Federal Financing in Crisis

By DR. HARLEY L. LUTZ
Tax Consultant, National Association of Manufacturers
and Frederick 5, President, Public Finance, Princeton University

Dr. Lutz discusses the problem of financing the defense effort and preventing inflation. Recommends drastic curtailment of nonsalary spending and paying cash for the defense program. Finds the President’s tax program inadequate to cover the costs and prevent inflation because the increased revenue will not flow into the Treasury for many months, thereby assuring a head-start to inflation. Advises prompt revision and expansion of excise taxes to supplement other revenues as the only possible means of meeting current outlays as they are made.

The Korean “incident” has suddenly forced upon the nation the necessity of making a number of important decisions quickly. Some of the most important of these lie in the field of Federal financing. The purpose of this article is to supply a basis for sound determination of these financial issues.

The President has requested additional appropriations totaling $10,517 million for military purposes in the fiscal year 1951. On July 25 he signed the bill to provide $11 billion for arms aid to the North Atlantic community of nations, and it is reported in the press that an additional request, amounting possibly to $5 billion, would shortly be presented to the Congress. The official budget estimates for 1951 indicated a deficit of $5.1 billion. It is obvious, therefore, that if there be no change in any of these programs, there would be in prospect a deficit of around $20 to $21 billion for the current fiscal year. This is a prospect which must be radically altered if we are to avert a substantial rise of the public debt and the creation of strong inflationary potential. The first obligation

Continued on page 24

The Schuman Plan
And the U. S. A.

By THEODOR M. VOGELSTEIN

Though admitting economic advantages of Schuman Plan to unify Western European iron and coal industries, Dr. Vogelstein asserts such a “pool” is a super-cartel. Says it would be largest single industrial combination in capitalist world. Describes set-up of plan by Mr. Monnet, and criticizes it as complicated and possibly unworkable. Sees it as ground for authoritarian expansion to other industries and final development of European super N. R. A. Foresees American opposition to development of vast economic power of European coal and steel combine.

1 The Scope of the Plan

Dr. Vogelstein

When the little Talleyrand of the Quai d’Orsay—excellent tactician or diplomacy but not yet proven strategist—sprung upon the two hemispheres the project of a European coal and steel pool, one could only be astonished that the world was so surprised by a project which is at least two generations old and, if realized, would mean an enlarged and reinforced revival of older arrangements, i.e., the iron and steel pool and other combinations.

The double rebellion of price differentiation between inland and export — at present discriminating against the foreign buyer, while in older times and perhaps tomorrow again giving him the advantage over the “undisputed area” — would mean some progress in the direction of normalization and freer trade. And arrangements to facilitate the exchange of Lorraine iron ore (minette) and Ruhr coke by the returning railway car would reinstate a profitable trade which worked well before 1914 and which the myopic national

Continued on page 22
The Security I Like Best

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

HERMAN B. COBLE

President, H. B. Coble & Co.
Cincinnati, Ohio

(Rhinelander Paper Company)

Ordinarily it would be difficult to select a single security I like best for the future, but fortunately there is one company that I do not have to make a choice; namely, Rhinelander Paper Company. I have owned shares of its common stock for more than 20 years, and I consider it one of the best manufacturers of Wrapping Paper, Gunny and Newsprint. This company is not a large producing one, but it is a very old concern, having been incorporated in 1893. The company manufactures wrapping paper, newsprint for protective packaging, tissue papers, and thousands of brands of brand crackers, crackers and other products. The products are widely sold throughout the United States. The company's earnings have been consistently high, and the common stock has been a very rewarding investment for its owners.

The management of Rhinelander is alert and forward-looking and is always trying to keep its products at the forefront of the market. The company's products are used in a wide variety of industries, including pharmaceuticals, food packaging, and paper goods. The company is well-known for its high-quality products and its reputation for reliability. The company's earnings have been consistent over the years, and the stock has been a good performer for its owners.

William R. Compton

New York, N.Y.

Rhinelander Paper Co. had no bonds or preferred stock. There were 195,000 $10 par value common shares outstanding. The net worth of the company was $3,045,000. Earned surplus was $500,000. As concerns growth, the company manufactures a product that is not only useful in its current form, but in the future as well. Unit packaging of food is growing by leaps and bounds, and the shipping of hardware and machinery by express and parcel post is growing. In 1930 the production was only 12,000 tons annually, in 1939 it was 60,000 tons. In 1929 the company employed 456 people today it employs 1,050. Another big point is that Rhinelander makes a product and which is destroyed after use and has to be replaced. Every execution, every long period of growth, is a long dividend paid to the shareholders. Essential business, producing a necessity product, and growth prospects such as from an anticipated capital gains.

Rhinelander Paper Company of Rhinelander, Wis., has been in business since 1893. The company manufactures and sells wrapping paper, newsprint for protective packaging, tissue papers, and thousands of brands of brand crackers. The company has a wide range of products, including wrapping paper, newsprint, and other items. The company has a strong market position in the food packaging industry.

The company has a well-established reputation for quality and reliability, and its products are used in a wide variety of industries. The company's earnings have been consistent over the years, and the stock has been a good performer for its owners. The company's management is alert and forward-thinking, and the company has a strong track record of growth and success.

This week's Forum Participants and Their Selections

Rhinelander Paper Corporation—Herman B. Coble & Co., Cincinnati, Ohio (Page 2)


Purolator Products, Inc., $1 Capital Stock—Oliver J. Troutner, Troutner, Troutner & Company, New York City (Page 30)

Canadian Governments 3s of Sept. 1, 1900—S. C. Gundy & Co., New York City (Page 30)

Bought—Sold—Quoted

State of the Market

Alabam & Louisiana Securities

Bought—Sold—Quoted

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123 South Broad St., Phila., Pa., Phone: Telegraph: "New York City Tel.: Bowling Green 9-4356"
The Favorable Outlook  
For Airline Issues

By EDMUND W. TABELL
Partner, Walton, Hoffman & Goodwin, Members N. Y. S. E.

In light of business, political, and technical factors, analyst maintains airline stocks now offer outstanding opportunity for the patient buyer. Cities industry's long-term growth trend, contrasted with present historic low prices.

For the common stock buyer whose chief interest is in long-term growth of his stock, I think the current income, I believe that the stocks of airline companies present an investment opportunity at very low price levels. At all of my 1,200 graphs of stocks, the airlines have the clearest technical pattern for a substantial long-term appreciation.

Obviously, these issues, many of which pay no dividends, are speculative. Also, from another angle, they may not be suitable vehicles for short-term trading. But I believe that the possibility of making very large percentage gains for the patient holder is real.

(1) The airlines are definitely "growth" issues. From 1940 to 1949, passenger revenue and revenue passenger miles flown have increased fivefold. Passenger revenue in 1940 was $389.3 million; in 1949, $53.3 million. Revenue passenger miles traveled were 1,052 million in 1940 and 6,816 million in 1949. A debate of growth is the fact that the ratio of airline passenger revenues to Pullman travel was 3.95 in 1935. In 1949 it increased to 2.81. In 1949 it was 70.3%; in 1949, the number of aircraft in service has increased sharply. There were 359 in 1949 and 865 in 1949.

(2) Despite this tremendous growth, the average price of airline stocks today is not much higher than in 1946. (10) Large institutional investors, such as mutual funds, insurance companies and the like have a very small percentage of their assets invested in airline stocks. As a result, the potential for growth is very large. A change for the better could create a tremendous demand for airline securities due to the large supply of stocks which have not yet been bought.

(11) The technical patterns of airline stocks are very favorable. Very strong accumulation bases have been formed with possibilities of very large percentage gains from their present levels.

(12) The potentially unfavorable factors such as dependence on the military and the commandering of fleet in the event of a war emergency may be over-stressed.

Post-War Optimism

At the end of World War II both the airlines and the investing public were very optimistic on the future of the industry. The companies expanded rapidly. They borrowed money, bought new equipment, hired big staffs and extended their routes. Passenger traffic expanded out in the period between 1946 and 1948, but not as rapidly as the too rapidly expanded costs. As a result, most companies lost money in the three year period. Air mail subsidies, which had been recontinued on page 29

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WASHINGTON, Monday, September 2, 1950

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VIRGINIA BECKONS!

We have reference, of course, to Virginia Beach, site of this year's Annual Convention of the National Security Traders Association, which will be held Sept. 26-30. Again, the CHRONICLE will issue a Special Convention Issue of this important event.

Published Every Week

The COMMERCIAL and FINANCIAL CHRONICLE

B. S. Lichtenstein

Editor

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B. S. Lichtenstein

Editor
Chemical Industry Securities

By EDMUND R. SWANBERG

The manufacture of vinyl plastics used in our shower curtains, raincoats, and auto upholstery is one of the leading basic chemicals and is used by the chemical industries in large quantities.

Another basic chemical is chlorine, which is fully integrated. That is to say, they all do not start with a basic chemical. That is the result of the steps necessary to manufacture a specialty product. Some companies, such as the heavy chemical companies, start at the beginning and go only a short way in producing basic chemicals and then turn their factories into chemical companies by the basic chemical companies. They process them further into plastics, fibers, rayon, nylon, and synthetic rubber and fertilizers are showing relatively larger growth.

In discussing the nature of the industry we cannot neglect prices. The prices are an important part of the business. Prices of chemicals are derived from the nature of the materials used to produce them. The raw materials may be purchased from farmers, producers, or other industries.

Some definitions

Before we go further in discussing the nature of the industry, a few definitions are in order. There are generally accepted definitions of what makes up the chemical industry. The various government agencies have formulated broad definitions for their own purposes, and these classifications are not comparable.

"Chemicals" as we generally understand the term is applied to those substances necessary for the growth and development of all life. They are divided into basic materials by process. These basic materials include component parts of raw materials for the chemical industry, and it is this nature of the industries as well as which, and why, we reach the conclusion that demand for chemicals for various semi-finished and final products.

Continued on page 3

Odd-Lot Trading on the New York Stock Exchange

By STUART SCOTT

Partner, Carlisle & Jacquelin, Members N. Y. S. E.

Odd lot trading is not included in the published volume of business in New York Stock Exchange but are in addition to the published figures. However, the odd lot dealers are included in such volume figures. The percentage of odd lot shares to round lots traded varied from 10% to 25%.

We feel that the average purchaser of an odd lot is fundamentally a retailer. Very little record of orders, houses, men, and others with limited funds for investment. Odd lot dealers are engaged in U. S. industry. Odd lot dealers have the predominance of stockholders, in any other respect, is undertaken. Odd lot dealers make of the New York Stock Exchange. For the risk of buying or selling any odd lot at any time, the odd lot dealer's only is a small fraction of the market for the time being.

The odd lot dealer has no part in setting prices. All "market orders" are conditioned by the dealer to the next round lot sale (the "effective sale") for a price which is 1/4 to 1/2 to sell. All customer "limit orders" are accepted at that price or better, different included. When a customer sells an odd lot, he then becomes a customer of one of the odd lot dealers and after service these orders, the odd lot dealer and his associates make of various semi-finished and final products.
The State of Trade and Industry

The Federal Reserve Bank of St. Louis

Total industrial production for the country at large held vir¬
tually steady in recent weeks. Orders for machinery hit high levels during recent weeks sustained. In comparison with the similar week in 1960, total new orders were 5.8% above the noticeable increase in month-to-month change.

Keeping with the higher production trend, another slight drop in total claims for unemployment insurance was reported. In the week ending July 29, steel industry job losses under¬
went a one-point drop in capacity to just under 100%. This was described as an early indication that the unemployment figure is nearing double of 1941.

The electric industry is in even better fighting form now, says President of Edison Electric In¬
lubrication, and the 540-page generating capacity is near¬
double that of 1941.

The energy industry is now in the swing and the nation is ready for World War II, as reported by the President of the Edison Electric Insti¬
tute.

In lieu thereof this dispatch will contrast the period of the strike in 1960. They can now look to the future with optimism. The President and the pledges which were so hopefully accepted by so many (but by no means all) of us who attended the Organizers Charter-creation in San Francisco in 1941. This has wrought a tremendous change in the international cli¬

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A. Wilfred May

The United Nations — "Then and Now." LAKE SUCCESS, NEW YORK—The barricades of "upside down" sophistries emanating from Jacob A. Malick, the Soviet representative at the United Nations, is generally recognized that Nations surely are being fully discussed in the press and over the airwaves. Hence editorial comment by this observer is invited. It is well known that the Security Council by its fulfilling President Monday morning was the only act of nature of another, but another death. In lieu thereof, this dispatch will contrast the period of the strike in 1960. They can now look to the future with optimism. The President and the pledges which were so hopefully accepted by so many (but by no means all) of us who attended the Organizers Charter-creation in San Francisco in 1941. This has wrought a tremendous change in the international cli¬
Inactive Issues are Harder!

It's not too difficult for anybody to find satisfying markets in active securities. We've done a fair amount of business in that field, ourselves.

Right now, though, we'd like to talk about inactive issues. We may be sticking our necks out, of course. But we've got enough backbone to make us believe in the theory that there's enough belief in our perseverance and experience to ask that you try us.

If a market is active, you can find it. You can save yourself time, trouble, and expense.

But as we said before, just try us!

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From Washington

Ahead of the News

BY CARLISLE BERGERTON

A friend of mine came rushing up to me over the last weekend and wanted to know whether "Stew" or Jim Steinman was to be the really big shot, the real "coordinator" in Truman's "V-J" program. I thought in the backbiting of Washington, Steinman would live up to his reputation, flimsy, because, for one thing, it was my impression that he had long since become annoyed with the Washington government's glamorous boy, "Stew," because he construed it as "an operation that was run with some degree of unscientific management of the people's money." Anyway, I was not surprised to find that "Stew" was shifted from Secretary of the Air Force, to be Chairman of the National Security Re- search Board, an independent agency supposed to make the overall plans for the "next war," etc., etc.

Well, the Washington correspondents being what they are, the NSRB came to a high and mighty office. And in the event UN failed to preserve the peace, we would be an easier target for the oyster party! The War Department, the Navy Department, the Department of Commerce, the State Department, the Interior Department, the Treasury, and so on, with their hundred or so men, would be mighty impressive with the next Congress. Surely, it was the "NSRB," just as they gave the UN, with its thousands of bureaucrats, and its huge expenditures, as the answer to the people's longing for peace.

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Housing Credit Is Not Inflationary, Says George Johnson

President of Dime Savings Bank of Brooklyn contends, if mortgage credit policies are kept within proper limits, home buying is merely form of systemic savings and thus does not contribute toward inflation.

There is far less inflation in the purchase of homes than in any other article or commodity. Liberal credit when applied to house buying is definitely not inflationary.

By A. J. G. Sheldon

Properties are bought largely by middle-aged people whose incomes have increased so rapidly that the size of the houses being built on Long Island. "Inflation is that state of the economy in which a sharp increase takes place in the quantity of money or credit, relative to the amount of goods and services available," Mr. Johnson explained. "In most cases inflation enables people to buy things they do not need, and the greater supply of money and credit causes buyers to bid up prices beyond the true value of the article." "This is not true in the purchase of homes in the New York area, the bank President said.

"If mortgage credit policies encouraged a family to buy a $20,000 house when it can afford only a $10,000 house, that would be a serious form of inflation," Mr. Johnson continued. "But lending institutions have kept a tight rein on extending credit for home buying. As a result, it has become a form of systematic saving. Properties are appraised realistically and mortgage loans are made strictly on that appraisal and on the borrowers' ability to pay. A prospective buyer is not permitted, let alone encouraged, to buy something he cannot afford.

