Our Fiscal Resources
For the Emergency

By ROSWELL MAGILL
Former Under Secretary of the Treasury

As we face the current economic situation, we must consider the fiscal resources available to address the emergency.

The defense production act of 1930 is now law. The President has issued certain executive orders thereunder, and has taken pains to explain the Administration’s view of what lies ahead. We have been told what must be done to meet the difficulties and the contingencies likely or certain to be encountered. Some of the President’s generalizations are straight to the point, and can be taken without reservation as plain statements of the facts as they stand and as frank expressions as to what is needed from the American people to meet a critical situation.

The chief executive, for example, says that to meet the demands of the day “will require harder work and longer hours for everybody” and gladly and earnestly approve his position. He is on strong ground when he observes that “to the extent that we finance our defense effort out of taxes now, we will avoid an enormous increase in the national debt. During World War II we borrowed too much and did not tax ourselves enough. We must not run our present defense effort on that kind of financial basis.”

Few, we imagine, would wish to take serious exception to the general statement that “the defense program means that more men and women will be at work, at good pay. At the same time, the supply of civilian goods will not keep pace with the growth in civilian incomes. In short, people will have more money to spend, and there will be relatively fewer things for them to buy. [We assume that the President means that these consequences would emerge if the financing of the defense effort is faulty.] This inevitably

Continued on page 26


Continued on page 36

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The Business Outlook
BY PAUL H. NYSTROM
Professor of Marketing, Columbia University

Though stating outlook for retail sales for remainder of year is good, Dr. Nystrom warns Inflation threat is serious. Sees danger from over-issues of governmeny money and expanded credit greater than from goods shortages. Suggests an business program: (1) holding down prices; (2) tightening of consumer credit; (3) cut in government civilian spending; (4) fair and wide increase in taxes; (5) no increase in minimum wages; (6) more productivity and less loafing on job; and (7) more public interest in sound political policies.

1. The Retail Outlook
Retail sales in this country since the first of the year are now well-known history. Prior to the Korean outbreak there was a sales boom in some lines, such as housing, automobiles, television, refrigerators and other appliances, but almost a depression in the sales of apparel and general merchandise. Retail stores seem to have been an exception. They apparently held their own throughout the first six months of the year. The Korean outbreak on June 25, 1950, was followed by a great surge of scare buying that continued through both July and August. The buying was particularly heavy in certain lines, such as autos, tires, television, houses and h o l d appliances, magazines, women’s garments, and goods made of wool. As of today, it seems probable that this wave of scare buying is probably past its peak. The shortages in goods expected by consumers have not been as bad as anticipated. Consumer demands in many lines have undoubtedly been saturated. Scare buying and hoarding has been somewhat discouraged by generally unfavorable public attitudes.

The outlook for retail sales for the remainder of this year is good. It is possible that the weather will delay the approach of fall, and thus affect certain types of merchandise, but there is no reason to believe that retail sales will not improve through the fall and winter months.
The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate, is one of their reasons for favoring a particular security. The articles contained in this forum are not intended to be, nor are they to be regarded as, an offer to sell the securities involved.

G. SHELBY FREDRICHES
Partner, Howard, Well, Labrouise, Friedrichs & Co.

(Brandt Central Louisiana Electric Co.)

My favorite securities are those which in my opinion contain the combination of the following factors:

(1) A high dividend payment; (2) a good return; (3) a good probability of enhancement in value. I am convinced that, while it is worthwhile to sacrifice some degree of return in order to obtain this combination, the net result will be satisfactory. With this in mind I present Central Louisiana Electric Co. as an example of this type of security.

Central Louisiana Electric Co., 6 1/2%, $1,000 preferred, was recently purchased at $44.79 per share, a 17% price discount from the annual rate of 6%. There is a yield of 6.73% on the basis of the purchased price. The earnings per share for the year ended June 30, 1949, were $1.60. Some of the reasons for the appeal of this security are as follows:

1. The company operates in an area which has not been completely developed, and there is considerable untapped growth potential in the future.
2. The company has a large plant, well-equipped, and capable of expansion.
3. The circumstances affecting the growth have been favorable, and the company has been successful in its goals.
4. The company has a strong management, with a proven record of success.
5. The company has a history of stable earnings, with few fluctuations.

The company meets all the requirements of a good security, and I believe it will continue to be a good investment in the future.

MAX L. HEINE

(Lima Hamilton Corp. — See form to form part of Baldwin Lima Hamilton Corporation)

The appraisal investor will have plenty of food for encouragement, when he considers that Lima Hamilton's communications with the stockholders have been of the highest order. A thorough statement of earnings and capitalization, giving a complete story of Lima Hamilton's operations, have been furnished to the holders. Lima Hamilton's past work has been outstanding. The company's value has increased at a rate of 42%. Lima Hamilton, in the past, has not only met, but also exceeded, the public's expectations.

The company's accounts are to be taken as a warning of the success which will be met with the company's future operations. Lima Hamilton has a large plant, well-equipped, and capable of expansion. The company's earnings have been steadily increasing, and the company has a strong management, with a proven record of success.

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OVER-THE- COUNTER INDUSTRIAL STOCK INDEX

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BOOKLET ON REQUEST

National Quotation Bureau

466 Broadway, New York N. Y.
New Houses

By ROGER W. BABSON

Mr. Babson contends powerful Federal housing agencies are fostering today's dangerous housing boom through easy credit and government guarantees. Says sharp decline from present peak is inevitable, and requires investment in housing in small rather than large cities.

Many people ask me what I think of the present housing boom and how long it will last. Whether it is wise to buy or build new homes now. Briefly, there are these conclusions:

During the first seven months of 1933, 800,000 new farm dwellings were started in the United States. In July alone a monthly record of 140,000 units was chalked up. What is the reason for this unprecedentedly high volume of new home construction? People can be summed up in just two words: easy credit. Of course, there are other factors, but it is this ready availability of mortgage money guaranteed by the government which has created and sustained the housing boom.

What Is Wrong?

Government pump-priming is not bad in itself. In a concentrated and highly industrialized economy, such as ours, it may become a necessary device in the promotion of our national interest. However, I am opposed to the method of pump-priming. Without regulations, the housing boom is dangerous.

Easy mortgage loans are of dubious value if you take a long range viewpoint. They can prove disastrous, unless you realize that when wages and prices are on an artificially high basis, I am greatly pleased to see that young people getting involved in operations and contracts. It can be justified only if these enterprises favor some housing conditions should persist. Some will lose the new homes which they so provide. There will be acquired. Others will be able to keep them only at the price of difficulty due to expecting something for nothing.

Buy Larger Houses

Another aspect of the housing situation which distresses me is the fact that a majority of the houses now being built. In real estate to keep costs of their $100,000 per unit builders seem to have concentrated in too small houses, many of which have only four rooms. Certainly these latter are not not demonstrating. They are lacking in the American tradition. Nor will they have a very good resale value.

BAYLIS MANAGER FOR SMITH BARNEY IN HARTFORD

Bayliss Manager for Smith Barney in Hartford

HARTFORD, Conn.—Charles E. Bayliss has been appointed manager of Smith Barney, Barlow & Co., at the newly-established Hartford office, Hartford-Aetna Building. Mr. Bayliss was formerly with Putnam & Co.

INDEX

Articles and News

The Business Outlook—Paul H. Nystrom...Cover
Our Fiscal Resources for the Emergency—Roxwell Magill-Cover
New Houses—Roger W. Babson...3
Food and Food Processing Industry Securities—Allan R. Findlay...4
Factors Influencing Government Bond Market—Malcolm B. Lees and Davis L. Baker, Jr...6
Shoe Production in Changing Times—John H. Patterson...6
Korea and Taxes—Gen. Sherman Berven...7
Progress in International Financial Cooperation—Hon. John W. Snyder...8
How to Meet Government Mortgage Competition—Horace Russell...11
Mortgage Credit and Inflation Controls—William A. Lyon...13
Consumer's Interest in Utilities' Success—Richard L. Rosenhau...15
President Truman Outlines Expanding Economic Policies...8
Thomas B. McCraw Warns of Credit Expansion...10
A. Wilford May and Benjamin Graham to Give Course on Post-Korea Investment Problems...11
Ira Haupt & Company Sponsor Mutual Funds Exhibit at Mineola State Fair...13
George F. Bauer Describes E. S. Pillsbury's Gold Plan as Therapeutic, Not a Decorator...14
Let's Not Sitidie Discussion! (Boxed)...18
Federal Tax Program Analyzed in National City Bank "Letter"...18
Only One Day for Work?...19
Advocates Consumer Loans by Savings and Loan Associations...20

Regular Features

As We See It (Editorial)...Cover
Bank and Insurance Stocks...10
Canadian Securities...18
Coming Events in the Investment Field...8
Dealer-Broker Investment Recommendations...8
Eiseng—"Need of International Financial Defense Coordination"...17
Frem Washington Ahead of the News—Carlisle Bargeron...7
Indications of Business Activity...27
Mutual Funds...12
NSTA Notes...16
News About Banks and Bankers...26
Observations—A. Wilford May...5
Our Reporter's Report...43
Our Reporter on Governments...14
Prospective Security Offerings...41
Public Utility Securities...20
Railroad Securities...25
Salesman's Corner...19
Securities Now In Registration...38
The Security I Like Best...5
The State of the Trade...20
Tomorrow's Market (Walter White Says)...34
Washington and You...44

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BROKERS IN GOOD STANDING

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Thursday, September 14, 1933

Every Thursday (general news and ad

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Published Twice Weekly
Food and Food Processing

Industry Securities

By ALLAN E. FINLAY

Scudder, Stevens & Clark, Investment Counsel

After pointing out similarities and dissimilarities in food processing and other industries, Mr. Finlay discusses the corn refiners group from the standpoint of raw materials and costs; processing developments and their effects on prices, profit margins and profit factors; and sources of information. Stresses importance of proper accounting for inventory profits and losses. Urges close analysis of operations involving refined products.

As I understand it, this afternoon, the group is going to be processing from the approach of the refiners, and the investment approach involves many problems. What, on the other hand, have you been studying these industries, and I believe that the book is, in the investment approach would be for each analysis to try to know how a particular company is doing, almost as well as the top officials of those companies.

If you do not know your subject that well, you frequently find, well, you are aware, and they are often costly developments about which you have not learned, and that you have to scurry out to try to find the answer after it is too late.

Now, in order to illustrate this approach, rather than cover research on the entire food processing industry, I am going to go over some of the general investment points of the different groups of food processors, and then take each of the individual companies, the refiners industry and go into considerable detail.

Now, first let's cover a few of these basic food processing groups. There is one underlying similarity in all food processors. They are all processors of raw materials that produce.

Beyond that point, I think the dissimilarities are far greater than the similarities.

Variety of Food Processing Companies

Let's take the有钱. The United Fruit Co. is an industry unto itself. The one dominating investment approach to this company is that it is basically a farmer. As a farmer, it is in the basic food processing industry, the refiners industry is a food processing company that is fundamentally a sugar maker, and the United Fruit Co. companies raise a part of their sugar cane requirements. Its work consists of shipping the sugar, and many other products in both raw material and in processing. That is the process of harvesting and transporting them to this country, and then go into refining them into a form which we can use.

Now, what does that mean? You all know, I think, from economics that you may have had or from the study of the war, that the farmer has greatly benefited from the taxation system, he supports and from war-prize inflation. United Fruit Co. is the only company in the group that has benefited as fully as the farmer. The other companies operate

- a lecture given on July 31, 1950, the 1950 meeting of the American Economic association sponsored jointly by Columbia University and the Federal Reserve Bank of St. Louis.

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(1953)

The Commercial and Financial Chronicle — Thursday, September 14, 1950
The State of Trade and Industry

Total industrial production for the country as a whole last week attained a new year high with overall output considerably above the level of the corresponding period a year ago. In keeping with the general upturn of business and industry, total claims for unemployment insurance for the latest week again show a slight falling off from the level of the week before.

Affirmative action and increased wages and improved benefits granted recently by companies in the automotive industry have already prompted a few employers to add new workers to their payrolls.

Alfred Frank

To Consolidate With J. M. Hickerson

The business of J. M. Hickerson, Inc., advertising agency, New York, and several others, is to be consolidated into the advertising firm of Albert Frank—Frank-Guetner—Reynolds, the merger of Oct. 1, 1950, was announced yesterday by Emmett Corrigan, Chairman of the Board of Directors of the latter company, whose name and corporate structure remain unchanged.

Mr. Hickerson has been elected President and a director of Albert Frank—Frank-Guetner—Reynolds, who has been President of the company since 1932, and has been Vice-Chairman of the Board of Directors. He had been President since 1919 of Albert Frank & Co., a predecessor firm, organized in 1872. Robert E. Potter, Sr., has been elected a Vice-President of Albert Frank—Frank-Guetner Law, Inc., in charge of consumer advertising in the Chicago office.

Mr. Hickerson's entire business career has been in the advertising and related fields. Upon graduation from the University of Iowa, he joined as a salesclerk the Franklin Electric Company in its incandescent lamp advertising department and was later transferred to its marketing department.

In 1930, he became associated with the advertising firm of Lord & Thomas, leaving that organization in 1952, and became President of the agency bearing his name.

The head office of Albert Frank—Frank-Guetner Law is at 131 Cedar Street, New York. The upstairs office continues at 110 East 43rd Street. Other offices are located in Cleveland, Philadelphia, Washington, D. C., Chicago, Detroit and San Francisco.

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Literature and Insurance Department
Factors Influencing Government Bond Market

BY MALCOLM L. LEES AND DAVID L. BAKER, JR.*

The First Boston Corporation, New York City

Assessing public debt and its management constitutes keynotes of an understanding of national economic and financial markets materialmente, Messrs. Lees and Baker list as factors affecting Treasury securities: (1) debt management policy of Treasury; (2) money management policy of Federal Reserve Board; and (3) activity of private capital in the national economy. Discuss budgetary policy as means of maintaining business and credit stability and describe effects of Treasury financing operations on market conditions and reserve levels. Explain Federal Reserve procedures for influencing money market and list miscellaneous factors affecting government security prices.

It had been originally intimated that this discussion should relate only to the mechanics of trading government securities. However, in view of the fact that yields on the long-term government bonds represent factors influencing the rates on the large commercial and industrial loans, it seems more desirable to discuss why the government market is basically important. What factors affect it and how these influences may be brought to bear.

The Federal debt has reached its highest level in the economic as a result of the huge government expenditures which have been involved in the two great wars, and the borrowing which has been necessary to finance the deficit incurred. The magnitude of this debt is such that it is largely held by private individuals. The government bonds are held in extensive quantities. They are purchased by individuals, financial institutions, and corporations.

Factors Influencing Government Bond Market

The Secretary of the Treasury has at his disposal a number of the major policies the Treasury is functioning by which the interest of inves-
tors in determining what type of securities to offer when cash is needed is largely in the hands of investors. If there is no change, we have to face the fact that we are unable to pay the going rate of interest on Treasury bonds.

Another important influence is the rate of interest which is charged on all major federal government tax payments for vari-
ous reasons, including security, unemployment, etc., which represent a cash income to the Treasury and which are held by investment institutions. Today the Treasury has received its capital for the payment of interest on these obligations. In many cases, they are held by financial institutions. Today, the Treasury has not only been able to pay the interest on these obligations, but has also paid a premium on these obligations.

Briefer, the Treasury's responsibilities include the financing of the Federal budget. The management of the debt in such a manner that the total of the United States may be maintained at a material interest. The Treasury is the central authority with the responsibility to control the supply of money, the supply of credit funds necessary to a healthy economy. That the Treasury cannot reduce the burden of debt. This burden must be reduced.

One of the first of our items which should be considered is the Federal budget. The position of the budget depends much upon the fiscal and monetary policies of the Treasury. When the Treasury is in a position of financial credit, it is a com-
fortable position to cope with inflationary trends and to assist the country in its recovery. In the problems of credit control by a government, of utmost importance is the management of the budget. But when the Treasury is in a position of financial credit, it is essential to understand the budget. When the budget is in a position of financial credit, it is essential to understand the budget. But when the Treasury is in a position of financial credit, it is essential to understand the budget.

In the last year or so, the Treasury has been under much of its freedom of action, and its financing needs may seriously undermine the position of the Federal Reserve System—as it appears to be in a position to keep the prices of these securities in line and has developed a number of them. In November, 1949, with respect to the Federal Reserve, the inflationary system.

The Federal Reserve Board has had much discussion as to whether the Treasury should endeavor to smooth out fluctuations in the money market and in business, at least to some extent. Thus, in a period of inflationary activity, the Treasury might endeavor to operate in order to exercise some restraint over these conditions. Purchasing power of the dollar at those times are otherwise necessary. Let us be clear, the Federal Reserve System is a budgetary deficit would add tax to the hands of consumers and provide a stimulus to the economy. Unfor-
tunately, the Treasury has not been able to control the theoretical viewpoints involved. We have to face the fact that the deficits seem to result almost exclusively in deficits. We have had deficits really in government operations. In 1949 and 1950, 1950 and 1950, the high production level, prov-

Day-to-day developments in the government market are significant that expectations that will not be resolved. We re-

WARTIME CONTROLS

er, and the contracts that we are making have to be resolved. There are no visible signs, and perhaps the possibility of new crises.

It can be said today with some certainty that the old policies should give us a better picture than we have of what lies ahead in the intermediate future.

One of the most difficult things about updating our current situation is that we don't know exactly what is going to happen. This is not the time to make firm statements. It is true that all the figures that have been presented, we have very few figures for the future. Various figures, at different times, cannot be made about the economic over-all.

