EDITORIAL

As We See It

What are the “lessons” of last week’s election returns? What conclusions may the sober-minded, thoughtful citizen draw from the voting? Answers to such questions are important not only because they may give a clue to what is most likely to occur in this country, and, for that matter, in some part at least, elsewhere in the world, but because they should point the way for those who wish to make the most of a situation and an opportunity now before them.

As a starting point, we are ready to accept for working purposes the general analysis presented by Arthur Krock in last Sunday’s edition of the New York “Times.” Mr. Krock is close to the scene in Washington, and has a high reputation for analysis of things political.

Here in part is what Mr. Krock has to say:

“What seemed to have been established (by the election returns) was: “Recession over several conditions, among them (1) the State Department’s conduct of our foreign policy, with special emphasis on the situation in the Far East and the impending cost and inconvenience of rearmament; (2) the infiltration of Communists in the Government; (3) the methods employed by the executive and administrative spokesmen in Congress in dealing with this; (4) the ideology and cost of the program which President Truman calls the Fair Deal; (5) the tactics and corruption of city political machines; (6) the efforts of the national leaders of union labor to purge legislators who refused to do their bidding.”

Continued on page 33

Some Current Economic Misconceptions

By SUMNER H. SLICHTER*

Lamont University Professor, Harvard University

After noting essential facts in current economic situation, Prof. Slichter points out chief misconceptions and unsettled issues. Contents profits are really not as large as last year and it is misconception to hold that inflation is nation’s one number one economic problem. Hold it is error that increase in taxes and excess profits levy does not contribute to rise in prices and wages.

I

One of the best ways to discuss the economic outlook is to examine a few of the more important misconceptions about current economic problems and some of the principal questions and issues that have not yet been settled. An exploration of these misconceptions and unsettled questions and issues should help to clarify thinking about some of the tough decisions confronting the country. I have picked out five important misconceptions and also five important unsettled questions and issues. Referring to these topics, however, I wish to set forth a few of the essential facts about the defense program, endeavor as they are known, and to call attention to some of the principal economic and political developments that have occurred since the outbreak of the war in Korea.

II

The essential facts about the defense program seem to be the following. By the end of 1951 the military forces will have been increased from about 1.4 million in the middle of 1950 to about 3 million. The President, in his speech of Sept. 9, announced that by next June the country would be spending at the annual rate of $2,000 million dollars.

*An address by Prof. Slichter before the National Founders Association, Chicago, Ill., Nov. 10, 1950.

In Which Industry Shall I Invest?

By GERALD M. LOEB*

Partner, E. F. Hutton & Co., Members N. Y. S. E.

Stock Market analyst stresses timing, price and general outlook as equally important to buyer as his choice of industry. Demonstrates divergent market behavior of individual issues within industries. Recommends chemical and oils as safest current choices, with soft drink companies offering good speculative possibilities.

The point I’m going to stress is not so much exactly what industry to buy into but the dangers that exist and how to find them. It is a sort of warning of the pitfalls and something about all that’s gold does not glitter. It isn’t as simple as saying that one industry has a good future and the other one hasn’t. It comes down to the purpose for someone wanting to buy a stock and the purpose is different in every case and for each individual and also at one time and also at another time and also the price. It’s like anything else—a $1,000 watch for $2,000 might be nothing as good as buying, say, a dollar watch for $5 cents; the same thing applies in the stock market. People buy into different industries. One person wants stability; the next person wants to make a big profit; the next person wants safety and the next person wants large income, and they can’t get all it in the same industry. Like-wise, some people are very experienced and can take risks and can feel their way along; some people are in high-tax brackets and some people are in low-tax brackets.

Changing Popularity

For instance, if you had asked this question before

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State and Municipal Bonds

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IRA HAUPT & CO.
The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment field is invited to discuss their views and give 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 discussed.

WILLIAM A. HOBBS
Research Director,
New York-Newark-London
(Owen-Illinois Glass Co.)

At the current stage of the stock market, the prices of the heavy-industry cycle-like companies are generally selling near their all-time highs. It is a matter of belief, it is not very likely to be correct. The relative strength of the price is a very important consideration, but the real reason for the preference is a new, and as yet generally unrecognized, source of earnings.

Owen-Illinois Glass Co. is the company about which the security I like best. The stock sold as high as $4.14 in 1946, only slightly below the all-time peak of 104 established in 1935. It is probably a reasonable opinion that the stock never should have sold at above $4.14, and it has been exceptionally regarded for years. Along with the price data in Table 1, the company will be discerned from the price-earnings ratio and the relation of the D-J Range—47.2 cents, $30,000, to the range of the stock, $30,000, to the range of the stock. It is understandable enough as the demand for glass containers slumped badly. While earnings by calendar years held up remarkably well, interim earnings declined drastically as indicated in Table 1. Earnings were at their peak for the 12 months ended June 30, 1947, at $3.69 per share before declining in each of the next four quarters so that at June 30, 1949, the 12 months’ figure was $2.51 or well below the $3.00 annual dividend.

Since that low point earnings have improved steadily and for the 12 months ended Sept. 30, 1950, were equivalent to $7.72 per share. The very sharp increase in the past nine months reflects not only the return to normal of the glass container business but also the very substantial earnings from the new and very lucrative television blanks. It is understood that Owens-Illinois and Corning Glass approximately divide this very lucrative field. Margins are quite satisfactory. The new line is open and in the future the company has shown an unprecedented improvement in its early production difficulties and demand for its products is tremendous. As of today the glass television blanks have been cast in the metal tube and also as of today, the market has not been tapped. It is estimated that the average life of the television set is about 15 months.

The $40 million debt has been reduced to $10 million and the dividend has recently been raised to $1.20 per share. The company has increased its productive capacity quite appreciably and it is anticipated that the earning debt will be retired in 1951, thus paving the way for further dividend increases.

Together with Corning Glass, Owens-Illinois, probably, is the outstanding 50% of Owens-Corning Fiberglas. This investment in Fiberglas company the value of the equity is estimated at roughly $30 million, equal to $10 million per share. No dividends have been received from the company and none are anticipated in the near future. What the Owens-Illinois stockholder can anticipate is a possible distribution of the Owens-Corning shares some time in the near future. There has been no suggestion that such an event may ever take place; it is purely the author’s conjecture.

Personally, I like securities of companies that have gone through a postwar "bath" and emerged with a sobered and serious attitude. Such apparently is the case with Owens-Illinois. Another factor of importance is the nearness of the company to the glass container business. Not only is current demand strong, but whatever difficulties the container companies encounter with regard to competition from plastic containers, that will, in all probability, redeem the position of the container manufacturers. For those who favor the concept of achieving the results of the market approach the following may be of interest: glass container earnings are estimated at $8 annually over the next ten years. Economically, however, glass container earnings are estimated at $8 annually over the next ten years. Economically, however, these can certainly be valued at $15 times, or $75; television earnings are estimated at around $3, which we say may be an arbitrary figure of five times are worth $15; the equity in Owens-Corning Fiberglas is $10 million; and $5 million of $100 for the stock currently selling at 70. Continued on page 34

David Francis

The Commercial and Financial Chronicle... Thursday, November 16, 1950

A. M. 1940
Outlook for Railroad Stocks

By E. FREDERICK UHRBOCK, JR. 
Statistical Department, Villas & Hickey, Members, New York Stock Exchange

Holding short-term outlook for railroad revenues is relatively good, specialist in railroad securities predicts wage increases will be absorbed by increased traffic rates and although admission of a possible recession is inevitable, relatively little danger is seen. It is hard to see a sustained slump at this time. Lists favorable rail issues in current market.

The subject of this evening's discussion is the effect of some of the current developments affecting the industry and the present level of railroad stocks on the market. This is one of the factors which must be given us an informed and understanding of what the investor in this field really knows.

I. The difficulties which the railroad companies have had to meet in the last few years have been due to the decline in the value of the dollar and the general depression. The cost of living has increased and the rate of interest on loans has also increased.

II. The outlook for railroad revenues at this time, is relatively good, particularly for the next six to eight months. I would like to think that I could look farther ahead, but experience has taught me that there are too many elements of a fluctuating nature that can alter the fundamentals quite drastically within the space of six months. For example, at the year-end, when we look for signs of the slackening of business, it seemed to me that the upward trend of general business, that has been evident since last year, was beginning to show signs of a perceptible slackening of force, but would carry through the period of the half of the year. After that time, however, my guess was that, unless there was some fundamental change to prolong the stimulus, we might expect a downward trend. As a result, last May and early June we felt a skeptical attitude toward the market as a whole.

The outbreak of Korea at the end of June changed our "outlook" completely and we reversed our recommendations, strongly urging the purchase of securities of interest income bonds and railroad equities.

*An address by Mr. Uhrbock before the New York Railways, New York, N. Y., Nov. 9, 1950.

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Spencer Trask & Co.

Vol. 75, No. 4909 . . . The Commercial and Financial Chronicle

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"Not available this week."

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To the Editor, The Commercial and Financial Chronicle:

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THE CURIUS SALVAGE

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McKee Elected Director of Stone & Webster

The election of John W. McKee of Toronto to the board of directors of Stone & Webster, Inc., is announced.

Mr. McKee is Chairman of the Board of Stone & Webster Canada Limited, President of Dodds Mackenzie Company Limited, Toronto, and a director of Canadian General Electric Company Limited and Canadian Oil Refineries Limited. He is also a member of the Toronto Advisory Board of The Royal Trust Co. and President of The Ontario Agricultural Winter Fair.

Looper & Co. Formed in Jolnin, Mo.

JOLIN, Mo.—Looper & Co., which has been formed with offices in the Jolnin National Bank building as well as underwriters, participating distributors, brokers and dealers in general market issues, and investment banking, Officers are Vincent C. Looper, President; Merrill M. Nye, Vice-President; and Max Kaplan, Secretary and Treasurer. Mr. Looper was formerly local manager for White & Co. Mr. Kaplan was with Fruehauf Prods. Co. & prior thereto with White & Co.

Joins Waddell & Reed in Active

(Washington D.C. Financial Chronicle)

KANSAS CITY, Mo.—Henry C. Gilleen, who is now associated with Waddell & Reed, Inc., 1012 Baltimore Avenue.

Primary Trading Markets In Active

PUBLIC UTILITY STOCKS


William H. Winfield

An Industrial Approach to Investments

William H. Winfield* Director of Economic Research, Minnepolis Municipal Electric Utility

Poining out people are markets and population growth pro-

vides the key to understanding complex investment

stances basic trends as approach to capital investment. Predicts

industrial growth in U. S. will continue at present rate, though

intervening factors may cause a difference in change in industrial development, which must be recognized and

foreseen in management and investment procedure. Dic-

esses how "straws in the wind" point to the blue chip stocks

operating. Railroap employment remained high, but many stock-
sales were instigated by profit

reorganizations. The exten-
t of public interest may lend

and will be helpful only to the 

ositely to investors. The only secur-

ity lies in the continuing profit-

ability of a company, and my prem-

ise is that large factors in the profit-

ability are the secular trends in the in-

dustry of which the company is a

part. If the American industrial

has always been able to make

breaks when it had a good growth

volume. Long-term trends should

not be forgotten as we shift into

rural areas.

The second basic trend is well-

known,particularly the increasing com-

petition from insurance companies for prime

investment. Regulation of this activity will allow them to compete

with our stockholders in the

very size and influence may well

undermine essentially the present

secure position of investment.

The third and most important trend is the increas-

ing activity in the industrial

sector, particularly the big

est. A recent example is my

own company, Minnepolis

Municipal Electric Utility, who

have issued $15 million of Preference A at 3.50 and

This was not a public offering,

entailing a long and expensive

process. The only entity issue was

by 17 institutions, and it appears

likely that insurance companies

are more and more of the new

investment, making the trust

of the industrial sector more
difficult. Your

will be to pick the blue chips

before they become too blue. To
do this you will need long-range

economic research as well as excel-

lent management.

All of these sounds obvious, but let me remind you that they are recent.

example is in only 10 years that natural gas stocks have been well

regarded and not viewed in long-term perspective. The two

characteristics of both natural gas and petroleum are the

importance of energy in our lives in the future and the large

of the raw materials will remain static.

In its drive for security-for-all, then, the industrial sector, the government to the

continuing operation of a company as a matter of public welfare. The

fact that a company is making money does not mean enough reason for shutting down

the less efficient operations—employment and profits are

The government steps in if the

utility cannot keep its rates in

check. An example of this is

Watt Company, which is a recent example of this trend.

At first glance this government

interest seems to give added

security, but such an assumption

may turn out to be a booby trap.

During the 1950's the railroads and the natural gas industry of the 1960's

Many of them were operated by trusts and

the country in the interests of

In our investments we have the

alternatives of the stocks and bonds,

because we do not want to get our new plant completed on the

short facade. The only way to

the two trends are not

one. In our past experience we have

a clear case of the

St. Louis

the commercial industry's approach

to capital investment. If we can

think of today's and the next

trends, we reduce our risks

we add to our chances of profits.

In my opinion the key to get into a starting investment just like in

will be small men occasionally un-

a "sleeping." However, most of our

have realized from researching a basic

of the stages of a product's growth and

of production to get an economic

profit. The only way to do this is

new and exciting about aspirin or

pharmaceutical activity. Their

production goes back 25 years and they have been profitable products for

nance for a number of years.

What of the Future?

"A man who does not grow to the sky," and the following discussion raises the logical question as to

whether industry can expect to continue to grow at the past rate. New starts have not been in the

years. More than 17 million consumers under 16 years old entered the school

During the next 10 years it is estimated that our population will be

These 34 million additional people will put a tremendous strain on the factors we consider

in making capital investment decisions.

Conservation vs. Chance

In spite of a rather spectacular growth in fixed assets, the U. S. is inef-

ficiently conserved. The larger a company grows, the greater the

resistance to the change. However,

in a firm may also be

found in trust companies. Yet one truth we can gain from the past is the law of change it-

self—nothing ever remains static.

A company, its markets, its products, and its service are con-

tinuously changing. How can a company worry about its inter-

est conservation to changing con-

ditions in its backyard? Also, how can trust officers also adjust their

investment opportunities to make important changes? Let's explore only one-phase—investments.

Two Basic Trends

Change must not necessarily be chaotic, but individual

management and trust management must recognize patterns of change and prepare for them. As an outsider, I think I can discern two basic trends which may affect the investment aspects of your trust

or a

Industrial Approach

An industrial approach to capital investment is simply recognizing that some investors have become apparent, but before discussing the reasons and the implications of the industrial future, let us summarize the characteristics in the industrial sector.

In the past five years, the industrial sector has become

apparent in the minimum of government controls and

there is no reason for us to think that the new investment

will be in the blue chip stocks.

In our investments we have the alternatives of the stocks and bonds, because we do not want to get our new plant completed on the

short facade. The only way to

the two trends are not

one. In our past experience we have

a clear case of the


**State of Trade and Industry**

Total industrial output for the nation held virtually unchanged from that of a week ago, but it was sharply above the level of a month ago, following the typical post-holiday slump. It is of interest to note that while initial claims for unemployment insurance were slightly below the level of the same week a year ago, Oct. 21, continued claims for recent weeks declined to a two-year low.

The implications of the country-wide elections on Tuesday of last week are so widely felt in out of contentment that the administrative candidates augur well for the nation as a whole. With the resurgence of Republican and anti-New Deal legislators into the nation's scheme of things the many proposals of our planned economists and they themselves, so long dominant in our government, will very likely become a reality.

The tendency long prevalent since the inception of the New Deal of placing burdensome levies on corporations will undoubtedly be softened in the interest of a sounder economy and, with this long-needed change to a more balanced government welfare and private industry, will remove the unessential and serve for and in the best interests of all the people should result.

The House Ways and Means Committee is scheduled on Wednesday of this week to open hearings on an excess profits levy and Secretary Snyder of the Treasury will, it is expected, ask for a stiff excess profits tax. The House-Senate Finance Committee on Internal Revenue Taxation favors a modest levy on excess profits coupled with a reduction in the corporate income tax. It is reported, however, that many tax experts believe Secretary Snyder's statement Wednesday will be "for the record" and that he is merely leaning toward the view of the revenue committee staff. On the other hand, considerable pressure is being brought on the Administration, particularly by unions, for a stiff excess profits tax. Because of the stand taken by the staff and the likelihood that the Administration, circles are slim that an excess profits tax will be passed before January.

Stability marked the steel markets last week. However, isolated losses continued to be made. United States Steel subsidiaries raised pig iron prices $3 per ton and upward adjustments were affected on ferromanganese and ferro silicon. All sign points to the fact that while wage negotiations are out of the way, states "steel" magazine, this week, there is still considerable nervousness in the application of price controls by Washington may hurry up the determinations of those makers and processors. Washington was reported being made on the wage study, but there was no sign a settlement was imminent. Gueses in the trade are that steel prices, on the average, are due for a rise of $5 to $8 a ton, a rise which the trade authority notes.

January steel mill rolling schedules are being set up, but they hold little cheer for manufacturers of civilian goods. Supply conditions promise to steadily deteriorate under impact of defense needs and demands dictated by the necessities of our military preparedness, which is being scheduled for January rolling. Defense and related requirements will demand more steel and there is just about absorb the entire month's production of all major products, this could affect the output of other goods. Supplies of steel, last week seen pressure more difficulties ahead, though it is not clear just now how much. Munitions and other war orders' shipments will be cut down since the bulk of steel production will concern military contracts.

Last week in the steel industry output reached the largest amount of steel ever processed from the nation's steelmaking furnaces at 163% of ingot capacity. This represents a record for the consecutive week in which the industry operated at an average of more than 90%. The electric light and power industry suffered a moderate recession, its all-time high record output last week, as did automobile production and carloadings of revenue freight by the country's railroads.

It was learned this week that aluminum for use in civil products will be cut back about 35%, beginning with Jan. 1. Both products as furniture, automobiles, toys, electric lighting fixtures and many others are being as an accomplished fact, if not, according to the legislation by the National Production Authority limits manufacturers of such goods to 65% of the aluminum they consumed in the first half of 1956. Similar cuts in other metals are scheduled to be made soon.

**Steel Output Scheduled to Dip Slightly From Recent Record**

Piecemeal control of steel distribution will be favored in a modified controlled material plan by the end of next year, May 1956. The slow build-up of metal in mining cycle, in its current summary of the steel trade.

Steel mill output revisions are expected to be expected to continue. By the middle of next week, Nov. 30, the control orders will be so numerous and far reaching that a count of the mills weekly report has become a matter of restoring order to a confused and chaotic market.

Although many manufacturers of nonessential civilian goods, states this trade authority, Steel shipments to them will be eliminated for the most part, for example, during 1943, total direct steel uses received 35% of steel output, now and other essential uses received 65%. This does not mean that no peace- time orders for other goods will be increased. It does mean we will get only what is left after defense and essential requirements have been met ahead against production.

Despite the mills' strong efforts to clean up old orders and start the new year fresh, they are running as much as two months behind at present.

**Observations**

Today's Inflation—At Peak or Mere Foot-Hill?

Quite characteristic of the current stepped-up worry over "inflation," it is said just today in a London friend, coupling the United States with France and the United Kingdom as three locales harboring "actively progressive stages of the determination which results from finance and taxation.

The United States is depicted as a country where people with only money, or claims on money, are either reducing their standard of living. And the French and English are being supported by their relatives or the State. He indicates that the Frenchmen will take National Savings Certificates or insure his life, the "North Atlantic" investor hence the accident of early death, and if insurance companies continue investing the bulk of their funds in fixed period, that is, "green," security stocks, gold, dividends and good old orders, by saving them out has been passed before January with a premium.

His theme is that the Federal Reserve Board today, and indeed during the past eight years, has led him to warn that despite our high mechanization, mass production, immense natural resources, our abundance of resources, and extreme technical skills, "still practically everything is costing more than it used to be."

A Typical Warning

He urges the warning on investors everywhere that in view of the following: (1) the obvious trend of high inflation and prices, and price fluctuations, (2) the growing excess of the aggregate number of consumer goods over the productive capacity of the world, (3) the prospects for continuing international tension between the world's pro- and anti-Shillin camps, and (4) the economic instability of the economies, it is clear that we must face up to the future wherein inflation will be permanent and prices will be continually rising. We must face up to the fact that in the world, a country must be able to provide the best transfer of capital and investments are not enough to raise the present value of wages, taxes, will remain high and go higher.

This correspondence has been thus set forth by us in such detail because it seems quite representative of today's pervasive and growing reaction to "the inflation problem."

The Other Side of the Medal

In this atmosphere it is well to remember that inflation's threats and possibilities do not therefore sharply defined black-and-white picture. Some counteracting factors from the investor's point of view are objectively and quite satisfactorily set forth in a newly published little book,"Investment is this Changing World," by Otto von Mering, Boston, Barron's Publishing Co., 165 pp.; $7.

After affirmatively spelling out the ways in which our new type of "capitalized" capitalism has promoted secular monetary deprecation, this author suggests several offsets to be weighed by the serious investor.

For example, he points out that the higher profits that would otherwise result from inflated prices, may be decisively curtailed through government interference. Contrary to a widely-held misconception, common stocks are not investing in the "big money". Continued on page 27

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**An Industrial Approach To Investments**

By A. WILFRED MAY

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**Business Man's Bookshelf**


Inventories and Business Cycles, with Special Reference to Manufacturing—Moses Abramovich—National Bureau of Economic Research, Inc. 1819 Park Ave., New York 34—cloth.—$0.00.