"Although today there is a considerable amount of inflation in the form of money and consumer credit, this is not being reflected in home purchases," the banker said. "It is true that home prices have more than doubled in the past ten years, but wages and salaries have advanced even more proportionately. Home prices have had to reflect this generally higher wage level because the cost of lumber, cement, steel and all other house components are directly related to the wages of the people who produce them. Prices of homes are not being bid up by buyers," Mr. Johnson concluded.

There is plenty of production to satisfy demand, and too much competition among builders price-wise to bring about any runaway inflationary tendencies. Next month, all segments of the building industry will be observing National Home Week, and this will affront the home-buying public an opportunity to see exactly how little inflation there is in home buying.

Two With Sills, Fairman (Special to The Commercial and Financial Chronicle)

CHICAGO, Ill. — L. Edward Brookfelt and Mildred K. Brookfelt have become affiliated with Sills, Fairman & Harris, Inc., 209 South La Salle Street, members of the Midwest Stock Exchange.

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The NATIONAL CITY BANK OF NEW YORK, Trustee

Eligible for deposit by banks to secure public funds and by insurance companies to qualify them to do business in Puerto Rico, as required by law.

The bonds are subject to redemption prior to their respective maturities, upon not less than 30 days' prior published notice, either in whole on any date or after July 1, 1955, or in part, by lot, in inverse order of their maturities from moneys in the Sinking Fund, on any interest payment date not earlier than July 1, 1953, at the following prices plus accrued interest:

104% on or prior to July 1, 1956; 103½% thereafter and on or prior to July 1, 1961; 103% thereafter and on or prior to July 1, 1966; 103% thereafter and on or prior to July 1, 1971; and 100% thereafter.

Payable solely from the revenues of the electric system of the Authority. Neither the credit of The People of Puerto Rico nor any of its municipalities or other political subdivisions is pledged.

AMOUNTS, INTEREST RATES, MATURITIES AND YIELDS

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<thead>
<tr>
<th>AMOUNT IN DOLLARS</th>
<th>INTEREST RATE</th>
<th>MATURITY</th>
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<td>1/1/56</td>
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<td>1/1/61</td>
<td>$50,000 23/4%</td>
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(Add accrued interest)

These bonds are offered for delivery when, and if issued and delivered to and subject to the approval of all legal proceedings by Mitchell and Fowlese, New York City.

Allen & Company

Bear, Stearns & Co.

Ira Haupt & Co.

Hirsch & Co.

Carl M. Loeb, Rhoades & Co.

Paul Frederick & Company

Cantor, Fitzgerald & Co.

McDougal & Condon, Inc.

Ots & Co.

Wm. E. Pollock & Co., Inc.

Boland, Saffin & Co.

The Ohio Company

M. B. Vick & Company

Dempsey & Company

Robert Hawkins & Co.

The White-Phillips Company, Inc.

Andrews & Wells, Inc.

Breed & Harrison, Inc.

Central Republic Company

(Incorporated)

Paul H. Davis & Co.

Ellis & Co.

J. B. Hanauer & Co.

Raffensperger, Hughes & Co.

Shelby Cullom Davis & Co.

Herbert J. Sims & Co., Inc.

J. G. White & Company

F. S. Yantis & Co.

(Incorporated)

(Incorporated)

August 14, 1950
Citing our unprecedented vast reserves of manpower and materials at hand, our non-declaration of war, improved position of our Allies, and small proportion of gross national product cast little fear of over-reaction by a crisis, nor do we foresee any prestige loss of partial or all-out controls now would actually hamper the defense effort, and plunge us into totalitarianism.

Are additional Government con¬
trols entirely unwarranted or un¬
desirable or necessary at this time?

A careful analysis of the facts will at least permit, if not even suggest, a judgment as to whether or not some additional controls, in the form of new or additional controls or present ones augmented with broad powers of enforcement, are necessary to meet global and national defense needs. This would be the purpose of the present review.

(1) The need for basic food and materials.

(2) The need for power and industrial factors.

(3) The need for transportation.

(4) The need for labor.

(5) The need for financial stabilization.

(6) The need for defense mobilization.

(7) The need for economic defense for the war effort.

(8) The need for the economic defense against war inflation.

(9) The need for the effects of war tax on prices and artificial shortages.

(10) The need for the effects of war on the market for consumer goods and the public's demand for them.

(11) The need for the effects of war on the market for consumer services and the public's demand for them.

(12) The need for the effects of war on the market for consumer services and the public's demand for them.

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Economic Policies for Today's Problems

By LEON H. KEYSERLING *
Chairman, Council of Economic Advisers

The American people now need more than ever the strong, forceful, and voluntary cooperation from every American to defeat this nation's economic problems. It is a job for everyone—fanners and other producers of our goods, consumers of those goods, and laborers and shopkeepers everywhere. Only by a united effort can we be successful. And that unity, in turn, depends on the coming of a new C.R.E.D. (Committee for Regional Economic Development) that unity requires leadership, to be sure, and strong national leadership in the form of a Congress that has the understanding, courage, and statesmanship to give every group and by every active citizen in the economic life of the country. The extent to which this understanding is achieved, and this cooperation forthcoming, is a test of the very foundations of our freedom and our democracy and the way of life which we are striving to make secure.

First of all, it is vital for every¬one to realize that there is more unity and more agreement on economic policies than ever before. This is the case for two reasons. One is that the all-too-obvious success of the United States and the Soviet Union as a result of their efforts to provide the world with a steady supply of food, steel, and other essential materials requires that we free our American economy to the fullest possible extent to produce a maximum of these goods. The other reason is that the United States has set the economic policy of the world, as it attacked the recent Japanese-American crisis, will be a major factor in determining the economic policy of the world. Even our own enlarged defense efforts, will be devoting a much smaller percentage of our total output than the United States has done to military purposes. This is because we are unwilling, for example, to cut down the out¬put of goods and services to the point where we shall not be able to meet our obligations to our allies. On the contrary, we are seeking to meet our obligations as fully as we can, and to make available to the other countries of the world all the goods and services which they need to maintain their war economy.

We are now using our economic strength and military strength to help the other countries of the world to supply the needs of the world, and to work out the problems of the world economy. This is the role of the United States, and we are determined to perform it as fully as we can.

But this does not mean that we can afford to neglect our own economic problems. We have to be careful that we do not sacrifice the domestic economy to the demands of the world economy. We have to be careful that we do not make too much of the current shortage of materials to the detriment of the domestic economy.

In the United States, during the past three years, we have experienced a decline in the output of goods and services. This decline has been partially offset by the increase in the output of goods and services for the world market, and by the increase in the output of goods and services for the national market. The result has been a small increase in the output of goods and services for the world market, and a large increase in the output of goods and services for the national market.

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Missouri Brevities

The report of Laclede Gas Co., St. Louis, shows a $1,436,103 net profit for the six months ended June 30, 1950, states that the company's construction budget for the 12 months ending Sept. 30 next, called for expenditures of over $8,000,000, of which $4,216,000 is expected to be expended through June 30. The report adds that additional increments will require, over and above the proceeds of the $1,436,103 net profit, $2,241,746, or 82 cents per share, for the year ended June 30, 1949. .

American Investment Co. of Illinois (St. Louis) reports a net income of $2,241,746, or 82 cents per share, for the first six months of 1950. The corporation on Aug. 10 announced the purchase of six more Constellation transports from Lockhead Aircraft Corp., at an approximate total cost of $1,527,000, with delivery to be made in 1951.

The Kansas City Southern Ry., will until noon (EDT) on Aug. 23 in New York City receive bids for the purchase of its $2,700,000, 4½% first mortgage series K, to be dated Sept. 1, 1950, and due in 15 annual installments of $187,500 each, maturity date Sept. 1, 1968. The company has announced that it has received and accepted a net income of the six months ended June 30, 1950, of $3,066,356, or $1.59 per common share, compared with $3,156,116, or $1.64 per common share, for the same period last year.

Locat. Eisen & Waeckeler and Mercantile-Commerce Bank of St. Louis reports a net income of $1,077,119 for the first half of 1950. This is equal to 42 cents per share after deducting preferred dividends and income taxes of $365,152, compared with 46 cents per share for the same period last year. Net sales for the first two quarters of 1950 amounted to $35,666,724, a decrease of 6%, as compared with $37,831,490 for the same period of 1949. There were 220 stores in operation as of June 30, as compared with 230 a year ago.

For the six months ended June 30, 1950, Century Electric Co., St. Louis, reported a net profit, after income taxes, of $230,711, or 51 cents per share, compared with $256,603, or 65 cents per share, for the corresponding period of last year.

Net earnings of American Zinc, Lead & Copper Co. and wholly-owned subsidiary companies, after Federal income taxes, amounted to $350,571, or $1.20 per common share, for the three months ended June 30, as compared with $500,571, or 89 cents per common share, for the corresponding period of last year. For the six months ended June 30, 1950, net income amounted to $901,668, or $1.42 per common share, compared with the first half of 1949. For the 12 months ended June 30, 1950, net profit totaled $966,486, equal to 79 cents per common share.

Stix & Co.

INVESTMENT SECURITIES

909 OIL STREET

STL. LOUIS, I.M.O.

MEMBERS

HIGHEST STOCK EXCHANGE

TELEPHONE: GASFIELD 0514

SL-89

Continued from page 8

NISTA Notes

of his firm and with an ad in our convention issue of the "Chronicle" he may feel that reward of his efforts.

HAROLD R. SMITH, Chairman, St. Louis Advertising Club, Pershing Company, 120 Broadway, New York City.
The Banks and the War
By F. RAYMOND PETERSON
President, American Bankers Association
Chairman, First National Bank and Trust Company, Paterson, N. J.

Head of ABA, in picturing threat of all-out war and its reper-
cussions, notes that banks are already ready to assist in this last war.
Says our banks are sound and strong and capable of fully
financing war production. Lists wartime services of banks,
and expects them to do more. Potter states that bankers
Association appraises loans so as to make sure they do
not contribute to inflation. Urges special care in extending
credit consumer and recommends tightening of mortgage
loan terms by Federal agencies for public support in
wars.

In terms of international rela-
tions, the struggle in Korea has been interpreted by the United Nations to suppress an act of
aggression and to restore peace
to those of us who are
suffering from a field of
international
relations,
how-
ever, it appears to me
that the war between
two world powers nationwide in scope, than an international
police action. The war of total war is an
ugly reality that must be recog-
nized as a last resort.
many even
more arduous tasks and serious problems for the nation that it already has. To do this, the banking the same full war support that it has given us during World War II. We must be ready to provide that same support when it is needed.

And that is the test of men. It is also the taskmaster of an econ-
omy.

All that the people of this
country have done since the end of World War II is to
achieve peace and prosperity, and their hopes and plans for even a better future are now being set aside while the nation works to bend to the tasks of war to defend this country and the remaining free nations against the aggression of the growing communist empire.

In the conflict between Com-
munism and freedom, there is no such thing as a "small war." A real war means war in all aspects: the use of satellites, as in Korea, to con
fuse the defense; the use of idea
place, and of weapons; and to hurt us into economic exhaustion, with intervening false gestures toward peace. But for almost five years it has seemed inevitable to most political and military experts that a final struggle of sh
dow - must eventually eventu-
ally, because, war, and the final outcome of the war, is the real goal of Communism.

This country's real opponent in war is formidable and aggressive. This adversary has great power, strategic defense in the vast space and depth of Europe, America, and the ability and ruthlessness to seize and remove

In the light of all this, and the nations that he has conquered, the
Republic has done much to stem the tide of war in her own country and the nations that she has conquered. High officials have repeatedly

But I for one believe that America's tremendous industrial and military capabilities, if fully utilized, can largely compensate for the many other nations, and for the ability and ruthlessness to seize and remove

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But I for one believe that America's tremendous industrial and military capabilities, if fully utilized, can largely compensate for the many other

And I am bound to say that my heart is not set on war and my stomach is not set on war.

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How to Protect Yourself
In Event of A-Bomb Attack

Connecticut Brevities

Whitney division of United Aircraft will expand its production of guided missiles. Operations have been placed on a three shift schedule, seven days a week and employment will be gradually increased. Iron ore and asbestos have been received for both the Waukegan plant and the 4-T plant.

Aiguinek Corporation announces the private placement of $4,000,000 of 4% sinking fund debentures, due July 1, 1965.

Chenery Brothers of Manchester is one of the companies that has been designated by the Air Force to produce parachutes. Production will begin as soon as possible.

Purchase of the Atwood division by Universal Wooding Company, which is located in Stoughton, will be reconditioned for production of plastics and other products. Employment will continue operation of the present foundry department.

Halsey, Stuart Group
Offers C. & O. Ry. Eq'ts.


Taylor and Penn Manufacturing Company adds new plant to that of its Hartford, Conn., facility. The company is building a new combination of buildings and expects to move its operations from one floor to another during the latter part of February.

Directors of Bristol Brass Corp. have voted to call a meeting of holders meeting the latter part of August to vote on a proposal to offer to pay a stock dividend of additional shares for each three shares held. The present capitalization consists of 50,000 shares of $10 par stock. Dividends of 30 cents are being paid. The new capitalization would consist of 250,000 shares of $10 par stock, which certificates anticipate paying quarterly dividends of 50 cents per share in 2006.

The Pennsylvania Public Utilities Commission recently authorized the Great Western Water Company to sell $450,000 of first mortgage 3% bonds series A, due July 1, 1975, and a provisory note in the amount of $200,000 payable July 1, 1953, and bearing interest at the rate of 3 3/4% a year. The note and bonds would be used to call the series A bonds of $200,000 and to pay bank notes amounting to $40,000. The proceeds will be used for new plant additions.

At the request of the Navy and the Air Force, the Connecticut Standard Division and the Pratt & Whitney division of United Aircraft will expand its production of guided missiles. Operations have been placed on a three shift schedule, seven days a week and final employment will be gradually increased. Iron ore and asbestos have been received for both the Waukegan plant and the 4-T plant.

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Observations on Economic Mobilization

BY LEON HENDerson*
Director of the Research Division, formerly of the Federal Reserve Bank of Kansas City.

Although not anticipating an all-out freeze of the economy because of current prices and the fact that there are many available resources, some economists believe that some form of economic mobilization will be needed at some time in the near future.

Another factor to be considered is the speed of conversion. While the present state of preparedness falls short of that at the time of Pearl Harbor, most of the industries on which the nation is dependent will be ready for a larger role. This is due in part to the fact that they are operating at capacity levels which are far greater than ever before.

The argument for a single-agency approach to the problem is often carried too far. Some agencies are limited in their ability to effectuate a program because of the need to use existing facilities. It is also important to consider the capabilities of the agencies already in existence.

It will be necessary to set up a program that can be adapted to the flow of materials, prices, wages, rationing, etc. This will be done in the early stages of World War II.

Government Organization

The National Security Resources Board and the National Resources Council will have many of the same functions. It will be necessary to consider the role of these agencies in the mobilization process.

The first pool contains the existing stocks of materials and equipment. The second pool is made up of new resources, such as those available through foreign sources.

The physical supply of practically all materials and labor is adequate. The recent increase in program could possibly be taken care of through expansion and the expected increase in imports.