We have some estimates for the July production. These estimates for the future, but we do not know how great the extent to which new orders will come in the line from ultimate consumers of shoes of this type have been, on the average, about $1 million, but the Treas-

The Federal Budget

The Federal bond, which has been in the money market, and the price of the market is in balance.

Effect of Treasury Financing

We should now review the effect on the other banks and the money supply, which may be of the Treasury. To influence the market, one of the most important factors is to have a sufficient supply of these securities. The amount of these securities is not only a matter of supply, but also the way in which the Treasury has been able to influence the market.

Under normal conditions we can do a pretty good job of telling where the lines are, and where we have been, even with data from two months or more old, as most of our information usually and almost inevitably is. When a Treasury intervention, as it did at the end of June, which happened through June does not throw much light on what to expect in the future.

Effect of Government Financing

Even when we have information, however, we have great un-
certainty. The "taper" of the bonds, for example, was not enough to upper sharply, then went down about half as much as they went up, and then went back again. Are they going higher, lower, or staying about where they were? Do I "know"? Does anybody know? Not really. But if the commercial banks and the commercial suppliers appear to be in line with probable results.

Against Speculation in Raw Materials

At present prices, you cannot speculate in raw materials. Don't kid yourself into be-
believing that leather today looks better than it actually does. It isn't as good as money can buy. It goes on falling off a bank loan. At the same time, there is a lot of talk about the fact that to keep their working capital intact, they must maintain their inventories.

*An address by Mr. Patterson before the New York State Manufacturers Association, New York City, Sept. 6, 1950.

Shoe Production in Changing Times

BY JOHN H. PATTERSON*

Economist, National Shoe Manufacturers Association

Mr. Patterson calls attention to uncertainties in present business and how they may be measured and speculated in raw materials. Contents, depending on the kinds of consumer goods, there is likely to be substantial reduction in demand for shoes. Looks for government controls if war comes, and the government may have to take other factors in production as well as prices.

It has been said many times that in business nothing is so impor-
tant as timing. It seems always that uncertainties of timing and prices will be re-

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the price, etc. What's the real story—how will they affect

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ter is your desk every Monday morning for 12 weeks from now on. (Regular, full-year rate is $12.)

*An address by Mr. Patterson before the New York State Manufacturers Association, New York City, Sept. 6, 1950.
From Washington
Ahead of the News

By CARLISLE BARGERON

The charges which Senator Schoeppef sprung on Secretary of the Interior CHAPMAN, had been climaxing around Washington for three months. At least that long ago I was shownphotostats of his oath as Under Secretary of the Interior in which the clause swear- ing that the affiant did not belong to any or- ganization or society was crossed out. I cautioned the possessor of the photostats that he had better make a more thorough check and that particularly he should check as to whether Chapman's oath when he became Secretary of the Interior was similarly altered. He assured me this would be done. Apparently the second part of the oath in this instance had been retained which caused Schoeppef's sug- gestion that Chapman's affiliations had changed, that he could not truthfully have sub¬scribed to the whole oath when he was made Undersecretary but could by the time he had become Secretary.

The charges have, of course, been exploded and Senator Schoeppef has been made to look very silly. The Left-wingers are propugnating the fiasco for all it is worth with the hope of offsetting his large and more so the political capital that Senator McCarthy made notwithstanding out, but there have recently been two instances in which the Federal Power Commission and the other appropriate agencies approved plans of private companies for projects, only to have Chapman thwarted them. When Congress asks him about this he will smile at first and then get persistent he will bare his teeth and it will be the end of that.

Joseph F. Jordan Co.

J. A. Warner Refires

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As Pres. of Firm

(Special To The Financial Chronicle)

NEWTON, Mass. — Joseph F. Jordan has formed Joseph F. Jor¬
dan & Co. with offices at 18 Cabot St. The firm is a general real estate and securities business. Mr. Jordan was formerly associated with Boardman, Freeman & Co., and Richard J. Buck & Co. and prior to this for many years was associated with R. H. Johnson & Co.

J. Arthur Warner has retired to President of J. Arthur Warner & Co., Incorporated, 129 Broadway New York City. The firm will continue to be managed by the present business ends exactly as before.

It is understood that no new election of officers is planned at the present time.

Dillon, Read & Co. Inc.

One page of the document contains an article about the economic conditions in the U.S. and the effect of the Second World War on the consumer. The author, Carlisle Barger, discusses the economic policies of the government and their impact on the economy. The article also mentions the formation of a new firm, Jordan & Co., and the retirement of J. Arthur Warner.

The text is written in English and is a news article dated September 14, 1950. The article discusses the economic conditions in the U.S. and the effect of the Second World War on the consumer. The author, Carlisle Barger, discusses the economic policies of the government and their impact on the economy. The article also mentions the formation of a new firm, Jordan & Co., and the retirement of J. Arthur Warner.
President Harry S. Truman on Sept. 9 delivered his second radio address on all major network outlets. It was also broadcast by the recently re-activated National Defense Production Board, and his message will be widely transmitted across the nation in a coordinated effort to maintain the peace and freedom in the world.

To the American people, he said, "The United States must contribute its full strength to the defense of freedom and peace."

The danger the world faces is so great that we cannot be satisfied with less than an all-out effort everywhere and on all fronts. This has given us our goal of a better life for all the people of our country and of our world. For, with the time two years, we have taken absolutely that our economy turns out the guns and planes and tanks and other supplies which are needed to protect the freedom and independence of Civilian Domination.

Three Tough Problems

To do this job, we must meet and must be prepared to meet the problems of defense. First, we must produce the materials and equipment needed for defense. Second, we must raise the money to pay for the cost of our defense programs. Third, we must prevent inflation.

Solving these three problems is the challenge we face on the radio, on the road, and in the schools. We are publicizing this program to the world. Only in this way can we convince the world that American determination will not pay. This is the challenge of building up our military strength and the

TRADE MARKETS

Durex Plastics & Chemicals
Clearing Machine

William A. Fuller & Co.

H. Hentz & Co.

National Resource Security

Chemical & Drug Liquor Stocks

Marketing position also business

American Electric Power

Cable Co., 165 Broadway, New York, 6, N. Y.

National Security Dealers

Association Annual Convention at the

Cable Co., 165 Broadway, New York, 6, N. Y.

Dallas Bond Club of Philadelphiaheld

Anniversary dinner at the Waldorf Astoria Hotel

Starlight Roof.

The Commercial and Financial Chronicle... Thursday, September 14, 1950
Korea and Taxes

By GENERAL BREHON SOMERVILLE* Chairmen, Brehon Associates, Inc.

Ascerting red-ink spending will lead to red government in U. S., Gen. Somervell attacks Federal extravaganza in civilian spending which he denounces as threatening to lead to constantly higher prices. An Inter-City Critics Administration's spending program and points out President is not following his own advice advocating "pay-as-you-go" policy. Cites instances where government spending can be reduced and argues that business also follow policy of restraint.

Ater World War II we set out in good faith to reduce our military establishment. We had the assumption that the united nations, the world wanted peace. But that assumption was not realized. In 1946 I stated that any world differences with the nation's public de f i c i e n c e or f a i r, could not be justified by the fact that no nation needed defense of any kind. Its opinions or its position with respect to our own, is expensive and expensive armament. Unless, unfortunately, Russia and China, with their satellites seem not to have the same happy view.

With our mild disarmament, we did too much and it did too soon. The defense programs have crashed, and we are working vigorously and with speed, to put it back on track. But we shall again have enough. Such a course will require at least two to three years of hard and intense rearmament.

We think we can work on a course from which there is no turning back. This is the way to deal with the situation and in plain inconvenience will be tremendous. Our strength, resources, and patience will be taxed to the limit and our supply, of all three, is a great that we can squander any of them.

Our military programs will require many new weapons, new planes, new equipment, and new kinds. In World War II it took $1,074 per man to equip an army. New weapons, improved weapons, new types of equipment for today, are needed. They are being raised to the point where it is estimated that our army at the height of the war, today, with today's military problems will take the figure more in the neighborhood of $4,000. The amounts for the soldiers and airman are no more than a few thousand dollars.

Although the figures are still in a state of flux, the expenditures currently being discussed by military personnel as needed to re build our military strength over the next three years total $120 billion. This is not the cost of an all-out war. This is the cost of fighting a winning fight in Korea, rebuilding the United States to the position of a first-class power of the world, and everything else. The strength and striking power will be regained and the war in Korea will be finished.

New figures are putting the cost of peace, which they buy us an uneasy peace, in a recent report, in an appalling monetary price, but still the price of peace is much too high. We cannot afford to pay for peace and let the American people be held for it. We would a thousand times rather fire dollars than rather weep pocketbooks than men.

How Cost Can Be Netted

Let us not assume that we have no reason for concern at the moment, at how we are going to meet the cost of this challenge. Let us not assume once, that just because we made a mistake in our military policy in this talk, "Korea and Taxes." The cost of the war will be very high, and it will be very hard to bear. But there are many things we can do to lower it, and to make the cost more bearable.

*An address by General Somervell before the National Tax Association, Pittsburgh, Pa., Sept. 11, 1950.

Federal Reserve Bank of St. Louis

Digitized for FRASER

No payment can be made to me or my firm of any money, nor any additional $5 billion of revenue, and this too is in process. He has said that Congress will have to find additional revenues to finance the defense preparations and he has stated that he will ask for additional expenditures.

He has said he intends to ask for sufficient in additional taxes to put our additional defense expenditures on a pay-as-you-go basis.

The important thing is that the present time to take advantage of normal appropriations bill prior to the Korean development so that the interim tax bill has he followed the policy of asking Congress to avoid imposing new taxes and to i.e. to create additional expenditures which have been proposed. But still he goes on saying, how will we deal with the 1960 budget, unless we do it. If you answer that one wrong, go to the foot of your class.

But if we are to have any peace, we cannot ask the people to deny themselves, when our government when it is not prepared to do so.

One thing I understand that is in Washington is that someone government is going to have to have no offenses, to be making a thing every year. This theory seems to be based on the principle that if our Federal government think the people ought to have more, and if the government sold them it, if the government tell them what they should have, then the people automatically do need it, and this type of thing should not be denied or waited for, even if the people can't afford it. I am not talking about war expenditures.

The result of this qual reason- ing is that our government has spent more than it has in the 1960 past 21 years, although only five of those years, in which the cost of the war was constant over-spending has been that our own-war debt rose

Continued on page 34

Tennessee Gas Transmission Company

First Mortgage Pipe Line Bonds, 3% Series due 1970

Date September 1, 1959

Due September 1, 1970

Price 101.4% and accrued interest

The Prospectus may be obtained in any State in which this announcement is circulated from only such of the undersigned or other dealers as may legally offer these securities in such State.

$40,000,000

HALSEY, STUART & CO. INC.

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BACHE & CO., INC.

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THE ILLINOIS COMPANY

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AMERICAN SWISS CORPORATION

September 12, 1959

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

By Hon. John W. Snyder* Secretary of the Treasury

Snyder asserts, despite current disturbed interna-
tional financial conditions, a great deal that has been
achieved and both International Fund and World Bank
must continue their pioneer activities, despite new
difficulties placed in their path.

The economic and financial problems that we are
confronted with today are much more serious and
many respects than fore-

wooded, bank and fund had
during their

The nature of the economic crisis has been
recog-
nized by many states.

We must take advantage of the opportunity that
the International Bank has to contribute to the
solv-

sentiment, to the idea that the

cross-border capital movements can

The Bank, after its initial efforts for financing
the war, has been proceeding with increasing empha-
sis on development under-
taking. It has sought to encour-
ge better utilization of the basic

recognition of its mission to

The work of the Bank in effecting loans has been complemented by a
marked increase in its technical

assistance activities. The
importance of having adequate and

Bank and the Fund to deliver the full

Our recommendations for further consul-

tation and concerted action on prob-
lems dealing with the international

One paramount fact remains. The

three methods that the
economic

difficulties which have been

in the common interest to

We shall continue to place

*Remarks by Secretary Snyder at the

Opening Meeting of the International Bank and International Monetary Fund, Paris, Feb-
uary 26, 1945.

(3) They do everything possible to

(4) That they constantly strive to

(5) That they make some of their

THE COMMERCIAL AND FINANCIAL CHRONICLE

Bank and Insurance Stocks

By H. E. Johnson

Increased dividend payments have been among the most
prominent features of financial developments during the last few
months.

Some of the more spectacular declarations include the $2.50
special payment of General Motors, indicating total disbursements
for the year of $3.50 per share, and the $2 dividend declared by
the American Telephone and Telegraph Co. for the year with
the previous distribution of 85 cents.

The committee of ten to many other
companies and include such prominent names as National
Steel, American Smelting, National Dairy, Shell Oil, International
Paper, United States Steel, and many others.

In addition, there are several companies where there have been
dividends such as Libbey-Owens-Ford, and Allied Chemical
and the Cas shown payment has been increased.

These developments come on top of the increased dividend
rates to many companies at the end of last year. Up until
the middle of the current year dividend payments were run-
ing 4% to 8% ahead of 1949. Recent large special distributions,
however, should widen the difference.

In spite of the current uncertainties in the outlook, there
would appear to be a growing realization by corporate manage-
ment that stockholders should receive the benefits from the
capitalization needed for the future growth. The total dividend
payments in the past four years as well as the fact that costs are also in-
creasing for the individuals and institutions who depend on dividend
income.

Although the dividend increases have been numerous, the
percentage of these paid out as dividends is still generally conser-
vative. Most companies have maintained a strong financial
position and should be able to continue the increased rates under
present favorable conditions.

Increased taxes, of course, represent a major threat to earn-
ings. As such, the dividend tax is one in which the government
has not been enacting the expected profit levy for 1951 seems fairly
certain. Nevertheless, most companies should be able to maintain a level of earnings sufficient to fully cover the current
dividend payments. There is also the fact that construction pro-
grams now in progress will back the cash needs of many concerns will be
greatly reduced.

Over the balance of the year many companies will be enjoy-
ing the significant new military contracts which are expected to
raise a high level of business with defense activities increasing in im-
portance. This should give many companies a new impetus to
increase their dividend payments. The future of companies has enabled them to build up their financial position and in many cases they are in a position to increase dividends. While the threat of higher taxes may induce a cautionary policy in some cases, we would expect the trend toward increased distributions to many companies at the end of the year.

These developments have special significance so far as they
come from the concern of our financial and insurance commu-
nity. Many of the companies are important beneficiaries of the
current boom in dividend payments. In some instances common
stocks are far more than double what they were previously.
There is also the fact that this income is exempt from Federal
taxes, and the potential for an increase in corporate rates, it assumes a greater importance.

The first half year statements of the major insurance com-
panies showed substantial improvements over the first half year of the
results of a year ago, the income from invest-
ment increases showed increases of 10% to 25%.

The explanation for this favorable comparison arises out of the
extent of dividend payments which have been received and the larger
volume of funds invested. A gradual increase in premium volume
plus the retention of a considerable portion of the record earn-
ings of last year, has enabled the insurance industry to augment its
investment funds. A considerable proportion of these resources was
invested in common stocks. They are now providing a favor-
able return and along with the higher income received on pre-
investments have substantially improved the investment
income of these companies.

Thus, for the year investment earnings should reach record
levels. Additional investment income in the near future is also in-
termittent in the case of dividend policies, we would expect that the favorable re-
sults being achieved in this end of the business will be reflected in the dividend payments of insurance companies between now and the end of the year.

McGahc Warns of Credit Expansion

Chairman of Federal Reserve

in a talk to the National

Sales Executives in Washington Thursday, Mr. McGahc warned of the policy of maintaining orderly conditions in the government se-
tablishments, and thereby another bank credit expansion.

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How to Meet Government Mortgage Competition

By HORACE RUSSELL* General Counsel, U. S. Savings and Loan League, Chicago

Mr. Russell sees as essentials in meeting and beating government competition: (1) understanding market conditions and the government competition level; (2) increasing period of loans; and (3) increasing percentage of amount of loan to appraised value. He advises that savings banks and loan share-holders be held below 2 1/2% and reserves be built up to full 10% of liabilities.

This discussion will be confined to savings banks and trust companies. There are very few government competition panels in the country, and these will be discussed in another article. The Federal Reserve Bank of St. Louis

These two are the only factors essential to the monthly payment being paid. If the monthly payment is more than 2%, they can provide adequate offices, equipment, personnel, facilities, and service which will get the savings in competition with the above at a 2% rate. The only reasonable and logical conclusion is that the business ought to adopt in the present situation a dividend rate of not less than 2% and not more than 2 1/2%.

Build Ups to 18% Finally, if the dividend rate question is reasonably disposed of, our associations can and will build reserves to a full 10% of assets. If this is done, they can face the future with confidence. They can provide adequate offices, equipment, personnel, facilities, and service, including advertising. If they do these things, the management and employees will be happier and it is certain that the savings will have a better chance in management of the savings and loan competition. In fact, that safety and security are prime and foremost considerations in the operation of savings institutions. This is recognized by the people themselves, buying from 1 to 2%, and with services of more than 10%, and who have served safely and securely for the last 20 years. It is recognized by the insurance companies likewise. Commercial banks and trust companies are in a similar position and recognize such, and we are a great many homes and millions of trust accounts, as well as the first in America recognizing such fact. Our savings and loan business as presently organized is economically sound in the family of financial groups. We simply must recognize the facts of life. The welfare of our local communities, the state, and the nation is at stake. Insurance of accounts will fully protect the account-holders in the event of the above. Their local savings accounts are more convenient and cheaper than those obtained in the conventional agency or of the above, except that the deposit in the local bank is not 2% but 10% more than the local bank is paying. If the associations pay a 2% rate, they can provide offices, equipment, personnel, facilities, and service which will get the savings in competition with the above at a 2% rate. The only reasonable and logical conclusion is that the business ought to adopt in the present situation a dividend rate of not less than 2% and not more than 2 1/2%.

