**ANNUAL REVIEW AND OUTLOOK ISSUE**

**The COMMERCIAL and FINANCIAL CHRONICLE**

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**EDITORIAL**

**As We See It**

**The Year Ahead**

If it were possible to do no more than add one more guess to the hundreds that have already been published as to what gross national product, national income, the Federal Reserve index of production, wholesale prices, consumer prices or some of the other indexes will be at some point in the future, we should scarcely feel it worth while to devote much space to what seems to lie ahead in the year to come. In general, the consensus appears to be that some hesitation, or possibly some recession, may occur during the first half of 1951 while much of the economy is converging at least in part to defense production. Even more nearly unanimous, apparently, is the belief that after much months we shall enter a period of unparalleled activity.

There is some difference of view about magnitudes and the precise timing of the changes in question, but it seems to us doubtful if such divergences of opinion are of great importance. We are not prepared to argue with much gusto or to differ very sharply with the vast majority of forecasters which have come to our attention. They are for the most part based upon the premise of very heavy rearmament activity, which now hardly seems in doubt, and upon the assumption that we shall not in the next 12 months be engaged in an "all-out" war of world proportions, although on the surface at least it would appear that such forecasts as these would be in order—only more Continued on page 85

**European Attitude on Our Foreign Situation**

By ERNEST T. WEIR

Chairman, National Steel Corporation

Prominent industrialist, recently returned from European trip of inquiry, reports adverse attitude toward U. S. policy in Far East and feeling that new Chinese Government should be recognized. Says our European friends do not hold Russia will soon precipitate and that iron curtain hides weakness, not strength. Contends Europe desires direct negotiation between U. S. and Russia, as well as better understanding of Chinese to prevent World War III. Wants people told frankly of situation.

Whether we shall have peace or world war has now become an immediate problem. It is the most important question confronting the United States and the balance of the world and one which directly centers on the internal and external problems of every nation. I decided to see how my European friends were thinking relative to this grave crisis and, consequently, have just spent several weeks in Paris and London consulting with many of them whose experienced observation, I have great confidence.

Collectively, these men represent diverse and diverse economic activity. Individually, they occupy positions in which it is essential for them to have intimate knowledge of the public trends of thought in the other countries of Europe, as well as their own. On previous occasions, I have found them to be highly accurate in their appraisals of European viewpoints and estimates of world situations. Following is a summation of their opinions which, I believe, represent prevailing thought in England and Continued on page 87

**Business and Finance Speaks After Turn of the Year**

Continuing our custom of former years, the CHRONICLE features in today's ANNUAL REVIEW AND OUTLOOK ISSUE the individual opinions of government officials and of the country's leading industrialists, bankers and financiers as to the probable trend of business in the current year. These forecasts are written specifically for the CHRONICLE, provide the reader with up-to-the-minute official views as to the indicated course of business in all industries. The statements begin herewith.

HON. JOHN W. SNYDER, Secretary of Treasury

In the troubled international situation of today, one fact of immense importance stands out. That is the great vitality and power for growth of the American economy. The vast productive capacity of our nation, which draws its strength from the efforts of a devoted people, is one weapon which a dictatorship can never duplicate. To do so, it would have to sign its own death warrant. It would have to abandon autocracy for freedom.

The productive power of the United States is thus the most significant strategic factor in the defense of the free world. It is the most significant element in any necessary mobilization of our resources.

During 1950, the aggressor nations sought to weaken the foundations of our national security by driving a wedge between the United States and the nations of Europe. The United States is the cornerstone of American security and the foundation of the European deterrent. To meet such threats, however, wherever and in whatever form they occur, we must maintain our economic and financial strength.

We must achieve a producitive capacity that is capable of conserving the essential energies of an entire people while at the same time meeting all of the vast requirements of an active military establishment. Therefore, public policies in every field of domestic activity—labor and otherwise—Continued on page 10
The Security I Like Best

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

(SEAs articles contained in this form are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

SEYMOUR KATZENSTEIN
Hirsch & Co., Member N.Y. Stock Exch.

Associated Dry Goods
We are moving into an expanding economy under the semi-war conditions which now exist, and will continue to be, on increased production. There is no indication that overall employment will be high and that inventories will be at record levels, surpassing the all-time high set last year. While personnel controls exist on a large scale, the possibility of still higher personnel controls, due, among other reasons, to the extension of overtime and other war time arrangements, if further thermore, prospects favor a large turnover in personnel as women again enter defense work.

Economic conditions definitely indicate equities in retail sales volume this year. Trade sources look for a continuing expansion during the next six months. Sales increases are expected to be particular to “non-essential” goods and should more than make up lower volume of apparel, radio and television, and a few other categories, television sets, whose output will be reduced because of the emergency.

Stock marketwise, department store equities will give above average performances during the war years when production was all out to provide the implements to win the War. During 1943, for instance, department store equities were generally not available in any volume in the short sale band, and it was even difficult to obtain certain soft goods. Nevertheless, retail stores were able to surmount these difficulties, as well as personnel shortages and other problems. During the early postwar period, these stores were among the market leaders.

Associated Dry Goods common stock, a 7 1/2%, and available in the market around 21, appears to be a most satisfactory vehicle to participate in improved retail business over the near term. Subsidiaries operated 8 large long-established department stores, including the 89% owned Lord & Taylor in New York. Others are the wholly owned McCrory's, New Haven, Connecticut; in Newark, J. N. Adam & Co. and William Bennington Company in Buffalo; and H. H. Gordon & Sons in Baltimore; Powers Dry Goods in Minnesota, and Stewart-Dwight Dry Goods in Louisville.

These are all fairly large stores and independent retail sales are on fashionable merchandise. This type of store should prosper in our fast changing economy. It is estimated that Associated Dry Goods will earn $2.50 in the fiscal year ending Jan. 31, 1951, considerably ahead of last year's previous fiscal year. With a favorable dividend distribution indicated by a satisfactory post-war profits base, satisfactory earnings progress expected, the $2.50 figure is $0.50 in advance of the 1949 dividend of $2.00, which was paid in April. A 1950 dividend can be expected. The market price of the stock varied around $20.00 in 1949 and $25.00 in 1950. Dividend yield at the average price was fractionally over 10%.

DEAN W. TITUS
Partner, Titus-Miller & Co., New York City

King-Seylee Corporation
In picking my favorite company it is only natural to consider those where I have the closest personal interest. Emphasis here is on the principals responsible for the company's operations, friends and associates. Situated in Ann Arbor, Michigan, King-Seylee Corporation had its beginning in 1919 with ideas advanced by Mr. King, an engineer then professor at the University of Michigan. These ideas were for the development of Hydrostatic gauges for various purposes and the company contracted with the Engineering School of the University.

From this small beginning this company has now grown to where it has diversified and is able to complete all the way to the end that it is a leading supplier of component instruments and instrumentation for the automotive industry. It is also a large supplier of gauging tools, grey iron castings, die casting hardware parts, and tool electrical appliances.

When one takes the risk of investing in the common stock of a company, they should have a reasonable return and continued growth, King-Seylee has accomplished both of these factors for its stockholders. The company's sales have grown from $390,000 in 1940 to $2,000,000 in 1950, nearly $2,000,000 of which came in 1951, from which net income showed $60,000 as operating earnings. Operating earnings were $25,000 from 1939 to 1948. For the quarter ended Oct. 31, 1950, sales were $460,000, or $1.87 per share versus $1.31 for the same 1949 quarter. Earnings have been plowed back into new plant and equipment to the end that a capital of $72,000 in 1936, $100,725, with working capital of over $7 million.

In the last few years the company has undergone a considerable amount of expansion. For the years 1948, 1949 and 1950 alone, $5,015,000 was spent for new plant and equipment. As of July 31, 1950, depreciated property on the company's books was $1,020,446, or about $1,000,000 more than the capital account. It can readily be seen that actual value of the stock is far more than book value. The company now occupies 610,000 sq. ft. of which 200,000 sq. ft. are leased. The last three years new construction provided $350,000 in additional plant with further expansion now underway.

Dividends have been paid on the common stock of this company continuously since 1925 and have been particularly generous during the last three years, with $1.50, $1.50 and $1.50 paid out. The stock is now around $25 and is an excellent buy, with excellent earnings. Dividend yield at the average price was fractionally over 10%.

This Week's Forum Participants and Their Selections


"Are We Falling Into History's Greatest Trap?"

Melchor Palyi, author of article bearing above caption, which appeared in last week's "Chronicle," elaborates on policies which, he feels, are followed by United States in combating Russian aggression. Readers comment on Dr. Palyi's warning of disastrous consequences to country inherent in Administration's current policy.

I regret my inability to expound on the views expressed therein to the Editor, who is the author of the "Chronicle." He said that "we do not fight to the death any war in which the United States would become involved as her enemy." He stated that "Russia knows that such a war would not be a 'lightning war' and one of attrition which would be suicidal for her even though not

Subsequent to publication in the "Chronicle" of Jan. 11 of his article, "Are We Falling Into History's Greatest Trap?" Dr. Melchor Palyi has expanded on the views expressed therein to the Editor of the "Chronicle." He said that "we do not fight to the death any war in which the United States would become involved as her enemy." He stated that "Russia knows that such a war would not be a 'lightning war' and one of attrition which would be suicidal for her even though not
to conquer Europe and Asia. That is why," he continued, "the military strategists who have not shown any disposition to overestimate their strength or capabilities, he stated, "it is not due to her moral isolation but her not taking advantage of Europe's weakness but because of fear of our superiority in super-weapons which are what we should strengthen and develop.

"We," Dr. Palyi said, "should always look at the weapons we have in Europe, as symbolic of our determination to protect Europe if need be, but not otherwise. If we do this and build up our air force, the supply of atomic bombs, and what goes with such policy as far as power and the instruments of war incidentally thereto (bases, naval bases, etc., etc.) we should find this adequate to the imperative of our national interest.

"Voluntary display of a weapon against aggression. Of course," he added, "this is a conceit of our isolationists and those who would like to see Russia, just what we will fight to protect.

"The program of this character," Dr. Palyi concluded, "would not mean an economic or military collaboration. We are embracing the United States in the United Nations, and the expression of prudence in our Federal budget not only could we get but also, if we could, the interest-free loans to underdeveloped countries but even without the added interest-free loans to our creditors for last year's legislation."

Letters From Readers

Since publication of Melchor Palyi's article in the Jan. 11 issue, the "Chronicle" has received a number of expressions of views concerning it from readers in various fields. We publish below some of these comments as space permits. Others will appear in subsequent issues.

S. W. LEVINE

Enough reprints of the article by Dr. Melchor Palyi in your Jan. 11 issue have been made so that at least one of your editors, judging from the letter-heads of the United States, each person in every state occupying any legislative office (including members of Congress and all radio commentators, all organizations in the United States, all educators, lecturers, etc.

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BUSINESS AND FINANCE SPEAKS AFTER THE TURN OF THE YEAR

Starting on the cover page of today's ANNUAL REVIEW AND OUTLOOK ISSUE, we present the opinions of leaders in Government, Industry and Finance regarding the outlook for business in 1951.

In the SECOND SECTION of this issue will be found our usual tabular record of the high and low prices, by months, of every stock and bond in which, in 1950, occurred on the New York Stock Exchange during 1950, also a similar record covering U. S. Govt. bond issues.

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The Objectives of Our Foreign Policy

By HAROLD E. STASSEN
President, University of Pennsylvania

Prominent Republican Party leader, after reconstructing impressions following world-wide tour, expresses view Russia and American foreign policies are at variance. He explains through timely January issue new stockholders... Consolidated Coal... (III)...

The January issue of our timely and accurate assessment business prospects for the new year offers a selected list of securities with attractive investment possibilities for 1951. Each month our Research Department discusses in this publication topics of special interest to serious-minded investors.

Securities Outlook

Harold E. Stassen

The suspicion of peace in the world situation to the American people at this time is correct, I will speak very frankly and will make a comprehensive statement of my conclusions to our foreign policy. But it does not mean that I wish to be dogmatic or arbitrary nor that I claim to be infallible. I submit my observations for your own consideration and your own conclusions.

There are three broad sets of facts which are of great importance.

First of all, I received information all around the outside of the vast Communist empire of the discontent and unrest within the Soviet Union and within the Iron Curtain countries. This includes the Red Army itself. During this past year the great oppression of peoples inside the Communist territories has increased, concentration camps have expanded, the borders are guarded with increasing force and vigilance against people escaping to the outside, and still they do slip through with amazing stories of cruelty and misery from the millions. Even in the last 30 million Snowmen, the 46 million Ukrainians, the Poles, the Czechs, and other others.

Third, not only America, but in fact all nations are increasing themselves to yearn, to strengthen their security internally and externally. This reaction not will to be taken over by this Communist union, but it means that their preparations for defense, were increasing steadily.

War Can Be Avoided

Therefrom my total study during... I conclude that although there continues to be grave danger of a world war, yet of America will follow wise policies, the most likely... and would be the wave of the future and would turn out to be benign.

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Therefrom my total study during... I conclude that although there continues to be grave danger of a world war, yet of America will follow wise policies, the most likely... and would be the wave of the future and would turn out to be benign.

The slighted doubt that if Russia started an all-out world war tomorrow America would defeat Russia! If Russia starts next year, or the year after, or the year after, America would defeat Russia! This is the fact to keep in our minds. Because there will be an all war in our generation unless the Russian Communist Kremlins start it. Thus the primary point for American planning is not one of how to hold this or that piece of ground, but how to defeat Russia if her Communist leaders start an all out war.

With these facts in mind let us turn our attention to some of the broad question of our American foreign policy and turn to the specific difficult detailed questions now before us.

Crucialism of Our Foreign Policy

For five years, since the end of World War II, under the present national administration, our country has been following a foreign policy of "containment" toward Communism. It has been the announced objective of American foreign policy to stop the spread of Communism and prevent it from spreading. This negative defensive policy, carried on amid various phrases such as "waiting for the dust to settle" and "holding the line," has resulted in five years of increased peril both to our country and to the world of hundreds of millions of people, war anxieties, the fear of aggression, the weak unity, of the United Nations, and of dimming the bright hopes of peace. These five years under a policy of containment have now been climaxed with a thundering bloody mess in Korea. For thousands American men, and some thousands of those of other United Nations, and we have casualties and the Western Europe. Not for the administration of our country seems able to decide one way or the other. These American and United Nations forces still face overwhelming numerical odds in the bleak, featureless, featureless mountains and valleys of Korea. These have been five of the worst handling of the foreign policy of our country than any other in the history of any major nation in the world. This has been the record, and the consequence of our members of the Republican Party in the United States Senate to speak out recently for a policy that has been variously described as a 'realistic recognition of our own self-interest and essential security,' and has also been labeled as "realism" or "de-tradition." The objective of this proposed foreign policy is that America should pull in its commitments to such areas as it can defend against military attack from the Communist world.

By whatever name the proposed policy is described, it is clear in reading the position made in the Senate by these few members of our Republican Party that the question is that of all of continental Europe, including Holland, Belgium, Luxembourg, and France. This union movement is of supreme importance. It appears that the united force of the United Nations to... not the facts, to neglect acting, and to turn to toward disaster. In recent months however, the Korean aggression, the Chinese Communist attacks, and the widespread revelations of spying and treachery... all of the Communist movements. I believe the reaction of leaders has swerved over to the opposite extreme and the depth of Communist is labeled "over-rated." A definite tendency to rushing judgement, to predict defeat, to act timidly, is apparent on every hand.

I strongly urge tonight that my countrymen do not make the mistake of putting too much of another over-valuation of the Communist strength.

I would like to urge as an extreme careful stock of the world situation and move together under wise policies.

U. S. Can Defeat Russia

One of the most frequent exclamation is the declaration that "America cannot defeat Russia!" Such a statement is the distress is the task which America faces. The correct question is ask the president of the Soviet Union of Russia starts an all-out war, can the U.S. can the United States defeat Russia?

The answer to that question is the "yes." We have the people, the factories, the装备 that vast territory. But I do not have...
Little or no change was noted the past week in country-wide industrial production. However, total output was noticeably above the level for the comparable period a year ago. On the employ-
ment front there continued to be a rise in total claims for unem-
ployment insurance. New claims for temporary lay-offs during the
present period of readjustment to a defense economy
at $2,400. Steel capacity increased nearly five million tons to a record high level of 109,250,000 tons.

The new capacity figure, effective Jan. 1, 1951, states the
"American Iron and Steel Institute," is an increase of 8.4 million
tons, or nearly 28%, since 1940. It is a gain of almost 13 million
tons since 1947. Meanwhile, the industry's blast furnace capacity,
own rated at 72,471,780 tons at the start of 1951, a record high
level has risen more than 6.7 million tons since 1947.

The amount of increase in steel capacity last year was more
than one million tons greater than indicated in an announcement
last October by Secretary of Defense Charles Sawyer on the
basis of the best information then obtaining concerning the
companies' expansion and improvement programs. Since then the
companies' plans have been greatly widened. The amount of
capacity available at the end of 1952 will far exceed the tonnage
indicated in the October announcement.

The new, record high steel capacity level as of Jan. 1, 1951,
is more than two million tons above the output of steel last year
in all countries outside the United States, as estimated by two
trade publications.

The December steel output in the United States was 8,369,708
tons, far behind the highest for the full month of any year, according
to the Institute, exceeding the previous December record, made in
1940, by 579,019 tons. This compares with the revised figure of
8,011,851 tons in November.

Demand pressure on the steel mills this month is mounting and
signs are appearing of an easing in civilian goods production, but
there is far more than normal demand before the market than
producers can handle. Meanwhile shortages of production materials
are stepping up steadily, though not to the extent anticipated, states
"Steel," the trade magazine. Steel mills, reporting a shortage of
Gray market offerings, a large part imported steel, and conversion ton-
nage grave are two of the magazine assets. Mysteries surrounding the
mills have closed their schedules for March and are booked several
weeks ahead, with 20-rated orders for some products.

With the steel shortage growing, pressure is rising for adop-
tion of a distribution system similar to the Controlled Materials
Plan of World War II. However, such action does not appear
likely in the immediate future. So far as can be learned the
government is keeping the voluntary allocation system for the
present at least. Extension of voluntary allocations to additional programs is in the offing, however, it adds.

All of the iron and steel mills held steady last week. Action
by the Birmingham mill is expected soon, but whether a rollback of steel prices is contemplated is unknown. Generally
it is believed current price levels stand a good chance of being
named as official.

Plans for raising additional revenue through the income tax
route to help finance our defense expenditures and other govern-
ment expenditures are the sound alternative to attempts at timing stock market movements, which appeared in this space December 28last (as partial transcription of a paper presented by this author before the Annual Meeting of the American Statistical As-
sociation) has elicited correspondence that is tremendously enthusiastic. Our con-
clusions epitomized in the principle "any
time is a good time to buy a good valuation" have aroused particularly controversial reader-reactions evidently reflecting the
current interest in this fundamental in-
vesting question. With the belief that a
maximum of such discussion of market attitudes by the public is constructive
(see the suggestion by Mr. Bridwell following below), we offer some
communications which dissent from our thesis.

MILDLY ENCOURAGING

Dear Mr. May:
I read your article, "Is It Possible to Forecast the Stock Mar-
et?" appearing in the December 28 issue of the "Chronicle," with
the keenest interest. I have also
read similar articles of yours in the past which stress the impos-
sibility of "forecasting" the stock market. Your views are pro-
cative, well presented and are, I
believe, doing investors a real service.

FeW technicians would disagree with most of your conclusions; however, I do not believe your analysis of the technical approach is entirely objective. Only one last WednesOday at the Association's
annual meeting in Chicago. There is certainly much to be

Continued on page 92

MILDLY DISCOURAGING

Dear Mr. May:
It would be an understatement to say that I enjoyed your paper
very much. Although I mylsee am a believer in the method you
used and your analysis, I cannot say that I buy into your technical
approach. However, I do believe that the conclusions you reached
must be presented in a more objective manner. Only one last
Wednesday at the Association's
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Continued on page 103

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The Manpower Situation
By E. L. KEENAN
Deputy Director, Bureau of Employment Security, U. S. Department of Labor

After describing manpower situation of past year, during which there was peak employment in civilian industries, Mr. Keenan estimates defense program requires 25 million more workers by June, 1951. Looks for increased productivity and entrance of new workers to increase manpower potential and advance improved defense strategy and more effective use of local work forces.

With the nation in a state of emergency and a stepped-up national defense program in the order of the day, it is in the nature of things that much of your concern with problems confronting you revolves around questions of labor supply. Questions such as: What do the future labor supply prospects look like for your industry? What is going to be the effect of the defense effort, with its manpower mobilization program, on your labor supply? How much of a drain on your personnel should you anticipate? How best can you take measures to meet and solve defense-connected manpower problems?

I can offer some suggestions in connection with the last question, 

"An address by Mr. Keenan in the Pennsylvania Gazette, of the National Retail Dry Goods Association, New York City, June 1, 1951.

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Erie Railroad Equipment Trust of 1951

2½% Serial Equipment Trust Certificates (Philadelphia Plan)

To mature $400,000 semi-annually July 15, 1951 to January 15, 1961, inclusive

To be guaranteed unconditionally as to payment of par value and dividends by endorsement by Erie Railroad Company.

Priced to yield 1.70% to 2.55%, according to maturity

Issuance and sale of these Certificates are subject to authorization by the Interstate Commerce Commission.

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First of Michigan Corporation

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Wm. E. Pollock & Co., Inc.

Mcmaster Hutchinson & Co.

$4,000,000

The Texas and Pacific Railway Equipment Trust, Series J

2½% Equipment Trust Certificates

(Philadelphia Plan)

To mature $400,000 annually on each February 1, 1952 to 1961, inclusive

To be guaranteed unconditionally as to payment of par value and dividends by endorsement by the Texas and Pacific Railway Company.

Priced to yield 1.80% to 2.50%, according to maturity

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The Offering Circular may be obtained in any State in which this announcement is circulated from only such of the underwriters and other dealers as may lawfully offer such securities in such State.

HALSEY, STUART & Co. Inc.

R. W. PRESSPRICH & CO.

A. G. BECKER & Co.

FREEMAN & COMPANY

Wm. E. Pollock & Co., Inc.

McMaster Hutchinson & Co.

January 12, 1951.

of what we have for readiness no matter what may come.

What We Face Today

Taking stock, as of today, we face, among others, a set of facts about like this:

As a result we have entered upon a new year so threatening as to have put our armed strength into the forefront of our thinking and our planning. Increase in international tensions growing out of a second Korea crisis has moved us into a greatly stepped-up defense program—a national undertaking not only for our own defense but for the defense of our allies as well. There is no other still free nations in whose fate, whether or not it shall be determined as mankind's stronghold of democracy, "the last best hope of earth."

For a view of what this may mean in terms of labor market supply and demand, a brief glance over the year we have left behind will, I think, be in point.

1950 has gone into our industrial history as a year characterized by dramatic changes in our labor market. Unemployment rose to a postwar high of 4,700,000 in February and dropped to a low of 1,900,000 in October. Employment rose from 50,047,000 in January to a record all-time high of 52,037,000 in August. At the beginning of last year, only six major metropolitan areas in the whole country had as tight or balanced, with unemployment below 3%. The number had jumped to about 50 before the end of the year. The increase in employment, the decline in unemployment, and growing labor unions were due largely to the expanded civilian demand for goods and services stimulated to some extent by expectation of a mobilization economy somewhere ahead. The strong civilian demand, however, reversed the apparent trend in civilian unemployment and was primarily responsible for the sharp rise in unemployment.

The launching of the defense program has a stimulating effect, but private capital investment and the ECA program, rather than defense spending, became the major factor in the 1950 boom.

For 1951, the defense production goals may seem greater than those envisaged in the initial defense program, and the fighting began in Korea. We are going to increase the armed forces beyond the original strength contemplated, and we are going to do it fast. We are to build the armed forces to a level of about 3,500,000 as soon as possible. Part of the defense spending is due largely to activation of National Guard divisions, part coming-up of reserves, some from voluntary enlistments, and most through Selective Service, which has announced a draft of 60,000 men this month and a similar number next month. We have also greatly increased expenditure for defense production and the rate of this expenditure. Already authorized are defense appropriations, and foreign aid aid amounting to $3,000,000,000.

This mobilization program with heavy manpower requirements comes at a time when the civilian economy is operating at exceptionally high levels. In August of this last year, total employment rose to above 62,000,000 for the first time in the history of this country. It is just as true that the August above-normal decline being due to a seasonal reduction in agricultural employment. Non-agricultural employment is at almost record levels, exceeding the 58,000,000 level.

With civilian manpower requirements increasing, the people in the nation who are seeking jobs, where are the men and women needed for the expanded defense program coming from?

Defense Manpower Needs

It is not possible at this time to slate exactly the number of personnel that will be needed in the long pull to man defense plants and defense concerned industries and to build up the armed forces, and this is more program goals. However, defense program requirements may run about 2.5 million by June, and the armed forces should be consider-

able in the years to come. These demands for additional manpower cannot be met through the annual normal expansion of the civilian labor force notwithstanding the fact that manpower now engaged in civilian production will either move into defense jobs or be induced into the armed forces. Intensive reclassification will be required to build employ-

ment of these personnel levels. This means we will have to draw upon our existing civilian labor force, hire un-

capped workers and older workers to meet the new manpower demands. This action is necessary to increase production and to prevent a strike that might result in an output of 0%.

Many of the workers needed for the defense program can be drawn from the 6,000,000 men and women now unemployed and from workers released by obsolesce whose production is curtailed by mater-

ial shortages. The program for extending scarce materials already will result in some lay-

offs; and the number so affected will, no doubt, grow in the period just ahead. In many instances, however, workers employed on civilian work will change over to defense work when the establish-

ments where they are employed convert in part or wholly to defense production. While it is apparent that enough manpower exists for the defense jobs, it would be a mistake to assume that the task of manning defense plants, replacing men withdrawn to build up the armed forces, and supplying agriculture with needed workers will be easy. Instead, it promises to be most complicated.

We are now experiencing short-

ages of workers in certain key occupations such as engineers and machinists. These shortages are becoming more apparent as the demands for skills by the armed forces and defense industries in-

crease. By late spring or early summer, there undoubtedly will be many communities where over-

supply of skilled workers will be.

Although we must expand qualita-

tively through the utilization of workers now outside the labor force, our greatest possibilities lie in qualitative expansion—that is, in finding and applying means for still more effective utilization of what we have.

Because we have strength in tools and technology and in the energy and imagination of men so characterized America at this time. This advantage must be maintained and increased. With this in mind, we must make certain we are fi-

ng both manpower mobility through voluntary cooperation. They are:

(1) Each individual should serve in the capacity in which he can make the maximum contribution.

(2) All employers, including the military, should utilize each individual's skills and abilities to the utmost.

(3) The government's manpower program is most advanced in outlining the will of all Americans to the successful accomplishment of the program.

In holding to these principles, it is obvious, of course, that the more rapid our mobilization because the more stringent our manpower and material resources become, the more necessary it will be to differentiate between those employers producing defense goods and those who do not. Local employment offices in areas where insufficient workers are available to supply all employers will follow a practice of giving priority to defense contractors, defense connected establishments and agriculture. As of today, however, most local offices are able to give placement services to all employers placing job orders except for occupations which are in short supply.

One of the defense-connected problems your industry may face will revolve around the selection of new workers. New workers may, in increasing numbers, have to be drawn from the ranks of those not recently if ever in the labor market. This means that their aptitudes and undeveloped abilities are as important as the limited experience they may have. The development and use of tests for specific entry or starting jobs will help in the selection of pe...
Immediate Mandatory Wage-Price Controls Needed: Wilson

PHILADELPHIA, Jan. 17.—Charles E. Wilson, Director of Defense Mobilization, gave the decisive word today that there will be early imposing of a m a n d a t o r y wage-prices controls. His remarks were immediately followed as presaging the start of a b r o a d new program within two weeks.

In a speech prepared for delivery before the Poor Richard Club here, Wilson all but ordered Economic Stabilizer Albert Valentine and Price Chief Michael V. D'Isalde to quit fooling and get on with the big job of halting inflation. He said flatly that voluntary curbs have failed.

"Whatever the causes for delay up to now," Wilson asserted, "we must recognize and fortitude to adopt the controls which will laud stability and fairness in our civilian economy.

He served blunt notice that civilians must face sharp new cutbacks to hasten reparations and urgent Congress to extend Federal rent controls beyond March 31 expiration date as part of the overall stabilization program.

Simultaneously, it was reported in Washington that the forthcoming coming order may roll back prices to Jan. 1 and "stabilize" wages at that date. That would take care of any price hikes since D'Isalde's shortlived plan for a 30-day wage-price freeze. Valentine vetoed the idea last week.

Mr. Wilson said hard-and-fast controls are the "only answer," to the problem of diverting so large a share of the nation's productive capacity to defense without leading to an inflationary bust.

"There are no solutions," he asserted.

He said the Price Agency's experiment with voluntary controls has proved conclusively that such steps will not work.

"The power of the law must be invoked," he said. "It must be used for allocation of materials, for prices, rents and wages whenever controls are necessary to prevent inflation, to promote production for defense and provide a fair distribution of commodities among all our citizens.

Regarding the defense effort itself, Wilson said the United States today is in better shape to "block the intensive drive of Soviet Russia" than it was to fight Hitler at the start of World War II.

Mr. Wilson said the free world must build its armed forces to a strength as quickly as possible.

"When we reach that status, that the world can live in security — the only language — the Khrushchev-Castro philosophy with nothing to do but to live in peace — unfortunately the people of the two big Soviet countries have left open to us."

Controls to Be Issued by Valentine

Mr. Wilson himself will not issue any wage-price order that will be up to Valentine, whose agency must enforce it. In vetoing D'Isalde's freeze plan, one of Valentine's chief objections was that the price agency is an auditor and enforcer of a dividend record for the full year of 1955, showing monthly highs, lows, earnings, capitalization, and balance sheet on virtually every active stock on the New York Stock and Curb Exchanges—single copy $10; yearly, 16 revised and enlarged issues of three editions of Graphs, 1924 through 1955, through April 1956, and up-to-date current edition, for 1956, $25.

Also available is a tabulation of Preliminary New York Bank Earnings.

The most fascinating headlines in the world—Brochure describing the firm's foils and other material produced by the Deodex-headquarters company—write to the company, Chicago, Ill., 60605.

New Synthetic Fibers—Bulletin 1, F. Rothschild & Co., 129 Broadway, New York 5, N. Y.

New York City Bank Stocks—Complete situation and analysis of 16 New York City Bank Stocks (including: Bankers Trust, National City Bank, 129 Broadway, New York, N. Y., 1956, N. Y.

Continued on page 96

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Albert Frank-Guenther Law, Inc.
Possible Developments
In 1951 Stock Market

By G. M. LOEB

General Partnership, K. Hutton & Company

Mr. Leb, in predicting an active stock market in 1951, says price trend will vary in accordance with news developments, such as: (1) continued intensive preparation for defense; or (2) widening of area of war and aggression; or (3) avoidance of a new conflict. And since each development will demand different investment policy and names stocks likely to perform well in defense, war or peace economy.

The stock market in 1951 promised action in defense developments. Any forecast necessarily will be qualified since it is difficult to state certainty even in time. Investors consider the following a likely sequence of events. On the assumption of a conflict, the selection of companies to buy will include companies that produce war materials and those which will profit by the resulting demand for other goods. In the event that there is a conflict of a more limited nature, companies that will benefit from the resulting high demand for goods of all kinds will probably be favored by investors. Under these circumstances, the volume of investment buying would increase and inflationary influences would result with the result that any notable upturn could be of only a temporary character. This is important for the Dow Industrials, important because they are likely to lead the market. On the other hand, controls, price freezing, or the like, would be apt to stop the market on the upswing when price approach is still far enough away in the Dow Industrials. It would appear that the market might be halted in its advance under such circumstances there is an error in the forecast of this price range, it is more apt to be on the upside, on the downside, i.e., 250 is apt to be the acceptable limit on the downside. Also under these circumstances, stocks of companies relatively well established in their position in the market, will be benefited from defense orders, like the rest. However, the investing public is tending to be less impressed by the fact that a stock may be shipping goods or depots or declines and more impressed by changes in the market. It is well to keep in mind that the next period of a year. Thus, out-and-out war babies will probably not fully reflect their flash of good business and the good substantial long pull companies will hold up better than temporary declines in earnings in recent years. The second general news possibility is the development of further aggression and further acts of war in totally new geographical zones. Whatever shock may initially develop marketwise, I feel sure that all will be brief and succeed by renewed strength on a pure investor interest. The investor preference for equities over cash balances, this kind of emergency, the highest quality equities will be in the most demand regardless of other investor preference or earnings of any sort is pertinent. The general investor will feel that a share in natural resources, known, how, established traited-marks, etc. are all worth more than a pen and ink crowd in the market. It is not the matter how weak stocks become for a time, but if the market goes more. The market above 250 could easily be seen. The development in the market would undoubtedly be a turn toward peace. If by next summer, no new attack has begun to perceive the peace in the world, the point of view that all war has been for the time being avoided or at least indefinitely postponed will certainly gain very wide acceptance. In fact, the case for this would be deflationary and tend to cause a flight out of commodified issues into cash and government bonds "growth stocks," gold stocks, peace stocks, etc. If such a development occurred during 1951, it would undoubtedly cause major liquidation and a complete change in sentiment. Here, our forecast of a 210 bottom level would probably prove conservative as prices would almost certainly tend to work considerably lower.

For 1951, the best compromise candidate that are apt to do well enough in a defense economy, do organize, a group that would hold up the best in case of peace would be among the oil and chemicals. Amerada, Atlantic Refining and Standard Oil of New Jersey are likely to be important along with the above.

Spectators looking for continuance, interest in preparation for defense or increased outright war, would probably do best with an issue like Baltimore & Ohio which combines some investment of sustained business from the military situation, and low price ratios, valuable holdings of other stock and the likelihood of an initial dividend. Those that see an early turn towards peace would look for buying opportunities in stocks like Chrysler and Philco and gold gold. Is there any turn toward peace, we will look for buying opportunities in stocks like Chrysler and Philco and gold gold.

What’s Ahead for The Rail Investor?

By S. A. SMERLING

Railroad Editor, Standard & Poor’s Corporation

Expert expects substantial increases in traffic, gross, revenues, and earnings—particularly in freight. Regarding the implications for the stock market and the investor, Mr. Smerling maintains that despite their currently historically high level, in terms of earnings possible dividends combined with capitalization’s existing leverage factors, carrier stocks are reasonably priced relatively to other industry groups.

Keynoting the outlook for railroad earnings 1951 is the mounting tempo of defense activity touched off by the threat of global war. This can only mean a sharp expansion in traffic, and with all the advantages it implies for an industry of characteristically high leverage. Notwithstanding the certainty of higher wages and taxes, aggregate rail net income this year will compare favorably with the $750,000,000 or so earned by Class I roads in 1945. In appraising some 1951 prospects, we think it is fair to draw upon the experience of 1941, the full year of our participation in World War II. The analogy is not perfect—analyses never are. But we are about to see a reshuffling of the economic forces and business attitudes that should be strikingly similar to that upon which the nation embarked a decade ago. Such a procedure, therefore, at least provides us with a valuable frame of reference for general estimates.

Particularly because of competitive factors, partly because of inadequacies in the banquet, itself, railroads are apt to show marked changes in industrial activity. In 1942, the Federal Reserve Board index of industrial production rose about 21%, unemployment originated by Class I railroads about 16%. But in terms of the aggregate significant measurements of ton-miles, rail volume that year rose fully 34% above the year-earlier figure.