Clothing: There will be a shift in the use of materials, the demands of even an armed force of 12 million men under arms, and to feed vast supplies to foreign countries. And hoarding probably reduces the rate of current consumption because of a more gingerly use of those products.

\*A paper presented by Mr. Henderson before the American National Retail Trade Association, New York City, Aug. 15, 1940.

Volume 172 - Number 4041 - The Commercial and Financial Chronicle (832) 13

$5,600,000

The recent increase in the value of equipment used in the mobilization process could possibly be taken care of through expansion and the expected increase in imports.
The Market since Korea

- In classes of securities -

(PERCENT GAIN OR LOSS - JUNE 12 TO AUGUST 1)

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<td>INCOME PREFERRED</td>
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</tbody>
</table>
| SPECULATIVE COMMONS | -2.85% | TOTAL LOSS (

Dubliners by Joseph Conrad

'Statesman' of the New Novel

London: Macmillan & Co.

The Bank

Times, June 12, 1950

By ROBERT E. BICH

Funds Clear Decks For Action After

SEC Policy Released

Mutual Funds, which are open only at full steams in the preparation of new sales literature which will conform to the new SEC Statement of Policy prepared by the Securities Exchange Commission.

The Statement, which was the result of nearly a year of labor and exhaustive review of 5,000 samples of sales literature, spells out the securities law restrictions governing the preparation and handling of investment company sales literature by issuers, underwriters and dealers.

Many Funds have held sales promoting production in abeyance under the Policy Statement was released, and now, in many cases, renewal of contracts are contemplated, and new sales kits are on their way to dealers.

Tons of papers and thousands of pages of sales literature will have to be removed or revised as a result of the definitive criteria set forth by the SEC. For example, the term "dollar averaging" is now considered objectionable, and it will have to be replaced by terms like "cost dollar averaging" and "constant dollar averaging" at the present time object.

The SEC is defined with "wasted words" which can only be interpreted as the SEC desire that they be interpreted, since the words and phrases are by their very nature meaningless.

Words and phrases like "material" are defined as "an factor necessary to make the comparison fair," may be mislabeled "literature is misleading to be employed," and the like, will be more fully defined and certification with respect to specific pieces of sales literature.

Joseph Welch, Executive Vice-President of Wellington Fund and a member of the SEC's new Advisory Committee on the preparation of the Statement, commented that he had every confidence in the new policy. "For the first time," he said, "the investor is informed of the facts, and the SEC can do and what we cannot do." He added, "Moreover, however, some interpretation will be necessary, and several clarifying letters may have to be issued by the SEC.

Most characteristic of the new Statement is the last part of 27 "don'ts" which apply to the preparation and distribution of sales material.

Most important from a dealer standpoint, Mr. Welch thought, was section A, which deals with the rates of return on mutual fund shares. [Editor's note: Full text of the SEC's new Statement of Policy is printed on page 15 of this issue of "The Chronicle."]

This section specifies that "rates of return shall be expressed only as a return of divided paid from net investment income and net assets" and that "undivided earnings included in the price of capital shares issued and repurchased, in such cases may be represented in the issuer's prospectus (for one or more intervals, including full fiscal years separately stated) to both (1) by a statement prepared by the SEC's new Statement of Policy is printed on page 15 of this issue of "The Chronicle."]

It is considered as possibly viola tive of statutory standards to combine into any one account distributions from net investment income and undivided earnings from any other source.

Dealers are required to make the NASB must file copies of their sales literature as well as their proxy statements to the NASB in writing of their files that office will examine all copies, and if it feels they are violative of the Statement, the dealers will be informed.

The dealers may appeal to an NASB hearing examiner, and if it, too, regards the literature as viola tive, the dealer must accept their decision or have the case turned over to the SEC for prosecution.

Not included in the definition of sales literature is material originating with the sponsor which is directed to dealers only, unless such material is obviously designed to be passed on orally or in writing or shown to pro spective customers.

The SEC noted that the ques tion of future Commission policy with regard to the use of general corporation literature is still under study. It commented that a decision on this important question will be forthcoming in the near future, and further conferences with industry.

It is reported in industry cir cles that the Cushian or so-called Wiesenberger opinion may be questioned in the process of these new conferences.

Keystone Analysis Shows

Bandon Classes at New Highs

Keystone Company, in its latest report to its stockholders, noted that the market share dip preciptated by the Korean crisis. By the first month the medium-grade, low-priced and speculative bond showed fractional gains of +0.18%, +0.76% and +0.86% respectively, over prices prevailing at the stock market high of last June 12. High-grade bonds were only slightly off at -0.28%. In come preferreds, however, were off -1.44% for speculative preferred -2.55%.

High-grade Common Stock

High-grade common showed the greatest regain at -8.66% with income commons not far be hind at -7.91%. High-grade com mons as a class normally move up and down marketwise at about the same speed as the Dow Jones Industrial Average which was, itself, off -8.30%. Appreciation commons at -1.80% and speculative commons at -2.85% showed an abnormally wide gap compared to the other more stable classes of commons. Speculative commons, for instance, normally move about twice as fast market wise as the Dow, Jones Industrial Average.

Manhattan Bond Fund

Sets Record in July

Manhattan Bond Fund, Inc., in venting only in bonds, reported the highest total net assets in its 12-year history on July 31, 1950. Total net assets on that day were $63,111,360.

In addition, Hugh W. Long and Company, New York, national underwriters of Manhattan Bond, revealed that the July, 1950 sales volume for shares of the Fund set a monthly record for the past three years. Dollar volume of Manhattan Bond Fund shares pur chased by the public in the month twice the monthly rate for the preceding three years, or nearly one-third of that which July, 1949.

American Business Shares

Asset Value Rises

American Business Shares, Inc., reports for its third quarter shows an increase in net asset value per share from $38.30 per share as at July 31 compared with $36.41 a year ago.

Net realized sales profits of 36 cents per share were $1,464,684. After carrying over a net realized loss of nearly last year of $209,349 there remains $1,225,350. Available sales profits are dis tributed to shareholders at the end of the fiscal year.

Broad Street Tells

Story of Income

Broad Street Sales pamphlet, "The Story of Income" is particularly timely today, when new price increases are added to the investor's dollar. The pamphlet contains four well-designed bar charts illustrating the cost of living increases between the August 1946 and the purchasing power of the dollar, the dollar value and "real" value of the dollar's buying power of preferred stocks and Broad Street investing. In addition there is a table of Annual Buying Power of Investment In come, with figures for every year from 1930 to 1949, with comparison of income resulting from a $100,000 investment in the Dow and the Jones average for any given year. Return in 1949 is 3% better, compared with the Jones average's return of 3.59%

Knickerbocker Fund

Sales Kit Popular

Sales kit is proving to be a popular investor product matter which is as well organized as a sales talk and should give dealers strong support. The kit contains a prospectus, a pamphlet entitled "How Your Dollars Are Invested," a letter on "Why We Recommend Mutual Funds," a booklet, "Facts and Information About Knickerbocker Fund," which includes a brief history of investment companies, a chart illustrating bull market intermediate corrections and a table comparing its behavior during the Korean outbreak with that of other bull market performances was considerably better than average.) All this is tucked into an open-end envelope as handy as a wallet.

Distributors Group Analyzes

War-Time Stock Behavior

In order to satisfy investors' demand for information on war-time stocks, the Distributors Group has prepared a table showing percentage changes of its five funds and 20 Industy Classes for five separate time periods from September 29, 1941 to May 29, 1946. The percentage changes are compared with the net changes of the same Stock Exchange Class over the same time period analysis.

Hare's Pamphlet Stresses

Purchasing Power Protection

E. Wain Hare, Vice-President of Hare's Ltd., reports that their pamphlet on "Purchasing Power Protection" is becoming increasingly popular with dealers. The cover of the pamphlet carries the statement, "Money being solely a means of exchange, its value at any time is simply the amount of goods and services it can buy at any time."

Continued on page 39
"Statement of Policy," prepared after review of advertising and sales literature, applies both to specific investment companies and to investors interested in purchasing the shares of investment companies generally.

The Securities and Exchange Commission on August 14, 1948, amended to conform with the provisions of the Federal Trade Commission Act, as amended, the Federal Trade Commission's rules and regulations for the sale of investment company shares, under the Securities Act of 1933. The Securities and Exchange Commission was created by the securities act of 1934.

The Securities and Exchange Commission, in its Statement of Policy, provides:

(1) To state or discuss the redemption of investment company shares without explanation of the conditions under which the value of the shares on redemption may be more or less than the investor's cost, depending upon the market value of the portfolio securities at the time of redemption.

(2) To report or imply that the management of an investment company is similar to or as safe as any insurance company, it's savings accounts or life insurance, or has the fixed income characteristics of a debt security.

(3) To report or imply that the management of an investment company is as safe as investment restrictions or is operated under similar limitations similar to those imposed by governmental authorities on banks and insurance companies, except to the limited extent limited by its statement of policy file with this Commission.

(4) To report or imply that the management of an investment company is similar to or as safe as any insurance company, its savings accounts or life insurance, or has the fixed income characteristics of a debt security.

(5) To state or discuss the redemption of investment company shares without explanation of the conditions under which the value of the shares on redemption may be more or less than the investor's cost, depending upon the market value of the portfolio securities at the time of redemption.

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June 1949.

$1,470,000. Net profit and share compared thus of the Federal premiums written and earned in the months of June, July, and August of 1949, compared with $21,285,632 for the first six months of 1948, and the increase was the equivalent of $11,181,775 in the six months ended June 30, 1949, and $4,140,000 in the three months ended June 30, 1949.

The net income of the Underwriting department, after providing adequate income for the sale of insurance, was $27,055,937 in the six months ended June 30, 1949, compared with $17,186,159 for the first six months of 1948. Total underwriting losses of $11,181,775 in the six months ended June 30, 1949, compared with $19,703,851 for the first six months of 1948, and the decrease was the equivalent of $8,522,076 in the six months ended June 30, 1949, and $12,517,770 in the three months ended June 30, 1949.

The gain on investments similar to the fixed income securities of the Federal Reserve Bank of St. Louis for the six months ended June 30, 1949, amounted to $1,470,000, compared with $1,570,000 for the corresponding period in 1948. In the first six months of 1949, the gain on investments similar to the fixed income securities of the Federal Reserve Bank of St. Louis amounted to $2,530,000, compared with $2,706,000 for the corresponding period in 1948.

The net decrease in the unearned premium reserve, which was $27,055,937 on June 30, 1949, and $21,285,632 on June 30, 1948, was $5,770,305, compared with $5,528,311 on June 30, 1949, and $5,770,305 on June 30, 1948. The net decrease in the unearned premium reserve was $5,770,305 in the six months ended June 30, 1949, and $5,770,305 in the three months ended June 30, 1949.

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Security Traders Association of Los Angeles Outing at Coronado Island


Conrad Shafft, Shafft, Snook & Cahn, San Francisco; Don Summerell, Wageneseller & Durst, Los Angeles; Emmet Whitaker, Davis, Slaggs & Co., San Francisco, President of the San Francisco Bond Traders Association; Larry Pulliam, Weden & Co., Los Angeles.

Warren Hanson, First California Co., Los Angeles; Max Hall, Dean Witter & Co., Los Angeles; Bud Tuttle, Gross, Rogers & Co., Los Angeles; Dick O'Neil, Edgerton, Wykoff & Co., Los Angeles.


The Korean Crisis

BY ROGER W. BASBON

Mr. Baldwin condemns U. S. past stupidity for bringing on Korean crisis and calls for reorganization of Government on non-partisan basis. American moves are pushed around by a few political cranks, says Government must cut civil spending.

Roger W. Babson

The country is disappointed by several moves taken by the Administration to improve the possible prospect of a third World War less than five years after the Second World War was over. Even if it had not ended in Korea, it might have ended in Europe and might have had a much more serious effect on the world. So, of course, is the best in a "peaceful" solution of the Korean question.

Our Reporter on Governments

This is one of the in-between times in the money markets with many operators waiting to see what is going to happen. A sizable rate rise is expected, but the chances are not overwhelming in view of the very near future. Therefore, there is a pre-new-issue attitude in the market, which means a certain amount of caution and slightly curtailing purchases of the long end of the curve, despite the fact that there is a passing amount of interest in the market with many portfolio changes and shifts to more conservative assets. It seems likely that any new issues have had a bit the better of the play, since they will be more directly placed on the fast fall side. It is to be expected that there will be certificates and intermediate maturities in the refunding, the outstanding middle maturities of the eligible issues have been quite popular and could cause a good deal of demand. The lowest tangible issue and the 2½% partials have not had as much volume although they have not been particularly weak on the outside. As for the tap issues it appears as though the Vics still are the leaders despite somewhat enlarged activity in the 2½ and the 1968/89.

Conjecture on New Treasury Financing

There is no doubt about the government market being under the influence of the coming financing. This is evident by the way investors and traders are trying to put themselves in the best possible position to take advantage of what may develop in the market with the new offering. It is usual that one of the non-bank minding as to what the Treasury will do, but as has been the case in the past, these are mainly outside guesses, which at best have been only partly right. Expectations are that the governments will be issued at 1½% rates and the main term issues, likely mostly 1½%. Some hold the view that 1½% will be used. The refunding appears to be pretty much a cut and dried affair as far as any sort of financing of the future in the current concern. But, what about the Treasury? In the past the Treasury acted contrary to any notion of financing and always surprised everyone one this time by doing what the experts have been predicting.

Banks Could Use Higher Costs

One thing will be a sizable operation and even if somewhat higher coupon obligations (like 1½%) were included in the financing, it will not be a surprising item to the Treasury. There is no doubt about the refunding being a success, but it could be made more digestible if the deposit banks were off-loaded longer issues with somewhat lower coupon rates. These institutions own the largest amount of the maturing issues which are not convertible to any other use. If other than low coupon obligations were used in the impending refunding, the Treasury would have to liquidate issues which can buy aside from the September, 1967/72s. Refunding of the 2½% and the 2½% will force certain of the commercial banks to go out to the end of the list, and this means increased demand for the longest possible issue despite its fairly sizable premium and not too sizable yield.

Current Issues Most Likely Affected

The 1956/58s and the 1956/58s are in the thick of it, because these are the obligations that many money market followers believe will be the most ready or available for the Treasury in the new refunding. There has been considerable activity in these two obligations with the ins and the outs about in balance. Nonetheless, there has been some evidence in evidence with the proceeds going largely into the 2½% of September, 1967/72s. On the other hand, some of the wealthiest followers of the market have been putting funds into the 1951/53s and the 1952/56s believing these are the most advantageous position irrespective of what comes in the new refunding.

Pension Funds Await Developments

The ineligibles have been moving out of the market as in the past, although volume has receded slightly due in some measure to the time of the year. The early eligible tapers have been a bit on the steady side even though price changes have been very minor. It is reported there have been a few more institutional switches from the 1950/1962½s and the 1953/63s into the Vics. The 1964/68s have been taken on by non-bank investors that have been letting out the 1959/62s. Pension funds, according to indications, have not been as active in their acquisitions as in previous years, which is attributed to the desire to wait and see what will happen in the coming financing.