To Analyze Post-Korean Investment Problems

New Course to Begin Sept. 25

A. Wilfred May Benjamin Graham

A 15-weeks course on investment problems taking into account post-Korean war, economic and political factors, including renewed threats of inflation, will begin at the New School for Social Research Sept. 25. The course will be conducted by A. Wilfred May, executive editor of the Commercial and Financial Chronicle, who was formerly associated with the Securities and Exchange Commission. Titled "The Investor in a World of Uncertainty," the course is designed for the investor, layman as well as the professional security analyst, customer's broker, investment counselor, bank investor, trustee, and executor. Particular attention will be devoted to psychological factors which the current war atmosphere have made all-important while investing in the market place.

Two lectures in the series dealing with practical portfolio techniques, will be delivered by Benjamin Graham, investment trust manager and author of "The Intelligent Investor." A detailed discussion of details of the course may be had from the New School, 66 West Twelfth Street, New York 11, N. Y.

Pennsylvania Railroad Equipment Trust, Series Z

25% Equipment Trust Certificates

To mature annually $667,000 on each April 1, 1951 to 1965, inclusive.

To be guaranteed unconditionally as to payment of principal and dividends by endorsement by The Pennsylvania Railroad Company

Priced to Yield 1.60% to 2.75%, according to maturity

J. HALEY, STUART & CO. INC.

R. W. PRESSPRICH & CO.

BLAIR, ROLLINS & CO.

EQUITABLE SECURITIES CORPORATION GREGORY & SON HARRIS, HALL & COMPANY

HORBLOWER & WEEKNES MERRILL LYNCH, PIERCE, FENNER & BEANE

OTIS & CO. (INCORPORATED)

THOMAS & COMPANY

To be purchased in denominations of $1000, and in multiples of $1000.

To be transferred in the name of the investor by endorsement, and the certificates will be delivered without certificate to the Federal Reserve Bank of New York.

On application and deposit of the purchase price, the certificates will be held in trust by The Pennsylvania Railroad Company in the name of the investor in an account with The Federal Reserve Bank of New York, and the certificates will be delivered only on the death of the investor or repossession of the certificates by the Federal Reserve Bank of New York. The certificates will carry to the investors the benefit of any appreciation in the value of the certificates from the date of their acquisition.

The certificates are not subject to preemptive rights.

The certificates will be issued under the provisions of the Investment Company Act of 1940, as amended.

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Mutual Funds

By ROBERT R. RICH

Nat. Securities' Stalwart Retires in Ill Health

Douglas Laird, whose Scotch wit and humor have made him one of the most popular and successful men in the mutual funds industry, retired from his position as Vice-President and Director of National Securities, Inc., a nationwide securities firm, last week. The decision to retire, which was taken in the interest of the company, was made by Mr. Laird, who is 70 years old.

In a statement, Mr. Laird said: "I am of the considered opinion that the future of the company should be dependent solely on the health of its management, and I have determined that I cannot perform my duties as I should. Therefore, I have decided to retire from active management of the company." His retirement will take effect immediately.

Mr. Laird serves as the President of the company, which has been in existence for nearly 100 years. He has held various positions in the company, including that of President and Director, and has been a member of the company's board of directors since 1920.

In addition to his management duties, Mr. Laird has been a member of the company's investment committee, which is responsible for selecting the company's investments. He has been a member of the committee since 1930.

Mr. Laird's retirement will be replaced by a new President and Director of the company. The new President and Director will be announced at a later date.

Mutual Funds

By ROBERT R. RICH

The Nat. Securities Mutual Funds have seen a significant increase in demand over the past year, with assets growing by 20% in the last 12 months. The company has been successful in attracting new investors, and has been particularly successful in attracting institutional investors.

"The Nat. Securities Mutual Funds have been very successful in attracting new investors," said Mr. Laird. "We have been able to attract a large number of new investors, and have been particularly successful in attracting institutional investors. This has been due to our strong investment performance, and our commitment to providing high-quality investment products."
Mortgage Credit and Inflation Controls

BY WILLIAM A. LYON
New York State Superintendent of Banks

After citing vast increase in mortgage credit, New York Banking Superintendent recommends savings institutions curtail their lending and invest more funds in government securities. Says real estate credit is in scope of Federal income controls and promises state cooperation with Federal authorities.

For the third time in this generation war is our biggest single menace. Wartime appetites for destruction and goods threaten again to create shortages and, there, and in pruning inflation, controlling inflation again comes the government. This is a battle on the home front in which all savings institutions must take part. We do not know the size of the defense effort that we will have to make, but we will be deluding ourselves, I am afraid, if we think a token effort will suffice. The prudent course is to expect that a major effort will have to be made and that we shall not be able very soon to return to our prewar execution.

It is regrettable in every way that we must find the trends of the last few years imperious. When I accept the invitation to speak to you tonight, I must confine my remarks to the great record of residential mortgage lending that has been achieved in this country. New York has been marked by a steady increase in savings for new homes. With nearly all the country's dwelling units started last year, our State has been responsible for nearly half of the national housing effort. In urban building, where most of the activity has been concentrated, New York was exceeded only by California in the increase in population for the last decade was 53% as against only 7% in New York.

The record rate of residential building is marked by the greatest increase in mortgage credit ever experienced. Since the end of World War II the national home mortgage debt has more than doubled and now stands at about $90 billion. Savings and loan associations have played a most important role, year by year, in financing this expansion. They hold about one-third of all our home mortgages. In New York, State over one-half of home mortgage recordings of $20,000 or less go to savings and loan associations. These institutions have been fulfilling one of their primary purposes in an outstanding fashion. They have also done another fine job. They have been a powerful influence in cultivating the savings habits of the public. In a rate of growth they are the fastest growing institutions under the supervision of the Banking Department, both as regards the percentage rise in the dollar amount of savings and the number of holders of savings shares. By midyear they held some three-quarters of the way towards doubling the amount of savings that had been outstanding on V-J Day. The rise in new savings members in this period has been by more than 50%, which means that more than 2 million persons, that is, shareholders other than borrowers, have been added to your rolls.

I have noticed with interest the fact that our home financing industries are looking in the mirror of the Treasury. The Federal National Mortgage Association, held at the midyear only, nominal unit of mort¬gage originating in New York State and in the New York met¬ropolitan area. By contrast, Cal¬ifornia, Florida and Texas, which rival New York in building activity, have depended to a sub¬stantial extent on the secondary mortgage market of the United States Government. Our relatively good showing may be considered a tribute to the well developed savings habits of the people of the State and to the enterprise of New York's financial institutions active in the mortgage market.

Slow-Down on Mortgage Credit

Now we must expect that the building up of mortgage portfolios will be slowed down considerably. Wartime, even less than total war, cause serious distortions. Even an economy as boundlessly produc¬tive as ours cannot supply the demands of the war apparatus and business as usual at the same time. Something has to give. The effects of war are war and defense needs may not be fully felt until next year, 1945. But I want to make it plain in the timing of our preparations that I am sure that we all hope any error will fall on the side of over-estimating too soon. When government spends now, we are borrowing dollars that must be spent less. We can bring private spending down forcibly through raising taxes or voluntarily by stepping up the rate of savings. This is where savings institutions come in. They can help to check inflation by reducing the efforts to attract the savings of the public.

That is half of the job that sav¬ings institutions like yours can do at this time. The other half is to manage the funds that come to you in ways that hold down the inflationary pressures as much as possible. Funds that are invested without regard for the necessities of inflationary control will speed the depreciation of the saver's dollar and hence place a profound discouragement in the way of all savings. If we cannot persuade the American people to save more and spend less, we can expect direct¬ IRCs—over prices, wages and strategic materials—to come back.

One of the very first steps that savings institutions can take to help in the suppression of infla¬tion by indirect means is to see that the Treasury funds enough money outside the commercial banks and Federal Reserve Banks to finance any deficit it runs up in the war and defense effort. The borrowing needs of the Treasury should be filled out of private savings—savings invested directly in bonds by individuals or indirectly in government securi¬ties through savings institutions. It is necessary, therefore, for sav¬ings institutions to take up their share of any new money bonds offered by the Treasury. Recent developments in Treasury finance suggest that our difficulty may lie in the Treasury's reluctance to offer bonds rather than in institutional unwillingness to buy them.

The increase in the annual quota of savings bonds which an institution is allowed to take

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

NEW ISSUE

$20,000,000 Virginia Electric and Power Company First and Refunding Mortgage Bonds, Series H 2 1/4%
Dated September 1, 1950 Due September 1, 1960

Price 100.75% and accrued interest

Salomon Bros. & Hutzler
BLAIR, ROLLINS & CO. DREXEL & CO. LEE HIGGINS CORPORATION INCORPORATED
L. F. ROTHESCHILD & CO. SCHOELLKOPF, HUTTON & POMEROY, INC.
STROUD & COMPANY INCORPORATED
THE MILWAUKEE COMPANY
FOLGER, NOLAN INCORPORATED
COOLEY & COMPANY

September 14, 1949
LETTER TO THE EDITOR:

Describes Pillsbury's Gold Plan as Thermometer, Not a Protector

George F. Bauer, referring to industrialist's recent "Chronicle," article, criticizes him for not insisting on our government's full gold dollar.

Editor, Commercial and Financial Chronicle:

In the article entitled "Labor's Security Package and the Collapsing Dollar" ("Chronicle" of Sept. 7, on page 17) Mr. Bauer pointed to an increasing alarm over the devaluation of paper money and wages and, while stressing the necessity for conversion at a fixed rate of $3 per ounce of gold.

It seems the government is still to be exempted from any obligation of a 1% Certificate Rate Anticipated.

The money markets are now trying to figure out how high short-term interest rates may rise under Fed's new measures to what effect this will have on the intermediate- and long-term issues. A 1% rate for certificates seems to be a foregone conclusion. Many of the operators in the government bond market believe that even a 1% rate for one-year paper will be seen in the future. Based upon a 1% rate for certificates there are still considerable adjustments which will have to be made in the list. An even higher rate would mean further changes would have to take place. Because of this uncertainty, it is not at all surprising that prospective buyers are quite willing to stay on the sidelines and wait.

Insurance companies and savings banks are sellers on balance and indications are they will continue to be for some time yet. They are reluctant to place funds in a market where rates are sufficiently high to rate it worthwhile to sell government bonds. With the market as thin as it has been on the buy side, it is not surprising that there are few buyers and there in the issues that are being sold by these institutions.

Lower Prices on Long Terms Expected

To be sure, the market has not been entirely devoid of buyers, because there has been some scale purchasing going on. However, these have not been very sizable and they have been more or less of the reluctant variety, because it is felt in many quarters the longer-term issues might go lower, before a era of stabilization would be reached. For the time being, at least, it appears as though not a few of the potential buyers of the higher yielding Treasuries are going to give them an opportunity to prove where they are going on the down side, before important scale purchases will be undertaken. Switches have given a fillip to commission buying.

The bank 2%5 of September 1967/72 are being watched very closely by many of the out-of-town institutions, but in this case also there is an inclination to make commitments, despite the need for the income which this issue provides. The feeling that further price adjustments in the longer-term obligation might take it down to levels that would not make purchases at present very worthwhile. There will be no interest in the longest bank 2%5 if it approaches an area of stabilization, which some believe might be somewhat under current rates.

The 2%5s and the 2% of 1965 are also getting attention, but not too much real buying at the moment, because recent purchases appear to be in the area of commitments, despite the need for the income which this issue provides. The feeling that further price adjustments in the longer-term obligation might take it down to levels that would not make purchases at present very worthwhile. There will be no interest in the longest bank 2%5 if it approaches an area of stabilization, which some believe might be somewhat under current rates.

Va. El. & Pow. Bonds Offered by Salomon Bros. & Hutzler

Salomon Bros. & Hutzler and associates are offering $20,000,000 Virginia Electric & Power Co. first and refunding mortgage bonds, series H, 4%, due Sept. 1, 1980, at 103.50% and accrued interest. The bonds were awarded to the group at competitive sale on Sept. 12 on a bid of 103.3371%.

Proceeds to be received from the sale of the offer will be used to pay $11,000,000 or more of notes and debentures outstanding for construction purposes and the remaining $9,000,000 of construction expenditures after June 30, 1950. Construction expenditures for 1950 are estimated at $37,200,000, of which $16,800,000 has been expended through June 30. For the year 1951 construction expenditures are estimated at $39,000,000.

The bonds may be redeemed at prices ranging from 105.5% to 108.76% of par. Special redemptions run from 100.75% to 105.00%.

Virginia Electric & Power Co. is an electric utility operating in most of Virginia and in portions of North Carolina and West Virginia, serving approximately 55,000 square miles. The company also conducts a manufactured gas business at Norfolk and Newport News, Virginia. A large-scale project is under construction, which will be completed in 1959, with investment of $320,000,000, the second two-thirds residing in communities of 1,000 or more inhabitants.

Reynolds S'Aff (Special to The Financial Chronicle)

Burlington, N.J.—Mr. Frank H. Reynolds, who has been with Reynolds & Co., 208 South La Salle Street, Chicago, Ill., is now connected with Otis & Co. and in the past was with Bier & Co.

With Stoltten, Knight

CHICAGO, Ill.—Linneus A. Lawrence has been associated with Stoltten & Knight, 135 South La Salle Street. He was with Bier & Co. for 17 years with First Boston Corp.

With Thomson McKinnon

INDIANAPOLIS, Ind.—Harry W. McKinnon has been connected with B. Lary & Co., and have become associated with Thomson & McKinnon 5 East Market Street.

U. S. TREASURY BILLS CERTIFICATES NOTES BONDS

Va. El. & Pow. Bonds Offered by Salomon Bros. & Hutzler

Salomon Bros. & Hutzler and associates are offering $20,000,000 Virginia Electric & Power Co. first and refunding mortgage bonds, series H, 4%, due Sept. 1, 1980, at 103.50% and accrued interest. The bonds were awarded to the group at competitive sale on Sept. 12 on a bid of 103.3371%.

Proceeds to be received from the sale of the offer will be used to pay $11,000,000 or more of notes and debentures outstanding for construction purposes and the remaining $9,000,000 of construction expenditures after June 30, 1950. Construction expenditures for 1950 are estimated at $37,200,000, of which $16,800,000 has been expended through June 30. For the year 1951 construction expenditures are estimated at $39,000,000.

The bonds may be redeemed at prices ranging from 105.5% to 108.76% of par. Special redemptions run from 100.75% to 105.00%.

Virginia Electric & Power Co. is an electric utility operating in most of Virginia and in portions of North Carolina and West Virginia, serving approximately 55,000 square miles. The company also conducts a manufactured gas business at Norfolk and Newport News, Virginia. A large-scale project is under construction, which will be completed in 1959, with investment of $320,000,000, the second two-thirds residing in communities of 1,000 or more inhabitants.

Reynolds S'Aff (Special to The Financial Chronicle)

Burlington, N.J.—Mr. Frank H. Reynolds, who has been with Reynolds & Co., 208 South La Salle Street, Chicago, Ill., is now connected with Otis & Co. and in the past was with Bier & Co.

With Stoltten, Knight

CHICAGO, Ill.—Linneus A. Lawrence has been associated with Stoltten & Knight, 135 South La Salle Street. He was with Bier & Co. for 17 years with First Boston Corp.

With Thomson McKinnon

INDIANAPOLIS, Ind.—Harry W. McKinnon has been connected with B. Lary & Co., and have become associated with Thomson & McKinnon 5 East Market Street.
Consumer’s Interest
In Utilities’ Success

By RICHARD L. ROSENTHAL*
President, New York Water Service Corporation
President, Citizens Utilities Company

Utilities executive, in pointing out consumers have as much interest in the utility’s existence as its stockholders, stress a “cost of problem” in effectively carrying out operations to provide adequate service at minimum rates, to pay operating costs, and to produce sufficient revenues to maintain necessary improvements and expansion. Calls attention to the fact that increased rates may lead to higher I rate utility securities, including Canadian Superior Oil of California, Ltd., at $19 per share (U. S. dol-

A group of United States and Canadian underwriters headed by Dillon, Read & Co. are offering to the public today (Sept. 14) a 1943 common share of Canadian Superior Oil of California, Ltd., at $19 per share (U. S. dol-

*An address by Mr. Rosenthal before the Prince Henry Research Water Works Association, Saranac, N. Y.

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Harold B. Smith, Chairman of the National Security Traders Association Advertising Committee

He is a Big Fellow! And he goes after advertising for the NSTA in a big way.

Since 1939 he has captained the NSTA Advertising Committee which has brought in more than $50,000 to the National's Treasury over the past 11 years.

This year he is so encouraging, the committee is working overtime, and we are still waiting for the ad insertion order from many firms that should be represented in our NSTA Convention issue of the "Chronicle." Call him at Pershing & Co., 120 Broadway, New York, N. Y.

WORTH 4-430.

AD LIBBING

Your committee is indeed happy to report that our affiliates, Georgia Security Dealers Association and San Francisco Security Dealers Trades Association, have come over their quotas, and from the efforts being displayed by Jack Egan of First California Company, San Francisco members should make an all-time high.

Nine affiliates so far have produced gross advertising that has exceeded quotas and is confidant our final results will surpass many of us. "It can be done."

It is a great pleasure this week to mention the name of one of New York's most respected members. He is active in spite of his many activities, but needs no "Loyalty Test" to maintain membership in our NSTA. He produced a quarter page ad for a N. Y. bank and his name—Premy Murphy, John C. Lega & Company, New York. Thanks, Cy and good luck.

I intend to place in your hands a memo of quotas and business produced by all our affiliates at our next National Convention meeting.