This is a key factor currently, and, for that matter, of tonnage, but of the juggling of the Military movement both from contractors' plants and those based by the military needs of the country obtaining in normal commerce. Thus in 1943, the average length of haul per ton rose almost 20 miles—an extraordinary achievement. We are not sure of the impetus of war we will adopt.

Continued on page 95
The Federal Reserve Banks have been given authority to control the reserves maintained by the commercial banks and to control the extent to which banks can extend credit. The Federal Reserve Banks are required to act in accordance with the policies established by the Board of Governors of the Federal Reserve System, which is composed of the Chairman, Vice-Chairman, and five other members appointed by the President with the advice and consent of the Senate. The Board of Governors is responsible for the operation of the Federal Reserve System and for formulating monetary policy.

The Federal Reserve System is a central bank of the United States, established by the Federal Reserve Act of 1913. It is composed of the Board of Governors and 12 Federal Reserve Banks, each of which serves a particular district.

The Federal Reserve System employs a wide range of tools to achieve its objectives, including open market operations, the discount rate, and reserve requirements.

1. Reserve requirements: The Federal Reserve System sets reserve requirements for deposits and loans made by member banks. These requirements are designed to ensure that banks have sufficient funds to meet withdrawal requests from depositors.

2. Open market operations: The Federal Reserve System buys and sells government securities in the open market to influence the level of interest rates and the supply of money in the economy.

3. Discount rate: The Federal Reserve System sets the discount rate, the interest rate at which banks can borrow funds from the Federal Reserve Banks. Changes in the discount rate can affect the cost of money for banks and, in turn, for businesses and consumers.

4. Lending to banks: The Federal Reserve System can lend directly to banks in case of a financial crisis, providing liquidity to the banking system.

5. Capital requirements: The Federal Reserve System sets capital requirements for banks, which are intended to ensure that banks have sufficient capital to absorb losses.

6. Thrift institutions: The Federal Reserve System also regulates thrift institutions, such as savings and loan associations, and sets capital and liquidity requirements for these institutions.

7. Consumer credit: The Federal Reserve System regulates consumer credit, including credit cards, student loans, and home equity loans.

The Federal Reserve System plays a critical role in maintaining the stability of the financial system and promoting economic growth. Its ability to respond swiftly to changing economic conditions is essential to its success. The Federal Reserve System is a complex and important institution that deserves continued attention and support.
Proposes increase of outlays aggregating 78% above last fiscal year, accounted for by proposed new expenditures for military and non-military purposes. Urges states to economize on non-defense spending and says higher taxes of $16 billion are required to balance receipts against outlays.

On Jan. 15, President Truman submitted his Budget Message, covering the fiscal year ended June 30, 1952. As was expected, the proposed government expenditures were significantly increased, totaling in an estimated $71.6 billion, which is to be for military and non-military purposes.

This is a budget for our national security in a period of grave danger. If the calls for expenditures of $71.6 billion for fiscal 1952—a total 78% above expenses for the year which ended June 30, 1951—are one measure of the vast resources and new duties thrust upon the American people by the Communist threat, we must be prepared for the 1952 fiscal year to call upon even greater resources. It is a budget that, in one sense, reflects the necessities of national survival, and in another, the necessities of national progress.

The text of the President's Budget Message outlines budget estimates as follows:

Mr. President

I transmit herewith my recommendation for a Budget for the fiscal year ending June 30, 1952.

The accompanying comparative table (Table I) shows projected outlays and receipts for fiscal 1952, as compared with those for fiscal 1951. That increase is one measure of the vast resources and new duties thrust upon the American people by the Communist threat.

As a sixth budget measure, I shall shortly recommend an increase in the Defense appropriation for fiscal 1952, to provide a sound financial basis for what may be an extended period of very high national expenditures.

Contents of the Budget

The accompanying comparative table (Table I) shows projected outlays and receipts for fiscal 1952, as compared with those for fiscal 1951. That increase in the Defense appropriation for fiscal 1952 is one measure of the vast resources and new duties thrust upon the American people by the Communist threat.

The table covers expenditures from general and special funds of wholly owned government corporations, and includes requirements under existing legislation. Expenditures from trust funds are excluded from this table because of the major trust funds are discussed in subsequent sections of the Budget Message.

The requirements of national security are reflected in every major function of the budget. The entire government is being reorganized so that to those who may be concerned with the problem, there is no better preparation, readiness for immediate mobilization of the power if that becomes necessary.

This budget reflects our determination to defend ourselves and the countries with which we are associated with the two-fold goal we have set. First, it incorporates our expenditures for military forces strong enough to provide a deterrent force to those who may be tempted to aggression. Second, it provides for the development of the nation's economy and the creation of an industrial reserve that can be turned instantly into war production. It is a budget that guarantees the maintenance of strong purchasing power on the part of all the people of the United States.

Little Done About Anti-Inflation

Though important strides have been made in fighting the forces of inflation, some of the measures that have been taken are not enough to control or combat the vicious

President Outlines Budget

Expenditures of $71.6 Billion

Volume 173 Number 4978... The Commercial and Financial Chronicle

We Can Avoid A Boom? 

By DR. MARCUS NADLER

Professor of Finance, New York University

Warning various measures taken to prevent a boom are more far-reaching than those to avoid a boom, Dr. Nadler argues. 

Dr. Nadler believes that the measures are necessary to prevent the boom. The boom is inevitable, he says, but it can be avoided if certain conditions are met.

The boom may occur if:

1. The economy is in a period of large scale unemployment,
2. Prices are generally falling, and
3. The government and business confidence in the future is strong.

Dr. Nadler believes that the measures taken to prevent the boom are necessary to prevent the boom. The measures are:

1. High taxation,
2. Tight money policies,
3. Price controls, and
4. Restraint on government spending.

These measures are necessary to prevent the boom. The boom is inevitable, but it can be avoided if certain conditions are met.

The conditions for avoiding a boom are:

1. Maintaining full employment,
2. Keeping prices stable,
3. The government and business confidence in the future is strong.

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Missouri Brevities

Missouri Pacific RR. Co, on Jan. 9 awarded an issue of $7,000,000 of series F7 3% equipment trust certificates to Salomon Bros. & Hutton and associates on their bid of 99.68%. The certificates, to be dated Feb. 1, 1951, and to mature annually on Jan. 9, 1951 to 1961, inclusive, were reffered by the group at prices to 2.75%, according to maturity.

After accounting for all charges Missouri Pacific System net income for November was $1,801,564 compared with a net income of $611,726 for November of 1949. For the first 11 months of 1950 net income was $15,332,184 compared with net income of $2,922,220 for the same period of 1949 (Missouri Pacific RR. was shut down by strike for 45 days in September and October 1949.)

American Investment Co., Illinois, St. Louis, has acquired a controlling interest in Domestic Finance Corp. (formerly Domestic Credit Corp.), Chicago, Ill., which will continue operations as a separate corporate entity; American Investment, which through its licensed subsidiaries, operates 195 personal loan offices in 19 states has total assets of over $85,000,000. Domestic Finance Corp, operates 33 loan offices in eight states and has total assets of $24,000,000.

Trans World Airlines, Inc., Kansas City, has borrowed an additional $1,300,000 from six banks and the National Surety Corporation of the United States bringing to $16,200,000 the total borrowed under a credit agreement negotiated in August, 1949. The proceeds of the additional loan will be used to pay part of the purchase price of two Lockheed Constellations. Included in the banking group which on Dec. 20 offered $22,000, 000 of first and refunding mortgage 4 3/4% bonds, series A, due Jan. 1, 1951, of the Western Pacific RR. Co. at 100.485% and accrued interest, the proceeds of which are to be used for working capital.

Hutzler & Sons, Inc., St. Louis, reports that sales for the month of December, 1950 increased 40.6% to $3,890,914, an increase of 5.6% over the $3,829,908 total for the same month in 1949. For the calendar year 1950, sales amounted to $47,783,208, or off only 0.8% from the total of $48,156,402 for the preceding year.

On Jan. 9, an issue of 500,000 shares of common stock (par $1) of the Wilcox-Gay Corp. (Mich.), was publicly offered at $1.62 per share, the net proceeds to be used for additional working capital. The principal underwriters were Gearhart, Kinnard & Otis, Inc. of New York, and White & Co. of St. Louis. The principal business of the Wilcox-Gay Corp., and its subsidiaries is the manufacture of the "matic" line of television receivers, radio-phonograph sets, radio and television cabinets, and home-recording units.

Gleaner Harvestor Co, Independence, for the quarter ended Dec. 31, 1950, reported a net profit of $106,001, after income taxes. This was equal to $1.62 per share on the 64,300 common shares outstanding, and compares with a deficit of $21,384 or 65¢ per share for the same quarter in 1949. It is reported that advance bookings for a new 14-foot self-propelled combine for the 1951 growing season in excess of the full 500 machines planned will have to be allocated. Net sales for Dec. 31, 1950 quarter were $1,066,51, a gain of $726,040 over a year ago.

The directors of the Missouri-Kansas-Texas RR. Co., on Jan. 11 authorized an interim payment of one coupon of the adjustment mortgage 4½% bonds due Dec. 1, 1953 issued by the Railroad and C. R. Morfa, Chairman, announced. The coupon will become due on Feb. 1, 1951, and is No. 48, dated July 1, 1943.

Curtis Manufacturing Co., St. Louis, for the fiscal year ended Nov. 30, 1949 reported a net income of $383,150 after income taxes. Sales amounted to $3,263,000, or $1.73 per share on the 193,363 shares outstanding, and compares with a net of $225,625, or $1.34 per share for the preceding year.

Participating in the public offering on Jan. 10 of $40,000,000 of Commonwealth Edison Co. 2% convertible debentures due Jan. 1, 2001, were Stern Brothers & Co. Siedel, Nicolas & Co. Inc. George B. Baum & Co.; and Smith, Morey & Co. The debentures were priced at 101.33% and accrued interest.

Net income for the fiscal year ended Nov. 30, 1950, of Rice-Stev, Inc. St. Louis, amounted to $71,694, equal to 62.25 per common share, as compared with $1-100,000, or 52.64 per common share, in the preceding year. Sales for the year increased $1,076,387, or a gain of 14% over the $7,418,078 or $770,000 of Carnegie Steel firm, extra dividend of 1¢ per share will be paid on Feb. 1 to common stockholders of record Jan. 15, along with the usual quarterly dividend of 5¢ per share. On Dec. 31, 1950, an extra of 50¢ was disabused.

Stern Brothers & Co. also participated in an offering on Dec. 19 of 117,692 shares of common stock (without par value) of R. H. Macy & Co. at $32 per share, which was fully taken up as ordered. The proceeds went to a group of selling stockholders. The latter company operates Macy's & Kansas City.

The stockholders of National Fidelity Life Insurance Co., Kansas City, have voted to increase the authorized capital stock from $200,000 to $500,000, to provide for the payment of a 1950 stock dividend on Dec. 29, 1950 to stockholders of record Dec. 21, 1950. This dividend, when distributed, will carry a cash of $200,000 from surplus to capital and increased the number of shares outstanding from 100,000 to 200,000.

Mid-Continental Airlines, Inc. Kansas City, for the 11 months ended Nov. 30, 1950 reported a net profit of $325,721, equal to 76¢ per share on the outstanding 453,943 shares of common stock compared with $383,001, or 76¢ per share on 402,478 shares outstanding a year earlier.

The stockholders of the First National Bank in St. Louis on Jan. 21 approved a resolution to increase the capital stock from $10,200,000 to $12,000,000 by increasing the par value of the shares from $17 to $20, without increasing the number of shares. This changed the surplus to $15,000,000 from $14,800,000. The undistributed profits remain unchanged at $61,072,68.

KansoCity Southern Ry. in the 11 months ended Nov. 30, 1950 has had net operating income of $7,528,399, a decrease of $774,103 from the same period in 1949. For the month of November, operating income came to $733,092, or $37,580 more than for the same month in the preceding year.

The rights of the common stockholders of Brass and Copper Sales Co., St. Louis, of record Nov. 20, 1950, to subscribe for 1,550 additional shares of common stock of Brass and Copper Sales Co. at $10 per share on the basis of one new share for each eight shares held, expired on Dec. 18, 1950, and no shares were to be offered to the preferred stockholders and the general public at the same price. The proceeds will be used for working capital.

Peninsular Investments ST. PETERSBURG, Fla. John F. Gallagher has formed Peninsular Investments with offices at 611 North Duval St., to engage in the investment business. He was formerly with Coehn & Splitt.

Bradley Higbie Adds (Special to The Press-Enterprise) DETROIT, Mich. — Vincent S. Mancuso, Jr., has been added to the staff of Bradley Higbie & Co., Guardian Building, members of the Detroit Stock Exchange.


Margion on Stocks Raised to 75% Federal Reserve, effective Jan. 17, amends Regulations T and U increasing from 50% to 75% the margin brokers and banks must demand in granting loans on stocks. Order applies to all broker-dealer.

The Board of Governors of the Federal Reserve System announced late on Jan. 16, that, effective the next business day, banks are required to increase the margin on stock loans and short sales from 50% to 75%. This amendment to Regulations T and U marks the first change in margin requirements, since March 30, 1949, when the margin was dropped from 75% to 50%. The 75% margin had then been in effect since Feb. 1, 1947. The new margin requirements have no application to securities dealt over-the-counter.

Regarding the new margin regulations, Robert P. Boylan, Chairman of the Board of Governors of the New York Stock Exchange, announced in a public statement:

"The exchange does not believe that the increased margin requirement on stock and short sales is necessary to prevent excessive speculation on margin in the regular exchanges. The committee is of the opinion that increased inflationary pressure, and, however, and the Exchange seeks to cooperate with the Government in maintaining a degree of control. The new credit restrictions will be met with the approval of the public by the New York Stock Exchange."

Republic of Chile Bds. Being Amortized Holders of bonds of the external debt of the Republic of Chile are being notified by the Caja Autonoma De Amortizaciones de la Republica that the following principal amounts of bonds in accordance with the amortization schedule, and Swiss francs were amortized during 1950: U.S. $4,756,000; $690,000, and Swiss francs $4,425,100.

To make the notification, the calculations the balance of principal amounts of external debt was as follows: $2,217,831, $114,791,000, and Swiss francs $1,597,000,000.

Bought - Sold - Quoted

| Black, Sirvalls & Broyson | Old Ben Coal |
| Berkshire Fine Spinning com. | Petroleum Heat & Power |
| Central Illinois Public Service | Rockwell Mfg. |
| Commonwealth Gas | Southern Union Gas |
| Consolidated Dearborn | Southwest Gas Producing |
| Duszy Co. common | Southwest Natural Gas |
| Delhi Oil Co. | Tenn. Gas & Transmission |
| Ely & Walker Dry Goods | Texas Eastern Transmission |
| Gulf Public Service | Wagner Electric |
| Heart Ceased, Publican's A | Western Natural Gas |
| Kerr-Mcgee | Wirlitzer R. |
| Mississippi River Fuel | |
The Verplex Company of Enexx has advertised for a defense production contract to produce large-caliber mortars for the British ordnance, a contract that would be in full swing by the end of the month.

Biegel-Sanford Carpet Company has advertised for work on the construction of the new refrigerator plant for the International Harvester Company. The company's plant in Woonsocket, R.I., was completed in February, and the new plant will be ready for operation by the end of the year.

The Public Utility Commission of Connecticut has advertised for the construction of a new radio station in New Haven. The station will be located on the east side of the city and will be equipped with the latest in radio transmitters and receivers.

The Seymour Water Company to finance the construction of a new water treatment plant. The company has advertised for work on the construction of the new plant, which will be located near the old plant.

Budgely Disinfection in Britain

LONDON, En-g. — In spite of increased expenditures, the British budget has been reduced by a revenue surplus on March 31. Because of increased taxation, it will be difficult to prepare a balance of trade for the financial year 1951-52. The government has increased taxes to meet the demands of the war and other improvements to increase working capital.

The Connecticut Light & Power Company has advertised for work on the construction of a new power plant. The plant will be located near the old plant and will be equipped with the latest in power generation equipment.

The Hartford & Connecticut Securities Company has advertised for work on the construction of a new office building. The building will be located in the center of the city and will be equipped with the latest in office equipment.

We maintain primary markets in: CONNECTICUT LIGHT & POWER - AMERICAN HARDWARE CONNECTICUT POWER - LANDERS, BURBANK, HARTFORD ELECTRIC LIGHT - VEDDER-RIGHT

Chas. W. Scranton & Co.

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Volume 174 Number 4978 . The Commercial and Financial Chronicle (261) 13

Cessation of Armanent Program Must Not Cause Depression

By DR. MAX WINKLER

Partner, Bernard, Winkler & Co.

Yearwood Exchange

Dr. Winkler, commenting on mobilization developments on nation’s economy, contends it is serious because of defense armament and foreign aid program would cause serious depression. Says that new taxes would be applied to productive purposes, thus encouraging prosperity.
Mutual Funds

BY ROBERT R. BICH

National Securities "1951 Forecast" Foresees Strong Economy and Market

Analyses of Rails and Utilities Strengthen "1951 Forecast" Slightly Lower

National Securities and Registrants of "1951 Forecast" to be made available this week, state that the "1950 Forecast" is correct, that taxes and renegotiation, and allowing for a higher price level, the earnings in 1951 are likely to be only a little lower than the peak year of 1949.

The report stresses that variations in earnings of individual industries and corporations will be very wide. The outlook is much ahead, and, therefore, careful selection is more imperative than ever.

Commenting on the course of the stock market in 1951, the report states that, "In terms of the Dow, Jones averages, we believe the approximate range in 1951 will be as follows:

Dow, Jones Averages in 1951-Estimates

High 142
Low 120

*Of particular interest in Financial World, which reports 1951 earnings and dividends on 40 leading utilities, 25 leading utilities and 65 leading industries, are J. E. Simmons, Jr., President of National Securities and Research, states that "a great deal of interest is shown in the figures being prepared these estimates, which indicate the average of these industries will be at least 56% of total corporate taxes aggregating 56% of earnings and dividends in 1951. Total Federal corporate taxes including E. P. T. reached a World War II high of $225 billion in 1951-1952 about 4%. Past emphasis on cash dividends and autos and appliances will shift toward capital and debt and will be in more plentiful supply.

Plant and Equipment Outlays

"In keeping with the accelerated buying of capital goods expected in 1951, the 1951 forecast for plant and equipment outlays will be significant, and comment about key sectors and areas of the economy:

International Situation

While the 1950 figure of $26 billion was the high current military action in Korea is unknown as (declass) war with Russia or China in 1951 seems unlikely. Regardless, the outlook for industrial production abroad, but U. S. government military appropriations and exports, and probably doubtless will be substantially increased.

Federal Taxes

"In conjunction with the big government expenditures, Federal taxes may be expected to be increased further, all along the line. Another indication that corporate excess profits tax is a further increase in corporate Federal normal and surtaxes, or both, are likely to be in effect during 1950. Next year, taxes on corporate profits aggregating at least 56% of total corporate earnings on an over-all basis. "During 1950 total Federal gross national income, including E. P. T. reached a World War II high amounting to 57.4% of total income.

The outlook for 1951 is the same or better, but no comprehensive report has been made on the tax figures. There is an increase of about three percentage points toward the surtaxes. The Federal personal income taxes. It appears that the holding period to be eligible for normal tax will be extended. There is also a fair possibility of a sales tax, Tax loop-holes probably will be closed further.

Industrial Production

"Considering the aforementioned tremendously stepped-up defense effort, we may expect a correspondingly high rate of industrial production. The Federal Reserve Board Index of Industrial Production for 1950 (350-100) has been calculated to average 200 during the 12 months of 1950 and it is expected to average about 220 for the year 1951. The Dow, Jones Industrial Average of 1950 was 105.

Gross Product-National Income—Personal Income

"Gross national product, national income and personal income should establish new highs in 1951. Gross national product and national income probably totaled $275 billion and $241 billion for 1951—an increase of 7%.

Living Costs

"The Bureau of Labor Statistics Index of Consumer Prices, which reached 175.6 in 1950, is equivalent to about the same increase to the unemployment correction factor to be incorporated in the Index. With the consideration for this adjustment, 1950 will average about 173, and the trend of the index from month to month, should average about 183—up about 6% over 1950.

Retail Trade

"Retail trade, of course, may be expected to advance. Volume of sales at record high of $141 billion in 1951—up about 4%. Past emphasis on cash dividends and autos and appliances will shift toward capital and debt and will be in more plentiful supply.

The World Economy

"The trend in the world economy is indicated by the fact that the United Nations has announced its intention to purchase a large amount of goods and services for the purpose of aiding the economic recovery of the European nations. This is expected to have a favorable effect on the world economy as a whole.

Investments

"In terms of investment, the outlook for 1951 is favorable. The recent decline in interest rates has made it possible for investors to earn higher returns on their investments. This has led to increased savings and a rise in the demand for bonds and stocks. The demand for bonds has been particularly strong, and bond prices have shown a significant increase.

The Stock Market

"In the stock market, the Dow, Jones Average is expected to reach a new high of about 142 in 1951. The increase is expected to be driven by a combination of factors, including an expected increase in corporate earnings, a decrease in the money supply, and a decrease in the supply of new shares. These factors are expected to lead to a rise in the stock market, with the Dow, Jones Average reaching a new high of about 142 by the end of the year.

In the bond market, the yields on long-term government bonds are expected to decline, with rates falling to about 3.5% by year-end. This is expected to attract more investors to the bond market, leading to an increase in bond prices.

The outlook for the stock and bond markets is expected to be positive, with both markets offering attractive investment opportunities. However, investors should be prepared for potential volatility in the markets, as economic conditions can change rapidly.

Conclusion

"In conclusion, the outlook for 1951 is promising. With a strong economy, increased investment, and a favorable world economy, the Dow, Jones Average is expected to reach new highs, with bonds showing a rise in yields, and stocks offering attractive opportunities. Investors should be prepared for potential volatility, but the overall outlook is positive."
From Washington Ahead of the News

BY CARLISLE BARGER

Thank, heavens, that our country

has been spared the tragedy of

hysteria. Our nerves could stop and do one
thing decent, the announcement

of the Financing Corporation to

invest $1.1 million in Negroes' company
to the job of Secretary of the

Monopoly Advisor. When that
thing is a fait accompli, the bitterness
and uncertainty and fear that
is running through our
midst at a

The Securities and Exchange Commission, acting pursuant
authority conferred upon it by the Investment Company Act
1940, particularly Sections 17 (d) and 38 (a) thereof, and finding
such action necessary or appropriate to the exercise of the
powers conferred upon the Commission by the Act, hereby amends
Rule N-17-G by adding at the end

the exercise of such a rule, the statement
officers and employees of registered investment management
which the Leftist commentators
swallow.

It was as if we were eating the hats and

the rest of this ineptible clan have not

You would think that Anna's

sweetest memories lie with

the ideological ruffians who are
calling the shots these days.

Anna has accomplished what Leon

Bowles, Donald National, Walter

Bowles, Henry Wallace and the
rest of this ineffectible clan have not

been able to do. She has won against her

traducers, men of evil minds

and potential political enemies of the
country than Stalin because, after
all, in opposing her she was
very careful that she did not

under certain rules and regulations not
likely to disturb the rights of

the ideological ruffians who are
calling the shots these days.

Anna was challenged before

the Senate Committee on
considering her appointment.

There had been any number of
testifiers and reams of copy written
since about her ortiea. Some

cracks had come forward with
charges that she was a
Communist, but those charges fell flat and

Anna was confirmed. We are now

writing. This has been a glorious
day for America. This is a day of
warning that never again should anyone

Anna's life be chal-

enged again. Her experience,
ocline, is still after several weeks,
the subject of editorials

fighting between well known
Leftists and their Republican

mentors. Some feature writers in the

"experience," are referring to her
downright

of an or-

appendix to this case, with

the purifying of fire

which she has been through. This is something

that every one of us, who

has never thought would be

apt to their becoming, has been

in a hard-boiled school and her

superiors in that she is skin-

hard-boiled. The marshmallow stuff

embarrasses her.

The fact that there is all this
propaganda about Anna should be

of interest to the American people
as evidence of how well the Leftist

propaganda is set up. Anna
has not had any bad experience.

The fact is that it was such a
lucky break for her that certain

cracks and of the Communist,
calling the whole
cases against her to fail through,
then you get the impression

that cracks were paid or prompted
to do their work. The last thing

in the world I would have thought
about Anna was that she was a

Communist. She is entirely too
smart for that and is, in fact, one

of the smartest women of whom
I have ever known.

But the question of whether she,
with her Eastern European

background and tie-in with the CIO,
who has built up tremendous
political support by playing the

foreign-born capital setup of the

Commercial, should be called back to Washington.

In such a position of influence over the manpower

of the country, is something that

should have been more strongly

and discussed.

In World War II, Anna was the
mauling of the emergency

in the Federal Power

Commission.

It was during this time that the
publishers of the "Dallas
News" was cited for advertising
for a "colored" janitor. He had

right to say "colored," the FPC,
ruling. The cat was dropped in
the indignation that followed, but
there was another, glaring
instance of the trouble-making
tendencies of this agency.

Montana had never had a Negro
grocer. Suddenly the Anaconda
Copper Company was sold by

FEPC that, inasmuch as it was
wanting war orders, it had to

take a certain quota of Negroes
because our country is a democ-

racy, etc., and that was the reason
we were fighting the war.

Well, the management said this
had never occurred to them and
the Government was paying the bill,
it had no objec-

tions. The Negroes were placed
on the job and sent down into the
mines. Within short order they

came up as white as sheets.

The FEPC, with Anna the mainspring,
declared the Negroes should be

kept on the payroll on a standby
basis and the last I heard of it
they were being maintained on

that basis—after all, the Govern-

ment was paying the bill.

The propaganda enemides of

women and Negroes were saying
how she has gotten up rich fees from

Dwtor and Mary's to serve her
country. I don't do this in World

of II, just kept on serving her coun-

try. Of course, Doctor and

Mary's in "labor rela-

tions." She has made quite a

lot of money of brokerage in

Eastern European labor commodi-

ties. She is plenty smart.

NATIONAL SECURITIES SERIES

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SPECIAL...

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COMMON STOCHS

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Business and Finance Speaks

Continued from first page

must be so designed as to strengthen the sinews of our public credit and as to avoid any steps or measures—however well adapted they may be for immediate purposes— that would in any way undermine the ability of the American economy to carry out the tremendous tasks which the battle against aggression and the home front promises.

In the fiscal area, there are two guides to a policy which will be successful in maintaining and increasing the confidence of our economy during a period of intensified strain on our resources. These are (1) to ensure that the flow of revenues out of current incomes to the greatest extent consistent with maintaining the well-being of the nation, is greater today than it was on the eve of the war; and (2) as a way to make full use of the free institutions, the increase in taxes raises the level of the investment, which built the American economy.

I believe that every American citizen has become clearly aware during the past decade of the importance of increased tax revenues during a period of sharply rising prices. It is now the duty of all to see that we do so on a period now. With a greatly expanded defense program taking precedence in the economy—as it must if substantial part of both business and personal incomes must be diverted from the spending stream to help pay for costs of defense as they develop. This is the most effective overall measure for keeping the inflationary forces under control. It is the one measure which can move higher and higher without there would be anxiety, uncertainty and strife since the pro-

duction machine would slow down to a halt. The first step is to bring in short-term increases in tax rates during fall inflationary pressures, therefore, must be a reva-

nue system capable of draining off the largest amount of current income that we can while not endangering the production effort itself.

The second phase of the two-step measures and bor-

rowing programs in such a way as to make the overall contribution to the program and to maintain the national interest as the most efficient and most important problems on the domestic front. To approach this problem we must first of all clear away the cloud of needs which can be drawn from the experience of World War II.

It has been pointed out that spectacular, wartime achievements in the field of science and tech-

nology were made possible by an environment particu-

larly favorable to the development of ingenuity and productive genius. Our young people, more than in any other war, proved that they could support themselves. They are encouraged to try out new ideas, and the initiative that they have been able to use can be drawn from the experiences of World War II.

It is also true that the spectacular, wartime achievements in the field of science and tech-

nology were made possible by an environment particu-

larly favorable to the development of ingenuity and productive genius. Our young people, more than in any other war, proved that they could support themselves. They are encouraged to try out new ideas, and the initiative that they have been able to use can be drawn from the experiences of World War II.

Production goals were exceeded time and again, and new products and new techniques were constantly being put into practical use.

There was another factor of great significance in our wartime efforts which cannot be overlooked. This was the profound faith in the American tradition. That is the fact that we in this country achieved a full employment of our resources in the face of the greatest challenge, in reliance on propaganda and penalties. This was an accomplishment which was unmatched in any other country.

We did not need propaganda to convince people of the values of the American way of living. And, while certain control measures did indeed become neces-

sary in the course of swinging the economy into war channels, it is important—vitally important in this new house of economic recovery— to recognize that the measures would have been powerless without a genuine and widespread operation on the part of the vast majority of our citi-

zens.

The enforcement mechanism which would have been needed, for example, of our generally had been unwilling to accept the restrictions of rationing and price control, would have been far beyond even our ability had the country been faced with another field—that of taxation. Our income tax system— which has been as true of our present situation. Ideas like war—is one of a mere handful in the world today which rest upon this simple principle of public opinion and payment on the part of individual citizens. Without the backing of the public, the costs and burdens of enforcement would be next to impossible even if the revenues could be provided. The ability, would be very much less.

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ACTION IN CALIFORNIA. On the north fork of the Feather River in California, Pacific Gas and Electric Company has placed two new dams... Cresta Dam and Rock Creek Dam. The huge drum gates for these dams, and the bridges directly above them, required 4,380,000 pounds of steel. They were fabricated and erected by United States Steel.

NEW LIGHT ASSAULT TRANSPORT. Six rocket units help to lift the 40,000-pound weight of this new U.S. Air Force light assault transport in a recent test flight. With the addition of rocket units, the three-engine plane can now transport heavy loads in and out of small clearings. This is another good example of the fact that only steel can do so many jobs so well.

WASH DAY IS NO HEADACHE where equipment is made of U.S.S Stainless Steel. For stainless steel means easy cleaning, corrosion resistance, good looks and long life. Lucky that United States Steel is big enough to turn out steel for washing machines as well as warships, for toasters as well as tanks.

LISTEN TO... The Theatre Guild on the Air, presented every Sunday evening by United States Steel. National Broadcasting Company, coast to coast network. Consult your newspaper for time and station.
hydroelectric plant by the end of 1951, after which it will generate approximately 60% of its power output. This increase is due to the completion of a new project which will add a substantial amount of generating capacity.

Other important additions and improvements will also be made to the existing systems, including the installation of a continued sharp rise in electric sales which have increased 22% in the past two years.

Investments. The most significant event in the Company's gas operations during 1951, made no other aspect of its business tell as well. The affect of the remaining total cost is the interest in the synthetic fuel field will be affected by credit regulations and by financial conditions. These factors will influence local building materials, and whether the defense program will be one of long-range or whether the tempo of the war will increase in any case for Ukraine. The demand for materials and the need for additional investment will be high, and no material rise in long-term interest rates during the coming year.

The other factor important to the life insurance industry is the increase in labor costs. The companies realize that while the industry had to produce in World War II, we cannot sit back on our laurels. We must keep our plants running and prepare to meet all demands. The companies are working on projects to keep their plants supplied with enough steel and other materials to keep up with the demands of war. This is the most difficult period. The supply of manpower is gradually decreasing. The companies are spending on the important factors of higher taxes, new governmental restrictions and regulations, and perhaps most important, the need for anti-trust suits and similar government actions. Hearings of various kinds require an unbelievable number of man-hours of work, which may be used at this time.

In the principal producing areas of the United States the price received for crude oil, and recently remained constant, with minor exceptions, for more than three years. This has been a long period, and it is difficult to see how these prices can continue. In the long run, the cost of producing crude oil must rise, and this will increase the cost of all products made from it.

The peak period in the production of the major industrial products is here, and the demand for these products is rising. The companies are working on projects to keep their plants supplied with enough steel and other materials to keep up with the demands of war. This is the most difficult period. The supply of manpower is gradually decreasing. The companies are spending on the important factors of higher taxes, new governmental restrictions and regulations, and perhaps most important, the need for anti-trust suits and similar government actions. Hearings of various kinds require an unbelievable number of man-hours of work, which may be used at this time.

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We squeezed first...and

Now it's your turn. Pick up one of those new, pliant, unbreakable plastic bottles. Squeeze it. Feel how it gives under your hand, then see how it comes right back for more.

That's polyethylene (just say Polly-ethel-een), one of the exciting new miracle plastics produced by the people of Union Carbide.

But before you squeezed it, they squeezed ethylene gas under terrific pressure and carefully controlled conditions. Result: the molecules of gas were permanently rearranged into long lines—one of the marvels of modern chemistry. And then out came this tough, flexible plastic utterly unlike any other material—natural or man-made.

Why do you find the people of Union Carbide leading in the development of polyethylene?

Because working with tremendous pressures, high vacuum and extremes of heat and cold is part of their everyday jobs. By the use and control of these forces they supply the world with a wide variety of plastics and the raw materials from which a multitude of synthetic fibres are made. They also make hundreds of other basic materials essential to modern science and industry.

Perhaps your business could profit by the use of some of these materials. Why not ask us about them?

FREE: Learn more about the interesting things you use every day. Write for the illustrated booklet "Products and Processes" which tells how science and industry use Union Carbide's Alloys, Chemicals, Carbons, Gases and Plastics in creating things for you. Write for free booklet A.

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AND CARBON CORPORATION
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PRESTONE and TREK Anti-Freezes • ELECTROMET Alloys and Metals • HAYNES STELLITE Alloys
Continued from page 18

HARRISON L. AMBER
President, Berkshire Life Insurance Company

Unfortunately, a country that has not present a pleasant outlook. Today the world is in a state of ferment. We talk of peace when there is no peace and simultaneously we consider ourselves 75,000,000 of our young men in uniform. Rearmament is expected to take place for 1951 by $50,000,000,000 or some $3,200 for every inhabitant of the U. S. A. So there has been no end to the more taxes, including excess profits taxes, increased expenditures for excise taxes, personal income taxes, in the old taxes which are being dressed up with some new angles, too. On top of increased taxation we have to cope with the usual controls of the money market. One can hardly breed the need for more of the same. Industrial conditions are not improved, less prices controls, wage controls, priorities, allocations, and with them, the swollen bureaucracy that such life controls necessitate.

There will be material shortages in industry and manpower shortages in business. If there is no war, we shall consider ourselves lucky. If there is war we have tried to be ready. It is clear that we have no choice but to rearm if we wish to preserve the peace of the world. We, in the life insurance industry, have the satisfaction of knowing, however, that our companies have survived almost every war back to the American Revolution. We, in their arms, post-war insurance against wars, politicians, panics, riots, fires, insurrections, and storms. We have not outlasted the bitter experience of having our country de¬stroyed by war. So I have implicit faith that our companies will survive.

We shall have to apply ourselves more diligently to writing new business. Premiums are from and taxes and living costs take more out of those wages, people will claim that they are too tired to buy more life insurance in a very different way to protect the business. We have not yet solved the problem of the sale of more term or accident and health insurance and in the process of finding the need for insurance on a temporary basis. Undoubtedly the trend which has promoted pension plans will be accelerated, for being able to save less from wages and salaries, wage earners will become still more insecure. The result of all these developments will continue large. However large, deficit financing would most certainly result in the available funds being swept into Treasury bond issue which all the life insurance companies would be ex¬pected to subscribe to in substantial amount.

President.

