (letter of notification) 10,000 shares of common stock (par $1). Price—$2 per share. Underwriter—None. —Proceeds—For working capital.

Lockheed Aircraft, N. Y.  
July 3 (letter of notification) 7,000,000 of 5% preferred stock (par $100). Price—$100 per share. Underwriter—Loeb, Rhoads & Co., New York. —Proceeds—For general funds.

New York Boston Pittsburgh Chicago Philadelphia San Francisco Cleveland

Private Wire to all offices
NEW ISSUE CALENDAR

July 15, 1950

Tele-Tone Radio Corp., New York. Proceeds to purchase property and for working capital. Office—Lake Ave., New Haven, Conn. To be placed privately.

White Foods, Inc. (N. Y.)

June 30 (letter of notification) 300,000 shares of capital stock (par $1). Proceeds—$41 per share. Underwriter—J. A. Allen & Co., Inc., Los Angeles, Calif. Proceeds—To be used for general corporate purposes.

Louisiana Power & Light Co.

May 23 filed 90,000 shares of preferred stock (par $100). Proceeds—to be used for working capital only. Office—401 So. Broad St., New Orleans, La. To be placed by underwriters.

Loven Chemical Co., Calgary, Calif.


Market Wholesale Grocery Co. (Calif.)

July 15 (letter of notification) 92,000 shares of preferred stock (par $6) and 5,000 shares of common stock (par $1). Proceeds—to be used for working capital only. Underwriter—Price $6 per share less than bid price on day preceding placing effective. Proceeds—For general corporate purposes.

Magnox Co., Fort Wayne, Ind.


Maltinc Co., Morris Plains, N. J.

July 6 (letter of notification) 3,000 shares of common stock (par $2). Proceeds—to be used for working capital only. Office—600 7th St., Los Angeles, Calif. To be placed by underwriters.

Merritt Brothers Bric' & Tile Co., Augusta, Ga.

June 15 (letter of notification) 1,250 shares of 6% cumulative preferred stock (par $50) and 200,000 of $7 bonds (in units of $200 each). Price—At principal market. Proceeds—to be used for general corporate purposes. Underwriter—Consolidation Stock Co., stock price. Proceeds—to be used for working capital and funds for the "ultimate purchase" of bonds. Office—At principal market. Subsequent resale on credit to junior executives. Office—237 E. Washington, Ill.

Mercantile Credit Corp., Wichita, Kansas

June 30 (letter of notification) 200,000 shares of common stock (par $1). Proceeds—to be used for working capital only. Underwriter—Price—$120 per share. Proceeds—For general corporate purposes. Office—600 Scott St., Wichita, Kan.

Mid-States Equipment Co., Detroit, Mich.


Middle South Utilities, Inc.

July 17 (letter of notification) 800,000 shares of common stock (no par) to be offered to preferred stockholders of three subsidiaries (spoke of 1950). Proceeds—to be used for working capital only. Underwriter—Mississippi Power & Light Co. Underwriter—Equitable Securities Corp. Will serve as "dealer-manager." Deposits—May be accepted between July 26 and July 14. (See also listings of Arkansas, Louisiana and Mississippi companies elsewhere in these columns.)

Middlesex Water Co., Newark, N. J.

Feb. 9 (letter of notification) 5,200 shares of common stock (par $100) and 900 shares of common stock of record March 17 at $50 per share on a one-for-five basis. Underwriter—Price—$100 per share. Proceeds—to be used for additional working capital. Expected this month.

Miles Laboratories, Inc., Elkhart, Ind.


Miller (Walter R.) Co., Inc.

March 29, 1950, March 29, 1950. Proceeds—to be used for general corporate purposes. Proceeds—to be used for the purchase of additional shares of company's common stock

Mississippi Power & Light Co.

May 16 filed 45,000 shares of preferred stock (par $100). Proceeds—to be used to redeem at $100 per share. Proceeds—$44,476 shares of $6 preferred stock and for construction and other corporate purposes. Underwriter—Price (par $100) to be offered to company up noon (EDT) on June 17 and 18, with exercise price of 115. Office—111 N. 5th St., Jacksonville, Fla. To be placed by underwriters.

Missouri Power & Light Co.

July 20, 1949 (letter of notification) 2,000,000 shares of preferred stock (par $100). Proceeds—to be used for working capital and other corporate purposes. Underwriter—Price—$100 per share. Proceeds—To be placed by underwriters.