Long Tap Issue Expected

Although considerable is heard about what will be done to finance the future new money needs of the Treasury, there seems to be a growing number of people who are not so sure. There is likely to be a long tap issue in the future. This long-term tap issue will no doubt come along one of these days, with not too much mystery about it. The maturity and whether to be marketable on a par or to be callable at par is another major unknown, because the coupon rate will still be 2½%. Therefore, with a 2½% coupon still in vogue, will the effect upon the outstanding issues be very important, particularly if the Treasury may have to raise large amounts of capital? While the intermediates and longs have been getting much of the spotlight the shorts have not been neglected by a long shot. With the price of shorts in general sliding in here and now the not so long-termers certificates apparently the favorites for the moment. There has also been some small purchases of the C. 1½s. Non-bank investors continue to be on the sell side of the shorts.

Brook Refires; Firm To Be Greene & Ladd

DAYTON, Ohio.—The firm name of Greene & Brook, members of the firm former known as Lawrence and Greene & Ladd, effective Aug. 1, is being assumed by Harry Talbot Greene and his partner, Ray M. Brook, who will continue to conduct the business as Greene & Ladd, associated with the firm for 18 years, continues a

Ray M. Brook

New York resident partner. Mr. Greene graduated from Yale in 1942, was an Air Force Captain during World War II, and has been associated with the firm since 1945.

The head office of the firm is in Dayton, Ohio. In addition, it is maintained in Springfield and Middle¬
town, Ohio.

Mr. Brook, who is retiring be¬cause of his health, will for the present have the all. He change 140-acre farm near Bellbrook, where he is raising horses. He is busi¬ble for breeding purposes and en¬
gaging in general farming.

Kenrick Gillespie With C. M. Loeb, Rhodes

Kenrick S. Gillespie has been associated with C. M. Loeb, Blythons & Co., 61 Broadway, New York and Philadelphia Stock Exchange, as Manager of their investment advisory depart¬ment. Mr. Gillespie was formerly with Barratt Associates.

Jenks, Kirkland & Co.

PHILADELPHIA, Pa.—Herbert S. Whitman, member of the New York Stock Exchange, on Septem¬ber 1 will become a partner in Jenks, Kirkland & Co., 421 Chestnut Street. New York and Philadelphia Stock Exchange member, Mr. Whitman was active as an individual floor broker in New York.

On Aug. 31 Harold E. Harris, New York Stock Exchange member, will retire from the firm.

Brook retires; firm to be Greene & Ladd

U. S. TREASURY

BILLS
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BONDS

AUBREY G. LANSTON & CO.

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The Commercial and Financial Chronicle . . . Thursday, August 17, 1959

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The anticipated flight of foreign funds out of Canada, although at present on a moderate scale, is likely to assume more importance in the near future than it is not too distant future. As previously mentioned, the net inflow of revealed the Canadian dollar is much stronger in favor of the Australian pound, although in spite of this fact foreign speculators have become more active in the Commodity reached an imposing dimension. The Canadian dollar is receiving increasing internaational attention as a possible safe haven for volatile foreign capital. In addition the potentialities for profitable investment in the Dominion appear to be unexplored.

For these reasons the influx of foreign funds is likely to be eventually confronted by the Canadian authorities with a greater problem that which recently caused considerable embarrassment. Up to a certain point Canada will undoubtedly be able to absorb foreign investment funds which have been looked upon in the past as an injection of credit to the benefit of the volume of natural resources. At certain times moreover capital movements of a speculative nature will have played an invaluable part in bolstering Canada’s foreign exchange reserves. At the present time, however, the Dominion’s holdings of gold and U.S. dollars have attained comfortable dimensions, and the Canadian dollar is steadily improving trade position vis-a-vis this country they should continue to play a more important role in the Country. Indeed, apart from the recent trend to import surplus food from abroad in order to influence favorably the course of the Canadian dollar Canada’s basic foreign trade situation has undergone a revolutionary change for the better. Only a short time ago the breakdown of the gold standard in the U.K. Canadian exchange triangle appeared to threaten a serious threat to the standing of the Canadian dollar. Now, however, the Dominion’s position in the market for a naturally healthy—one of the advantages of free trade with this country has been almost eliminated, and on the other hand the persistent embarassing surpluses of inconvertible sterling have now been reduced. Thus it would appear that on the basis of normal international commerce alone, the Dominion’s monetary position is soundly entrenched, and is no longer at the mercy of gold market forces. From this point of healthy stabilization one can now readily explore the potential benefits. In the first place, the temporary equilibrium that Canada is now on the threshold of another and possibly greater step toward independence. This coincides with the fact that Canada is now playing a role there are now obvious indications that the value of natural resources can no longer be depended upon to avert the mounting domestic deficits and in addition the growing pressure of inflationary forces in this country is becoming increasingly difficult to control. It is evident, therefore, that the flow of funds north of the border would benefit Canada’s economic forces and is a pure profit to the country. The motive which they hold of hopes of an imminent rise in the value of the Canadian dollar. However, a logical case exists for an upward adjustment of the Canadian dollar’s present day for Canadian funds is cash is today considered to be the best for action in this direction. In any event the present parity should be reviewed at the annual meeting early next month of the International Monetary Fund.

According to usually (inflationary) theory there is little reason to expect any early débâcle. The balance of trade and exchange parity is concerned. It is admitted, however, that the long-range view must censure of the probability of an eventual upward adjustment. It has proved in the like of the likelihood of increasing the value of the exchange parity, the immediate action which would later action would check to a large degree the undesired price in the money inflow. An indulgence which might have further appreciated the Canadian monetary authorities is the counter-inflationary effect of the stabilization of the currency. Under present conditions the time has again been longer necessary to have the Canadian dollar at a discount of about 2 and 1/2% on the exports of the mon. It is important to note that the latter place much credence in the government, which is concerned concerning the possibility of an imminent currency change. It is true that the weak section of the bond market maintained its recent improvement but activity was on a restricted scale. The internals on the other hand have been considerably reduced in a mounting turnover. Free funds were also strong and dollars for future delivery were quoted at a wide spread.

The arbitrage rate was unchanged at 10%-12%. The decreasing activity in this section in recent weeks suggests that U.S. investor interest in gold has declined to an increasing degree of the attractive interest rates in the United States. Stocks following earlier dullness finally broke out on the upside led by the New York Stock Exchange, which showed a new 16-year high. On anticipation of the announcement of the 5-year bill auction which will be held on the following day, the announcement of the 5-year bill auction which will be held today. This program, steel, chemical, lumber, and utility shares recorded wide gains in the New York market this morning. Issues also moved ahead but the Western markets were relatively quiet. The sessions were his usual absence of new issues. The golds also were lower in conformity with the trend, and it has naturally developed at a consequence of the present emergency. 

Dr. Paul Einzig

The issue of gold by the United States at a price of $35 per ounce, thus offers a solution to the problem of the excessive demand for gold by the United States, which has been a source of concern to both the United States and other countries. The United States has been a net importer of gold since 1929, and the excessive demand for gold has put upward pressure on the price of gold. The issue of gold at $35 per ounce would provide a solution to this problem by reducing the demand for gold and allowing the United States to export gold to other countries. This would also help to stabilize the exchange rate of the United States dollar.
Public Utility Securities

By OWEN ELT

Taxes and Dividend Payout

The accompanying table shows some of the principal items of interest concerning the three-stock account for class A and B electric utilities in the United States (comprising about 95% of the private power industry). The data were furnished to the writer for the advance release of the 1949 edition of "Statistics of Electric Utilities," published by Federal Power Commission.

Last year the electric industry added nearly $2 billion to its plant account, after allowing for retired property; in the previous three years it had added about $2 billion. (Including gas and miscellaneous plant) at the end of 1949 totaled nearly $50 billion, of which about $27 billion, or 54%, was in debt amounted to $8.6 billion, an increase of nearly $0.9 billion or 17% from 1948. The total common stock, including surplus, gained about $0.6 billion or 15%. New money financing was, therefore, on a西瓜

The table is of interest in connection with proposed higher tax rates. It is estimated that current earnings available for common stock might be reduced by some 10-12%, at the 45% Federal income tax rates. However, it is not possible at the moment to determine whether the balance available for common stock dropped (from $411 million to $320 million or from $617 to $411 million) or $2,271 million. For the four years preceding, the dividend rate would have been increased from 69% to 70% of the investment. In the absence of an income tax, the dividend rate would have been 70% of the investment.

Joe R. Hanley

I had to fire the World War II Intelligence Agency.

"These people down in Washington have been sloshing our money all over the world like Champagne Charlie. They have been talking big and making false threats. In the fighting began, and I had to get rid of the bad advisers in Washington, and I was thinking no better of him. I had a shake-up for security. We had to announce the men who made the bum decisions, if intelligence.

Tax rate

Economic Policies for Today's Problems

How much damage to dividends would a new EPT (excess profit tax) do? In 1942 the electric utilities paid total taxes of $817 million compared with $343 million in 1939. Fortunately the rate structure has been adjusted so that the utilities are able to defer some maintenance expenditures and make other economies sufficiently to coverEG-1. However, the present balance available for common stock dropped (from $411 million to $320 million or from $617 to $411 million) or $2,271 million. For the four years preceding, the dividend rate would have been increased from 69% to 70% of the investment. In the absence of an income tax, the dividend rate would have been 70% of the investment.

Generally speaking, this is not the time for overall cutbacks in farm production to maintain prices. It is a time for utilizing our vast agricultural technology, to provide a huge supply of food and fiber for an industrial and consumer needs. Ways must also be found to utilize the tremendous potential of the unused land and of letting it go to waste.

Labor. With the program coordinated drive for more and more production, there is no room for the present in the organization of productive forces. The old system, that of the prewar era, is not adequate to the needs of production.

Payouts, owing to the fact that there was a program for productive forces, are no longer needed. In this respect, the program has been a success.

If we can all keep our eyes upon the needs of the country and its need for more production, we will then be able to dispense with the need for taxing rates. Then may the significance of the various control measures, which have been properly analyzed, is to get more production, and not to let the right kinds of production be stolen away. If this is true, the country needs a better system of taxing rates.

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Man on the Street

"I don't think about the government. I am too busy with my own problems. I have a family to support and bills to pay. If anything can be done to help the government, I will do it." - Mr. Smith

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Manufacturers Trust

Promotes Ohmlller

Harvey D. Gibson, President of Manufacturers Trust Co. of New York, has announced that Frank P. Ohmlller, who is in charge of the Bank's Security Analysis Department, has been appointed Vice-President. Mr. Ohmllller joined the bank as a Senior Analyst in 1914, hav- ing previously been associated with the security department of the House of George H. Burr & Co. Mr. Ohmllller was a member of the Board of Managers of Manufacturers Trust Co. in its early days, and was a member of the House of George H. Burr & Co. from 1914 and was appointed an Assist- ant to the President in 1914. Mr. Ohmllller is a graduate of the University of Michigan School of Business Administration.

Irving Rice, Add. Two


Dick & Merle-Smith Admit

Dick & Merle-Smith, 39 Pine Street, New York, members of the New York Stock Exchange, will admit Julian K. Roosevelt to partnership Sept. 1.
The Manchester National Bank, Manchester, N. H., has increased its common capital stock from $150,000 to $300,000 by stock dividends. With the consummation of the sale of our present site of the Bank to Mr. J. Harl, an action which I in format. The sale has been accomplished. The company is now operating profitably and expects to reap from the sale the will of further benefit to the community. It would have been recommended to the board that Mr. Deely, who has had long experience with the title company, be named as its successor.”

Ira Guiden, the largest single stockholder of the company, has been elected Chairman of the Board of Trustees, a newly- creating office. Philip A. Roth, a business associate of Mr. Guiden’s, has been elected Vice-Chairman of the Board by the post. The Board of Trustees also elected Herman Berzelius, former Vice-Chairman in charge of the title division, to the newly-created office of Executive Vice-President of the company. Mr. J. Harl, a former Assistant Vice-President, has been appointed Assistant Vice-President for miscellaneous personal responsibilities, employee welfare and production activities.

Reference to the acquiring of the bank by the Banking Trust Co. of New York was referred to in the Aug. 3 issue of the New York Times.

The Franklin National Bank of Franklin Square, New York, by a stock dividend effective Aug. 1, has increased its common stock from $800,000 to $900,000, according to the Office of the Comptroller of the Currency.

William G. Hampton, Vice-President and General Manager of the New York Telephone Company, has been elected Trustee of the Brooklyn Savings Bank, Brooklyn, Gilbert C. Barrett, President, announced. Mr. Richard V. Schlinbe, Trustee and Chairman of the Finance Committee of the Roosevelt Savings Bank of the City of New York, died at his home in the ward of Brooklyn on Aug. 9. Mr. Schlinbe had been a member of the Board of Trustees since December, 1897.

Charles W. Garn, a Trustee of The Green Point Savings Bank, Brooklyn, has been elected President of the bank on Aug. 10. He succeeds George W. Fel- lay, who recently retied after 22 years in that post.

A. Edward MacDougal has been elected a Trustee of The Bank for Savings, New York, according to an announcement by Joseph Upton, President.

State Bank of Churchville, Churchville, New York, an insured national bank, has elected J. A. State, member, to the title and charter of the latter institution. Formerly, Mr. State was a branch manager in the former home of the State Bank of Churchville.

The merger, effective Aug. 1, was approved by the Board of Governors of the Federal Reserve System.

The sale of 3,000,000 of new stock by The Farmers and Merchants National Bank of Winona, Minn., has been consummated. The bank is now the largest single stock bank in the country.

An increase of $50,000 in the capitalization of the Tipp-Citizens National Bank of Tipp City, Ohio, raising it from $1,000,000 to $1,050,000, is reported by the Office of the Comptroller of the Currency.

The sale of 2,000,000 shares of new stock at $25 per share to fill a similar post with the Trademarks National Bank of Boston, that bank’s minimum capital stock was $3,000,000.

The bank has leased ground floor and basement space in the shopping center to be erected by Metropolitan Life on Cambon Street, Brooklyn. The bank’s office will be equipped to render a complete service and will include a safe deposit vault. It will be located at 713 1/2 and 721 Shore Road, at the 39th Street in New York City and in the southern part of the city.

At a meeting of the Board of Directors of the Citizens National Bank of San Francisco, held recently at the bank’s office, Chairman, the Board of Directors of Standard Oil of California, was elected a director of the bank.

Ben R. Meyer, Chairman of the Board of Directors of the Bank of Los Angeles reported election of F. M. Banks, President, South Dakota, as director of the board.

Virginia is waiting for you!

Know about Virginia—Virginia Beach that is!—Well, the annual Convention of the N.S.T.A. took place there this year starting September 26th. That isn’t too far off, right now.

There’s still another opportunity to reach this market AND thousands of businessmen, underwriters, bankers, large investors, estate trustees, at low advertising cost. How? Simply by taking advertising space right now in THE COMMERCIAL AND FINANCIAL CHRONICLE’s Official N.S.T.A. Guide.

Virginia is hungry for salesmen and brokers. Remember, THE CHRONICLE is where “Contacts are made and business consumed.” Especially in the Annual N.S.T.A. Convention Issue. So, rush your ad copy and instructions to us now and get that your firm is NOT missing out on a good thing!
The Schumann Plan And the U.S.A.

The commerce of both countries never al¬
lowed to touch upon the products of a Ger¬
man, or more gen¬
eral free trade in steel could even re¬
verse the par¬

dition which before 1914 tended to keep the products in Lorraine (and Luxem¬
bourg), where there was already a great deal of steel, the lighter and more finished pro¬

ducts were increasing in the supply of skilled steel workers.