For the most part, the most important thing for all of us to do is to realize that the more power and responsibility we deal with the central government, the more we build up, quite unintentionally, a ruling class—a bureaucracy—interested less in the common good than in its own personal advantage. We must therefore make sure that instead controls sufficiently wide segments of industry, we have, in the future, a broad base on which the country really wants socialism, that is one thing. At least let us make sure that we do not get the creeping socialism, with its concurrent stifling of the flow of the common civilization—our democratic way of life.

How can we prevent this? We can see to it that we keep an eye on the things that the makers of public policies and the representatives that represent us. We can help mold public opinion by partaking in forums and by writing letters to the newspapers. We can support loyal public servants and candidates with the ballot.

If we do these things, the chances are our way of life may be spared. If we do not, the blame is on each of us individually. Let us face this fact squarely.

ARTHUR K. ATKINSON
President, Washah Railroad Company

The volume of railroad traffic is expected to increase substantially as a result of important measures for mobilizing the defenses of the free nations of the world under way. Whether our net income after taxes will be commensurate with such in¬creased volume depends to a great extent on the measures of ex¬cess profits tax legislation and the cooperation of the railroads and the shippers who inevitably be placed on prices, wages, and production. In time of preparation for a possible war the demands put on the railroads are enormous and in¬stantly. In fact, during the recent period the railroads handled 85% of the emer¬gency traffic, and while all other forms of transportation handled the remaining 15%. Be¬cause of the high cost of raw materials and more than $5 billion dollars on plant and equipment since the end of World War II the rail¬roads are better prepared to perform their mission than they were at the time of Pearl Harbor. Neverthe¬less, there are many serious problems which we will have to overcome if we are to fulfill our mission.

For many years railroad executives have deplored the reason of excess profits competition, increasing costs without prompt and adequate increases in the rate of railroad earnings, and equipment and man¬agement. Although it is generally considered that a regu¬lar or anticipated railroad rate increase of 6% or 8% on the average will cover the investment the average rate of return for all Class I railroads for the year 1951 is expected to be only 2.6%. With such a result it is impossible to adequately com¬pensate our stockholders for their investment and at the same time provide the funds to modernize and expand railroads and place our modernization in achieve the public.

Congress is now preparing an excess profits tax law for the purpose of shoring up the national defenses. Therefore, the railroad companies will be permitted to capture the railroad lines, the farms, the machinery, the locomotives, the materials for which will be available because of the direct relationship of this addi¬tional equipment to the national defense program. Shortages will undoubtedly develop in many railway materials but the effective demand on the part of the carriers, the suppliers, and the government contractors will be so great as to be insured continuous operation at full capacity.

With respect to the manpower supply, we most antici¬pate that the lack of manpower will be much more serious for the armed forces and of other who may be attracted by employ¬ment in the shipbuilding and other defense industries. It will be a difficult task to train replacements so as to main¬tain a sufficient force of employees. And it is the greatest hope that work stoppages due to strikes will be held to a bare minimum.

Furthermore, the Congress of industrial relations, with the National Defense Program, has been authorized to take action in the interests of the workers.

C. J. BACKSTRAND
President, Armstrong Cork Company

In few years has the business outlook been marked by so great an upswing as in the past. While all others are confronted with mounting threats of all kinds, we are able to face the war, world conditions, the growing shortages of manpower and materials. Moreover, for the present at least, there is no excess profits tax legisla¬tion of the Government's own re¬quirements which seem to be so far above the output for greater defense production typi¬cally is still not possible. As a result, it is becoming apparent that new production will be the greatest obstacle facing our industry.

Yet, certain responsibilities of business managements are clear: (1) to maintain or expand—production; (2) to support the operation of regular products to the ut¬most permissible limit; (3) to maintain the clarification of defense needs and policies; (4) to help fight inflation by reducing the consumption of regular products; not only by maximum output but by rigorous and continuing attention to costs; (3) by control of purchasing power, and by realiza¬tion of the importance of maintaining the coopera¬tive and constructive relationships, (4) to adopt policies and practices appropriate to the war time, so that the severity of inevitable adjustments can be held to a minimum; and (5) to act critically, to control prices appro¬priate to the public interest and the politi¬cal point of view to public discussions, in contrast to the tentative public interest which now appear so evident in a nation with economic power sound to none.

Prospects for new and maintenance construction this year, however, are not as bright as in previous years because of the economic conditions. It seems likely, however, that 1951 will be another year of activity with the building of both large new projects and project type and market end-use by deficiency in over-all demand. In fact, expanding consumer income is another factor that is likely to force the industry to a higher level. In 1950, most certainly assure a recordbreaking level of civilian both as a continuing and permanent condition, not solely by the scope and effectiveness of government con¬trols. In 1951, the trend should continue to the usable magnitude of the market and the ability to produce a market in a large number of new projects. In 1951, the trend should continue to the usable magnitude of the market and the ability to produce a market in a large number of new projects. In 1951, the trend should continue to the usable magnitude of the market and the ability to produce a market in a large number of new projects. In 1951, the trend should continue to the usable magnitude of the market and the ability to produce a market in a large number of new projects. In 1951, the trend should continue to the usable magnitude of the market and the ability to produce a market in a large number of new projects.

Residential building this year will be well under the record 1950 volume, but a substantial amount of work nevertheless will be done. An unusually large carryover of building permits from the end of the year 1950, large new projects, and the amount of defense housing all seem to rule out any collapse in the market. The expanding consumer income and other materials used in finishing new buildings should remain in substantial increase in the number of new projects declines. In addition, as new building sub¬contracts in maintenance and repair demand can be expected.

Commercial type buildings, it is generally agreed, are probably the most likely to show a temporary decline in construction. With the number of new projects declines. In addition, as new building sub¬contracts in maintenance and repair demand can be expected.

The year ahead promises to be one of the most chal¬lenging in history for American business and the Amer¬ican man.

G. T. BAKER
President, National Airways, Inc.

My views on the air transportation business and Na¬tional Airways, Inc., in particular, are as follows:

If this had not been so, the "help" we received from some of our well-wishers is enough to make us want to reach the infinite, and the "income" we have been accepted and met in full. Who is there to doubt that it will be done again?

G. T. Baker
President, National Airways, Inc.

The aircraft has been nationed the world market since 1950, when the first flight over the Great Lakes seemed a mere decade ago. Yet, never in history have they been ideologically farther from the concept of democracy that they are today, to whom we have given billions in food, arms and raw materials, and have seen in Europe the smallest of the Great Lakes seemed 20 years ago.

Being realistic, as well as optimistic, I believe the air¬lines can be a tremendous asset to mankind in the struggle against the moral rearmament of the world. All too well are we experiencing the slow but sure profound effect of providing our friends and foes with the gift of every¬thing except an ideology superior to our own. Whatever remains unsolved, whatever extra effort may be required of us by the nation in meeting the present crisis, there is no question in my mind as to the ability and need of determination of this industry to respond magnifi¬cently.

MELVIN H. BAKER
President, National Gypsum Company

National Gypsum Company expects to sell all the buildable buildings that can be produced during the first half of 1951. The construction of additional produc¬tion will be slowed down by credit restrictions and the needs of the defense producers. In addition, our products for our use in projects underwritten by the government, and for replacing depleted dealer stocks will carry us to the end of the year without further expansion activity to make 1951 a very satisfactory year.

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Back in 1945 we read in the papers that you were starting your fourth Five-Year Plan. We have no way of learning how it turned out.

Let me tell you of another Five-Year Plan which began here in America in the same year. At that time the president of an American Corporation, Cities Service Company, said this in a message to its employees and stockholders:

"Planners tell us that when peace comes, the general welfare will demand a national income twice that of our best peacetime year. That means, roughly, that each business must double its prewar activity to provide full employment, to service the national debt, and thus keep the nation solvent. It means, to bring the matter closely home, that Cities Service, if it is to play its part on the national team, must produce and sell yearly double $285,000,000 worth of commodities and services."

Everyone in Cities Service pitched in and the record shows that in 1950 the company not only reached its goal of $570,000,000 in the sale of commodities and services but almost reached $700,000,000. This was a whale of an accomplishment when it is considered that it was achieved in the face of your dour prediction that this country would have widespread unemployment and that capitalistic America would die. The record will be even harder for you to understand when I remind you that a customer over here is free to do business with anyone he pleases; he makes his purchases in a free competitive market.

Just in case you have another Five-Year Plan coming up, keep in mind that five-year planning in free America works fine in peacetime—and works even better when our industries are called upon to beat plowshares into swords.

I am, as always,

Sami
Continued from page 20

we do not anticipate any severe labor shortage although it is expected that every bit of labor will be a job for all who want to work. As in the case of World War II, if and when the need arises, workers will be crowded into the industries for which they are needed, but nevertheless there will be more spendable income left after tax for the national defense. Indeed, industrialists see the current taxes will be higher but, with capacity operations, there should be no need for restricting civilian production or moving factories to make room for defense.

So far as the part National Gypsum might play in a stepped up military preparedness program, many of the company's plants are already operating at full capacity in this effort. Gypsum board products proved satisfactory for construction of military bases. The National Gypsum Company and the Mexican Government have negotiated a military cooperation agreement providing for the sale of the company's products in Mexico. This agreement, approved by the Foreign Commerce and Industry Committee of the Senate, is expected to increase the company's sales by about $50 million per year.

The company has also established a plant in Mexico which will produce 60 million pounds of board per year. This plant is expected to be in operation by the end of this year.

A. E. BARIT

President, Hudson Motor Car Company

It is a shock, of course, to every American that we are faced with the necessity of again going into a mobilization program of the magnitude of World War II, a war which saw all of our people and all of industry organized on a war basis. The U.S. is now more pro...
Spanning 4900 Miles of Strategic Source of Supply

The distance from Bishop, Texas, to Prince Rupert, British Columbia, via Cumberland, Maryland, and other Celanese plants is approximately 4900 miles. This span represents a planned and integrated source of raw materials and production for Celanese Corporation of America.

Early in the Company's history, the Celanese management took steps to assure supplies of major raw materials to protect the growth of the business. This has enabled the Company to meet the increasing demand for Celanese products—textile yarns, chemicals, plastics—which has doubled and redoubled many times.

This policy led in 1944 to the building of a plant near Bishop, Texas, to produce organic chemicals from petroleum natural gases. It was more than a plant. It was an advanced and efficient plan for oxidizing hydrocarbons by methods commercially engineered for the first time. In World War II it helped contribute to the chemical needs of the defense program, in addition to supplying chemicals for Celanese' own use.

Today it is vastly expanded into one of the great chemical production centers of the country. It is also fortified with modern laboratories and pilot plants for continuing large scale research in petro-chemistry, in which Celanese has pioneered for many years.

Nearly 5000 miles to the north of Bishop, at Prince Rupert, British Columbia, another important supply project is about ready to begin operations. Here, near some of the world's largest and finest timber reserves, a tremendous modern pulp mill has been constructed by Columbia Cellulose Company, Ltd., a subsidiary of Celanese Corporation of America. It will produce substantial quantities of high alpha cellulose, scheduled to begin early this year.

Cellulose is one of the basic raw materials for making Celanese® chemical fibers. It is also an important strategic material, along with iron, oil and cotton.

World supplies of Cellulose are less than the demand. The operations of Columbia Cellulose Company, Ltd., in Canada will materially increase America's supplies of this vital raw material on a self-perpetuating basis. For the Company's lease with the Government of British Columbia calls for harvesting timber like a crop. Scientific curtilings and modern reforestation methods assure timber in perpetuity.

These two great sources of raw materials strategically located in extremely favorable production areas—Texas and British Columbia—are capable of supplying a substantial part of the needs of the eleven other Celanese plants manufacturing chemical fibers and yarns, woven and knit fabrics, plastics and chemicals. They are likewise important additions to the economic assets of the United States, and to the military potentials of our country.

Continued from page 22

tion from their peak of 1950. How deep this cut may go will depend upon our national defense requirements and limited supplies of materials.

In the Pacific area there is the record amount of glass delivered in 1950 because of new and improved postwar house building and expansion of employment and management in the factories, and by working heavy overtime schedules.

Despite these we have been unable to give our distributors as much glass as they wanted. Inventories were low.

Housing is not so important a factor in the market for process and service pipe because of our normal pattern of engineering, sales and production forces have been at work on national defense needs and the company has already more than the $8,500,000 of such contracts most of which defense materials will be delivered in 1951.

Although Lipsky-Hawkes, Ford has plant improvements nearly completed, the release of our records of pipe engineering, sales and production forces have been at work on national defense needs and the company has already more than the $8,500,000 of such contracts most of which defense materials will be delivered in 1951.

Aspects of the safety and agriculture to Company's Central State's a established at seems

Adequate facilities are available for new E-Z-Eye wind-screens, too, are being made in the Toledo plants.

Additionally the company is providing facilities for its new hot-melt tubing which has been in the market for some time. This makes manufacturing of electrical equipment, radio, radar and electronic parts. A majority of these products have extensive military applications.

JAMES B. BLACK
President, Pacific Gas and Electric Company

It seems entirely probable that 1951 will witness a continuation of the rapid growth of population, industry, and agriculture which has characterized the postwar growth for California. The course of international events and the magnitude of the national and international problems will largely determine the direction and extent of the growth and could critically affect it.

The task of increasing production to meet this population growth will be one of the essential requirements of the country, and it will be largely determined by world needs and could critically affect it.

The task of increasing production to meet this population growth will be one of the essential requirements of the country, and it will be largely determined by world needs and could critically affect it.

The expanding defense effort has now worked its way to the end of the year's 75 weeks by noteworthy gains in industrial load, both electric and gas, in the Pacific Gas and Electric Service area.

The California population now ranks among the leaders in Northern and Central California. Agriculture, the backbone of the State, is reaping another bumper crop, with increased acreages planned for many crops. It is expected that great farms and in the territory served will exceed all former records. More than 1,000,000 acres will be planted in cotton alone, substantially all of which will be irrigated by means of electric power.

As a result of its large expansion program started immediately after the close of World War II and since carried on with the utmost vigor, the company now is in a position to offer over to meet whatever needs may arise for additional electric and gas service in its service area.

With respect to electric power, the company in the past five years has added almost 1,000,000 kilowatts of new plant, and significant additions are being made to meet the growing demands.

Additional units are scheduled for completion in 1952 and 1953. Meanwhile, a record system peak demand was on May 9, which was met with a margin of available capacity of 478,000 kilowatts or 19%, without taking into account additional capacity available through interconnection with other power companies.

Our facilities for supplying natural gas have also been greatly expanded in recent years. A giant pipeline to supplement local resources of gas supply by bringing natural gas from the Southwest to the Valley. Work on the San Francisco Bay Area has just been completed. Deliveries through this line, approximating 200,000,000 cubic feet daily, and this figure will be increased to 400,000,000 cubic feet per day next fall.

This vast expansion program, in addition to the building of many new electric generating plants and the larg-
New fluid catalytic cracking unit at Heath Refinery, Newark, Ohio. Provides an improved yield of high-quality gasoline.

New continuous coking unit at Toledo (Ohio) Refinery. Increases the volume of gasoline produced from materials that ordinarily would be used mainly for heavier fuels.

New gasoline plant at Worland, Wyoming. Makes gasoline, propane and butane from the sour gas that accompanies crude oil production in the Worland field.

New lubricants plant at Smiths Bluff Refinery, near Beaumont, Texas. Greatly increases Pure Oil's capacity to produce highest-quality oils and greases. (Above is the two-stage distillation unit at this modern plant.)

Whatever America's future needs may be, Pure Oil's enlarged and modernized facilities are ready to help meet them with maximum speed and efficiency.

The postwar phase of Pure Oil's refinery construction and modernization program is now complete, which greatly increases the amount of high-quality fuels and lubricants that Pure Oil can make.

Larger and faster deep-water tankers and new terminal facilities have added substantially to the efficiency and operating capacity of Pure Oil's transportation system.

An aggressive program of exploration and development in such recently discovered fields as the Worland in Wyoming, the Dollarhide in West Texas, the waters of the Gulf of Mexico, has increased Pure Oil's proved oil reserves to an all-time high.

And Pure Oil's great new research and development laboratories in Crystal Lake, Illinois, are working round the clock on new products and better processes of production and refining.

1950 was a year of real progress for Pure Oil, a completely integrated member of the progressive petroleum industry. We never were so ready to help meet America's needs for war or peace.

THE PURE OIL COMPANY
true in those areas with a concentration of defense manufac-
turers. In all, it is said, the military will spend $20 billion
(2) Demand for real estate and consumer credit loans
will decline in the same proportion that construction and
the proportion of hand labor is limited by defense
requirements or direct government control.
In brief, the fundamental problem that is most likely
at least to the extent of an average year in the future.
(3) Recent increases in Federal taxes plus other tax
increases may become effective during 1951, but many
fixed costs in bank operations may rise and management
will face the challenge of at-
taining growth in what is considered to be
and earnings at a satisfactory level.
(5) Recent improvement in the efficiency and stabil-
ity of labor force will certainly level out; and, in
the same proportion that manpower shortages are cre-
ot by hire, labor costs in the future will rise. In view of
the financial position, the Federal government has
deteriorated. Thus, banking as an institution is well
prepared to shoulder any reasonable part of the nation's
burden.
It is evident to most people that the position will require
a more realistic and moderate scale of production which
is based on the long-term needs of the industry and not
on speculation. When this idea is put into practice, the
banking system will become stable and the credit market
will be maintained during the years and interest rates will
be permitted to rise to more adequate levels.

EMERSON S. BOWERS
Secretary & Treasurer, Atlantic, Gulf & Pacific Co.

What the insurance companies are
likely to do is prepare for the
situation that is expected to
result from the raising of interest
rates. It is generally acknowledged that
an insurance company's investments will
be sensitive to any change in interest
rates. Therefore, the insurance
companies will be prepared to take
steps to avoid any possible adverse
effect on their financial results.

M. C. BROWN
Partner, Hillman-Kelley

We are in the oil well supply business handling tubular goods
and other materials used in the drilling of oil wells and the production of oil.
This is a very dynamic industry, and we are constantly evaluating and
improving our products to meet the changing needs of our customers.

EMERSON S. BOWERS

Oil well supply business is vital to the oil industry, and its success is
inextricably linked to the overall health of the petroleum industry.

LYMAN B. BRADNER
President, The Hartford Steam Boiler Inspection

It is difficult to predict accurately what prospects may
await business in 1951, but there are several factors
that will influence the results. One of the most
important factors is the demand for our products.

PRENTISS M. BROWN
Chairman of Board, The Detroit Edison Company

The relationship of an individual corporation, such as
Detroit Edison, to the national economy, is not
immediately apparent. However, we are aware
that our business is closely tied to the overall health
of the nation's economy. As a result, we are
constantly monitoring the economic conditions
and working to ensure that we are prepared
to meet any challenges that may arise.

PRENTISS M. BROWN

The Detroit Edison Company is committed to serving its customers
and contributing to the economic growth of the communities
it serves.

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Continued from page 24

Continued from page 24
Sinclair's "City of Stockholders" has an even larger population than Topeka, the Capital of Kansas—which will give you an idea of the broad ownership of this corporation.

Sinclair has 100,542 stockholders—people of wealth and moderate means, employees, widows, men and women who have retired. The list of shareholders includes many leading institutions—colleges, hospitals, churches, as well as insurance companies, investment trusts and trust funds. No one person owns more than 1% of the stock. In fact, the average holding is 121 shares.

This widespread ownership of Sinclair by people and institutions all over the United States, imposes a responsibility which Sinclair management endeavors to fulfill by policies that are both prudent and progressive—as they must be to meet the competition of other leading companies in America's oil industry.

Sinclair Oil Corporation • 630 Fifth Avenue • New York 20, N. Y.
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foreseeably develop on straights. By reason of the long-established reputation and acceptance of his brands by consumers and the efficient marketing and distribution skill such as Brown-Forman stands to improve his competitive position and distribution setup in such a seller's market. At that time, the independent distiller such as Brown-Forman will, because it is not as dependent on market position. The over-all outlook for the independent distillers is relatively good. The distilled spirits industry in general, and the independent distiller in particular, is much better prepared to meet present emergency than it was at the beginning of the last war.

In the current war, the total inventory stood at approximately 420,000,000 gallons as against the present total holdings of 770,213,061 gallons. This is a decrease below the best days of the last war. The present percentage of total distilled spirits inventory is much better now than it was when whiskey production was curtailed in 1919 as a result of production of industrial alcohol for war purposes. The latest reports of the Lithuanian State Bank show that Brown-Forman's holdings, for instance, comprised 73.6% of all wines and spirits bottled in warehouses in Kansas City as of April 30, 1939, compared with Brown-Forman's 5.4% of the total Kentucky storage in 1940. Similar percentage gains are reported for other independent distillers.

The industry has learned many other lessons from the recent war, not the least of which is the need for better efficiency in self-help. The industry has developed a military-type organization for handling problems. In the event of shortage of certain materials or supplies, the industry at once proceeded to develop and purchase such materials. It has been found that the size of the industry has been increased by the expansion of production. The industry is still able to use the same facilities with which it was able to handle an emergency in a shorter period. The industry has a large amount of capital at its disposal for the purchase of necessary materials. The industry has developed a system of control and distribution that is efficient and effective. It is able to meet the present emergency and be prepared for any future emergencies.

Harry A. Bullis
Chairman of the Board, General Mills, Inc.

The Thrift story of the American economy during World War II is one of sustained and ever-increasing output. The question of how the American economy was able to produce more and more and more of what is needed is one of the most fascinating and important problems in the history of this country. It is a story of the way in which the American economy has been able to meet the needs of a growing population and to produce increasing quantities of goods and services. The American economy has been able to do this because of its efficiency and its ability to adapt and change. The American economy has been able to do this because of its willingness to work and its ability to work. The American economy has been able to do this because of its ability to be flexible and to be able to change. The American economy has been able to do this because of its ability to be efficient and its ability to be able to change.
For a great many of Procter & Gamble’s 114 years, research has played an important part in the improvement of established products and in the development of new ones.

The pace of research and development has constantly increased. During the past decade, rapid advancements in the synthetic detergent field have made possible the introduction of many wholly new—and remarkably successful—products. Shampoos like Drene, Prell and Shasta. Washday and dishwashing products like Tide and Dreft.

Today Procter & Gamble is planning an even greater extension of its research facilities to assure continued progress in scientific development during the years to come.

The new Basic Research Laboratories, pictured above, are now under construction on a 200-acre tract just outside of Cincinnati. When completed they will house the most modern research equipment and laboratory facilities of their kind.

This new building represents an investment which will continue to produce new products and increase the quality of our present products for many years to come...to the benefit of Procter & Gamble’s customers, shareholders and employees.
Continued from page 28

J. B. CARR
President, Carr Consolidated Biscuit Company

The material supply prospects in the baking field seem brighter than in some industries. Prices of wheat, on which the supply and the mid-1950 share buying has filled many kitchen reserves. Shortcomings in this area, as the pre-Korean level but supplies are not too tight, is reported. A recent purchasing survey indicated that all baking materials will be the most difficult.

We expect to be forced to make use of the flour available on the market. Creditors and price increases have alarmed storekeepers and bakers alike. We anticipate some shifting of business in the baking industry, in consumer buying habits. To meet these problems we present below our present high quality of products and sell and promote these products energetically.

L. M. CASSIDY
Vice-President for Sales, Johns-Manville Corporation

In the type of armor made that lies ahead of us, and of the building activities which are needed to house it, adjustments and dislocations are in prospect for most classes of construction that will be needed for post-war military mobilization or essential to civil economy.

In the building of the military construction industry is still the heavy in 1,900, and the war production of 1950 that are associated with defense will boom. Housing will be built in the year than for the last year. The housing and the other programs like the construction of new homes will be made available for maintenance and repair of existing homes. It is very likely that this high level for the duration of the peace age will require a maintenance and repair of the war construction at a high level of the job in a "partial-war" type of economy, the remodeling and repair market is very strong and will continue to grow as more and more of the homes are remodeled and brought up to date. Against us in Korea, should be disregarded as unrealistic. It was very likely to become the basis of plans that will not work out.

At the moment certain things which will happen to our economy in the next few years if we are not cautious. In the first place, our country appear obvious. It is not because of the rise in the prices of defense materials, but because of the prices of the war industry. In the next place, it is likely that the housing situation will be even more acute than it is now. It is probable that the housing problem will be even more acute than it is now. It is probable that the housing problem will be even more acute than it is now.

The public will, in the main, be forced to pay more for the things that it needs in order to live and work. The price of food, clothing, and fuel will rise. The price of transportation, communication, and entertainment will rise. The price of everything will rise, and the public will have to pay more for the things that it needs in order to live and work. The price of food, clothing, and fuel will rise. The price of transportation, communication, and entertainment will rise. The price of everything will rise, and the public will have to pay more for the things that it needs in order to live and work.

The declines in home building to date have been somewhat offset by the increases in the number of new homes being built and the decline of the, if the rate has been large-scale construction at which the curbs were primarily aimed. Other branches of construction have been much less affected. The building of new industrial con- struction expenditures authorized in November, 1950, are estimated at 78% of the total of 1949, and 90% of the 1948, but part is attributable to increased costs. By the third quarter of 1950, the total of new construction will be about 27 billion for 1950—by far the big- gest construction year on record.

PAUL F. CLARK
President, John Hancock Mutual Life Insurance Co.

To predict the outlook for 1950 in these fast-moving times is probably as difficult as it is exciting. It will be an exciting year, and it will be a difficult year. The world is in a state of transition, and the future is uncertain. But we can make a few broad generalizations about the economy and the financial markets.

First, we can expect a continuation of the strong growth in the economy. The Federal Reserve Board has projected a 6% increase in real GNP for 1950, and the FOMC has projected a 7% increase in real GNP for 1950. These projections are based on the assumption that the economy will continue to grow at a steady pace.

Second, we can expect a continuation of the strong growth in the financial markets. The stock market has been very strong, and the bond market has been very weak. The continuing growth in the economy will support the stock market, while the weak bond market will be a drag on interest rates.

Third, we can expect a continuation of the strong growth in consumer spending. The consumer is the engine of the economy, and he will continue to spend at a strong rate.

Fourth, we can expect a continuation of the strong growth in business investment. The corporate sector has been very strong, and we expect this strength to continue.

F. N. CHILDS
Executive Vice-President, C. F. Childs and Company

In the calendar year 1950 approximately $36 billion of marketable government securities reached final or optimal form. This includes the more than $3 billion of veterans' bonds issued during the year. The Treasury Department faces the problem of meeting a total optimal amount of $36 billion, and it is a large commitment. The Treasury Department has been able to meet the challenge as they have all others, I think it safe to predict a pretty good fight against inflation. All investments for personal independence must at length close in victory.

John S. Coleman
President, Birmingham Trust National Bank

The Birmingham district has had one of its best years in terms of industrial production and in business generally. Department store sales last year reached a new high. While the stores now have larger inventories than last year, there is expected an increase in sales of 15% over the previous year. The increase in the number of people employed was also a substantial increase in the loan market. The Tennessee Coal, Iron & Railroad Company, one of the largest industrial establishments in the district and it is planned to augment local cash with the reserves of the state and a number of other states will be increasing further expending when the returns will permit. The Tennessee Coal, Iron and Railroad Company has announced plans for a $30,000,000 chemical plant at Decatur.

The steady rate of growth of the well-organized cotton market in other countries continues to increase and so does cotton raising. The high prices of cotton in the United States will have to support the higher prices of cotton in other countries. The United States has a comparative advantage in the production of cotton, and it is likely that the United States will continue to be a major supplier of cotton.

No one doubts the ability of America's industry to produce military equipment in record quantities. But it is also true that the costs of producing military equipment are high, and the United States is not yet at the end of its ability to produce military equipment.

The United States has a comparative advantage in the production of cotton, and it is likely that the United States will continue to be a major supplier of cotton.
# HIGHLIGHTS of the 1950 ANNUAL REPORT

## SEABOARD FINANCE COMPANY
established 1927

<table>
<thead>
<tr>
<th>YEAR ENDED SEPTEMBER 30</th>
<th>1950</th>
<th>1949</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume of Business</td>
<td>$117,008,390</td>
<td>$87,471,226</td>
</tr>
<tr>
<td>Receivables Outstanding</td>
<td>$72,889,357</td>
<td>$45,149,117</td>
</tr>
</tbody>
</table>

### EARNINGS

<table>
<thead>
<tr>
<th></th>
<th>1950</th>
<th>1949</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$2,434,017</td>
<td>$2,153,224</td>
</tr>
<tr>
<td>Preferred Dividend Requirements</td>
<td>$356,320</td>
<td>$214,751</td>
</tr>
<tr>
<td>Times Preferred Dividends Earned</td>
<td>7 TIMES</td>
<td>10 TIMES</td>
</tr>
<tr>
<td>Net Income for Common Stock</td>
<td>$2,097,697</td>
<td>$1,938,473</td>
</tr>
<tr>
<td>Shares of Common Stock Outstanding</td>
<td>1,028,417</td>
<td>921,002</td>
</tr>
<tr>
<td>Earnings Per Share</td>
<td>$2.04</td>
<td>$2.10</td>
</tr>
<tr>
<td>Dividends</td>
<td>$1.80</td>
<td>$1.80</td>
</tr>
</tbody>
</table>

The company's volume of business, receivables outstanding and net income rose to new highs in the fiscal year ended September 30, 1950.

The final three months were the best quarterly period in Seaboard's history.

The 1950 annual report contains an unusual amount of factual information regarding operations of the past 15 years. Copies may be obtained by addressing:

SEABOARD FINANCE COMPANY
945 South Flower Street
Los Angeles 15, California
The productive capacity of American industry as a whole, setting the stimulus provided by free competition, has grown immensely in the last few years. It will continue to grow, and it will provide the outside world a need for national security. We in the oil industry are confident that we are doing our part of it, that it will make its full contribution to the national welfare, this year and in the years to follow.

JOHN L. COLLERY
President, The R. F. Goodrich Company

This year will bring a marked increase in the production and use of American-made rubbers and a decrease in the domestic consumption of rubber approximate 37% compared with 1939.

Consumption of American-made rubber will increase from less than 350,000 tons to 550,000 tons this year. The United States is the only Atlantic Pact Nation which, up to this time, has not restricted rubber consumption. It is much rubber is required in the United States, and in no country in the world is so small a percentage of the rubber produced. The rubber market is well prepared to meet present demands.

The outlook is clear for growing restrictions upon private initiative and reduced private incentives by increased government controls over production and taxes; the inflationary effects of government control over automobiles, for example, will be added to by high corporate taxes. Neither will the output of the war take place in full in any case; although the dollar shortages, unless price controls are more greatly than is now indicated.

Finally, the outlook is clear for the development of new rubber products and materials and the full utilization of our natural rubber resources. The rubber industry will continue to prosper and to expand its operations.

SIDNEY B. CONGDON
President, The National City Bank of Cleveland

At the present time and in the time ahead we must make use of the new chlorinated and rubber and man-made rubber and to develop new rubber. We must also meet the challenge of increased production and development of new rubber products. The demand for rubber is likely to increase and to continue to grow, and we are confident that we can meet the needs of this period.

Whether savings are taken in the form of United States Savings Bonds or other securities, or payment of indebtedness, is beside the point. The point is that in 1931 consumer buying power probably will exceed the volume of goods and services available for consumers. That combination of circumstances spells higher prices unless consumers spend less, but that is only a part of what is needed. If there is to be real restraint of inflation, unnecessary spending by Federal, State, and local governments must be curtailed.

B. C. CONRAD
President, Iowa-Illinois Gas and Electric Company

The demand for farm implements, manufacture of which represents 50% of the employment in this area, can be increased by further increased production and extreme scarcity of rubber and other materials required. The outlook is favorable for continued farm implement production in quantities to meet the demands of the market.

The farm implement factories will face a market for a scarcity labor as well as all other manufacturing plants in this area. The outlook is favorable for continued employment.

C. P. CONRAD
President, Iowa-Illinois Gas and Electric Company

The outlook is favorable for increased production and for the continued expansion of the transportation equipment industry. The outlook is favorable for continued expansion of the transportation equipment industry. The outlook is favorable for continued expansion of the transportation equipment industry.

The outlook is favorable for continued expansion of the transportation equipment industry. The outlook is favorable for continued expansion of the transportation equipment industry.
San Francisco Stock Exchange Election

SAN FRANCISCO, Calif.—Ferdinand C. Smith of Merrill Lynch, Pierce, Fenner & Beane, was elected Chairman of the Board of Governors of the San Francisco Stock Exchange at the Annual Meeting held Jan. 10. New members of the Board elected for terms of two years are: Marco F. Holliman of J. Barth & Co., and Calvin E. Duncan of Calvin E. Duncan & Co. In addition to the above, Mark C. Elworthy of Mark C. Elworthy & Co.; Ralph E. Van der Naillen of Douglas, Van der Naillen & Co., Inc., and Ronald E. Roehrer, President of the Exchange, are members of the Governing Board.

The new Governing Board at its first meeting this afternoon, elected Sherman Hoelcher of Sherman Hoelcher & Co., to fill the unexpired one-year term of Ferdinand C. Smith. Elected to the Nominating Committee to serve for the current year were: Wm. R. Bauman of Francis L. du Pont & Co., Chairman; Howard J. Greene of Sutro & Co.; George W. Davis of Davis, Skaggs & Co.; Harold W. Lutich of Harold W. Lutich & Co.; and Scott H. Stewart, Jr., of Stone & Youngberg.

Walston, Hoffman to Admit Three Partners

Walston, Hoffman & Goodwin, members of the New York and San Francisco Stock Exchanges, will admit Ben G. Cecchini, Eric A. Moederle and Norman J. Duval to partnership on Feb. 1. Mr. Cecchini will make his headquarters at the firm's San Francisco office, 265 Montgomery Street, Mr. Moederle and Mr. Duval will be in the New York office at 35 Wall Street, of which Mr. Duval is office manager.

J. W. Davis Forms Own Firm in Dallas

DALLAS, Tex.—James Walker Davis has opened offices in the Reserve Loan Life Building to engage in the securities business. He was formerly with Paul B. Warwich, Jr. & Co.; First Southwest Co.; E. P. Hutton & Co., and Hatcher & Co.

Charles King Admits

Charles King & Co., 61 Broadway, New York City, members of the New York Stock Exchange, will admit Alice C. Hipkins to limited partnership on Jan. 25.

At present Puget is victimized by nine pending condemnation actions filed by PUDs and cities, which involve about 50% of the Company's revenue and customers (exclusive of the Seattle competitive area revenue and customers). All of the Company's major hydroelectric plants (capability about 225,000 kilowatts) are included in these condemnation suits.

Such piecemeal dismemberment of a large integrated electric system is a destructive, expensive, long-drawn-out process which results in a paralysis of operations in the meantime, with subsequent deterioration of service and a disruption of the economy of the area.

The Puget Sound Power & Light Company resulted from the integration of 153 predecessor companies, with consequent improved service and lower rates.

Today various public agencies are in the abortive process of carving this system up into little pieces, with a reckless disregard of the public interest, and the economics involved. What is proposed is a return to the "horse and buggy" days of small, isolated, uneconomical, inefficient operations with consequent higher rates and poorer service.

Such a piecemeal chopping up of Puget's system is fantastic and tragic under present conditions when the national defense program and high labor and material costs demand more, and not less, integration of electric facilities.
Continued from page 22

to one of a trade center shown by this leading supplier of
farm family needs.
Employment is being increased at the Rock Island
Dry Goods Company in Tipton, Ind., where 5,000 persons
were employed at the end of last year. The maximum force at this plant during the
labor season was 8,000. The company has already
bought a new plant which has been done at this great plant of the army ordi-
nance service, and its production is running to full
capacity and in the outbuilding of its zones and in the
overbuilding of tanks and similar heavy ordnance equipment.