Continued on page 32
Continued from page 31


* Mohawk Business Machines Corp. July 26 filed $7,000,000 of convertible debentures, due July 26, 1954, at 92%, to be sold to underwriters for the account of the company at 92% of par. Underwriters—(letter of notification) 500,000 shares of common stock (at $10). Proceeds—To pay for the purchase, for working capital, of good, used, and original equipment, and general corporate purposes. Office—140 Wall St., New York, N. Y.

* Credit of Cincinnati, Inc., Cincinnati, O. June 7 (letter of notification) 1,200 shares of common stock (at $10 per share). Proceeds—To acquire and hold for personal use. Office—525 Cincinnati, O.

* Colt Telephone Co., Honolulu, Hawaii (7/25). June 27 filed $1,000,000 first mortgage bonds, series G, due July 1, 1954, at 91%, to be sold to underwriters at par (at $10). Proceeds—to be available for the development of electric service to the Islands. Offices—Honolulu, Hawaii (jointly); Honolulu, Oahu, Hawaii (jointly); Honolulu, Hawaii (jointly); Honolulu, Hawaii (jointly); Honolulu, Hawaii (jointly). Proceeds—For the purpose of carrying out the development of the electric service of the Islands, and for the purpose of paying the expenses of the offering.

Prospective Offerings

**Astro Finance Co.**

June 30 it was reported that the company may do so financing later this year. The company expects to offer the stock at par.

**American Power Co.**

May 12 company report is to be issued in June by the company. The report will cover operations of the company for the year ending December 31, 1961, and will include an analysis of the company's financial position and results of operations.

**American Investment Co. of Illinois**

May 24 company announces its intention to issue $500,000 of convertible preferred stock. The stock will be sold at par, with an option to the Underwriters to purchase an additional 100,000 shares.

**American National Gas Co.**

May 18 company announces plans to issue $5,000,000 of convertible preferred stock. The stock will be sold at par, with an option to the Underwriters to purchase an additional 100,000 shares.

**Associated Telephone Co. Ltd.**

May 15 it was announced that the company's current plans include the issuance of an additional $2,000,000 of convertible preferred stock. The stock will be sold at par, with an option to the Underwriters to purchase an additional 100,000 shares.

**Western Telephone Co., Franklin, N. C.**

June 22 it was reported that the company has filed for registration of additional capital stock, with offering toward the end of this month. It is expected to offer $5,000,000 of convertible preferred stock.

**Canada (Dominion of)**

July 27 it was announced that the Canadian Government is making preparations for an extensive refinancing operation. It is expected that $2,000,000,000 of mortgage loan payable in U. S. dollars will be issued in 1952 with an option to the United States Government to purchase an additional $1,000,000,000 of mortgage loan at any time after the end of 1952.

**Celanese Corp. of America**

July 1 it was announced that the company's stockholders voted to authorize the creation of $1,000,000,000 of mortgage loan payable in U. S. dollars. The stockholders also authorized the sale of $1,000,000,000 of mortgage loan at any time after the end of 1952.

**States Electric Corp.**

March 1 it was announced that an amended plan of reorganization is to be issued to holders of all classes of the company's capital stock for the right to purchase $1,000,000,000 of mortgage loan payable in U. S. dollars. The plan provides for the sale of $1,000,000,000 of mortgage loan at any time after the end of 1952.

**Central Telephone Co.**

July 22 company plans to file a registration statement in the Securities and Exchange Commission for the sale of $500,000 of refunding mortgage bonds. The company is also planning to issue an additional $1,000,000 of mortgage loan payable in U. S. dollars. The registration statement will be filed with the SEC at an appropriate time.

**Hawaiian Electric Power & Light Co.**

July 11, company announced that it will issue $500,000 of mortgage loan payable in U. S. dollars. The company is also planning to issue an additional $1,000,000 of mortgage loan payable in U. S. dollars. The registration statement will be filed with the SEC at an appropriate time.

**Indiana Gas & Water Co.**

July 8 company plans to issue $500,000 of preferred stock. The preferred stock will be sold at par, with an option to the Underwriters to purchase an additional 100,000 shares.

**Southern Utilities Inc.**

April 26 company said that the sale of first mortgage bonds to finance part of its $3,000,000 construction program was expected to be filed with the SEC at a later date.
New York, New Haven and Hartford RR.

Bids will be received upon bond at $70.00 on July 11 for the purchase of $2,000,000 of 4½% bonds due 1972. The bonds will be sold to the highest bidder. Bids must be submitted by 12:00 p.m. on July 11.

Maryland Power Co.

The company has been authorized by the Public Service Commission to build a 235-mile 230-kV transmission line through the State of Maryland. The line will be used for the transmission of electric power from the state's nuclear power plants to the eastern part of the state.