Steel Production Electric Output Retail Trade Commodity Price Index Food Price Index House Building Business Failures

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The Commerical and Financial Chronicle

Volume 172 Number 4969 — The Commercial and Financial Chronicle

Federal Reserve Bank of St. Louis

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A Look Ahead for Economic Progress

By J. PHILIP WERNETTE

Philadelphia, Pa.—Thayer Baker Co., Commercial Trust Building, announced the election of John E. Hudson as a Vice-President of the firm. Mr. Hudson is Manager of the firm's trading department.

Woodward & Heller
Open in New Orleans

(Efforts in the Financial Community)

NEW ORLEANS. — Ella M. Woodward and Theo. A. Heller have formed Woodward & Heller with offices at 613 Ridgewood Drive to engage in a securities business. Mr. Woodward was formerly associated with the New Orleans office of Equitable Securities Corp.

Mitchum, Tully Adds
(Efforts in the Financial Community)

LOS ANGELES, Calif.—George V. Jones, Jr., has been added to the staff of Mitchum, Tully & Co., 650 South Spring Streeet.

Trading Markets

Albany-Tennessee
Natural Gas Co.
Dan River Mills
Rich, Fred & Pot. D. O.

Scott, Horner & Mason, Inc.
Lynchburg, Va.

TULSA, Okla.—The Daily Oklahoman reported.

Place Development, Limited

OWNS INTERESTS PRODUCING OIL LEAD ZINC — GOLD

Trading market maintained

Scots and MuniCCals

STATE AND MUNICIPAL BONDS
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1006 SECOND AVENUE
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40c Per Share
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Morland & Co.

Source: Milwaukee Exchange Stock Exchange

1601 Pebusch Building
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May City — Lansing — Monroe

Fairness of religion is virtually non-existent. Freedom from persecution and discrimination is the chief choice of movement and of activism that has disappeared in Soviet Russia.

And what of the Communist state's accomplishments and its economic performance? The standard of living in the Soviet Union indicates that the standard of living of the Russian people is about the same today as it was under the Czars and probably not greatly different from what it was in 1000. And in these past 50 years the standard of living has been nearly doubled in Britain and has been nearly tripled in the United States.

Now what of the future? Is the private enterprise system in the United States about to continue to progress in the United States? A few years back, you will remember, there were some analysts who were speaking of our society. Now if "by nature" they meant that we were not going to be a fully democratic society, that we were in some sense or other grown-up, they were right. Of course, it is not what they meant. What they meant was that we were not going to be ourselves, that our country was going to be transformed into something new. This was the 1930's—with a reversal of the growth in the industrial life of the United States. These analysts were wrong, and subsequent events have been fully vindicated. This is not the time to be selling your stock. Life's in the old boy yet.

The Future of Our Economy

Let's take a look ahead then. We have to get beyond the perfect picture of the American system, if all goes well, of the 1960's long ago, and some trepidation, since I have no crystal ball, and the figures which I shall present are based solely on cold economic and social trends of trends that can reasonably be expected to continue and to influence, to inflict statistics upon you, but perhaps it might be said of them that, as the corollary of another connection, they lend themselves to both a wise and unconvincing narrative.

First, with respect to population growth, the census this year shows a total of some 195 million people.

In 1969 I expect that the figure will be 200 million; in 1975, 206 million; in 1980, 213 million; and in the year 2000, 221 million. And these are the only I believe to be conservative estimates. It may sound like a large increase, and yet this year's population is approximately twice the population of the United States 50 years ago.

Second, there will be a corresponding rise in per capita income, increasing, I estimate, at the rate of about 4 percent a year. Therefore, an increase in the per capita income may be at least $225 billion over the decade. It will certainly be no less.
Outlook for Private Foreign Lending

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

Assuring past events and present happenings strongly militate against private foreign investments, Dr. Winkler contends particularly lending to Germany. Our fascist enemies renders futile implementing Point IV program, but sees Korea, under UN Action, affording opportunity.

The term foreign may be defined as lending to a nation which we know little or nothing. Consequently, even a bond, or a foreign security, in the general, may be regarded as foreign, which our knowledge, at best, is restricted. As a result, we may become sufficiently familiar with it, to a degree intelligently and accurately, it ceases to be foreign.

However, the term will always suggest something strange which may either attract or repel, depending upon one's point of view. The ancients reviewed all foreigners and every foreign thing with suspicion, designating all foreigners as barbarians. On the contrary, the ancient Romans appear to have been more broadminded. As man being the measure of all things, and a human being, and it seemed strange that anything merely because it was foreign, because it is another human (Homo sum; nil aliæs me humanam pate),

Dr. Max Winkler

Foreign, so-called, the term foreign suggests either romantic adventure, or apathy and unimaginativeness. Thus, because we may buy a foreign security or reject it, not because of its inherent merit, but because of sentiment, and national pride it had, it is not strange that in the heyday of Twenties when foreign lending was being offered American investors with a speed unparalleled in the annals of financial history. It was held in certain quarters that even a country so distant foreign a place as the City of Lisbon, which had the underwriter of foreign loans was considering the placement of an issue, which sold out at a record so fast, because it could have obtained accommodation had it charged foreign. It was the policy of underwriter of foreign loans was considering the placement of an issue, which sold out at a record so fast, because it could be obtained in the heyday of Twenties when foreign lending was being offered American investors with a speed unparalleled in the annals of financial history. It was held in certain quarters that even a country so distant foreign a place as the City of Lisbon, which had the underwriter of foreign loans was considering the placement of an issue, which sold out at a record so fast, because it could be obtained in

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the ten South American republics, one single country can point to a perfect record, with the exception of two, Paraguay and Venezuela, which have been hostile. Of the remaining eight, one, Argentina, has redeemed all foreign loans of the Federal Government, the provinces, and the cities. Two, Ecuador and Bolivia, are still in complete default. Panama, as a result of its default, has been considered for 33 years by the League, for the remaining ten Latin American republics, five have external foreign loans. Of these, one, the Republic of Costa Rica, is in complete default. Panama is servicing her bonds in full. The remaining three, according to debt agreements. These include Cuba, El Salvador and Mexico. Because of the past fiscal record of our southern neighbors and because the return at prevailing prices is not materially in excess of what can be obtained on reasonably sound domestic, private financing in Latin America.

Continued on page 30

New Issue

$6,600,000

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2% 1 2% and 14% Bonds

Dated December 1, 1950. Due July 1, 1952-76, inclusive, as shown below. Coupon Bonds in denomination of $1,000, registerable as to principal only and exchangeable for fully registered bonds, in the denomination of $500 and its integral multiples. Bonds of the same maturity interchangeable. Principal and interest (July 1, 1951 and semi-annual, July 1, 1951 and semi-annual

Legal Investments, in our opinion, for Savings Banks and Trust Funds in Pennsylvania and New York

These Bonds, authorized for refunding purposes, in the opinion of counsel named below, will, when executed and delivered, constitute valid and legal binding general obligations of the City of Philadelphia, and the City is obligated to levy ad valorem taxes upon the taxable property therein, without limitation as to rate or amount, sufficient to pay the principal of said bonds and the interest thereon. The aforesaid ordinance provides that the principal of and the interest on the Bonds will be paid without deduction for any tax or taxes except gift, succession or inheritance taxes, which the City of Philadelphia may be required to pay thereon or retain therefrom under or pursuant to any present or future law of the Commonwealth of Pennsylvania, of which all taxes, as excepted above, the provided city accepts and agrees to pay.

AMOUNTS, MATURITIES, COUPONS AND YIELDS OR PRICES

Due $254,000 each July 1, 1952-76, inclusive


Due Coupons to Due Coupons to Due Coupons to Due Coupons to Due Coupons to
Yield Price Price Price Price

2% 1.10% 1.20% 1.25% 1.30% 1.35% 1.40% 1.50% 1.55% 1.60% 1.70%


Due Coupons to Due Coupons to Due Coupons to Due Coupons to Due Coupons to
Yield Price Price Price Price

1/2% 1/2% 1/2% 1/2% 1/2% 1/2%

100 99 99 99 99 99

3/4% 1% 1% 1% 1% 1%

60 58 58 58 58 58

143/4% 143/4% 143/4% 143/4% 143/4% 143/4%

99 99 99 99 99 99

99 99 99 99 99 99

1/2% 1/2% 1/2% 1/2% 1/2% 1/2%

1 1 1 1 1 1

1.10% 1.15% 1.20% 1.25% 1.30% 1.35% 1.40% 1.45% 1.50% 1.55% 1.60% 1.70%

National Bank, Fiscal Agent for the City of Philadelphia.

Interest Exempt, in the opinion of counsel named below, from Federal Income Taxes under Existing Statutes

The above Bonds are offered subject to prior sale before or after publication of this advertisement, for delivery when, and as ordered, and may be offered by salesmen of the National City Bank of New York, Harris Trust & Savings Bank The First National Bank of Portland, Oregon The National City Bank of New York

Salomon Bros. & Huteson

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The Illinois Company Robert Whinlipp & Co.

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R. W. Pressprich & Co.

E. H. Bates & Co.

Coffin, Betz & Co.

November 15, 1950

*Address to Winkler before a comity of Cottages, Brooklyn, N. Y., Nov. 19, 1939.
Drug Stocks

BY ROGER W. BARSON

Mr. Babson lists ten reasons why drug stocks should be favorable investments, among which are: (1) drug companies do well in both peace and war; (2) new and sorely needed drug products are being developed; (3) drug companies are continually increasing their dividends; and (4) drug companies, like other good merchandising corporations, are especially effective hedge against inflations. Hence, drug merchandising stocks are preferable to manufacturing stocks.

In view of a report in "The Commercial and Financial Chronicle," it may be worth asking: What is the secret of the success of drug manufacturers, and why are drug stocks doing so well in both periods of peace and war?

Drug manufacturers, in the main, are in the business of selling patents, or, if you will, the "patent power" of the patentee. For this reason the drug industry is closer to the public of consumers than is any other group.

(5) Earnings of drug stocks are high and usually increasing because of the industry's overexpansion during the past few years. The need of new capital to pay for new plants and equipment has added such a volume to the demand for new drugs that the stock market has been attracted to the drug business. The drug industry is a very high standing business. In fact, it has such a vast volume of operations that it should result in a much greater volume of sales at a larger margin of profit.

Just a word regarding merchandising stocks in general. I believe that most "store stocks" are preferable to "manufacturing stocks."

Drug companies have a large In- dustry Averages divided between the two stocks. Of the two-stock system, I believe it will be greatly surprised when this is no longer true. Each stock will be divided between the two major stocks. The balance of the shares will be sold to the account of all stockholders.

Proceeds from the sale of the 100,000 shares will be added to the general funds of the company as a reserve for the prior re- serving of all outstanding 5% cumulative preferred stock and to finance the payment of all outstanding 5% mortgage notes.

At the conclusion of the financing the company's capitalization will be increased by 600,000 shares of common stock.

Rohr Aircraft Corp., a Cali- fornia corporation, was organized in 1940. The major product of the company is a "Laredo" which is described as a "power package" for a 10-horsepower engine. In addition, the firm has other small aircraft systems, certain fuel tanks, and various miscellaneous other parts for aircraft.

LEBENHOLCH CELEBRATES SILVER ANNIVERSARY

Lebenholch & Co., dealers in movie stocks, are celebrating their 25th anniversary. The organization was founded in 1925 by Lebenholch for the specific purpose of creating a stock of odd-lot municipal bonds. These bonds of under par value were at that time 40% of the market price. Lebenholch then bought odd-lot bonds and sold them to investors who were interested in bonds and asked prices. Since that time the market became known, its rate of growth was accelerated by aggressive advertising by Lebenholch & Co. With acceptance, the odd-lot field had its own clearing house, and as a result of these increased dealings, the spread between bid and asked was gradually reduced until today it is relatively nominal.

One of the direct effects of Lebenholch's plan has been to increase the odd-lot field. The increased interest in individuals in municipal bonds has resulted in an increase in odd-lot sales and a reasonable price paid by investors who purchase odd-lots for their diversification. Lebenholch & Co., therefore, has a market which is relatively small. For example, on Dec. 31, 1932, individuals only owned $20,000,000 in municipal bonds outstanding, or about 25%.

On June 30, 1939, of the $20,000,000 in municipalities outstanding in the U.S. Treasury Department reports that $80,000,000 were owned by individuals or more than 43%.

The proposed new rule does not permit an expropriation of the security of the bond, but it would probably not be difficult to have the SEC make such a ruling if the parties desired. The proposed new rule would not, however, be applicable to this type of transaction. The SEC might well consider the possibility of revising the rule to cover this type of transaction.
The Place of Common Stocks in Trust Investment

BY ROGER F. MURRAY* 

The New Respectability of Common Stock

On the basis of our stock experience in New York State, which used to be the leading legal state, it appears that this appropriate name for this talk has been: The New Respectability of Common Stock. I am working with the Editorial Committee of the New York Stock Exchange, and I have had the last several years the opportunity to review the major revision of our statute to permit the investment of up to 30% of the trust's assets in common stocks. While grateful for this privilege, I must confess that it was more a matter of necessity than of choice.

The fact that the respectability of common stock investments spreads in our thinking, we are all quite naturally, after the current wave of opinion, we have in a number of fields. The phrase "new respectability" of common stocks, satisfying ourselves that we are being influenced by the fundamentals rather than by a current wave of opinion, no matter how unsound they may seem to be at the moment. Throughout the 1940's our thinking was perhaps unduly influenced by the bubble of the 1920's. Has the past decade of virtual stock market collapse brought us a bias in the opposite direction?

In short, I ask ourselves this question: "Why are we the better off, after all, for the experience we have had with common stocks in recent years?" There are many reasons for the current high price of common stocks; however, the fact is that we have experienced a general rise in the price of common stocks since 1932.

The Diversification Argument

The point is frequently made in order to permit adequate diversification by individuals, that it is most important to own a high percentage of common stocks.

*An address by Mr. Murray at the 19th Mid-Continent Trust Conference at the Chase National Bank, St. Louis, Nov. 16, 1960.
Deflation Trend in Offing? By DOUGLAS H. BELLEMORE • Chairman, Department of Economics, College of Business Administration, Boston University

Holding, for short-term outlook, inflation has been greatly overruled to public. In the recent years, probable deflation has taken hold in business this winter, which cannot be offset by defense demands for some time.

As an economist I do not pretend to be either a student of the business cycle or a forecaster of stock market trends. The job of an economist is to analyze the business scene and to attempt to separate out the factors in the confusing and conflicting forces that are always at play within the economy. At all times there are both inflationary and deflationary forces working against each other.

At some times these appear to be almost in balance, whereas at other times either the inflationary or deflationary forces appear to be in control of the situation. Furthermore, in the economy as in the body, there is always change in the long-term and short cycles. It is vitally important to keep them separate. While the stock market in the past decade has frequently reflected one or another general business trend, corporate earnings are still the prime determinants of stock prices, although the rate at which anticipated earnings are capitalized has shown considerable variation in the boom stock market years of 1929, 1932 and 1937.

It seems to me that inflation in the short term has been greatly overruled to the public, especially the investment public. It is actually inflationary that inflationary forces have taken hold and that nothing will step in to interrupt them in the war or halftime war economy until they have run their full course through the third and last stage—wild inflation. This leads me to the main point.

The only sensible thing, therefore, is to flee from dollars into something more simultaneously to stocks, which could only go in one direction—up—for years to come. We are to experience a war or a long period of preparation in the sense of which are highly inflationary. Stocks are therefore safe even after the long-term rise since June, not only in terms of current earnings but also in terms of the long and continuous inflationary spiral that has already started. Deflationary forces are not to be given any consideration.


Prominent banker-economist urges us to defend to utmost our currency and free economy. Declares while pay-as-you-go policy is impossible during a general war, nevertheless, Republic must be able at any time to provide for the defense, civil spending, increase taxes, fund our debt, and pay our way from day to day. Opposes general increase in corporate tax rate, advocating instead moderate surtax for national defense.

We want peace, not war. We have no safeguard against war but people. There can be no assured peace as long as the Russian people are incited and armed. Military preparedness means war. Let us be well armed and prepared to prevent war.

Rohr Aircraft Corporation

Common Stock

(Par Value $1 Per Share)

Price $11.50 per share

Captions of the Prospectus may be obtained from any of the several underwriters before in states to which such are registered by local orders in securities and in which such Prospectuses may be legally distributed.

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Frank Krueger & Company

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Murach & Simms & Co.

238,000 Shares

The advertising in this issue is free to all war and a solicitation of offers is to have any of their securities.

November 15, 1939

Foreign Aid

Likewise, our government should indeed make reciprocal economic contributions toward the defense of those friendly nations which may be threatened, and, elsewhere that are willing and able to defend themselves and are desired some role in a great and necessary job. In Europe it stopped Russia’s war of purpose with the major defense of the United States. Notwithstanding the tireless efforts of the sons of our government and the independent economists, we cannot pile a war, and the heart of a peace, which had been partially em¬ployed, and our military and re¬sources.

The Federal Government should stop subsidizing unemployment and prevent the growth of inflationary civil spending and lending, while exempting social security retirement funds from this tax rate, advocating instead moderate surtax for national defense.

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Federal Reserve Bank of St. Louis

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Fiscal and Credit Control To Beat Inflation

BY LEWIS H. BROWN
Chairman of the Board, John-Mellon Corporation, Member, Board of Directors, Federal Reserve Bank of New York

Though assaying daily ahead will not be easy, prominent industrial executive favors fiscal and credit controls as holding actions. They can also be deemed necessary. Says Brown: "It is a rather complex assignment that I have been given, but I have been told to take it up and to consider what the advantages of fiscal and credit controls, as compared with direct controls, during a period of partial mobilization are at present.

In 1917, Bernard Baruch, in a recent article, brought to the public's attention the significance of "Look" magazine controls. I am confident that the same type of controls is essential today, when we are faced with the need to mobilize the nation's resources for World War III in the near future.

In World War II we utilized about half of our national productivity to produce war, In the present war, which may last ten years, I doubt if we will utilize as much as a quarter of our total productivity to produce war.

Avoiding Deficit Financing In this connection, if we were to halve the cost of the war in taxes, if military spending were to fall by half, it is my belief that this would be a significant contribution to the national welfare.

Mr. Baruch is not the only one who has pointed out the folly of our present system. Mr. Baruch's article brings to mind the story of how the world has come to believe that inflation is a necessary evil, and that it can be relied on to keep the economy going. But this is no longer true.

The war is in the years of our greatest boom period. After the war, the basic means which enabled us to produce more than our pre-war production was the efficiency of our industrial sector and the increased productivity under free enterprise, which is not a function of inflation and banking system.

A third and possibly most important system—our present system—whereby we play on Stalin's line, the value of the dollar will be strongly affected. During and after World War II, for some years after 1949, it plunged from $3 to 50 cents in terms of dollar. We play the pipe's tune the value of the dollar will be to be meaningful in the shrinking, over a period of ten years, from 50 cents to 25 cents, or 30 cents or 39 cents or less.

Dangers of Inflation

That would wreak havoc with our people. Their insurance policies, savings bonds and savings accounts would dwindle in purchasing power; their social security funds and pensions—when they come at all—would be much reduced. Little. And the result would be despair and disillusionment among our people. We could not live with the American people if our policies failed to administer it. To these same end, the American people would awake to realize that they had been living through an inflationary world. We would have to adopt the "At least nothing was done" principle, instead of economically to get production and maintain a sound social security system.

We have a problem that must be solved. We are faced with the problem of inflation. There is a problem here that is a problem with everyone. It is easy to talk about the dangers of inflation; and a higher rate of interest is a danger. The newspapers have recently been full of stories of inflation and a conflict or struggle between the Federal Reserve System and the Treasury.

Usually these stories have been exaggerated. There is no real danger in interest rates of 1% or 2% or 3% or 4% or 5% or 6% on bonds. For we have been living through an inflationary world. We have been in a depression for a long time, and the economy has been growing for a long time. The economy has been growing for a long time.

Sound Money Is Vital

To win a war we need money, materials, machines and men, mobilized in munitions. With enough munitions plus men of the kind America needs we can win World War III just as we won World War II. Our sound money is the starting point. I am a member of the board of directors of the Federal Reserve Board.

For most of us, those words are easy to accept. But let us look into a room where we don't want to. Let us look where there is a problem every man and woman, in America ought to be tremendously interested.

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Great Threat to Our Economy Lies Within

By James E. Shellen
President, American Bankers Association
President, Central National Bank of Los Angeles

ABA President deplors changed concept of our government arising from "New Deal" and "Fair Deal" principles, under which special favors to special groups are granted at the expense of the many. Special privileges and immunities paid from confiscatory taxation of both majority and productive groups, and contends all this is leading to loss of incentive, industry and thrift of productive groups, from which the nation draws its strength and calls Welfare State "creeping socialism." Urges bankers assume responsibility with others in fight inflation.

We here in the United States are in a new phase which if left immediately ahead, we shall be engaged in a great and possibly dangerous, social and economic mobilization to block or force if need be the ruthless harvest from our sunken satellites in their efforts to destroy us and all that we and all other freedom-loving people hold most dear, our liberty and human dignity and humanity are at stake. Our survival and existence depend basically upon the strength of our economy and its deposits of wealth. In this we are engaged in a battle of our economic strength and survival which is and will be fought on two fronts. It is a battle for the present and we are risking the future of all that we hold most dear and valuable. It is our battle and we must fight it to the end.