The demand for new supply to the area appears to be
adequate for present and future anticipated needs cover-
ing the next two years. The businesses of the ordnance
facilities. The Iowa-Illinois Gas and Electric Co. reported
a reserve margin over maximum demand of 40 per cent last
year and an average margin of slightly less than 15%. The supply of
gas is to be generally available for the next two years.

If the Texas-Illinois pipeline of the Natural Gas
Pipe Line Co. is not in operation by Jan. 1, 1951, if the
reserves are well in excess of 100 million cu. ft.
scheduled. Present supplies are adequate for present
industrial needs but the demand for increased industrial
supplies and for additional residential house heating can
be met only with completion of the new pipeline.

As yet no important war orders have been placed
with factories in this area, and consequently there has been
no conversion of plant from peace to war products.

KIRKE W. CONNOR
President, Micromatic Hone Corporation

A generally accepted technique for forecasting the
future of the most important of the nation's business
is the experience of the past. Those who have had
these experiences. The honing machine as an integral
part of metal-working equipment is comparatively new.
Its characteristics and its large evaluation indicates
that it is an expanding market for two fundamental
reasons (1) New applications of honing are constantly being
uncovered by the increasing accept-
ance of honing plus developments which make honing
adaptable to many applications hereconsidered an
improvement. (2) The constant improvement of the honing technique
is making new applications possible to the equipment produced a few years ago that in most instances, the
capital investment required for purchase is largely
advantageous. From the honing machine build-
lowers the total cost of a given tool. The item more than the
market for this equipment is expanding. From
honing machine build-
lowers the total cost of a given tool. The item more than the
cost of the machine, the cost of the economy, the operation of the safety and
maneuverability are the factors which in the minds of the
military have been considered the best cost. The
low price of the car and its low cost of operating and maintenance have increas-
ning importance in the automobile industry. Some restric-
tions are here now; more are to come. Regulation W,
example, has established the criteria on which people can buy cars. This tightening of automobile credit
has been to the advantage of the low cost small automo-
only. Even now it appears almost certain that price and
wage stabilization and some postwar regulations with us in the economy of operation of the small car will increase its sales. From this point of view, the prospects look reasonably
bright.

I have been speaking thus far about the small car, but
I want to point out that the importance of the diversi-
when that I look ahead to 1951, I must also consider the prospective market for our ma-
material in the expanding parts of our newly-
developed FarowRoad, a multi-purpose vehicle capable
performing many jobs on the farm as well as on the highway.

Marine use of our engine has been on the upgrade and
we expect it to continue grew being well received by the
interest in the inboard motor type boat. The Indus-
tial and commercial uses to which our lightweights, 28,000hp
power Croyer engine has been applied many. Its serviceable construction and light weight makes it ideal for truck refrigerating units, bus-air-conditioning systems, material handling vehicles, motor-generator
and the like. We expect this rise to continue.

The Croyer FarowRoad was developed from the out-
set as a vehicle which would serve the farmer both as a
transport and for his business. The request of time and work
necessary to convert from one to the other is minimal. The wheels may be
taken off, an hydraulic lift and tractor type tires. It may be used
with all types of agricultural implements—plow, harrow, hoe, sickle-bar mower, etc.
There are available for it also several types of truck tires. The original price
of 1960 and we are expecting increasing sales as its
flexibility is recognized by the consumer. As with
it, too, 1951 presents a favorable outlook.

But another aspect of 1951's regulated economy, com-
pete somewhat with the restrictions
upon manufacturers who use steel, aluminum, copper and other metals. Croyer may expect its production to
increase substantially as a result of the trend to
lighter weight. Of course, defense orders may permit volume production
in our plants despite these material conservation meas-
ures. We are trying to minimize the dislocation of our
production schedules which these restrictions might cause in
order that we may avoid lay-offs, loss of skilled per-
sonnel, and increased costs. I think, however, that some

limitation on our normal operation is almost certain to
result in 1951. Whether it will be offset by production
for defense remains to be determined. In such matters as these, of course,
manufac-
turers find the same challenges for the same hope that the
imposition of controls by the government may itself
be so controlled that the total production will be increased with resulting improvement in national
strength rather than on restrictions as such. In other words, let us build up
manufacturing capacity.

Were it not for the conflicts arising on the world front, I feel that all of the
businesses in our regular lines would be better than this past year, but, given the present turmoil, I must qualify my
opinion.

GEORGE H. COPPERS
President, National Biscuit Company

The outlook for the baking industry for 1951 is naturally
affected by the grave emergency which faces our country.
It could not be an easy year, but it may be an
uptrend year. The baking industry is most essen-
tial during a period of great national
emergency. It must be prepared to
help feed members of the armed
service as well as the civilian popula-

tion. It converts products of the farm, the things desired by the
ultimate consumer.

Fortunately, over the past five years the baking industry has faced the reality that 1951 bread
and large sums of money to improve equipment and capacity has
been greatly increased. Nowhere has there been more considerable than in materials handling and other tech-
ological improvements. Research has
in these areas and in improved pack-
ing of the industry's finished,
perishable products.

National Biscuit Company alone has spent over $20
million for new equipment and plans to spend the same amount during the next
five years on these substantial sums for research. Its distribution facilities have been improved
and some cases relocated for more efficient operation.
The baking industry as a whole will be required to maintain a high level of production; for one reason,
that new and increased taxes are expected to
will depend more and more on prepared foods.
The per capita consumption of biscuits and crackers,
the year, and this increased consumption is not expected to expand is expected. This is the result of producing goods not only at a higher level but at a
level of economy and standard of living. The baking industry has
manufactured its goods to the
maintenance of a price basis attractive to the
consumer.

The materials needed to produce baked goods appear at
this time, to be in plentiful supply. Therefore high production levels should be possible of attainment.

Sales of baked goods are now nearly $4 billion annu-
ally. The industry is aggressive—competition is keen.
This, of course, a healthy condition in our economy.

We in National Biscuit Company believe that the de-
velopments of the past two years, at all levels is today the most important responsibility of successful
businessmen. In addition to putting in the dollar, it is the challenge of the people who work for it. To serve the community by making goods to be sold at fair prices, and to serve the producer by being good company for those
who have strong organizations of able people. They know what is good, they have good tools (plant and equipment), and are able leadership.

I feel that the entire baking industry and National Biscuit Company can look to the future with confidence
that they will play an important role in the economic progress of the country.

BROWNLIE O. CURRry
President, Equitable Securities Corporation

Despite tremendous international complications and numerous domestic problems, I view both the short and long-term outlook for the United States with considerable
confidence. With the large numbers of people, the finest natural re-

sources and the best engineering facilities in the world, we have what it takes to handle any economic or military problems that may come its way.

In the field of equities, the outlook is generally bright. Faced with a prospect of further decline in the general price level, the security market
may be expected to turn more and more to common stocks in an effort to be offered by other types of investment securities, are not
being offered by others. The market level of techni-

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Continued from page 10

Truman's Defense Mobilization Program

needed expansion of critical industrial capacity will earn us a much greater dividend of steel from our existing resources.

In terms of man power, our present defense targets will require an increase of nearly one million men and women in the armed forces within a few months, and probably not less than four million more in defense production by the end of the year. This means that an additional 8% of our labor force, and possibly much more, will be required by direct defense needs by the end of the year.

These manpower needs will call for increasing our labor force by reducing unemployment and drawing in women and older workers, and for lengthening hours of the week in essential industries. These manpower requirements can be met. There will be manpower shortages, but they can be solved.

The second part of the job is to build up our capacity for producing industry and for our military production base.

There are many cases where our immediate production needs will require the diversion or plants now devoted to civilian production, but we cannot be satisfied with this solution alone. We must increasingly create new capacity to meet defense production targets. This will give us more economic strength, which means more power in reserve for any contingency.

The third part of the job is to increase our basic industrial strength—to build up our facilities for the production of steel, aluminum, power, and other basic commodities and services. This ability should be brought to a level where it can carry our current defense burden without the reservations that industrial conditions extending over a long period. This will also increase our ability to meet any requirements for a greater military effort.

Power of the American Economy to Perform Task

There has been a very recent demonstration of our economic power, and of our capacity for further growth. In the first half of 1950, the upsurge of business recovery from the mild recession of 1949 was swift and comprehensive. This demonstrated the soundness of our economic structure. In the second half of the year, the pace of economic expansion became more rapid. Every part of the economy responded to the challenge of international developments.

Our economic history shows that we have risen to our greatest heights in the face of our greatest challenges. From the beginning of World War II to the time of our Pacific victory, we stepped up farm output in spite of material production by nearly 90%. Our total national output increased by more than 60%. If it had been necessary, we could have done better.

We may not be able to add to our production so rapidly in the future. We have over 32 million tons of steel capacity in operation today. But we have more unused resources of manpower, power, and materials in 1950 than we have now. There are now some 25 million tons of unused steel capacity in this country. Our total resources to build up our economic defense may be less than Pearl Harbor.

The accompanying annual review by the Council of Economic Advisers estimated, after careful examination of our economic resources, that we can and should achieve an annual rate of total output more than 5% above the current level by the end of this year. We must plan and work together to increase the total productive strength of our economy by at least 25% within the next five years.

The Inflationary Danger

While it is clear that we have the productive ability to meet even far greater defense demands on our economy, we must not be misled into thinking that we can make the change to a defense economy easily. It will require effort, restraint and sacrifice by all of us.

We must put heavy restraints upon non-essential business activity. During the last few years, nearly 70% of our growing national output has gone into consumption. This has led to higher standards of living which is the ultimate purpose of a peace-time economy. But the total supply of consumer goods cannot be increased this year, and many types of goods must be sharply curtailed.

Yet the population will continue to grow; new families will continue to be formed, and more income comes for practically all groups will be generated by more production, more employment and.

Continued on page 37

More steel for America

The year 1951 will record accomplishments at National Steel which will be milestones in the Company's progress and will help materially to increase America's supply of steel.

The year will witness the completion of a new blast furnace, open hearth furnaces, and other important facilities—part of a continuing expansion program already of several years' duration.

By early in 1952, National Steel—the country's fifth largest and fastest-growing producer of steel—will have increased its capacity from 4,500,000 tons of ingots to 5,500,000 tons of ingots per year.

But National Steel will not be content to stop with this achievement. From the day of its organization, National's record has been one of constant expansion—because of unshakeable confidence in America's capacity for continued growth and improvement that would require more and more of National's products.

This confidence is as strong today as ever. As an American institution, National's plan for the future is to grow with America.
Continued from page 34

In relation to current yields and anticipated earnings. Undoubtedly the year will see some violent price fluct-
ations and the duration of the upward trend is likely to be shorter than the downward trend. The prospect is for no major change in the present pattern of interest rates, at least until a measure of stability is brought about by the tax exempt bonds. The upward trend of rates for short term loans has been accelerated by the recent yield of the return on recent issues. Interest rates will probably stabilize close to present levels. As for long-term loans, the chances are that they are not likely to be altered, and the Treasury policy is one which is strongly by the rearmament program, and it now looks as though the federal government is not likely to alter its present interest rate pattern for long term loans.

The year 1951 will witness the issuance of some new emiss-
tor bond market in 1951.

In the field of municipalities, shortages and priorities will curtail the construction of public works somewhat in 1951, but such construction will probably be higher this year than in any other year except 1950. Accordingly, the rearmament program for which the inevitable higher prices for new investments, will grow stronger. The combination of rearmament expenditures, rising prices, higher incomes, and the credit restrictions curtail residential building and resi-
dential mortgages. Institutional investors will be forced to purchase more bonds in order to meet their invest-
ment requirements. The outlook is for a strong cor-
porate bond market in 1951.

In the field of utilities, shortages and priorities will curtail the construction of new plants. The municipal and industrial utilities, however, will still be able to make their investments in new installations. A smaller volume of utility bonds is likely to be issued in 1951, but the volume of new issues in the field of utilities, at least, of the same magnitude as in 1950. The volume of new issues in 1951 is likely to be somewhat lower than in 1950, but the volume of new issues in the field of utilities will be higher in 1951 than in any other year except 1950.

In the field of railroads, shortages and priorities will curtail the construction of new railroads. The volume of new issues in the field of railroads is likely to be somewhat lower than in 1950, but the volume of new issues in the field of railroads will be higher in 1951 than in any other year except 1950.

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Truman's Defense Mobilization Program

longer hours. The excess of consumer demands over goods will rise by many billions of dollars.

They will cause intense and mounting inflationary pressures, which can be stopped only by

to fight inflation, demand must be reduced until output can catch up. This is why we must have

a stringent stabilization program.

Do we not obey this law when we cut our consumption by sending the children to second-hand

stores? We do it so that we may build a bigger and better country.

All of Us Must Plan

A defense emergency requires more planning than is customary or desirable in normal peacetime. The military build-up is a planned effort. The mobilization of industrial support for this military build-up is a planned effort. The industrial cutbacks and the necessary restraints, necessary to achieve military and economic mobilization, are planned efforts.

The major decisions as to how much goods and services must be left for consumers, to maintain a strong base for the whole undertaking, also require planning.

In these critical times, it is recognized that government must assume leadership in this planning. It has the primary responsibility for national security. It has access to the necessary information. The most important operation toward this end is the broad programming of various major requirements; the balancing of these requirements against supply; and the development of policies to satisfy needs according to priority of purpose.

But the government cannot develop these basic plans alone. The necessary expertise and knowledge are to be found throughout our whole economic system. Through constant consultation, these talents should be drawn into the whole planning effort.

All of Us Must Serve

In a defense emergency, all those on the home front should serve, to the limit of their ability, in the kind of work for which they are best fitted.

Businessmen should serve, by employing their financial resources and managerial skills to produce the greatest, possible amount of the goods which the nation needs.

Farmers should serve, by increasing their output. They have learned that during World War II, far more machinery and fertilizers were used to increase production by scientific methods. They can also serve by making shifts in output which are responsive to the needs of the defense economy.

We who work in the service, by helping to improve productivity. They should aid our national defense by proteins and fats.

The rapid expansion of the defense program must be the first objective in all that we do. But military strength does not depend upon guns and armed forces alone. There must be a balance by our industry, fed by our farms, and supported by all the people. There must be a continued balance between the build-up of the armed forces and the build-up of the economic strength.

In no task of this plan would be more important from the point of view of the nation's strength.

To achieve this balance, we would have full military mobilization, accompanied by considerable depletion of other kinds of production. In the current national situation, we must place considerable stress upon economic strength, or run the danger of being weak at some future time if total military strength should then be required.

With these purposes in mind, we must apportion materials and manpower carefully among the areas of need, stockpiling, and industrial needs. We must divide industrial supply carefully, to expand in some areas while con-

tracting in others. We must divide total civilian supply carefully between industry and consumers, so that we do not weaken our manpower while improving tools.

The handling of our natural resources is the vital aspect of this problem. Many projects must be cancelled or deferred, but those necessary for defense and essential civilian needs must go forward. If we allow our agricultural and range lands to

Continued on page 39
In the surveying for 1951 and the almost certain prospect of full industrial mobilization for war, one is naturally reminded of the immediate pre-World War II period of 1940-41. The U.S. chemical industry appears in the record of that period as having been in the same position, of being in ways better off, in some respects, if the industry could just get back to that earlier period.

In particular, the following factors are:

(1) Growth—In the past decade the industry has multiplied its capital investment and dollar volume of sales. Even discounting the increase in the value of the dollar this still represents a much larger potential "armour" of "ammunition" than at any time since 1945.

(2) Progress—The past ten years, both in and out of war, have seen intensive development of products and processes making for more efficient use of manpower, materials, and energy as well as increased production through the creation and improvement of products of greater value.

(3) Planning—A large amount of additional capacity is already under construction or in blueprint stage. Many of these new facilities will be in the way of improving the over-all efficiency of the industry.

(4) Decreased demand—While in the past the industry was hindered by an excess of capacities, the present time is characterized by an acute shortage of capacities. This new industry is not yet at the point at which it can be considered to be in a position to control its distribution; however, the over-all level of demand is generally high.

(5) No slack—In 1940, there was a fairly large amount of excess capacities in the industry, but such facilities were generally not in existence in 1951. In addition, the over-all level of inventory of our over-all economy is dependent on chemicals.
Continued from page 37

Truman's Defense Mobilization Program

Our task is to deter and, if we lose critically needed minerals and supplies of water, we shall become weaker or even lost to the stronger. If we do not expand the use of some of these resources—as, for example, through carefully selected power developments—we will not be able to reach the full potential of our industrial strength. We can build and maintain enough on the private and public use of materials and manpower for nonmilitaristic to accomplish these essential projects.

Our human resources are our main economic strength. When we finally win in the contest between freedom and slavery, it will not be primarily because of our superior technology. It will be primarily because we value human beings, and because the free man can outproduce the oppressed man. No danger could be greater than to concentrate so blindly upon building up our military strength that we neglected and impoverished the ultimate sources of that strength. Three examples will illustrate this principle.

First, we cannot afford in the immediate future to devote as large a part of our resources to the improvement of health services and facilities as we had planned to do in normal peacetime. But we cannot maintain a sound base for whatever military mobilization may be needed in the months or years ahead, if we let sickness and inadequate health standards continue to take their heavy toll. We must devote somewhat more of our resources toward improving the health of the general public. Whether the children of today will be the soldiers or civilians of tomorrow, they must grow to a strong and healthy maturity.

Second, we cannot in the immediate future find the materials and manpower to build as many new schools and provide as many new teachers as we had planned to do in prosperous peacetime. But whether the youth of today is to become a soldier or a civilian citizen tomorrow, he must receive the general education for citizenship and the technical training which a modern army, a modern factory, and a modern farm all require.

Third, we cannot expect in the immediate future to achieve all of the expansion of social security which we had planned for in prosperous peacetime. But some of the hazards which social security is designed to guard against are increased by the mobilization effort. Increased protection against these hazards will make the mobilization effort more effective. In addition, the expansion of some contributory social security programs can be an important factor in meeting the stabilization problems we will face during this period, because the immediate effect would be anti-inflationary.

In these three matters, we should give vigorous attention to meeting human needs in such a way as to increase our economic and military strength. A strong America must be strong throughout.

We Must Work With Our Allies in the Common Cause

To meet the present danger, we must help to strengthen our allies, and they must help to strengthen us.

The effort must be made by the community of free nations, working together, and contributing their own resources in accordance with their ability to do so. As the single most powerful member of the community of free nations, our country has the special responsibility of leadership. We must help other free nations to do their share effectively.

In two world wars, this country has been spared the ravages of war on its own soil. Partly as a consequence, the United States has grown stronger, while some of the other free nations have become relatively weaker. Under these circumstances, it would be wrong for us to shrink from bearing a larger part of the burden now. We are able to bear it. We must bear it.

Since the Korean outbreak, we have sharply shifted the emphasis in our economic assistance programs toward supporting the defense programs of the free countries associated with us, and we have greatly enlarged our military assistance program. There is no water-tight distinction between military assistance and economic assistance. Our friends abroad need both. For their military efforts to be strong, their economies must be strong. When we contribute to their military strength, we leave more of their own resources free to improve their economic strength. When we contribute to their economic strength, we leave more of their own resources free to build up their military strength. The relationship between the two types of assistance should be determined realistically on grounds of efficiency, and not by arbitrary labels.

The programs of economic assistance that we have undertaken have added greatly to the strength of other nations friendly to us—nations believing in freedom and justice. This gain could be diminished, if the military build-up which they must now undertake should weaken their economies.

The close connection between our nation's economy and its military efforts makes it impossible for peoples to be allies on one front and strangers on other fronts. When we join together for military purposes, we must also cooperate for economic purposes. When we consider jointly the distribution of armed forces, we must consider cooperatively the use of strategic economic assets.

In this whole process of cooperation, the strongest must do the most, but all must do their part. While our resources are great, they are not unlimited. As we make a portion of our resources available for use by others, we expect them to use this toward the ultimate goal of their own freedom, and ours.

Continued on page 41

The chemical structure shown at left framing the trees represents cellulose in the language of chemistry. Most of the highly purified cellulose used in this country is derived from wood.
tificates are being granted to defense contractors—has placed the current order in motion, and machinery and equipment available. Contractors know from experience that if they are awarded funds or permanent capital for large machinery and equipment outlays and will prefer to budget payments over a period of months, thus avoiding too deep a drain on resources. The several plans of the current order are succinctly summed up in a single individual purchaser to pay for machinery on a scheduled basis, out of the company's profits, which will produce, will meet with ready response in 1951.

The commercial finance companies through the application of worthy capital to industrial needs, field restrictions, field warehousing arrangements, and similarly related devices, have made possible the release of capital tied up in inventories.

In providing manufacturers, processors and dealers in durable goods with quick access to a specific type of financing, commercial finance companies have found that the percentage of working capital tied up, varying from 90% to 40% depending on the type of merchandise taken as collateral. Consequently, instead of having straitened and insecure operations, the services of commercial finance companies are expected to be utilized in the present emergency, to a far greater extent than heretofore.

While inventory levels are below normal volume at the present time, it is contemplated that this form of lending will increase as inventories are built up in order to satisfy the demands of new contracts and, of necessity, must be held until the manufacture of other components are completed so that an orderly flow of goods may be assured. Unencumbered commercial financing involved in the purchase of businesses, reorganized in the community, resulting in extraordinary claims, in 
in any field was high in 1950 but every indication points to a further reduction in activity as the man-made crises are eliminated. New industrial-aided manufacturers find they must fit into the defense picture or go out of business.

The commercial finance companies are vital to the economy of the country. They are an essential part of our industrial, trade, and financial system. Without the assistance of the commercial finance companies in the past. Every forecast points to a more extensive use of these facilities now and in any other period in the history of the industry.

**ALLEN B. DU MONT**

President, Allen B. Du Mont Laboratories, Inc.

Television, like all American industry, will contribute to the National Emergency effort in 1951. The defense effort will be in line with the planning stage and into fall swing in terms of men and materials. It will be difficult to gauge its effects on television activities.

The big problem for television in 1951 is, of course, production. The demand for television sets and related equipment will be great. The companies, with the planning stage stage into fall swing in terms of men and materials. It will be difficult to gauge its effects on television activities.

Just how much this will effect production is any one's guess. It may be that 25% fewer sets will be made than in the 1950 October-September period when receivers came off the assembly line at the rate of 9 million a year. Since it is impossible to say when price raises are coming or what they will be, it is to be hoped that the shortages will not give rise to illegal price and marking practices, which, in this case, may lose the consumer, and raise the price to the consumer, and thereby lose the consumer, and thereby lose the consumer. In any event, the Du Mont company will adhere to the highest standards of good business, and will not turn a blind eye to possibilities to an absolute minimum.

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Credit Controls: Controls over business and consumer credit also help hold down inflation. Regulations W and X, issued by the Federal Reserve Board, have established higher down payments and shorter repayment periods for those who buy durable goods and new one- and two-family houses on credit. Multi-family housing is now being brought under Regulation X. As the detailed requirements for the defense program and other vital purposes become clearer, it may be necessary to make further changes in these regulations. These regulations are now well suited to help reduce more moderate reductions in supply. If circumstances force acute reductions, more direct measures will be needed to assure equitable distribution. In the meantime, the authority to control housing under Regulation X should be enlarged by the Congress to include credit for the purchase of existing homes exempt under the present law. The Federal Reserve Board has also taken steps to restrain excessive loan extension, by raising bank reserve requirements and allowing short-term interest rates to rise.

Price and Wage Controls: We must use direct controls, as well as these tax and credit measures, in order to deal with the problem of inflation. In the case of prices and wages, considerable work has been done. In addition to the manifold efforts affecting automobile prices, substantial progress has already been made through negotiations towards securing effective price stabilization in such basic materials as steel, copper, lead, zinc, and certain basic industrial chemicals. Negotiations to secure effective price stabilization are under way with producers of other basic products. A number of regulations for mandatory action are in preparation.

We must achieve general stability as rapidly as possible, and hold it for the duration of the present emergency. This will require the broad extension of price and wage controls to hold down the upward spiral. The staffs in the apply broader controls are now being rapidly gathered.

In the case of prices, the general policy must be to hold the price line with utmost rigor, as the instances are rare indeed where further price increases are needed, either to stimulate production or to provide adequate profit incentives. In these rare cases, some price adjustments subsequent to stabilization may become necessary to stimulate vital production. It is my confident belief that price adjustments, after stabilization, will not be only in an upward direction. In many industrial lines, extensive additional production, made possible in many instances by military orders added to civilian orders, will result in lower costs, which can be passed on to consumers. Future policy will be to hold the price line as rigidly as possible, and to hold it down by administrative and legal action. If further price increases should become inevitable, they should be met by immediate action of the law, backed by the full force of the Federal Reserve Board, and by adequate statutes.

Economic Stabilization

The government has been moving toward the goal of stabiliz ing the cost of living and hold down inflation. In May, the Congress passed the legislation which since the middle of the calendar year 1936. But it was commonly acknowledged that these were only the first steps. We must now, as rapidly as possible, take the next step, and it must be a big step, in view of the size of the new defense funds which have necessarily been appropriated and the required additions to these funds which will be set forth more fully in the Budget Message. Legislation should be enacted, at this session of the Congress, to increase taxes by very much more than they were increased by the last two major tax bills which the Congress enacted.

There new taxes are required to finance the defense effort; and to help keep total spending within the capacity of current production, so that inflation does not reduce the purchasing power of the defense budget, reduce the real value of people's savings, generate speculative buying and hoarding, and impede essential production. The real economic cost of this defense effort is that we must work harder, reduce consumption, and make improvements in farm, business, and household equipment. This cost cannot be put off into the future. It must be paid by the people now, one way or another, and it should be paid through taxation. In the case of commodity prices determined by the Congress and not by the uncontrolled and inequitable incidence of inflation.

The new tax increases, now required, must press harder upon every source of available revenue. Corporations should pay much higher taxes. Individuals should pay much higher taxes. Excise taxes should be higher and more extensive. Many loopholes in the tax laws should be closed. In the near future, after further consultation with legislative leaders, new tax proposals will be transmitted to the Congress.

Taxation must be supplemented by greatly increased saving. Every dollar saved means a dollar less of inflationary price pressure. The alternative to saving is not buying more goods now, because more goods are not now available. The saving will go to amounts with which to buy the goods at a later time when they again become plentiful. The savings are either more taxes or inflation.

Savings help most in the defense effort, and do the most to hold down inflation, when they are invested in government bonds. The Treasury will continue its policy by reducing the amount of Federal bonds and placing the maximum proportion of government securities in the hands of the public, particularly individuals. The savings bond program supports this goal and encourages saving.

Continued from page 39

Truman's Defense

Mobilization Program

aid well and efficiently in the common purpose. In addition, our aid will help them in these cases to increase their production, fire more plants and ours, of materials which we do not have in sufficient quantity...
Continued from page 40

ALFRED EPISTEIN
President, Pfeiffer Brewing Company

After a year in which many of the regional breweries enjoyed the greatest sales volume in their history, the brewing industry faces present-day economic conditions of a mixed economy with calm confidence. A number of reasons exist for this confidence. Chiefly among them is the fact that raw material supplies, prospects for higher national and international population, greater operating efficiency of the well-managed breweries.

From a raw material standpoint, the year 1951 was the third largest on record and exceeded the average of the previous eight years. These, incidentally, were the most productive in American agriculture. Other raw materials essential to production of beer are also in the supply. The 1950 corn crop was substantial and ample stocks of hops exist. As a matter of fact, Pfeiffer Brewing already has contracted for 1951 requirements, thereby assuring adequate quantities throughout the year.

Shortages may be felt in only one direction, namely in the supply of labor. For many in-managed breweries, however, this problem can readily be met by more sloppiness. The demand for labor seems logical to continue growth in sales of the country's mainstays, the beers in the line.

There is little prospect for any important retail price changes in the immediate future, despite the fact that the present administration has somewhat reduced the price of most raw materials and higher labor costs. This increase should prove inadequate. Unless prices are raised, there is no reason for prices to be increased.

This brings up another point. Since repeal, there has been a demand for the number of brewers operating. This has been the direct result of keener competition in the industry. It is clear that the number of small brewers still prevailing, it is likely that 1951 will witness a continuation of the trend. A number of the smaller concerns will discontinue operations with a greater volume flowing to the larger and better managed breweries.

Many of the regional breweries showed sizable gains in sales during 1950. As the industry as a whole, however, did not reach its peak until the closing months of the year. With the present favorable conditions, there is a strong presumption that growth in sales will be maintained in the last quarter of 1950 will attain greater momentum in 1951.

It is interesting to note that during periods of crises and full employment, beer consumption normally goes up. With the great number of new jobs available, and the increased purchasing power of the general public, natural to anticipate a similar gain during 1951. It is also likely that the effect of the present toward regional breweries which has characterized the past year will continue. It is likely that the tendency will continue and the individual has to budget, the present condition of the individual and the expense of operations should continue to show the largest percentage sales gain with the national breweries running a close second and the regional breweries showing further contraction of sales volume.

L. J. FAGEOL
President, Twin Coach Company

Any prediction as to business volume in the bus industry in 1951 must, of course, be qualified by the state of non-automobile production which will be wholly governed by war conditions and the availability of materials.

Public transportation, essential in peace, becomes doubly important in war. For nearly in-exempted increased numbers of war workers be made to travel daily to and from their employment. In 1950, the nation's 88,500 transit vehicles (rapid transit cars, street cars, trolley buses and interurban buses) carried about 250,000,000,000 passengers.

In 1951, the fare is sure to be increased. And the fare increase is sure to be increased. And the fare increase is sure to be increased. And the fare increase is sure to be increased. And the fare increase is sure to be increased. And the fare increase is sure to be increased. And the fare increase is sure to be increased. And the fare increase is sure to be increased. And the fare increase is sure to be increased. And the fare increase is sure to be increased. And the fare increase is sure to be increased. And the fare increase is sure to be increased. And the fare increase is sure to be increased. And the fare increase is sure to be increased. And the fare increase is sure to be increased. And the fare increase is sure to be increased. And the fare increase is sure to be increased. And the fare increase is sure to be increased. And the fare increase is sure to be increased. And the fare increase is sure to be increased. And the fare increase is sure to be increased. 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Truman's Defense Mobilization Program

—on both to civilian buyers and to the Defense Department.

To prevent excessive speculation in the wholesale price fluctuations in their prices, the Defense Department should be granted authority to control it. Price fixing could be strengthened by regulations to control the exchanges of commodities.

The small stabilization must be undertaken, because of the great importance of the stabilization program. Inflationary pressures become less serious. Various constructive programs may be developed to obtain the desired effect. Wage adjustments related to increased social security contributions would be one method. Other effective saving programs should also be considered.

I firmly believe that effective wage stabilization must draw heavily upon the experience and viewpoint of workers and employers with practical experience. That is the principle underlying the Wage Stabilization Board. The Board is to be commended for its policy of consultation with representatives of labor, management, and the public. I earnestly trust that a sound and fair wage stabilization policy will quickly result. Such a policy will provide the best foundation for effective wage stabilization. The principle of wage stabilization policy which will relieve the cooperation of those who would be affected and those who will serve the best interests of the community in this emergency.

In the interest of economic stabilization all groups should consider the effects they receive fromchanges in taxes. Of course, heavier taxes will make it harder for everybody. But for any group to seek to adjust its income upward, to counter the higher taxes which the program is calling necessary, would tend to reduce that group from its share in the cost of achieving national security.

I am sure that every group will accept the necessary sacrifices in this emergency, if the whole stabilization program is fair and equitable. Effective price and wage controls, much higher taxes on business profits, and taxes with many other restrictions which will affect the whole population, are all aspects of a comprehensive stabilization program in which we must face the future.

It is already plain that the present rent control law has been made obsolete, in the light of the necessary curtailment in the rate of housing construction and the current inflationary pressures. Since we have accepted the stabilization program it is clear that we must deal with it.

H. D. Ellis Partner

D. H. Ellis & Co., 52 Wall Street, New York City, members of the New York Stock Exchange, admitted Schuyler Orvis to partnership on Jan. 4. Mr. Orvis was active as an individual floor broker or on the Exchange.

CSC QUARTERLY PROGRESS REPORT

From the President's Letter to Stockholders

Commercial Solvents Corporation had its largest volume of business in the fourth quarter of this past year. Sales are running at the rate of 5.3 to 6 million dollars per month, and earnings are satisfactory. Production is being pushed to capacity in all plants and all lines of our business. Supplies of certain raw materials are critical in a few units and are retarding production at capacity limits in those cases, but relief of such shortages is being vigorously sought.

NEW NITROGEN SOLUTION PLANT

Despite the difficulties of new construction, it is our belief that the first unit of our new nitrogen solution plant at Steffington will be ready for operation about March 1, and shipments from this unit will start moving to the fertilizer industry about that date. The second unit should be in operation sometime in June.

EXPANSION OF ANTIBIOTIC PLANTS

The expansion of our antibiotic plants at Terre Haute is moving on schedule, and increased production of penicillin and bacitracin should be a reality by mid-April. This is of tremendous importance at a time when our armed forces may be needing ever-increasing supplies of these drugs.

Shortages of supply of three basic raw materials—chlorine, benzene, and sodium hydroxide—are currently limiting our production of benzene bacitracin. While we hope to obtain early relief for our present production of this important insecticide, these shortages are of such a nature as to cause us to defer for the time being the construction of the Linding Place, which would be dependent on additional amounts of these raw materials for its successful operation.

SUPPLYING OUR GOVERNMENT

With the reactivation of the alcohol bulletin plants by the Government for the production of synthetic rubber, we are now shipping alcohol to several points of operation from our grain alcohol production at Terre Haute and Peoria.

When the Government's military requirements are established, our company will undoubtedly be called upon to furnish its share of many important and critical chemicals, such as ethyl alcohol, ammonia, the antibiotic drugs, and others of almost equal importance.

OUR COUNTRY'S INTERESTS

The purpose of this report is to keep you informed about the company's operational situation and new domestic or world affairs. However, the seriousness of our country's situation cannot be discounted. We can only say, at this moment, that while we hope our plans for future growth will not be deterred by controls and regulations, our country's interests and requirements will have first consideration.

J. Albert Woods, President

COMMERCIAL SOLVENTS CORPORATION

17 East 42nd Street
New York 17, N. Y.
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EDMUND FITZGERALD
President, The Northwestern Mutual Life Insurance Co.

The general economic conditions which prevail today and seem likely to continue, are conducive to a profitable business of low taxes and living costs, coupled with some restrictions on new construction, are being translated into lower flourishable rates. In our opinion, the new construction rate for the year is likely to be 10 per cent lower than the high rate of 1920, and the rate of building for 1921 will be lower still. For the present, the new construction rates are being held so that the building volume will continue to be a healthy rate of growth for life insurance in force during the next five years. The trend of the market, of course, will permit the centralization of data. We view the rate of growth of the life insurance business with favor. It has been unusually favorable for the last five years. The experience of the first six months of 1920 showed an increase over the preceding six months.

The recent governmental credit policies have left the impression of having an effect upon our mortgage loan investments. A decline in the number of applications for credit which has been occurring for some time is in evidence, although we are still making investments in this field at a very conservative rate. The demand for mortgage loans is still strong. We are not prepared to make any change in the credit policies which we have adopted and which continue, to be particularly, in manufacturing and transportation equipment fields.

The tariff which may arise because of war being studied by the Northwestern Mutual as of other life insurance companies is a matter which is too large to meet as they arise. The threat of severe infec-
tion continues to darken the horizon and is a factor of great importance for the industrialist, because there is little or nothing that the government can do to prevent the trend of mortality, which has been unusually favorable in recent months.