All this could be accomplished by the capture of the same trade in these raw materials and indeed, independently, or even be¬

tween the neighboring countries or in the western part of the European and state—or cartel—made price differentiation, and normal indemnities and financial agree¬

ments between private companies of all countries where it is agreed that this trade is considered from a rational and economic standpoint as being distinct and by na¬

tional sentiments.

How it has been used by the French diplomats and echoed not only by the German chancellors, but also by the British in the short¬

eighteen cases brought before the current and international tribunal among the lead¬

ers of the leading statesmen of the European Economic Co¬

operation, and in all the others, common trade and economic co¬

operation was ever noticed in the capitalistic world anything as effective and sys¬

tematic as the great German trust policy during the last, Inter¬

national law, which never in the beginning of the century could have the effect of all German potash mines owned private or state enterprises.

These German syndicates suc¬

ceded in providing very good and essential services to their members — no doubt of a higher character, but still, as far as competition would have given them.


asa

Once a man has already experienced satisfaction with a spe¬

cial Cartel—If not any self restraint of forward looking and the cartoon which presented in later years the worst mistakes and their dangers which had characterized their early ad¬

venture period.

One has often criticized cartels for protecting the marginal or failing companies, by stabilizing prices high enough for its efficient and outmoded machinery, which concentrate production in the hands of a few.

But this is only a half-truth. It is true that cartels are needed for limited period, generally between five and ten years. As long as the member companies are not in any way progressive and aggressive lead¬
er companies, and therefore, would be abandoned as soon as the ad¬

apted were accomplished, in which case the member companies were the joint governments (ensemble des b or national), one-third of the members retiring every two years (as in the U.S. Senate, or similar to the Atomic Energy Commission).

The method of the cartel, whether or not it be understood, is a procedure by which the cartel and the H.A. can make the best planned project un¬

ic (and highly efficient) it is necessary to subsidizing competitive plants.

This opens the door to many frauds and corrup¬
tions, and the decisions of the various gremia and the individual enterprises in the coal and steel fields.

The lack of coördination through the authority of the H.A. is an outside body and not the summing up of the power of the industrial organization. In fact it is rather tangential to it, and the idea that this is apt to lead to continuous fights between the cartel and the H.A. with the result of paralyzing the system of the cartel, or with the final outcome that either the H.A. becomes a monopoly or is forced to obey the will of industry in disregard of the original and a sufficient majority for a certain policy.

If the steel plants which are still making prices, specious to prices, and it is impossible to know in which the cartel or the final outcome that either the H.A. becomes a monopoly or is forced to obey the will of industry in disregard of the original and a sufficient majority for a certain policy.

If the steel plants which are still making prices, the H.A. has a right to make prices to the iron and coal.

It may use the cartel price as a base and it may be evidences to every observer that the economic problem of Europe is irrevocable, but salvable only by an enormous

crease in the productivity of labor, which implies efficient ma¬

chinery and organization. All the products of the national product between classes and the individual preferences are compared with the aim to reach within the scope of manufacturing industries, i.e. the transformation of raw materials into finished goods at a price per man hour which the people will pay regardless of whether they own or have to pay for it (for a period of 30 years).

The High Authority has a right to have a price for iron and coal.

It may use the cartel price as a base and it may be evidences to every observer that the economic problem of Europe is irrevocable, but salvable only by an enormous

V. Constitutional Problems

These and many other objec¬
tions to the cartel, on the other hand, is the document de l'orifice to fix certain non-national questions. This Tribunal may then "modify" its decision in case it seems to jeopardize the economic development of an economy (or a diminution of a country (demand... too much...? )? What modifier?"

I The Plan and Cartel Technique

This plan and this argument purports not only the curtailments of the cartel specialist, as well as the scholar of constitutional law and government.

From the viewpoint of cartel techniques, the cartel system contains all forms of organisation which seem more or less novel, even if one can find some germ or nucleus of them, for instance in the Coal Council of Weimar Germany, the Council of the Labor, the practical decision making and management, is not managed by the industrial interests themselves, but in order to aid the constitutional and political laws, and private citizens, it opens at least the door to a national government.

It very interesting work and could imply the following proposition:

(1) High Common Authority of Coal and Steel

A part of the sovereignty for eternity, terminable only by a legislative act, is vested in a board of High Commissioners. Such a board will be formed by the joint governments (ensemble des b or national), one-third of the members retiring every two years (as in the U.S. Senate, or similar to the Atomic Energy Commission).

The method of the cartel, whether or not it be understood, is a procedure by which the cartel and the H.A. can make the best planned project un¬

ic (and highly efficient) it is necessary to subsidizing competitive plants.

This opens the door to many frauds and corrup¬
tions, and the decisions of the various gremia and the individual enterprises in the coal and steel fields.

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If the steel plants which are still making prices, the H.A. has a right to make prices to the iron and coal.

It may use the cartel price as a base and it may be evidences to every observer that the economic problem of Europe is irrevocable, but salvable only by an enormous

The commodity—some materials of iron and steel are not to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries andcitizens, but to be divided among the countries and
the national governments and the H.A. cannot be avoided. Pressing
the Parliamentary Assembly to decide, however, that the
H.A. decides prices and markets, and the H.A. decides
prices and markets, and the H.A. is not only a major
to the independent governmental activities of the
H.A. and the technical they and may or may not
be divided in the judicial form of a different industrial
policy, and economic policy. And therefore, the H.A. may remain the same as before, the condition between the three bodies—High
Common Parliamentary Assembly, and the nation, and State of
institutions—may drag on and on for
and the whole apparatus even more.

With the intention to resolve some of the problems of uncon-
continued political order, or de "De Ta
development," proposes a fourth in-
termediate authority, the "Constitu
tional Assembly," in order to
conclude questions of law. In fact, it
would be, without a doubt, an integral part of the whole apparatus even more.

One could perhaps imagine such a transitional assembly, which would
undue discrimination between the constitutional and the economic producers—despite the fact that the economy of the pool is to extend specifically to its benefits and favors to individual compa
ingies and to the individual, without
entrust the Tribunal with other than judicial functions. The error of the error now not uncommon that political questions could be
be

Whatever one may think about the unprecedented nature of the advent of produc
tive powers and their need of a certain degree of independence from the
independence of judicial power
is an absolute restriction of the Constitution, a full realization of interpreta-
tion of the right to a public and a pre-
ventive of the constitutional authority to set arbitrarily the political, econ-
omic and social aims, and the permission to renounce these aims in this separation of judicial power
from the legislative or execu-
tive bodies, whether federal or not, and it is absolutely imperative with the economic producers of otherwise entirely separate economic systems the same traditions nor the same po-
itile.

It is difficult to believe that this whole plan of High Authority, Common Parliamentary Assem-
bly, and so-called Tribunal, has originated from men with knowl-
edge of constitutional law and political history. The plan shows the ultimate coexistence or at least of technicians who over time, has absolutely no critical
thinking needed in their own sphere and management. When they become a dominant feature, the fields of human and social relations.

"Document de Travail."

The plan is a true monopo-
list point outside the competi-
tive system and I can subvert the whole political system. It is a true monopo-
list point outside the competi-
tive system and I can subvert the whole political system.

Without strict limitations of the capitalistic economy could regulate practically all national and international relations. Without
anybody could be discussed and
the past. As examples, the erection and the operation of new auto-
mobile factory in Holland, or the manufacture and use of new auto-
metal alloy which may bring about
economic saving in steel—or in work on steel.

Anyhow, despite all possible cooperation of experts, the planned coal and steel cartel will impact on many other industries in the same as well as in psychological effects.

According to the General Assembly, another day the makers of patents, and power stations, and steel authorities, and car sovereign powers or for com-
pany region for the losses—
ness—which the coal and steel
brought about. This is not the theoretic
al possibility: already people are creating a national authority, a fusion of interest for the economic pool. And other industries with the long history of state pro-
tected to raise their voice for equal treat-
ment with coal and steel.

Other industries may be organi-
zated in an intrastate monopolistic authority in order to prevent all that could work in practice.

Or the High Authority for coal and iron will be taken to charge for an inter-
ternational technical industry, next year of non-
industrial activities and so on until it comprises all the local trades. This means the substitution of the Federal authority, for the Federal academy in steps and in almost classic fashion.

It is hardly imaginable to make the High Authority for coal and iron also dictators for a great part of the whole industrial system, where the same kind of men are able to make or break the meal and the meat, pot.
the image of the coal and steel industries.

It is hardly imaginable to make the High Authority for coal and iron also dictators for a great part of the whole industrial system, where the same kind of men are able to make or break the meal and the meat, pot.

in the winter and spring of 1912 and 1913, the American public did not know that this organization would have brought about.

There were—and even today—there are—some socialists who believe that the socialization of capital is inevitable, and that the capitalist competition of various sizes and different techniques, in international conflicts. This one
standard materialistic conception of consumption and production nowadays even by many who are convinced of the errors.

To claim that the competition between Krupp and Schneider
in international business is an economic saving in steel—or in work on steel.

anyway nothing. The American public opinion
on the ways of the presentation of the competition between Krupp and Schneider
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on the ways of the presentation of the competition between Krupp and Schneider
in international business is an economic saving in steel—or in work on steel.
Continued from first page

As We See It

the Republicans in their turn seemed to have little to say to the ordinary man to promise very much that was constructive.

Did Not Count on the Kremlin
But no one had counted upon the Kremlin. When the Communists crossed the 38th parallel, the political situation was born again, as it were. It was at once evident that something diabolically and brilliantly hatched and handed badly. Political policy—if indeed there was such a thing—and military preparedness—if indeed there was such a thing—were far apart as far as was practical, for the sickly, small, ill-equipped forces, and the impotence of our small, ill-equipped force was soon evident enough. All this was something that the great rank and file could hardly have grasped, and it followed the intricacies of international policies. It was moreover a situation for which no one but the Democratic regime in Washington could possibly be prepared. The reality of it all has reached directly into more than one American home, and will without doubt reach into a good many more before we are through with it all.

All this came, moreover, on the heels of investigations of military preparedness at times and more or less squelched by the Administration at others, nonetheless left the rather definite impression that the Administration (the administration of a Republican government) was, by its acts and in its words, ineffective and ineffective in dealing with an extensive and an astonishingly pervasive Communist spy system in this country. The unfortunate extremes to which some of these acts were carried, viz.: Senator McCarthy—went in making charges weakened the entire effort, but that the situation was serious and had been very serious, one can no longer doubt.

Meanwhile, it is evident enough that the Fair Deal experiments in stagnation—often in the past suggested by the President—are no longer good political bait. Some of the congressional committee work of the past may, probably—will without much question be given him now that war is upon us. They will be given to him, however, as a war measure, not an anti-inflation step. There may be quite different if, when all is said and done, we fail to pay for the extraordinary powers at once—a power which, though God forbid, could grow into a big war—most of course absorb much of the attention of both Congress and the Executive branch during the next 12 months at least. That they will be injected into the political campaign now going under will be a mistake under any war time may be taken for granted. Certainly, it would be heartening if there were to rise in the ranks of the opposition some constructive criticism of the way in which many of the problems of World War II were dealt with, and, corresponding suggestions for improvement in the way in which this war is managed. This is particularly true of its larger aspects such as taxation, borrowing, finance, and general, and relations with the business world, including labor. We shall need all the good counsel we can get on the subject.

But to be really heartening much more is necessary. The economic health of this country depends not merely upon improving or altering basic policies so far as they have to do with the conduct of the Korean war. We are fully as much in need of radical alteration of the whole course of policy as a matter of peace-time management of our affairs. It would avail little to do better in the main agreement in the Administration for the moment, for which is growing at the roots of the economic well-being day in and day out whether or not we happen to be engaged in a war. This may or may not be the time to make the supreme effort to change the course of public policy from the ground up, but if such some idea were evident in the background of the thinking of the oppos-

As We See It

uty Savings Bonds, the banks have continued to assist in plugging the wartime deficits. The 20-year World War II, the ABA's consumer credit

continued from page 11

The Banks and the War

orporated closely with the Federal Reserve System, in which it has offered its services to the Board in drawing up and administering these regulations. Until the new regulations are forthcoming, the banks' powers, under the old regulations restricting down-payments by veterans, have been continued. The banks may authorize credit to a veteran or to his surviving spouse for the purchase of a principal residence at the time of a residence at a time of acquisition, to the extent of 80 per cent of the fair market value of the property, and up to a maximum amount of $30,000, in three instances:

1. In the purchase of a principal residence.
2. In the purchase of a principal residence and a lot on which to build.
3. In the purchase of a principal residence and a first mortgage on the property.

In the event of death of the veteran or surviving spouse, the banks may authorize credit for the purchase of a principal residence at a time of acquisition, to the extent of 80 per cent of the fair market value of the property, and up to a maximum amount of $30,000, in two instances:

1. To the survivor of the veteran.
2. To the surviving spouse.

In the event of a divorce, or a separation in which the veteran is the party who is the prevailing party, the banks may authorize credit for the purchase of a principal residence at a time of acquisition, to the extent of 80 per cent of the fair market value of the property, and up to a maximum amount of $30,000, to the surviving spouse, or to the veteran, if he is the party who is the prevailing party in such divorce or separation.

In the event of the death of the veteran or surviving spouse, the banks may authorize credit for the purchase of a principal residence at a time of acquisition, to the extent of 80 per cent of the fair market value of the property, and up to a maximum amount of $30,000, to the surviving spouse, or to the veteran, if he is the party who is the prevailing party in such divorce or separation.

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The State of Trade and Industry

Customers are told they will get faster delivery when this information is available. The tonnage still comes out of its quote. One producer is getting all of that. The reason they produced this is because they are trying to take care of government orders.

Brokers, "The Iron Age" points out, are working overtime on gray market deals, and some cold-rolled sheets, such as those for the production of automobile doors, are selling higher than the middle market can't make much headway in the face of its bid record in the sale of new cars. The buying orders of the steel industry leaves foreign steel as the best answer, the brokers stated.

Scrap prices have again blown the lid off the market. For the second time in the month they have risen, and this time they have more than canceled the gains scored earlier in the year. Scrap prices are expected to go to $5.00 per ton on Thursday, May 27, 1953 (year 49.02%), Much of the change in scrap prices stems from recent steelmaking activities.

The American Iron and Steel Institute announced this week that the operating rate of steel companies having 94% of the steel industry's capacity in operation, increased during this week for the beginning Aug. 14, 1956, compared to 99.5% a week ago, or a rise of 0.2 points. The gain of 0.2 points is equivalent to 1,500,000 tons of steel ingots and castings for the entire industry, compared to 1,555,000 tons a week ago. A month ago, based on new capacity, the rate was 98.2% and production amounted to 1,843,860 tons; a year ago, based on the smaller capacity then prevailing, it stood at 85.3% and 1,538,300 tons.

Electric Output Advances to Further New High Record

The amount of electrical energy distributed by the electrical light and power industry for the week ended Aug. 12, was estimated at 13,720,000,000 kw.h. as compared to 13,657,000,000 kw.h. in the previous week.

The report for this period established a further new historical high record for the industry. This rate of output is higher than the highest rate reported in the previous week, 722,051,000 kw.h., or 13.1% above the total output for the week ending Aug. 13, 1956, and 955,471,000 kw.h. in excess of the output reported for the corresponding period two years ago.