The pending letter from Ed Welch of Simcoe & Co., Chicago, says we may pay the 450 mark in attendance at the convention, with the ladies making a new high of over 100. Looks like a new record for convention attendance as well as advertising results for many affiliates. Do I refer to you?

HAROLD B. SMITH, Chairman
NSTA Advertising Committee
Pershing & Co., 120 Broadway, New York, N. Y.

NSTA GOLF TOURNAMENT

The second annual Calcutta Golf Tournament will be conducted at the NSTA Convention and contestants will have the pleasure of playing one of the nation's finest golf courses. The Cavalier Yacht and Country Club is the site of the annual $10,000 Cavaliers' Scratch Tournament. Usually held in April, players are selected by the Golf Writers' Association of America and this assures the participation of the finest golfers in the world. It was during this year's play that the Australian pro Van Nida, in a practice session, got a hole-in-one on the 16th hole which is 200 yards, all carry and a green almost completed surrounded by water. A 6,625-yard, par-89 golf course, the Cavalier Club offers a test to all NSTA golfers who participate in the Calcutta.

The Calcutta Committee is headed by Stanley L. Boggs, of Boggs & Co., in New York. Other members of the Committee include Herbert W. Blumberg, Herbert H. Blum & Co., of Philadelphia; Jack Morris, Courts & Co., of Atlanta; Wm. P. May, May & Buonomo of Boston; Fred J. Casey, Doyle, O'Connor & Co. of Chicago; Jay L. Guigley, J. L. Guigley & Co., of Cleveland; John B. Cornell, Jr., Dallas Rape & Son, of Dallas; Paul I. More...
Halsey, Stuart Group Offers Tennessee Gas Transmission 3½% Bonds.

Offering of 10,000 $1,000 face value mortgage pipeline bonds, 3½% series due 1908 of Tennessee Gas Transmission Co. was made on Sept. 13 by an underwriting group headed by Mr. L. E. Marston & Co. Inc. The bonds were priced to the public at 100 1/4 on a discount basis of 97 3/4. The bonds are rated A-1 by Moody's and A-1 by S. L. & L. Inc. They were priced to the public at 100 1/4 on a discount basis of 97 3/4. The bonds are rated A-1 by Moody's and A-1 by S. L. & L. Inc.

Need of International Financial Defense Coordination

By PAUL EINZIG

Dr. Einzig, commenting on shipments of war-use materials by Britain to Russia, contends situation was induced by Britain's food needs and foreign exchange position. Says Russian grain was needed to help British to stop further deliveries. The firm itself has for some time been pressing the government to take action in the form of canceling the export licenses. In the absence of such a step the firm is under legal obligation to deliver the goods in accordance with contract, even though its management and proprietors are fully aware that in doing so they are acting against the interests of national security, not only because the goods could be used to strengthen the striking power of the potential enemy but also because such goods are badly needed at home by factories engaged in arm production. Moreover, as long as the deliveries continue, engineers appointed by the Soviet Government to supervise them are employed by the liberty of the firm in the production of the tools, and they have excellent opportunities for securing information concerning British shipbuilding and manufacture. The instrument quoted by Mr. Churchill is by no means isolated. It is in keeping with the policy as a result of which some years ago a number of other countries entered into agreements with the Soviet Government. The Soviet Government is a natural ally of Great Britain and the United States, and through which Russia has been and is still in a position to buy large quantities of American natural rubber and American machine tools from British Dominions and Colonies. It seems probable that when Parliament meets this subject will figure prominently during the debates on the British war effort. Moreover, the Parliamentary Secretary for Overseas Trade issued a statement declaring that the government has sold to Russia and is now selling to Britain of goods which are badly needed by Britain. The problem of whether or not the sales of machine tools and other goods useful for military purposes should continue must be regarded from an essentially practical point of view. The exchange of essential goods between the two countries is an essential part of the war effort without which the whole machinery of the war effort is bound to break down. During the last war and during many previous wars the opponents often made use of the intermediaries of neutral countries to purchase goods which they needed. They were prepared to strengthen their enemy in return for receiving from them goods which could not have been obtained from elsewhere and which were indispensable for their war effort.

Dr. Paul Einzig

The Cleveland Electric Illuminating Company

Public Invitation for Bids for the Purchase of $25,000,000 First Mortgage Bonds, 7½ Series Due 1985

The Cleveland Electric Illuminating Company, an Ohio corporation (hereinafter called the "Company"), hereby invites bids for the purchase as a whole of an issue of $25,000,000 principal amount of its First Mortgage Bonds, 7½ Series Due 1985, bearing interest from September 1, 1956. Such bids will be received by the Company at Room 175, Public Service Building, Cleveland, Ohio, until 12 Noon, Eastern Daylight Saving Time, on September 19, 1956, or on such later date as may be fixed by the Company as provided in the Statement referred to below. Copies of a Prospectus relating to such Bonds, of a Statement of Terms and Conditions relating to the Purchase of said Bonds, dated September 8, 1956, and all other relevant documents referred to in said Statement, may be examined and copies of such documents may be obtained at the office of the Secretary of the Company, 75 Public Square, Cleveland, Ohio. Bids will be considered only from bidders who have received copies of such Prospectus and only if made in accordance with said Prospectus and such Statement and conditions set forth in such Statement, including the filing of questionnaires.

Officers and representatives of the Company, counsel for the Company, counsel for the successful bidders and representatives of the auditors for the Company will be available at Room 710, 75 Public Square, Cleveland 1, Ohio, on September 13, 1956, at 11:00 A.M., Eastern Daylight Saving Time, to meet with the prospective bidders for the purpose of reviewing with them the information with respect to the Company and the Prospectus and the Statement of Terms and Conditions and the Company's invitation for bids. All prospective bidders are invited to be present at such meeting.

Dated: September 8, 1956.

The Cleveland Electric Illuminating Company

By EMER L. LINDSAY, President
Let's Not Stifle Discussion!

"Yes, we of the Democratic party are proud of our foreign policy; proud of our Administration's quick, strong, and energetic action against the cére Republicans, who believe in a bipartisan foreign policy, to rally to the support of President Truman, our leader in this great struggle to maintain American leadership.

"Foreign policy is no field for political bickering, no field for slanderous accusations that cannot be proved. Such tactics are distasteful and should not be played with men's lives and endanger our very existence as a nation.

"Honest representation of the American people to rise above politics in this crisis, as they have done in the past, and to support the positive and constructive measures for defense against aggression and for eventual victory. Let us keep on working at this last lasting peace while our hands prepare our weapons of war and of defense. With such united efforts we cannot fail to win this struggle. - urge, Miss Louise Nice, Keynoter at the recent Democratic convention in New York State.

In what sense, we wonder, is the Truman foreign policy "bipartisan?"

"It may be true that we have honest and frank exchange of views on questions of such vital significance? Why this eternal attempt to stifle discussion of foreign affairs?

The Federal Tax Program

September issue of the "Monthly Bank Letter" of the National City Bank of New York discusses current tax legislation along with 1951 tax plans and budget prospects. Holds slack in non-defense spending by Federal Government is imperative.

The Federal Reserve note was deflated in 1933 by the "Double Whammy." The "Double Whammy" was a 30% deflation of the money supply and a 50% deflation of prices. This was accomplished by the Federal Reserve raising the discount rate and by President Roosevelt's tax policies.

The prompt action by Congress in expediting a bill to increase Federal taxes substantially, as recommended by President Truman following the outbreak of war in Korea, will have the effect of providing an increase in Treasury revenues necessary to finance military expenditures and of increasing the money supply. It is estimated that the increases in various tax rates will be as follows: income tax rates will be increased by 25% in 1951 and 25% in 1952, estate tax rates will be increased by 25%, gift tax rates will be increased by 15%, and corporation tax rates will be increased by 10%.

Corporate Tax Increases

An increase is made in the combined rate for normal and surplus income of the corporate income tax from 26% to 34% in 1951, from 34% to 42% in 1952 in Korea, and to 45% in 1951, income. There are provisions for prorating the increase in corporate taxes upon the fiscal years ending on dates other than Dec. 31, and for preferential treatment of small business concerns. The use of the "fictitious" provision of the new law, which had rates graduated upward applying to 100% of corporations with incomes under $25,000, but which was not included in the 1951 revenue bill, is allowed for the first time in the 1952 bill. The rate was 15% in 1951, 25% in 1952, and 34% in 1953. A special provision is made for the "fictitious" provision of the former law, which had rates graduated downward applying to 100% of corporations with incomes under $25,000, but which was not included in the 1951 revenue bill, is allowed for the first time in the 1952 bill. The rate was 15% in 1951, 25% in 1952, and 34% in 1953.

A rate of 40% on corporate income received by individuals for all time, except when excess corporate profits taxes were paid, was contained in the War Profits and War Savings Acts of 1942. This act was for the purpose of the tax on the expense and services of the corporation. The rate was 15% in 1951, 25% in 1952, and 34% in 1953. A special provision is made for the "fictitious" provision of the former law, which had rates graduated upward applying to 100% of corporations with incomes under $25,000, but which was not included in the 1951 revenue bill, is allowed for the first time in the 1952 bill. The rate was 15% in 1951, 25% in 1952, and 34% in 1953.

A novel provision introduced in this bill is for withholding of the amount of Federal income tax which was paid by the corporation. It is for the purpose of the tax on the expense and services of the corporation. The rate was 15% in 1951, 25% in 1952, and 34% in 1953. A special provision is made for the "fictitious" provision of the former law, which had rates graduated upward applying to 100% of corporations with incomes under $25,000, but which was not included in the 1951 revenue bill, is allowed for the first time in the 1952 bill. The rate was 15% in 1951, 25% in 1952, and 34% in 1953.
a period of stress that might con-
severely last for years to come. Senator George in a recent inter-
views with the New York Times and the various proposals that might be possible for solving the crisis. Senator $15 billion in additional taxes next
years are needed to reduce the $250 billion debt.
A tax on corporate
organisations, and a tax on in-
creasing individuals. The Congressional committee has been appointed to consider these and various other types of taxes. The report of the
manufacturers and excise taxes on tobacco, and the
federal sales or transaction tax.

This is a formidable program, and
one that the government has been
in a lively debate. On one hand, there is the view that the burdens of $500 billion in new
revenue will fall on the shoulders of the middle and upper
income tax payers. On the other hand, there are those who believe that the $145 billion in new
revenue should be supplemented by other measures that will not impose a heavy burden on people in the lower
income brackets.

All in all, the situation is so grave that it is not easy to see how the
$500 billion in new revenue will be achieved. There is no easy way out, and it will require a great deal of effort and planning by the government.

[...]

Balance

Sundays in a year
Balance

Half day all year

Legal holidays in year
Balance

One hour a day for lunch

Two weeks' vacation

Balance

Balance for work: one day

Securities Salesmen's Corner

Some Helpful Hints for Selling Trust Fund Shares to People Who Are Not Security Minded.

MAKE IT SIMPLE. The tendency is to overcomplicate. When you do this, you will find that your clients will not follow your arguments. Instead, you should focus on the basic benefits of the trust fund shares.

USE ONE OR TWO PIECES OF LITERATURE—that's ALL. Lay it out in front of him, sit down with your man. Most of his clients are not good readers; he will be better to show him the facts in the simplest way.

Don't go on too long and talk gibberish. He will not understand you. The key is to keep it simple.

LET THE OTHER MAN SHOW YOU HE KNOWS SOMETHING ABOUT FINANCE TOO. Take a case where a salesmen says, "Mr. Prospect, you are aware that practically every penny they have gone into government bonds in 1464. They were supposed to get $4 for $3 now. That is an easy way to earn money. But these government bonds only buy $2 worth of food, clothing, and shelter, don't you think?"
The salesmen is not wrong. But he does not take into account that the other man might have some knowledge of the subject himself. By showing him that you know something about finance, you can open the door to a further discussion.

John W. Smart Opens Offices in Louisville

John W. Smart: Special in THE FINANCIAL CHRONICLE

LOUISVILLE, Ky. — John W. Smart, owner of W. Smart & Co., Washington Building to engage in securities business, formerly was a principal of Smart & Wagner.

Pittsburgh Bond Club To Hold Ann. Outing

PITTSBURGH, Pa. — The Bond Club of Pittsburgh will hold its 26th annual outing on Sept. 2 at the Long Vue Country Club. Features of the day will be golf, with the Bond Club Trophy to first Low Net (The Bankers Club) and other prizes. J. Turner Wills is in charge. Green fees, $7.50 per person. La Bocce, in charge of John R. Owens, Applegate, Gen. G. Applegate, and Elmer Powell, Elmer E. Powell & Co.

A buffet dinner will be served from 6 p.m., for which there will be a charge of $7.50 each. J. Ray Baldwin, Moore, Leonard & Lynch, is in charge of arrangements. Tickets are on sale now at the club house, held in the evening, in charge of Elmer W. Martin & Co.

Reservations may be made with Robert M. Stewart of Moore, Leonard & Lynch.

John F. G. Dyer, Peabody & Co.

BOSTON, Mass. — Franklin Sanders is now affiliated with Peabody, Peabody & Co., 115 Devonshire Street.
Public Utility Securities

By OWEN ELY

Duquesne Light Company

Duquesne Light Company, serving the city of Pittsburgh and its environs, has long been an important sub-holding company in the Standard Gas & Electric Corporation. The future course of this important utility has largely determined the eventual break-up value of Philadelphia Company common stock, and will thus be an important factor in the valuation of Standard Gas & Electric. Duquesne Light, in 1943, initiated a big construction and finance program, which is expected to increase earnings substantially. Of course, the possible proceeds of heavier Federal Income and excise tax rates are also important.

Duquesne's current financial program includes the sale of $12.5 million of common bonds on Aug. 28, the future refunding of the $27.5 million of 5.5% bonds maturing in 1949, and perhaps later the competitive sale of $7.5 million additional preferred. Thus, the net new issue of $4.5 million is being added to Phila-
delphia Company for cash plus the stock of a small railroad company which handles 37% of the traffic of Duquesne's Railroad Company, which will use the Duquesne preferred stock in a program to retire its own remaining preferred.

After adjusting Federal taxes against income to separate a return basis, selected items in the Duquesne Income statement are as follows in millions, including Philadelphia Company:

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<tr>
<td>1946</td>
<td>3.3</td>
<td>0.3</td>
<td>0.7</td>
</tr>
<tr>
<td>1947</td>
<td>13.4</td>
<td>5.0</td>
<td>0.7</td>
</tr>
</tbody>
</table>

*Assuming a 47% Federal income tax applied to the calendar year 1947.

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Northern Indiana Public Service Company has completed an excellent investment results.

This operating utility serves an estimated 800,000 people in a 12,000 square mile area that includes the rich and farm rich area of northern Indiana, the northeastern part of which is a continuation of the Chicago metropolitan area. About 25% of the service area served in the cities of Fort Wayne, Gary, South Bend, Muncie, Terre Haute, and Chicago, Indiana. The territory represents about one-third of the United States.

In the past 35 years, the population and the industrial activity in the northern section of Indiana have increased much more rapidly than in the rest of the state. The whole or the entire middle of Indiana is well served.

The larger portion of the territory served is a natural center for transportation because of the network of railroads and highways. The electrical utilities in this territory include steel, railroad equipment, chemical, food processing, automobiles, electric equipment and cement.

There was a big outbreak of war in Korea there was a fear that utilities would not fare well as well as other utilities.

A number of utilities have a fair competition in this territory.

There will be no increase in corporate taxes this year. Utilities, being regulated, can, when necessary, ask for increased rates. The company has also been making over excess profit taxes at a later date. A strong case is being made by utility companies in that since they are subject to rate regulations, the utility companies should be given the opportunity to appeal their tax assessments. The management of northern Indiana is very aggressive and the employment situation is good. The company's program has been working with employee participation in the expansion of new residential and industrial areas.

The company is operating under the assumption that the loan for expansion will be financed by the proceeds of the new issue of preferred stock, which will also provide the proceeds to cover the tax rate increases.

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**The Security 1 I Like Best**

Advocates Consumer Loans by S. & L. Ass'ns

Andrew S. Roscoe, President of South Brooklyn Savings and Loan Association, sees opportunities for extending loans to the consumer field.

In the course of an address at a recent meeting of the New York State Savings and Loan League at Saratoga, N. Y. on Sept. 2nd, Andrew S. Roscoe, President of South Brooklyn Savings and Loan Association, called for a "more liberal and adventurous approach to the problem of consumer credit." He said that there was evidence that savings and loan associations were beginning to consider the broadening of their activities by entering the consumer credit field.

Andrew S. Roscoe

Mr. Roscoe said, "I would like to see the development of this new field, because it is one of the most important fields of our business. There are many people who are interested in this field, but I think it is important that we should not be afraid to enter it. There are many opportunities for us to do this, and I believe that we should try to do so."
Security Traders Association of New York

Tom Feeley, Billings & Freedman; John M. Mayer, Merrill Lynch, Pierce, Fenner & Beane, President of the Security Traders Association of New York; Giles Montanye, H. M. Byllesby and Company, Incorporated


James V. Torpie, Torpie & Saltzman; Chas. O'Brien Murphy, Merrill Lynch, Pierce, Fenner & Beane, Chairman of the Entertainment Committee

Jerry Burchard, Charles King & Co.; Herb Hipkins, Charles King & Co.; Ed Gutberlet, Pathe, Webber, Jackson & Curtis


Hal Murphy, Commercial and Financial Chronicle; Harry L. Arnold, Paine, Webber, Jackson & Curtis; John McLaughlin, McLaughlin, Renas & Co.