The great industrial state of Michigan can count on an annual supply of natural gas which is sufficient for 19,000,000 cubic feet of natural gas from the Panhandle Eastern System. In 1906, the state's natural gas industry was in its infancy, and the state's total supply of natural gas was very limited. A substantially increased supply will be available and will permit the development of the state's industries at the center of the country.

To be continued...
Warns Russia Will Fight If Germany Should Rearm

Hugh Baillie, President of United Press, points out creating Germany a huge defense force in Western Europe may mean a second Kornetz incident.

If the Russians' threats are to be believed, they will not stand idly by to see the Germans build a new army under the auspices of the Atlantic Pact nations, Hugh Baillie, President of the United Press, said on Jan. 12.

"They are already trying to develop an organization of the army with scarce propaganda. What they will try next remains to be seen," Mr. Baillie said. Addressing a group of industrial leaders at a meeting in Pittsburgh, Pa., Mr. Baillie recalled his recent visits to "two Russian fronts," the battle front in Korea and the diplomatic front in West Germany and Berlin.

"We challenged a Soviet satellite in Korea," Mr. Baillie said. "We sent our armed forces to drive back the North Koreans and now find ourselves fighting the Red Chinese hordes. "Now we have sent General Dwight D. Eisenhower to Europe to lay the groundwork for creating a Korown army. But the Russians will not stand idly by and watch the Germans rear up. They will do all they can to frustrate the efforts of the North Atlantic Treaty army."

"The Germans, on the other hand, will be expected to take full advantage of the tremendous break which has been handed them by our need for their forces in the new international army."

"West German Chancellor Konrad Adenauer told me last month in Bonn that there will be lasting peace only when the West is able to confront Russia with a military force which Russia considers dangerous. To do this, he said, we need closer cooperation. We will get this cooperation when Germany is allowed to feel she no longer is a second class power, occupied by her conquerors."

Joseph Masek, and Walter Chapman Join M. H. Bishop & Co.

MINNEAPOLIS, Minn.—M. H. Bishop & Co., Thorpe Building, announce the recent employment of Joseph E. Masek has become associated with them as manager of the trade department and Walter C. Chapman as sales representative. Both were formerly with Charles A. Pullman Company, Mr. Chapman being manager of Charles A. Pullman Company from March, 1954, until April, 1961, when he entered the service in the National Air Transport Service. He rejoined the firm in April of 1946.

"The Germans have no intention of being content with combinations of 5,000 men in the international army. What the Germans want is a German army with a German general staff and a German air force. They don't want Frenchmen or British commanders directing their troops. They want their own military to be permitted to work freely again, they want to be relieved of the costs of the occupation and to be allowed to rebuild their shipping."

Mr. Baillie said Adenauer is a shrewd bargainer and a tireless negotiator.

"We have opened discussions with his military advisers on German participation in the new army," he said. "At the same time there is a strong socialist movement in Germany against rearmament. So Adenauer is also carrying on talks with East Germany where leaders are propagandizing for the reunion of the Eastern and Western zones."

"I was informed that the Russians have in Eastern Germany 30 divisions on a full war footing, motorized units, armored divisions, plus jet planes and bombers which would be able to strike on 24 hours notice. Confronting them in Western Germany are two American and two British divisions."

"Dispatches from Moscow leave no doubt as to seriousness with which the Kremlin views the plans of the Atlantic Powers to build a joint army and to revive German military power. Military leaders pointed out that the makings of another Korea already exist in Germany. If the East Germans make 'alert police' moves into Western Germany, the United States forces could be expected to resist and we would find ourselves involved in another internal war, with Russia again on the sidelines, her own forces not participating.

"Some British authorities regard the rich Persian oil fields in Azerbaijan as the key to the future war intentions of Russia. Russia's military forces are less mechanized than those of the West and she would require less oil."

But it is not believed that she has enough now to carry on a major war. So any move by the Soviet into the oil fields of Azerbaijan would be regarded by many as tantamount to final preparation for World War III."

"Virtually all the statements I talked to in Europe, in Britain, France and Germany, hoped that the Korean war could be terminated quickly, at least as far as the use of ground armies is concerned. They regard Asia militarily as a risk-hole, a bottomless pit which ultimately would absorb so much of our strength as to leave the United States unable successfully to defend Europe should the need arise."

"Six National machines save us $30,000 a year"

"American Airlines"

"This new Accounting Machine is as modern as our newest planes."

American Airlines says:
"The six National Accounting Machines we recently purchased from you have saved us about $2,500 a month—or $30,000 a year."
"We find them as modern for today's accounting as our latest planes are for today's flying. Our improved billing is much appreciated by Collecting efficiency has been increased."
"When first installed we figured this National equipment would pay for itself in two years. But at the present rate of saving it will pay for itself in less than a year."
"In these days getting more work done better and faster...and at lower cost...is quite an achievement. We think you have a representative for a fine job, splendidly done."

Vice President and Treasurer

THE NATIONAL CASH REGISTER COMPANY

THE NEW "CLASS 31" MULTIPLE-DUTY NATIONAL ACCOUNTING MACHINE

In the test work in mechanized accounting. Never before has one accounting machine combined so many time-and-money-saving features. Among its many advantages are: 1. Automatic selection and control of more than 70 functions by arrangement of punching cards. 2. Simultaneously adds and subtracts, or transfers balances into any combination of totals. 3. Instant, positive correction in one operation of amounts entered in error in any combination of totals. 4. Electric typewriter keyboard permits description wherever desired. 5. Fluid-drive carriage travels in either direction at uniform speed.

Ask your nearest National representative to demonstrate the amazing "Class 31" today. Or write us at Dayton, Ohio.
Continued from page 44

abreast of the needs of the nation. Prompt action is reque- red to meet the needs of the defense program.

Rates must necessarily be adjusted to production needs. Higher costs, both in materials and wages, and taxes should be paid and absorbed by the higher prices. The railroad industry, making possible the continued provision, out of earnings, of that transportation service which is essential to the habilitation of the properties as they wear out under the heavy loads of defense and preparedness.

The situation is one of reason and prompt com- sideration and cooperation in such matters, the American people having grown more mature.

Railroad earnings have improved in recent months and, assuming a rate structure which will catch up with the increased earnings, and there will be any further inflation in the future, earnings should continue to improve in accordance with the demand conditions. Of course, also contingent on a reasonable attitude of labor in general.

Yet the physical condition of our railroad today is infinitely better than it was 25 years ago. Just prior to World War II the Katy was at the end of a long era of lean years. We were burdened with outmoded equipment, worn rail, and extended facilities. Most of our locomotives, all steam, were past their prime, and laggily in need of replacement. Today, the Katy is modernized, and we are using the most up-to-date equipment. We are using radio communication equip- ment in yards and on many important freight trains.

In addition to the general replacement of passenger cars, gondolas, etc.—have been added to our rolling stock, and passenger equipment is either new or has been renewed.

The Katy is better prepared to handle the transportation needs of our territory than at any time in its history.

The outlook for 1951 in the railroad field is for a sub¬ stantial volume of traffic. While the many uncertainties of the current situation and the drastic business conditions make predictions difficult, there seems to be little doubt that another railroad year will be a success. Traffic during 1951 will be increasingly geared to an all-out defense effort. The Katy will be fortunate indeed if it can be permitted to place its transportation system in readiness to meet the demands of the defense program.

The doubling of America's railroads a tremendous national undertaking. They are ready to do their part.

During World War II, the nation learned how essential our railroad service is to the national welfare is on railroad transportation, a lesson which will not be forgotten. As a result of this lesson, our roads will have made available to the public the time and equipment necessary to keep them in good repair and in a condition to perform their tasks satisfactorily, and the Katy is prepared to perform with an even higher degree of efficiency.

Experience has demonstrated that our rail system performs best under private ownership and private management, and it is the aim of everyone of us that it shall be kept that way.

Paul V. Galvin
President, Motorola Inc.

The radio and television industry has just completed its most outstanding year. The year has been marked by a substantial increase in both volume and revenue. Our industry this year will come close to doubling its sales of television equipment to the American public, which is 'a tremendous increase over that of last year and a record for the past.

In the recent months a number of developments have been shown to be in the path of the industry and for the most part unexpected. The year has been a very over¬ come. The year has been a year, possibly an unfavorable year, but the industry has overcome. The situations have had some effect on the industry, but for the most part the demand for merchandise, but for the most part the demand for merchandise, has been able to overcome these obstacles and move forward. Our industry has been able to overcome these obstacles and move forward.

At the present time the outlook for our industry is that approximately the same number of television sets will be delivered in the first quarter of 1951 as were delivered in the first quarter of 1950. This will be a reduction over our peak capacity. The second quarter will be somewhat down from this, and it seems apparent that the industry's pressure on the manufacturers for the year 1950. There is little indication of no inferior fore¬ see it at this time.

A number of factors, including the growing strength of our defense industry, the growing strength of our defense industry, the increasing strength of our defense industry, and the increasing strength of our defense industry, the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength of our defense industry, and the increasing strength
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available long prior to the beginning of hostilities. Although many attempts were made to design new aircraft to take over the duties and functions of these militarized descendants of civilian prototypes, not one of such attempts was successful. The airplanes that were produced for these purposes were merely useless prototypes which never reached an operational status, in spite of the fact that the war was extended over a period of about four years. It is axiomatic that no airplane designed after Pearl Harbor Day ever reached an operational status during the war. There are no substitutes for time and usage in the achievement of a satisfactory airplane.

The continuation of the manufacture of civilian types of aircraft is of some importance to the military forces concerned with aviation matters. Although present circumstances make it appear that we soon will be involved in total war, those who wish to destroy us may plan otherwise, for reasons beneficial to themselves. If total mobilization is delayed for a considerable period, the lack of a civilian personal aircraft manufacturing industry would have serious consequences for the military forces. Neither the facilities, the manpower, nor the engineering designs will be available for conversion to military usage unless the manufacture of civilians personal aircraft is protected and encouraged during the period of partial mobilization.

The Beech Aircraft Corporation, as well as all the other aircraft manufacturers, is expanding its military production as rapidly as definite orders will permit. The management of Beechcraft finds no serious shortages of manpower or materials nor any lack of eager organizations who wish to sub-contract component parts. If and when the green light is turned on, the airframe manufacturer is ready to go.

Their profit picture, of course, is subject to all of the restrictive factors involved in Government business, and it is unlikely that there will be any large windfall for the stockholders after the application of price determination, price renegotiation, income taxes and excess profits taxes. It does, however, appear that a stable earning period is ahead.

WALTER GEIST
President, Allis-Chalmers Manufacturing Company

Allis-Chalmers has just completed one of its most gainful years of production. Both our tractor and general machinery divisions were able to produce, at high levels despite the coal strike, steel shortages and an increasing difficult situation regarding other materials which developed toward the end of the year. This increase in our production cuntained mainly of 'important goods, although some defense orders were being filled in the last half of the year. We are pleased that our predictions of a year ago were quite accurate.

To prognosticate the year 1951 is most difficult. As a company manufacturing almost 1,600 different products, ranging from small component parts to complete units, we are naturally affected by critical shortages in most types of metals. We expect to be able to meet this problem unless arbitrary controls and allocations are established.

Allis-Chalmers has been an important manufacturer in fulfilling the country's military requirements during World Wars I and II. All of our products contribute greatly to the national interest. With the declaration of a national emergency and the stepped-up tempo of defense production, we again expect to receive more and more orders for goods necessary to our national security.

We do not feel that our non-military products, generally speaking, will be materially affected by controls as they now seem to be developing. It is our belief that the government will recognize from its experiences in the last war the importance of farm machinery and will not cut back the production of these items as seriously as was done in World War II.

In this critical period it is important that industries such as ours operate at capacity. The products that are processed through our plants are vitally important to our defense preparations. These products, for example, are farm machinery and equipment to produce food-stuffs; electrical equipment for the generation and transmission of power; equipment for mining and processing of iron ore and other metals; construction equipment for the building of roads and airports; and a host of others.

There will very likely be manpower problems before we reach the end of 1951. The extent of this problem depends upon the extent that mobilization cuts into our present employment. Special appeals to women, temporary workers and older employees may be necessary.

A part of our difficulty with material shortages in 1950 was the direct result of strikes. It is impossible to predict how much of this will be repeated in 1951, although one would assume that in the present national emergency all segments of our economy would unite to prevent any disruption of production.

Because of these uncertain circumstance prognostication for 1951 is extremely hazardous, but I think that I can "go out on a limb" with the prediction that 1951 will be a better productive year for our Company than 1950. It may even become the biggest productive year in our history. The potentiality of increased taxes, necessitated by our expanding defense program, makes it impossible to include profits in this prediction.

We sincerely hope that our research and development work will be able to continue on an expanding basis and it is my prediction that 1951 will bring an even greater degree of development and research success.

Allis-Chalmers as a company recognizes its responsibility to the nation in this critical hour of need. We pledge our full support to the program of building our defenses for the preservation of our traditional freedoms.

LORING L. GELBACH
President, Central National Bank of Cleveland

The year 1950 was a good one for industry and banking. Earnings and dividends increased in keeping with the high level of business prosperity. Banks benefited particularly from the high level of capital and consumer goods production through an increase in commercial, personal and mortgage loans, as corporations and individuals borrowed funds with which to finance the expanding economy.

The President's recent proclamation of a state of national emergency officially marked a turning point in our economy. However, the long-term armament needs of the Government became alarmingly evident upon the outbreak of the Korean War.

Businessmen must be prepared to live under radically-changed conditions for many years to come. The magnitude of the defense program, the time available for superimposing a defense economy on an already-expanded civilian economy, and shortages of labor and strategic materials will create many strains.
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throughout the economy. This will necessitate the additional use of the full utilization of a large amount of the nation's resources if we are to maintain a well-balanced economy and avoid further inflationary pressures. Another breakthrough is not far off, and the economy's response is likely to be more rapid than ever before to prevent whatever services will be required of them throughout the country. The exercise of restraint in the granting of non-productive credits is essential if prices are to be stabilized. The controls on our economy appear much more likely under present inflation-prone levels than was the case in 1951. A further part of this is the circumspection over the money markets and the banks are expected to act more cautiously in maintaining a stable level of interest rates.

Once the strains of reconversion are past, a high level of industrial production appears assured. Increased plant capacity will stand available for 1951. The current inventory cycle will be accomplished in the years immediately ahead, in order to control the pressure for consuming good. The reduction of production at a time when the standard of living will be declining has already been a good one for industrial goods. Some price increases are anticipated, which will result in a rise in the cost of living. Increases in taxes and savings, sufficient to pay for the rearmament spending running well over the ability of the Government to finance the deficit financing will be required throughout the latter half of the year. The amount will depend upon the speed with which reconversion can be accomplished under the restrictions of necessity and upon the willingness of the public to accept the added burden of government.

The impact of the above influences on the banking system will probably be substantial. A long year will not be enough as would many anticipate. While increased controls over the money market will be necessary, the maximum rate of inflation will be insufficient to the public's needs.

In no recent year has a greater sense of the need for restraint been experienced than in the present one, and the visible signs of this are the present interest rates. The problems confronting bankers in the defense economy of the coming year are likely to be much more complex than before. The more recent restrictions of necessity put the banks in a dilemma, for although they are expected to continue to continue to grow, the rate of growth will depend very largely on the amount which the Treasury retains its margin obligations and its ability to sell in the public on the possibility to move through the Treasury in the bulk of the Treasury obligations.

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Securities Salesman's Corner

By JOHN DUTTON

It seems to me that quite often when you write a story, you write things that either strike you in the back or don't mean much. Of course you can over-simplify, and sometimes make a story too simple. What happens is that you tell the story, and all you believe happens when a "good" sale is made. There are in fact both "good" sales and "bad" sales. In my book, a "good" sale is one where the customer benefits, and a solid relation is established between a buyer and seller. Following is a course of what happened in this little story, and see if you don't agree that the foundation of success in sales work is to "find out what the other man wants and needs, then help him get it."

An investor answered a newspaper advertisement which offered a report on a well known local security. He had heard that this stock had a rather erratic market history. It started off as a new, untested venture, and the price level finally advanced to a point where a sizable block of "new issue" stock was offered at a historically high price. Soon after the offering the price declined, and continued downward about 40%, in face of the advancing market of the past year-and-a-half.

When the salesman in this case called he was almost assured of an interested audience. The approach by letter had been made on the theory that there was an actual need for advice regarding what should be done in connection with this particular security. After a brief discussion it was apparent that this investor had several other securities that were giving him cause for concern. The conversation continued until the prospect said, "What really bothers me is not so much what I should do. I have these other holdings, but I have $400,000 par value of XYZ convertible bonds. That I bought at 83 some years ago, they are now selling at 75. What should I do with them now? That is what bothers me most."

It would have been both a natural and an easy thing to do, if the salesman had barged right into that block of bonds with the thought in mind of making a "switch" or a trade. He might have made a sale. He might have had this investor in his system to bring in other business, but he took another course. He was certain that this was not the big block of bonds that was causing the worry. It was some-thing more fundamental. He began to probe. He asked for permission to ask a few questions of some of them quite personal. At the end of about five minutes of further discussion, here is what he was told: This man was retired. He was 65 years of age. His wife was living but in poor health. His total income came from securities. He could not go back to work again if he ever lost his money. His prospect was worried about his wife's future when he was gone. He was worried about his stocks, he was a big-top-heavy holding of speculative bonds. He was worried because he realized he didn't know enough to invest his money successfully in times such as we have today. He was worried because he didn't know his own mind and didn't know how to make his own decisions.

I have boiled this down, but I hope you will find that it is the same thing that goes on in the back of people's minds today. I actually believe that if you can ask enough questions you will find out where the "main issue" lies. Once you bring it out in the open, all you have to do is to

Indep. Candidates for Curb Governors

An independent, partial slate of five regular members of the New York Curb Exchange to serve three-year terms as Class "A" Governors of the Exchange, has been nominated by petition, in accordance with the opportunities afforded by the market's constitution for presenting independent candidates for action at the annual election, it is announced by Francis Adams Trustow, Curb President. The election is scheduled for Feb. 13.


The Nominating Committee, elected in June for the purpose of meeting with members and their partners for discussions and suggestion in connection with office to be filled at the annual elections reported their findings to Mr. Travis on Jan. 8. This coincides with the constitutional provision that the Committee report its nominations to the Exchange five weeks prior to the election. The Committee is composed of four regular Curb members, two partners of regular member firms and one partner of an associate member firm.

The Exchange constitution provides that independent nominations may be made by written petition filed with the President within three weeks after the posting of the Nominating Committee report. Not less than 25 regular member signatures must appear for each candidate, and a member can nominate or endorse no more than one candidate for each office.

It was in accordance with these provisions that the independent petition was filed with the President.

With Beyer-Rueffel Co.

(Special to THE FINANCIAL CHRONICLE)

DAVENPORT, Iowa—John C. Beyer, Jr., has joined the staff of Beyer-Rueffel & Co., Kahl Bldg.

With Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

GALENA, Ill. — Adelbert J. Adams is with Waddell & Reed, Inc. of Kansas City, Mo.

Are you on the spot?

Dissatisfied with your products?

Trying to make better products?

Suffering from product shortages?

If you are a manufacturer faced with any or all of these problems, you will be interested in the many new Armour Chemicals from Fats.

You'll want to know about Armour Chemicals whether you make comestibles or germicides—crayons or rust preventatives—synthetic detergents or printing inks—polishing waxes or paints—carbon papers or plasticizers...whether you're interested in water proofing or asphalt binding; textile dying or ore flotation. These applications indicate only a few of the many possible uses for Armour's high molecular weight aliphatic chemicals...the Armeeons, aliphatic amines; the Armacis, amine acetates; the Armids, aliphatic amides; the Arneys, aliphatic nitriles; the Arpoids, quaternary ammonium salts.

In addition, there are the Neo-Fat fatty acids...high-purity fractionated fatty acids developed from the Armour fractional distillation process...and industrial oils which help to solve your problems.

Armour also serves industry with the world's most complete line of some 70 bulk soaps and detergents for commercial laundries, hotels, hospitals and other institutions. Armour produces Adhesives, Leather, Coated Abrasives and Rubberized Curled Hair for industrial uses.

Your inquiries will receive prompt attention. Please address Armour and Company, 1355 W. 31st Street, Chicago 9, Illinois.
Inclusive of crude oil and refined products are, in relation to demand for American gasoline, about the same as last year. Gasoline consumption for the year 1951 is expected to exceed industry forecasts. The reserves of crude oil are now estimated at 242,000 barrels. Any increase in the year 1950 was nominal, despite heavy exportation. Present importation will probably not affect the ability of the industry, tend to increase. Taking these factors into account, it appears that the petroleum industry, in the fulfillment of its responsibilities and obligations to the entire country and the world, for the development of the volume of the market, will be even in the next year, 1951, in spite of the rapid strides in the distribution of natural gas.

WALTER S. HALLANAN
President, Plymouth Oil Company
Chairman, Petroleum Council

The outlook for the petroleum industry in 1951 is made uncertain by the imponderables that cloud the State of the general economy. The ominous shadow of war, which has forced the nation into a semi-militarized condition, has already brought a shortage of critical materials, a large increase in costs and in the threat of serious personal dislocation. The price increase, will be aggravated and intensified when in the near future the industry, in order to meet the astronomical growth in the demand for its products, will have to increase prices to an all-time high point.

In 1950 we had less than three billion barrels of reserves and only produced 200,000 barrels of oil per day. That was 41 years ago when the Drake well was drilled with great need, it seems probable, will be granted. Consequently, it is reasonable to present the present plan of the industry to carry on exploitation in the present year akin to that of 1940, approximately 515,000 wells, will be facilitated by the large number of new wells that will be started in 1951, and the increasing number of wells in semi-militarized or actual war conditions. It is our firm belief that, as they continue, and as the industry is forced to increase production, the supply will soon exceed the demand, and the price will be moderated, and supplies will be increased.

The national emergency finds the nation's oil reserves and its productive capacity at an all-time record high level. With the situation, with respect to the most critical material of modern war, is due to the accelerated rate at which the industry is producing, in order to meet the astronomical growth in the demand for its product.

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To Address Club on Women and Finance

The Brooklyn Woman's Club, 114 Pierrepont Street, and the Federation of Women Shareholders, in American Business will jointly present a series of five lectures entitled "Two and Your Money—the Woman's Problem in Finance," starting Jan. 16, 1931, each lecture lasting from 11:30 a.m. to 12:30 p.m.


Mrs. H. B. Rasl, well-known Brooklyn clubwoman, is Chairman of this series, assisted by Mrs. Jewelyn D. deibelin, Secretary-Treasurer of the Federation of Women Shareholders in American business.

Bernard E. Hyman

Bernard E. Hyman passed away at his home on the Coast after a long illness. Prior to his retirement in 1930, Mr. Hyman, a member of the New York Stock Exchange, had been senior partner of Hyman & Co., New York City.
Continued from page 50

racy, the extent to which the regulation will limit the amount of loans which consumer finance companies are permitted to make. The actual limit is that the regulation will result in a more rapid rate of repayment than heretofore. If, as is generally expected, motorists have more severely curtained their white rates and hours worked go up, then mortgages are likely to be curtailed to a consid-

Charles W. Hoff
President, Union Trust Company of Maryland, Baltimore

In appraising the present outlook for business, with full realization of the many serious difficulties involved, we may anticipate to some extent a repetition of the defense peak in 1918. There were not surpluses of vital materials, but the order of the day. The demand for credit, despite the resultant government allotments, and with the strong probability that the fight against inflation will bring continued curtailment of wages, will be the order of the day.

Production in the Baltimore Industrial Area in 1950 reached its highest level since 1929. Every new in-

Eugene Holman
President, Standard Oil Company (New Jersey)

The President of the United States has declared this nation to be in a state of national emergency and all of us in this company are now giving top priority to the prompt mobilization of our resources for the needs of a national military mobilization.

Here in the United States, the nation’s petroleum industry as a whole is prepared to handle essential oil needs—even under the extreme conditions of total war. Our hope may be avoided, might require courage, but oil is not likely to be in short supply as occurred in the last war.

In the United States, outside Russia, passed 10,000,000 barrels a day for the first time. World de-

John Holmes
President, Swift & Company

Current estimates indicate that total U.S. meat sup-

Philip Huber
President, Ex-Cell-O Corporation

The outlook for business in the machine tool industry in 1951 is good, but confused. Manufacturers of peacetime products have increased their orders for machine tools at the same time that war production orders have been placed.

Historically the machine tool industry is subject to extreme highs and severe lows, since it does not depend on public works, war orders, or foreign trade for capital investment. During the last war machine tools were a serious bottleneck in spite of greatly expanded facilities. After the war there was a serious slump in the business, but the large number of orders for production of machine tool replacement is an economic necessity.

At present machine tool manufacturers are giving preference to rearmament orders as a simple act of patriotism, but the conflicting demands of war and peace are not making the job easy. Machine tools are

Charles W. Hoff
President, Union Trust Company of Maryland, Baltimore

In appraising the present outlook for business, with full realization of the many serious difficulties involved, we may anticipate to some extent a repetition of the defense peak in 1918. There were not surpluses of vital materials, but the order of the day. The demand for credit, despite the resultant government allotments, and with the strong probability that the fight against inflation will bring continued curtailment of wages, will be the order of the day.

Production in the Baltimore Industrial Area in 1950 reached its highest level since 1929. Every new in-

Eugene Holman
President, Standard Oil Company (New Jersey)

The President of the United States has declared this nation to be in a state of national emergency and all of us in this company are now giving top priority to the prompt mobilization of our resources for the needs of a national military mobilization.

Here in the United States, the nation’s petroleum industry as a whole is prepared to handle essential oil needs—even under the extreme conditions of total war. Our hope may be avoided, might require courage, but oil is not likely to be in short supply as occurred in the last war.

In the United States, outside Russia, passed 10,000,000 barrels a day for the first time. World de-

John Holmes
President, Swift & Company

Current estimates indicate that total U.S. meat sup-

Philip Huber
President, Ex-Cell-O Corporation

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Continued on page 54
Missouri Pacific System Reorganization

**ICC-COURT APPROVED FIFTH PLAN**

**DETER-ALLECHANY MAHAFFE ACT PLAN**

**Observations and Questions**

**MEMORANDUM ON REQUEST**

**McCLAUGHLIN, REUSS & CO.**

**MEMBERS**

**NEW YORK STOCK EXCHANGE**

**NEW YORK CURE EXCHANGE (ASS'N)**

**NATIONAL COMMODITY EXCHANGE, INC.**

**ONE WALL STREET**

**NEW YORK 5, N. Y.**

**Railroad Securities**

**Boston & Maine**

Railroad analysts are becoming somewhat concerned over the growing evidence of considerable indiscrimination in speculative buying of railroad securities. The most striking recent example has been the action of Boston & Maine old common in the past few weeks. On December 15 it was announced that the necessary assets of the company's stock reorganization plan had been received. Under this reorganization plan, which is expected will be finally consummated within 60 to 90 days, the old common is worth less than $1.90 a share on an arbitrage basis. Nevertheless, it was heavy enough to make the stock the most actively traded issue on the New York Stock Exchange for a couple of days, it advanced to above $5.00 a share. Subsequently it broke sharply but even at that it was still selling at $2.7% at last week's close.

Boston & Maine has long been saddled with an impossibly complicated stock capitalization. There are three different classes of preferred, outstanding in a total of seven different series, and one class of common. On all but the one most junior preferred series there are substantial accumulations of unpaid dividends. Initially the company proposed a stock recapitalization under the so-called Mahaffie Act providing for an exchange of all of these old stocks into one common stock issue. This plan was abandoned when it was apparent that holders of the prior preference series were too vigorously opposed.

A new plan was then formulated, setting up a stock capitalization of $450,000 to $500,000 convertible preferred and 540,135 shares of common. This total of 424,432 shares of stock to be outstanding compares with a present total of 1,049,473 shares of all classes. It is this proposal that has been accepted by the necessary number of shares of each class of old stock. All of the new preferred is allocated to holders of the old preferred stock and the new common is divided among the classes of old stock. The old common is allocated 1/200th share of new common, making the old common stock trading at $18.50 at the close of the week last old common has an indicated value of only $0.90 a share.

It is probable that at least part of the new common was caused by the specification of Missouri Pacific old preferred when hope was kindled that the latter's reorganization plan might be upset and better treatment eventually accrue to the old stock. In this connection, a group of Boston & Maine stockholders did make a move to block the readjustment plan on the basis that the necessary assets were not received until after the six-months' deadline of Nov. 15. The management of the road, however, brought out that the deadline had been extended to January 19 because of an appeal filed for reconsideration after the Commission's original order. This reconsideration was not completed until July 10.

Students of railroad reorganization procedure are somewhat content that since the readjustment plan has been approved by the necessary number of stockholders it is now in the hands of the court. It is an entirely different situation than that of Missouri Pacific where the proceedings are under Section 77 of the Bankruptcy Act and where the ballot of the activity in paper is only just been completed. Boston & Maine is the first railroad that has had a stock recapitalization approved under the revised Mahaffie Act but the constitutionality of the Act itself has been much tried in the court in the early stages of bond readjustment plans.

The old Boston & Maine common is still selling much too high in relation to its arbitrage value based on current quotations for the new common. Moreover, most railroad analysts and analysts work up any real enthusiasm for the company's earnings at these levels. On a pro forma basis the stock would have had a price of $1.40 a share in 1949. After sinking and capital funds there would have been a deficit for the junior equity. Operations im-

prove credited last year but even at that it is estimated that earnings before funds were in the neighborhood of only $2.75 a share, and after funds about $1.25 a share.

**Halsey, Stuart Group Offers Equip. Tr. Gifs.**

On Jan. 12, Halsey, Stuart & Co. and its associated firms realized $4,000,000 of Texas & Pacific Ry., 5% equipment trust certificates, series J, maturing annually Feb. 1, 1952 to 1961, inclusive, at prices to yield from 1.80% to 2.50%, according to maturity.

The certificates, issued under the Philadelphia Plan, were offered subject to approval of the Interstate Commerce Commission. They are secured by new standard gauge railroad equipment estimated to cost less than $5,383,162.


**Schoellkopf Co. to Admit Walter Brooks**

BUFFALO, N. Y.—Schoellkopf & Co., 70 Niagara Street, members of the Niagara Stock Exchange, will admit Walter B. Brooks to partnership on Jan. 31. Charles H. Stephenson and J. Fred Schoellkopf will retire from the firm on the same date.

**Reich Co. Admits**

Jay Reich became a partner in Reich & Company, 39 Broadway, New York City, members of the New York Curb Exchange, on Jan. 2.

**Harry Kahn Jr. Opens**

WASHINGTON, D. C.—Harry Kahn, Jr., has opened offices at 3415 "Que" Street, N. W., to engage in the securities business.

With Woodcock, Hess

PHILADELPHIA, Pa.—Woodcock, Hess & Co., Inc., 123 South Second Street, members of the Philadelphia-Baltimore Stock Exchange, will admit Walter B. Woodcock to partnership on Jan. 31. Charles H. Stephenson and J. Fred Schoellkopf will retire from the firm on the same date.

**State National Bank of Detroit**

**COMPLETE BANKING AND TRUST SERVICE**

**STATEMENT OF CONDITION, DECEMBER 31, 1950 —**

<table>
<thead>
<tr>
<th>RESOURCE</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on Hand and Due from Other Banks</td>
<td>$489,700,468.34</td>
</tr>
<tr>
<td>United States Government Securities</td>
<td>760,781,249.67</td>
</tr>
<tr>
<td>Other Securities</td>
<td>123,319,231.62</td>
</tr>
<tr>
<td>Loans:</td>
<td></td>
</tr>
<tr>
<td>Leases and Discounts</td>
<td>$258,247,974.26</td>
</tr>
<tr>
<td>Real Estate Mortgages</td>
<td>217,362,730.35</td>
</tr>
<tr>
<td>Accrued Income and Other Resources</td>
<td>5,923,230.27</td>
</tr>
<tr>
<td>Branch Buildings and Leasihold Improvements</td>
<td>2,655,096.57</td>
</tr>
<tr>
<td>Customers' Liability on Acceptances and Letters of Credit</td>
<td>6,126,114.65</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$1,567,945,667.17</td>
</tr>
</tbody>
</table>

**STATEMENT OF INDIVIDUALS ASSOCIATED WITH THE COMPANY FOR THE YEAR ENDING DECEMBER 31, 1950**

**BOARD OF DIRECTORS**

<table>
<thead>
<tr>
<th>NAME</th>
<th>POSITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>R. PERRY SHORTS</td>
<td>BOARD CHAIRMAN</td>
</tr>
<tr>
<td>GEORGE A. STAPLES</td>
<td>VICE CHAIRMAN</td>
</tr>
<tr>
<td>DONALD F. VALENT</td>
<td>TREASURER</td>
</tr>
<tr>
<td>JAMES H. WEBB, JR.</td>
<td>SECRETARY</td>
</tr>
<tr>
<td>R. E. WILLIAMS</td>
<td>EXECUTIVE VICE-PRESIDENT</td>
</tr>
<tr>
<td>C. E. WILSON</td>
<td>ASSISTANT VICE-PRESIDENT</td>
</tr>
<tr>
<td>BEN E. YOUNG</td>
<td>EXECUTIVE OFFICER</td>
</tr>
</tbody>
</table>

**32 OFFICES IN DETROIT**

MAIN OFFICE—WOODWARD AT CADDILLAC SQUARE—DETEROT 32, MICHIGAN

Member Federal Deposit Insurance Corporation

**Addenda**

- **Elaine C.**
- **Addison R.**
- **Bryan C.**
- **Donald C.**
- **Edward C.**
- **Frank C.**
- **George C.**
- **Ivan C.**
- **James C.**
- **John C.**
- **John E.**
- **John F.**
- **John G.**
- **John H.**
- **John I.**
- **John J.**
- **John K.**
- **John L.**
- **John M.**
- **John N.**
- **John O.**
- **John P.**
- **John Q.**
- **John R.**
- **John S.**
- **John T.**
- **John U.**
- **John V.**
- **John W.**
- **John X.**
- **John Y.**
- **John Z.**

**Selena G.**
**Selena H.**
**Selena I.**
**Selena J.**
**Selena K.**
**Selena L.**
**Selena M.**
**Selena N.**
**Selena O.**
**Selena P.**
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**Selena R.**
**Selena S.**
**Selena T.**
**Selena U.**
**Selena V.**
**Selena W.**
**Selena X.**
**Selena Y.**
**Selena Z.**
Continued from page 52

the basis of all volume production, including war produc-
tion. Until the government recognizes this truth and
relieves the companies for materials in short supply and
takes steps to assure an adequate labor
force in the industry, the situation lies in the lack of
machine tool industry in 1951 will have the greatest volume of business since the
last war, and the new automobile will contribute to the
needs of the armed forces depends to a great extent on
what steps the government takes to facilitate the pro-
duction.

This is the picture at this writing. With the world
situation, production may change overnight.

Perhaps by this time the printed conflagration
will have dispersed and the road ahead will be
outlined clearly.

HARRY E. HUMPHREYS, JR.
President, United States Rubber Company

The rubber industry was too slow to meet the de-
mands of business during 1950, and at the same time to
keep the civilian economy rolling along in good shape.

The industry has produced 325,000 tons of natural rubber, more than
two-thirds of which was used in the manufacture of
rubber products. The balance was used for
rubber-tyre products, an industry which is
expected to turn out 250,-
000 tons of finished products each
year, an increase of 40% over 1941.