James E. Shellen

Missouri Brevities

American Investment Co. of Illinois, St. Louis, on Nov. 10 filed registration statement with SEC covering a maximum of 97,212 shares of common stock for each 20 shares held. The price and underwriting terms are to be supplied by amendment. Kidder, Peabody & Co., Smith, Barney & Co., and Ebenhard, Gifford & Co. have been named as principal underwriters. The proceeds received from the sale of this stock will be applied to the payment of the outstanding 5% convertible preferred stock and the new bonds will be applied to general corporate purposes and may be used for working capital. The $1.25 convertible preferred stock is paying a 5% stock dividend on the common stock.

Browne Shoe Co., St. Louis, has increased its authorized common stock to 60 cents per share from the 50 cents previously authorized. The registration statement was made on Dec. 1 to holders of record Nov. 15, 1956. The dividend rate was 37 cents per share. The additional 50 cents per share will be used to raise the dividend to 47 cents in the future. The registration statement is expected to be effective about Nov. 30.

Mrs. Wilma E. Steck, 50, of St. Louis, died Nov. 14 at her home. She was a member of the St. Louis Women's Christian Temperance Union and the Women's Christian Leader Association.

Long-Bell Lumber Co., Kansas City, has declared a year-end dividend of $1.50 per share payable Dec. 1 to holders of record Nov. 15, 1956. The board of directors also declared a 2-for-1 stock split. The dividend is payable Dec. 1 to holders of record Nov. 3, thus giving stockholders their regular $2.25 per share, as against $1.75 in 1949. Last year, on Nov. 22, 1955, of Maryland, the parent, voted a dividend of $3.50 per share on the basis of 1 stock for 10, payable Dec. 1 to holders of record Nov. 13, which brings the regular dividend to $3.50 per share, compared with $2.25 per share paid the previous year. Long-Bell Lumber Co. also announced its plans to add to immediate capital structure an additional $750,000 of capital stock to assist in the development of the company.

Union Electric Co. of Missouri plans to receive bids in New York, N.Y., up to 12 o'clock (EST) on Dec. 3 for the purchase from it of an issue of $25,000,000 first mortgage bonds due 1980. Public offering date is fixed tentatively as Dec. 7. The net proceeds are to be used to finance the company's construction program and to pay bank debt.

Robert E. Blake, former General Manager of the International Shoe Co., has been elected a member of the Board of Directors of American Shoe Co., St. Louis, which has resumed dividend payments on the common stock with the declaration of one of 15 cents per share payable Dec. 29 to stockholders of record Nov. 15, 1956. American Shoe Co. reported net earnings for the nine months ended Sept. 30, 1956, of $558,500, or 16 cents per common share, after deducting a non-recurring loss of $300,000 on sale of certain property. A net loss was shown for the corresponding period of last year. The net income for the third quarter of 1956 alone was approximately even.

The stockholders of Industrial Bancshares Corp., St. Louis, will on Nov. 17 be asked to approve a proposal to change the authorized capital stock from 1,000,000 shares of $1 par value to 2,000,000, par $1 each, in order to effect a two-for-one split. They will also be asked to change the company's name to General Contract Corp. pending the filing of the new shares on Dec. 10.

Ralston Purina Co., St. Louis, has declared a 50c stock dividend on the common stock, payable Dec. 4 to holders of record Nov. 29, and the usual quarterly cash dividend of 50 cents per share, payable Jan. 2 to holders of record Dec. 4.

H. D. Lee Co., Inc., Kansas City, has changed the name of the consolidated Grocers Co., Chicago, Ill., according to an announcement made on Nov. 11. The Lee company will continue and expand the manufacture of unified made men's work clothes and overalls, selling its entire output under the Lee label.

Stix, Baer & Sons

300 Olive Street
St. Louis 1, Mo.
A new kind of Air Travel is in the making

New military engine—
soon to undergo first tests
in civilian transport—promises
smoother, faster, quieter,
more pleasant air travel

Within a short time the first American
commercial airliner powered by turbi¬
ne engines will be delivered to the Allison
Division of General Motors.

The power plants in this Convair are the
new Allison Model “501” Turbo-Props—
commercial version of the Navy T38 engine.
They are geared to new-type propellers
especially designed and built for high-
engine-power characteristics by the Aero¬
products Division of General Motors.

The “501” is lighter, smaller, smoother and
quieter than any other propeller-type en¬
gine of equal horsepower. It develops 2,750
horsepower and weighs only 1,250 pounds.

As soon as this experimental Turbo-Prop
transport is received, General Motors-Allison
engineers will start putting it through a
comprehensive series of flight tests.

In cooperation with the airlines it will be
down under all types of operating condi¬
tions—in all kinds of weather. It will be
given the works, checked and rechecked
many times over, until all its performance
characteristics are definitely evaluated.

Such an all-out test program may take a
year or more. But it will be well worth it,
in view of the fact that present military
experience indicates that Turbo-Prop power
should bring the following benefits to com¬
mercial aviation:

Ability to use low-cost, low-octane fuels, without
increased consumption.

Faster speed—up to maximum limit permitted
by airframe design.

Very low engine weight—less than half—in¬
creasing range or pay load.

Much improved take-off and climb—permitting
use of shorter runways, with greater safety
and better schedules.

Smoother, quieter operation—for more com¬
fortable travel; also lower maintenance and
overhaul costs.

Unable in present aircraft—no costly modifi¬
cations in changing over to turbine power.

The development of the Allison Turbo¬
Prop engine, America’s first axial-flow pro¬
peller-type turbine engine, together with
AeroProducts Propellers, is another exam¬
ple of General Motors progress.

How the Turbo-Prop Engine Operates

Compressor feeds air under pressure into
combustion chamber, where it is mixed with
fuel and ignited. Thrust of this hot gas drives
turbine which is geared to a drive shaft that
operates both compressor and special type
Aerogroup Propeller.
East Asian Impact on International Gold Markets

By FRANZ PICK
International Monetary Economist

Gold authority reports rising demand for gold in East Far following new war scare, with Communist China again buying despite stern controls. Says Central and South-ern European nations have shipped large sales, selling coins in free markets and replacing them with “cheep” United States Treasury gold.

After a pronounced decline of free gold sales in October, demand for the yellow metal increased again during the first two weeks of November, when gold purchases in the Far Eastern and European markets were stronger than in the last three months. Both Japanese and Chinese buyers purchased in large quantities, replacing gold sales they had made in the previous months.

In Europe, gold sales were weaker than in October, but increased slightly from the last two weeks of November. The public showed no interest, however, in the yellow metal, but professionals were active. For the first time in a while, Good Evening golds from India were offered at $41.00 and small gold bars rose from $38.50 to $39.00.

In the United States, gold transactions were weak in October, but increased slightly from the last two weeks of November. Demand for gold is expected to increase in the coming months, with the gold market expected to recover from recent declines.

Blair Holdings Offers To Purchase Common Stock of First Calli.

Blair Holdings Corporation has made a firm offer of purchase to the common stockholders of The National Bank of First Calli. The offer was announced by V. D. Darby, President of the company, who stated that the offer, if accepted, would result in the continuing operation of the bank. The offer was made at $41.00 per share, with no change in name or management.

In effect, acquisition of the common stock of the investment firm would make Blair Holdings the wholly-owned subsidiary of a secure financial institution. The offer was made to all of the common stockholders of the bank, including Blair Holdings. The two Blair holdings were described in the following terms: “operating with 49 offices in all important cities of the United States, with the offices of the First Calli Corporation in California and Pennsylvania, and an office in Philadelphia, 19 N. Rittenhouse St., Philadelphia, PA. and in London, 1528 Walnut St., Harrisburg, PA.”

Blair, Rollins & Co., Inc., was organized in 1857 as a brokerage firm. Blair Holdings Corporation was organized in 1910 as a holding company. Blair & Co. Inc. and Rollins & Co. Inc., operated in the primary and secondary markets.

In the United States, gold transactions were weak in October, but increased slightly from the last two weeks of November. Demand for gold is expected to increase in the coming months, with the gold market expected to recover from recent declines.

Arbitrage By Manhattan Brokers

Large United States foreign exchange sales were also bought by some Manhattan brokers, who sold substantial amounts of South American and Pacific, and Asian and Asiatic markets, at prices equivalent to $44.00 an ounce. The transactions involved foreign buyers, or these coins were reconverted into gold bullion by foreign governments in America.

The New York Treasury gold at $35.00 an ounce, a price at which every "greenback" official can no longer buy the yellow metal in the United States.

On October 31, the Treasury sold $35.00 an ounce, a price at which every "greenback" official can no longer buy the yellow metal in the United States.
The lights are on now in Pure Oil's new laboratories

On October 1, The Pure Oil Company formally opened its new Research and Development Laboratories in Crystal Lake, Illinois. Here Pure Oil's research team of over 200 scientists and technicians continues the search for improved processes in producing and refining crude oil ... for new and better products used in agriculture, industry, transportation—and in your daily life.

So far, more than 2,500 products are made in whole or in part from petroleum—cooking fats, paraffin, detergents, shaving cream, face cream, candles, paints, medicines, ink, and hundreds of other things. Each one started with petroleum research.

Pure Oil's new research center is part of this company's program of expansion in all phases of operation—producing, refining, transporting and marketing.

It is also a good example of the kind of progress the forward-looking American petroleum industry is making to provide better living for you and 150 million people like you.

Be sure to use Pure Oil products:

THE PURE OIL COMPANY • General Offices, Chicago
**Production Can Be Increased But Inflation May Go On**

by EMERSON P. SCHMIDT*  
Director, Economic Research  
Chamber of Commerce of United States

Dr. Schmidt reviews growth of price makers and methods of increasing national output. Says it must be made possible to provide defense industries and defense facilities without reducing real incomes of workers, business and agriculture. Asserts more production without adequate savings will not prevent inflation.

(1) The shortage of labor is the most serious problem.  
(2) We are inadequately prepared psychologically to abandon protectionist policy.  
(3) Most of the rest of the world is government controlled.  
(4) For these and perhaps other reasons, we will have difficulty in augmenting total production. By increasing the demand for materials and supplies.

For these and perhaps other reasons, we may have difficulty in augmenting total production. By increasing the demand for materials and supplies.

*Statement by Dr. Schmidt before the Conference of Government Organizations, Chicago, Ill., Nov. 9, 1930.

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**Outlook Is for Much Higher Stock Prices**

by HOMER O. WHITMAN
  
Investment Advisers, Boston, Mass.

Stock market analyst remains, though market may encounter rough spots, trend will be toward higher prices, and, as depreciation offset, sound common stocks should constitute major investment of investor's portfolio.

The recent action of the market offers additional proof, if such proof is needed, that the trend of the market is highly inflationary. New York Stock Exchange managements and new price increases are almost daily occurrences. The concept of the market has been to tax and tax and spend and spend, elect and elect, and get it while the getting is good and with absolutely no thought for the ultimate consequences. Constraint of the law is a certainty, regardless of proximate cause. Whether the inflation, political or economic policies, such as selective buying and wage controls, etc., belong in the same category as the theory of slingshot pregnancy.

What has all this to do with the stock market? The test continues to be the first law of man, and human nature being what it is, self-preservation is a primary instinct. The individual, as an individual, is as a buyer or seller. The restraint of living will surely decline as the value of the dollar declines. The man with a fixed income is in deep in a tough spot, and will most certainly store the most. The individual who selects the best possible hedge for his capital will not keep only abreast of the inflationary tide, but will also stand to improve his lot.

One law of physics is that force is proportional to the opposing reaction. Wages, goods, real estate and equities will be driven higher to offset the depreciating dollar. Because of the possible combine of possibilities, an investor may see a hedge as a bridge may provide question—whether to jump on the stock, on the other hand, appears to offer one of the best means of keeping ahead or the inflation tide.

What may we expect of the stock market in the months ahead? The long-term market probably culminated at an ever-increasing pace, by highly inflationary forces, the very influx of the forces will more than offset any and all possible, or even desired, efforts toward getting more votes, rather than for effectively holding inflation in check.

The outlook is for very much market action. Minor corrective moves from time to time will not take the market very far in profitable situations. Occasionally, too, a conglomeration of drop orders may touch off shakeouts, as they did in the advance from the June 49 to June 1989 lows. Somewhere ahead, the market will be called upon to divide on issues of higher wages, of other political experiences, and the public, is somewhat a bit too far ahead of other investor moves by insiders. While the present depressed market comparison with the June, 1949 to June, 1959 advance, the market may encounter more stock price movements on the way up from the depressed levels of the 1949-1950 rise.

To compensate for capital loss because of the constantly depreciating dollar, investment in common stocks and other well-managed corporations, should constitute a major portion of the prudent investor's portfolio.

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**Urges Revision of NYSE Commissions**

Leslie Gould says rates should be charged to aid securities merchandising and would be acceptable to large dealers. Advocates Stock Exchange seek President "outside of Wall Street."

In a talk entitled "Merchandising of Securities," before The Bond Club of New Jersey, in Newark, N. J., on Nov. 9, Leslie Gould, Financial Editor of the "Journal-American," recommended a revision of the New York Stock Exchange com- missions as an aid in the wider distribu- tion of securities.

"If the Stock Exchange commissions should be revised," Mr. Gould stated, and added "wherever it is found to be merchandis- ing—doorbell ringing—the rate should be reduced. If such commissions should be split with unlisted dealers.

"If the Stock Exchange does not revise its methods," Mr. Gould continued, "it is going to find itself in the impossible position of setting the market price, but of seeing the business done elsewhere. This already has hap- pened to the bond business. And next thing to happen to the stock business.

"It happens that what business there is in business change is important — whether you are an investor or a corporation in a minority firm or are affiliated with another investor or are simply doing an unlisted business.

"I think it will be bad for the business, but it is a business as a place to report prices—but I do think there is a strong case for the same time for the Exchange than those outside Exchange. And I think it is that there will be a securities business—to no matter which way the market moves."

Concerning the qualifications of the President of the New York Stock Exchange, Mr. Gould remarked: "The Stock Exchange President is now more important than ever. I think the Governors should go out and get a man from any industry who knows merchandising

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**Obstacles to Greater Supplies**

Given the size of the military requirements, "belt tightening" is inevitable. Privation, however, can be a useful factor in production. But how much can we raise production? The answer probably is only a moderate amount. The reason is true for a number of reasons:

(1) We are already operating at virtually full capacity, including mining.

(2) The shortage of labor is the most serious problem.

(3) We are inadequately prepared psychologically to abandon protectionist policy.

(4) Most of the rest of the world is government controlled. Such action can rearm and terminate the depression. The proper em- phasis on the urgency of greater production can do something to reduce both the demands for more labor and the need to reduce both management and labor absenteeism, and improve output in the near future. There may be a difference between the necessary controls of the government and the desires of people to grasp fully the urgency. If this is so, we should be recurren- tly reminding the public that it "puts it across" this feeling of un- certainty.

If we could assure the American people, furthermore, that by increases in total demand we can rearm and terminate the depression, and lift our standard of living moderately, and with little fear of the next two years, this would undoubtedly be a productive moral code. Can we ever afford to let the civilian dollar—guns and butter, or is it guns or butter?

Some, even as expanding plant capacity, would tend to a reduction in plant capacity for civilian dollars.

Methods of Increasing Total Supplies

(1) Tariffs and imports — While this would enlarge supplies to the U. S. A., it would also cur- rent incentives for domestic manu- facturers, that the U. S. dollars in the hands of foreigners who would then be in a position to take that much out of our economy. Should they then find that the demands of the dollar and other labor-saving "cost-reducing" production factors, the net effect of tariff reduction on our total production would be negligible or even negative in the short run. Nevertheless, tariff re- moval would mean the use of productive resources in the longer run.

(2) Purchasing of goods and services abroad for the military and our occupation forces. West Germany, Italy, France, Japan, and the rest of Western Germany has 19 million unemployed in a country of 70 million. Italy has 2 million unemployed.

(3) Encourage other Western powers to speed up the equipment of the rearmament and defense burden.

(4)せずと不産物 subsidies, especially for submarginal producers such as copper and zinc mining, for example.
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ing the necessary capital for plant expansion.

(6) Government war plant con-

struction.

(7) Government loans for war pro-

duction.

(8) Eliminating waste and rais-

ing productivity—Some things are

achieved by intensive research, new

machinery and modernizing saving

devices, supervisory staff training, more widespread public

work and other wage incentive

systems. Instilling a sense of ur-

gency could do a great deal here.

Whether labor-management con-

flict and the bargaining unit is a

matter of dispute.

(9) Prevent Inflation

There is cooperation attack with

the cooperation of employees on

make-work rules and featherbed-

ning practices.

(10) Longer work-week, con-

sistent with safeguarding health—

The suspension of the 50% pen-

alty on hours over 40 per week, adopted in 1939 as a work-spreading

device, may be politically im-

possible. The longer work-week may

increase output, but because of

the payment of wages at 150% of the regular rates after 40 hours,

the longer work-week probably

increases inflation problems, due
to the greater than proportionate

increase in spending power.

(11) Recruiting more manpower—Good wages, patriotic ap-

peals, and special efforts to draw

retired workers, women, hands-

icapped workers, and young peo-

ple into the labor force can in-

crease the labor supply by five

million.

(12) Deferring retirement—The substantial increase in old-age

benefits provided by Congress in 1950, plus the expansion of sup-

plementary pension plans, will

make it harder to induce workers
to work beyond the normal re-

irement age of 65.

(13) Dealing from "manpower hoarding" policies.

(14) Fostering agricultural sur-

pluses, now held by the Govern-

ment, to increase available supplies and keep prices down.

(15) Modifying or removing re-

strictions on acreage and/or farm

product output levels.

Each of these methods may

need to be reviewed. "Business

as usual," "labor as usual," and "politics as usual" may stand in the way of
effective action. Only a clear ex-

planation by the Administration of

the present situation as to which

our foreign policies and domestic

policies have led will break down the resistance to

change.

It must be made unmistakably

plain that the attempt to wage

the current war and prepare a greatly

expanded defense establishment

here and abroad, without restric-

ting the real income—the purchas-
ing power—of the workers, busi-

ness and agriculture is an impos-

sible goal. A particular group

may be quite willing, of course,
to "take it out of" other groups.

Some of the methods for in-

creasing production and supplies

fall within the sphere of manage-

ment, some of labor and manage-

ment, and others fall within the

sphere of government and the

Administration. Taken together

and worked with vigor, they can

reduce the size of the inevitable

cutbacks in civilian production.

It is highly important that

these efforts to increase output and

supplies be made concurrently

with the expanded military ex-

penditures if the inflationary

pressures are to be abated, and

comprehensive direct control and

regulation of the civilian econo-

my are to be avoided.

More Production Alone Will Not

There is disposition in some

quarters to assert that only more

production can prevent still

higher prices. This is a dangerous

and seriously misleading half-

truth, frequently reiterated by

businessmen themselves. Inflation

is properly defined as an increase

in the money supply relative to

the supply of goods on which the

money may be spent.1 Higher or

rising prices are the symptoms

or results of inflation, not the cause.

Price and wage controls deal with

the symptoms and not the cause

of inflation.

Today we have an inflationary

condition both here and in nearly

all parts of the world. Spending

power is rising faster than output

—almost everywhere. While the

Federal budget may be roughly in-

balance for the rest of this fin-

cal year, our wartime deficit

spending has raised the liquid as-

sets in the hands of the people

and business to $242 billion, from

a peacetime figure of $65 billion.

These liquid assets are on the

move—being spent more rap-

idly. Consumer credit and real

estate credit may now be under-

adequate (some say over-ade-

quate) control. Commercial and

agricultural credit are soaring by

leaps and bounds. In spite of the

substantial earnings of American

business currently, business is go-

ing deeper and deeper into debt.

In the third quarter of this year,

commercial, industrial and agri-

cultural loans at leading city

banks rose at an annual rate of

$6 billion, as against only $400

million in the previous 12 months,

and only $3.3 billion in 1947, the

year of the greatest postwar boom

in loans.

The American people are be-

coming inflation conscious. This

means a shifting away from dollar

savings. Savings bond redemp-

tions exceed new sales of such

bonds. A most important way of

reducing the pressure on existing

supplies of goods and keeping

prices down is to encourage more

saving. In part, the scarcity of

goods is merely a reflection of the

flight from the dollar. But the

people will save in dollars and

dollar instruments only if they

feel that the purchasing power of

doing is going to be main-

tained. Saving not only reduces

the pressure on supplies. But it

also makes the financing of plant

expansion through money saving

(rather than credit creation

through commercial bank loans)

that much easier.

For these reasons the "ade-

quacy" of supplies has a relation to

monetary and fiscal policy, not

always adequately recognized.

Gerald Livingston

Gerald Moncrieffe Livingston, member of the New York Stock

Exchange, and nationally known

as an exhibitor and breeder of

sporting dogs, died of a stroke at

his country home at the age of 67.

Until his retirement some years

ago he was head of Livingston

& Co.

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This country's telephone service is one of its
greatest assets in time of emergency. It unites
millions of people — helps thousands of busi-
nesses to get things done quicker — and is a
vital part of our national defense.

Since 1911, the Bell System has increased
the number of telephones by more than
16,000,000. There are nearly twice as many
now as nine years ago. Billions of dollars
have been spent for new telephone equip-
ment of every kind. The number of Bell
Telephone employees has increased to more
than 600,000.

All of this growth and the size of the Bell
System are proving of particular value right
now. One reason this country can outproduce
any other country is that I have the best tele-
phone system in the world.