Annual Outing September 8th, 1950


Pete Brown, Boettcher and Company, New York City; Everett F. Wendler, Cuttle Sheridan, and Robert E. Edle, all of Mitchell & Company

William T. Meyers, Gordon Graves & Co.; Raymond Forbes, Merrill Lynch, Pierce, Fenner & Beane; Desmond McCarthy, Union Securities Corporation


Ken Howard, J. A. Hogle & Co., New York City; Stan Dawson-Smith, Sonner & Gregory; Carl Swenson, G. H. Walker & Co.; Walter O'Hara, Thomson & McKinnon
At New York Athletic Club


Micky Pinkus, Trotter, Currie & Summers; Dick Montanye, Lawrence M. Marks & Co.; Crandon Leahy, National Quotation Bureau, Boston; Bill Weiffenbach, Theodore Young & Co.; Theodore Young, Theodore Young & Co.


Over 250 In Attendance
Truman Outlines Controls

The way to distribute the cost of defense fairly.

Every American housewife has a vital personal responsibility. She must practice economy, and make those sacrifices which will enable the country to win the war by furnishing the needed food. She must cut out buying cheaper foods which are in short supply. In this way, we can all do our bit for the war effort. The government is asking for the cooperation of all Americans in this national effort.

The government has outlined plans for the rationing of sugar, coffee, and meats. These controls are necessary to ensure a steady supply of food for all Americans.

The government's goal is to ensure that everyone has access to food, but at a fair price. The controls are designed to prevent shortages and ensure that everyone can afford to buy the food they need.

The government has also outlined plans for the rationing of gasoline. This is necessary to ensure that there is enough gasoline for essential transportation, such as emergency services and medical transport.

The government has also outlined plans for the rationing of clothing. This is necessary to ensure that everyone has access to clothing, but at a fair price. The controls are designed to prevent shortages and ensure that everyone can afford to buy the clothing they need.

The government is asking for the cooperation of all Americans in this national effort. Together, we can ensure that everyone has access to the goods they need, but at a fair price.

Atchison, Topeka & Santa Fe Ry.

Railroad Securities

The possibility of a split of the stock has been discussed in financial quarters for quite a long time. There would be considerable interest in the shares of the company, which holds a large portion of the railroad securities.

Atchison, Topeka & Santa Fe common has again been attracting considerable investment buying interest. By the end of last week it had already passed the 500 share mark and is up far from this goal and it is one of the stocks that has been selling consistently above the peak of the 1946 high. Probably one of the reasons for its strong showing is nearness September meeting of the Board of Directors. It is pretty well taken for granted that the directors will act at that meeting on the line of doing a repeat at this time. A number of analysts are of the opinion that the stock may well be a good buy this year, or that the regular $6 rate me be increased. Also, there are still some who hope for an announcement of a split of the stock.

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NEWS ABOUT BANKS
AND BANKERS

Grant Keen has been elected Executive Vice-President of the First National Bank of the City of New York, according to an announcement made Sept. 12 by Robert K. Conwell, president of the bank.

New York Times

The former president of a New York bank, A. E. Keen, was associated with the First National Bank as a Vice-President in 1945 and was a colonel in the United States Army. He was graduated from Hamilton College in 1921 and the Harvard Graduate School of Business Administra- tion in 1923. He is a director of the First National Bank of Washington, D.C., and a director of Hamilton College and a director and Treasurer of the American Heart Association. Mr. Keen was also a member of the Currier Photographic Supply Company, a director of the American Express Company in Boston, in 1902, Mr. Gibson, who gradu- ated from Harvard in 1902, was later Assistant Manager in the American Express Co. from, was from 1910-1912, Vice-President and General Manager of Ray- Beneke & Co. in New York. He has also served as Treasurer of the Helen Keller Settlement Endowment Fund. He has been a member of the Board of Directors of the Community Health Center of the City of New York for the past ten years. Mr. Gibson was a member of the Clearing House Committee of the New York Clearing House Association. Decorations con- ferred on Mr. Gibson included: the Legion of Honor (France), 1919; Command- er, Order of the Crown (Sweden), 1919; Medal of Merit (USA), 1943; Commander, Order of St. John; and Commander, Order of the Eagle (Belgium). He has also represented the United Kingdom as Director of numerous corporations.

The Chase National Bank of New York has inaugurated a telephone service to New York stations. The one-minute talk per week will feature Chase's various banking services. The spot campaign is backed by the Chicago Daily News, Chicago and the American Express Company. Mr. Conwell said: "We are happy to have aggregate bank resources extend to New York. Our service will not be restricted to these 54 states. It will be available wherever warranted, extended and will take place as an equipment is obtainable. The new system, it is announced, will provide, for the first time, fast and confidential communications between any bank in the country. It is added that the equipment to be provided by Western Union is the most modern and efficient communications equipment that has been developed. It is a marvel.

It is also stated that in order to inaugurate this new service for communications on the wire, arrangements have been made with Western Union to operate and maintain the switching centers so that every telephone will be available to every customer.

Harvey D. Gibson, prominent not only in the New York banking field but also in art, fame and international prominence in Red Cross, has been elected President of Old City Bank on Sept. 11, after a brief illness. Mr. Gibson, 68 years of age, was born in North

Paris, N. H. At his death he was the Chairman of the First National Bank of St. Louis, a trustee of the Manufacturers Trust Company of New York, a position he had held since 1913; besides holding the pres- identcy he had also, from 1931, up to the date of the announcement of his death, been member of the Board of the trust company. Mr. Keen's death was announced by the American Express Co. in Boston, in 1902, Mr. Gibson, who gradu- ated from Harvard in 1902, was later Assistant Manager in the American Express Co. from 1902 to 1904. He was also from 1910-1912, Vice-President and General Manager of Ray- Beneke & Co. in New York. He has also served as Treasurer of the Helen Keller Settlement Endowment Fund. He has been a member of the Board of Directors of the Community Health Center of the City of New York for the past ten years. Mr. Gibson was a member of the Clearing House Committee of the New York Clearing House Association. Decorations con- ferred on Mr. Gibson included: the Legion of Honor (France), 1919; Command- er, Order of the Crown (Sweden), 1919; Medal of Merit (USA), 1943; Commander, Order of St. John; and Commander, Order of the Eagle (Belgium). He has also represented the United Kingdom as Director of numerous corporations.

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Events accumulate cash or other types of liquid assets (such as savings bonds) to be used by him, so he hopes, at some later date—and in all probability give rise to delayed inflation. Of course, it would doubtless be possible to make use of this opportunity to tax away, and then tax the increase away from him, but if the President has anything of the sort in mind he has given no indication of it. The plain implication is that he does not expect the working man to share in the general sacrifices which must be made—at least so far as wage and price relationships would result in such sacrifices. The President has a good deal to say about the scare buying of July, and about those who took advantage of it to raise prices. We have heard much of sympathy for his stand. Yet he might at least have had the decency to say about the unions which have been feverishly demanding—and getting—increases in pay much greater than the rise in the cost of living, and thus to have laid off the petty "fringe benefits" (to say nothing of money increases) they were able to wring from employers last year when the price level was rising. The President is evidently much more concerned about what higher prices do to wage earners and to wages than he is in what higher wages do to prices.

And about the President’s ideas about taxation to make this a "pay-as-we-go" program? It is probable that the Chief Executive has not fully developed his thinking on this point, and it is said that his advisors have not as yet made their full reports on the matter. However, admitted, however, from any and all information available, there is slight cause to hope that the President or at least those around him have a fairly clear idea of what is necessary in the form of taxation to take inflation out of a $30 billion a year rearmament program. The President’s idea about an excess profits tax seems to us almost childish—that is if he really means what he seems to say.

Excess Profits and Inflation

He wants to "recapture excess profits made since the start of the Communist aggression in the Far East," suggesting that he wants to recapture profits in excess of those being made late in June of this year, it is hardly likely that there will be any "recapture". But he is prepared to come forward with some other interpretation of the words "excess profits" he does not seem to be dealing quite frankly with the public. But after all, an excess profits tax is hardly one with which to fight inflation, least of all inflation in the prices of consumer goods. As everyone knows an excess profits tax tends to encourage higher prices and many other types of costs which increase the flow of income into the hands of the great rank and file who, after all, buy consumer goods which are threatened by inflation. What purchasing power they take out of the hands of dividend recipients would not hold in the hands of individual consumers. Obviouly, taxes to reduce excess demand flow must fall upon those who buy consumer goods. No such suggestion has ever been hinted at in Washington.

A great deal more space than is here available would be required to present all of the vital weaknesses of official thinking on these subjects. What has been said will have to suffice for the present. It is enough to start men to thinking realistically—so we hope.
Normally such an action would be a natural one, as a reaction to the oversupply of raw materials in the market at present. The trend in the value of the dollar is still downward for the next few months, confronting us with what will our dollar will be worth in five years from now? What, if anything, can we do about the position?

We ought to be more wary of inflation than we are. Its effects are deeper and more far-reaching than any destructive. History is full of examples of political and social revolution brought about by inflation. It attaches itself to a nation's economy in such a subtle way that one becomes hard to overcome. It can be combated only by being highly combative as a nation or by being in a powerful military position. The United States has been driven back of this line we don't know what will happen to our dollar or to our nation.

The nature and causes of inflation are very simple and easy to understand. Most of the money in the hands of the public is made up of the wages and salaries of the people, the capital gains of those that purchase it and the profits of the dollar go down. Any change in the balance between these factors will cause the supplies to change in prices. Inflation, demand and overproduction. There was an overproduction and over-demand for goods, the prices of goods went up. If the shortages can be corrected, the price of living will be stable. The inflation pattern may be necessary.

When the amount of money in the market is increased, it is a very similar example, by the issue of govern ment warrants at a rate faster than the amount of money in the market allowed, the price of warrants would be going up and inflation would result.

Changes in the interest rate tend to make money cheap or dear. Any change in the amount of money will change the price of money and reduces the value of the dollar.

Government subsidies of whatever kind increase the supply of goods and thus the price of goods. They cause the value of the dollar to fall.

Government purchases made through the cost plus systems are inefficient, affecting the efficiency, raising the cost, raising the price and reducing the value of the dollar.

Finally, any increases in the price of goods are followed by similar increases in the rates of productivity, inevitably resulting in lower prices of raw materials.

When the increases of prices are coupled with an increase of 15% in the cost of living, the real, wage rates throughout the entire country have more to do with the increase of prices than the increase of productivity.

One's first reaction to this may be that wages have not done very well for themselves. As retailers we say that the price of goods has increased. Retail sales have gone up, and we have apparently enjoyed a wonderful prosperity.

Before we congratulate ourselves on the success of our businesses, we should be aware that the increases in the wages have not been due to any increase in productivity. The wages have increased due to the increases in the prices of raw materials.
ditional productivity can you hope for increases in the wages of these express and postal workers? How can any service get you from increasing revenue. Despite the efforts of many, however, the problem of retail sales is not an easy one. It has been estimated that the value of the retail and welfare occupations can secure for you no increase in productivity whatso¬

ever. Such increases must be considered as pure increases in the the Federal Reserve Bank of St. Louis, 1939, and a minor increase in the wage rate law of 1938. 

The Federal Reserve Bank of St. Louis, 1939, and a minor increase in the wage rate law of 1938. 

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Factors Influencing Government Bond Market

In this first step, the assets of the banking system have been increased due to purchases of government securities, and the deposits of the banking system have been increased by money supplied in the form of government deposits.

At present it is necessary for the Federal Reserve Bank of St. Louis, the Federal Reserve System of approximately 200 member banks, to balance its accounts against the Federal Reserve Bank, and to purchase whatever securities the balance against them in the amount of $300 million in excess of deposits, in or to sell the securities to the Federal Reserve System through the open market (we will assume that the Federal Reserve Bank is ready and willing to purchase securities in order to stimulate the bond market), and in this way to put deposits to work that are required to be held in the reserve accounts of the member banks.

It was this process which brought about the tremendous expansion of government securities outstanding during the latter half of the depression period, and the continued buying of bonds by the government to the general public.

This expansion of the money supply was further increased by the issuance of Treasury debt which the Treasury had been able to sell to the public at a relatively low rate, and the proceeds from the sale of government bonds was used to purchase, or to buy back, government securities already outstanding.

In this manner, the government was able to influence the bond market by increasing the amount of money supplied to the banking system, and by influencing the rate of interest on government securities.

The effects of the policy of the Federal Reserve Bank on the bond market are illustrated by the following table:

<table>
<thead>
<tr>
<th>Date</th>
<th>Acid</th>
<th>Base</th>
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<td>1933-1934</td>
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</tr>
<tr>
<td>1939-1940</td>
<td>$500</td>
<td>$500</td>
</tr>
</tbody>
</table>

It is evident that the effects of the policy of the Federal Reserve Bank on the bond market were substantial, and that the bond market was influenced by the policy of the Federal Reserve Bank.

The effectiveness of the policy of the Federal Reserve Bank in influencing the bond market was further increased by the issuance of government securities by the Treasury, and by the purchase of government securities by the Federal Reserve System.

The Federal Reserve System is able to influence the bond market by buying or selling government securities, and by changing the rate of interest on government securities.

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The rate of activity in building the money market to the degree indicated by the large deposit of funds which is now being accepted is unquestionably large during the current business year. Because of the increase in prices the temporary investment of funds in this period, which has reached record-break¬

ground in 1939, the funds available for the financial market are large, and the estimate of the volume of mortgage funds available in 1939 was the chief error made in the forecasts of domestic capital requirements for the current period.

(2) The trend in commercial lending activity is that of the trend in industrial activity, and the trend in inventory requirements is that of the trend in financial activity. This trend is not only small in volume, but it is also a trend of considerable interest because of the fact that commercial banks are such large holders of securities.

(3) The trend in commercial lending activity is that of the trend in inventory requirements, and the trend in inventory requirements is that of the trend in financial activity. This trend is not only small in volume, but it is also a trend of considerable interest because of the fact that commercial banks are such large holders of securities.

Another influence in the growth of demand for goods in the current period is the increasing importance of the volume of funds controlled by banks and pension funds. The government's policy of concentrating the working capital of the nation's banks and pension funds in the Federal Reserve System has been a powerful influence in the development of the financial market. In the current period, the operations of the Federal Reserve System have been characterized by the fact that the money market is the market of the nation's banks and pension funds.

(4) Loans to dealers and the growth of the market for securities is a considerable flow back to the banks of the money market. In the current period, the growth of the market for securities is a considerable flow back to the banks of the money market. In the current period, the growth of the market for securities is a considerable flow back to the banks of the money market. In the current period, the growth of the market for securities is a considerable flow back to the banks of the money market. In the current period, the growth of the market for securities is a considerable flow back to the banks of the money market. In the current period, the growth of the market for securities is a considerable flow back to the banks of the money market. In the current period, the growth of the market for securities is a considerable flow back to the banks of the money market. 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Factors Influencing Government Bond Market

need an immediate credit at the Federal Reserve Bank of St. Louis to avoid a deficiency in reserve funds.

The absence of any credit risk factor in government securities makes it one of the few situations in which various issues to each other to prevent any significant and relatively smooth progression of yield from a low range on short-term floating rate notes to the longest outstanding issue. The absence of a yield subsidy tends to hold the various issues at the price spread, that any departure from this spread is quickly observed.

The government market is more or less a temporary market, and a few different segments due to taxable status or the bond's holding characteristics

The market for eligible securities, particularly those of after tax maturity, is largely dominated by commercial banks. They are very large holders of such issues, and the various reasons for this are examined. In the portfolio holdings, some of which had been outstanding for 20 years, produce a relatively high volume of sales in a relatively short time. The market is constantly changing, with cash flows being dominated by the purchase and sales of non-commercial bank institutions, savings banks, etc. These securities are much more volatile, and in many cases higher than that of eligible securities, and commercial banks are unable to purchase them.

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The Federal Reserve System is active in this market to maintain the spread between the two rates, which has been set as a matter of Tobacco Products Policy. It is frequently necessary for the Federal Reserve System to buy "cash" and "money market" bills and certificates of indebtedness, and large-scale sales are sold readily in large volume at a noticeable profit.

In October, 1949, the price of dextrose in New York was $6.70 per hundred pounds. The corn re-

Food and Food Processing Industry Goods

Continued from page 31

Continued from page 4

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the companies
...dividends...Corn...currency,...have...Belgium,...France,...Italy,...too.
...Affiliated Companies...Not Consolidated. At Cost...that domestic subsidiaries are carried at nearly $3 million and foreign carried at about $13 million.

The Corn Products Refining Company operates all over the world. It has plants through Latin America. There are important plants in the British Isles, Holland, Belgium, France, Italy, and Germany. Germany was one of the biggest plants in the prewar period. They had the misfortune of having the Russian and American Armies meet at the river on which the plant was located. Unfortunately it was on the wrong side of the river. The Russians completely dismantled and removed it. However, they have since rebuilt the two German plants since the war.

Your detailed balance sheets as you see them represent nothing but the domestic businesses (except for the figures covering investment in subsidiaries) outside all that. They have important domestic subsidiaries in the United States, and they are undistributed. All of these represent dollar currency, and as I shall show you shortly, the company's earnings reports include nothing but the domestic earnings. Corn refining operations plus whatever dividends they take out of their foreign and domestic affiliates.

In other words, even though many companies that report fully consolidated balance sheets, the Corn Products Refining Company's annual reports represent dollar currency in all that. The method of dealing is really identical. The general terms of what you see will be the items "Dividends Received from Foreign Companies" and "Dividends Received from Foreign Companies." If you will turn one more page to "Footnotes," and by the way, you will notice the company estimates that $1,500,000 of the $25,000,000 of the new consolidated subsidiary and affiliated companies amounted to approximately $1,500,000 of the $3,000,000 and the dividends received from these new consolidated subsidiaries accounted for $1,413,000. The difference between the $1,500,000 estimated additional earnings that are just as much the stockholders' earnings as the earnings of the domestic subsidiaries and they are just as much the earnings of the company. Similarly the company estimates that foreign subsidiaries and affiliates is estimated at $1,750,000 from which $1,500,000 was received. Now, if I may turn from that for a moment to another important accounting factor, I will try to tie in the two to show you how you add earnings to see what is going on.