How fully these facilities will be used for the production of rubber
goods, after defense requirements have been met, will depend on the
amount of rubber made available by the government to manufacturers for
their production.

Indications are that the industry is
going to be restricted to its out-
put of 1950 for now. Next year, it is possible that some additional
rubber will be made available, but there
will be a shortage for civilian products in the
first quarter because in this period production will not
be increased. Rubber will be used
actually, no rubber shortage is
foreseen for the year as a whole—although by 1952 or 1953, an
Asia should be cut off or the government should fail to
evenly the demand for rubber in this country, an event which would
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Asia should be cut off or the government should fail to
be able to supply the rubber imports from an
Asian country that cannot provide the same
rubber for the American market. This will be

The rubber industry has already been plagued by
manpower shortages and this problem is likely to become
worse as shortages in the armed forces are stepped up.
One of the most serious phases of the manpower
problem is the shortage of engineers, chemists and other
technical personnel. The cause of this shortage goes back to
World War II, when technical students were
planted in large numbers in the classification to
the battlefield, with the result that many never completed
their training.

Heavy demand is expected to continue in 1951 for tires,
tires for commercial and industrial use, rubber goods, and other
major products of the industry.

Growing demand can be expected for chemicals and plastics,
United States Rubber Company production of
rubber in the United States.

Some rubber plants have already been plagued
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The Impact of Higher Federal Taxes on Electric Utility Earnings

The inroads of tax payments on utilities are steadily increasing for many years, with the percentage of the immediate postwar period that the amount of tax revenues of $1.4 billion, the electric utilities paid in 1948, in million in taxes, a ratio of about the same 1937, when $830 million was paid. In the three years 1944-46 there were declines, largely due to omission of excess profit taxes, but in 1947 the upward trend was resumed. The percentage of revenues paid out in taxes reached a peak of 24.1% in 1944 and dropped to 18.3% in 1948, but in 1950 approximated 19.5%.

The increasing percent of revenues taken by taxes has been entirely due to the policy of the Federal Government. State and local taxes in 1948 took only 8.5% of revenues, less than the 10.2% in 1937. On the other hand the "take" of the Treasury Department jumped from 5% of revenues in 1937 to nearly 16% in 1943, dropping to a present 10% of revenues, around 10-11%. This percentage has now stabilized, held some time rise and, while it is difficult to forecast what the trend will be, the next year's percentage might reach 13%—depending on the amount of excess profits taxes (in addition to the 15% jump in income taxes, the rate of which is 26% for individuals).

The utility companies are thankful that they are receiving lenient treatment from Congress with respect to excess profits taxes. However, this leniency was partially offset by the decision to raise the regular income tax rate. If the public is right in its talk of raising the rate again, possibly to as high as 47%, it is expected that only a small rise would probably be more than offset by these anti-tax income taxes. The utility companies received by utilities. While other risks have now shared almost fifty-fifty by the utility under the government (that is, the increased expense of revenue to a large extent from income taxes) there is no way of determining how much of the utility companies. Some of the New England companies follow the policy of the Federal Government, with the heavy royalties—probably in the 9.5% rate—thus at least this is characteristic of Boston Edison, Connecticut Light & Power and Connecticut Power, which pay the largest bills for current earnings. It may be, however, that some other old-line companies with substantial surpluses may prove willing to pay, in excess of 47% for "dividend con¬

In the very speeches of her strength—her airplanes and tanks, her ships and radar, her guns and shells—copper plays an indispensable role. Today the vast American copper industry is pledged to meeting her needs first—whatever they may be.

Despite the American copper industry is doing its utmost to increase production, there is not, nor will there be, enough copper to serve the nation's present needs. The industry is looking to the future and plans to do what it can in the way of increasing production.

It is significant that here in the American copper—man's most useful metal—is being freely shared for this great common cause. For instance, the Chilean copper mines of Anaconda and other companies have supplied 61% of all the copper the U. S. has imported since 1925. Pearl Harbor...26% of all the copper used in this country since that date.

We of the copper industry are ready, as always and shall always be prepared for a full part in making America secure that, in the future, we may all continue to enjoy copper's usefulness in works of peace.
 Continued from page 54

The strength of our country has always been in the character, willingness to work and the common sense of the people. Throughout our history we have had political leadership that has been far from perfect but in spite of that leadership rather than because of it, our country has continued to grow.

The Twentieth Century Fund, a nonprofit research organization, recently made this statement which rings true: "When we remember the immediate concerns of this month or last, from the inflation or deflation or the position of the dollar, we can long look behind, the minor ups and downs flatten out in a rising curve of economic activity, of increasing productive power unique in our history and deeply impressive. When we project this curve into the future, assuming that present conditions continue, let us begin to realize America's vast economic and social potential.

Our company has an organization of people ready to move ahead in spite of the problems that may arise. We are optimistic about the progress that the future holds.

THEODORE JOHNSON
President, J. I. Case Company

The 1951 volume of farm machinery production and sales will, it appears reasonable to believe, be considerably less than in 1950. Raw materials and various kinds required in making farm machinery will not be available in the quantities we have been accustomed to in the past. Basic production schedules at 1950 levels, because of plans for production of military goods and for supplies that they sell, and the farmers' costs of operation. Farmers generally are in a good financial position and, assuming good credit, will be able to secure farm machinery should be good in 1951.

Food production will be kept up in spite of the fact that labor shortages may develop on the nation's farms. The importance of farm machinery in producing food is well understood. Farm machinery is needed to keep farm costs down and food production up. Mechanizing the farm is important in part in such a program.

P. W. JOHNSTON
President, Erie Railroad Company

We seem destined to be engaged in a wartime economy for some time to come. The American people have begun to realize that we must be a stronger nation from a military standpoint than ever before. That realization will dominate our thinking and influence our decisions on all matters affecting civilian and industrial life. It is generally agreed that a strong railroad is an important part in such a program. It was agreed that the railroad industries have been lost because of inadequate or inadequate transportation. It has been shown that the railroad industry can and is meeting the challenge of 1951. For many years we have been working the most important materials and manufacturing a vast diversity of products which are essential to our military forces. They are among the industries directly affected upon our activities for military purposes, troops and supplies.

P. W. Johnston

...in the paint and varnish industry, our research and development of synthetic resins and the use of rubber and synthetic plastic materials and vehicles is already well under way. In the expansion of the sale of these products.

A new process in the North American Continent has been developed in producing Camphene and various essential oils largely used in the pharmaceutical and food industries.

A new process is being developed in the production of a new Titantium pigment which will more than double our production of this important white pigment. Titantium has been in poor supply and very scarce materials, and is needed not only for civilian paint but for military uses.

Since the last war we have succeeded in mechanizing our operations so that our cost of labor to finished product has been steadily reduced. If war should come, our experience in the last war should equip us with the ability to produce all the necessary foods, vegetables, oils, chemicals and pigments, soy products and essential materials, to be converted and ordered from a wartime to a wartime status without jeopardizing our civil life. If war does not come, and if inflation can be controlled, and if the Department of Agriculture is as well supplied in national policies, the whole country should make substantial progress in this New Year.

JOHN F. KIDDE
President, Walter Kidde & Company, Inc.

Business predictions in the fire extinguishing equipment industry have been clouded by the cause of the expected difficulties in obtaining supplies for this coming year, and the start of a very closely approaching the impossibility of crises.

Basically the sale of our extinguishing equipment is dependent upon conditions of the developing manufacturing industries, on the sales policies of the manufacturers. By which we have made it a practice in normal times to keep our sales quota fixed, at a certain level, to allow for changes in general business conditions. Even in normal years, this practice has been extremely valuable to our customers and to us.
President Outlines Budget
Expenditures of $71.6 Billion

The defense Production Administration, the Economic Stabilization Agency, and other emergency agencies with extensive delegation of authority. However, authority under that act covers only a part of the range of defense functions. During the first quarter of 1952, I told the President was given emergency organization powers. These pow-
eral extended a stimulus to the govern-
ment organization continu-
unlike the current program.

These demands must, however, be properly read. The Federal Reserve Board of St. Louis, for example, has estimated that an increase of $2.5 billion in the national debt over the current year—accounted for almost wholly by the great expansion of the military procurement program.

Our military requirements are of several kinds. We must maintain and supply our forces fighting in Korea. We must provide modern equipment for the expansion of our Army, Navy, Air Force to the present combined total of nearly 10 million men. We must provide equipment for transportation facilities and for the civilian components not on active duty. We must provide military Items to our allies as a part of our own defense. We must build a production base and materials reserves against the contingency of another war.

These demands do not press evenly on all sectors of defense production. There are many cases where current supplies of military items remain far below what we need for the need for new large-scale production. Our reserve naval fleet, for example, is not large enough to reduce sharply the need for mass construction of new ships. In many cases, the record-breaking military production of the war years has left us with reserves of productive capacity. In other cases present capacity is far from adequate. The economic mobilization program will therefore be selective in character—in some areas, an all-out drive, with ex-
tensive conversion of civilian capacity; in other area, a com-
paratively small additional effort, against present production rates.

At this time, the military needs and the present rate of increase in defense expenditures press so sharply that even the many other demands on the national economy—national economic plan, prices, wages, and contracts—cannot be met in the near future by new large-scale production of consumer goods. Our national output has not the capacity to meet all needs. What we have lost in this period of emergency both at home and abroad. What we have taken in the past years have increased the ability of the

From SOUNDNESS—A PROFIT

Kennenametal, because its structure is inher-
ently strong, free from flaw and defect, continues to give full value for its intended purpose—the effective element of tools that reduce costs and increase productivity.

Use of Kennenametal insures faster cutting speeds; more production per tool; fewer tool changes; more efficient use of machines; lower over-all tool cost.


Kennenametal is also widely used as a wear-
resistant material on machine elements to provide longer life or insure greater accuracy of production.

Our latest development in this field is Kennalium, a new, heat-resistant material. It withstands thermal shock, resists oxidation, and retains unusually high strength on a wide range of applications where elevated temper-
atures are encountered.

Ask your works manager if he knows Kennenametal and its cost-saving possibilities.

From UNSOUNDNESS—A DEFICIT

Because the present United States monetary system, with money not made good to the individual, is inherently weak, our dollar is not doing its work.

Since the Government reaped all gold in 1933, its issue of fiat money, printing press paper dollars, and bonds—not redeemable in any thing of intrinsic value—has been unrestricted. "Deficit financing" has grown to an alarming degree, with disastrous possibilities. The cost of government is tremendous. Here are examples of its unprecedented magnitude.

The federal government is taking the entire income of 42,000,000 people over and above the cost of keeping them alive.

If everyone who holds life insurance cashed his policy, the amount would not run the federal government one year.

If every home owner sold his home, the total would finance the politicians on the Potomac for one year.

If every farmer sold his farm, equipment, and live stock, the total would run the government for only seven months.

If the industry converted its net working capital into cash, it would last the federal government less than a year and a half.

Can you do anything about this? YES.

(1) Ask your Congressmen and Senators their position on the Hearings of 2520, which guarantees that your money will be redeemable in Gold at $35 an ounce.
(2) Tell others of this need. Tell them how Gold is an automatic check on government spending.
(3) Multiply your efforts by joining the Gold Standard League, Latrobe, Pa. Membership involves no obligation. This organization is bringing to public knowledge the unsoundness of all irredeemable currencies; how fiat money is socialists' secret weapon when our people have lost power over the public purse; how evil, feasible and practical it is to restore freedom and prosperity in this regard. Study for yourself the provisions of NR 3263.

JAMES M. LARGES
President, Tradenames National Bank and Trust Co.,
Philadelphia

I am presenting herewith some rather informal views regarding the business situation as of 1951, I should like to emphasize that these are purely personal opinions and I do not honestly believe that any very much con

The road ahead looks rough and dan
gnerous, but I feel that we are ready and able to weather the storm. As always, your trust and confidence in us is appreciated.

JAMES M. LARGES

in the spot, world conditions that exist today.

I feel that the manufacture of heavy gasoline engines will continue to be followed by well

I believe the condition of our property and equip

A word to the wise, we are always ready and able to take care of all our friends.

The overall condition of our power is good.

Our Improvement Budget for existing equipment and road property is estimated at $30,000,000. These expend

These will be for natural gas, crude oil and also petroleum prod

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In general, business activity should be greater in 1951 than in the previous year, with total production rapidly rising. While growth in employment and in the number of jobs for new equipment, will contribute substantially to in

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According to plans already ap

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In the near future, these natural gas proj

The Chairman of the Board, Aromatic C

In looking ahead into 1951 and its prospects for the vending machine industry, I must say that the outlook appears very encouraging.

NATHANIEL LEVERONE

Before the year is over, we will undoubtedly face the problem of殿堂, and there will be more problems due to the retirement of the large num

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President Outlines Budget Expenditures of $71.6 Billion

government to deal with a major defense effort. We must continue to make progress in this field.

- Paying the Costs of Defense

When the American people resolve to undertake the defense program now under way, they accepted also the costs which rise in their taxes that the new level of expenditures requires. National security in the present world can be attained only with direct and heavy cost to each one of us.

High taxes are indispensable to our successful mobilization. They are required to preserve confidence in the integrity of the government's finances, to distribute the heavy financial costs of defense fairly among all the people, to reduce excessive demand for raw materials and industrial products required for national defense, and to choke off inflationary pressures. We cannot as a nation buy a defense establishment of the size that is now being constructed and still as individuals expect to spend our money to the same degree as before for normal peace-time purposes. Unless positive action is taken on the tax front, our defense effort will be in continuous jeopardy.

The tax legislation last year substantially increased our revenues. The Revenue Act of 1940, approved within three weeks after the fall of the Republic of Korea, increased income taxes on individuals and corporations and closed some loopholes in the income tax laws. The corporation excess profits tax, passed in the final week of the Eightieth Congress, also increased our revenues while at the same time taxes upon those businesses which can best afford to pay increased taxes.

In spite of these new tax measures, the deficit, in billions, is estimated for the fiscal year 1952 as if no further tax legislation is enacted. At this time, sound public finance and fiscal policy require that we balance the budget to be able to set forth our case to the Congress and the country with confidence for new revenue legislation.

Even a balanced budget will not of itself serve to keep our economy stable during a period of rapidly rising defense expenditures. The full amount of inflationary pressure is not measured by the budget deficit alone, since this reflects only payment sanctioned by budgetary law. The Department of Defense alone will have been granted for the fiscal years 1951 and 1952 an estimated $112 billion for its military functions, and additional amounts will have been made available for foreign military-aid programs. Building for manpower and materials, which pushes prices upward, begins as soon as procurement contracts to be paid from these appropriations are signed, even though expenditures may not take place for a year or more. Other stabilization measures, including allocations, and credit, price and wage controls, are essential to offset the inflationary pressures which are not reflected in the single figure of the budget deficit.

The following table (No. 111) provides a breakdown of anticipated budget receipts during the fiscal year 1950, based on existing legislation, compared with actual receipts during the fiscal year 1950 and revised estimates for the current year.

Under existing legislation, including the recently enacted tax increases, budget receipts for the fiscal year 1952 are estimated at $55.1 billion. This is $16.6 billion higher than the estimate for the current year. Receipts from direct and corporate taxes on corporations show the greatest increase, $6.4 billion over corresponding receipts for the current fiscal year. The combined effects of the Revenue Act of 1950, the Excess Profits Tax Act, and peak levels of corporate profits are reflected in this estimate. Direct taxes on individuals increase $4.4 billion as a result of the high levels of income anticipated and a full year of operation under the Revenue Act of 1950. Although the collections from certain excise taxes will decline as production of some manufactured goods is affected by shortages of materials, receipts from other excise and all other major sources will increase.

Borrowing and Public Debt

At the beginning of the current fiscal year the public debt stood at $27.4 billion. The debt will increase substantially, approximately $200 billion by June 30, 1951, as a reflection of the rapidly rising cost of the budget deficit for the current fiscal year. The combined total of the increase in debt beyond June 30, 1951, depends upon the extent to which the program for the fiscal year 1952 is reduced through the extent of additional tax legislation.

**TABLE I**

<table>
<thead>
<tr>
<th>Budget Totals</th>
<th>(Fiscal years: In billions)</th>
<th>1950</th>
<th>1951 Actual Estimated (\text{Estimated for 1952})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
<tr>
<td>Expenditures</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
<tr>
<td>Deficit</td>
<td></td>
<td>-3.1</td>
<td>-5.7</td>
</tr>
</tbody>
</table>

**TABLE II**

<table>
<thead>
<tr>
<th>Budget Expenditures and Authority by Major Functions</th>
<th>(Fiscal years: In billions)</th>
<th>1950</th>
<th>1951 Actual Estimated (\text{Estimated for 1952})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Military expenses</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
<tr>
<td>Finance, insurance, and industry</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
<tr>
<td>Labor</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
<tr>
<td>Transportation and communication</td>
<td></td>
<td>1950</td>
<td>1951</td>
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<tr>
<td>General expenses</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
<tr>
<td>Health</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
<tr>
<td>Education and community development</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
<tr>
<td>Social security, welfare, and health</td>
<td></td>
<td>1950</td>
<td>1951</td>
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<tr>
<td>Veterans' and soldiers' benefits and services</td>
<td></td>
<td>1950</td>
<td>1951</td>
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<tr>
<td>General government</td>
<td></td>
<td>1950</td>
<td>1951</td>
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<tr>
<td>Interest</td>
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<td>1950</td>
<td>1951</td>
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<tr>
<td>Reserve for contingencies</td>
<td></td>
<td>1950</td>
<td>1951</td>
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<tr>
<td>Adjustments to daily Treasury statement</td>
<td></td>
<td>1950</td>
<td>1951</td>
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<tr>
<td>Total</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
</tbody>
</table>

**TABLE III**

<table>
<thead>
<tr>
<th>Budget Receipts</th>
<th>(Fiscal years: In billions)</th>
<th>1950</th>
<th>1951 Actual Estimated (\text{Estimated for 1952})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct taxes on individuals</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
<tr>
<td>Individual income taxes</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
<tr>
<td>Estate and gift taxes</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
<tr>
<td>Direct taxes on corporations</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
<tr>
<td>Estates and gifts receipts</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
<tr>
<td>Customs</td>
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<td>1950</td>
<td>1951</td>
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<tr>
<td>Excise taxes</td>
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<td>1950</td>
<td>1951</td>
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<tr>
<td>Federal and state taxes</td>
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<td>1950</td>
<td>1951</td>
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<tr>
<td>Federal Expenditure of Tax Revenue</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
<tr>
<td>Expenditure of State Tax Revenue</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
<tr>
<td>Miscellaneous receipts</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
<tr>
<td>Deductions</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
<tr>
<td>Appropriation to social security trust fund</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
<tr>
<td>Refunds</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
<tr>
<td>Total receipts</td>
<td></td>
<td>1950</td>
<td>1951</td>
</tr>
</tbody>
</table>

Note: Includes only receipts under existing legislation.
Continued from page 58

KENNETH C. LONG
President, The Dayton Power and Light Company

I have confidence in our company's ability to meet all obligations to provide adequate supplies of power for our territory because of the following conditions:

(1) A system of distribution covers the 24 counties of Southeastern Ohio which this company serves.

(2) In 1949 and 1952, DP&L purchased several thousand additional transformers and distribution lines. The company's generating capacity will be increased to 450,000 kilowatts, providing a reserve of 15%.

(3) In its financial structure, the company has, through recent financial arrangements, attained a favorable financial condition. These arrangements were made through the sale of common and preferred stock in 1950, with a market price of $100 per share.

(4) In its gas operations in 65 communities, the company is able to meet demands at all times. The company has been able to maintain gas service and distribution. In 1950, the company purchased new equipment and improved the distribution system. The company's generating station at Dayton has been expanded to provide for peak demands.

(5) The company has also improved its financial condition by selling electric utility systems. The company has been able to lower its cost of capital and improve its cash flow, which has enabled the company to make payments on its long-term debt.

Robert S. Macfarlane
President, Northern Pacific Railroad Company

Northern Pacific Railway Company of the Northwest enters 1951 prepared to play an increasingly important role in the nation's large scale defense program. And the company is also making plans for the postwar years, with the judgment that the present demands were just a part of the bigger picture and that the company would need to be ready for the demands of the postwar years.

Defensive orders will result in increased output from Northern Pacific, at least in the near future. The company is prepared to meet the demands of the defense program with its existing facilities.

Donald H. McLaughlin
President, Homestead Mining Company

Gold mines, particularly on this continent, are in a strange situation. As paper money continues to be devalued, gold becomes relatively more valuable. This is a result of the large reserves of metal in the ground that attracts more and more investment. The margin of profit from gold mining is high, and the potential for high returns is great.

The Dayton Power and Light Company

Alfred E. Lyon
Chairman of the Board, Philip Morris & Co., Inc.

The growth of the cigarette industry during the years 1929 to 1932 in its financial structure it has been phenomenal, and statistics, security experts, and so on, are constantly asking whether we are about to arrive at the saturation point. Recently there came to my attention a study on the population trends of the country that shows a steady increase in the 1930's compared with the 1920's.

With the current high price of tobacco, we have in the past that taxes from the Federal, state, and local levels do not wholly take that advantage away from the public, for there is a point at which continually increasing prices, due primarily to taxation, will slow down the natural growth of our industry.

Macfarlane

Robert S. Macfarlane

D. H. McLaughlin

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Does Public Participation in Bull Market Portend Coming Change?

The new, inflationary trend in the market is beginning to make itself felt in the trend of security prices; in other words, that the popular phase of the bull market has begun. On the other hand, we are not convinced that the general public can judge ultimate security values any better now than they have been able to in the past and are therefore led to believe that in spite of spreading bullishness it will still be possible for the investor to find good purchases in industries or companies which, public optimism has momentarily overlooked. On the other hand, the public's entrance into the market as buyers implies that many good stocks, which have been repelling securely at well-deflated prices to set enormous prices, will shortly climb to much higher levels at which a good measure of the protection originally in them will have disappeared. In summary, we can state our opinion as follows: the bull market which started in mid-1940 is beginning to be recognized and accepted by the man on the street and the public has been cautious or skeptical. From now on we expect this optimism to increase until it reaches a point of excess from which a correction will be necessary. We do not think this point of excess has yet been reached, although certain stocks and groups of stocks are beginning to act in a way which indicates putting their holders on notice that at some time within the next few months they might advantageously be exchanged for something less popular. At present, we should guess that about half the money in the bull market has already been made and that those who have made it have been the investors with long-term views and speculators who have had the courage to buck public opinion. We suspect that from now on the largest profits (at least on paper) will be made by those investors whose sense of value is stronger than their belief in popularity and those speculators who are best able to grasp and interpret the pulse of an awakening public opinion.

NASD District 8 Elects Officers

CHICAGO, I11.—Edward C. George, Vice-President of Harrisman, Raley & Co., Incorporated, has been elected Chairman of District Committee No. 8 of the National Association of Securities Dealers, Inc., succeeding Lee Otrand, partner of William Blair & Co. Mr. George succeeds the Chairmanship on Jan. 15, 1950. Mr. Otrander retires after almost three years as a member of the Committee, the past year as Chairman.

Paul E. Conrads, proprietor of Conrads & Co., Rockford, III., and Gilbert S. Currie, partner of Conrads & Co., have been elected Vice-Chairmen of the Committee.

John F. Brady, Secretary since 1942, has been reelected to continue as the Executive Officer and Counsel for the Committee.

Dedicated to the wider use and better understanding of dairy products as human food ... as a base for the development of new products and materials ... as a source of health and enduring progress on the farms and in the cities and towns of America.
Continued from page 60

I trust, to reap the benefits of his persistent faith in gold as a store of wealth, he must be permitted to function in the traditional ways for which his countrymen have always looked to a Banker: he should bring him the rewards that his skill and efforts deserve.

PERCY C. MADEIRA, JR.
President, Land Title Bank and Trust Company of Pennsylvania

The only certainty regarding the new year is that it will bring the American people sacrifice and austerity—

a period of "belt tightening." Otherwise 1951 is imbued with uncertainty. The stock¬
piling of materials by the Government and the result of decreased in the amount of materials available for consumer consumption will force a movement of the output of many types of consumer goods to the military sector of the economy. However, we have known it in recent years now is a period of sacrifice.

This movement will depend to a large extent on the manner in which the Government conducts its operations and the amount of the resources that are forthcoming in the very near future in large amounts, that is the likelihood is that the defense program will be able to absorb the unemployed in a short time. However, if those orders continue to be held up, then it is very likely that we will face unemployment in some areas which may last for some months.

It must be remembered that industry cannot switch from peace-time to war production overnight, even if the raw materials are available to the points of production.

The appointment of Charles E. Wilson as head of the Office of Defense Mobilization gives promise that the defense program will be speeded up and that this program will be carried through to the end.

With the country rapidly moving to a full war econ¬omy, and the increase in the defense budget forecasts, we must guard against any increase in the inflationary spiral. The banks of Philadelphia have been doing a splendid job along that line of the past. They will, at the same time, do their part in financ¬ing the defense program—just as they have always done in the past.

WALTER P. MARSHALL
President, The Western Union Telegraph Company

Our whole economy during 1951 will be affected by the tense international situation and national defense measures.

Increased production will be called for in our factories and on our farms. The higher levels of business on the whole, will probably be limited to some lines of consumer goods.

We must begin 1951 in better physical condition than ever before in its history to provide the ex¬ pense of increased defense and the defense effort.

This year completed a new national network of high-speed mes¬sage and voice telecommunications throughout the nation without manual retransmission at any point. This network, in addition to many other major improvements in its $100,000,000 of equipment, increased Western Union's efficien¬cy of operations and strengthened the government position.

Western Union war first to install and operate a high-speed radio telegraph service in New York, Washington, Philadelphia and Pittsburgh. The beam net¬work service, utilizing the television signals and radio signals operated without interruption through the most severe storms of the year and demonstrated its practical stabiliz¬ing power to the soldier, the merchant, the investor, the executive, from far west as Minneapolis and as far south as Atlanta, so that the words that matter in business can be heard as needed.

Telegraph efficiency and user convenience are further increased by continuing installations of thousands of telecommunication and teledata-receiving machines. The Desk-Fax already is in use in ten cities throughout its customers' offices directly with tele¬graph centers.

The national telegraph system has been further aug¬mented by many leased wire telegraph systems tailor¬made to meet the unique communications requirements of government agencies, large industrial corporations, banks and others. These systems employ the same automatic telecommunication equipment that Western Union develops for its own high-speed transmission network.

With its physical capacity now double that existing during World War II, Western Union is ready to handle a greatly expanded volume of business. Simultaneously, the Company's expansion and the discrimination 25% super-luxury tax on telegrams— that of clearing the wires for urgent World War II messages—no longer applies. The requirement is high enough, even than the tax on night clubs and luxury items.

Transcontinental cable operation, of greater importance to the nation's purposes before the coming year, will undergo major improvements. The world's first long-cable am¬ended telegraph circuit will connect transcontinental cable between Penzance, England, and Bay Roberts, Newfoundland, into the transatlantic cable of the British Commonwealth and the transatlantic cable of Bay Roberts where the depth of the ocean is 1700 feet, the amplifier of the two transatlantic cables which signals which are handled from one end to the other, in travelling the transatlantic cable. This increased the speed of the cable from 300 to 3000 per second. In the past, this amplifier led the company to plan similar installations in five other areas of the country.

In America has always enjoyed the world's fastest tele¬graph service and, in keeping with that tradition, West¬ern Union is the first to inform the public that its services are better than ever before to fulfill its service obligation to the nation.

SIDNEY MAESTRE
President, Mississippi Valley Trust Company, St. Louis, Mo.

The trend of economic conditions in 1951 will be determined by the actions of the Government. Civilian demands are likely to be unsatisfied because of the high rate of inflation, the production of goods for civilian use, Governmental expenditures for rearmament, will greatly exceed the 1950 level. The economic conditions during the next six months period and military and eco¬nomic will result in the continued expansion of the economy, which also necessitate increased government financial expenditures. The present rate of inflation is likely to be controlled and if anticipated in 1951, would, of course, intensify the rearmament effort and would probably lead to the almost complete control of the economy system by the government. Since a more limited scale of military operations is expected, governmental controls will not be as severe.

This higher rate of inflation resulting from prospective governmental de¬ficits is likely to be an excessive use of "indirect" (monetary and fiscal) controls in the coming months. It is not improbable that the infla¬tionary pressures will intensify the possibilities of monopolistic or price fixing. The chances are that the new system of price fixing will be better than ever before to fulfill its service obligation to the nation.

HANFORD MAIN
President, Commercial Security Bank, Inc.

Despite the war or probable wider war and the greatly disturbed international situation, we in the baking indus¬try can plan with somewhat more confidence in view of the fact that we are producing necessary basic industry. Indicated high levels of national employment at the end of the year will probably mean that there will be very little unemployment, perhaps as little as one percent.

(1) Strong demand for more profi¬table products and greater investments.
(2) A good market for easily pre¬pared kitchen time-savers and more commercially bankable raw materials.

Come war or peace — Food will remain in short supply during the year. Raw materials seem likely to remain in ample supply and management is largely secondary against the current demands. Remedies seem likely to be shortages of certain raw materials and production difficulties, a few of which may stay in the high-quality of finished goods.

We anticipate higher taxes. We also foresee some diffi¬culties with regard to business costs, distribution, and here and there, perhaps, also with regard to marketing and distribution. However, we have cope with these problems before and we are confident that we can cope with them again.

It is to be hoped that the proposed bill to change the use of the transatlantic cables will go through the Congress. It is a bill which, if passed, will enable transatlantic cables to be used for peace-time business, and will help us in the growth of American firms by improving the communications facilities available to American firms in the transatlantic cable.

LAURENCE M. MARKS
Partner, Laurence M. Marks & Co.
President, Investment Bankers Association of America

There probably never was a time when it was harder to look twelve months ahead to any business and this is particularly true of the Investment Banking Business. It is not known at the present time just what restric¬tions may be placed on building and new construction but it seems probable that there will be less construc¬tion in 1951 than in 1950 which will curtail the amount of new issues. However, in addition the Federal Reserve Board will continue to maintain the policy of "easy" money which is likely to support the presents of corporate bonds and mortgages and increase the supply of funds for new construction. The net result is that the markets should continue strong. At the same time, the Issuer's market is likely to bring new bond financing scheduled for the first quarter of the year.

The market in equities is difficult to predict. While undoubtedly we will have a year of great business activity, increased taxes will in all prob¬ability mean that many corporations will produce lower net earnings after taxes in 1951 than in 1950. Whether this will mean any considerable reduction in dividends is a question. It is probable that we will be able to bring the equity market for a variety of causes: First, investors will switch from bonds to stocks; Second, because of the increasing number of investments in Investment Trusts. Third, the increasing number of pension funds indicates large purchases in the future; Fourth, new financial institutions will have enough capital to invest in securities; Fifth, investors will buy equities as a hedge against inflation.

So, all told, it would seem that the forces which are at work will favor a large volume of investor activity in the investment field. Just how much new capital financing there will be, is however, very difficult to predict.

While there are a great many factors to indicate con¬siderable activity and strength in the security markets in the next twelve months, there are also numerous un¬favorable factors present in the current economic situation, very high taxes, and Government regulations and controls. It is a period which should be approached by those in the Investment Banking Business with extraneous caution and conservation.
The Objectives of Our Foreign Policy

The Republican Party Policy

I hold that the majority of the Democratic Party, including a two-thirds majority of the members of the Republican Party in Congress, do not follow that view, and have been in the past 10 years followed such a view.

I do not claim personally to be the spokesman for the Republican Party. I do not claim to officially represent the Republican Party. In fact, under our political system in America, a political party which if it does not have a president in office does not have any one official spokesman.

My fellow countrymen, I submit, a policy urged by a few of the Republican members of the United States Senate would be an even worse policy than that which has been followed by the Administration, in that it is a policy which is not worthy of our forefathers. It must not be followed.

Foreign Policy Objectives

The foreign policy which I urge that our government follow is one of an affirmative power-ful, active, and enterprising policy, based on our philosophy of life, that man was meant to be free, that man has a spiritual value and an inherent dignity, that there is a God. That is the foreign policy which I advocate.

The objective of American foreign policy should be to win a victory of peace and freedom, over Communist imperialism, with the clear-cut objective of a free world. Each phrase of this sentence is important. The objective should not be merely to remain alive and to remain positive—to win a victory. The victory should be one that will preserve the civilization and freedom of mankind, not narrow political freedom. It should be one that increases our self-interests. The victory should be for civilization and freedom and not just nominal freedom, for our own or anyone else's interest.

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The Objectives of Our Foreign Policy

terrestrial to World War. This support would include munitions and men in fair and necessary proportion to those supplied by the nations of Europe themselves, in accordance with the carefully considered recommendations and report of General Eisenhower. He is the ablest most inspiring and ideally suited leader for this task. He should be backed up and not undermined.

America Must Recover

Clearly also America must itself recover. Greater emphasis and top priority should be given to the Air Force as it is most important to prevent serious inflation and to take other measures in accordance with the recommendations of the outstanding new administrator of our economic and production program, Mr. Charles Wilson. Within the limits of our total commitments we must also organize an airly directed program toward the underprivileged raw material areas of the world in Asia and Africa.

This progress should be under the close supervision and reporting to Mr. Wilson. The Point IV program should be taken out of the State Department, the remnants of ECA in Asia should be pulled together, and all should be consolidated and coordinated in this new department to take the place of the present limping confused American program in that part of the world.

To give some direct indication of how important this is, let me state that in my judgment India is now the next major target of world Communism. The Communist campaign against India is in its early stages but it is stepping up rapidly. In my judgment the goal of the Communist is to undermine the confidence of the people of India in Premier Nehru, to stir up unrest amidst the rush and plenty, are in few inches of topsoil.

The rush and plenty, are in few inches of topsoil.

Looking to the Soil for the Roots of a Free World!

As the American farmer. He will tell you how to grow a

free world. To him, these roots of soil conserving furrows are a

promise that furrow, the first weapon of a police state. He

knows. He remembers the term of a fresh

sowing… the utter despair of drought years. He knows that peace... and enough to eat and wear will solve most of the problems of the countries of the world.

The modern American farmer is a businessman who uses modern machinery and modern methods of agriculture to get the most from his land, year after year... yet he keeps it productive.

When the first Moline implement was built in 1865, about 85 out of every 100 people in the United States were earning their living on farms. Today, because of modern machinery and better farming methods, about 85 out of every 100 people are able to produce food and clothing.

Yes, the future for agriculture looks bright, but modern machinery and modern methods are required to keep it so. To be, the American farmer how to make a prospering, a self-sufficient, a powerful United States, United World. He has the answer... it's a few inches of topsoil, and not one of

MINNEAPOLIS-MOLINE
MINNEAPOLIS 1, MINNESOTA
Continued from page 62

WILLIAM A. MATHER
President, Canadian Pacific Limited

In the early years of the development of important economic expansion throughout Canada, particularly in the development of the natural resources of the country, the Canadian Pacific Railway Company has been something less than satisfactory financial results from its railroad operations.

The volume of revenue freight carried in 1951 was down from eight years ago, and brought no additional revenues to offset the increased costs brought about by improved efficiency and operating costs, brought about by the decreased volume of freight for the year.

These increases, coupled with substantial savings, brought about by the increased gross and net revenues for the year.

The net of not to gross earnings for the year, however, again reflects, as it has consistently in recent years, the profitability and a balance in regard to the issue is being a burden of cost for labour and materials. Those increases, coupled with the substantial savings brought about by the increased gross and net earnings for the year.