New England Power Co.

April 24 it was estimated that about $70,000,000 of new bonds would be required to provide additional cash for construction.

South Carolina Electric & Gas Co.

May 11 it was announced company plans to spend in excess of $150,000,000 of its $151,000,000 bond issue to be spent in 1957. It is estimated that $30,000,000 of new bonds will be issued, of which $50,000,000 will be raised by the sale of $30,000,000 of 6½% debenture stock (par $100). Bidders include Lehman Brothers.

South Jersey Gas Co.

June 15 United Corp. proposed, under its amended plans for the conversion of E. and S. Electric Co. to a corporation, to issue up to $50,000,000 of South Jersey Gas Co. common stock as to which an exchange offer of additional shares was requested.

Southern California Edison Co.

March 3 it was reported that company expects to issue $50,000,000 of ¾% bonds in May, which will provide for the additional construction of $30,000,000 of new lines.

Southern Utah Power Co.

June 21 SEC approved temporary bank borrowings of up to $30,000,000 to mature July 1, 1957, the proceeds to be used for construction program, estimated at $35,200,000 for 1956-1957. Permanent financing is expected to be obtained through issuance of $30,000,000 of first mortgage bonds, with respect to which a declaration of trust has been filed in Utah, to be followed by additional financing early in 1958, the sale of at least $35,000,000 additional common stock through public underwriting of additional securities. Probable bidders for bonds: Halsey & Stuart Co.; Kidder, Peabody & Co. (jointly); First Boston Corp.

Water Taxi Co.

April 23 it was announced company plans to raise $4,700,000 in new money through sale of additional shares of stock, the proceeds to finance in part 1956 construction expenditures.

Tennessee Gas Transmission Co.

June 14 it was announced that "some bonds will be sold late this summer at competitive rates. It is expected that the company's Banking circles speculated that a $40,000,000 bond sale would meet investor's needs. Probable bidders: Halsey, Stuart & Co.; Stone & Webster Securities Corp.; Kuhn, Loeb & Co.; and A. C. Allyn & Co. (jointly). The proceeds would be used in part to pay for construction.

Tide Water Power Co.

May 25 the company announced approval of increase in the authorized common stock to 1,500,000 shares from 500,000 shares, which was understood that 125,000 shares may be sold. Trademarkers: Union Securities Corp.; W. C. Langley & Co.

Utah Natural Gas Co.

June 28 a company plans to build a 225-mile 22½-mile-inch pipe line in Utah to cost approximately $12,000,000. The project is being handled by P. S. Commission in August or September, after a study of the project.

Valle Gas Pipe Line Co., Inc., Houston, Texas

June 27 company sought FPC authorization to construct a $144,500,000 pipeline project to carry natural gas from the Gulf of Mexico to Southern California and Texas markets to markets in Indiana, Ohio and Michigan. Company is now in process of completing negotiations for its major financing requirements.

Virginia Electric & Power Co.

June 20 it was announced company expects to offer through underwriters $50,000,000 of first and refunding mortgage bonds. Probable bidders: Halsey, Stuart & Co.; Stone & Webster Securities Corp.; Kuhn, Loeb & Co.; and A. C. Allyn & Co. (jointly). The proceeds will be used to finance construction project. Expect this Fall.

William R.) & Co., Inc.

June 12 Elmer H. Bobst, President, announced that corporation proposes recapitalization and change in name from United Securities Corp. to United Securities Corp. with the SEC covering the sale of approximately $40,000,000 of additional shares of stock (par $1) to the public through a nationwide group of underwriters headed by F. Eberstark & Co., Inc.

Worcester Electric Co.

June 14 it was reported company plans issuance and sale of $20,000,000 of bonds. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane.

The Commercial and Financial Chronicle . . . Thursday, July 13, 1950
The New York Stock Exchange—Its Economic and Social Functions

Public Utility Securities

BY OWEN ELY

The Southern Company

Southern Company, the big southern owning company which emerged from the merger of Southern Utilities, was described in this column a short while ago. The company made an extraordinary earnings dividend of 2% of the $1.27 a share compared with 91c a share on a smaller number of shares and 1949 earnings of $1.98 a share in revenues from the last five months of the year. This is in revenues of about 8%. This improvement reflected a non-recurring tax saving of about 7c a share, and fuel economies of perhaps $600,000 a year. These improvements, however, were more than offset by a $1.38 million increase in hydro output, plus other factors.