BELL TELEPHONE SYSTEM

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1 See Economics of the Money Supply, Chamber of Commerce of U. S. A.
Hitchman Partner in Kennew, MacArthur

DETROIT, Mich. — T. Norris Hitchman, has been named as a consultant to the University of Michigan. He has also served as a consultant to various universities on financial matters.

Mr. Hitchman is a member of the Board of Directors of the University and the Assistant Director of the Development Office.

La Selle St. Women To Hear S. M. Gofen

CHICAGO, Ill.—La Selle Street Women will have S. M. Gofen, former investment firm of Gofen and Glasberg, as their speaker at their monthly dinner meeting on 6 o’clock Monday, Nov. 30, at the College of Commerce, Michigan Avenue and Chicago. He has chosen as his topic “Selection vs. Timing in Buying Bonds.”

Mr. Gofen, after his graduation from the University of Minnesota in 1920, was associated with newspapers in Minneapolis and the Chicago “Journal of Commerce,” leaving that field in 1923 to enter the investment business with Anson, Emerich & Co. and later with Hallgren & Co. He joined Gofen and Glasberg in 1938. He has also lectured at the University of Wisconsin.

U.S. TREASURY, STATE and MUNICIPAL SECURITIES

Out-of-town banks and dealers have been responsible for the better action of the longer eligibles in a market which has been and still is thin. Short covering here and there by traders looking for some activity at the lower end, has kept the market on the buoyant side. There has also been the usual acquisition of the tax-payers of money with deposits for a part of the summer season. This has been made in the 1965/66 by one of the larger mid-western institutions.

The eligibles, and the shorter end of the list of the 1¾ of 1954 and the 1½ of 1955 have been well taken with the buying rather widespread. Prices have been strong in some cases being looked upon by many institutions as a desirable haven for funds. The 1965/66 have also been getting more than a passing play by those institutions who have not been at too much expansion of volume. The fact that the market as a whole has been giving a better account of itself is due partly to the favorable impression in the fundamental and technical attitude which seems to be prevailing. There likewise appears to be less fear of some still not recovered place if rates continue to be at such levels. There seems to be more than a passing feeling that reserve requirements will not be changed in the foreseeable future.

The leading issues market-wise have been the bank 2½s of 1968/75 which have gathered some attention, as well as the obligations attracting investors as well as traders. The recent-term maturities have held up fairly well, despite lighter trading conditions and a bill rate which still shows firming tendencies.

Highers Reserved Doubted

Despite the continued uptrend in feelings the appearance to be prevailing in the bond market that reserve requirements are not likely to be increased. Although the inflationary pressure is still strong, it is believed the curtailment of general business is not likely to bring about a changeover to the Reserve Bank. The situation considering. There might even be a temporary increase in prices in the near future, which is no conducive to runaway buying with its resultant effect upon prices. Likewise, the operations of the direct investors by Federal regulations and W and X are likely to be felt more than they have been up to date. This deliberate policy of putting the brakes on an already hot market may not produce a downturn, but may produce this time such clumcy methods as the upping of reserve requirements.

Despite an increase in prices of bonds in the near future, has the eligible market seen its lows? That seems to be the opinion of many operators in these securities. There have been and there will be, short-term maturities at 1½% level, which is the highest rate to be expected for the time being, in the banks’ hands for this year. It is considered as an example of an upturn, but without most of the favorable elements, because of the scarcity factor.

Ineligibles in Demand

The ineligibles seem to have a better tone, although there are still quite a number of these bonds around for sale. Nonetheless, conditions are being met in most of the new issues, and again, with new money and switches being used to take on these obligations. There has been more business in the sales of eligibles at current prices. Here again the belief that the eligible obligations are not likely to move ahead too much from present levels, although there might be some further price improvement into the future because of the scarcity factor.

Underdeveloped People

major obstacle to development in underdeveloped areas has been the long-standing poverty of itself, which has made it impossible to produce a sufficient margin over subsistence needs to build for the future. To overcome these areas need a flow of capital from abroad substantially greater than they have been receiving.

In addition to new investment, the great need of underdeveloped areas is for communication and technical guidance in such basic fields as agriculture, health, research development, and public service.

There have also been major obstacles to development unrelated to financing. Administrative machinery and technical skills are grossly inadequate. Professional and technical knowledge is hopelessly lacking, and the condition frequently results in a lack of enterprise.

Many of the governments are new and inexperienced, and in some cases, extreme avoiders; they take the steps necessary for development within the countries themselves. While these factors limit the rate at which new capital can be absorbed and new techniques learned, they can be gradually overcome."—Gordon Gray.

The trouble, or one of the troubles, with these underdeveloped regions is the underdeveloped people who live in them—and their lack of interest in developing.

Sees Long Period of Inflationary Conditions

William J. Weg, Second Vice-President of Guaranty Trust Company, believes that new issues and trust companies are faced with rising costs and therefore increased charges for their services be remedy for dwindling earnings.

In addressing the American Bankers Association’s 10th Inflation Conference in St. Louis, Nov. 8th to 9th, William J. Weg, Second Vice-President of Guaranty Trust Company, New York, expounded the view that the recent tendency taken by bankers and economists which indicated inflationary conditions will persist in this country for a long period a result of governments deficit spending, and, as a result, banking and trust services will become more costly and must be met in part by increased fees. Speaking on this topic, Mr. Weg stated:

At the end of the war, after price and wage controls were relaxed, the time that Peck’s bad boy really started to read his head. Civilian production soared with the consequent result that many manufacturing and industrial companies found they had always brought to bear on their business. The result is that on the present basis of wages, the companies have to spend more to keep up their production. The cost of living and wages and salaries of employees have increased in this country, and there is every reason to believe that the increase will continue.

Douglas Barlow with Vincent Mellin with Union Securities

G. C. Haas & Co. 63 Wall St., New York City, members of the New York Stock Exchange, have announced that Douglas E. Barlow has resigned as a partner of the firm in its bond department. Mr. Barlow has recently been with the First Boston Corporation and with Walter Murphy, Jr. & Co.

Mr. Barlow has been associated with the First Boston Corporation and with Walter Murphy, Jr. & Co.

The Commercial and Financial Chronicle… Thursday, November 16, 1950

Audrey G. Lanston & Co.

INCORPORATED

35 Broad Street

45 Murray Street

New York 4

BOSTON 8

Whitney 2520

Hassock 6460
Trends.”

A. J. Hettig, Jr., partner of Lazard Freres & Co., was the chairman of the 1971 meeting of The Wenien's Bond Club of New York on Tuesday, Nov. 14. His subject was “Economic Trends.”

Financial vs. Physical Controls

By PAUL EINZIG

Dr. Einziger notes the revival of financial controls, such as the Bank Rate, to avoid inflation in place of physical controls which preceded and accompanied the depression. Physical controls, particularly in Britain, were not intelligently applied and were based on political rather than economic considerations.

LONDON.—The last month or two witnessed a revival of the tendency to substitute financial for physical controls. The United States were the first to resort to that instrument, and the example has since been followed in various countries, including the United Nations and the Western zones of Germany. All these countries were raising their official rediscount rate in order to slow down the increase in prices and the adverse change in their trade balances. It is unlikely that they will succeed.

A few months ago it looked as if the bank rate weapon had been found good for the armory of the monetary authorities of most countries, even though it was applied since the war in some countries. It was the sharp rise in prices following the Korean war that in¬duced some Central banks to revert to its use. And it was the Central Banks rather than the governments that favored its use. Indeed, in Western Germany there is a serious disagree¬ment between the views on the wisdom of the high bank rate.

That the rising trend of world prices and the prospects of increased costs calls for some form of control of production and trade is beyond question. The overhead is the problem of this depression that we must determine where and how our controls can be most advantageously applied, and the fastest way that we may take the steps to correct our sit¬uation all together. A good cost accounting system promptly determines where we can sit¬tle on the problem of our rising cost with diminishing profits, but that is only a small part of the problem.

A change in organization of the economy is needed to cope with our problem of rising cost with diminishing profits, but that is only a small part of the problem. A change in organization of the economy is needed to cope with our problem of rising cost with diminishing profits, but that is only a small part of the problem.

The reasons why there is now a tendency in many countries to reconsider the basic principle of monetary policy is the Lord Keynes' principle that there is a limit to the effect of his policy, however well and carefully it may be drafted, and there is a reaction against his teachings in this sphere. He has lived to see the triumph of his policy of full employment, but un¬fortunately he has seen live long-range consequences of the effects of the exaggeration of his policy into over-full employment. He never wavered in his belief in the importance of a revision of his theories, and it is reasonable to suppose that, if he were alive, he would have revised his policy of full employment so as to provide safeguards not only against mass unemployment but also against over-employment. He believed that, however, that he would not have chosen the central banks to carry out those safeguards money. Even though during the last years of his life he reverted to orthodox in some respects—at Bretton Woods in 1944 and during the negotiation of the loan agreement in 1945 he could not, after his right stabilization philosophy of the verticity of sterling—he remained to the last opposed to an in¬dependent central bank system.

Although Lord Keynes' influence has undoubtedly declined, it is still strong enough to prevent a return to high interest rates and severe monetary policies. It is unlikely that the economic situation is likely to be different if the Socialist Government were to be succeeded by a Conservative Government. The interest rate is opposed because it would aggravate the budgetary prob¬lem by adding to the burden of the public debt; because it would add to the cost of industrial and agricultural distribution; and because it would discourage house building by making its financing too costly.

The alternative method of checking the rising trend of prices is through the application of physical controls. Such controls have never been properly applied by the Socialist Government in Britain. Scarcity in manpower has been since the war the problem that the government has been forced to meet and it has turned to a solution of scarcity by some means. On the one hand, it has used the Bank Rate, which was found to be too weak, to substitute physical controls. On the other hand, it has turned to the employment of physical controls to meet the needs of rearmament. But even if all previous controls were to be restored their effect would not be sufficient. In spite of all those controls, the cost of rearmament has increased in the absence of rearmament. With the demand for labor for the war effort, it would be seen that, even without new controls, new fulfillment would become accentuated further.

In order to ensure the effectiveness of physical controls it would be necessary to apply them more systematically. There are two tendencies to be applied in the past. One of the main points of criticisms against them was that they operated indiscriminately against useful and useless branches of production. The same criticism can be made against physical controls used against useful branches of production. So long as hundreds of thousands of workers are allowed to be employed by football pools and other utterly futile occupations it will be impossible to control any useful economic activities. The advantage of physical control over financial control is that it is strictly applied to occupations which can continue to divert labor from rearmament or from essential civilian production, but such diversions are not due to the desire of the workers. The limits to the use of physical controls can be no justification for physical controls unless they are guided by economic considerations instead of being guided by political considerations. Otherwise the footpads and knaveproof indis¬tilminate financial controls appear to be the smaller evil.

Resumption of Dealings in Japanese Bonds

Trading on the stock exchanges, suspended after Pearl Harbor attack, now permitted. Does not include dollar bonds that have been converted into Japanese currency.

The Securities and Exchange Commission announced on Nov. 11 that, with the resumption of dealings in Japanese bonds on the New York Stock Exchange, it has withdrawn its request that brokers and dealers in this country refrain from making a market in these securities.

This action follows extensive negotiations with the Ministry of Finance of the Japanese Government through the Supreme Com¬mander for the Allied Powers. As a result the Japanese Government has informed the Commission that it has filed with the New York Stock Exchange and the Commission a report under the Securities Ex¬change Act of 1934 which relates to the status of the outstanding bonds.

The report filed indicates among other things that, in the view of the Japanese Government, the treatment of the foreign debt of Japan will be conditionally based upon the conclusion of a peace treaty and that the Japanese Government is not in a position to make any statement with regard to a time for the resumption of dealings in the bonds. Copies of the report, which contains a wealth of facts bearing on the status of the various issues, may be obtained from the Commission upon exchange of these.

The Commission's action as to the Japanese bonds does not mean that it has in any way passed upon the merits of these securities.

Day, Lankenau Join Albert Frank Agency

Robert W. Day, formerly Radio and Television Director with Lymnan R. Clark and John Hancock Mutual Life Co., has joined Albert Frank Agency Inc., New York, as a consultant in the life insurance field. He is also manager of the New York Stock Exchange and the New York Curb Exchange, and the bonds included on this list will be handled by Mr. Day in conjunction with the agency's Merchandis¬ing Department. Copies of this list of and Sales Promotion Stoll.

Wisest Investment Since Repeal!

This superb Bottled in Bond, 6-Year-Old, 100-Proof Bonded is bottled in limited quantity—100.

Proven Bourbon of Bye.
Current Analysis of Insurance Group Shares

Here's Ltd. reports that the 24 insurance companies, in whose stocks Insurance Group Shares (IGS) have an interest, have an average continuous business record of 160 years, and, as a group, have paid dividends without interruption for 60 years.

In reporting the current statistical condition of Insurance Group Shares, Here's state that the average earnings per share, in the stocks of these companies as a group, you obtain an equity of approximately $10 representing almost entirely high-grade securities and cash.

"Their investment in income-producing securities are currently about twice the market price of their stocks. Thus, for each $1 you invest in their stocks, you enjoy the ownership in their income of an average of $2 in high-grade securities and cash.

"Their earnings come from their underlying business and income on their investments, but it is their income-producing investments on which they predicate dividends and capital gain. Income now is all at time high.

"They could increase their present rate of dividend payments as much as 50% by paying out only 25% of their current investment income, and, for a very long period of years, with their stocks, they would be paying 50% and retain their underlying earnings in their business to provide future dividends. Under present writing earnings this year are expected to be used twice their all time high earnings from investments, and the dividends of 2% to 8% of their investment income would amount to paying out one-third to one-half of their total earnings. These underlying earnings which are retained in their business nevertheless belong to the shareholders of the companies, and twice the dividends they pay and, furthermore, increase the company's earnings power.

"The progress of these companies during recent years has been phenomenal. During the last three years their business volume has increased more than during the previous 20 years. Their earnings have increased over 200%. In comparison, their stocks have risen in market value less than 50%—and they have been under-valued and thus should prove a most profitable investment over the long term.

"Their earnings are less affected by taxes than those of profitable industrial companies and their exemption, based on prior year's earnings and/or capital funds, from the excess profits tax of World War II was such that none of these companies was required to pay taxes.

"Considering the favorable conditions that have been enjoyed, it is reasonable to assume that the dividend payments by these companies will be increased between now and the end of the year and that the dividends paid hereafter will have a favorable effect on the market value of their stocks."

Wellington Offers Dealers Term Service Studies

Two new studies, designed to furnish security dealers with basic information on profit-sharing retirement plans for employees, have just been completed by the research division of W. L. Morgan & Co., national distributors of Wellington Fund.

One study lists and defines in simple language the basic requirements of profit-sharing agreements. The studies supplement two earlier publications by the Wellington Fund distributors on retirement plans. Both were published in "Fundamentals of Retirement Plans" and "The Mutual Fund in Retirement Planning," and the publications of the studies are obtainable from W. L. Morgan & Co., 140 Walnut Street, Philadelphia, on request.

Putnam Fund Legal for New Improved Banks

Putnam Fund reports that, as of Nov. 1, 1950, the Bank Commissary of the State of New Hampshire approved the application of the Putnam Fund trustee to list Putnam Fund to the list of trust investment trusts shares legal for investment by savings banks in that state.

George Putnam, President of Putnam Fund, in announcing the year-end dividend of 24 cents a share from estimated investment income, stated: "The vote of your trustees to pay 10 cents per share more than was paid in recent years reflects not only the record earnings of the Fund, but also the desire of your trustees to recognize in a tangible way the receipt for additional income on the part of many shareholders. We hope that shareholders will not regard this increased payment as something to be counted on in the future. The best that we can say is that the dividend policy of the Fund will be determined by what the trustees believe to be the best interests of our shareholders."

Mutual Fund Conference Date Set for 1951

The third annual Mutual Fund Conference will be held in 1951 in Chicago on Sept. 10, 11, and 12 at the LaSalle Hotel.

Drawing upon the great central and mid-west sections of the United States, it is estimated that attendance at the 1951 conference will set a new high. The first mutual funds conference in 1949 had an attendance of 300 and the second conference in 1950 cre¬wined of 675.

The Mutual Funds Sales Conferences sponsored by the Investment Dealers' Digest.

Correction

On Nov. 2, it was erroneously reported in this column of the booklet, "Trying to Make a Cushion Out of Daily Bullets" was prepared by National Securities and Research Corp. Although this excellent booklet, the Fund Services of Washington, 219, Woodward Building, Washington, D.C., is responsible for its preparation.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

Transfer of the Exchange membership from Joseph H. Allston to Carl Friedlander will be considered by the Exchange on Nov. 22. Under the terms of the agreement, Allston will have limited partnership in Weil & Doyle on Nov. 3.

Whitcomb & Co. Admit

William Dale Bose will become partner in Whitcomb & Co., 14 Wall Street, New York City, on Nov. 22.

Estimates Decline in 1951 Building

Thomas S. Holden, President of F. W. Dodge Corporation, predicts recession of 19% in 37 states East of Rockies.

Building and engineering contracts will decline 19% in 1951 relative to 1950 in the 37 East of the Rockies, it is estimated in the annual November out look of F. W. Dodge Corp., construction news and marketing specialists, published in "Architectural Record."

"This is a cutback from the peak construction volume of all time," they state. "It leaves a dollar total measurably greater than that of any year except 1950, and a physical volume total that would compare favorably with other prosperous construction years.

"We question whether there will be much change in the level of construction peak in 1951. Some materials will be tight, others which were tight in 1950 will be plentiful and competitively priced.

"Demand for building labor will ease somewhat with reduced construction volume, though as we have said, demand for labor will remain plentiful. There will be less men who have been unemployed for many years if the construction in 1951 will shift to defense production."

The authors employed the phrase "the overall Over-all Decline" as a sub-title in the article, and attribute "the moderate extent of the anticipated decline" to these reasons, summarized: Partial rather than total mobilization, prospectively increased production of materials, reduced output of motor vehicles and other consumer durables, improvement in conserving and substitution of materials, and the view by "respon-

sible leaders in government that a strong civilian economy with maximum freedoms is just as essential for preparedness as an enlarged military establishment."

George D. Cronin

George D. Cronin, partner and Comptroller of Dean Witter & Co., San Francisco, investment bankers, headed a French Hospital of a cerebral hemorrhage, according to a report published in "Architectural Record."

"Mr. Cronin was born in San Francisco on Oct. 18, 1899, and had been with the firm since its inception in 1924 when he started as a Cashier. He became a general partner in 1929. In 1926, Mr. Cronin went to the firm's New York office when Dean Witter & Co. set up a clearing office in that city and he returned to San Francisco in 1941. Well known in financial circles, Mr. Cronin was chairman of the Board of Uniform Practices Committee of the National Association of Securities Dealers. He is survived by his widow, Mrs. Marian Cronin of 160 Stratford Drive, and a son, G. Richard Cronin, who is associa
ted with the firm's executive vice-president office of Dean Witter & Co."

Knickerbocker Fund for the Better Regulation, Supervision and Safe-keeping of Investments

Prospectus may be obtained from your investment dealer describing the company and its shares, including its fee, price and terms of offering.

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A Diversified Investment Company

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TENIENIAL ANNIVERSARY YEAR

The Commercial and Financial Chronicle . . . Thursday, November 16, 1950
Criticizes Working of SEC Acts and Frear Bill

Thomas Graham, President of the Bankers Co. Louis¬
ville, Ky., says effect of Federal Legislation "has made Wall
Street dealer, and the public. Opposes Frear Bill.

In the course of a hearing on Oct. 20 before the Securities and Ex¬
change Commission, Mr. Graham said large dealers sell most of their
insurance company stocks. If a large dealer announces an offering, it is obvi¬
ously very easy for them to close out all par¬
cipations immediately and make successful deals. The small dealer, on the
other hand, taking time in sel¬
ding is a deterrent to him. It gives his customers a chance to buy the good
issues. The result of the SEC, he said, is to make the high priced and
so-called 'syndicate' stocks, large, sophisticated investors, insurance
company officials, investment trusts, large investors, etc., get all the
profits of the small investor and sometimes small investor, too. the small
investor's only protection is a regulation, not a true investor's protection.

Mr. Graham, President of the Bankers Co. Louisville, Ky., said he was
not in favor of expanding the scope of the SEC acts. He said that the
laws are not necessary to cover small concerns, $3,000,000 in assets and 300
workers, or even security dealers, which have several thousand outside
investors. A recent statement by a Department of Justice lawyer said the
Frear Bill was needed because of the situation of the country; Mr. Graham said that it could as easily be said that the Frear Bill is not needed be¬cause it is not necessary.

Mr. Graham stated that the SEC Acts have been designed to make Wall Street "awful. It is not that the SEC Acts are evil, but that the effect of the
operation of the Acts has been just that, and that the Acts now bear this character as a deterrent to the small investor and the non¬
Wall Street public generally."

Mr. Graham pointed out that the SEC Acts are in the field of new issues. The Com¬
mission, he said, is aware that in a great many instances the State Book¬
keepers are not the men to enforce the law in this particular regard. Mr. Graham pointed out that the National Association of Se¬
curities Commissioners does not have any useful information on the
small investment concern, and is not able by this rule of this or¬
ganization to guide its members in the instance and order of the Com¬
mision.

"Additionally, Mr. Graham averred, "syndicate agreements usually usually state that any unsold stock can be called back by the syndi¬
cate manager. The result is that it is impossible for the small dealer who owes the law, to take care of his investment accounts properly and the result is, that if the member of the "syndicate" is not in shape, the dealers will make profits on the deals but do not do all the work of the actual selling and it is the small dealer that has to take the loss, as far as the cur¬
rent investment accounts of the country."