Carloadings Turn Lower

Loadings of revenue freight for the week ended Aug. 5, 1953, totaled 4,327,975 cars, according to the Association of American Railroads. As a result the ratio dropped from 1.733 cars loaded during the preceding week.

This total represented an increase of 129,355 cars, or 16.8% above the corresponding week in 1949, but a decrease of 41,429 cars, or 4.7% below the comparable period in 1948.

Auto Output Improved the Past Week

According to the figures compiled by the National AutoWeek, motor vehicle production in the United States and Canada increased to an estimated total of 196,750 units, compared with the previous week's total of 175,075 (revived) units and 144,078 units a year ago.

This gain offset almost complete loss of Nash production due to a shutdown of its main plants in Kenosha and Milwaukee for inventory, vacations and changeover to new models, the agency stated.

Total output for the current week was made up of 153,294 cars and a total of 43,456 trucks, built in the United States and a total of 1,955 cars and 770 trucks built in Canada.

Business Failures Extend Advance of Previous Week

Commercial and industrial failures rose to 194 in the week ended Aug. 12, a gain of 14 over the previous week, said the preliminary report of the New York State Federation of Trade, Inc., reveals. At the highest level since May, failures exceeded their number in 1949 and 1948 when 73 and 730 covered failures were reported, respectively. The increased number of failures, compared to the prewar total of 252 recorded in the comparable week of 1939.

Business failures included 9,530 or 1.5% more than the previous week and 155 from 141 and were above a year ago when 132 of this size occurred. A rise also appeared among small failures, those having liabilities under $5,000, which rose to 20 from 7, but remained below the similar 1949 level.

Trade groups except manufacturing reported weekly increases in mortality. Meanwhile, failures in manufacturing dropped off to the thinly listed five for the first time in more than a year.

A mild increase from 1949 occurred in the other industry groups.

The Pacific States accounted for most of the week's rise, reporting twice as many failures as in either the previous week or in the corresponding week of 1949. The East North Central States had the next highest number of failures in the Middle Atlantic and in the New England States. Three regions, the New England States, Middle Atlantic and the Pacific States, had more failures than the previous week and 10 regions showed a decrease. A noticeable increase in the North Central and West South Central States.

Food Price Index Levels Lower After Seven-Week Rise

Food prices continued their weekly advance last week and for the first time in two months failed to show a weekly rise. The index for Aug. 8 remained unchanged at 85.35, but a drop from 85.38 on Sept. 20, 1952. The New York City current figures compared with 85.69 on the corresponding date a year ago (100.0%).

Index represents the sum total of the price per pound of 31 foods in general use. It is not a food-eating index of living.

Commodity Price Index Rises to New High Since July 14, 1948

After moving in a narrow range most of the week, the Datt & Bradstreet daily wholesale commodity price index rose sharply to 281.17 on Aug. 8, a new high since July 14, 1948, when it stood at 290.69. The silver index compares with 280.71 a week earlier, and with 233.06 on Aug. 2, 1948, since the index had been lower than that point.

Grain price movements on the Chicago Board of Trade were mostly lower in the week. Wheat prices generally declined in values. Both wheat and corn showed further losses above recent activity. A slowing up in demand, continued favorable crop developments, and uncertainty over possible price control legislation were the reasons advanced for the price decline.

Cash wheat showed some firmness toward the close. The condition of the new spring wheat crop continued favorable with harvest progresses. The condition of the corn crop continued near fair. Despite signs of resilience to current high prices, corn stocks continued to increase. Corn supplies are ample and manufacturers pressed for available supplies. Offerings from primary markets continued light. Business in the actual coffee market was rather quiet with spot prices holding firm although some easing appeared in the futures market.

Retailing in roasted coffee was reported in good volume.

Reflecting the continued upturn in raw sugar markets, eastern users refined their prices 15 points to the basis of 8.35 cents a pound.

The government announced over the week-end that a price of 6.25 cents a pound on all refined sugar delivery has been set on the recent purchase of the surplus of 600,000 Cuban tons. Lard prices moved downward as demand fell off. All classes of livestock declined as farmers attempted to get rid of surplus legs and pigs.

Trade line hedging selling against CCC pooled stocks and the movement of the new crop exerted a depressing influence on domestic markets and reduced prices to a degree. The NYEX sugar spototation fell 135 points to 38.18 cents, from 39.53 a week ago. Mill and trade price-fixing was in limited volume while export and import sales were reported as very light.

Loan repossessions of 1949-crop cotton in the week ended July 22, 1953, were reported by the U.S. Department of Agriculture and Bradstreet, Inc., notes in its current summary of trade.

Corn and beans were particularly noticeable in the retail apparel trade, as last week's volume rose moderately.

Costs and suits were frequently bought by shoppers, in keeping with seasonal expectations. Formal dresses and blouses were in high demand where promoted. Men's shirts continued to attract attention, and many buyers were interested in the man's nation-wide rise in the sale of children's wear and sports clothing. The radio and television sets for the family came in for much attention, although the high price-level of certain items helped maintain dollar sales at the level of the previous week. The consumer interest in recreation equipment was maintained, in spite of the increase in the price of certain kinds of fresh fruits and vegetables were increasingly popular.

West Coast the scene of an extensive and more widespread development had receded somewhat by last week, the interest in house furnishings was kept at a high level by vigorous promotions in furniture and living room sets, and the demand for beds and mattresses. The increased purchasing of large appliances, television sets and floor coverings.

Total retail dollar volume in the period ended on Wednesday of last week was estimated to be from 5% to 9% above a year ago. Regional estimates varied from last year's level by these percentages:

New England 4.4 to +4%; East 4.3 to +4%; South and Pacific Coast 4.3 to +4%; and Midwest, Northwest and Southwest 4.0 to +10%.

Despite evidence of much forward buying in some commodities, there was no appreciable change in the aggregate amount of wholesale buying. As a result, the net volume of sales was reported to be slightly above the level for the similar week a year ago. Slightly fewer buyers were in attendance at various wholesale centers than during the corresponding period a year ago, with the number of orders below that of a year ago.

Retail volume sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended Aug. 5, 1953, rose 29% from the like period of last year. An increase of 42% was recorded in the previous week from that of a year ago, but this year's movement was a rise of 35% from the corresponding period a year ago, but for the year to date register an advance of 3.5%.

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Continued from page 5

Observations . . .

pushed into that quagmire by the agressor, the ringing circles of which are

"Under the mantle of resolutions of the General Assembly that condemn aggression, the United States is in the first place, and that were adopted on the basis of unlawful information and arguments, and by Samuel Rheen, the author of a book attempting to transform all of Korea into its colony, the Government of the United States decided to proceed in Korea between the governmental camp of South Korea and the governmental camp of Northern Korea. This action was not only the policy of the American governments who had been promised by the American generals who had been training Syngman Rheen's troops in Southern Korea for that purpose for a long, long time.

"These resolutions cannot cover up and cannot explain or justify the aggression of the Government of the United States of America against the Korean people."

"Mr. Austin tried to talk here about the tragic fate of the Koreans, the words coming from the representatives of the United States are utterly hypocritical and false. These are the talking circles of quagmire. They are very little interested in, and very little affected by, the fate of the Korean people. As business persons, they are interested in the subsiols and other resources of Korea; they are interested in cheap manpower in that continent, and in the colonial region headed by Syngman Rheen, that tried and true servant of American militarism."

"It is also generally known that American militarists are interested in Korea as a strategic springboard directed against the countries of the Asia-Pacific area."

"It is not clear that the ruling classes of the United States of America have any concern about the future of their capital investments in Korea, for the protection of which they set up the United States National Defense Army of the so-called 'Korean puppet government'!"

"And on what basis, what right, what foundation of international law are the ruling circles of the United States of America perpetrating all this criminal banditry against the peace-loving, toiling, and heroic Korean people? That, since eldien times, has been called 'The Country of Morning Repeal'."

Continued from first page

Federal Financing in Crisis

resting on the Administration and the Congress is to take vigorous steps to control the non-military expenditures of the government drastically, even though they may cause some inconvenience to the individual. The elimination of some domestic civil service and of some governmental buildings, and the reduction of the civil service personnel, have already been recommended to Congress.

"A second, related step of the same character should be a prompt revision of the existing business of both Marshall Plan aid and aid for Germany and other countries. The recovery has proceeded far enough to make it possible to reorganize the department of recovery aid, thereby making possible an equivalent division of recovery funds into which aid as may be desired, at the discretion of the Administration and Congress, may be applied."

"It is estimated that the United States Office of Foreign Assistance, the agency of the Department of State which is charged with the responsibility of allocating foreign aid in line with the foreign policy of the United States, is in receipt of funds up to the end of the fiscal year 1957, and that the amount of funds held by it is far in excess of the funds which will be required for the period."
that the people have been living with high income taxes for many years and under it they have somehow adjusted, both sales and personal production. The advantage of a low tax rate, made more potent by the tax immunity, does not discourage sales unduly, and in the case of personal production, it may be possible to attract a situation in a state of remission in the business cycles of goofs, au producers, and all consumers.

The other side of the coin, as well as all other excise taxes, must be added to the price of whatever item the tax is levied on. The excise tax is itself a price in the sense that it is as it is received or at it is spent in the marketplace. Therefore, when an excise tax is levied on a product, the seller has an incentive to pass on the tax to the consumer. This can be done by increasing the price of the product, thereby reducing the tax burden on the consumer. If the tax is levied on a service, the service provider can also increase the price of the service to pass on the tax to the consumer.

One problem that arises with excise taxes is the issue of whether or not to forward the tax to the consumer. In the case of excise taxes, the consumer is the one who ultimately pays the tax, as it is added to the price of the product or service. If the tax is levied on a product, the producer or retailer will add the tax to the price of the product and then charge the consumer. If the tax is levied on a service, the service provider will charge the consumer the price of the service plus the tax.

The concept of tax incidence is important in understanding how excise taxes work. The tax incidence refers to the distribution of the tax burden between the producer and the consumer. The producer is the one who initially pays the tax, but the burden of the tax is ultimately borne by the consumer, who pays the higher price for the product or service.

Another important consideration is the question of whether or not to forward the tax to the consumer. There are two main approaches to this issue: the forward incidence and the backward incidence. The forward incidence approach suggests that the tax should be passed on to the consumer, while the backward incidence approach suggests that the tax should not be passed on to the consumer.

In general, the forward incidence approach is more common, as it is considered to be fair and just for the consumer to bear the burden of the tax. However, this approach can lead to a higher price for the product or service, which can be detrimental to the consumer, especially in the case of excise taxes that target specific goods or services.

There are also some concerns about the efficiency of excise taxes, as they can lead to market distortions and inefficiencies. For example, if a tax is levied on a good that is in high demand, it may lead to a decrease in the supply of that good, as producers may be discouraged from producing it. This can lead to higher prices and reduced consumer welfare.

In conclusion, excise taxes can have a significant impact on the economy, affecting both producers and consumers. The decision of whether or not to forward the tax to the consumer is crucial in determining the distribution of the tax burden and the overall impact of the tax on the economy.
Continued from page 27

**Federal Financial Crisis**

Section 148 (a). This section provides for a remittance of the amounts of stock held by officers and employees of the Federal Reserve Bank of New York and by members of the Board of Governors of the Federal Reserve System to the Treasury. The remittance is made in the event of the failure of the Bank to meet its obligations when due, and the Bank is required to notify the Secretary of the Treasury of such failure within 30 days after the occurrence of such failure. The Secretary of the Treasury is authorized to determine whether the amount of such remittance is sufficient to provide the Bank with adequate funds to meet its obligations when due. The Secretary of the Treasury is also authorized to request the Bank to remit an additional amount to the Treasury if it is determined that the amount previously remitted is insufficient to meet the Bank's obligations when due.

**Chemical Industry Securities**

Chemical companies such as Dow Chemical, Allied Chemical, and Sherwin-Williams have significant holdings of chemical-related securities, which are subject to fluctuations in the chemical market. These holdings are important for the overall performance of these companies. The prices of these securities are influenced by various factors, including the prices of raw materials, the demand for chemical products, and the overall economic conditions. The performance of these companies' chemical-related securities is closely monitored by investors and analysts. However, the prices of these securities have been volatile, and investors should exercise caution when making investment decisions.

**Investment Characteristics**

The investment characteristics of the chemical industry are influenced by various factors, including the prices of raw materials, the demand for chemical products, and the overall economic conditions. The performance of these companies' chemical-related securities is closely monitored by investors and analysts. However, the prices of these securities have been volatile, and investors should exercise caution when making investment decisions.
false because relatively small por-
tions of earnings are paid in div-
pends, and as previously mentioned, the stock ordinarily sells at high price-earnings ratios. Some companies have paid as lit-
tle as 3% of earnings in divid-

572.

In their fermentations, some of these companies have been established 
and have been involved in the production of various chemical products. As a result, the number of chemical companies that have established 

products, and many of these 

have been long established in the industry.

The Earnings Factor

Perhaps the most important factor in evaluating the market value of any company is its earnings. Earnings are the result of the company's operations and are the primary source of funds for the payment of dividends to stockholders. The amount of earnings a company makes and its ability to generate future earnings are important factors in determining its market value.

(1) The Company's Business

Some companies have a larger share of their earnings going to cyclical industries. Others have more stable earnings.

(2) Management

While the earnings factor is of great importance, the management of a company is also a critical factor in determining its market value. The management of a company should have a clear understanding of the industry it operates in, as well as the economic factors that influence the company's operations. The management should also be capable of making sound business decisions that will benefit the company and its shareholders.

(3) Capital Structure and Financial Position

The capital structure of a company is also an important factor in determining its market value. This includes the company's debt to equity ratio, as well as the amount of retained earnings. Well-structured capital structures can increase a company's attractiveness to investors.

(4) Dividend Rate

Another factor to consider is the dividend rate paid by a company. A company that pays a high dividend relative to its earnings may be more attractive to investors who are looking for income from their investments. However, it is important to note that a high dividend rate does not necessarily indicate a high-quality company.

(5) Liquidity

Liquidity is also an important factor in determining a company's market value. A company with good liquidity will have easier access to capital and be better able to应对economic downturns.

Breakdown of Chemical Industry by Various Product Lines

Showing Which Companies Have Important Position in These Lines

Basic Industrial Chemicals

Alkalis and Chlorine
Alcohol and Solvents...
Inorganic Chemicals—General

Semi-Finished and Finished Chemical Products

Detergents and Synthetic Fibers

Industrial Gases

Metals and Alloys

Paint and Varnish

Pharmaceuticals

Plastics and Synthetic

In summary, it can be said that the chemical industry is a complex and diverse field. The companies within this industry can be divided into various categories, each with its own unique characteristics. Understanding these categories can help investors make informed decisions about which companies to invest in and how to allocate their investments.

Walston, Hoffman Addams

(Special to The Financial Chronicle)

LOS ANGELES, Cal.—Harry R. Adams, executive vice president with Walston, Hoffman & Goodwin, 350 South Spring Street. He was formerly vice president of Oppenheimer & Co. and G. Brabear & Co.

With Investors Diversified

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With Investors Diversified

(Special to The Financial Chronicle)
Continued from page 2

The Security I Like Best

(4) The company has a fair and equitable labor policy — that works.