However, there is still a lot in the story. Total sales have been increasing more rapidly than anticipated, and for the five months ended May 31 net income was slightly ahead of last year (although, it should be noted, this is after adjustment for non-recurring revenues). Moreover, the big Yates plant with two units of 100,000 kw each will come into operation this fall, using dump natural gas as fuel. Alabama Power, which mines its own coal, has installed some of the big Joy machines which are reducing mining costs sharply. These factors should help to offset, at least, of the estimated 14c dip in earnings.

Last year about 5% of Southern's revenues were from transit operations, but Georgia Power has been attempting to sell its bus companies and recently sold its message on Alabama property, leaving Rome as the only remaining property—which will also be disposed of eventually.

Alabama Power serves the greater part of that state except for an area along the northern boundary which is part of the TVA domain. 

The Southern Company, which is the largest electric utility in the South, has been experimenting with the use of the electric power for the home and the office. The results of this experiment have been very encouraging, and the company is now considering the possibilities of extending this work to other areas.

In conclusion, it can be said that the Southern Company is a very strong and well-managed company with a bright future ahead of it.
Washington... And You

WASHINGTON, D.C. The first big "civilian casualty" of the Korean war is likely to be the tax bill. War losses and perhaps a steep rise in the cost of living will mean a sharp change in the military situation.

There will be a tax bill in the Senate, of course, since Senator Cooper, the Chair of the Finance Committee, promised that bill will be a tax bill upon which the Senate can vote. The word is that he will keep the Senate together.

Then, after the bill goes to conference between the House and Senate, it will be tied up for a very, very long time.

This new strategy has been decided upon informally, it is reported, between the Administration and Senate leaders. The idea is that Congress will bill this in with the Administration strategy of not leading off with votes to trim the budget in the change from a civilian to a wartime basis. Wednesday's decision makes it imperative and impinges greatly upon the need for controls, rationing, huge war appropriations, and higher taxes. This means the services, however, it is wondered, will have to be cut significantly. The White House can be.

To kill the tax bill now, however, is to expose people to the danger of the move toward the new military strategy. And also to expose others who listened to Treasury Secretary Morgenthau before the Finance Committee, opening hearings on the House tax bill, that the Administration does not want the tax bill. This pretty well fits in with the views of the Senate conservatives. Their view is that tax cuts will not lead to a raising of corporate earnings. Everybody will be happy if the Senate acts without a bill. Even if it has to record votes, the same time for some tax increases in the fall would be quickly buried.

Another side of the military situation deteriorates rapidly, the Administration might be forced to ask for an increase in the army, probably not soon. The intention to increase the army, which might fill next year, at least, until after the election, continues.

On the other hand, if the Korean war ends in a relatively quick victory and there are no fresh threats of Russian armed aggression, there is another situation to appraise.

In view of the early optimism of the Administration for a quick victory, it seems likely that the ordinary people have to be a little more critical toward... the Korean war. It will be great if they have, a great deal of help, a great deal of help, which may disappear when and if it becomes necessary to.Request for a large campaign.

Any military operation of the magnitude of defending even as small a country as Korea against a trained, equipped and determined enemy, with its own officers, in occupied territories, and with forces which ordinarily makes up a country's defense, can be improved. The matter of defense can be improved in Korea, and perhaps in this country, from which the operation is likely to be exempted.

The need of avoiding some of the jet fighters because they are too fast to handle the obsolete Russian aircraft, is just one of thousands but otherwise unavoidable difficulties. This type of war has had to be improvised in haste.

Sen. Cooper, in his prepared statement for the Finance Committee, said: "The situation should be for bad news for some considerable time, with the U. S. having to make do with such adverse circumstances if it hopes to win this war. I regard it as a real estate until such time as it can bring new buildings to bear."

Guess best now is that the drive to handle the destructive industrial production will.

W. R. Hitchcock

Business Buzz

World Bank Grants

Loan to Turkey

Grants credit of $14,600,000 for port development and grain storage facilities.

The International Bank for Reconstruction and Development has made two loans totaling $16,400,000 to the government of Turkey for port development and grain storage facilities.

A loan of $12,500,000 for the development of Turkey's major port, the Port of Izmir, and an equivalent amount to the Port of Mersin, which in accordance with the Bank's Agreement of 1945 is allocated to its special reserve fund. Amortization payments will begin in 1960. A loan of $3,900,000, which will be used to finance the rehabilitation of grain storage facilities, carries an interest rate of 3% and is repayable within 25 years and is for a term of 18 years; its amortization will start in 1954. The total cost of the port development and construction project is the estimated $38,000,000.

The Bank's loan of $12,500,000 will cover the foreign exchange cost for importation of equipment and materials.

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