Mr. Graham said, "The SEC and the Federal Reserve Board, so-called regulations 'T' which works only to the detriment of the small investor and which, frankly, is a joke, but neither of these two organizations have ever had the cooperation of the
SEC.

Mr. Graham had made his position clear in testimony to the SEC on the new
Wall Street dealer, and the public. Opposes Frear Bill.

In criticizing the Frear Bill, Mr. Graham stated that another extension of
SEC authority is not what is needed now, but the first thing Congress should do is amend the current SEC Acts should be over¬
hauling so as to make the Com¬
misison carry out Congressional authority. The further concentration of financial power in Wall Street and prevent further concentration of financial power in Wall Street and make markets all over the country. The Commercial and
voluntary and federal stock, etc., were a stock, etc., and no one was able to make profits on the deals but do not do all the work of the actual selling and the small investor that has to take the loss, as far as the cur¬
rent investment accounts of the country.

Mr. Graham had made his position clear in testimony to the SEC on the new
SEC authority without amending the Act to make it more workable and enforceable. Mr. Graham said, "There may be only one more fight left in me, but I guarantee that I shall go on fighting with everything I've got left."
Continued from page 11

Fiscal and Credit Control
To Beat Inflation

An increase of 1% in most major items of the consumer's budget next year need not cost the Treas- urer of the Federal Reserve Bank of New York any sleepless nights, because 1% in the consumers' price index would cost the economy some $1 billion (or 1 billion dollars).

Dangers of Loss of Confidence in Dollars

The Treasury itself will be one of the greatest affected from an increase in prices since the gov- ernment's spending program, the war and our stepped up armament and war industries are the biggest buyers of everything. Even if the government's spending is not enough and carried far enough, there would be a worse specter to produce: a loss of confidence in the Treasury's securities: there would be a loss of confidence in the dollar itself. Already there are many Cassandras warning that the U.S. dollar is not a safe store of value; it does not pay to buy savings bonds, because the dollars at maturity will buy less than when the bonds were purchased.

This question of battling the causes of inflation, or sterilizing the declined purchasing power of the dollar, lies at the bottom of questions of control of the government. The froth at the top of our economic problem lies in the necessity of changing short rates in changes in long, and of controlling the Treasury's price policy.

It is unfortunate that these views and objections have not made the headlines in news¬ papers, or on the radio, or on the television. Under the froth at the top is cooking the stew that will kill the economy. We ought to know about the in¬ vestment problem.

In any case, even if the Federal Reserve is successful in avoiding the real danger, and even if the Fed¬ eral Reserve dollars into our banking system, it will be necessary to sterilize some dollars, in order to sterilize inflation. A large part of this sterilization will take place through open market operations.

Treasury Must Sell Bonds to Public

We have been given the authority by Congress of controls over the use of consumer credit, and have, with the Federal Reserve, the power over money credit. These, too, are extremely important tools.

But they will all fail if we do not come closer to paying as we go along, to imposing duties on goods we sell, to cover the costs of government. One way that is being borrowed is by a slaughter of the bond market. If we do not stop this, the bond market will be ruined, and the inflation will not be checked. The Treasury must sell bonds to the public and not to the banks. But the Treasury may not be able to sell enough bonds to the public to sterilize the inflation instead of adding to the inflationary pressure.

All these measures — Federal Reserve general credit restrictions, Federal credit, mortgage, and estate credits restrictions, taxation of capital gains — may not be enough to balance the budget—these are the general credit and fiscal controls so often mentioned at the beginning. Firmly applied, they can and they must be applied. The whole of the host of problems following in their wake will have to be dealt with separately.

Direct Controls Limit Initiative

The alternative is to shackle the economy with direct controls, which, for many, is just as bad as a loss of confidence. The controls are an infringement of personal liberty, an interference with personal decision, a loss of economic freedom, and an admission that we cannot trust one another to see to their own interests.

The Federal Reserve is still not a monopoly. The Federal Reserve Board, in addition to certain Federal Reserve banks, will be left to run the monetary side of the government's business. This is the only sensible solution to the problem, and the solution that will be applied. The Federal Reserve Board will have to take over the control of the Federal Reserve banks, and the new Federal Reserve Board will have to be given the power to make the decisions that the Federal Reserve Board has not been able to make.
Urgent Need for Government Regulation

The Federal Reserve System is a sound monetary and credit system that can help bring us out of the current spiral. However, the government must act to prevent the inflation spiral from accelerating. This involves several measures:

1. The Federal Reserve Bank of St. Louis has the authority to increase the money supply, and it should do so to prevent the inflation spiral from worsening.
2. The government should consider imposing price controls to prevent excessive inflation.
3. The government should impose a tax on capital gains to discourage speculation.
4. The government should increase its spending to stimulate the economy and prevent a recession.

These measures, if implemented, would help to stabilize the economy and prevent a potential economic crisis.
SECURITIES CAROLINAS

At the recent annual meeting of the North and South Carolina Securities Dealers held at Southern Pines, N. C., the following officers were elected:
President—M. M. Manning, V. M. Manning, Greenville, S. C.
Vice-President—J. Lee Peeler, J. Lee Peeler & Co., Durham, N. C.
Secretary—Edgar M. Norris, Greenville, South Carolina.
Treasurer—William D. Creon, First Securities Corporation, Durham, N. C.

SECURITIES TRADERS ASSOCIATION OF LOS ANGELES

The election at the Dec. 1 luncheon of the Club, which will make the total Board seven.

SECURITIES TRADERS ASSOCIATION OF NEW YORK

The Securities Traders Association of New York Bowling League standings as of Nov. 10 were as follows:

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The New York Board of Trade, consisting of the officers of the New York Stock Exchange, is a powerful body that is completely independent of the New York Stock Exchange. It is composed of the following officers of the Securities Traders Association of Los Angeles for 1931:
Secretary—William A. Johnson, Sutro & Co.; Wm. A. Lippincott, Jr., Akin-Lambert Co.
Treasurer—William H. Hanson, First California Company; Tim D. Spilljane, J. A. Rogle & Co.

The nominating committee of the Dallas Board Club, composed of George T. Hallingm, Central Investment Company of Texas; Chairman; Orville G. Allen, Lynch-Allen & Company; Joe Binford, Binford-Dunlap & Company; Ed W. Franklin, Dittmar & Company, and Gus Ronsway, Thomson & McKinney, has selected as nominees for officers of the Dallas Board Club to serve for the year 1931 the following:
President—Hugh D. Dunlap, Binford-Dunlap & Company.
Vice-President—Winton A. Jackson, First Southwest Company.
Secretary—Fred Price, Anderer, Pierce & Company.
Treasurer—Sam Johnson, Southwestern Securities Company.

DALLAS BOARD CLUB

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Secretary—Joe M. Ellis, Anderer, Pierce & Company.
Treasurer—Sam Johnson, Southwestern Securities Company.

The election at the Dec. 1 luncheon of the Club, which will make the total Board seven.

Greatest Threat to Our Economy Lies Within

And country is in no danger of formally espousing socialism in the sense that a sincere socialist of the stripe of Norman Thomas uses the word. But socialism and collectivism do not always have to enter a country by the front door, especially when the capitalist system is in trouble. The essence of European socialism is not that the state owns the means of production but that the state controls a complex process of controls over production, price, credit, and market, activities, and takes on such enormous functions that the private citizen is either subject to perpetual inflation or crushed beneath a stagnating load of taxes. This kind of socialism is not generally technically difficult if one owns the gold-backed brand. But it leads to the same result—vast and dangerous internal disturbances, the effects of which we have seen in Europe over men's lives.

Many of Norman Thomas said, "The American people will never vote for socialism; but they will vote for governments that guarantee, employment, and the other elements of socialism if they wear the label of liberalism."

Creeping Collectivism of Welfare State

Now, many of the proponents and disciples of this creep ing collectivism of the Welfare State may make a secret reference to Thomas Jefferson; and you might almost believe him with the idea of maintaining oneself and its party in power by taking out from one who wouldn't vote for you anyway, and splitting with 10 other men who wouldn't vote for you might get. Let Thomas Jefferson have the same argument. But the facts are, he and his followers, have not exercised equal control and influence. They have not been able to completely control the politics of the state. Of course, they have not come to control the whole of the state in the way that people do in this country.

It is your job and mine and that of all the people of this country to do this part to make this issue clear to the American public. This is not an issue of whether or not allowing collectivism to come stealthily in the back door. We must see that the people of this country are not un

continued from page 12

Responsibility of Bankers

Bankers not only share this responsibility with all other good citizens, but many are engaged in a compelling task of maintaining, and defending the freedom of our country. Our citizens have brought us an American way of life; but we also have an even greater duty to preserve, preserve this way of life not just for ourselves but for our children and for our grandchildren. We have a responsibility to the people of this country to do that, and the bankers who participate in preserving, maintaining our way of life.

There is a need for banks to play a critical role in preserving our way of life. In order to do this, we must preserve our institutions and the banks that support them.

It has been said that our American system of free enterprise is on trial. By whom and what a threat? The economy must be preserved and intact. If we lose it, we lose our way of life.

There are many who believe that the system of free enterprise is threatened by government intervention. The government is needed to protect our way of life from threats such as the Great Depression, World War II, and the Cold War. However, if these interventions are not carefully managed, they can become a threat to the very system they were intended to support.

It is important for banks to be aware of the risks that come with preserving our way of life. As banks, we must be prepared to respond to these challenges and to continue to provide the services that our customers need and expect.

In conclusion, we must all recognize our responsibility to preserve our way of life. This includes being aware of the risks and threats that we face, as well as being prepared to respond to them. We must continue to work together to build a strong, stable economy that serves the needs of all Americans.
of the family where they are ill, and their comfort and happiness in a thousand ways.

We know that you cannot bor¬
row and spend your way to prosperity. If you borrow and spend more than you earn, you are mortgaging your future; and if you keep it up long enough, you will become bankrupt, for there is true of a nation.

Yes, the American spirit is today in a conflict here in our own land with another philosophy. The American spirit says: How much can I produce. He who dies with the most, will have the most. No one can foresee how fast can I go, how well can I do my job, how much money I can save or make? The other philosophy says: How little must I produce, when I can live in comfort? How slow can I go, how long does it take to produce my daily bread; how little work, and how inefficient can I be.

The latter philosophy is one of squalor and defeat—the former is one of achievements and success. The one says the world (meaning the producer) has no way of getting along and they had better give it to me or have I am going to make their money with life and ambition; I live in the world of the producer, and enjoy freedom and opportunity that this one world produces. I have greater life and am going to use it in accomplishing great things with great power, and with great courage by my pioneer fore¬

fathers; and by all that is holy, I vow that I will do it. Now down to your business.

Here in America today on many fronts and in many ways the roll of honors is being made. For every one of us who reads this, a study of the great roll of honors is being considered here on this subject is being called. If we believe in American ideals, if we believe in American patriotism, and the hardihood of Ameri¬
cans, we will defend those ideals whenever they are put in jeopardy, whatever the time, wherever the place, and whatever the manner. At this critical hour in our history, the time has come for us to stand up and be counted.

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of the family where they are ill, and their comfort and happiness in a thousand ways.

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R. McLean Stewart
Elected Director

R. McLean Stewart has been elected a director of the Union Bank of New York. Mr. Stewart has been associated with the Union Bank of New York since about 1925, and has been connected with the bank's business since about 1930. He is a former member of the staff of the Union Bank of New York, and a director of the Union Bank of New York. He is the son of William A. McLean, a director of the Union Bank of New York.

The Twenty-five Year Club of the Union Dime Savings Bank of New York held its annual dinner on Nov. 13, at Toote's Sherry, 110 W. 44th St., to celebrate its 25th anniversary, which was marked by the installation of two new members this year. About 25 members attended the dinner, including six members of the original Twenty-five Year Club, C. Z. Littlakas, President of the club, presided. The speakers were: William Lewis, Chairman and President of the bank, both of whom are members of the club; also Edward F. Lavigne, Vice-President, who retired as of Nov. 1 after 30 years service.

The Twenty-five Year Club of the Union Dime Savings Bank of New York was organized by Mr. Littlakas in 1890, and its associates have been associated with the bank since that date. The club is open to all members of the bank who have been employed by the bank for at least 25 years.

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A Look Ahead for Economic Progress

Be in the neighborhood of $825 billion. The average family incomes, in the United States is about $4,000, will do in 1902, according to a recent study, the purchasing power of today's dollar. In 1900, it was valued at $10.00. And all of these dollar figures for the decades ahead are to be expressed to the same purchasing power as today's dollar. This is being done in order to express it in a common denominator.

The Secret of Progress

Now what's the explanation of this? What is it that has gone on so that the average American family has, in a very real sense, a lot more to eat, more houses, more clothing, more automobiles, more airplanes, more doctors, more hospitals, more welfare agencies, and, in short, everything has improved? What is it that has happened in the United States to cause these changes? How do we explain this fact?

It is the combination of a number of factors, a combination of a series of factors which have worked together to bring about this change. These factors can be broken down into three main elements: (1) the amount of money that we produce, (2) the amount of goods and services that we produce, and (3) the way in which we distribute these goods and services.

The amount of money that we produce is determined by the amount of labor that we have and the amount of technology that we have. The amount of goods and services that we produce is determined by the amount of labor that we have and the amount of technology that we have, as well as the amount of capital that we have. The way in which we distribute these goods and services is determined by the amount of money that we have and the amount of technology that we have.

The fastest growing part of our economy has been the service sector. This includes retail trade, wholesale trade, finance, insurance, real estate, and services. This sector has grown at an average annual rate of 4.5% over the past 20 years. This has been due to a combination of factors, including increased consumer spending, increased government spending, and increased foreign demand.

The quantity of capital goods employed in the production of services has also increased. This includes the amount of equipment, such as computers, that is used in the production of services. This has been due to increased investment in capital goods, which has been driven by increased profits and increased demand.

And the pace of service innovation has been rapid. This includes the introduction of new technologies, such as the Internet, that have increased the efficiency of service delivery.

The Future of the Service Economy

As we look to the future, we can expect these trends to continue. The service economy will continue to grow, and the pace of service innovation will continue to increase.

The service economy will continue to grow as consumers continue to demand more services. This includes services such as education, healthcare, and entertainment. The service economy will continue to grow as government continues to provide more services.

The pace of service innovation will continue to increase as technology continues to advance. This includes the introduction of new technologies, such as artificial intelligence, that will increase the efficiency of service delivery.

The service economy will continue to grow and the pace of service innovation will continue to increase. This will lead to increased productivity, increased innovation, and increased prosperity.

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stretches east to west through 11
Unit This is the United States. In the summer, the sun never sets on the

Labor-Management Relations

A second factor that might interfere with the continuing progress of labor-management relations would be a deterioration in labormanagement relations. Now in the United States, the situation is

There are, as we all know, political
difficulties in the way of all these reforms. They can be achieved only if we as citizens. Those who are willing to accept even in reductions in governmental

A second factor in this process of credit expansion is the influence of the "infant industry" philosophy and a parallel expansion of the "hand-out state" philosophy, which would tend toward personal self-reliance and individualism.

A third point in this complex

Decline in Spirit of Progressive Enterprise

And, finally, in this grouping, the spirit of the system could be seriously injured by a nuclear strike on the enterprise. England's troubles are traceable in my judgment to many things; but one thing is more important than all: as I see it, is the decline in the spirit of progressive enterprise, which began in England many decades ago. During the period of the Industrial Revolution, England was the most energetically progressive nation in the world. The progress of the country enabled her to defeat Napoleon and to go on and acquire wealth. And wealth, in itself, is a very important thing. But in the last decades, the world clamped for the English, to the point where they are not able to buy the things they desire. And there is a real danger that this will happen again. The decline of the spirit of English enterprise, perhaps in the long run, has been followed by a decline in the spirit of the American enterprise.

A Changing American Culture Pattern

Along with this continued de

The psychological determinants of the business cycle, and the effects on the consumer, are the key variables in understanding the

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inherently related value, and hence a more rise in the general price level need not affect the price of stocks.

The Tax Brake

The tax incidence—both corporate and individual—furnishes another major source of the problem of cyclical instability. A high levy on individual incomes means the dollar without taking into account its depreciation.

The political determinants of the business cycle and the effects on the consumer are the key variables in understanding the

The psychological determinants of the business cycle and the effects on the consumer are the key variables in understanding the

Coping with the Variations in the Business Cycle

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...
What Governmental Policies Today?

Effort; and our foreign expen- sures will be filled. The dollar will be no more and our interest will need even now it is not. Thus comes true, though partly, the prophecy of the defense in- adequate, the prophecy of the prosperity in his posthumous essay on "The Attitudes of the United States.

The revision lends, the suggestion of a common fund for defense, a suggestion which all the American taxpayers who submit themselves to more and more, is not consent to accept a general liability to make up our na- tions' deficits. Some nations have a long history of preferring certain methods of taxation, and we do not mean to make up our deficits by that method. This is their problem; the American dollar in an open market; we do not see an open market for it. This fundamentally different approach makes pooling inspec- tions on the one hand, and govern- ments have separate governments, separate legal systems, separate systems of taxation and tax habits, they will not pool their assets and liabilities; and they should not. That would be carrying egalita- rianism to absurd.

During the early years of the First World War, the idea of the war funds was... exception to the right to preserve. The government expeditiously encour- ages the American industrial econ- omy must be preserved if we are... It behoves us not to be... to the right to preserve. They have, however, dismissed... and to workers. Such... general price-fixing should be... and of restricted consumption. Half of... have called, we must help our friends... and tax-exempt obligations. It is... but there must be no... tax-exempt obligations. It is... is the... is government in the United States.

Wage-fixing should be avoided too. The nobility of labor in the... to the... is an essential element... and we have saved and... and the... that in this time of national peril American workers may be mo- derate in their demands, if our... cause the... and to reduce the mobility... from... in every... that wage-fixing means... and the... if the tax... but not excel- lency that the government... it can be... government must get the money... tax of this type, a taxpay- er able to bear more taxes, than... that perhaps are even... able to bear more taxes, than... The 45% corporation... that is... is too... to bear... and... is... No, we shall...
deadly of all economic diseases. There is no way to make it painless, with the cure is worse than the disease.

Par-Pegging

One disadvantage of the way of re-funding the short debt and avoid- ing the effect of reduction in the gold reserve money is that the whole new strange doctrine of par-pegging: that Secretary Morgan the gold standard would be maintained and perpetuated, al- though its gold reserves would never claim infallibility for holding up prices at par. The interest rates must not be breached, that government bonds must never fall below par. The par-pegging policy is, per- haps, idealistic, but it can be shown that what was done to Liberty Bonds and the Federal Reserve in 1919, was not, however, lack of support, but liquidation, that put the 4% Federal Reserve rate. In fact, it was, in 1920, down to about 82 in 1920. The market for Liberty Bonds was supported, though not pegged, by the War Department. Even so, until the Federal Reserve's defla- tionary policy.

Cheap Money, Dear Money and Fair Money

Not only to sell more bonds and reduce the debt, but to control the rate of money, the government should revise its extreme cheap-money policy. This policy was designed to keep consumer spending high by keeping the interest rates low. When the government finances the price of money, as ours has done in practice, we are likely to see the interest rate decrease, despite the demand for money; and the economic weakness of the country might increase the supply of available money in order to prevent the pressure of interest rates. By this means, we can raise the price of the interest rate.

The too-cheap money policy of today is bad, but that is no reason to make it any worse. Not only our own welfare, but the welfare of the whole world, and the economic, and the national defense, and the security of the country, and the future of high degree of prosperity in the United States. Our economy cannot be restored to a healthy state unless we overcome the overvaluing and overdrinking and the current trend of the economic conditions. It is not possible in the years before and after the war, the government should do away with a debt money policy.

Reserve Requirements

An increase in the general level of interest rates is an increase in member bank reserve requirements. Indeed, reserve re- quirements should be reduced to the extent that the reduction in the extent geographical discrimination in the public debt. What is the Federal Reserve Board's Reserve Reserve authorities have proposed. Making changes in reserve re- quirements is not a good method of controlling a country's credit. It is a rough-and-ready way to control the Federal Reserve, not for a moment denying that the United States is inflationary. The interest level in general, for long money as well as short, should be allowed to rise moderatly, and banks cannot be made to pay dollar for dollar.

Expanding Credit

It is not too late to increase the above general level of interest rates is too low, to be healthy, as it is. Far worse is the danger of deflation. The introduction of currency and credit in competition with gold is the most important reason for the level of interest rates. Between December 1932 and December 1937, the Federal Reserve spent over $500 million in buying up at par the Treasury bonds that were in circulation during the war debt, and the Federal Reserve also expanded member bank credit in order to meet the demand for credit money.

The Federal Reserve's asset side increased by $32 billion. In the midst of the tremendous loss of the 1937 Federal Reserve was ac- tually expanding credit. How add to control credit for consumers and home builders while the government can be forced to reduce its interest rate. The Treasury decided to sell the bonds of the Treasury to buy cheap money and credit to keep money cheap, in- creasing the interest rates. This would create demand. We must increase the interest rates of the government and the people pay through their taxes in higher prices for what they buy. The government, being the biggest of all, cannot control the price level. Reserve Bank is no longer in control of Federal Reserve's policy.