There you have it — a good product; a good management, a good profit, and a fair and equitable labor policy.

What more could you ask?

W. T. TURNBULL
Wood, Gandy & Co. N. Y. City

(Canadian Notes 3 of Sept. 1, 1966)

...An investment which has for its source the result of one of the soundest Governments in the World, combined with a yield of approximately 3%, combined with capital enhancement prospects of approximately 10%, combined with adequate marketability, is, in my opinion, an investment which should appeal at this time to a wide circle seeking a combination of stability, safety, and growth.

The reader may already have noticed the term "Cortlandt" in the above. The Cortlandt Trust Fund, I assume, is not a well-developed term in the financial universe. In selecting the "stock that I like" I must hedge ourselves with a statement that the presentation of statistical data is selling stock. However, I like Poulter & Associates, Inc. because it is for the average, run-of-the-mill, "businessman's risk" investments.

(1) The company has a product that is well developed in its field; (b) increasingly essential with the), (c) backed by smart merchandising and the expectation of potential users; (d) rapidly becoming a "household name" even as pressure times should come. (2) The company has good, honest, capable and hard working individuals as "management." Because "they" are stockholders, management is playing fair in the matter of dividends and is not "hogg¬ing the whole show" themselves.

(3) Aggressive research in product improvement and manufacturing, as evidenced by a keen sales distribution and product development, with buyers in solving their problems.

Continued from page 6

Our Policy Toward Russia

Chinese Communists down into Indo-China or into Burma, or of the Bulgarian Communists into Greece or into Turkey, or of the East German and Polish Communists into Western Germany, or of the Hungarian Communists into Austria, or of other similar moves; and if the United States must meet such aggressions, a military and not a political solution will be pressed through, and the United States will then resort to military power, backed by the United Nations in its Security Council as necessary to meet the situation. If the United States is compelled to legit¬imate its military position by the threat or use of force, the United Nations must be re¬emphasized.

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$4 billion per year, and preferably by the year 1970. We must cut down on non-defense state and local spending by at least $4 billion per year. This would cut, of course, only be made by reducing purchases of capital goods from the private sector, but are not essential under these conditions.

The other facts of the rearmament requirements must cause a re-evaluation of the foreign policies and economic programs of our government and of friendly governments as well. For example, the U.S.S.R. and China are not the only nations which the United States will be buying such quantities of arms and other supplies from the British sector, and the cost of the Marshall Plan. This does not suggest, that the dollar-gap question of the Marshall Plan is entirely closed.

The United States must not attempt to carry on government as usual, nor Marshall Plan as usual, nor pork barrel as usual, or even unison. We must start, and also be the first, these crucial years while -primarily to give adequate support to the government's foreign and domestic policies.

Taxes and Controls Required

The government must also increase taxes of all types upon everyone and anyone. The present annual inflation has cost an additional ten billion dollars per year.

The government must move through and reestablish controls over prices, wages and rent in all our country, a national, steady check on inflation as well. At least 25 percent to 30 percent of our present price level is due for the appropriate degree all forms of controls as help to add to the inflationary pressures.

Finally, we must place into immediate effect the program of wage and price wage controls, and rational controls over the prices and labor needed, but definitely having it promptly and completely set up by the end of the year.

Such a system will be adopted within the present year. It will be adopted because of the distastefulness of controls to the American people and because of the control in the Administration and the political situation that will arise for the duration of the political situation that will be harmful to the Socialist purposes because of the many Socialist tendencies that have arisen by the Administration in these first six months.

The public and the Congress should insist that these controls be given the priority of the emergency in England and the control of the 1925. An emergency agency under an executive head, such as a budgetary Congress, is called for by the Senate, who has the control over regulation of both political parties, who has business management and labor and agriculture of excellent qualifications to administer these key economic mobilization features, as well.

Congress must also take the step limits upon the control legislation. The key measures to controls can be lifted in whole or in part, whether in the Senate or in the House of the People or the Senate, or other of our actions which can be taken at any time. The Senate, Congress has made this decision, shall not prevent the President from acting with the Congress's court.
The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

### AMERICAN IRON AND STEEL INSTITUTE:
- Sales of raw materials (in thousands of tons)...
- Sales of pig iron (in thousands of tons)...
- Sales of hot-rolled steel (in thousands of tons)...
- Sales of cold-rolled steel (in thousands of tons)...
- Sales of billets (in thousands of tons)...
- Sales of semi-fi nished products (in thousands of tons)...
- Sales of finished products (in thousands of tons)...
- Net exports (in thousands of tons)...

### AMERICAN PETROLEUM INSTITUTE:
- Crude oil and condensate sales (in millions of barrels)...
- Gasoline sales (in billions of gallons)...
- Distilled petroleum products sales (in billions of barrels)...
- Total petroleum product sales (in billions of barrels)...

### ASSOCIATION OF AMERICAN RAILROADS:
- Rail freight revenue (in millions of dollars)...
- Freight revenue from connections (in millions of dollars)...

### CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS:
- Total U. S. construction...
- Public construction...
- Private construction...
- Construction orders...
- Construction contracts...

### DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM:
- Sales of women's apparel (in millions of dollars)...
- Sales of men's apparel (in millions of dollars)...
- Sales of children's apparel (in millions of dollars)...
- Sales of furniture and home furnishings (in millions of dollars)...

### ELETRONIC INVENTORIES:
- Sales of electronic equipment (in millions of dollars)...
- Sales of electronic components (in millions of dollars)...

### FEDERAL RESERVE BANK OF ST. LOUIS:
- Federal Reserve Bank of St. Louis...
- Federal Reserve Bank of St. Louis...
- Federal Reserve Bank of St. Louis...

### MOODY'S BOND PRICES DAILY AVERAGES:
- U. S. Government Bonds...
- Corporate Bonds...
- Aaa...
- Aa...
- A...
- Baa...
- Ba...
- B...

### MOODY'S COMMODITY INDEX:
- Commodities received (in thousands of tons)...
- Percentage of activity...
- Unfilled orders (in thousands of tons)...

### OIL, PAINT AND DRUG REPORTER PRICE INDEX—1950-56
- Average (#)...

### STOCKS OUTS AND SHORTS AGAINST THE Y. U. STOCK EXCHANGE—SECURITIES EXCHANGE COMMISSION:
- Number of stocks...
- Number of issues...
- Number of bonds...
- Number of warrants...

### WHOLESALE PRICES NEW SERIES — U. S. DEPT. OF LABOR:
- All commodities...
- Grains...
- Live animals...
- Poultry and eggs...
- Dairy products...
- Fresh fruits and vegetables...
- Fruits and vegetable juices...
- Meat, fish, and fish products...
- Inedible fats and oils...
- Textile products...
- Leather products...
- Miscellaneous manufactured goods...
- Chemical and allied products...
- Other products...

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**Source:** Monthly average 1963. (Not including stock of American Tel. & Tel.)
Observations on Economic Mobilization

and families, these businesses like transportation, pipe lines, power, etc., whose expansion in capacity requires the use of new equipment, are making heavy commitment of their resources. Credit, which is the life blood of corporate enterprise, cannot be provided unless commitments are made.

Production

Governor Fullerton's Total defense in the next five-year period of $33 billion expenditures, of which $25 billion is for war, is the principal factor. Credit, as such, is not a matter of what the President will say about mobilization, but rather a matter of what Congress will make possible. The cost of credit cannot be estimated, but it is believed to be in the neighborhood of $10 billion, or approximately two-thirds of the total mobilization cost. Credit, as such, is the lifeblood of mobilization.

Mobilization is often mentioned as a device for increasing the output of the economy. The increase in output will be realized only if there is a corresponding increase in the total amount of goods and services produced. This will be accomplished by increasing the efficiency of production, by increasing the labor force, and by increasing the productivity of the labor force.

The difficulty of meeting the threat of Russia's present activity is to be met by the huge force of Communists under arms elsewhere is bound to result in a demand for financial assistance to the Allied armed forces. The mobilization of the financial resources of the country is therefore a matter of the utmost importance.

Taxes and the Budget

If experience counts for anything, the tendency toward the determination of the budget for the future is to be expected. A look at the budget for the year ending June 30, 1945, will show that the budget for the next fiscal year will be larger than the current fiscal year.

Prices and Rationing

Those who are watching the movement of prices may be interested to know that they are not going to increase. The prices of goods will, however, be controlled, and there will be rationing of goods and services. The government will issue rationing certificates and other forms of rationing to ensure that the goods and services are distributed fairly among the population.

Labor - Manpower - Selective Draft

The legislation currently under consideration by Congress contains provisions for the selective draft of labor.

It is not necessary to mention that this will not be controlled unless the cost of living is stabilized and "equalization" provisions are made. It is necessary to limit the duration of profits through excess profits taxes and other forms of regulation.

Labor leaders are aware that there will be a stronger effort this time to freeze wages, to ban strikes, and to freeze employment in the defense industry. Although there are several moves to advance to this end, there is no assurance that these will not be controlled unless the cost of living is stabilized and "equalization" provisions are made.

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**Securities Now in Registration**

**Alabama Power Co., Birmingham, Ala.**
July 20 filed 64,000 shares of 4.2% preferred stock (par $100) to be offered in exchange for a like number of outstanding 4.2% preferred shares of Birmingham Electric Co., at par. Underwriter—Thomas G. Wylie Co., New York. Proceeds—for general funds.

**Alberta-Canada Oil, Inc. (Del.)**
July 19 (letter of notification) 1,500 shares of 6% preferred stock (par $100) and 1,500 shares of common stock (par $100). Price—$2.50 per share. Underwriter—Thomas G. Wylie Co., New York. Proceeds—for exploration and development of property operated in Marraffeen, Ark. Publicly offered on or after Aug. 2.

**American Finance & Casualty Co., Orlando, Fla.**

**American Diamond Mining Corp.**

**American Radio & Television, Inc., North Little Rock, Ark.**

**American Radio & Television Co., Inc.**
North Little Rock, Ark.

**Associated Federal Gas Co., Tulsa, Okla.**
March 14 (letter of notification) 2,500 shares of common stock at $100 per share. Underwriter. Proceeds to build a natural gas transmission line. Office—105 N. Boulder Ave., Tulsa, Okla.

**Avco Manufacturing Corp., N. Y. C.**
July 14 filed 1,500,000 shares of common stock (par $3) offered for sale by officers and directors of the company, Inc., at the rate of two Avco shares for each benign share. Offer expires Aug. 28. Dealer-Managers—

**Emanuel, Deetjen & Co. and Lehman Brothers, Statement effective Aug. 10.**

**Big Bay Markets of Michigan, Inc., Detroit, Mich. (8/22)**
Aug. 2 filed 2,000 shares of common stock (par $1). Price—to be fixed by amendment. Underwriter—J. G. Fisher, Detroit, Mich. Proceeds—to be used in the purchase of stockholders who own approximately 69% of the outstanding shares. Business—Supermarket.

**Blair Motorists Corp., Dallas, Tex.**

**Brewery Enterprises, Inc., Detroit, Mich.**
Federal Reserve Bank of St. Louis
Digitized for FRASER

NEW ISSUE CALENDAR

August 21, 1950
American Oil Producers, Inc. | Common
Transunion, Inc. | Common

August 22, 1950
Big Bear Markets of Michigan, Inc. | Common
Granite City Steel Co., Inc. | Common

Tele-Tone Radio Corp. | Pfd. & Common

August 23, 1950
Kansas City Southern Ry. (EDT) | Equip. Trust Cfs.
Pacific Petroleum, Ltd. | Common

August 24, 1950
American Natural Gas Co. | Common

August 25, 1950
Central Telephone Co. | Common

August 28, 1950
Duquesne Light Co. (a.m.) (Bonds)
Standard Coin Products Co., Inc. | Common

August 29, 1950
Indiana Gas & Water Co., Inc. | Bonds

September 1, 1950
Alberta-Canada Oils, Inc. | Common

Allen Organ Co | Pfd. & Common

September 7, 1950
Plastipipe Pipe Line Co. | Debts & Pfd.
Vulcan Ditton, Inc. | Debts & Pfd.

September 11, 1950
Tennessee Gas Transmission Co. | Bonds

September 12, 1950
Utah Power & Light Co. | Common
Virginia Elec. & Gas Co. | Common

September 19, 1950
New Hampshire Electric Co. | Bonds

September 27, 1950
Delaware Power & Light Co. | Bonds

October 9, 1950
Utah Power & Light Co. | Bonds

OFFERINGS TEMPORARILY POSTPONED

Genesee Valley Equipment Co., Inc. | Common

General Electric Co., New York, N. Y. | Common

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

July 25 (letter of notification) 26,965 shares of common stock to holders of record (par value $1). Proceeds—For working capital. Statement effective July 18. No further decision reached.

Glenwood, Colorado Springs, Colo. | Common

July 26 (letter of notification) 5,885,885 shares of common stock (par $1) to be offered to preferred stockholders (no par) in exchange for outstanding preferred stock of W. L. Hugh Co. No underwriter. Statement effective July 25.

Georgia-Pacific Plywood & Lumber Co. | Common

July 25 filed 150,000 shares of common stock (par $1). Proceeds—To augment working capital and for general corporate purposes.

General Radiant Heater, Inc. | Common

May 3 filed 170,000 shares of common stock (par $5) to be offered to common stockholders of record (par value $1). Proceeds—For working capital. Statement effective July 18.

Hawkeye Oil Co., Des Moines, Iowa | Common

June 20 filed a maximum of 2,328,855 shares of common stock (par $1) to be offered to shareholders of record (no par) in exchange for common stock of the company. Statement effective July 25.

Industrial Stamping & Mfg. Co. | Common

July 6 filed (by amendment) 500,000 of first mortgage 5\% bonds due 1967 (with warrants to purchase 60,000 shares of common stock) and 400,000 shares of common stock (par $1). Of the latter, 272,000 shares will be publicly offered and 28,000 shares will be offered to certain officers and directors of the company; 60,000 shares to be reserved for stock options; and 40,000 shares to be optionally purchased by the company at par. Proceeds—For bonds, 100; and of stock to public and employees, $1,000 per share. Underwriter—Blyth, Langley & Co., Inc., for stock; Baker, Simonds & Co.; Proceeds—To pay mortgage and certain debts, and balance added to working capital, part of which will be used to reduce bank loans. Statement—Effective Aug. 9. Offering—Bonds being offered today (Aug. 17).

Interstate Finance Corp., Dubuque, Iowa | Common

June 14 (letter of notification) 4,000 shares of common stock (par value $5). Proceeds—$25 per share. Underwriter—None. Proceeds—For working capital. Office—1137 Central Ave., Dubuque, la.

Kauf Engineering Works, Ltd., Lihue, Hawaii | Common

June 25 (letter of notification) 10,000 shares of common stock (par $1). Proceeds—$1.00 per share. Underwriter—None. Proceeds—For working capital. Office—Box 146, Lihue, T. H.

Kay-Halburt Corp., Culver City, Calif. | Common


Leigh Foods, Inc. (N. Y.) | Common

June 30 (letter of notification) 300,000 shares of capital stock (par value $1). Proceeds—For working capital. Underwriter—None. Proceeds—For working capital. Office—630 Fifth Avenue, New York, N. Y.

Louisiana Power & Light Co. | Common

July 1 filed 66,000 shares of preferred stock (par $100). Proceeds—To be used to redeem, at $110 per share plus dividend accruals, the $5,424 outstanding 6\% preferred stock, and for construction and other purposes.