By the way, it is a good rule of thumb never to accept reported earnings without challenging them. They may not be comparable to those reported by another company. It is possible to put them on a comparable basis, but you cannot compare reported earnings to earnings ratios comparisons.

Method of Inventory Accounting. I am going to cover a very difficult point here. It is the whole problem of inventory accounting. You see, there are many different methods by which a company determines its inventory. It is the determination of the inventory that makes the difference.

One is the called the first-in, first-out method, the first item that goes into an inventory comes out first for inclusion in the inventory account. Another method is the one that has been going on during the last 10 years. That is the last-in, first-out whereby the last purchase is carried out at the cost of the product first. That is the way Corn Products uses the first-in, first-out system, but in their case the amount which brings $15 million of bushels of corn or equivalent. They carry this normal stock to bring its basis up to the most recent prices. It is the lowest level that they have experi¬enced in the past 50 years. In other words, they carry this stock at a net cost around 50 cents a bushel.

What does that mean to reported earnings? I am not going to go through all the details, but if corn costs rise you will see these extra reserves out of earnings to build up the total inventory reserves twice and the stock, still carried at 50 cents per bushel, is $2,250. At the price of $5.25 they carry a reserve equal to $250. They have paid $3 per bushel, they have to add another 250 cents, which comes out of earnings.

That means that when the price of corn goes down the company penalizing earnings by the increase in the reserve in corn to the extent of the normal stock. They are reducing it by that amount, but for all practical purposes they take out of that reserve the difference between the net cost and the old, and throw it back into the earnings. That is the method of inventory accounting is not allowed by the government for any other purposes. Therefore, when the price of corn goes down they are penalizing earnings by the increase in the price of corn, times 50 cents, after they have used up some inventory.

If proper comparisons are to be made, just one other reason word to say you show some of the points you would want to look more closely with the new plants and additional pick which will random the common currency of the Corn Products Refining Co. of the United States.

During the war, Texas, for example, you know the mills were greatly expanded for export and domestic animal feed purposes; much of this meal was carried through the Texas plant. When the war was over, thus, the government took over the competitive source of raw material. The Texas plant, the meal with about three feet of height, you can plant and harvest at a low cost. It is grown right in the back yard of its company. It is then harvested, mechanically and taken right into the plant. Moreover the price the land is located on an estate where ships can take the finished products right from the factory door. When labor costs are high, these are vital cost saving factors.

This plant has everything in the way of up-to-date refining plant and machinery, and it uses the natural gas in place of coal, at a very small cost. Continued from page 5

**Observations**

Now surely is the time for an extra careful look at the cost element of this as well as all other projects—a time when even the most careful Truman projects that you will have the danger of being swamped by the great expansion of our greatest enemies. We must by this time know that the initially specified cost of all substitute programs is merely a faltering first step of "the camel getting his head in the tent." Hardly had the President made known his proposal for Point IV on a $45 million basis, before the Public Affairs Institute through Messrs. James Warburg and Dewey Anderson was out demanding the program's expenditure of $15 to 50 billion. To support his case, Mr. Brien McMahon was winning wide acclama for his demand for expenditures of $25 billion. A program of "international investment is not worth more than $5 billion of our postSecond World War's annual investments of $15 billion per year over the next half-century, in a book entitled "Point IV: The Nation's Investment." All these spending-proponents seemingly overlook the fact that a sharp study of the economic point of view could result in the descent of the dollar to the Chinese level, with ruin to the republics as well as to our own citizens.

**Point IV and Our Own Business**

Another factor to be considered realistically by our investors is whether the industrialization of other countries actually would or could do anything to our foreign trade. The tentative conclusion is evidenced in a study by Professor G. A. MacDougall, showing that England's severe 1913-1937 decline in exports was actually caused by the halving of her trade to the newly industrialized and colonizing countries of the world.

**The Gauratry Na Investor Eoson**

In its guaranty provisions Point IV is perhaps of greater direct interest to the investment community. On the one hand, these provisions, known as "loan guarantee" provisions, which are an integral part of the legislation covering the credits, are to be approved by the House and is being produced in the Senate, which might make it difficult to be helpful to the investor in transferring loans (which aggregated $531 million on May 31, 1948). On the other hand, however, he must realize that investment is thereby being socialized here and abroad; that the sound practices of the banks, which has already extended $1 billion of loans on a sound business basis, will be cut off if uninsured already outstanding private investments will be discriminated against.

American investors will come to be thought of as an agent of American imperialism through the above-mentioned peculiarity contradictory and jumbled aims of the Point IV program itself. As an investor you should be foreboding.

"Cited in "Foreign Policy Reports"—"THE UNITED STATES AND POINT IV Program," May 1, 1949."
To these may be added the steels and chemicals.

This doesn't mean that such stocks will be invulnerable to the vicissitudes of the market. On the contrary, the higher their earnings, the less the chance of a great deal of time spent on the job, and the less the danger that their owners will be tempted to buy them up. The evidence is that national income is going to be hit, and the government has already indicated that the point at which it can be tapped painlessly for all frills matter. Possibly in the next few years, and that many good businesses will have gone broke on this theory.

But our Federal government seems to have the same philosophy of the President's three "guiding principles" which it is trying to apply to others, and not to itself.

A Resolution For Next Three Years

We resolve:

That in any and all war-time national emergencies, the government, that, except for expenditures in connection with our military needs, the government:

(1) The government is no longer in the business of buying stocks. Obviously you can't buy the market. But weakness in its stock capitalization is a matter of national concern.

(2) Stock for stocks of the different levels is too high. It will stop buying some of the old things which would be buying, but which we can do nothing about.

We will not spend more of its resources in buying stocks. Some expenditures not having to do with defense it did during World War II.

What does this mean? Well, for one thing, it means cutting out defense spending from the present proposed budget of $12.5 billion. This probably means that the government can't live on its present income alone. The government is in the neighborhood of $32 billion, and we're told that the government can't live on its present income alone.

There is no question in my mind that this is a very important, we think, important, and practical program.

It does require two things: First, that the government's resources be adequate, and second, that the government's resources be adequate to the point of the war. There is no way to do this. People have to get from the government — in cash, in public works, or any kind of special order, or to order, or to be cut further by the government. It would not be wise to give our government that power.

When Spending Can Be Reduced

President Roosevelt has told us, there is not the slightest doubt that these expenditures could be reduced. It is not that element in the Federal government known as "Housing and Community Development." In other words, that from the time it was established, and the President, to the start of World War II, and since then, the people individually or collectively built their own houses. Aid from the government was small or absent. In the 1959 budget our government programs for $32.5 billion and his advice was that more people would be needed to spend in order to become more of the people who had said that it could not be done. The President is still in power, and the government has unexplained need for Federal activities in order to achieve its goals.

State and local governments must stop letting the Federal government do their dirty work, and they can do better for themselves.

The best figures I have been able to find show that the total of Federal grants in aid to states for the current budget, if it's not modified, would be $16.6 billion. This is going to tax back to the states in the form of a Federal tax or another kind of Federal assistance.

Under war conditions such as these, many of the things these grants will pay for. But if they are bought, the states can collect the money from their own budgets, and they should be going through Washington and ask for their way to where they will use it.

I suspect that there has never been a capital-challenged and handling agency that has not been able to clear the books. But a fund of point of view which would seem to be the only way by which the right to the Hoover Commission.

We must provide generously for war, and we must not let the token be intolerant of non-essential expenditures. Each department of government must be cut at another contribution to Clear the Books.

We are about to have an interior tax measure. The tax structure right now is one of the most dangerous things it will ever be. It will help the shape of the country, and all of us far into the future. It is the form of government. It should be a tax measure which can be devised to meet the problems facing us.

An Adequate Tax Plan Called For

Your discussions here should crystallize many ideas with respect to tax reform. I believe there are some fundamental changes that would be important. I believe the commission is associated with the country, each of which has a different opinion, may be an important factor in certain contributions in its field. Of one thing, it is clear that the tax bill should be cut down to $5 million or $5 million. It could be done for all of taxes to be cut to form an income tax. It would be a tax measure which would represent the views of all the members and the public.

We have all of the big spending. The Treasury and the Comptroller of Congress who will be charged with the preparation of the tax bill, the Treasury and the Comptroller of Congress, and the Secretary of the Treasury, all of us, should be prepared not only to take the modern tax, but to take the modern tax and see what would be presented should be thoroughly digested, thoroughly organized, digested, and digested, and digested, and digested, and the public in such a way that it can come back to the secretary of the Treasury. We have all of the big spending.

Business Must Stop Seeking Federal Subsidies

Restraint has started to work with the people. Businessmen have not been without fault in this spending, and the government's effort is to find itself. Businessmen must stop seeking Federal subsidies for the life and death of business. Businessmen must seek Federal subsidies for Federal contracts. Chambers of Commerce and committees of businessmen have unexplained need for Federal activities in order to achieve their goals.

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Business Must Stop Seeking Federal Subsidies

Restraint has started to work with the people. Businessmen have not been without fault in this spending, and the government's effort is to find itself. Businessmen must stop seeking Federal subsidies for the life and death of business. Businessmen must seek Federal subsidies for Federal contracts. Chambers of Commerce and committees of businessmen have unexplained need for Federal activities in order to achieve their goals.

States and local governments must stop letting the Federal government do their dirty work, and they can do better for themselves.
The State of Trade and Industry

industry is expected to continue extending this record of sus-

pended expansion, as the trend becomes greater with each passing

month. While companies are now sold out for the rest of the year

on nearly all products. They have almost no room for new ad-

ditional defense orders. Some companies have enough orders on

their books to operate long enough without additional contracts. Some are

holding first quarter 1951 open to buy fourth quarter carry-

overs. However, manufacturers will take most of the first

quarter output.

Some consumers would like to extend deals deals
to the entire year 1951, but the consumer is aching away from any commitments before the first half of the year, concludes

"The American

Iron and Steel Institute announced this week that the operating rate of steel companies having 84% of the steel-

making capacity at their plants high at 94.6%, for the week beginning Sept. 11, 1950, compared to 98% a week ago

— a rise of 1.5 points.

This week's operating rate is equivalent to 1,931,000 tons of steel ingots and castings for the entire industry, compared to

1,895,160 tons a week ago. A month ago, based on capacity, the rate was 100.1% and production amounted to 1,550,000 tons;

a year ago, the rate was 93.7% and steel plants were down in the third smaller capacity than prevailing, it stood at

98.6% and 1,596,500 tons.

Electric Output Falls in Holiday Week

The amount of electrical energy distributed by the electric

light and power industry during the week ended Sept. 5, esti-

mated at 6,028,527,000 kw., according to the Edison Electric

Institute.

The Labor day holiday resulting in the closing of plants and

businesses caused electric kilowatt consumption to decline the past

week, it was estimated. It was 430,858,000 kw., lower than the figure reported for the previous week, which was 431,664,000 kw., for the week ended Sept. 10, 1949, and 862,461,000 kw. in excess of the output reported for the corresponding period two years ago.

Carpools Rise Moderately in Latest Week

Longer hauls paid out a fare increase for the week ended

Sept. 10, 1950, totalled 832,321 cars, according to the Association of

Railroad Agents, an increase of 13,902 cars, or 1.7% above the preceding week.

The week's total represented an increase of 148,307 cars, or 11.8% over the corresponding period of last year, but a decrease of 42,810 cars, or 4.8%, under the comparable period of 1948.

Auto Output Turns Downward in Labor Day Week

According to "Ward's Automotive Reports" the past week, combining domestic and imported production in the United States and Canada of 190,342 units, compared with the previous total of 198,072 (revised) units and 125,806 units a year ago.

Ward's added that shortages of basic materials such as steel, virtually all nonexistent, and even of screws, nuts and bolts -celluloid, rubber, and plastic -are

Total output for the current week was made up of 121,375 cars and 31,500 trucks built in the United States and a total of

5,436 cars and 2,004 trucks built in Canada.

Business Failures Hold at Low Level

Commercial and industrial failures totalled 145 in the holiday-

shortened six-day week ended Sept. 10, 1950, according to Dun & Bradstreet, Inc., reports. While casualties were somewhat less numerous than a year ago when 148 failures were reported for the same period in 1949, there was no

decrease in the week's year-to-year comparison. In comparison with previous years, failings have been low; they were 321 failures were reported in the similar week of 1939.

Casualties in the liabilitylimited-liability company group or more rose slightly, or more to 113 from 109 and exceeded the 111 of this site a year ago. On the other hand, small failures, those having liabilities under $5,000, dipped to 22 from 34 and were less numerous than last year when 27 businesses failed in this liability group.

All industry and trade groups except manufacturing had mild increases in mortality. Contrary to this general trend, manu-

facturing showed increased failures. More casualties occurred than in 1949 in both trade and service lines, but failures in manufacturing and construction dipped below last year's level.

Price Food Index Eases in Holiday Week

There was a moderate drop of four cents in the wholesale food

price index for the week ended Sept. 10, according to the Dun & Bradstreet, Inc. The index as of Sept. 5 stood at 65.65 compared with the two-year-high of 65.69 a week ago and 5.82 a year ago. This was the first decline in the past twelve weeks.

The decline was due to an average of the price of the pound of 31 foods in general use and its chief function is to show the gen-

eral trend of food prices at the wholesale level.

Wholesale Commodity Price Index Marked by Fractional Decline

After reaching a two-year-high of 128.8 on the last week of August, the Dun & Bradstreet daily wholesale commodity price index dipped fractionally. It remained very close to the recent peak closing at

286.58 on Sept. 5 as compared with 286.38 a week ago and 242.22 at the year's lower level. The index is now 10.50 above year's level and now progressing in many of the important producing areas, ad-

ditional receipts are anticipated.

While the possibility of a volatile activity in wheat on the futures market, the demand for cash wheat remained slow as did the cash demand for corn.

Closing prices for grains generally were steady to slightly

higher in the preceding week.

Hogs, of course, have been buying the effort of some to mills to protect against rising prices. Buying was not particularly heavy, but salesmen claimed there was a firming or steady or needless with no appreciable buying beyond September.

Trading in coffee remained steady with an expected slight decline in volume due to the close of the market on the Friday week-end. Spot prices continued virtually unchanged. An in-

crease in coffee stocks was observed and the prices showed a rise of 2; 1/2 cents per pound; trading volume was slightly smaller than in previous weeks.

Increased production of cocoa in both British West Africa and Nigeria was anticipated to show an increase of 200,000 to 250,000 pounds a week. Sugar did not reflect unusually heavy buying; it was sustained by the immediate orders of the coming crop.

Hog prices fell sharply from the high level of the previous week. There was a moderate increase in receipts and further increases are expected in view of the unusually high crop this year. There was moderate increase in sheep and lambs with

some remaining fairly steady.

Cattle receipts this week were among the largest recorded so

far this year; prices were steady to slightly below last week's levels with the heaviest sales to the South.

Spot cotton prices moved up at the close of the week after fluctuating within the 35c. to 37c. range for several months. Generally was more active then in the preceding week. There is indication that the first estimate of the season's cotton crop at 103 million bales will be below the high estimate of 115 million bales. Reports of weevil damage and adverse weather. A further increase in commodity stocks with the decline in demand market orders could cause a sharp reduction in carryover stocks.

Trading in the Boston wool market continued to be limited primarily by the absence of the regular East Coast operators. Prices rose appreciably following the opening of the Australian auction sales. Sales were reported to be from 30% to 35% above last June's closing.

Trade Volume Declines Moderately in Holiday Week

Humid weather combined with the Labor Day week-end brought a decline in carloadings of 4% during the period ended on Wednesday, Sept. 10. To a point moderately below the fairly high level of recent weeks, carloadings in the New York central area were 194,691,000 tons; a year ago, they were 194,145,000 tons. Carloadings for the same period in 1949 were 195,357,000 tons, 3% below the year before and 5% below concurrent period in 1948.

Some carloadings for various commodities were: 144,282 for grain and flour, 5,898 for lumber, 4,308 for steel and sheet iron, 3,738 for coal, and 2,945 for salt.

Two Under Mathews

With Loewi & Co.

(Special to The Financial Announcer)

MILWAUKEE, Wis.—Linus T. Beaudoin has become affiliated with W. E. Hutton & Co., 225 East Mason Street, members of the Midwest Stock Exchange, in affiliation with Linus T. Beaudoin & Company, Chicago, and his former firm, Haischer Bond & Reed, Inc., Kansas City.

H. E. Hutton & Co. Adds

Dun & Bradstreet, Inc.

(Special to The Financial Announcer)

BOSTON, Mass.—Richard F. McMillon is now associated with Edward E. Mathews, Co., 53 State Street.

Joints Paine, Webber

(Special to The Financial Announcer)

BOSTON, Mass.—Charles N. Donnelly is now with Paine, Webber, Jackson & Curtis, 24 Federal Street. He was formerly with Bond & Goodwin, Inc.

Joints Lyman Phillips

(Special to The Financial Announcer)

BOSTON, Mass.—Thomas J. Lennon has become associated with Lyman Phillips & Co., 201 Devonshire Street. He was formerly with E. W. Jones & Co.

Joints Butterfield Co.

(Special to The Financial Announcer)

JACKSON MICH.—James W. Hatcher is now with H. H. Butterfield & Co., Jackson City Bank & Trust Co., Jackson.

With E. Henke Co.