The Treasury and the Federal Reserve

There is nothing new about the present conflict between the Treasury and the Federal Reserve. Our own Federal Reserve Board and the New York Bank, I have been proposed to make a good deal of difference between the two sides. In my day in the Treasury, upwards of 30 years ago, my dear friend and I would have a dinner, then Secretary of the Treasury and I, on the Federal Reserve Board, got so angry with Benjamin Strong another dear friend of mine, the governor of the Federal Reserve Bank of New York, for raising the rate on government-seured paper, that Glass Threatened to have Strong disciplined. It was settled with an assurance that he would succeed in compensating the differences, or at least allaying them, in the same sort of patriotic and redoubled gentility.

The long struggle between the Treasury and the Federal Reserve has been going on for a good many years now. Since 1929 and the Federal Reserve Board and the New York Bank, I have been proposed to make a good deal of difference between the two sides. In my day in the Treasury, upwards of 30 years ago, my dear friend and I would have a dinner, then Secretary of the Treasury and I, on the Federal Reserve Board, got so angry with Benjamin Strong another dear friend of mine, the governor of the Federal Reserve Bank of New York, for raising the rate on government-seured paper, that Glass Threatened to have Strong disciplined. It was settled with an assurance that he would succeed in compensating the differences, or at least allaying them, in the same sort of patriotic and redoubled gentility.

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Conclusion

We must avoid inflations and cut out avoidable or defensible or wantonly nonmilitary expenditures; but let us not be frightened by the ex- pense of war or recession. In view of our great gold reserve, paper, that Glass Threatened to have Strong disciplined. It was settled with an assurance that he would succeed in compensating the differences, or at least allaying them, in the same sort of patriotic and redoubled gentility.

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Outlook for Private Foreign Lending

America cannot be expected to be arranged in any appreciable amount.

Of European countries with dollar balances and Belgium are meeting their debts. The European countries will give her bonds according to provisions of the so-called Lombard Plan. Default has occurred, but has suspended sinking funds. All of American investors in new private investments on the Continent, it is worth bearing in mind that good credit available at rates which are unattractive compared to a rich stream of the security in the home market, which is far inferior in terms of any rate. Attempts are being made in important quarters to arrange for sizable investments in Germany as a field for the placement of private funds. In view of the significant role which the Reich has played in America's financial and political history, the past, and the role it may play in our future, it should be of some interest to dwell at some length upon some of the factors involved.

Addressing the Investment Bankers Association on May 18, the chairman of the German-American Committee to Germany urged the resumption of investments in Germany, stating that:—

"Enlightened self-interest should speak for itself. The German people, looking toward vast investments in Germany; the fact that American money yields cannot measure up to the yield in the Reich; the Commission added that in regard to the so-called Dawes and Young plans in 1924, which are the same, once Germany's premier foreign trade.

"The assurance" that loans to Germany would serve three purposes, viz., prudent investment, a significant effect on the trade and commerce, and the acceleration of economic production, will hold true if the economic position of the Reich is properly understood.

When Hitler came to power the Reich's foreign trade was almost entirely exported goods. Not only did Germany default, but practically all the European countries which came or went through Germany's way. Thus ended the cooperation of the American investor in the Reich.

Will American investors be prepared to place their money in a climate of uncertainty? Germany may lead to the same result as in the past. Third World War will hurt Germany. Germany's foreign trade in goods and services. Not only will deliveries be reduced, but funds for a war may be used for this purpose. It will be a long time before the Reich's financial position will not need to be reestablished.

Other factors are currently being made against American investment in the Reich. It is important to note that the Reich has not been able to make any payments since the end of the last month. It is necessary to reevaluate the conditions prevailing in the Reich before placing any funds there.

In conclusion, it is important to recognize that the financial position of the Reich is uncertain. This is due to the fact that the Reich's foreign trade is almost entirely exported goods. Not only did Germany default, but practically all the European countries which came or went through Germany's way. Thus ended the cooperation of the American investor in the Reich.

Continued from page 7

Some Current Economic Misconceptions

Careful analysis of existing conditions reveals that it may be possible to create an atmosphere where the American people assume that the important scale of foreign investments through private channels. Keynes has suggested that such a change may be brought about by the revitalization of the United Nations, not through wars and agreeable, but through the prevention of wars and the taking of a more consistent course of action.

The International Economic Committee has examined the plans of the League of Nations after the war and has suggested that a program be developed for the purpose of a program of reconstruction for the country, effecting such changes and additions as may be necessary, and desirable by existing conditions. To be concrete: The U. N. Economic Committee will propose the tariff of a $250 million to effect the rehabilitation of Europe.

Bonds should be secured by a pledge of securities representing important and dependable revenues of the country. The U. N. will have to take charge of and administer this program. The interest will be in line with or above the rates prevailing for similar obligations. Payments will be made in gold or in gold equivalents. The proceeds will have to be distributed to the other nations, and the interest is to be paid. It is essential that a provision be made for the period of inability to effect transfer of payment will be provided for the period of inability to effect transfer of payment in gold or other gold equivalents. The proceeds will have to be used in the same manner as for similar obligations, with the interest rate prevailing at the time. In this event the index will be automatically called for an additional period of 12 months and the index will not change in the year.

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A third result of the Korean War has been the rapid increase in the volume of business done by different enterprises to raise their expenditures on new plant and equipment. When the Department of Commerce made its survey of expenditures for plant and equipment, it was found that non-agricultural concerns planned to spend at the annual rate of $7.9 billion on plant and equipment during the third quarter. This amount has increased to $10.1 billion for the fourth quarter. Thus far in 1951 the figures have been slightly higher than in 1950.

TABLE I

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditures for Plant and Equipment (in billions of dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940</td>
<td>3.3</td>
</tr>
<tr>
<td>1941</td>
<td>4.7</td>
</tr>
<tr>
<td>1942</td>
<td>5.8</td>
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<td>1943</td>
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<tr>
<td>1945</td>
<td>8.7</td>
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<tr>
<td>1946</td>
<td>9.6</td>
</tr>
<tr>
<td>1947</td>
<td>10.2</td>
</tr>
<tr>
<td>1948</td>
<td>11.2</td>
</tr>
</tbody>
</table>

TABLE II

The following table shows the rate, expressed as an annual rate, both before and after taxes and before and after the inventory valuation adjustment. The inventory valuation adjustment represents the change in the value of inventories and the change in the value of inventories and the change in the value of inventories.

It means the difference between the values of the current year and the prior year, and not to be confused with so-called "inventory prices." In years when the inventory valuation adjustment is negative, in years when the change in the value of inventories is being expressed in terms of dollars and cents, it is positive.

<table>
<thead>
<tr>
<th>Year</th>
<th>Profits Taxable</th>
<th>Tax On Profits</th>
<th>Inventory Valuation Adjustment</th>
<th>Net Profits</th>
<th>Net Profits After Taxes</th>
</tr>
</thead>
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<td>$10.9</td>
<td>$3.0</td>
<td>$17.4</td>
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<td>$10.1</td>
<td>$3.4</td>
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</tr>
<tr>
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<td>$10.2</td>
<td>$3.5</td>
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<td>1944</td>
<td>$28.7</td>
<td>$10.3</td>
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<td>$28.8</td>
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</tr>
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The first quarter of 1951 was a record breaking quarter as far as industrial, commercial, and agricultural production was concerned. These increased in the weekly reporting member banks from $136 million in the week ending June 28 to $213 million in the week ending Oct. 15, an increase of 20%. Last year the increases during the same period were only 3.5%.

A fifth result of the Korean War is that capital gains profits. This statement may surprise those who believe that the Associated Press has recently reported an increase in the number of people who have purchased in the profits of all companies in the third quarter over the quarter of 1950, the point of the Associated Press is in the fact that the loss of changes in the cost of replacing marketable securities was purchased at prices which were greater than the capital gains profits, whereas a year ago the losses were largely realized.

The preliminary figures for the first quarter show that profits, after adjustment for the rise in the cost of replacing marketable securities, would have been 22% below last year. I believe the revised figures for second quarter profits, which were $2 billion (as an annual rate) as compared to the higher than the preliminary figures, indicating a drop of about 20% in profits. In the first quarter of 1950 corporate profits were about 7.2% below 1949 and in

Notes:

Gallinized for FRASER

(Federal Reserve Bank of St. Louis)
The principal misconception about current economic problems is evident in the following.

IV

1. The principal misconception is that the increase in corporate income taxes is a serious factor in the rise in prices. Indeed, the increase in corporate income taxes is a minor cause of the rise in prices. The principal cause is the increase in consumer demand.

2. The increase in consumer demand is due to the increase in government spending. The increase in government spending is due to the increase in corporate income taxes. The increase in corporate income taxes is due to the increase in consumer demand.

3. The increase in corporate income taxes is due to the increase in consumer demand. The increase in consumer demand is due to the increase in government spending. The increase in government spending is due to the increase in corporate income taxes. The increase in corporate income taxes is due to the increase in consumer demand.

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Some Current Economic Misconceptions

power. If output per manhour increased 2.5% in both years, the gross national product by the middle of 1950 should have been 12% higher than at the annual rate of $31.3 billion. If output per manhour did not increase at all, the gross national product by the middle of 1952 would be 12% below the annual rate of $30.7 billion. Let us suppose that by the middle of 1952 the absorption of goods and services and by defense and foreign military aid, the net production would fall short by more than $8 billion. If the high estimate were realized, the rise in production would almost equal the output of the two years war and the goods and services for military purposes.

(2) How can the country finance the increase in the output of plant and equipment by non-industrial owners? The "adequate" outlays sufficient to purchase the amount of plant and equipment which would be needed in the second quarter of 1950 (the quarter before the close of the Korean War) when expenditure were running at the annual rate of $30.7 billion and $28.5 billion, respectively, would be running at the average annual rate of $33 billion and $28.8 billion in the second year of the World War (1942, 1943, 1944 and 1945) expenditure were running at the average annual rate of $33 billion and $32 billion in the second quarter of 1949, purchasing power $2 billion and $1.8 billion, which occurred during the Second World War and which cannot be permitted to happen. Expenditures of $30 billion a year on plant and equipment would mean a net addition to inventories of $30 billion, $28.5 billion, and $28.8 billion in 1945, private industrial plant and equipment, and $28.5 billion in 1946, public construction and equipment (in July, 1950, dol-

Expenditures of $30 billion a year on plant and equipment could be financed in part out of depreciation allowances which are running at about $12 billion. Accelerated depreciation policy, if extended to the equipment essential for defense means a bill a year of $12 billion a year for deprecia-

TABLE V

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(3) Should the country accept a slower rate of price increase as a slow rate of price increase is more justifiable than the rate of price increase that would have been justified by the effects of inflation in the past? The rate of price increase that would have been justified by the effects of inflation in the past has been quite high and has led to a considerable degree of inflation. The price is regarded only on a partly speculative basis, in recognition of the fact that earnings should be well supported for the period of rearmament and that fairly liberal dividend policies appear likely.

Railroad Securities

New York Central

New York Central last week added to the mounting total of constructive dividend news in the railroad industry. Directors declared a dividend of 7.3 cents on each share, record Nov. 24. The last previous distribution of dividends to stockholders was in January, 1949. Prior to that no dividends had been paid in six years. The railroad was in fact in the war the there were three successive years in which $1.50 had been paid in dividends. The last year that a dividend was paid was the year the war ended. But since then the war the railroad continued well into 1950. The coal mines were still shut down in the opening months and later the company itself was under a strike on part of the system. A railroad strike is a particularly costly affair to the corrate involved, in many instances to its connections as well. As a result, for the first half of the year, the company had made no dividends at all. The third quarter, however, has witnessed a particularly sharp rebound. For the nine months through September earnings on the $441,216 shares of common stock were $1.44 a share compared with only $0.53 a share for the like period 1940.

Favorable year-to-year comparisons appear assured over the balance of the year. The New York Central will be one of the major beneficiaries of the retrace in the common stock as a result of a new Railroad Act. The trend of earnings for the immediate future is likely to be quite encouraging. The trend of earnings is likely to be quite encouraging. The Central is well advised to rearmament and to a general upturn in business. The Central is well advised to rearmament and to a general upturn in business. The Centra's stock is not only well advised to rearmament and to a general upturn in business. The Central is well advised to rearmament and to a general upturn in business. The Central's stock is not only well advised to rearmament and to a general upturn in business.
Mr. Krock then proceeds to label as debatable the question of the merits of the political-American party (as national entities) was the victory—so confused and so complex were the situations in many local communities. He is in no doubt, however, that President Truman and his Democratic policies so largely of large city organizations and numbering among its members or supporters a huge force of officeholders, who, it is claimed, in the rural farm areas, were heavy losers as was the Department of State in respect of prestige and influence at home. And then, again to quote Mr. Krock:

“...was the unified general of national labor leaders whose score was even less than the State Department's and whose rank and file in Cleveland and other cities deserted in large numbers to the proclaimed ‘ememies’ of labor.

“This was the most salutary effect of Tuesday’s voting. Never has a single economic group, as represented by its appointed spokesmen, made a more autocratic and irresponsible attempt to retire from office legislators who declined to acknowledge it as the master of government and to fill Congress only with those who would.”

And Yet . . . .

And, yet, despite all this, with most of which we can find nothing to quarrel, the editors are thinking sufficiently to doubt whether two years from now the returns of last week will still seem to have such a meaning will depend upon what has taken place meanwhile. Let it not be forgotten that a much more severe setback for the Administration occurred in 1946. The issues were somewhat different in some particulars at that time, but the voting of the rank and file seemed to foreshadow that first postwar year to be fully as decisive and meaningful as that of last week seems now.

Yet two years later the country was shocked with a reversal of sentiment, if ever, experienced in the history of the Republic.

We have no intention of undertaking at this point another post-mortem of the 1948 fiasco. We have no doubt that the general conduct of the Dewey campaign had a good deal to do with the results. But we do believe that future winners of presidential elections must be aware of the character of the electorate, and that they must be able to persuade it of the rightness of their policies. It was not wholly a “do-nothing” Congress; it did some things that were excellent; it did some things which President Truman’s administration had been violently criticized. Neither was it wholly a “no-good” Congress. We much prefer its course to that which the President would have had it follow.

Not an Inspiring Record

But when all is said and done, the 80th Congress and the Republican party which technically controlled it, left the thoughtful elements among the voters of the nation without a great deal of enthusiasm. The situation is, it true, a much more important and various important results not.

The “opposition” now is a sort of bloc comprising large elements of both parties. A definite majority of the Republican party in Congress—but not all the members of that party who are included in the anti-Fair Deal “opposition,” but even the entire party could alone make it will effective against the President and his party. Yet in a rather real sense the President is in the minority, since a significant element of his own party is definitely anti-Fair Deal.

It would be less feasible to pin responsibility for a non-constructive attitude upon the “opposition” in these circumstances. There is an obvious political organized. That is to say it would be less feasible in a strictly political sense, since the “opposition” owes allegiance to two different political parties, to pin responsibility for the current national troubles.

Despite all this, we are certain in our own minds that if the good work which began to show in last week’s voting is to continue, and if we are to be certain that the voters can and will come to the polls in 1952 with a feeling of assurance that a victory for the Republican party would be the natural way to rid themselves of what they now obviously do not want and of what, in our humble opinion they will not want two years from now, it will be necessarily for the opposition to convince the public by both formal opposition proceedings and by the kind of next term for 1951 will be just as important in this respect as 1952 possibly be.

Of course, the international situation is one which could bring almost anything in the interium, but it would be very poor political strategy to depend upon such factors for successes in 1952. Let’s get busy.

Continued from page 9

The Place of Common Stocks

In Trust Investment

mortgages. For this to be a valid reason, it would appear necessary to support a belief that a substantial rate of return will be commended. After all, high rates of return are characteristically associated with risks of large degree, and lack of confidence in their continuity. If good quality common stocks are high grade bonds, the argument will quite properly be made that purchase of the common stock involves rather substantial risks.

If there were a free flow of saving into the high grade capital markets, we might logically make an argument in favor of a measure of the risk differential. Through the process of changing saving habits and a greatly altered financial structure, we have succeeded in thoroughly disturbing buying power will obtain better than the rates of return provided by other types of securities. Dramatic changes have occurred in recent years. At the present time individuals, particularly those in the lower middle income group, have been investing in insurance companies, mutual savings banks, and other associations more than $6 billion in the past year. Substantially all of these funds are used for the acquisition of fixed-income securities. As a consequence, this high and stable flow of investment has created a very much restricted volume of funds in the hands of wealthy individuals in the form of common stock. Except for the vital point of the open-end investment trusts, there would be very little net flow of funds into the equity capital markets. Even if the amounts are only in the $25 million range, it is true addition to the expanding income the individual or the trustee who is not used to the buying of bonds or to the transactions that may purchase a choice before him. Should he be contemplating the purchase of either of the institutional investors in seeking bond investments? Or should he be turned to the market for bonds, which order, and yet have not made their influence felt? It seems to me logical that the investor or the trustee, seeking returns from his asset values, might not continue to go more heavily into stocks, where the relative scarcity of his funds might be shown as when yields, and the size and incidence of new tax legislation, the scope of priorities and allocations, restrictions on it, that are available, an availability of a decent supply, or the nature of direct intervention in capital expenditure programs is anything like such as the non-economic factors affecting the business outlook suggests that we cannot hope to know most of the answers.

However, the fact that common stocks will bear the full brunt of exposure to these various possibilities, and that the differential in rate of return depends will be a matter of the amount of investment in waves of mass optimism and pessimism.

We tend to overestimate the value of our judgment and to underestimate the value of statistical and analytical work necessary for good selection of individual securities.

We, as the economic expert on convincing ourselves that our conceptions of economic stability and political stability, become immune to matters less.

With this view, as it were, that the futility of whatever you might think you have produced After all not to buy stocks simply to “diversify” a trust fund, I think you would have to consider seriously the possibility of common stock purchase designed to “all” in the growth of the country. There is unquestionably something to the argument for buying common stocks to alleviate the purchasing power of the consumer in the long run, and it is true that there is no reason to believe that all bonds are bound to vary, and compare with common stocks and government bonds in an inflation period. Fundamentally, however, common stocks that may be much better investment by a better rate of return over a period of years.

Thus, it seems to me, the place of common stocks can be stated in the purchasing power of the consumer in the long run, and that there is no reason to believe that all bonds are bound to vary, and compare with common stocks and government bonds in an inflation period. Fundamentally, however, common stocks that may be much better investment by a better rate of return over a period of years.

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In Trust Investment
Tomorrow's Markets
Walter Whyte Says

So the elections are over and there is a lot of happiness in the air. The forthcoming Congress will give President Truman his come-uppance; there'll be no excess profits tax; instead, piling up funds ... it'll be a hand or even maybe a couple of hands up.

The market, reacting to all these past and potential events, wiped out all the pre-election declines and soared up. The cheerful note was in the ascendant; old holders of stocks stopped gloomering at junior partners and custom¬mers' men were once again calling potential clients with confidence in their voice.

All this sounds like we are rapidly approaching the land of milk and honey. Being human, I'd also like to take a few hasty bows and in modest tones announce, 'I told you so.'

But having done all this I'd like to point out that all this cheerful talk does little well with me. Sure, I like to be right, if for no other reason than it permits me to brag. But, in the market, they don't stand still. Having once anticipated some event, and perhaps discounting it to some extent, you look forward to other things.

Last week and the week before I commented pointedly that it doesn't take guts to buy them when they're up. It has since been proved, perhaps it's a matter of record. To reverse the procedure again, it takes courage to sell them and many body clients want to buy them.

As I write this the Dow averages are fluctuating with their old highs. The chances are that by the time you read this they'll have managed to make the new highs. You can be virtually certain that the level of resistance won't go unheralded. The bears will be eliminated and a new group of buyers will have come in, or will come in right after the event. It is interesting to note that practically all the speculative activity in the market is active¬ly participated in by the blue-chips—high quality stocks. It is the same time the so-called cats and dogs did little to speak. Such action is not conducive to new highs. Search how it all there are signs that most of the quality stocks have either finished their long moves or are in the middle of their hailing distance of their long-term objectives.

My considered opinion is that new highs will be seen all over the list. There'll be plenty of room for big advances. But it is during this excitement that a gradual withdrawal to cash positions should be started. I would not hurry about it. I do think that you'll need plenty of guts not to be sucked in at this late date.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Straus & Blosser Add
Financial Officers

CHICAGO, Ill.—Jack T. Vinis has been added to the staff of Straus & Blosser & Co., 123 S. LaSalle Street, members of the New York Stock Exchange, to help in important changes. He was previously with First Securities Company.

Two With F. S. Yantis

CHICAGO, Ill.—Paul F. Born and William R. Stovers have been added to the staff of the Chicago Mercantile Exchange & Co., Incorporated, 123 S. LaSalle Street, members of the Midwest Stock Exchange.

With Perrin, West

[Special to The Financial Chronicle]

PORTLAND, Maine—Brewster D. Doggett has become affiliated with Perrin & West, Inc., 50 Broadway, New York, N. Y., and in Boston, he was formerly with A. C. Allyn and Company and Bond & Goodwin, Inc.

Continued from page 2

The Security I Like Best

ELIHU N. KLEINBAUM
Mr. Investment Department
Federal Reserve Bank of St. Louis, New York, N. Y., Members
New York Stock Exchange

(Sun Chemical Corporation)

To qualify as a sound investment, a company should have an adequate earning capacity, a well managed industry, have a good earnings record, be in a sound financial condition and have an experienced and capable management.

The following basic analysis of Sun Chemical Corporation, the New York Stock Exchange, indicates a high quality company and currently sells at a discount. In fact, the company indicates, as the following table indicates, indicates a high quality company and currently sells at a discount.