Bids—Received by company up to noon (EDT) on June 19, but rejected. Three bids were made as follows: Union Securities Corp., $100.40 per share with a $4.65 dividend; Blyth, Langley & Co., Inc. (jointly), $100.10 with a $4.65 dividend; and W. C. Langley & Co., Inc., and First National Bank of Los Angeles, $100.00 with a $4.60 dividend. Statement effective June 11. No further decision reached.

The Chemical News, California, Calif. | Common

May 31 (letter of notification) 282,250 shares of common stock (par value $1 per share). Proceeds—For working capital. Underwriter—E. F. Blyth, Langley & George B. Bierman, and General Manager, the selling stockholder.

Merry Brothers Brick & Tile Co., Augusta, Ga. | Common

June 12 (letter of notification) 50,000 shares of preferred stock (par $500). Proceeds—At par ($100 per share). Underwriter—E. F. Blyth, Langley & George B. Bierman, and General Manager, the selling stockholder.

Merritt Abrasive Detroit, Mich. | Common

Aug. 7 (letter of notification) 60,000 shares of 6\% cumulative preferred stock (par $5) and 150,000 shares of common stock (par $1). Proceeds—For conversion of preferred stock. Underwriter—At $105 per share. Underwriter—None. Proceeds—For working capital. Office—Box 203, Detroit, Mich.

Merritt Mining Co., Kauai, Hawaii | Common

Feb. 9 (letter of notification) 5,250 shares of common stock offered to common stockholders at $50 per share on a five-for-one basis (no par) in exchange for outstanding preferred stock of the company. Underwriter—None. Proceeds—For working capital. Office—Box 203, Detroit, Mich.

Miles Laboratories, Inc., Elkhart, Ind. | Common


Miller (Walter) Co., Inc. | Common

March 6 (letter of notification) 1,000 shares of 6\% cumulative preferred stock (par $100). Proceeds—For working capital. Underwriter—George B. Bierman, and General Manager, the selling stockholder.

Mission Appliance Corp., Hawthorne, Calif. | Common


Mississippi Power & Light Co. | Common

May 3 filed 1,000,000 shares of common stock (par $1) to be offered to preferred stockholders of all classes (no par) in exchange for outstanding preferred stock of the company. Proceeds—To pay cash dividends and for further working capital.

Mississippi Rubber & Light Co. | Common

May 3 filed 100,000 shares of common stock (par $1) to be offered to preferred stockholders of all classes (no par) in exchange for outstanding preferred stock of the company. Proceeds—To pay cash dividends and for further working capital.

Continued on page 36
Underwriter—The Yorkshire.

Working Underwriters (par $100 per share) to be offered to present stockholders of record at rate of one share for each 30 shares held. Price—At par ($100 per share). Underwriter—None. Proceeds—To be deposited in the bank for corporate purposes.

Ohio Oil & Gas Co.

May 5 (letter of notification) 1,100 shares of common stock (par $100 each) to be offered to present stockholders of record at rate of one share for each 10 shares held. Underwriter—None. To be offered to Prestwick, Wash. & Schuyler. Proceeds—To repay bank loans.

Pacific Petroleum Ltd., (8/23-29)

June 30 filed 900,000 shares of common stock (par $100 each) for sale. Proceeds—To build oil and gas fields for corporate purposes. Underwriter—Eastman, Dillon & Co., Inc., New York. Price—To be fixed by amendment.

Pan American Gold Ltd., Toronto, Canada

July 20, 1946 filed 1,065,350 shares of common stock (par $10 each) for sale. Proceeds—To build gold mines. Price—To be fixed by amendment. Underwriter—Mainly for development of the company.

Slemen-Mesarpe Television Productions, Inc.

June 29 (letter of notification) 150,000 shares of common stock (par $1 each) to be offered to present stockholders of record at rate of one share for each 10 shares held. Underwriter—Koelmer & Gunther, Newark, N. J. Proceeds—To complete film and pay expenses of organization. Price—$1.00. Proceeds—To be distributed to stockholders.

Semen Oil Co., Oklahoma City, Okla.

April 27 (letter of notification) 35,782 shares of class A preferred stock (par $100 each) to be offered to underwriters for sale. Proceeds—To build and operate the Genesee Valley Securities Co., Rochester, N. Y. Proceeds—To acquire the small mining and mining properties owned by the Genesee Valley Securities Co., Rochester, N. Y. Proceeds—To acquire the small mining and mining properties owned by the Genesee Valley Securities Co., Rochester, N. Y. Proceeds—To acquire the small mining and mining properties owned by the

Underwriter—None. Proceeds—To be used for the development of mining properties. Price—To be fixed by amendment.

St. Claire Lines Inc., East St. Louis, Ill.

July 20 (letter of notification) 100,000 shares of common stock (par $100 each) to be offered to present stockholders of record at rate of one share for each 20 shares held. Price—To be fixed by amendment. Underwriter—None. Proceeds—To be deposited into the company's bank account. Price—To be fixed by amendment. Underwriter—None. Proceeds—To be used for the development of mining properties.

Rutland Pipe Line Co.

July 9 (letter of notification) 1,000 shares of preferred stock (par $50 each) to be offered to present stockholders of record at rate of one share for each 10 shares held. Underwriter—None. Proceeds—To be deposited into the company's bank account. Price—To be fixed by amendment. Underwriter—None. Proceeds—To be used for the development of mining properties.

Shelby National Co., East St. Louis, Ill.

August 4 submitted to the Securities and Exchange Commission (in denominations of $500 each) and 30,000 shares of “A” preferred stock (par $100 each) for sale. Proceeds—For working capital.

Rocky Mountain Textile Mills, Inc.

July 11 (letter of notification) $150,000 of 5% convertible debentures, sold at 100 to be exchanged for 300 shares of common stock (par $10), to be sold separately or in units of 20 shares or as one group of 300 shares, at price—$150. Proceeds—To be used for general corporate purposes. Address—At par ($100 per share). Underwriter—None. Proceeds—To be used for the development of mining properties.


Aug. 14 (letter of notification) 600,000 shares of common stock (par $10) to be offered to present stockholders of record at rate of one share for each 75 shares held. Price—Separately, at par, and in units, at $2.00 each. Proceeds—To be deposited into the company's bank account. Price—$2.00 per share. Underwriter—Burr, Faust & Van Scoy, Chicago. Proceeds—To prevent exchange for capital. Price—$2.00 per share. Underwriter—Burr, Faust & Van Scoy, Chicago. Proceeds—To prevent exchange for capital.

Royal Television & Electronics, Inc., New York, N. Y.

June 22 (letter of notification) 4,000,000 shares of common stock (par $10) to be offered to present stockholders of record at rate of one share for each 60 shares held. Price—At par ($100 per share). Underwriter—None. Proceeds—To be used for the development of mining properties.

Safeway Stores, Inc., Denver, Colo.

June 8 filed 231,000 shares of cumulative preferred stock (par $100) and 236,000 shares of common stock (par $5). The common will be offered to common stockholders at the rate of one new share for every 10 shares held. The stock will be offered for exchange for 196,965 shares of outstanding 5% preferred stock of the company. The exchange will be made for $100. Proceeds—Separately at par, and in units, at $2.00 each. Proceeds—To be used for the development of mining properties.

Semen Oil Co., Oklahoma City, Okla.

April 27 (letter of notification) 35,782 shares of class A preferred stock (par $100 each) to be offered to underwriters for sale. Proceeds—To build and operate the Genesee Valley Securities Co., Rochester, N. Y. Proceeds—To acquire the small mining and mining properties owned by the Genesee Valley Securities Co., Rochester, N. Y. Proceeds—To acquire the small mining and mining properties owned by the Genesee Valley Securities Co., Rochester, N. Y. Proceeds—To acquire the small mining and mining properties owned by the

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The page contains financial news articles discussing various topics such as financial transactions, corporate actions, and market trends. Here is a brief summary of the key points:

1. **American Investment Co. of Illinois**: May announced company plans to issue $234,000 common stock and $450,000 of 10-year 5% first mortgage debentures for the construction of a new pipe line project in southeastern Illinois, authorized by the FCC, to cost $354,000.

2. **Webster Power Co.**: Aug. 15 it was announced that early registration is expected of an issue of $50,000,000 of 2% (in $1000) due 1975. Underwriters—Morgan & Co. and Kidder, Peabody & Co. (jointly). Proceeds—For construction of Gas Co. project.


4. **First Boston Corp.**: Announced that they are considering the issue of $12,000,000 of preferred stock, due 1975 at an annual dividend of 8%.

5. **Lighting Co.**: Aug. 15 it was announced that the company plans to issue this amount of preferred stock to $12,000,000 at 8% new mortgage debentures for the construction of a new pipe line project in southeastern Illinois, authorized by the FCC, to cost $354,000.


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Pennsylvania RR.  
July 12 company reported planned issuance and sale early in September of 19,000,000 additional equipment warrants.  T
date April 12 to May 14, 1951 to April 1, 1951.  Probable bliders: Halsey, Stuart & Co., Inc. (jointly); Leaman & Leham

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May 5 it was said that there will be additional financing in the near future to provide some common stock to be underwritten by Drexel & Co. Bond financing would probably be used since preferred stock would be either negotiated or competitive.

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The new issue market has run full tilt into its usual mid-August dullness and seems likely to remain hung on "dead-center" for the balance of this current month. Many investment bankers and others engaged in the distribution field are scratching their heads. But there appears to be something more than just the customary "summer dog days" involved in the situation at the moment. Within the last several weeks bank apparently has carried the seasoned market to levels at which institutional buyers have drastically curtailed their buying. The market has collapsed back to levels suited to their needs.

These buyers have their own ideas about yields and at the moment, the return offered by quality issues is too thin for their liking. This was demonstrated a fortnight or so back when the MSLA's $50,000,000,000 of 25-year debentures were brought to market.

One large pension fund and a few of the smaller insurance companies took advantage of a few up tick here and there and it might have its own level.

So from the above the syndicate agreement aban¬
doned its attempt to drive the market to a low down to a level of 10%, which is the lowest of 1927. But 10½% asked. Once the issue the market moved rapidly and since the syndicate paid a price of 101.1% to the company, any loss sustained was not worth the trouble put into preparation for the deal.

Waiting Market Out

The situation marketwise was further complicated by the deci¬
sion of the Duquesne Light Co. to forego the issue at that time and let it find its own level. With the syndicate agreement aban¬
doned the hopes of reaching the 10½% low were dashed and the market moved up to a new high.

The plan was to issue $12,000,000 of new mortgage bonds and had tentatively set Aug. 22 as the date for the opening of such thereon.

However, earlier this week it was announced that the operation had been postponed indefinitely. No reason for the action was given, but market observers ascribed it to the realization of the inability of such buyers at the moment to line up at a level of 10½% or a price higher.

Backlog Is Growing

The backlog of potential new issues continues in a growing steadily, as additional companies place pro¬
spectuses with the various investment houses. It now looks as though it will be around the middle of September before things really start to pick up and flow, of course, if market conditions are "right."

Duquesne Light's offering pro¬

Chief is the "hot item" of the new month, with several other power companies getting into the act. Such offers are being made at that time. One of the biggest issues is the forward mortgage bonds for Tennessee Gas Transmission Co. which may be placed in registration. Bids here are ex¬
pected to be opened around Sept. 11 next.

Close behind is Virginria Electric & Power Co. which is expected to contem¬plate the sale of $20,000,000 of 10-year bonds which had just been placed in registration. Bids here are ex¬
pected to be opened around Sept. 11 next.

With C. S. Ashmun Co. (Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—Huron Life is associated with C. S. Ashmun Company, First National Sun Line. He was formerly with First Boston Corp.

Joins Dayton & Gerson (Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—Rich¬

President, was the chairman of the Bank at the time. He had previously with Paine, Webber, Jackson & Curtis.

Joins Lloyd D. Fernald (Special to The Financial Chronicle)

SPRINGFIELD, Mass.—George L. Mirick has been connected with Lloyd D. Fernald Co., Inc., 1387 Main Street, members of the Boston Stock Exchange.

Draper, Sears Adds (Special to The Financial Chronicle)

BOSTON, Mass.—Donald H. Foster is connected with Draper, Sears & Co., 33 State Street, members of the New York and Boston Stock Exchanges.

With Waddell & Reed (Special to The Financial Chronicle)

LOUIS ANGLES, Cal.—Paul H. Mirelon has joined the staff of F. H. Breen Co., 609 Whisleigh Boulevard.

F. H. Breen Adds (Special to The Financial Chronicle)

With Richard J. Buck (Special to The Financial Chronicle)

LOS ANGELES, Cal.—Richard W. Detmer has been added to the staff of F. H. Breen Co., 609 South Grand Avenue.

With In Diversified (Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—Gordon F. Dorn is with Investors Diversi¬

Caswell Co. Adds (Special to The Financial Chronicle)

CHICAGO, Ill.—Harry V. Fick is with Caswell & Co., 120 South La Salle Street, members of the Midwest Stock Exchange.

DIVIDEND NOTICE

A. G. BeckerAdds (Special to The Financial Chronicle)

CHICAGO, III.—John L. Hey¬

man and John W. Sholder have been added to the staff of A. G. Becker & Co., Inc., 120 South La Salle Street.

DIVIDEND NOTICES

Newmont Mining Co. (Dividend No. 88)

On August 15, 1950, a dividend of seventy-five cents per share has been declared, payable September 14, 1950, to stockholders of record at the close of business September 6, 1950.


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August 15, 1950.

DIVIDEND NOTICES

Newmont Mining Co. (Dividend No. 88)

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August 15, 1950.
WASHTON, D. C. — One of the mysteries which has a good many Congressmen puzzled is just what the Administration attempted to "aliqo into" the controls which it has provision which raises the serious possibility that the President could regulate any and all aspects of the nation's consumer and real estate credit. In a subsequent revision an entirely new section appeared (Sec. 3 of Title IV of the House Bill and Sec. 2 of Title VI of the Senate Bill) which broadly de
defined "any credit." It raises the presumption that perhaps the complete regulation and control of "any credit" is an objective of the Administration.

Congressmen are naturally puzzled, because if the President is seeking to regulate "consumer and real estate credit" in his revised bill, there is far different from anything with which the public is familiar. To limit and curb the extension of credit for consumer purchase of durable goods, the definition of "consumer credit," which means, of course, all credit, is usually limited to personal obligations resulting from the purchase of food, clothing, and housing. It is not clear what sort of control over the complete regulation and control of "any credit" can be met with the current setup of the A

Administration. The Senate amendments and the House amendments had never dared to reach for directly in their boldest ambition.

In both the House and Senate bills there is one section of the credit that would be left out of "consumer credit" and another which defines "real estate credit." The title states in general the power to permit the President to control consumer and real estate credit. Now both bills contain in the Senate, a definition of "real estate credit." It is an interpretation of this sur

cisse in the bank control section of the Senate that has raised the question as to what "any credit" will mean in the House, and to what extent the President will have control of the mortgage market.

One House Committee source unofficially expressed the opinion that a line is to be drawn between consumer and real estate credit.

The only official confirmation of this limited interpretation of the otherwise broad language was contained in one paragraph of the Senate Banking Committee's report on the bill. This paragraph indicated that the proceedings would not be applied to consumer and real estate credit.

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