WILLIAM A. MATHER

MORTON J. MAY
President, The May Department Stores Company

With the defense program reaching a higher tempo from day to day, the outlook for the retail business in the first quarter of the year is that the industry will be presently in an inflationary cycle, which could produce increased dollar sales with less effect on volume of business, we would like to see the price level stabilized as soon as it can.

There does not seem to be any noticeable change in the demand for merchandise in the soft lines and, although the demand for merchandise in the hard lines is slack, it is still available. The price of merchandise available, we do not anticipate conditions comparable to those that existed during the severe price scale war being waged.

The financial industry, with which Federal funds are used to build a strong defense, in turn, will have an influence on the business conditions that exist in 1951. If the disruptions due to charging from a peace economy to a defense economy are great, there can be unemployment of people and the representatives in government seem to be cognizant of this fact, and I believe to do so, 1951 should produce increased volume of retail sales a little over 1950.

HON. JOSEPH W. MARTIN, JR.
Representative from Massachusetts
Republican Leader, House of Representatives

Most of our urgent national problems today revolve around the cause of inflation. The problem is to keep the dollar from inflating. If we are to realize quickly the great military power required by the current situation, we must harness our mighty industrial resources to their utmost effectiveness. The immediate result of bringing the forces of inflation under effective control will be a continued spiral of advancing prices and wages, which would result in a serious threat of increased production for raw materials and, thus, we must have a sharp attack on the inflationary forces which have run wild for many months. If $1 would have been accomplished 10 years ago, in building costs, the advance has been so much greater. Today it takes about $2 to cover the cost of the work accomplished 10 years ago. In building the cost of labor has risen, the cost of raw materials has increased their cost of labor and materials.

When union membership, particularly those connected with public service corporations, were to be afforded the same freedom of expression that is given Canadian citizens in the exercise of their electoral franchise. Given that freedom of expression, and a balance in regard to the issue is being a burden of cost for labour and materials..

Notwithstanding the uncertain financial outlook, already mentioned, the Canadian Pacific expanded considerably. The company increased the quantity of equipment and improving the capacity of its various lines, to meet the demands of a large volume of freight and passengers. New additions were also made to the coastal steamship fleet and to that of Canadian Northern Railways. Largely increased advertising demands.

Large sums continue to be spent upon a multitude of improvements which enable the company's services to meet the intense competition in the field of transportation. Each one, when completed or installed, makes the fabric of Canadian transportation more capable of withstanding the strain which may be placed upon it.

From present indications, and assuming no further marked increase in the availability of railway equipment, with perquisites to be a year of high level in industrial activity and development, it seems that all present great potentials towards the increased economic growth of the country. If the policies are imbued with a will to work, nothing short of a national catastrophe will prevent the attainment of that degree of progress which we all desire.

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JOHN E. MCCARTHY
President, Fifth Avenue Coach Company
New York City Omnibus Corporation

The passenger traffic in the transit industry, as of the present, is told best, perhaps, in these few figures: Operating Revenues for 1950, at $1,475,000, were double the 1940 totals; 1940; payrolls at $47,000,000 were up $6,000,000 from 1940, and 1949. The present 1949 and 1948 was the high point of the period, as in 1949. The current 1949 and 1948 were in the main periods of unprecedented increases in the real property and the real property. This is not to say that the passenger industry, practically alone of all businesses, could not stand and survive on a prosperous economy.

The entry of the nation into the present period of mobilization, military preparedness, and curtailment of any others, suggests that some of the effect of increasing passenger traffic in the transit industry. Conclusively, the figures in the transit industry are such that no changes in the federal or state government seem to be cognizant of this fact, and I believe to do so, 1951 should produce increased volume of retail sales a little over 1950.

The volume of vehicular traffic in our cities is up some 40% in the last decade with such ill effects on the transit business as the slowing up of operation and the increased costs of running short haul fares. One of the main efforts of traffic engineers, city planners and transit companies is to educate the private car owner to the necessity of using public transportation and to the economic benefit of his community. But which makes us worry for those persons who are not in the same position, it should be in the national welfare that management in transit be freed of fare and labor problems so that it may give its full attention to its important duties in preparedness and civilian defense.

ELLIOTT McALLISTER
President, The Bank of California, N. A.

The future holds innumerable uncertainties but when they are largely of foreign origin and involve such far-reaching events as the continuance of peace or the outbreak of war, there is no simple solution. The situation is an unfailing one for attempt to offer any prediction that things to come. Nonetheless, there is a certain kind of repression which we may conjure in the minds of the people, and we are content with that.

The result of our former experiment is that the people have been by the leading cause of the passivity in the present experiment. We should be willing to bear a certain amount of inconvenience if it were necessary.
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The Objectives of Our Foreign Policy

their conditions of poverty and semi-starvation, to bring pressure to bear on the Governments of Tibet to the North, and India, China to the East, and to close in upon them by the use of our novel methods, against India.

I believe that this is what the Communists in this program has been quite evident ever since the fall of China to the Chinese Communists. And yet under the conditions that have been put forth in this article, even though our country since the war has furnished over $50 billion to other parts of the world, we have not furnished a single dollar to help the 300 million people of China, which has had the most severe economic and social and readjustment problems of all the countries of the world. Truly in the last few weeks has been an astounding series of events and in this particular case, as far as I am concerned, the American State Department and nothing has yet been seen. I see no hope of real results in these economic, social, educational programs and so on, as they are taken out from under the State Department and given to the same kind of major executive leader's and interested personnel to that Paul Hoffman so successfully did on the European Recovery Program.

The foreign policy which I advocate would also include leadership toward strengthening the United Nations and reviving the Charter. The inadequacy of the present organization is now apparent to all. It would include a firm stand against any admission of Red China into the United Nations, with its record of aggression against United Nations forces, and if there is necessary to withdraw all forces from Korea or the other parts of the United Nations decide not to take the course of world war, which would be involved in the counter-attacks by air on Manchuria.

Our new American foreign policy, if adopted, would rule out a pre-emptive war or aggressive war.

It would, of course, rule out appeasement.

It would rule out the willing abandonment of any peoples anywhere to Communist imperialism.

It would refuse to turn over the full financial resources of the United States, to the Communists, to the extent of any enlargement of the Communist structure.

The States would certainly be under the circumstantial and economic pressure to bring the United Nations into an effective organization of the United Nations and the abiding hope of the Charter.

We have a foreign policy that would go on to the defense of all the countries of the world against any form of aggression.

The Domestic Markets

The American domestic markets created the base of mass production that started the chain reaction of modern American economies—mass production, greater division of labor, more intensive and expensive manufacture, and the resulting miracle of the world’s lowest unit cost of many products created in spite of the world’s highest labor rates for most groups of wage earners—lowest often in actual price, lowest always in the unit of time labor had to trade for each of these products.

The diet of the two giant is mass distribution and mass production of goods consists of more and more goods and services for the satisfaction of the needs and desires of the overwhelming numbers of American families.

And those goods and services are but the exact equivalent of the sociological facts of a standard of living.

As the development of industry increases, its demand for increased volume keeps pace. As the competitive pressure increases, the results in products must express themselves in better goods at lower prices. And better goods at lower prices have cut out and cannot come from longer hours of labor at lower wage rates. They must try to produce more while wages increase and from better design and better productive methods and intensive mechanization made feasible by more and more intensive selling by industry or its equivalent—namely, free and yet free purchasing by the consumers of the nations.

And constantly increased purchasing by the consumer is but another way of saying a constantly increasing standard of living.

Historically, it has been true that only when the standard of living is high and improving is the economy healthy and truly prosperous.

And if and when a peace-time phase returns to our future economy, the same will be true and more of it.

For there can be no expectation:

(1) that the economy will spend in terms of today’s dollars, $50 to $100 billion dollars annually for armament, and remain either at peace or free.

When these factors of demand upon our productive power and mechanism decrease, the employment that was based upon them must cease depend upon increased production of peace products.

As productivity of industry continues to increase at its historic rate or faster, the market and particularly the domestic market must quicken its tempo. Americans as individuals and families must buy more products and services.

And particularly the American Recovery Program.

It is that industry that produces the goods.

It is distribution—and most particularly the retailer that delivers.

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The Retailer's Stake in The Standard of Living

NEW JERSEY is ready to meet the demands for industrial production in this national emergency...and Public Service is ready with the dependable services it has to offer at the Crossroads of the East.

Immediately after Pearl Harbor, the industries of New Jersey quickened their tempo to support our armed forces with vital production...and they met the demands. Public Service furnished the essential electric, gas and transportation services that industry needed to turn out the goods.

The industrial team of New Jersey is working again in the present emergency. And Public Service as usual is ready to serve and grow with a great state...at the Crossroads of the East.
Continued from page 64

the amount of bank funds available for loaning purposes.

The Federal Reserve Bank of St. Louis—The Bank of California, N. A., with its offices in San Francisco, Portland, Seattle and Spokane, and many others about the country—has been bpoth by our clients in constantly increasing amounts for inventory accumulation and for production purposes, and in some cases, for loans, for plant and equipment which have not materialized to any considerable extent. Although some of these funds may be in proportion of such financing coming from sources other than banks—it must be remembered that industrial capacity in this part of the country has been heavily engaged during the war as well as in the intervening years. Earning an outlook of war economy is not expected, but rapid expansion will require that requirements will even begin to approach the "60%" plus of industrial production to which we have referred in the last war. Some estimates place this figure as not likely to exceed 20% in the present situation.

WARD MELVILLE
President, Melville Shoe Corporation

At the beginning of every year of the past decade, it has been a matter of rearmament and war revenues in the form of business with a big reservation as to possible "international events" which might alter the trend drastically. This is especially true today. There is no reason to expect that this trend will apparently continue to be true during the present year. There has been a factor to which all business management must adjust. It requires, in the words of President Roosevelt, a new frame of mind: "A fresh beginning in thinking, planning, and acting is necessary if we are to meet adequately the needs of a new world situation."

If mobilization does not go further than the present effort, as seems reasonable to conclude that the general high level of production and income in this country in the coming year will assure the production and sale of over three times as much as that of 1950, and possibly higher. For this reason, with the production and sale of heavy hard goods, even if somewhat less than now anticipated, there is a significant increase of sales of other goods, including footwear. If mobilization should be much more rapid than is now planned, the doubling or tripling would still be able to produce all of the shoes required for both military and civilian use, assuming that materials are available. The industry foresees no shortage of materials if hit imports (currently about 15% of total requirements) are not increased. There is no reason at present to expect any interference with the flow of imports, or any question of working requirements.

Ward Melville

GUSTAV METZMAN
President, Western Railroad Chairman, Eastern Railroad Presidents Conference

While there will probably be numerous temporary dislocations of our economic structure, the war and the subsequent war economy is most likely to result in our economic life as a whole, I feel, will result in industrial realignments, realignments which will be significant, and perhaps, in particular, should continue to show the effects of the war beyond the period of 1950. Even so, it will probably be a long time before the rate of return on investment reaches the 6% figure which the mining industry has maintained since the war. As we go into the substantial improvements they are planning, they must meet all emergencies. Given sufficient financial strength, the railroads will do the job, whatever may come.

ROY W. MOORE
President, Canada Dry Ginger Ale, Incorporated

Any forecast for the year ahead must be predicated upon the assumption that, as far as the national economy is concerned, the emergency is in most respects equivalent to full-scale war. Our best guide is to recall the circumstances of the years 1940-1943 which were those of the pluses and minuses of today in relation to the per-capita consumption.

On this basis, we at Canada Dry expect business to be good in the coming year. Under the anticipated conditions of full employment, with operating overheads in many industries running at or near their pre-war figures, working people consume more beverages both at work and at home. A need for periodic refreshment and the simple social function of the parts of the soft drinks industry in stimulating and meeting all emergencies. Given sufficient financial strength, the railroads will do the job, whatever may come.

R. W. Moore

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Ward Melville, President, Melville Shoe Corporation

Gustav Metzmann, President, Western Railroad Chairman, Eastern Railroad Presidents Conference

Roy W. Moore, President, Canada Dry Ginger Ale, Incorporated

88 bottles per person. This had risen to 134 in 1941 when the defense program was under way. Sagacity in the allocation of production in recent years is demonstrated by the fact that in 1945 the per capita figure ranged between 125 and 140, which was a level that has been maintained ever since. Production and consumption in 1947 saw consumption rise to 146 bottles per person. In 1950 the per capita production and consumption was about double the 1945 figure.

Shortages of ingredients and supplies, however, have been a persistent problem. There is in fact some reason to hope that, should war come in the next few years, a similar war economy would be based on the sugar shortages it brings in the last war, Tin plated bottle caps have been a subject of concern to the industry, and we anticipate no shortage of black plate caps, should these again come into use. The one shortcoming of the skilled manpower, but even this can be dealt with on the basis of the experience that has been gained in managing the handicaps.

The cost of financing the braking of the economy factors applies to the industry as a whole as well as to our own company, but except for a lack of the earnings people have been able to invest high- long term capital. It is not expected to be steady rising costs. It may be expected that other companies will take similar action to the year, and take out of sheer necessity. The resulting restoration of earning power should enable the industry to meet a greater obligation in the government in support of the national defense program.

Ben Moreell
President, Jones & Laughlin Steel Corporation

In my comment last year on the prospects for the steel industry, I pointed out that we had to increase its investment in tools, machinery and structures in order that it could be competitive in the American market. I pointed out also that, with the threat of the war and the new steel structures, the prospects for obtaining the funds necessary to do this were improving.

I proposed a solution in the form of Federal acreage bonds, which would limit accelerated amortization of production facilities. I felt at that time that such a provision has been incorporated in the tax code, and the new production is being established to stimulate rapid expansion of our productive capacity.

However, the emphasis has now shifted from peacetime needs to the requirements of war. It can not support our current and prospective military efforts. It is all the more important, therefore, that we not only enlarge the scope of our programs, but that we expedite the programs to the utmost. No obligations are more pressing; the reasons for concealing the fact that the United States now faces the greatest danger in its history. For the first time we face a real and imminent threat of invasion of our soil from the air. Our national security is dependent upon the fact that we have assumed obligations for military and economic aid of indeterminate amounts, with indeterminate due dates in separate binding agreements. For instance, neither the amounts on the due dates of these agreements are known. They will be determined by the enemy.

Because of a lack of long-term planning, we have failed to accumulate adequate stockpiles of those essential materials which must be brought from abroad and which can not be produced in the U.S. Our industry is in a position of having to rely upon government subsidies and on the upper millstone of inadequate prices and the other millstone of excessive taxation, so that, even with accelerated amortization of new facilities, the cash intake will not be sufficient to provide the freedom of action which we need to expand, rehabilitate and improvement of plant which is essential for maximum support of our efforts.

The steel industry, in its efforts to contribute to the support of the national defense program, has the users of steel adequate charges for its services. By following this course, the industry has achieved a non-compete position in the world's market for steel. This is reflected in the comparatively meager ex¬ pansion the old period of rehabilitation and expansion in the pre-war years, and the failure of the industry to supply the needs of the economy for its products. The industry is in a position of having to rely upon government subsidies and on the upper millstone of inadequate prices and the other millstone of excessive taxation, so that, even with accelerated amortization of new facilities, the cash intake will not be sufficient to provide the freedom of action which we need to expand, rehabilitate and improvement of plant which is essential for maximum support of our efforts.

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The Retailer's Stake in the Standard of Living

The goods and the delivery of the goods to consumers lies at the heart of the commodities' economy. Without such goods and delivery, the standard of living would be poor, and without the delivery of goods, the standard of living would be nonexistent.

To all American industry, consumption of goods represents the demand for goods of the American economy. Without such demand, the standard of living would be poor. And without the demand for goods, the standard of living would be nonexistent.

It is clear that a healthy and prosperous economy is the key to a healthy and prosperous society. And a healthy and prosperous society is the key to a healthy and prosperous economy.

The requirements of consumers as citizens and consumers as members of communities can be satisfied by only a continuously improving standard of living.

Labor asks for wage increases because of the power of its unions, or its desire to match the inflationary surge in prices.

Business with a capital B speaks of the miracle of production, too often unverifiable and unrelated to prices that are high, or the power of high prices to the consumers.

Government, naysayers who claim that responsible high and high profits, and the power of high prices to the consumers, creates bureaus because of its supposed wisdom—administrative and otherwise.

Too seldom does any of these agencies—Business with a capital B, Labor with a capital L, Government with a capital G—test its own claims or its criteria of the policies of the past to their relationship with and effect upon the standard of living. And still less is there a criterion of proper standard of living.

The same is true of the various plans, dividend reserve determination, and the like. Business is not an isolated hormone in the organization of society, it is but a device to produce and distribute the materials of life for the increasing standard of living. And still less is there a need for reference to productivity and labor and for employment.

The retailer's stake in the standard of living is that the retailer's volume and profit will decline seriously if not disastrously. Granted an improving standard of living, the retailer has a treasure trove to discover and use for their own and their communities' best interests.

For the retailer's stake in the standard of living is so direct and so positive it is essential that they understand the factors that contribute to its advancement or retardation, and the factors that government and business can do to help.

The retailer's stake in the standard of living is that the retailer will be able to increase its sales, and thus increase its profit by offering better goods and services, through better goods, through better service, and through better values.
J. D. A. MORROW
President, Joy Manufacturing Company

The year 1951 bids fair to mark a period of high volume of activity among manufacturers of mining equipment of all kinds. Aluminum, coal, zinc, lead, cobalt, cadmium, etc., are the basic materials for military and civilian use. Any statement of the needs of the federal government requires additional supplies of these basic materials.

Therefore, since the mines will be operating at a higher level, it will be necessary to maintain and improve the production of machines and repair of maintenance parts. It is, of course, an ex¬ ponentially higher level of operation and production.

These elemental facts have been well known for some time to the executives of the mining industry, responsible for our rearmament program. The Secretary of the Interior has been working jointly with representatives of the metallurgical and mining manufacturers and of the manufacturers of equipment for such enterprises. In the Department of the Interior, the Bureau of Mines and the Geological Survey are staffed with competent, experienced, and qualified men, as is so often the case with the production problems of mining. Under the leadership of the Secretary of the Interior (Chairman, J. D. A. Morrow), the mining industry and representatives of the above agencies have been quite actively working to improve the production of minerals of the various types required in the conditions that will exist. Furthermore, as the official staff of the Department has needed expanding, it has been handled to increase the size of the department's personnel and all types of labor will be called for at a premium.

The Secretary of the Interior is responsible under an Executive Order for the provision of sufficient supplies of the minerals needed and likewise responsible for the supply to the mines currently of the machinery and repair parts required to maintain and increase mineral production where needed. He is the Chief Executive Officer of the machinery manufacturers with respect to allocations of scarce materials.

At the beginning of 1951, therefore, there is a well prepared, well staffed, competent official organization in place through whose agency are the various problems of the mining machinery industry that grow out of the war situation. Selectivity in the use of labor and materials is one of the constants applied. This is in marked contrast to the way in which these industries were overlooked and neglected in the early stages of preparation for World War II. It insures immediate and effective realization of mining production to meet the demands of the government.

With active demand for their products and with the Department of the Interior authorized and effectively operated to provide the scarce materials required under the various allocation programs, the manufacturers of mining equipment have a year of increasing activity under encouraging auspices.

VICTOR MUNCHER
President, Charnos Manufacturing Co., Inc.

War or peace, there’s a minimum of conversion and readjustment in our electronic parts industry to actual war needs. The various companies are meeting their obligations to the government in accordance with the terms of their contracts. This is not a case of tearing out existing machining and assembly and setting up brand new production equipment, which is a way of saying that there is an abundance of electronic parts in the market place. The division of the defense effort between orders to build TV sets and other equipment for the home, and orders for equipment for the military, is in fact a reflection of the division of the defense effort among the companies in this industry.

On such a flexible basis, therefore, the electronic parts industry is not going to be faced with large surpluses of a highly specialized nature. The television industry in the past five years has been an important instrument in instrumental adjustment and even adding to the tremendous Facilities that emerged from World War II. As yet, before the effects of the defense orders have been delivered, there are no problems here.

There are no major surplus problems in the electronic parts industry. The electronic parts manufacturer must contend with new varied problems, for instance, raw material. We are entering an even greater seller’s market than that enjoyed by the metals industries a few years ago. Users of electronic parts may soon be securing the same kind of raw material in the same quantities as the automobile industry on top of that, the 1951 outlook is simply fantastic.

Much, of course, depends on materials and manpower available to the manufacturers. The electronic parts manufacturer must contend with new varied obligations and responsibilities. We are entering an even greater seller’s market than that enjoyed by the metals industries a few years ago. Users of electronic parts may soon be securing the same kind of raw material in the same quantities as the automobile industry on top of that, the 1951 outlook is simply fantastic.

In spite of higher operating revenues resulting from higher end-item sales, the company's earnings have not been sufficient to service properly its capital needs. As a result, the company is actively seeking the acquisition of businesses that will enable it to increase its earnings per share. The company is also evaluating opportunities to sell or lease assets that would result in a one-time cash inflow. In order to finance these acquisitions and to support its long-term growth, the company plans to raise additional capital through the issuance of new equity securities, including shares of common stock or preferred stock, and through the issuance of debt securities. The company remains committed to maintaining a strong capital structure that will enable it to continue to invest in new technologies and to support its ongoing operations.

In the automobile industry, the company is experiencing increased competition from foreign manufacturers, who are able to offer lower prices due to lower manufacturing costs. In addition, the company is facing increased competition from domestic manufacturers, who are investing heavily in new production facilities to increase their capacity. The company is responding to these challenges by focusing on developing new product lines and by improving its existing product offerings. The company is also investing in research and development to introduce new products and features, such as advanced safety technologies and electric vehicles, which are becoming increasingly popular among consumers.

In the aerospace industry, the company is experiencing increased competition from other aerospace companies, who are investing heavily in new production facilities to increase their capacity. The company is responding to these challenges by focusing on developing new product lines and by improving its existing product offerings. The company is also investing in research and development to introduce new products and features, such as advanced safety technologies and electric vehicles, which are becoming increasingly popular among consumers.

In the construction industry, the company is experiencing increased competition from other construction companies, who are investing heavily in new production facilities to increase their capacity. The company is responding to these challenges by focusing on developing new product lines and by improving its existing product offerings. The company is also investing in research and development to introduce new products and features, such as advanced safety technologies and electric vehicles, which are becoming increasingly popular among consumers.
Cecil appointed by Merrill Lynch Firm

O. V. Cecil has been appointed Manager of the Municipal Bond Department of Merrill Lynch, Pierce, Fenner & Beane, 70 Pine St., New York City, members of the New York Stock Exchange announced by Winthrop H. Smith, Managing Partner of the above-mentioned firm.

Prior to coming to New York in 1948, Mr. Cecil was treasurer of the office of Merrill Lynch, which was in charge of buying and selling municipal bonds. Last year he came to the New York office to supervise national municipal bond sales.

As head of the Municipal Bond Department, he succeeds Edward G. Welch, who has resigned.

Mr. Cecil, who graduated from Southern Methodist University and added the University of Oklahoma Law School, went to work in 1923 for the firm that is now Dittmer & Company, and before the war a partner in Moss, Moore and Cecil. He served in the Navy for four years and left in 1945 with the rank of Lieutenant.

Always looking for a Better Way!

That's how P&H began. Looking for a better way to handle heavy loads, it produced the first all-electric overhead crane.

That's how it grew. The search for a better way led to the invention of the American P&H electric hoist, more reliable than ever, and ready to meet the demands of today.

That's how it is today. P&H continues to look for new ways to do the work that's been done so well in the past. It's an attitude that makes P&H a leader in industry today. And tomorrow.

P&H Engineering

P&H Production

Always looking for a Better Way!
Continued from page 69

ROBERT W. OTTO
President, Ladlee Gas Company

With a national emergency declared and a world con-

flict raging, many of the natural gas pro-

ducers and users of natural gas in the

Mississippi Valley area have been making

preliminary arrangements with the two

Mississippi River Fuel Corporations for

the purchase of the gas, thus enabling the

companies to continue with operations

while awaiting the development of other

gas sources. The agreements have been

made for the purchase of gas during the

next twelve months; however, we pre-

dict that if economic conditions hold up,

some of these agreements may be

made for a longer period.

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made for a longer period.

The Mississippi River Fuel

Corporation, which was granted federal

approval from the Federal Power Com-

mission, is building a high-pressure

compressor to handle this win-

ter's load, and I am happy to say

that we have been able to meet that

load in spite of the unprecedented

amount of business that is being done.

The Mississippi River Fuel Cor-

poration has made application to the

Federal Power Commission for an addi-

tional compressor, and we have been

studying with our supplier of increasing our supply of

natural gas to meet the demands of our

customers.

There was a large amount of residential construction in

the area we serve, and the natural gas industry was

prepared to meet the demands of our

customers.

The tremendous demand for gas in this area is

due to the construction of 28,400,000 cu.

bfc of gas on only 6,400,000 cu.

bfc of gas on 24 of this year. During the

1949-50 winter, we were supplying to the

flan, 23,809 modern automatic gas storage

water heaters were sold as cop-

pared to 2,989 for the preceding twelve months. Gas

refrigerator sales increased from 1,917 to 3,101 and

annually higher.

During the fiscal year ending Sept. 30, 32,809 modern

automatic gas storage water heaters were sold as com-

pared to 2,989 for the preceding twelve months. Gas

refrigerator sales increased from 1,917 to 3,101 and

annually higher.

Another gratifying tribute to the appreciation for the

service of new natural gas, by citizens of the St.

Lawrence area, is the increased sale of gas appliances

in this area. We had an increased sale of gas appliances,

jumps from 612 in 1949 to 1,290 in 1950. A

majority of the modern stoves and automatic gas

appliances sold are of the automatic type and the replace-

ment of less modern and non-automatic equipment as a

result of modernization, indicates a growing demand

for better equipped gas appliances.

Appliance sales and household equipment sales are

bined resulted in more than $25,000,000 worth of

business for the year. A large number of these sales were

of which are represented by transactions on the part of

individuals who have been converted to gas as a result

of the installation of a modern gas heating system. The

spends on gas industry.

Sales

Other important steps the company has made in the way of

improving its capital structure.

The more important steps include the sale of $5,000,000 of 4.5%

preferred stock for the amount of $6,064,000 at

Convertible Debentures by conversion and redemption, we

the payment of existing secured bank indebtedness and

the setting up a $7,800,000 unsecured bank credit. These

steps have enabled the company to retain its credit with

the萤ourable terms.

If and when further financing is required, we believe it will be

justified in the growth in the Company's

earnings and in the sound financial structure now existing. The Board of Directors increased the reg-

ular quarterly dividend from 5c a share to 10c a share during the year.

On Sept. 30, at the close of the fiscal year, Ladlee had

2,050 employees.

The Company is proud to announce that an improved

Pension Plan for employees was instituted in 1950. The

Pension Plan is designed to reduce the company's over-

all cost. We also are happy to announce that we have been

able to liberalize our sick-leave, hospitalization and

surgical benefit plan.

CLIFFORD E. PAIGE
President, The Brooklyn Union Gas Company

By the standards of recent years, 1950 was an

assuredly an outstanding year for the gas indus-

ty. This was true nationally as well as provin-

cially. Some 375,000 miles of transmission

pipeline were added to the gas industry's system, and

out of a total of 24,362,000 gas utility customers, 14-

836,000 new customers were added. Sales,

production and expansion of plant facilities in the next few

years

Not only were capital expenditures at a record high; the number of customers to receive new gas

service were increased by more than 67% over 1949. Despite annual increases in natural gas usage, pipe

line capacity was more than sufficient to meet the increased demand of natural gas. Our company has

continued its recent gains in the coming year.

The Brooklyn Union Gas Company will join in this tremendous growth as the rate of gas sales starts to

flow from the longest pipeline in the world. This 1,450-

mile pipeline from Texas to New York has been built by

the Brooklyn Union Gas Company, with an approximate cost of $200,000,000. Initially, Brooklyn

Union Gas Company will deliver gas to utilities and industrial customers in the Boston area, Du Pont

chemical plants, and to any others who wish to be served by the construction of additional pipeline facilities,

we expect to convert to 1,000 B.T.U. gas in 1953. This conver-
nion will make available for us to expand our gas service

to an increased number of customers at a relatively low
capital investment. In addition, our chief source of supply will no longer be dependent upon the production

of coal and oil, although our present plants will be kept in readiness for periods of peak
demand or emergency.

Chattanooga City-County. We estimate that our gas for our 840,000 customers will involve the
greatest conversion of appliances ever undertaken by any utility in the history of this industry.

Developments of all types have been so

rapid that there has not been time to develop any kind of

V. R. Paige

commercial literature or promotion. Natural gas has always produced a tremendous

demand in places where it has been used. Oil market

circumstances, oil production cutbacks, and the price of gas are stabilized and the competitive position of

gas as a fuel is improved.

During 1950, The Brooklyn Union Gas Company prepared

for the receipt of natural gas by investing $8,000,-

000 in plant facilities. The increase in the intra-city

traffic is also the result of increased demand for

gas in modern living. In the past five years, the

gas sale of gas companies by The Brooklyn Union Gas

Company has increased 12%.

We in the gas industry are grateful that we can serve

the national interest in both peace and war. In peace,

more and more people seem to want the benefits which

gas brings to their lives. In time of war, the tremendous expansion of the past five years means that the gas industry can serve the nation better than ever before.
industry will be able to recruit necessary electronic skills from abroad.

Engineering curricula in colleges and universities must be given added emphasis in order to supplement the output of students employed by the armed forces. Students must be encouraged to pursue engineering studies, and every method and device which will aid them in the potentialities of an engineering career.

We have good reason to pause and carefully consider just where the Germans happened to us during the war, in so many technical lines—including, especially, the production of powered aircraft and equipment. There is no doubt in our minds, in the aircraft industry, that there is a great loss of knowledge by applying more trained engineering talent to their problems.

Finding a doctorate in the engineering force of an aircraft manufacturer is the war was a job which could be remarked upon. Today, the Glenn L. Martin Co.'s electrical engineering sections and sections of more than 25,000 engineers on its roster. The photocopy machine, the electronics specialist, are high on the "most needed" list at all arms of service. More and more will be needed. It is the real advantage of youth, the youth of today; and the younger in technical training, but for all of us in industry.

We are spending more and more money and time in selection of engineering supervisors and in training them in the use of modern leadership principles and practice including supervisory conferences. In addition, engineers are encouraged to enroll for outside self-improvement courses.

Being essentially an engineering organization, the military services maintain the quality of the products of the minds of its own people. It is their desire to keep the men in the forefront of their "tooling" efficiencies, which keep the company in a position to meet the changes in the commercial aircraft market's requirements. The men needed to make such demands that may be made by the military services.

The young men and women who graduate from or leave schools each year represent another potential source. Approximately two million young men and girls graduate each year, and some of these may be lost to the armed forces. Hence, it is a matter of some urgency to leave home; therefore, full utilization of the local labor supply and a real effort to get the Rosie the Riveter on the payrolls, even if training for her occupation is not available. More and more for the children are involved, may pay off in the near or distant future. Especially are these refusal of recruitment efforts.

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The rise in total civilian petroleum demand will partly react to continued growth in the number of planes occasioned by continued migration of population to the West and the need to move freight and passengers in mining, farming, and other activities. A gallonage standpoint, 1951 should mark a peak for service station operations. Heating oil sales should be close to those of 1950. Civilian fuel oil sales declined by more than 600 million gallons this year and now amount to a little more than that of large oil refineries. However, this is no more than 1% of the total crude oil produced in California. West Coast refineries are used chiefly for the needs of the bulk of the military and minor industries. Unless the situation eases considerably in the Far East, it appears that surplus demand for reformulated gasoline will continue. For the airline industry, the West Coast is the chief source of supply. The over-all rate of production in subsequent years will be determined largely by the extent to which the airline industry is able to use the facilities. 

**GWILYM A. PRICE**

President, Westinghouse Electric Corporation

Industry is facing a double-barreled problem in 1951—loss of defense orders and the same time, keep up a flow of essential civilian goods.

Limitations on basic materials such as copper, aluminum, steel, and plastics complicate the determination of the extent to which production by the private sector will be adequate to meet the needs of the nation. This is a task that the Government has undertaken.

The millions of Americans who are under the wing of Westinghouse will be closely watched by the public, and the company will face the same scrutiny as in the past. The company's activities are closely watched by the public, and the company will face the same scrutiny as in the past. The company's activities are closely watched by the public, and the company will face the same scrutiny as in the past. The company's activities are closely watched by the public, and the company will face the same scrutiny as in the past. The company's activities are closely watched by the public, and the company will face the same scrutiny as in the past. The company's activities are closely watched by the public, and the company will face the same scrutiny as in the past. The company's activities are closely watched by the public, and the company will face the same scrutiny as in the past. 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JOSEPH F. RINGLAND
President, Northwestern National Bank of Minneapolis

Though there are great differences of opinion in this country as to what our foreign policy should be, there is general agreement that we must greatly increase the strength of our armed forces. This simple fact will be a constant stimulus to our economy, and will influence me in arriving at the expenditure and taxation policies which follow.

Business generally will continue at a high level during the year, although as the year progresses the defense effort will cut in on the high iron economy. Fewer houses will be built and a lesser number of automobiles, television sets and other durable consumer goods will be manufactured, as more and more of our plants, men and materials are utilized in providing arms and equipment to the military.

In this section of the country, where agriculture plays such an important part in our wealth, the prices of farm commodities, if crops continue good, will add to the strength of the economy. While there will be some irregularity of employment as we shift to a bigger defense program, 1951 should be a year of full employment. The experience gained by businesses in shifting from peace to war in 1914 and 1914 and returning to it again in 1945 and 1946 should aid in the transition to a full defense program. With a reduction of full war prices, some inflation seems inevitable, unless the Administration in Washington, together with the full weight of the nation, takes a firm stand against it. This means cutting non-essential spending by Government—at Federal, State and local levels—giving earnest attention to reducing the huge military appropriations. It means more taxes. It means more determination on the part of consumers to hold on to their savings. In line with this, the people of the nation must cut purchases of goods and services that the Government needs, and save the funds that are saved for military expenditures.

Banking should enjoy another good year. Bank deposits should rise further and loans should continue at a high level. 1951 will bring heavy responsibilities to bankers. They must be prepared to assist in financing the defense program and in holding down loans for non-productive and non-essential purposes. They must be prepared, when called upon, to assist the Treasury in every way possible in holding down the number of Government securities to hold on to, and if necessary, in the purchase of them by themselves. As financial leaders in their communities, they must do all in their power to assist the forces of inflation, and especially to encourage savings by the people of the nation, so that a large portion as possible of the costs of Government that are not raised in taxes, may be financed outside the banking system.
In a cautious appraisal of the outlook at this time, the manufacturers evidently feel that the national economy under the present administration will provide the best possible environment for business enterprises. This was the conclusion of the Twenty-seventh Annual Survey of Business Opinion, conducted by the National Bureau of Economic Research, a non-profit research institute.

The survey, which was based on responses from 1,000 business executives, found that the majority of respondents expected the economy to continue to expand in the coming year. However, they also noted that the pace of growth could be slower than in previous years due to the need for increased investment in capital goods.

The survey found that the most important factors expected to affect the economy in the coming year were the level of consumer spending, the availability of credit, and the state of the housing market. The survey also noted that the economy was likely to face some challenges due to the ongoing pandemic and the potential for further disruptions due to political events.

Despite these challenges, the survey found that the majority of respondents were optimistic about the future of the economy. They expected the economy to continue to grow and believed that the government's economic policies were likely to help support this growth. However, they also noted that the economy was likely to face some challenges due to the need for increased investment in capital goods.

The survey was conducted as part of the National Bureau of Economic Research's (NBER) annual survey of business opinion, which has been conducted since 1920. The survey has become a key source of information on the state of the economy and is widely used by policymakers and economists.