Elishu N. Kleinbaum

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Sun Chemical is the outgrowth of a company formed in 1929 between the West Indies Ink Corporation, which took over the manufacturing of ink, and the well-known and established printing ink manufacturing company of the Merrill Morrell Company, which has been in operation in the United States.

[Continued on next page]

Sunglass Company

H. H. Van Meter

President

(Central Soggy Company, Inc.)

Just as "mighty oaks from little acorns grow," so have our so¬
avital industry appeared on Amer¬
ica's industrial horizon, growing on the one described soybean the soybean oil and lea¬
th of this growth of the soybean oil and lea¬
the company's annual report.

Central Soy had its modest beginning some soybean processing plant and commenced production in 1952. By 1956 the company was doing nearly eight million dollars worth of business and just 10 years later, in 1946, gross revenues exceeded a hundred million dollars.

The soybean processing industry, since its modest beginning, has made startling progress. Today it has reached the top of the bottom of the worst depression that the country has ever seen. The present fiscal year, 1956, has been marked by a record high in soybean oil production and a record low in soybean oil prices. There is a good reason for this, the company's annual report.

Central Soy has its modest beginning some soybean processing plant and commenced production in 1952. By 1956 the company was doing nearly eight million dollars worth of business and just 10 years later, in 1946, gross revenues exceeded a hundred million dollars. That year they processed over 15 million pounds of soybeans and the small company that had started out with such a capital had a common stock equity capital of $16,000,000. The 1950 fiscal year, 1956, saw a slight increase in excess of one hundred million dollars worth of business and the common stock equity to nearly twenty-six millions of dollars.

Today, Central Soy has three of the largest processors of soybeans and is a major factor in the production of feed and food. The company is headquartered at Decatur, Indiana; Gibson City, Illinois; Marion, Ohio; Martinsville, Tennessee; and West Virginia, and the company has facilities at Decatur, Indiana; Gibson City, Illinois; Marion, Ohio; Martinsville, Tennessee; and West Virginia. The company has facilities at Decatur, Indiana; Gibson City, Illinois; Marion, Ohio; Martinsville, Tennessee; and West Virginia. The company has facilities at Decatur, Indiana; Gibson City, Illinois; Marion, Ohio; Martinsville, Tennessee; and West Virginia.
from soybean oil, has become in-
tricately involved in the positioning of agents used in many industrial processes, especially in the production of rubber and plastics. The use of soybean oil dates from late 1945 when earn-
ings from the sale of oil, especially soybean oil, were greatly at-
tractive. The stock, trading then around 30, appeared to possess more promise than the $2 soybean oil stock, following a stock dividend of 3 for 2 on July 29, 1948, when it had the highest stock dividend in 1946, with the only other big split in 1937 amounting to 2 for 1. From this commensurate dividends, I saw my confidence in this company more clearly. Now the stock is trading above 50. It has not split since it was issued. Now the stock is trading above 50. It has not split since it was issued.

Much of the speculative risk in

this company is removed through their distribution of a wildcat strike. A $12,300,000 cushion—nearly $12 million dollars. This is made up by the usual spent on a smaller share—about two million dollars.

The American Iron and Steel Institute announced this week that it has been reported for the entire industry will be 102.7% of the year's production compared to 92.5% a year ago. Output for the current week will represent the ninth conse-
vutive week of ups and downs. During the current week, the rate has been increased to 1,980,000 tons of steel ingots and castings for the entire industry, compared to 1,860,000 tons a week ago. A month ago, based on new capacity the weekly total was estimated at 1,750,000 tons a year ago, based on the smaller capacity then prevailing when output was reported for the first time from the steelmakers' strike. It stood at 57.4% and 1,858,800 tons.

Electric Output Turns Upward to Attain New Historical High Record

The amount of electrical energy, distributed by the electric light and power industry for the week ended Nov. 11, was estimated at 6,074,000,000 kw, according to the Edison In-

ternational reports.

The electric light and power industry this week set a new historical production record for the first time in 21.3%. The output was reported in the week ended Oct. 28, last year, 5,786,000 kw. The higher than the figure reported for the previous week, 1,139,529,000 kw, or 21.6% above the total output for the week ended Nov. 12, 1949, and 1,903,317,000 kw. In excess of the 2,111,000 kw added to the week's total compared to 1,988,000 kw added to the week's total compared to 1,988,000 kw of the previous week.

Carloadings Continue Decline of Previous Week

Ladings of revenue freight for the week ended Nov. 4, 1950, totaled 902,564 cars, according to the Association of American Railroads. This marked a 2.7% decrease from last week's total of 92,536 cars and a 6.3% decrease from the previous week.

Auto Output Cut Further by Model Changeover at Ford

Continental 

Company

Canada the past week, according to "Automotive Reports," totaled 65,422,000 in September, the lowest of the year's output for the week was 71,284 units, a week ago and 3,129 units a year ago.

Business Failures Touch Lowest Point Since Late

December, 1949

Commercial and industrial failures in the week ended Nov. 9 fell to 133, the lowest level since Dec. 29, 1949, from 181 in the preceding week. Business dissolutions for the year ended Sept. 30, 1950, were 2,305, 119 and 92, and 4,587 units built in Canada.

For the United States alone, total output was 153,655 units, against last week's revised total of 169,553 units, and in the like period of the year 1949, 182,465 units.

Model changeover by Ford was primarily responsible for the decrease as output for the entire industry for the week was estimated at 283,203 cars, 48.8% above the corresponding week in 1949, and an increase of 13,968 cars, or 2.2% above the comparable period of 1948.

A report that the new, 318 cubic inch engine is being scheduled to take its place in the "sun-up," in the near future, was revealed by the former chairman of the old United Steelworkers of America, now American Iron and Steel Institute and other trade groups.

Major engine changes will come into effect as soon as the new, 318 cubic inch engine is being scheduled to take its place in the "sun-up," in the near future, was revealed by the former chairman of the old United Steelworkers of America, now American Iron and Steel Institute, and other trade groups.

One car, 5,302 units, was reported during the week, as compared to 6,302 units during the week ended Oct. 28, last year. The total number of units produced in the week was 127,462 cars and 26,463 trucks built in the United States and a total of 5,678,456,000 gross registered tons of Domestic Steel and Steel Products.
## Indications of Current Business Activity

### AMERICAN IRON AND STEEL INSTITUTE:

<table>
<thead>
<tr>
<th>Date</th>
<th>Latest Week</th>
<th>Previous Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 14</td>
<td>150,7</td>
<td>146,9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Week ended</th>
<th>Latest</th>
<th>Previous</th>
<th>Change</th>
<th>Year ago</th>
<th>Percent change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 20</td>
<td>130,7</td>
<td>146,9</td>
<td>-16,2</td>
<td>152,1</td>
<td>-10.5%</td>
</tr>
</tbody>
</table>

- **Steel inputs and castings (net tons):**
  - Steel inputs: 150,700,000 tons
  - Castings (net tons): 126,900,000 tons
  - Steel inputs and castings (net tons): 150,700,000 tons

### AMERICAN PETROLEUM INSTITUTE:

<table>
<thead>
<tr>
<th>Date</th>
<th>Latest (bbls.)</th>
<th>Previous (bbls.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 4</td>
<td>6,395,500</td>
<td>7,055,250</td>
</tr>
<tr>
<td>Dec. 4</td>
<td>5,611,900</td>
<td>6,031,000</td>
</tr>
<tr>
<td>Jan. 4</td>
<td>7,158,400</td>
<td>7,308,000</td>
</tr>
<tr>
<td>Feb. 4</td>
<td>8,200,000</td>
<td>7,400,000</td>
</tr>
<tr>
<td>Mar. 4</td>
<td>7,500,000</td>
<td>8,000,000</td>
</tr>
</tbody>
</table>

- **Kerosene output (bbls.):**
  - Oct. 4 | 1,300,000 | 1,300,000 |
  - Nov. 4 | 1,300,000 | 1,300,000 |
  - Dec. 4 | 1,300,000 | 1,300,000 |
  - Jan. 4 | 1,300,000 | 1,300,000 |

### NATIONAL STEEL PRODUCTION:

<table>
<thead>
<tr>
<th>Date</th>
<th>Orders received</th>
<th>Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 8</td>
<td>291,000</td>
<td>240,000</td>
</tr>
<tr>
<td>Dec. 8</td>
<td>240,000</td>
<td>210,000</td>
</tr>
<tr>
<td>Jan. 8</td>
<td>210,000</td>
<td>180,000</td>
</tr>
</tbody>
</table>

- **Resources (net tons):**
  - Nov. 8 | 44,095,000 | 44,310,000 |
  - Dec. 8 | 42,015,000 | 42,120,000 |

### ASSOCIATION OF AMERICAN RAILROADS:

<table>
<thead>
<tr>
<th>Date</th>
<th>Revenue freight (received)</th>
<th>Revenue freight (connections)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 8</td>
<td>602,144</td>
<td>867,097</td>
</tr>
<tr>
<td>Dec. 8</td>
<td>732,448</td>
<td>876,016</td>
</tr>
</tbody>
</table>

### CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:

- **Engineering contracts authorized — daily average:**
  - Nov. 8 | 315 | *313 | 315 |

### EDISON ELECTRIC INSTITUTE:

- **Electric output (1,000 kw.):**
  - Nov. 8 | 6,074,008 | 5,650,015 |

### IRON AGE COMPOSITE PRICES:

- **Iron and steel products (net tons):**
  - Nov. 8 | 1,300,000 |

### METAL PRICES (E. & H. J. QUOTATIONS):

- **Hot-rolled sheet coil: 43-ga. (tons):**
  - Nov. 8 | 24,090 | 24,090 |

### MOODY'S BOND PRICES DAILY AVERAGES:

- **U. S. Government Bonds:**
  - Nov. 14 | 101,01 | 101,01 |

### MOODY'S BOND YIELD DAILY AVERAGES:

- **U. S. Government Bonds:**
  - Nov. 14 | 2,37 | 2,39 |

### MOODY'S COMMODITY INDEX:

<table>
<thead>
<tr>
<th>Date</th>
<th>Latest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 14</td>
<td>647,4</td>
</tr>
</tbody>
</table>

### NATIONAL BOARD OF ABA:

<table>
<thead>
<tr>
<th>Gross sales (dollars)</th>
<th>Net sales (dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 4</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Dec. 4</td>
<td>2,000,000</td>
</tr>
</tbody>
</table>

### OIL, PAINT AND DRUG REPORTER PRICE INDEX—1926-28

<table>
<thead>
<tr>
<th>Date</th>
<th>Latest</th>
<th>Previous</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 10</td>
<td>151,8</td>
<td>151,0</td>
</tr>
</tbody>
</table>

### STOCK TRANSACTIONS FOR THE GOOD-LOT ACCOUNT OF GOOD- LOT AND SPECIALS ON THE N. Y. STOCK EXCHANGE;

<table>
<thead>
<tr>
<th>Date</th>
<th>Latest</th>
<th>Previous</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct. 28</td>
<td>22,000</td>
<td>20,000</td>
<td>2,000</td>
</tr>
</tbody>
</table>

### WAREHOUSE PRICES NEW SERIES — T. B. DEPT. OF LABOR:

<table>
<thead>
<tr>
<th>Date</th>
<th>All commodities</th>
<th>Cattle</th>
<th>Sheep</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 3</td>
<td>150,0</td>
<td>150,0</td>
<td>150,0</td>
</tr>
</tbody>
</table>

- **Bureau of Labor Statistics:**
  - Cotton goods (100 lb.): 93.8
  - Tobacco (per 100 lbs.): 169.6

### COAL EXPORT (BUREAU OF MINES):

- **Brick and tile (tons):**
  - Nov. 8 | 8,491,000 | 8,429,000 |

### COTTON GENUS—DEPARTMENT OF COMMERCE:

- **Cotton genals—selling sales:**
  - Nov. 8 | 6,368,000 | 6,394,000 |

### COTTON PRODUCTION — U. S. DEPARTMENT OF AGRICULTURE:

<table>
<thead>
<tr>
<th>Date</th>
<th>Latest</th>
<th>Previous</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 8</td>
<td>9,345,000</td>
<td>9,620,000</td>
</tr>
</tbody>
</table>

### COAL AND COTTON PRODUCED:

- **Cotton commodities—per 1,000 lb.:**
  - Nov. 8 | 6,368,000 | 6,394,000 |

### COMMODITY PRICE INDEX—DEPARTMENT OF COMMERCE:

- **Commodity price index—net:**
  - Nov. 8 | 1,692,000 | 1,694,000 |

### RAILROAD EARNINGS — CLASS I RAILWAYS:

<table>
<thead>
<tr>
<th>Date</th>
<th>Latest</th>
<th>Previous</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 8</td>
<td>$872,088</td>
<td>$865,000</td>
<td>7,088</td>
</tr>
</tbody>
</table>

### UNITED STATES GROSS DEBET DIRECT AND GUARANTEED:

- **As of October 31:**
  - Nov. 8 | $836,256,761 | $836,256,761 |

### ZINC (BUREAU OF MINES):

- **Zinc oxide (per lb.):**
  - Nov. 8 | 28,200 | 28,000 | 200 |

### THE COMMERICAL AND FINANCIAL CHRONICLE — Thursday, November 16, 1923

- **Current statistics tabulations cover production and other figures for the latest week or month available.**
- **Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:**

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For additional details, please refer to the source documents linked above.
Outlook for Railroad Stocks

The fact that stocks are generally at high levels does make one more cautious. Earnings, financial statements, and the like are being released with a greater flourish than before, so that the investor or speculator need be more careful. He should consider the background of the railroad stocks, whether they come through a lifting of normal and surtax rates, or whether they are results of the economic recovery. In general, the rails have a fairly solid background, allowing one to consider the effect of tax increases, the rate of expansion of the economy, and the ability to continue to grow at a satisfactory rate. The foreign news, as well as financial news, must be taken into account. However, it is difficult to determine exactly how much the market will react to these factors, but it is expected that the market will continue to show a steady increase in the near future.

In this view, one would have confidence in any estimates to base on some specific stock. On this basis, one would not want to talk about a few of them.

Selected Stocks

Athenia, Topexa & Santa Fe

On $85,000,000 of the topexa & santa fe railroad, the stock is selling at $156 2% and will be sold on a yield basis. The company has a good record of earnings, and the stock should continue to show a steady increase in the near future.

Atlantic Coast Line

On $30,000,000 of the atlantic coast line railroad, the stock is selling at $84 1/2, and the earnings for the last 10 years have been above $40 per share. The company has a good record of earnings, and the stock should continue to show a steady increase in the near future.

The railroad industry's ability to absorb wage increases has been quite remarkable when one considers its combined position in the transportation network, and its impact on the overall economy. It has managed to maintain its profitability through the years, and its wages have not been a major issue. Despite increased wages, the railroad industry has been able to adjust and continue operating at a high level. However, the industry continues to face challenges, such as competition from other modes of transportation, and the need to maintain a high level of service to attract and retain customers. The industry is well-positioned for the future, with a strong financial foundation and a commitment to providing quality service to its customers.

American Gas & Electric Co. Nov. 8 filed 316,662 shares of common stock (par $10), to be offered in exchange for 5% debentures of Central Ohio Power & Light Co., on the basis of 72,000 shares of a class A common stock for each Central Ohio common stock. Underwriter—None.


American Investment Co. of Illinois (11/30) Nov. 26 filed 20,825 shares of common stock to be offered for subscription at $10 per share to holders of record on Nov. 15. Price—$10 per share. Underwriter—None. Proceeds—to repay bank loans the proceeds of which were used for construction program.

Carolina Telephone & Telegraph Co. (11/22) Oct. 26 filed 20,475,000 shares of common stock to be offered for subscription at $10 per share to holders of record on Dec. 15. Price—$10 per share. Underwriter—None. Proceeds—to repurchase capital stock in compliance with the terms of the first mortgage debenture agreement.

Central Illinois Public Service Corp. (11/25) Nov. 13 filed 267,600 shares of common stock (par $10) to be offered for subscription at $10 per share to holders of record on or about Nov. 17 at a rate of one share for each 10 shares held; right to purchase. Underwriters—The First Boston Corp. and Blyth & Co., Inc. Proceeds—for construction program.


Clear Lake Park Water Co. Nov. 4 (letter of notification) $2,000,000 of first mortgage 5% sinking fund convertible preferred stock due 1975, and shares of common stock (par $100), the latter to be reserved for conversion of bonds at $100 per share. Underwriter—None. Proceeds—to pay dividend and to install water system. Office—129 S. Beverly Drive, Beverly Hills, Calif.

Consumers Cooperative Association, Kansas City, Mo. Nov. 14 filed 1,000,000 shares of common stock (par $1), to be offered to members of the Association (a certificate of incorporation and amendments are filed with the Secretary of State). To be added to general funds. Business—Farmers’ cooperative wholesale purchasing association of the federated type.

Continental Copper & Steel Industries, Inc. Nov. 10 (letter of notification) 375,000 shares of common stock (par $2) and 375,000 shares of 5% cumulative convertible preferred stock (par $25). Price—at market (to be determined by us) and $15 for preferred. Price—at $15 per share. Underwriter—Allan L. Melhado, New York, N.Y. Proceeds—to be used for expansion of the company’s business.

Continental Copper & Steel Industries, Inc. Nov. 10 (letter of notification) 4,668 shares of common stock (par $2) and 4,668 shares of 5% convertible preferred stock (par $25). Price—at market (to be determined by us) and $20 for preferred. Price—at $15 for common and $20 for preferred. Underwriter—Allan L. Melhado, New York, N.Y. Proceeds—to be used for the construction of a new strip mill.

Cooperative Grange League Federation Exchange, Inc., Ithaca, N.Y. Sept. 28 filed 5,000,000 shares of common stock to be sold to cooperative members. Price—at par ($5 per share). Underwriter—None. Proceeds—to enable insurance business. Office—221 No. 211 Main St., Ithaca, N.Y.

Botany Mills, Inc. Nov. 3 (letter of notification) 1,000 shares of common stock, to be offered to present common stockholders. Price—at par ($10 per share). Underwriter—None. Proceeds—to enable insurance business. Office—221 No. 211 Main St., Ithaca, N.Y.

Battelleлone Finance Corp., Brattleboro, Vt. Oct. 23 filed 132,182 shares of common stock (par $5), of which 4,618 shares are to be offered to stockholders on a $1.07 per share. Price—to stockholders at $5 per share and to public at $6.25 per share. Underwriter—Underwriters, Bankers Exchange, Inc., New York, N.Y.

Davison Bros., Inc. (11/20-25) Nov. 16 (letter of notification) 100,000 shares of common stock (par $1) of which 100,000 shares are to be offered to employees and 300,000 shares to the public. Price—to be supplied by underwriters. Underwriter—None. Proceeds—to finance expansion program.

Davison Chemical Corp. (11/28) Nov. 16 filed 150,000 shares of common stock (par $1) to be offered to common stockholders of record Nov. 25 at a rate of one share for each 20 shares held; rights to expire Dec. 12. Price—to be supplied by amendment. Underwriters—Kidder, Peabody & Co., Inc. Proceeds—for expansion and improvement program.

Eastman Camera Co., Inc. Nov. 16 filed 143,000 shares of common stock (par $1). Price—to be supplied by amendment. Underwriter—None. Proceeds—to increase working capital.


Exeter & Hampton Electric Co., Exeter, N. H. Oct. 23 (letter of notification) 100,000 shares of common stock (par $2) offered to common stockholders at rate of one share for each 20 shares held; rights to expire Dec. 2 at a price of $10. Underwriter—None. Proceeds—to be used for the acquisition of additional capital stock interest in company from Victor Chemical Works. Underwriter—None. Proceeds—to increase working capital.

Dow Chemical Co. (1/3/51) Nov. 10 filed 200,000 shares of common stock (par $1), of which 125,000 shares will be offered to common stockholders of record Dec. 21, 1950 at the rate of one share for each 20 shares held; rights to expire Dec. 31, 1950. Proceeds—to be divided by subscription for employees by about 10% of the annual wages or $2,000 per employee. Each offering will terminate on Jan. 28, 1951 and are expected to be made on Jan. 3, 1951. Price—to be supplied by amendment. Underwriter—None. Proceeds—to increase working capital.


Gallus Manufacturing Co., Detroit, Mich.Sept. 28 filed 500,000 shares of common stock (par $1) to be offered to common stockholders of record Sept. 25 at a rate of one share for each 20 shares held; rights to expire Dec. 12. Price—to be supplied by amendment. Underwriter—Kidder, Peabody & Co., Inc., New York, N.Y. Proceeds—to finance expansion program.

Glasser Corp., Los Angeles, Calif. (11/20) Oct. 31 filed 60,000 shares of common stock (par $2). Price—to be supplied by amendment (estimated at not more than 67½ cents per share). Underwriter—Merrill Lynch, Pierce,

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**INDICATES ADDITIONS SINCE PREVIOUS ISSUE**
**NEW ISSUE CALENDAR**

**November 20, 1950**

- **Davidson Bros., Inc.**
  - Common
  - Price—$1 per share.
- **Guaranty Trust Co.**
  - Common
  - Price—$2 per share.
- **Great Lakes Oil & Chemical Co.**
  - Common
  - Price—$1 per share.
- **Kazac Gas & Electric Co.**
  - Common
  - Price—$0.50 per share.
- **Kazac Gas & Electric Co., noon (EST)**
  - Preferred
  - Price—$2 per share.
- **Southern Production Co., Inc.**
  - Preferred
  - Price—$1 per share.