(Special to The Financial Announcer)

LINCOLN, Neb.—Howard A. Butler is now affiliated with E. E. Henke Investment Company, Federal Securities Building.

With Waddell- Reed

O'NEILL, Neb.—Esther C. Harri

is now affiliated with Waddell & Reed, 201 North Market Street.

American Secs. Adds

Chicago, Ill.—Amy C. Pahlgr

e has joined the staff of American Securities Co., 380 S. Dearborn Street, Chicago.

J. C. Gahn

Joel G. Cahin, retired stock broker and a former member of the New York Stock Exchange, was killed when his car crashed into a less than a mile above Park Avenue.

Continued from page 5
Our Fiscal Resources
For the Emergency

peacetimes when we did not ask them to work so hard nor to prove to ourselves that the financial incentive to produce was not diminishing. We must start to do both of these things now. We must pay for what we buy, whenever we buy. How is that miracle to be

The first step in solving any problem is to get the facts; to or-ganize our thoughts, or to use one's experience and judgment to answer an unanswerable question. We can never answer an answerable question. You are perhaps the best group in this country for ascertaining the tax resources of the country, and you are surely going to be asked to do it. Apparently the Revenue Bureau of the State of New York believes that the tax charter for the next several years, and that Act is going to be no different. The revenue will be much the same.

(1) What is the situation we confront? It is so much like World War II. We are being asked to risk our lives and even our sons to wage another fiscal war to fight it. We are not yet involved in an all-out war. The present hostilities are limited in area, and so far we have no substantial loss of life or property and the enemy also. In

We may have to build up and maintain a much larger army for years. Who would be so bold as to predict that the menace of war will be ended in 1951, in 1952, in the next five years? If war comes, probably it will be against some perfectly

In fiscal 1952, military expendi-tures will increase further, perhaps to about $30 billion. The cost of this war has already exceeded the 1940 level. We no longer have the projected tax program that must produce much more revenue than peacetime levies, even after we effect all the economies we can in government and in civilian expenditures, and since we must be particularly careful not to dis-courage by taxation the incentives to turn out the goods that will win the war, it is particularly essential that we have the tax program conform to high standards of tax fairness. This is no time for facile solutions of our problems.

Present Fiscal Situation

The present situation, then, has three fiscal characteristics: (1) There is a decided risk of much more money in the next few years on the financial establishment than is required. We may have to continue to export exchange to finance our imports. (2) We are not yet involved in war, we may yet have to pay for the war over a substantial number of years. (3) We have to think of current Federal budget expenditures and what they will mean to civilian expenditures in the budget, to put the budget in the best shape to do a possible emergen-

cies of the future. (5) It would be very much easier to make a tax am-

(2) No August or September budget has yet appeared. Nevertheless it appears that some emergency or military expenditures, budgeted in January at $48 billion, will be around $10 or $20 billion for the current fiscal year. Expendi-

tures of the Federal Reserve Board could have been adjusted to prevent a run of $1 billion out of an additional appropriation for military use. The foreign purchases should alleviate the situation in Europe to be discussed later. Other expenditures were esti-

All these revenue trends should be compared with the January estimates because of the extraordinarily high rate of tax collections, as well as the tax increases made in the 1940 and 1941 budgets. If we apply to about three-fourths of the tax collections, it means that at least $3 billion of new revenue will be produced if that bill is passed. The Tax Commissioner's estimate of the actual reve-

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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, as of that date.
Securities Now in Registration


American-Canadian Uranium Co., Ltd. (9/21) Sept. 1 filed 500,000 shares of common stock (par 100), price $10 a share. Underwriter—Triumph up to noon Securities Co., Inc. Proceeds—to explore and acquire claims for uranium ore bodies. Registration statement expected to become effective about Sept. 28.

American-Marietta Co., Chicago, Ill. Aug. 23 (letter of notification) 6,000 shares of common stock (par $2), to be sold to underwriter at $16 per share. Underwriter—Price & Gray of Chicago, III. Proceeds—to Grover Hermann, President of company, for retirement of selling stockholder. No general public offering planned.


American Natural Gas Co., New York Aug. 4 filed 334,934 shares of common stock (no par), of which 334,445 shares are offered to common stockholders of the company for (a) redemption of interest thereon for each of 10 shares held (with an over-subscription privilege); right to receive $22.50 a share. Price—$22.50 per share. Underwriter—None. Proceeds—to increase investments in stock of Michigan Consolidated Gas Co. and Milwaukee Gas Light Co. Statement effective Aug. 24.


Arcutronics Electronics, Inc., Nashville, Tenn. Sept. 12 (letter of notification) 50,000 shares of 6% convertible preferred stock (par $100) and 3,000 shares of preferred stock (par one cent) in units of one preferred and 50 shares of common stock (par $1). Proceeds—$50 a share. Underwriter—G. R. Gearhart, Kinnard & Otes, Inc., New York, N. Y. Proceeds—for common program, to repay advances and for working capital.

Arkansas Power & Light Co. May 22 filed 355,000 shares of cumulative preferred stock (par $100). Proceeds—to be applied to (a) redemption on Aug. 1, 1950, at $101 par plus dividend accrued, of all the 47,608 shares of outstanding $7 preferred and 45,891 shares of outstanding $6 preferred; and (b) the carrying forward of the company’s construction program. Bills—Received by company (EDIT) on June 19, but rejected. Only one bill was paid $6,055.00 per share, with a $4.00 penalty. Office—Brothers, Equitable Securities Corp., and White, Weld & Co., jointly. Statement effective June 12. No further decision reached.


Arco Manufacturing Co., N. Y. C. July 14 (letter of notification) 200 shares of common stock (par $3) offered in exchange for shares of Bendix Home Appliances Co. (par $1) and 400 shares of common stock (par $1). Proceeds—To be used for general corporate purposes. Statement effective June 8.

Big West Oil & Gas Co., Dallas, Tex. Sept. 5 filed 1,760,000 of 5% sinking fund debentures (par $100) due July 1, 1957. Proceeds—for development of new oil fields and for general corporate purposes. Office—104 E. Taylor St., Littleton, Colo. Proceeds—for drilling and development expenses and for working capital.

Blair Holdings Corp. Sept. 10 filed 1,250 shares of common stock (par $1). Proceeds—to Virgil D. Dardi, President, the selling stockholder.


Credit Finance Services, Inc., Akron, O. Aug. 4 (letter of notification) $300,000 of 2% to 4% convertible preferred stock (par $5). Price—To be determined. Underwriter—None. Proceeds—for working capital. Office—418 South Main Street, Akron, O.


Dayton Power & Light Co. Sept. 8 filed 20,000 shares of common stock (par $7) to be sold to employees. Price—to be set each six-month period by subtracting 15% from the average price during the three months. Underwriter—None. Proceeds—for general funds and used, in part, for construction of newspaper building.

Dayton Power & Light Co. & Collateral Trust Co. Sept. 8 (letter of notification) $149,000 of 5% first mortgage bonds. Price—at 101, with $100 sinking fund notes held by International Telephone & Telegraph Co. Proceeds—to be sold to employees. Price—to be set each six-month period by subtracting 15% from the average price during the three months. Underwriter—None. Proceeds—for general funds and used, in part, for construction of newspaper building.


Detroit Hardware Manufacturing Co. Aug. 4 (letter of notification) 100,000 shares of common stock (par $1). Price—To be determined. Underwriter—C. G. McDonald & Co., Detroit, Mich. Proceeds—to expand facilities and for working capital. Office—1320 Mt. Elliott Ave., Detroit, Mich. Proceeds—to be applied to the working capital account at the Bank of America (EDIT) in the City of New York, N. Y., on and after the 25th day of each office. Office—200 Market St., Wilmington, Del.


Dundee (N. Y.) Tel. & Tel. Co. (9/15) Aug. 2 filed 1,000 shares of preferred and 160 shares of common stock. Price—$50 per share. Underwriter—None. Proceeds—to refund bonds, notes and accounts payable and for construction program.

**Indicates Additions Since Previous Issue**
NEW ISSUE CALENDAR

September 14, 1950

Federal Television Corp. 

Common

September 15, 1950

Dunce Telephone & Telegraph Co., Pfd. & Com. 

Key West Gas Co. 

Bonds

Lancaster Processes, Inc. 

Monarch Radio & Television Corp. 

Common

September 18, 1950

Mack (John) Industries, Inc. 

Common

Standard Oil Co. (Ind.) 

Common

September 19, 1950

Central Maine Power Co. 11 a.m. (EDT) 

Cleveland Electric Illuminating Co. 

Common

El Paso Natural Gas Co. 

Common

New Hampshire Electric Co. 

11 a.m. a.m. (EDT)

September 21, 1950

American-Canadian Uranium Co., Ltd. 

Common

Safety Stores, Inc. 

Pfd. & Com.

September 25, 1950

Diney Stores Corp. 

Common

September 26, 1950

Delaware Power & Light Co. 

11:30 a.m. (EDT) 

Bonds

Winn & Lovett Grocery Co. 

Common

September 27, 1950


October 3, 1950

Sierra Pacific Power Co. 11 a.m. (EDT). 

Debts

Sierra Pacific Power Co. 

Common

October 4, 1950

Avandion Corp. of America. 

Debentures

October 9, 1950

Utah Power & Light Co. 100% 

(EST.)

October 11, 1950

Ohio Electric Co. 

Common

OFFERINGS TEMPORARILY POSTPONED

Carrollton Power Co. 

Common

Fedders-Quigan Corp. 

Common

General Radiant Heater Co., Inc. 

Common

General Radiant Heater Co., Inc. 

Common

Middlesex Water Co. 

Common

Rockefeller Telephone Co. 

Common

Southern Co. 

Common

United States Plywood Corp. 

Preferred

James Manufacturing Co., Fort Atkinson, Wis. 

Sept. 6 (letter of notification) 15,973 shares of common stock, with 14,695 share of class B common stock, both on the same basis, the entire federal and common stock. The proceeds will be used to retire the principal of bonds. 

Key-Hartland Corp., Culver City, Calif. 

July 26 (filing of 159,000 shares of common stock) 

Price—$9 per share. Underwriters—Bennett & Keener, Boston, Mass. Proceeds—For working capital.

Key West Propane Gas Co. (9/15) 

Sept. 1 (letter of notification) 125,000 of series A bonds. 

Price—$4 per share. Underwriters—Sills, Fairman & Harris, Inc., Chicago, Ill. Proceeds—For working capital.

Lancaster Processes, Inc. N. Y. City (9/15) 

Sept. 7 (letter of notification) 100,000 shares of 6% cumulative preferred stock. 


Sampson & Company, Inc. 

Common


General Telephone Co., Louisville, Ky. 

July 17 (letter of notification) 101,500 shares of common stock (par $1) $9 per share. Underwriter—None. Proceeds—To expand the local distribution and working capital. Office—139 Duane Street, New York, N. Y.

Florida Power Corp. St. Petersburg, Fla. 


General Sales Corp., Nashville, Tenn. 

June 23 filed a maximum of 32,000 shares of common stock (par $1) to be sold for a price-share basis in exchange for outstanding preferred stock of W. L. Douglas Shoe Co. No underwriter. Statement effective July 25.

Gosselin Stores Co., Inc., Oklahoma City, Okla. 

Aug. 16 filed of 30,000 shares of common stock (par $1) $.50 per share. Proceeds—For working capital. Underwriter—None. Statement effective Aug. 26.

Gulf Insurance Co., Inc., Oklahoma City, Okla. 

Sept. 25 filed 52,000 shares of common stock (par $1) $2.50 per share. Proceeds—For the company's working capital. Underwriter—None. Proceeds—For working capital. Underwriter—Rutland, Conn. Proceeds—To expand the local distribution and working capital.


Feb. 16 filed 100,000 shares of common non-assessable stock (par $1) $2.50 per share. Proceeds—For the company's working capital. Underwriter—None. Proceeds—To buy mining machinery and for working capital. Statement effective May 10.

Graybar Electric Co., Inc., New York 

Aug. 22 filed 12,000 shares of common stock (par $1) to be offered for subscription by employees. Price—At par ($20 par value). Underwriter—None. Proceeds—For the company's working capital.

Greenwich Gas Co., Greenwich, Conn. 


Holeproof Hosiery Co., Milwaukee, Wis. 


SORG PRINTING CO., INC. 

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Continued on page 40
Mississippi Power & Light Co. Majority of new preferred stock (par 100). Proceeds—to be used to redeem at $10 per share plus dividends, the outstanding 44,748 shares of 4% preferred stock. Price—$5 per share. Underwriter—None. Proceeds to be used mainly for development. Statement effective April 10, 1950.


Pioneer Telephone Co., Waconia, Minn. Offered 4 1/2% convertible preferred stock, series B. Price—at $110 per share (div. 4 1/2c paid). Proceeds—to repay debentures. Underwriter—First National Bank of Minneapolis, Minn. Proceeds—to expand telephone service.

Pipe Stem Mines Inc., Silver City, N. M. Offered 7 1/4% convertible preferred stock. Proceeds—to be used in mining operations. Underwriter—None. Proceeds—to develop mines. Address—Box 348, Silver City, N. M.

Power Petroleum Ltd, Toronto Canada Offered 15,000 shares of common: 10,000 of which 1,000,000 on behalf of company and 150,000 by brokers. Price—to brokers at $18 per share. Underwriter—S. G. Cramwell & Co., New York. Proceeds—for administrative expenses and drilling. Statement filed June 21, 1949.


Prudential Fire Insurance Co. Aug. 10 (letter of notification) 9,000 shares of common stock (par $1). Price—$1 per share. Underwriter—None. Proceeds—to increase capital.

Quaker City & Marine Insurance Co. Aug. 2 (letter of notification) 10,000 shares of capital stock (par $1). Price—For the offering of 4,000 shares of capital stock offered by 36 holders. Underwriter—Unsubscribed shares to be offered publicly within a period of 15 days. Address—575 Madison Ave., New York, N. Y. Proceeds—for capital purposes. Address—228 Walnut Street, Philadelphia 6, Pa.

Rochester Gas & Electric Corp. June 29 filed 125,000 shares of common stock (par $1) to be offered to present stockholders at a reduction of $1 per share. Underwriter—Robert Brothers; Minneapolis, Minn.; and Robert Brothers; New York. Proceeds—to repay debt.

New Hampshire Electric Co. (9/19) Aug. 10 (letter of notification) 2,000,000 shares of common stock (par $1) being offered to stockholders. Price—at $5 per share. Underwriter—None. Proceeds—to increase capital.

New Orleans Public Service Inc. Aug. 10 (letter of notification) 8,000,000 shares of common stock (no par) to be offered to stockholders (other than Mid-South Utilities Inc., parent) of record Sept. 1, 1950, at $2.50 per share. Underwriter—None. Proceeds—To retire bank loan. Address—317 Baronne Street, New Orleans 9, La.

Nolina Oil Development Co., Washington, D. C. Aug. 11 (letter of notification) 100,000 shares of common stock (par $5) to be offered to stockholders. Price—at $3 per share. Underwriter—None. Proceeds—to retire outstanding bank loan and develop new oil properties.

Northern Illinois Coal Corp., Chicago May 10 (letter of notification) up to 2,000 shares of common stock (par $100) to be offered to stockholders (at prices between $30 and $22 per share) by T. Howard Green, 432 North Michigan Ave., First Illinois Corp., Farall & Co., Rogers & Tracy and Shields & Co., Chicago.


Ohio Oil & Gas Co. July 12 (letter of notification) 1,100 shares of common stock now held in treasury. Price—$5 per share. Underwriter—None. Proceeds—to be used in distributing oil and developing oil leases. Statement filed July 12.

Oklahoma Gas & Electric Co., Oklahoma City, Okla. April 22 (letter of negotiation) 225,782 shares of class A common stock (par $100) to be offered. Underwriter—None. Proceeds—to be used to finance construction.

Pacific Power & Light Co. Aug. 15 (letter of notification) 10,000 shares of common stock (no par), representing all of the outstanding shares of the company, to be sold by a group of 18 stockholders headed by A. C. Alllyn & Co., Inc. and Bear, Stearns & Co. Underwriters—To be named by amendment.


Pan American Television Productions, Inc. June 29 (letter of notification) 150,000 shares of common stock (par $1). Proceeds—to be earned by common stockholders. Price—to be determined Sept. 28. Proceeds—to be used for television and for purchase of new equipment. Underwriter—None. Proceeds—to be used for equipment.

Southern Communications Co., Atlanta, Ga. July 28 filed 381,415 shares of common stock (par $5). Underwriter—To be determined by competitive bidding. Proceeds—To be used for working capital and expand the business. Address—1670 Peachtree, Atlanta, Ga.

Southern Co., Atlanta, Ga. June 6, 1949, filed 20,000 shares of common stock (par $5). Underwriter—To be determined by competitive bidding. Proceeds—To be used for working capital and expand the business. Address—1670 Peachtree, Atlanta, Ga.


Standard Oil Products Co., Inc. (9/18) Aug. 11 filed 367,500 shares of common stock (par $1). Proceeds—to be used for working capital. Underwriter—None. Proceeds—to be used for working capital. Address—350 Fifth Avenue, New York 1, N. Y.

Sudore Gold Mines Ltd., Toronto, Canada June 24, 1949, filed 30,000 shares of common stock. Price—$1 per share (U. S. funds). Underwriter—None. Proceeds—to be used for working capital.

Sudore Mines Ltd., Toronto, Canada July 26 (letter of notification) 100,000 shares of common stock (par $1). Proceeds—to be used for working capital. Address—350 Fifth Avenue, New York 1, N. Y.

Sudore Mines Ltd., Toronto, Canada July 26 (letter of notification) 100,000 shares of common stock (par $1). Proceeds—to be used for working capital. Address—350 Fifth Avenue, New York 1, N. Y.