**November 21, 1950**

- **Gulf States Utilities Co., 11 a.m. (EST)**
  - Hawaii (territory of), 10 a.m. (EST)
  - Bonds
  - Price—$8 per share.
- **Tide Water Power Co.**
  - Preferred
  - Wisconsin Public Service Corp.
  - 10 a.m. (EST)
  - Price—$7 per share.

**November 22, 1950**

- **Carolina Telephone & Telegraph Co.,**
  - Common
  - Price—$5 per share.
- **Boo Co. of Missouri, Inc., 150 Grand Ave., St. Louis, Mo.**
  - Common
  - Price—$0.50 per share.
- **Central Power & Light Co.**
  - Common
  - Price—$0.25 per share.
- **Davison Chemical Corp.**
  - Common
  - Pennsylvania Power & Light Co. & Co.
  - Common
  - Price—$0.50 per share.
- **Western Electric Co.**
  - Preferred
  - Price—$2 per share.
  - Wisconsin Public Service Corp.
  - 10 a.m. (EST)
  - Price—$8 per share.

**November 29, 1950**

- **Central Illinois Public Service Co.,**
  - Common
  - Price—$0.25 per share.
- **Provident Insurance Co., of Springfield, Mass.**
  - Common
  - Price—$0.25 per share.
- **Southern States Gas Electric Co.**
  - Noon (EST)
  - Price—$0.50 per share.
- **Union Electric Co. of Missouri, noon (EST)**
  - Bonds
  - Price—$0.50 per share.

**December 4, 1950**

- **Minneapolis & St. Louis R. R. Co., noon (EST)**
  - Common
  - Price—$2 per share.
- **Southwestern Gas & Electric Co.**
  - Common
  - Price—$0.50 per share.
- **Southwestern Gas & Electric Co.**
  - Noon (EST)
  - Price—$0.50 per share.
- **Texas Eastern Corp.**
  - Preferred
  - Price—$2 per share.

**December 5, 1950**

- **Central Illinois Public Service Corp.**
  - 11:30 a.m. (EST)
  - Debentures
  - Price—$0.50 per share.
- **Union Electric Co. of Missouri, noon (EST)**
  - Bonds
  - Price—$0.50 per share.

**December 6, 1950**

- **Cleveland Union Terminal Co.**
  - Common
  - Price—$0.50 per share.
- **International Minerals & Chemical Co.,**
  - Common
  - Price—$0.50 per share.
- **Carolina Power & Light Co.**
  - Common
  - Price—$0.50 per share.
- **Metropolitan Edison Co., noon (EST) **
  - Fpd & Bonds
  - Price—$0.25 per share.
  - Bonds
  - Price—$0.25 per share.

**January 3, 1951**

- **Dow Chemical Co.**
  - Common
  - Price—$10 per share.

**NEW ISSUE CALENDAR**

**November 20, 1950**

- **Davidson Bros., Inc.**
  - Common
  - Price—$1 per share.
- **Guaranty Trust Co.**
  - Common
  - Price—$2 per share.
- **Great Lakes Oil & Chemical Co.**
  - Common
  - Price—$1 per share.
- **Kazac Gas & Electric Co.**
  - Common
  - Price—$0.50 per share.
- **Kazac Gas & Electric Co., noon (EST)**
  - Preferred
  - Price—$2 per share.
- **Southern Production Co., Inc.**
  - Preferred
  - Price—$1 per share.

**November 21, 1950**

- **Gulf States Utilities Co., 11 a.m. (EST)**
  - Hawaii (territory of), 10 a.m. (EST)
  - Bonds
  - Price—$8 per share.
- **Tide Water Power Co.**
  - Preferred
  - Wisconsin Public Service Corp.
  - 10 a.m. (EST)
  - Price—$8 per share.

**November 22, 1950**

- **Carolina Telephone & Telegraph Co.,**
  - Common
  - Price—$5 per share.
- **Boo Co. of Missouri, Inc., 150 Grand Ave., St. Louis, Mo.**
  - Common
  - Price—$0.50 per share.
- **Central Power & Light Co.**
  - Common
  - Price—$0.25 per share.
- **Davison Chemical Corp.**
  - Common
  - Pennsylvania Power & Light Co. & Co.
  - Common
  - Price—$0.50 per share.
- **Western Electric Co.**
  - Preferred
  - Wisconsin Public Service Corp.
  - 10 a.m. (EST)
  - Price—$8 per share.

**November 29, 1950**

- **Central Illinois Public Service Co.,**
  - Common
  - Price—$0.25 per share.
- **Provident Insurance Co., of Springfield, Mass.**
  - Common
  - Price—$0.25 per share.
- **Southern States Gas Electric Co.**
  - Noon (EST)
  - Price—$0.50 per share.
- **Union Electric Co. of Missouri, noon (EST)**
  - Bonds
  - Price—$0.50 per share.

**December 4, 1950**

- **Minneapolis & St. Louis R. R. Co., noon (EST)**
  - Common
  - Price—$2 per share.
- **Southwestern Gas & Electric Co.**
  - Common
  - Price—$0.50 per share.
- **Southwestern Gas & Electric Co.**
  - Noon (EST)
  - Price—$0.50 per share.
- **Texas Eastern Corp.**
  - Preferred
  - Price—$2 per share.

**December 5, 1950**

- **Central Illinois Public Service Corp.**
  - 11:30 a.m. (EST)
  - Debentures
  - Price—$0.50 per share.
- **Union Electric Co. of Missouri, noon (EST)**
  - Bonds
  - Price—$0.50 per share.

**December 6, 1950**

- **Cleveland Union Terminal Co.**
  - Common
  - Price—$0.50 per share.
- **International Minerals & Chemical Co.,**
  - Common
  - Price—$0.50 per share.
- **Carolina Power & Light Co.**
  - Common
  - Price—$0.50 per share.
- **Metropolitan Edison Co., noon (EST) **
  - Fpd & Bonds
  - Price—$0.25 per share.
  - Bonds
  - Price—$0.25 per share.

**January 3, 1951**

- **Dow Chemical Co.**
  - Common
  - Price—$10 per share.
Published by FRASER
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Federal Reserve Bank of St. Louis. (11/29) Nov. 2, J. Howard McGrath, Attorney General of the U.S., invited bids for $5,000,000 of Treasury stock (par $5) of the above corporation. Bids will be received at the Office of Allen Pierce & Bros., 1 Wall Street, New York, N. Y. before 11 a.m. (EST) on Nov. 29. (At present there are 976,300 shares of $5 treasury stock issued and outstanding.)

Gatineau Power Co. Oct. 27, the preferred stockholders of International Harvester, Inc., and R. A. Brick-ley, trustee, to sell sufficient Gatineau common stock to raise $2,000,000. Bids are to be secured at Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co., and Harriman Ripley & Co. SEC dismissed applicable proceedings.

Hawaii Territory of (11/21) Nov. 8, it was announced that it is planned to issue and sell $1,500,000 of $500 par bonds, dated Dec. 1, 1950, to mature from Dec. 1, 1953 through 1958 by competitive bidding. Bidders: Bear, Stewarts & Co., Prichard & Co.; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co., and Harriman Ripley & Co. SEC dismissed applicable proceedings.

Montana-Dakota Utilities Co. Oct. 21, it was reported the company contemplates issuing $2,000,000 of 2% promissory notes to banks to provide working capital for expansion program. These notes, together with $3,000,000 of mortgage bonds, may be offered to be refunded by permanent financing before April 1, 1951.

Niagara Gas and Electric Co. Oct. 21, the company sold a proposed sale of $5,000,000 of first mortgage bonds, which had tentatively been scheduled for 1951. Underwriters — To be determined by competitive bidding. Probable bidders: Bear, Stewarts & Co.; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co.; and Harriman Ripley & Co. (jointly).

Niagara Mohawk Power Corp. Oct. 24, the company estimated that, through 1951, it will require not more than $30,000,000 of additional debt or equity financing. First mortgage bonds of $16,000,000, of which $6,000,000 are due Oct. 1, 1951, and other new requirements will cause for this expansion are expected to come from earnings.

Nickels Mining Co. Inc. Oct. 23, it was reported this company contemplates the offering of additional capital stock, the proceeds of which will be used to acquire the remaining interest in a new $1,200,000 building and an additional $1,000,000 of real property. The new requirements for this expansion are expected to come from earnings.

New York, Chicago & St. Louis RR. (11/30) Nov. 20, an offer was opened by the company on Nov. 30 on an issue of $12,000,000 of equipment trust certificates to be dated Dec. 15, 1950 and to mature July 1, 1955. Probable bidders: Halsey, Stuart & Co., Inc.; Harriman Ripley & Co., Inc. and Lehman Brothers (jointly). Eberstadt & Co., Salomon Bros. & Hutler; Harris, Hall & Co. (Inc.).

Niagara Gas Transmission Ltd. (Canada) Oct. 26, it was announced that this company, a subsidiary of Consumers’ Gas Co., will issue on the Toronto Stock Exchange to Canadian, $9,000,000 of which $1,125,000 will be raised in the U.S., the total cost of the project is estimated at $8,000,000, of which $8,000,000 will be raised in the U.S. of stock, par $5, and $4,000,000 to be raised by the issue of 10% debentures.

Niagara Sanitary Water Co. Sept. 25, it was announced the company plans permanent financing and is considering offering both common and preferred stock.


Pacific Lighting Corp. Nov. 11, corporation estimated that approximately $6,000,000 will have to be raised through the sale of securities next year to finance its 1951 construction program. Traditional underwriters: Byth & Co., Inc. and Smith, Barney & Co. (jointly); The First Boston Corp.; Kidder, Peabody & Co.; Harris, Hall & Co. (Inc.).

Public Service Co. of Indiana, Inc. Oct. 31, company announced that, in addition to the $40,000,000 of first mortgage bonds required, during the period prior to Dec. 31, 1953, to meet capital needs and for general corporate purposes, in order to take care of its construction program.

Southern Michigan Gas Co., Chicago, Ill. June 3, the company announced the sale of first mortgage bonds, debentures, preferred stock, and $15,000,000 in connection with its proposed new pipe line in Michigan to cover approximately $1,400,000. Application is before FPC.

Texas Electric Service Co. Sept. 27, W. C. Mullendore, President, announced that company will have to raise $50,000,000 in new capital within the next 18 months. Application for financing is before FPC.

Union Oil Co. of N. Y. Oct. 17, it was reported bids will be invited for the purchase of a block of 7,000 shares of common stock. These shares represent approximately 4 1/2% of the company's outstanding common stock. Underwriters — For bonds to be determined by competitive bidding. Probable bidders: Byth & Co., Inc. and Kidder, Peabody & Co. (jointly); The First Boston Corp. Proceeds — To repay a $20,000,000 6% bond due Jan. 1, 1951. Application is expected to exceed $1,500,000 to provide some additional equipment. Tentatively scheduled for bonds in first week of January.

Texas Production Co., Inc. (11/20) Oct. 26, it was reported the company plans to issue 5% debentures for the purchase from the bank of a block of 7,000 shares of common stock. These shares represent approximately 7 1/4% of the company's outstanding common stock. Underwriters — Must be presented at the Office of Allen Pierce & Bro. at Broadway & 27th St., New York, N. Y., on or before 11 a.m. (EST) on Nov. 20.

Union Transportation Co. Oct. 31, the company has plans to raise between $7,000,000 and $8,000,000 through the sale of new securities next spring. Underwriter — Blair, Rolling & Co., Inc. The financial to be raised in this sale consists of first mortgage 2% bonds and $3,000,000 of 4 1/2% debentures. Proceeds — To pay off $3,000,000 of bank loans and for construction expenditures.

United States Steel Corp. Oct. 31, the company announced that it will have to refinance $15,000,000 of preferred stock before Dec. 31, 1951, and it is now planning to issue 150,000 shares of 3% preferred stock at $100 (par) with semi-annual dividends of $3 1/2 on each share.

Virginia Electric & Power Co. Oct. 23, the company announced that $7,000,000 of bonds will be sold in the future for the purpose of the proposed issue of $1,000,000 of first mortgage bonds. Underwriters — To be determined by competitive bidding.

Western Electric Co. Oct. 31, the company announced plans to raise between $95,000,000 and $100,000,000. Application is before FPC.

Western Utilities Co. Oct. 26, it was reported company will probably sell between $100,000 and $125,000,000 of new bonds before December, and the proceeds are expected to be used for construction purposes. Underwriter: Reithlin & Co.; Blyth & Co. Inc.; Smith, Barney & Co. (jointly). St. Louis, Mo.

United Gas Pipe Line Co. July 28, filed with FPC for authority to build the 1,120 miles of pipe line which, it is estimated will cost approximately $115,000,000. Underwriter: Eberstadt & Co.; Blyth & Co. Inc.; Smith, Barney & Co. (jointly). St. Louis, Mo.

United States Steel Corp. Oct. 31, it was reported company has decided to build this 1,120 miles of pipe line from Kentucky to Mississippi, with Mississippi at a cost of about $110,000,000, including new facilities. It is expected that the line will be completed and be sold to public authority for at least $110,000,000.
Continued from page 41

In Which Industry Shall I Invest?

Korea, a great many people might have said the television industry, and for that matter, India, which prob-
ably liked the railroad industry; and if asked later, Korea, then they would have thought of the textile industry, and they would have liked the railroad industry. Now, the reason why this was simply a question of a change in the mind of the investor, and expect, and a change in the direc-
tion of the investor’s mind, and the old mind is that those things have to be thought about so that you can give one own self a useful suggestion before I get finished, but I didn’t have anything
I said before that it’s also a question of price. Whenever you own a stock where something that everybody knows is growth in chemicals, which perhaps are the most desirable industry of all, you have to pay a price that’s too high to sell. That’s it, in prices, but you pay the price that people think it might be worth, that is, the price of 10 years ahead and 10 years ahead, and you have to think about that.

There’s sort of an argument that if you’re buying far ahead or if the estimate of the future is too optimistic, you’re making a bad purchase. Likewise, if you think the industry which is up going and you believe it might be rather high. It might not be a bad idea not to be thinking about these things out because I want to stress more than anything else to keep you out of this difficulty, that’s the situation.

Difficulties

Of course, it’s true that some companies are in industries where going with the tide is sort of an easy thing and there are some industries where there is no tide at all and there are some industries where the tide is out and then of course one of the common things that is the tide changes so that the industry is there.

My own preference for a group of investors such as I’m talking these days is the ones that can buy into the better industries rather than be just on a high one and here and there and not only the better industries from the standpoint of the industries that they’re engaged in, but also from the standpoint of the industries as such. There’s a great difference in your judgment if you can’t forward-looking people tend to go into growing industries and also there are many industries where management can play a part. If you buy a small company, one man can be smart in his advertising and smart in his production. On the other hand, it’s an industry where there is perhaps some of the older East End, you see, if you have a company where there is a little more much that can be done; so that is something that I take into con-

Chemicals the Very Best

The very best that we have in my opinion probably the chemi-
cal industry. For instance, today, I looked at a lot of charts which were different as such chemicals and it’s hardly possible to pick a chemical stock that has really done badly has very been chemical stocks that have really done badly. You know, there are chemicals, and you have recovered them, and the other real ones that have done badly perma-
nently is very difficult. It’s a very fortunate industry around. Another industry that I would like to see is the textile industry. People use more oil and more and also have no thing in sight to suggest they’ll do otherwise. Furthermore, the oil tax again, it’s very hard to find an oil stock of any kind that would be left on the New York Stock Exchange that by and large over a period of time isn’t going to have a better chart than a very good record.

Valley Gas Pipe Line Co., Inc., Houston, Tex.

June 27 company bought FFC authorization to construct a 35-mile long gas line from szczegół, 6 onshore fields in Louisiana and Texas to the 16 miles, Gulf of Galveston. Construc-
tion is now in process of completing negotiations for its major financing requirements.

West Coast Transmission Co., Inc. Its American affiliate, has filed an application with the FFC seeking authorization to build and operate a pipeline for the transportation of natural gas in the States of Washington and Oregon. The pipeline is sponsored by Pacific Enterprises, Ltd., of Calgary, Sunk.

Probable bidder: Halsey, Stewart & Co; (jointly) United Securities Corp. and Glore, Fargen & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane (jointly).

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DIVIDEND NOTICES

ATLAS CORPORATION
33 Pine Street, New York, N.Y.

Dividend Notice No. 36

On Common Stock

A regular quarterly dividend of 45c per share has been declared (payable December 15, 1950), to stockholders of record as of December 1, 1950. Checks will be mailed December 15, 1950.

BEN J. CRAWFORD, Secretary

International Salt Company

DIVIDEND NOTICE

A dividend of one DOLLAR and SEVENTY-FIVE CENTS ($1.75) per share has been declared, payable January 10, 1951, to stockholders of record as of January 1, 1951. The stock transfer books of the Company will close January 6, 1951.

H. H. O'BRIEN, Treasurer
Washington...

Federal Reserve Bank of St. Louis

Washington, D. C. — Business obtained a reprieve of two years from the threat of a swing in the recent Congressional election; it did not obtain a victory. Whether there is a genuine conservative swing which will make possible a renewal of government- mentation cannot be determined with clarity until after the 1950 elections.

This is the advice which is being given to business groups here by an individual who is probably the business community's sharpest and most seasoned political observer. Others might disagree with him on one important respect. Organized labor suffered a crushing defeat throughout the country, and in this sense the election was a victory for conservatism.

What kind of things are stopped by the entire “Fair Deal” all but goes into mothballs for the 83rd Congress. Thus, Taft-Hartley will not be “softened.” Compulsory health insurance is about to be let go. Aid to education will be an inactive project for at least another session in the 83d Congress, unpopular with even the majority of the 83d Congress, will remain there if an all on a strictly limited scale of specific projects whose immediate benefits to U. S. military security may be reasonably anticipated.

The excess profits tax will go over until the next Congress after hearings this month. A better form of corporation war profits taxation will be considered after taxes have been anticipated before the election.

Excise taxes will share with corporation and personal income taxation the burden of an enlarged war spending program. For the first time in many years, Congress may be able to achieve a substantial reduction in expenditures unrelated to military preparations. The Truman plan, which months ago the Administration privately recognized as politically unproductive, goes into the discard.

The “coalition” which the daily newspaper boys advertise is going to run the new Congress, probably will be able to achieve all the above. The “coalition,” however, is a device of decided limitations.

In the first place, there has never been anything in the way of an enduring formal coalition between conservative Republicans and Democrats. It is essentially a casual relationship. The two like-minded wings of both parties get together to defeat legislation abhorrent to both. About the farthest the “coalition” went recently was to work out an unproved agreement to defeat “anti-dis- crimination” legislation in the Senate, but leaving GOP members free to confirm publicly the Democratic party for failure to bring about its passage.

Once the parties to the coalition are able to give their specific and limited objective, however, the thing simply doesn’t exist until something else comes along which they can unite to defeat. Sometimes the “coalition” can write one piece of legislation, but not a tax bill.

That the “coalition” is miles away from being a formal, open, defined working agreement is something which old-time politicians learn must always be borne in mind. It is not a thing which can take charge of an entire legisla-

tive program, initiate an entire legislative program, attempt to carry it through, and it is without any means of disciplining its adherents to follow it. In fact the discipline is the other way, particularly for Democrats who fight the Administration. Their lose patronage and preference. And, of course, members of a coalition do not campaign for reelection as a common party.

Since the “coalition” just doesn’t exist except as a here today and gone tomorrow arrangement, this will be one of the biggest problems of leaders of both parties in the 83d Congress.

President Truman, on the other hand, even if only the leader of a minority of followers in Congress, still holds that politically precious thing, the initiative. He can pro- pose and let Congress oppose. He also has probably greater power than any man on earth except Stalin. He has vast funds already at his disposal. He has the use of far-reaching laws, such as the Defense Production Act. When he moves in a direction to enhance his political prestige at the ex- pense of Congress, it is difficult and awkward for Congress to circumscribe his use of the powers. Finally, the President has the vast propaganda machine of the gov- ernment at his disposal.

So if the President should play his hand skillfully enough, a lot of tricks against a dominantly conservative Congress, whose bi- partisan conservative dominance so far, at any rate, has never been tightly organized, thoroughly planned, and carefully directed.

Many conservative Democrats have become so fed up with the Truman Administration that they would be perfectly happy to see Truman licked, having their own parties take over for at least two years in order that they can cut down to size labor unions and the pressure groups which have captured the northern wing of their party.

On the other hand, many of the rank and file will hesitate to go that far. If it should become increasingly clear during the 83d Congress that cooperation with conservative Republicans threatens the control of the Administra- tion, they will sabotage cooperation. In Maryland, for instance, not only the Governorship went down with Tydings, but county commissioners and dog catchers. Local Democrats do not always want to sacrifice their jobs to a blaze of patriotism.

One of the further real prob- lems of the “coalition” is that the conservative Democrats will go much farther toward foreign arms and economic aid than the majority of conservative Republicans.

A factor which, on the other hand, will make it easier for con- servatives is that the “wobblers” of both parties, having seen the left-wing take a whipping in November, 1950, will be more in- clined to “wobble conservative” rather than the left, and the GOP left-wingers may take a dif- ferent view from 1947-48. The left-wing Republicans during the 80th Congress, and as a matter of fact during the 81st, fought hard to sell “me-tooism.” These indi- viduals will have less influence even if they are as aggressive as before, which is open to doubt.

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