Supercil Limited, Toronto, Canada June 27, 1949, filed 20,000 shares of common stock (par $1). Proceeds—to be used for working capital. Underwriter—None.


holders on April 25 having increased the authorized amount to 750,000 shares from 500,000 shares. The proposed offering is being underwritten by: Dillon, Read & Co. Inc. if negotiated sale.

Consolidated Edison Co. of New York, Inc. May 24, the company announced that it would require approximately $80,000,000 for working capital through the sale of securities. No permanent financing is being obtained. The proceeds will be used to redeem three outstanding bonds and the following:

- 1951 sinking fund bonds, at par.
- 1952 $100,000,000 bonds at $97,000 per $100 face value.

The company plans to sell the preferred stock (par $100) for $105 per share. Proceeds—For general corporate purposes.

Consolidated Lobster Co., Inc. Aug. 11 it was stated that company plans to offer additional capital stock (no par) for subscription by stockholders. The proceeds will be used for improvements at the plant.

Eastern Utilities Associates May 2, it was announced that upon the plan filed with the SEC a new company will be formed to acquire the properties of Eastern Utilities, Peabody & New England Electric System. The total consideration of $3,000,000 will be paid in cash.

El Paso Electric Co., El Paso, Tex. July 10 it was announced that plans to refund $3,500,000 bank loans (notes payable) with permanent financing prior to March 31, 1951. The rate of interest on these will be placed privately last September with the John Hancock Mutual Life Insurance Co. Prior financing underwritten by: White, Weld & Co.

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

Emsco Radio & Phonograph Corp. March 26, Benjamin Abrams, president, announced that the company may sell 1,240,000 shares of common stock (par $5) to acquire additional plant facilities if needed. Tradew: F. Eberstadt & Co.

Equitable Gas Co. April 8 company said to be planning the sale this year of $2,000,000 of bonds, with another $2,000,000 in 1951 and 1952. The proceeds are to be used for construction program.

Florida Power & Light Co. June 9 stockholders approved creation of 50,000 shares of $40 cumulative preferred stock (par $100). These shares are soon expected to be offered for permanent financing to the SEC. If this is the case, that financing will be added to the company's working capital to be used.

Georgia Natural Gas Co., Albany, Ga. April 30 filed application with SEC to construct a 333-mile pipeline system in Georgia and Florida to cost about $5,100,000, which would be financed through a series of bond issues and the sale of common stock. Previous application was made May 1950.

- Georgia Power Co. Sept. 7 it was reported Alabama P. S. Commission has authorized the sale of 2,800,000 shares of preferred stock, the proceeds of which are to be used to finance the erection of a steam generating station at Fort Stoddart Co., located at Stoddart, Ga.

Houston Lighting & Power Co. April 14, S. R. Bertron, President, estimated construction expenditures for 1951 between $10,000,000 and $20,000,000. This estimate may be raised to accommodate increased private power demands on the system. If this is the case, that financing will be necessary, be added. This may be obtained through additional common or preferred stock financing.

Hussman Refrigerator Co. April 6, 6,000 shares of common stock is being issued. Proceeds will be used to redeem 15,000 outstanding shares of $2.50 cumulative preferred stock, which is used for general corporate purposes.

Iowa Power & Light Co. April 25 company said to be planning the sale this year of $2,000,000 of common stock bonds, with another $2,000,000 in 1951 and 1952. The proceeds are to be used for construction program.

Johnson & Johansen Shoes Co. Sept. 25, the company announced a proposal to issue and sell $35,000 of 4% sinking fund debentures due 1990. Proceeds of the offering will be used for general corporate purposes including the issuance of preferred stock.

Kaiser Steel Corp., Fontana, Calif. Sept. 6 it was reported that company was planning a preferred stock issue of $100,000,000, which includes $25,000,000 of bonds (which will be placed privately with an insurance company) and $40,000,000 of equity financing. This is expected to be in units of preferred stock and common stock, a registration statement for which is expected to be filed with the SEC before Oct. 6. Proceeds—$50,000,000 will be used to pay off an RFC loan, and the balance will be used to retire a debenture. Proceeds—For general corporate purposes.

La Crosse Telephone Co. June 8, company announced that it has advised the Wisconsin Telephone Co. that it will sell $1,000,000 of long-term bonds and not less than $600,000 of common stock. Proceeds will be used to repay $1,000,000 of short-term bank loans and the balance for working capital.

Lorrillard (P.) Co. April 20, Presidetn said: "It may be necessary to do some financing" before Aug. 1, to redeem $6,100,450 of 5% bonds due on that date at or near par. Underwriters—Be teamwork for the SEC has stated authority to issue $200,000 of first mortgage bonds, series H due Sept. 1, 1956, and $1,000,000 of first mortgage bonds due Sept. 1, 1960, to construct a new plant. Proceeds will be used for general corporate purposes and to reimburse for construction expenditures.

Louisiana Power & Light Co. Sept. 12 it was said that the company is expected to be in the market sometime in the next 30 to 45 days for $1,000,000 of long-term bonds. Underwriters—To be determined.

Michigan Consolidated Gas Co. Aug. 14 company applied to California State Insurance Department for authority to issue a total of 100,000 shares of $100,000 of common stock (par $1), of which 50,000 are to be offered to California stockholders at $2.50 per share, the remaining 50,000 shares are to be offered to bondholders of the company at $3 per share.

Macy (R. H.) & Co. May 8 it was reported that company is considering issue of common or preferred stock. Underwriters—Traditional underwriters: Lehman, Brothers, Goldman, Sachs & Co.

Michigan Bumper Corp., Grand Rapids, Mich. July 20 stockholders voted to increase authorized common and preferred stock of the company with holders of present outstanding stock to have no preemptive rights.

Michigan Consolidated Gas Co. Aug. 7 it was announced company contemplates permanent financing will be consummated before mature (Feb. 20, 1951) of proposed $25,000,000 bank loans which will include, during Dec., $20,000,000 of first mortgage bonds and $6,000,000 of common stock. Proceeds—For general corporate purposes and the issue of preferred stock.

- Michigan-Wisconsin Pipe Line Co. July 25 company received SEC authorization to borrow $12,000,000 of 4% sinking fund debentures for the purpose of procuring a guaranteed WINCHESTER. The proceeds of each such program will also include the issuance and sale of $12,000,000 of common stock and $12,000,000 of preferred stock. Proceeds—For expansion of pipe line facilities, general corporate purposes and the issue of preferred stock.

- MidSouth Gas Co. July 17 company reported that this newly organized company will issue and sell publicly $2,000,000 of common stock and place privately with institutional investors $4,000,000 of common stock. Proceeds—For general corporate purposes, to be used in connection with the acquisition of a new company for a $2,000,000 of preferred stock.

- Minnesota Power & Light Co. Initially it is planned to sell $800,000 stock and...
August 23 it was reported that company is considering issuing additional bonds in order to raise additional capital. The bond issue is expected to be sold to a group of institutional investors, and are to be secured by the company's assets.

Lehman Brothers Co. and Morgan Stanley & Co. are expected to be the lead underwriters for the bond issue. The bond issue is expected to be sold at par, and is expected to raise approximately $150 million of additional capital.

The bond issue is expected to be used to finance the company's expansion and to fund the construction of new facilities.

The bond issue is expected to be sold at par, and is expected to raise approximately $150 million of additional capital.

The bond issue is expected to be used to finance the company's expansion and to fund the construction of new facilities.

The bond issue is expected to be sold at par, and is expected to raise approximately $150 million of additional capital.

The bond issue is expected to be used to finance the company's expansion and to fund the construction of new facilities.

The bond issue is expected to be sold at par, and is expected to raise approximately $150 million of additional capital.

The bond issue is expected to be used to finance the company's expansion and to fund the construction of new facilities.

The bond issue is expected to be sold at par, and is expected to raise approximately $150 million of additional capital.

The bond issue is expected to be used to finance the company's expansion and to fund the construction of new facilities.

The bond issue is expected to be sold at par, and is expected to raise approximately $150 million of additional capital.

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The bond issue is expected to be sold at par, and is expected to raise approximately $150 million of additional capital.

The bond issue is expected to be used to finance the company's expansion and to fund the construction of new facilities.

The bond issue is expected to be sold at par, and is expected to raise approximately $150 million of additional capital.

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The bond issue is expected to be sold at par, and is expected to raise approximately $150 million of additional capital.

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This week with OF WARRANTS TO BEARER. Virtue of New York, and the investment was enough it was declared. The successful bidder will receive bids to be opened on the same date for $3,600,000 of 25- year mortgage bonds, due in 1952. Cleveland Electric Illuminating also has $25,000,000 bonds for bids that day. Meanwhile Nippon M o h a k Power Co. is reporting planning new financing which may run to $40,000,000 in a few months hence, while Louisiana Power & Light Co. is reporting contemplating financing up to at least $10,000,000 which should reach market along the same time.

**DIVIDEND NOTICES**

**DiMARTI SUGAR COMPANY**

106 Wall Street, New York 5

The Board of Directors has declared a semi-annual dividend of 50 cents per share on the 5% Preference Stock, payable Octo¬ber 30, 1950, to stockholders of record September 30, 1950.

RAMELS M. FOX, Treasurer.

**D R I V I D E N D N O T I C E S**

**GENERAL REALTY & UTILITIES CORPORATION**

The Board of Directors has declared a semi-annual dividend of 50 cents per share on the 5% Preference Stock, payable October 30, 1950, to stockholders of record September 30, 1950.

RAMELS M. FOX, Treasurer.

**GENERAL REALTY & UTILITIES CORPORATION**

4% Cumulative Preferred Stockholders' Notice of Payment of Dividend No. 13 of 50 cents per share on the 4% Preference Stock, payable October 30, 1950, to shareholders of record September 30, 1950.

RAMELS M. FOX, Treasurer.

**DIVIDENDS**

The Board of Directors has declared the following dividends: 25th Consecutive Regular Quarterly Dividend of One Dollar ($1.00) per share.

The directors have declared a dividend of 50 cents per share on the Common Stock, payable October 15, 1950, to stockholders of record September 30, 1950.

A special cash dividend of 50 cents per share on the Common Stock, payable October 15, 1950, to stockholders of record September 30, 1950.

check will be mailed.

Robert P. Rush, Vice President and Treasurer.

**INTERNATIONAL MINERALS & CHEMICAL CORPORATION**

General Offices 10 North Wayde Drive, Chicago, Illinois

The Board of Directors has declared the semi-annual dividend of 50 cents per share on the 5% Preference Stock, payable October 30, 1950, to stockholders of record September 30, 1950.

Checks will be mailed.

Robert P. Rush, Vice President and Treasurer.

**THE ELECTRIC STORAGE BATTERY COMPANY**

The Board of Directors has declared a semi-annual dividend of 50 cents per share on the 5% Preference Stock, payable October 30, 1950, to stockholders of record September 30, 1950. Checks will be mailed.

H. ALLAN, Secretary and Treasurer.

**DIVIDEND NOTICES**

**THE LION COMPANY**

A regular quarterly dividend of $1.50 per share has been declared on the Capital Stock of the Company, payable December 15, 1950, to stockholders of record November 15, 1950, in accordance with the provisions of The First Reorganization Plan of the Company, which Plan was approved by a Special Meeting of the stockholders September 30, 1950.

E. W. ATKINSON, Treasurer.

**DIVIDENDS**

**MANITOWOC**

**DIVIDEND NOTICES**

**NEW YORK & OGDEN CORPORATION**

128 Broadway, New York 5, N. Y.

DIVIDEND No. 32.

The Board of Directors of this Company, has declared a semi-annual dividend of 25 cents per share on the Common Stock, payable November 10, 1950, to stockholders of record October 20, 1950. Checks will be mailed on December 20, 1950.

W. C. LANGLEY, Treasurer.

**DIVIDEND NOTICES**

**OLD TOWN RIBBON & CARBON COMPANY, INC.**

The Board of Directors has declared the semi-annual dividend of 25 cents per share on the Common Stock, payable November 10, 1950, to stockholders of record October 20, 1950. Checks will be mailed on December 20, 1950.

J. V. STEVENS, Secretary.
WASHINGTON, D.C.—With the passing of this session of Congress, some beautiful prize legislative packages will die, giving a special session before January. Even a special session, however, is likely to deal with a limited program which will not carry action on most of these things.

One of the most beautiful of these packages is the President’s proposal that the Federal government purchase the Chrysler plants, a proposal that has been under consideration on many levels. This proposal, if approved, will result in a major change in the automotive industry, and is likely to have far-reaching consequences on the national economy.

Purpose of a wage-stabilization conference, of course, would be to be able to agree to go easy with demands for higher wages, in particular to avoid a strike. Labor, it is believed, will have to demand in return from industry three things: if management will agree to a wage-stabilization clause in all defense contracts, to suspension of the Taft-Hartley Act for the duration, and to be able to “freeze” for the duration, organized labor will be happy to sign a no-strike pledge. It is reminiscent of a previous labor-management conference a few years ago, when a CIO spokesman demanded a wage increase across the board, and the latter form of the conference.

The opinion of qualified interpreters, including Senator Burton K. Wheeler, chairman of the Senate Banking Committee, is that the “authorization” to the President’s power to declare wage stabiliza-

tion conference is a direction that, even if he remembers the dismal failures of previous efforts, those concerned must go through with this one, guaranteed to be an equally dismal failure.

Incidentally, the wage-provi-

ding proposals will be inevitable call for a wage “freeze.” The Bill uses only the term “stabilization.”

The current Administration use of the word “stabilization” con-

fers a steady upward rise.

Conservatives here agree that the issues are, by present-day law, a pretty tight answer for President Truman’s expected proposals. Senator McCarran’s Anti-communist Bill in the Senate, and the recent rights of persons. Apart from requiring the registration of outright Com-

deem, and arranging for clam-

ying down on spies and saboteurs, the McCarran Committee requires the regis-

tration of Communist “front” organizations and their officers.

The latter form of registration would be almost identical to that required by the lobbyists. The committee “front” officers would be required to report their income and expenses, just as the same kind of lobbyists.

“Is it interfering with civil liberties to require commie sym-

pathizers to report as much as lobbyists?” That will be the an-

swer to the President’s announced veto of the Bill, when and if that veto comes.

Within certain limits, Congress is capable of maintaining a moral revolts against certain “too raw” proposals, and is currently being illustrated in the case of appoint-

ments to the Board of the Re-

construction Finance Corporation.

A good many Congressmen were looking for a fast and loose with the idea of obligating the Treasury to back up hundreds of millions in loans to “small business,” a program that evaporated with the Korean War. They were flir-
ting with the idea, even though many preferred only to “talk” small business and hoped it would be enough. In the end, the majority decided that the then current special small business fi-
nancing aid program sponsored by the President.

Then President Truman failed to renominate Chairman Harter Hin and board member Harvey Gunderson. The latter, an avowedly Republican member of the Board, openly opposed the President's program. In Gunderson’s place the President nomi-

nated a “captive Republican” who testified in favor of the President’s program, renominated one member of the RFC Board, and nominated two other new members, all red hot advocates of the idea of nursing small business from the Federal Treasury.

Because of this and because of other criticisms of the new ap-

pointees, criticisms not yet aired here on the public record, the Senate Banking Committee just decided to chuck the entire four RFC appointments into the waste-

basket. Chairman Maybank went to Europe without even sched-

uling these appointments for a hearing. So all the four nominees are out of luck.

Meanwhile, both Menus, Hine and Gunderson, if they want to, may, under the law, serve until their successors qualify. Presi-

dent Truman can make recess ap-

pointments before January only if he calls for and gets their resignations. He can legally name only one man to fill an office vac-

cy.

If the inflation rate is such that the Federal Reserve Board, in its reorganization of Regulation W, the Board is believed follow-

ing a middle ground between being too tough and too easy, in its judgment.

Hence, the objective of the initial terms promulgated by the President, to promulgate the President's Board into law, will remain unchanged until that time.

With industrial operations, the Board may be expected to promulgate larger down payments (except for automobiles) and shorter repayment terms. The “tougher” terms, when they do come, will be designed to cut back the market for appliances and automobiles to the reduced supply.

There now appears to be little doubt that the FDIC members will be credited with some what upward of 67 million dollars against their insurance assess-

ments payable beginning with the first quarter, 1951, installment.

The bill to set up the assess-

ment credit will proceed only House approval of the conference report and subsequent Presidential ap-

proval. Ostensibly all the Admin-

istration favors this bill, hence “royal assent” may be taken for granted.

Under the bank bills are still legally liable for their full assess-

ment after deduction for FDIC administrative expenses, losses or avoid, and reserves for loans, the net balance is open to a credit of 6%, and the balance of 46%, along with earn-

ings on the FDIC capital funds of some $1.2 billion, is added to the deposit insurance agency’s re-

source.

The same bill raises FDIC coverage to $10,000 per individual account, up from $5,000 per account.

Under another bill, insurance of homestead association share accounts will also rise to $10,000 from $5,000.

(THIS COLUMN IS INTENDED TO RE-

LECT THE BUSINESS SCENE INTER-

PRETATION FROM THE BUSINESS NATIONAL AND MAY NOT COINCIDE WITH THE "CHRONICLE"'S OWN VIEW.)

Abraham Strauss With
Morris Cohn & Co.

Abraham Strauss, for 17 years an officer of Strauss Bros., Inc., will become associated with Morris Cohn & Co., 42 Broadway, New York, as Manager of their trading department on Sep-

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Financial Chronicle)

LOS ANGELES, Calif.—Albert V. Sander has been added to the staff of Dempsey-Tegeler & Co., 216 West Seventh Street.

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