The survey was conducted in late December 2020 and early January 2021. It was based on responses from 1,000 business executives, who were asked to rate the economy on a scale of 1 to 10, with 10 being very good and 1 being very poor. The survey also included questions about the expected state of the economy in the coming year and the factors expected to affect it.

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And They Wouldn't Work!

"Some people now suggest that price controls should be imposed, evidently believing them to be the cure-all against inflation. Others feel equally strong in their opposition to controls. They remember from experience in the last war that price controls created black markets and artificial shortages; stifled production; priced goods of the market (particularly low-priced merchandise), and a terrific amount of money spent to administer the controls.

"Looking for a solution of this difficult problem, it is highly important to remember that the present emergency state of preparation and defense may be with us for many, many years. Therefore, a strong case prevails that we should try very hard to avoid price controls in an emergency defense program that must be continued for an indefinite period. If the economy is now saddled down with price controls for a long time, we may never escape from them, and that could be the end of our free enterprise system."

Paul S. Willis, President of the Grocery Manufacturers of America, Inc.

Right! And they would not prevent inflation!

VEPCO SYSTEM NOW SERVES MORE THAN 500,000 CUSTOMERS

ON January 1, 1946, Virginia Electric and Power Company was serving 360,000 customers with Electric Service.

On August 30th last, VEPCO connected its system to the area of 500,000th customer, a 90-month and 10-year maturity bond, to supply electrical and power service to 100,000 people in the Richmond area.

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Continued on page 76
A year ago there were signs that during the latter part of 1951 exports would return to the steel industry. But, once again, unforeseen events intervened to prevent this.

The merchants of the steel industry brought with it an abnormal spurt in the demand for steel for everything made of steel. This was evident in all indicators of production, sales prices, and expenditures at all levels of the economy—from the manufacturer to the consumer. Fear of possible future shortages was so strong that it caused the consumption of expenditures to a point which cut down his previous order and planning several quarters. By the time the evidence of this spurt is investigated, the following effects of 1950 production gains over 1949; Automobile production increased 5%, an increase of 51% for refrigerators, electric ranges up 76%, washing machines 48% above 1949, a gain of 60% for gas ranges. Home building jumped 27%, while total construction increased 23% over 1949.

Gains of that magnitude in durables plus high level production in all other steel-using industries seem to confirm the basic economic theme that we are entering upon our major task of defense preparation which we began January 1950 at Pearl Harbor.

At that time, for example, we had around 15 million tons of idle steel capacity and 8 million unemployed. Because of that margin, the switch to war production could not be made quickly, for the absence of this slack means that the growth in military and essential consumer products will exceed our current productive capacity. We will have to make up this shortage somewhere in the production of peace-time goods.

American business has always proved capable of rising to any production challenge, and we are sure it will meet this. Our industry can do its part better fighting shape than ever before. New producing facilities are being built at a very rapid rate. It now appears that steel industry capacity will be at least 112 million tons by the end of 1952.

In the case of our own company, ingot capacity by the end of 1952 will be almost 50% greater than it was at the end of 1950.

Since military needs for steel have not been disclosed at this time, we cannot measure how much steel will be available for civilian use; however, we can estimate that 25% of dollars will be required for the military budget during the next few years. We should be conservative in our estimate. When shipments of steel for direct war uses were at a peak, we shipped only 40% of total capacity, and even that required 30% of the nation’s available steel.

Consequently, a billion dollars spent in 1943 would now require 5 billion dollars, or 600 million dollars more, to purchase the same quantity of goods. This, of course, is the situation that happens when dollars are put into circulation faster than income keeps up with them. It is one of the reasons why the 1951 defense program should not be considered a solution to the economic problems of the day.

During the winter of 1950-51, when war expenditures were 80 billion dollars, today’s money situation is even worse. In 1950 we shipped only 25% of total capacity. Even 25% of 25% is 6.25%.

In 1951, 6.25% of the nation’s production was available for civilian use. In 1952, we are on target to ship 12-15% of total capacity. Consequently, a billion dollars spent in 1951 would require $7.5-$10 billion dollars, or $6-$9 billion dollars more, to purchase the same quantity of goods. This, of course, is the situation that happens when dollars are put into circulation faster than income keeps up with them. It is one of the reasons why the 1951 defense program should not be considered a solution to the economic problems of the day.

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Fast's self-aligning roulplings, tar acids, and some pressure-treated wood products.

During the year Koppers built for its own operation two new plants, one at Warren, Ohio, which manufactures pitch coke for making carbon electrodes used in the aluminum industry, and the other at Port Arthur, Ontario, which turns out protective coatings for pipelines from the new Alberta oil fields.

M. J. SPIEGEL, JR.
President, Spiegel, Inc.

At this critical period in history, any forecast or prediction of what 1951 will bring can be out-dated as it is being printed. We do know, however, that the period of materialistic American business to keep going, taking each emergency in stride—and that this characteristic is of vital importance to our economy.

Spiegel, Inc., part of the fast-moving, highly competitive mail-order industry, is certainly a half-dozen firms handling almost 9% of the nation's general-cash-and-carry business. To meet the need for high volume sales and economical mass distribution, this industry has developed the most modern methods and business techniques. The industry has traditionally lower prices than other merchandising organizations. These factors have led to streamlined tariffs and lower prices.

The anticipated dollar increase will come from the higher price trends reflected in the big catalog sales just released to millions of homes throughout the country. While these price advances do not fully reflect the general advance in commodity markets, they have affected almost every line of merchandise.

The anticipated dollar increase will come from the general economic picture. Our customers are the mass middle-income industrial workers and farmers. More of these people will be working longer hours, and earning more money as the task of mobilizing material resources and manpower goes forward.

Our industry supplies this customer group with essential needs such as clothing, shoes, household goods, tools, auto needs, repair materials—the merchandise that people must and will buy.

With many housewives again taking jobs, and domestic help growing scarce, the catalog way of shopping offers many advantages besides those of lower prices. Shopping at odd times, since a catalog is in the home is a store that is never closed. When merchandize shortages are feared, shoppers turn to the wiser selection and vast merchandise stocks represented by a catalog as compared to a smaller retail store. Telephone orders, now available to catalog buyers in metropolitan areas, has had a dramatic growth in recent years because of the convenience in shopping at home.

Scarc buying, such as that of July, 1950, and government regulations affecting the manufacture and sale of certain merchandize can make many problems for the mass distribution. No one has any idea that business will go forward "as usual" in the year ahead. There is, however, every reason to believe that business will be good for those who can make a good job in applying standard merchandize, promptly delivered, to fill the needs of our industrial and farm population—and our mail-order store industry has met the challenge before.

PHILIP SPORN
President, American Gas and Electric Company

The new defense economy has already had a marked effect on all economic activities in the country as a whole, and particularly so on the area in which the American Gas and Electric Company system operates. It will have an even greater effect in 1951.

Located in one of the most vital defense areas of the country, and serving portions of the seven states of Michigan, Indiana, Ohio, West Virginia, Virginia, Kentucky and Tennessee, the American Gas and Electric Company system has already experienced a tremendous upsurge in power used during the last two quarters of 1950. It is expected that this usage will climb substantially higher in 1951, owing to the continued increase in the scale of operations, and to the terrific expansive pressures of increased defense activities. Programs for expanding steel, aluminum, magnesium, chlorine, titanium—the new wonder metals—and many more direct military materials will be accelerated as the year progresses. All have one thing in common—they require a great deal of electric power; they add up to more kilowatts. Because there are economic and other reasons for locating many of these basic industry operations in the territory, the affairs of the company have already been influenced and will continue to be influenced to a greater extent over the next several years; furthermore, these developments will pose additional major problems for the system in meeting its responsibility of taking care of additional power requirements.

The future can best be discussed with 1950 as a base. While it is too early to have the final figures for 1950, they can now be closely estimated. Thus it appears that the operating revenue for 1950 will climb to $186,300,000 as compared to $149,475,600 for 1949, an increase of $36,822,000 or 11.4%. Kilowatt-hour sales for the system are estimated at 11,800,000,000 for 1950 as compared to 8,900,000,000 in 1949, an increase of 3,900,000,000 or 43.3%.

On the basis of present trends we estimate that kilowatt-hour sales for 1951 will reach a figure of close to 13,500,000,000, and operating revenues will hit an all-time peak of $180,000,000 for the year.

American Gas and Electric has spent $267 million since 1947 through 1950 on its expansion program, anticipating the growth that we are experiencing today. Today's construction is in expectation of, and to provide for, the growth in the coming years. During 1950, $77 million—was spent on generating plants, transmission lines, distribution lines and general plant and equipment. This heavy construction budget will be even higher in 1951, and will reach a figure of $82 million. In the three-year period 1951 through 1953 our company will spend $251 million on plant expansion.

Trend of industry to decentralize and to move to smaller towns is evident in American Gas and Electric's industrial development figures. It is worth mentioning that American Gas and Electric is a small-town system—serving over 2,300 communities throughout its seven-state area—and not one of these communities has more than 150,000 population—their average being close to 2,100. Thirty-eight new major industries moved into the American Gas and Electric System area during the first ten months of 1950. There is every reason for the expectation that this trend will continue and that more industry will move into the area during 1951. Industrial capacity is expanded and dispersal is carried out.

Do your bit
Support our Government in its fight to preserve our freedom and prevent inflation.

Save
Buy United States Savings Bonds
Build your Savings Account.
M. H. STANLEY
President, Uniris Lens Company

The optical industry is facing the year 1951 with optimism. Vast expenditures totaling $500,000 more in optical eyeglass wearers in 1951 than in 1950 will be able to call for this demand as well as increasing the output of vital war material. This demand will make it possible to complete the new wearers to a combination of factors; population growth, increased activity of the armed forces, and greater public consciousness of eye care.

The calling back into industry of older men and women will require retraining and provide new and better sands of pairs of glasses to correct vision to enable employees to work efficiently.

The major problems that this will present to industry are:

(1) Manpower Problems:
Most young men now in the industry at the manufacturing and the preparation of l 9 and laboratory level will be required for the armed forces. Many eyes wearers will also be called into service, further reducing the availability of eye care. The problem will be to train manpower for our production lines and laboratories to replace those called into service. As in other industries we will try to bring in older workers to fill the gaps as much as possible.

(2) Materials and Supplies Problems:
More and more optical glass is being used and its polishing will be required for optical instruments making less glass available for eyeglass wearers. During World War II, the ophthalmic industry was limited to producing 1/2 million pairs of eyeglasses a month due to a direct relation to public health. And while it has been definitely established in Washington that the industry is not in the war production program, reports are still being issued by the National Production Authority or the Department of Commerce for the materials we require to operate.

(3) Equipment Problems:
All processing of glass requires the use of heavy machinery and the polishing will be required for optical instruments making less glass available for eyeglass wearers. During World War II, the ophthalmic industry was limited to producing 1/2 million pairs of eyeglasses a month due to a direct relation to public health. And while it has been definitely established in Washington that the industry is not in the war production program, reports are still being issued by the National Production Authority or the Department of Commerce for the materials we require to operate.

(4) Plant Capacity Conversions to War Production:
A certain part of our industry’s present plant capacity will undoubtedly be eliminated and then producing optical goods for the armed forces; binoculars, telescopes, bomb sights, gun sights. The industry is ready to convert to war production.

(5) Prices and Other Economic Problems:
The optical industry is definitely going to have to price its goods and services in line with national economic trends. For example, during the last ten years the industry has kept its prices quite steadily and in the future will keep them steady.

W. F. STANLEY
Financial Vice-President, Southwestern Public Service Company

The electric utility faces an all new year with confidence—confidence that it can meet the combined demands of the civilian and defense economy and continue to earn profits for its stockholders. Low coal prices have lowered the cost of production and its investment of its stockholders and on the new investment of the public will require to carry forward its expansion program.

Hostilities in Korea and the ending change from a peacetime economy to an wartime economy has put on the industry’s general emergency and general emergency has created many problems in the industry. For several months the possibility of future excess profits liability seems a serious threat to the industry’s stability and expansion, but with the passing of the new tax law this cloud has been lifted. The recent tendencies towards price stabilization seem to offer reasonable assurance that such a tax will fall off and that inflationary spirals may be controlled or moderated. While it is too soon to predict what effect priorities and allocations of materials may have on the limiting the industry’s expansion program, one thing seems fairly certain—that the use of electric energy will increase because of the need for it. There will be no shortage of capacity, if the need is present, and the demand will be at a maximum for the entire year. This will be true if the industry is operated within the limits of the Korean crisis.

An excess of power is obviously salutary to the defense effort, and it is better to plan for the possibility of there being a greater power for it is vital that construction will be curtailed by priorities or allocations of materials to a point where all necessary demands cannot be met. The peaking of this year’s capacity utilization will give the necessity of planning for this period, with maintenance of capacity which would, at least temporarily, benefit utility earnings by increasing depreciation on plant on which revenue would be received. Like other rapidly expanding electric utilities, Southwestern Public Service Company is moving ahead with its expansion program. The increased demand is to meet increased demands. Its budget for the first eleven months of the year is about $25,000,000, which would be the highest expenditure for any fiscal year to date.

LAWRENCE F. STERN
President, American National Bank & Trust Company of Chicago

As we begin 1951 the economic outlook for the nation is most encouraging. A strong effort is being made to get the government’s armament program under way. The conception of an economy which would produce sufficient funds to meet the needs while taking care of the defense needs of the country is one which must be approached with a sense of the necessity of meeting the challenge of the times. The economic picture seems to indicate that additional taxes will be necessary before the year is out to take care of the tremendous appropriations of the present Government’s budget.

During the first quarter of the year we must expect some adjustments in the employment situation. We are beginning to get more of the people within the immediate area in the automobile industry as a result of part in model change-over but also because of a conversion to the manufacture of tanks and other war equipment. On the other hand, we have had complaints from labor and industries in Pittsburgh of definite labor shortages. It will probably be several months— if not a year or more— before these dislocations in the labor picture are taken care of, but looking ahead toward the end of the year we may expect full employment. In fact, the labor situation may be our most serious problem over the period of the next two years.

The tempo of the war production will depend upon how successful Washington is in getting its orders into the hands of the manufacturers. There will be on-again, off-again delays, on the other hand, we should be well into a write-up program of defense goods early in the middle of the year. While a peak in industrial production should be reached this year or next, corporation profits, on the other hand, should be lower. In many industries the demand for those at the present time, will take away a large part of these earnings. Increased government contracts also will have the effect of curtailing net retail sales. For allowing for the many imponderables which are present in 1951, it does seem reasonable to believe that there will be a year or two of higher wage than the present—particularly for the organized groups; a year of record employment; but, on the other hand, we should not be in a position to expect a big expansion in the labor force. While the consumer price index will be down and dividends to stockholders will be held to a minimum, I believe in which numerous consumer products will ultimately be rationed. It will be a year in which the government will be placing an emphasis on savings through drives to sell war bonds to the public. In short, this should be a year similar to a few others which have experienced when it has been necessary for us to drop “business as usual” and get ready for the possibility of war— if war itself.

L. C. STOWELL
President, Underwood Corporation

At Underwood Corporation, our business is to make, sell and service accounting and adding machines, typewriter products, and instrument products. Our industry, education and government have played an important part in building our economy, and we believe that it will continue to receive the effect on communications, transportation, and most industries. Industry should not fail to recognize the necessity of the modern machines called for in 1951.

This entails a great responsibility on our part to produce quality business and consumer products, which will enable us to perform our indispensable functions. At the same time we must not fall into the trap of letting the economy of research and development of new products. Underwood Corporation is making a full appraisal of the entire scope of the parts of our industry and the product-costing her of our industry. We have decided to continue our development of new products, which will be released in the coming months and next year as needed as well as those needed on our economy.

Underwood Corporation stands ready to do its full part as it has always done in the past.

MARTIN L. STRAUSS, JR.
Chairman and President, Bynarm, Inc.

The year of 1950 saw American women make marked progress toward achieving their goal of equal opportunity. In many fields, real progress was made. The new law of 1951 which is being enacted will create new opportunities for women. The driving force of the war will create a more dynamic economy. The military spending which enables a woman to color her hair, to wear a hat, and to have a new home, is to be continued to be a drive to buy more for those who have been spending so much on necessities. Women will have new opportunities to be seen in new colors, new hair styles, and new apparel. All of these factors, together with the general improvement of the economic situation, will mean a spectacular market potential for Tintair and other products that can be used at home to save time and money.

MARTIN L. STRAUSS, JR

Federal Reserve Bank of St. Louis
Digitized for FRASER

WALTER R. STOKELY, JR.
Chairman of the Board, Stokely-Van Camp, Inc.

At your request, I wish to comment as follows on the current economic situation in the United States, as I see it.

First, I believe that the economic situation is basically good. As far as I know, we have not had a depression in this country since the last war, and I believe that we undoubtedly have inflation. Indeed, I believe that the American people are living in a time of economic plenty, and that we are living in a time of economic growth. We have a tremendous amount of money in circulation, and I believe that this is a good thing.

Second, I believe that the economic situation is good for the business community. I believe that the business community is doing well, and that we are going to have a prosperous year. I believe that the American people are going to have a prosperous year, and that we are going to have a prosperous country.

Third, I believe that the economic situation is good for the American people. I believe that the American people are going to have a good year, and that we are going to have a good country.

In conclusion, I believe that the economic situation is good, and I believe that we are going to have a prosperous year. I believe that the American people are going to have a prosperous year, and that we are going to have a prosperous country.

LOUIS V. SUTTON
President, Carolina Power & Light Company
President, Edison Electric Institute

Because the nation's electric light and power companies were already expanding their facilities at a record pace to meet the demand for service in the state of national emergency which developed in 1950, the electric power to a national emergency did not affect the industry adversely during the year, since, thereafter, gains were recognized in the installation of new generating equipment, in power producing, transmission and consumers.

In fact, the effect of the modification of U. S. resources begins to be more deeply, the electric industry expects that more and more and basic resources, electric power, will be devoted to defense and defense. Cutbacks in civil production, diversion of manpower and scarcity of some materials will accomplish a major portion of this shift automatically. As we now do, we will be sufficient electric power for defense and civil needs. The companies will have the funds to keep their power generation capacity new and usable.

In 1951, the nation's electric companies will add 5.8 million kilowatts of new generating capability—a record high. Governmental power generating agencies of all types plan to install an additional 1.9 million kilowatts. Orders have been placed with manufacturers to maintain the existing high rate of generating installation for the next three or four years. By the end of the year, the electric companies, which have been engaged in a $15 billion construction program since the end of World War II, will have increased their 1945 generating capacity by more than 75%.

It must be emphasized that attainment of this goal depends on there being no interference with manufacturers' schedules. The power supply situation could be entirely different and the industry's electric systems could be diverted to other purposes. Power producing and generating facilities necessary to producing this equipment were not made available as an essential part of the defense effort.

In addition, there is a shortage of materials and equipment, which makes it difficult for the industry to produce more power. The situation is not as serious now, and with electric power increases vital to the nation's ability to produce the electric power, the companies will not fail to meet their responsibilities for government, whether or not they are faced on an all-out war or a prolonged period of crisis.

J. K. THOMPSON
President, Union Bank of Commerce, Cleveland, O.

It is difficult to say what 1951 holds in store for our getting industry. The most important question in 1951 is, "What is our objective?" It may be that it would be well to determine that with certainty without a conference with Mr. Stalin. It is one thing for a national economy to adjust itself to an all-out war. It is an entirely different thing to adjust itself to the national economy and requirements that are changing from month to month, or if it is nationally affected to manufacturing.

The head of almost any business in his planning for 1951 is confronted with the problem of how the production plan may be along either the industrial or the civil lines. In considering such planning, particularly along civil lines, it is necessary for him to consider whether or not he can get needed supplies of the various materials he may need. This difficulty regarding materials may exceed the one affecting his thinking regarding employment. The combination of these two difficulties will increase in wages and labor increases in Federal taxes and result in changes that are generally having less net income in 1951 than in 1950. The amount of such undistributed profits in the early part of 1951 because of the above planning difficulties, but there should be approximately full employment for most of the year at wages which will again be higher than they ever have been due to the recent round of wage increases.

There is a possibility of a Federal budget for the year starting in 1951 of approximately $75,000,000,000. While a good share of such an amount can be provided from deficit excess plus increase that will be made, it will again be necessary to resort to deficit financing and increase in Government debt. It is hoped, of course, that this will be kept to a minimum by a real effort being made to reduce non-defense expenditures, including some reduction in support levels for farm products. There is bound to be a further increase during the year in our inflationary trend. The continuous cheapening of our dollar is worrying most of our people. The reduction in consumer goods which will be available for purchase with the increase in dollars available for purchase of such goods will again be hurtful. The recent Regulation Reserves and X, the former with respect to installment purchases and the latter with respect to mortgage loans, should be helpful to some extent in restraining inflationary trends; so, too, would any substantial investments by individuals in U. S. Gov. Savings Bonds, additions to savings accounts and payments on debts.

The banks will continue to provide the necessary funds to worthwhile projects and to be helpful in every way that they can, but I do want that the loan totals and the amount of money lent shall remain very much the total of such loans at the end of 1950.

W. A. THOMPSON
Chairman, Seaboard Finance Company

Many personal loan companies reached new high marks in volume of business and receivables outstanding during the year just ended. Under conditions existing today, companies whose operations are flexible to keep in step with the times should continue to do well in 1951.

As the nation moves into a partial war economy we are operating under government control credits about the same as those in effect during World War II. In present circumstances it does not seem likely that they will be tightened materially, short of total war. Moreover, under the controls, while they affect loan purchases, a net result is that the laws determining the results attained are not very significant.

More significant than the government regulations is the fact that such economic factors as the amount of disposable income in the hands of consumers and the availability of durable goods for them to buy. An illustration of what I mean, let me cite the experience of Seaboard Finance Company the last time the United States was in war conditions. Following the introduction of Regulation W in 1941, take-home pay increased as workers received higher wages. At the same time the supply of durable goods declined as industry concentrated on producing for the war effort. As a result, Seaboard's customers paid off their obligations faster, because they had more cash, and there were fewer things for them to buy. Before the war the average account remained on our books for approximately nine months. In 1944 and 1945 the life of the average account was 6 months. Such rapidity of repayments means a reduction in receivables outstanding. That was true of most companies during the World War II period. Seaboard was able to continue on page 80

duPont, Homsey Co. Opens Branch in N. Y.

duPont, Homsey & Co., Inc., members of the New York Stock Exchange, whose main office is in Boston, announce the opening of a New York office at 129 Broadway with Harry Arnold as resident manager.

The new office, which has complete facilities for research and service in listed and unlisted securities, will also have complete private wire connection with the firm's Boston office and other branch offices in Fitchburg, Massachusetts, and Muncie, Indiana.

Mr. Arnold was formerly connected with Paine, Webber, Jackson & Curtis. Identified with the securities industry for over twenty years, he is a Vice-President of New York Security Dealers Association and a member of the National Security Traders Association.

With Waddell & Reed (Special to THE FINANCIAL CHRONICLE)

LAMAR, Colo.—Harold R. Husted is with Waddell & Reed of Kansas City.

L. V. Sutton

Buhse Chairman of NASD Board


Other officers elected today are Vice-Chairmen, Robert W. Cook, partner, and R. H. Crowell, partner, Crowell, W. B., Denver.

COMMERIAL BANKING MORTGAGE AND F.H.A. LOANS SALES FINANCE

J. K. Thompson

WASHINGTON, D. C.—Howard B. Buhse, chairman of the Board of Governors of the National Association of Securities Dealers, Inc., was elected chairman of the Board of Directors of the New York Stock Exchange.

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CHARTER MEMBERS NEWARK CLEARING HOUSE ASSOCIATION

Joins Prescott Staff

WASHINGTON, D. C.—William S. Brown has joined the staff of Prescott & Co., National City Bank Building, members of their New York and Midwest Stock Exchange. He was previously with Otto & Co.
offset the faster repayment by expanding the volume of business in existing offices and by purchasing receivables from other sources.

Should there be a sharp rise in disposable income in the hands of consumers, curtailing of durable goods, the average life of loan accounts probably would be materially shortened. As long as the national economy, however, rather than engaged in total war, it is expected that there will be money available for civilian use. For that reason I do not anticipate that the average life of loans will be as short as 1936. It should also be noted that many personal loans are secured by automobiles and furniture. Production of these types of goods is not as high as it was in 1929. Therefore, the deflation of the price levels.

James V. Toner
President, Boston Edison Company

The outlook for the electric power industry in 1951 is undoubtedly that there will be a better average year for personal loan companies. The demand for money will be somewhat greater than in 1950, and the average life of loans will probably be longer. However, the prices of personal loans will probably be lower than in 1950.

James V. Toner
President, New England Telephone and Telegraph Company

The demand for personal loans will probably increase somewhat in 1951. The average life of loans will probably be shorter than in 1950, and the prices of personal loans will probably be lower than in 1950.

Walter J. Tuohy
President, The Chesapeake and Ohio Railway Company

Whatever the year ahead brings, there is little doubt that the rail network of the nation, in which Chesapeake and Ohio's 5,000 miles of track is a vital link, will have to continue to function for the benefit of our industry and the country.

Walter J. Tuohy
President, The New York Central System

The railroads are going to face a tremendous challenge in the coming year, and the railroad industry will have to be ready to meet it.

L. A. Van Buren
President, National Dairy Products Corporation

The food industry is one of the most vital industries in the country, and it is essential that the industry should continue to thrive. The food industry is also one of the most competitive industries, and it is important that the industry should be able to meet the competition.

L. A. Van Buren
President, The New York Central System

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W. G. Vollmer
President, The Texas & Pacific Railway Company

The national emergency will have a direct bearing upon the outlook for the railroad industry in 1951. The government has announced that the railroad industry will have to meet a challenge in the coming year, and the railroad industry will have to be ready to meet it.

W. G. Vollmer
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The national emergency will have a direct bearing upon the outlook for the railroad industry in 1951. The government has announced that the railroad industry will have to meet a challenge in the coming year, and the railroad industry will have to be ready to meet it.
Two With: Lincoln McRae
(Special to the Financial Chronicle)

ROCKLAND, Me.—In the industry, the "eulogia wrap¬
ped in the mystery" of Moscow? When you have that
done, submit your taxes and you will know how to
proceed! The only difficulty is that the figures change so often.

On the petroleum front, however, there are points of reference that are fairly well fixed. The industry's ca-
pacity to produce, refine, transport, store, and market its products is at an all-time peak. It is meeting all demands for gasoline now being made upon it and can adjust to others, if sufficient steel and other materials are made available. For example, rationing of gasoline does not seem to be in sight as long as military needs are now no more than 5% of national consumption.

The third reading, which the Federalists in the Senate and the runs of the House, may think necessary to impose on the economy, it seems plain that the needs of the petroleum industry will receive attention

Waddell & Reed Adds
With Daniel Beatty
(Special to the Financial Chronicle)

CLINTON, Ia.—Charles U. Probst is now connected with Jack¬
son & Company, Inc., 31 Mill Street.

Waddell & Reed Adds
(Special to the Financial Chronicle)

BOSTON, Mass.—Allen J. Kel¬
lor is now connected with Jack¬
son & Company, Inc., 31 Mill
Street.

Jackson Co. Adds
(Special to the Financial Chronicle)

BOSTON, Mass.—E. Mc-
ies of Waddell & Reed, Inc. of Kansas City, Mo.

LOWELL P. WECKER
President, E. R. Squibb & Sons

I believe sales and pre-tax profits of the drug industry will be higher in 1951 than they were in 1950. We are "putting up" in a growing industry.

In recent years, the ethical issues have spent more and more on research and development of new products designed to meet the needs of the medical profession for prevention of illness, treatment of disease, and extension of the span of life.

Many of the drugs introduced in recent years, representing new forms of therapy, in fields not covered adequately before, have been the result of this program. Each time an important drug is developed, and the necessary investment made for its large scale production, we have "put up" in a growing industry.

This, therefore, should be the major factor in the con-
tinuing growth of any industry.

Sales in 1951 are also likely to increase because of the war economy under which we will be living even though we are not actively at war. Government contacts may

Continued on page 82

THIRD NATIONAL BANK
NASHVILLE, TENNESSEE

"In the Heart of the Central South"

STATEMENT OF CONDITION, DECEMBER 30, 1950

ASSETS

Cash and Due from Banks .......................... $34,967,788.10
United States Government Bonds .................. 31,601,546.01
Securities of U. S. Instrumentalities ............... 975,270.15
Securities of State and Municipal Bonds ............ 99,748.55
Corporate Securities ................................ 844,520.99
Mortgages and Bonds ................................ 1,347,043.87
Bank Borrowings .................................. 90,000.00
Bank Building ...................................... 200,000.00
Bank Leases ....................................... 386,706.45
Garage for Customer Use ......................... 925,000.00
Furniture and Fixtures ............................. 233,894.13
Collectibles ....................................... 0.00
Customer Liability—Letters of Credit ............... 94,105.88
Other Assets ...................................... 11,567.81

Total ........................................... $129,922,722.99

LIABILITIES

Capital—Paid In ................................ $1,000,000.00
Earned ........................................ 1,000,000.00
Surplus—Paid In ................................ 220,000.00
Unsecured Debts ................................ 2,360,546.30
Unsecured Debts and Taxes ........................ 1,047,384.30
Unsecured Debts of Creditors .................... 2,363,722.79
Income Collected—Not Earned .................... 783,717.99
Income Collected ................................. 184,458.34
Deposits ........................................ 123,120,299.33

Total ........................................... $129,922,722.99

MEMBER FEDERAL DEPOSITORY INSURANCE CORPORATION

Municipal Bond Department
The National City Bank of New York

New York City

Head Office:
55 WALL STREET

i

Carried for FRASER
http://fraser.stlouisfed.org/
Continued from page 81.

NORMAN R. WHITALL Director, Ross Whitall Limited, Vancouver, B. C.

A basic change has taken place in what has been known as our Captain's疙瘩 speech. It should now be understood that the Department of Finance System. Until 10 years ago, the government only had a minor interest in the fact that the industry. In order to sell its products, they are partners in every industry throughout the country. This is the result of the substantial portion of the National Revenue and without such taxes all of the Social Security payments. Capital and profits of Industry, is good—despite the very evident fact that the government will be on a higher level than in the past two or three years. The days of Government being a partner or even a partner in our country's energy will no longer be tolerated. It is now pure and simple that the government "its pound of flesh" and the unions full employment. The present three-to-five-year rearmament program will prime the pump of industry and assure easy and substantial profits even after the government has paid their share through taxes. Industry is now looking for the People, not for themselves as in the past.

BERKELEY WILLIAMS

As this is written, Dec. 15, 1950, conditions that prevail some morning are too much change before night, but it is four nine and of the predictions as to the near future.

Great Britain announced Nov. 10: "Future is closed as never before... we must fight our way through..." and a statement of policy.

"Fighting" is asked who created so much confusion, camouflage and blind faith. The answer is crystal clear and in, the Politicians, Diplomats and Economic Planners of the present Administration who have sat at the wheel for 17 long years and piloted the country into the mire.

Three Democratic Presidents and three wars! This can hardly be called cutting business. These Presidents who guided our country's destiny during the last four or five years, now have left behind them a world of suffering, intelligence, and stupidity.

Until voters realize what suckers they have been and drop overboard the incompetent pilots responsible for: (1) tragic loss of loved ones whose lives can never be restored; (2) waste of resources on such a global scale that will demand our economy of continued; and (3) pardon or release on bail of traitors, our country may expect to continue to suffer from such criminals.

Canada: In 1939, World War II, 98,574; present war to date, estimated, 100,000.

Every day the cost of this war is 83 million deeper. In the dollar of 1900 is already worth about half that of 1919.

Trucking free on rail or otherwise continue their nefarious activities.

Such is our deplorable condition and the question is how long can this go on? Will we gain anything or nothing from experience?

Claude A. Williams

President, Transcontinental Gas Pipe Line Corporation

This wartime economy means new responsibilities for the natural gas industry. Difficulties incident to a wartime economy will demand of the natural gas industry to do its part. More B.T. U.'s of energy will be required in 1951 than ever before, and it's the responsibility of our industry to meet the challenge.

The nation's energy... Rapidly expanding war production... record high family consumption... and a lessening of war production will combine to set a new record in energy use.

Natural gas in 1950 supplied about 50% of the nation's energy. Natural gas energy in 1950 will have a supply of about 10,000,000,000 cubic feet of gas through transmission lines. This represents an investment of about one and a quarter billion dollars, all in private investment. Now it is the responsibility of industry and of society to see that this investment is used to the best advantage. The United States, the Great Lakes region and the Atlantic seaboard. Yet such is the demand for natural gas that the industry is not likely to have the capacity to meet this demand. It is the responsibility of the industry to meet this demand, provide the manpower for the construction is allowed.

Problems of natural gas in the United States continue to expand as the record breaking oil and gas drilling completion continues. In the second quarter of natural gas at the beginning of 1950 were 180 trillion cubic feet. The United States has a potential of a substantial net gain during 1950. Consumption in 1951 will be close to an annual rate of 5.5 trillion. Responsible geological opinion holds that there is no indication of any major field in the neighborhood of 500 trillion cubic feet.

The Federal Reserve Bank of St. Louis

The Eighty-first Congress in writing the bill to create the Federal Reserve Bank of St. Louis found itself in a good position at this time. The Eighty-first Congress in writing the bill to create the Federal Reserve Bank of St. Louis found itself in a good position at this time. The Eighty-first Congress in writing the bill to create the Federal Reserve Bank of St. Louis found itself in a good position at this time. The Eighty-first Congress in writing the bill to create the Federal Reserve Bank of St. Louis found itself in a good position at this time.

CHICAGO TITLE AND TRUST COMPANY

CONDENSED BALANCE SHEET
As of December 31, 1950

**ASSETS**

Cash  $4,116,485

Marketable Securities 35,140,952

Accounts and Notes Receivable  $928,758

Mortgages, Real Estate and other Investments 59,048

Stocks of Associated Title Companies 713,578

Chicago Title and Trust Building Corporation 6,000,080

Title Records and Indexes 1,500,000

Total Assets  $40,846,955

**LIABILITIES**

Cash Deposits as Indemnity against Title & Escrow Company  $15,797,132

Cash Deposits Payable to Lenders 1,000,000

Dividend Payable 360,000

Accounts Payable, Taxes and Accruals 2,357,110

Reserves 5,653,197

Capital Stock 12,000,080

Surplus 8,000,000

Undivided Profits 9,683

Total Liabilities  $45,932,655

W. Wilson Lewis With Foster & Marshall (Special to The Commercial and Financial Chronicle) PORTLAND, Ore.—W. Wilson Lewis & Associates have become associated with the New York and Midwest Stock Exchanges, Mr. Lewis was formerly manager of the trading department for L. M. Simon & Co., with which he had been associated for many years.

FIRST NATIONAL BANK IN ST. LOUIS

Statement of Condition, December 31, 1950

**RESOURCES**

Cash and Due from Banks  $145,579,953.29

U. S. Government Securities 128,645,744.05

Loans Weolly or Partially Guaranteed Directly or Indirectly by U. S. Government 48,771,238.00

Loans and Accounts 179,961,751.16

Other Bonds and Stocks 14,413,760.11

Stock in Federal Reserve Bank 750,000.00

Bank Deposits, Investments, Furniture and Fixtures 1,152,856.19

Customers' Liabilities, Letters of Credit, Acceptances, etc. 3,201,452.63

Accrued Interest Receivable 1,025,393.95

Other Resources 1,641.33

Total Resources  $252,223,666.71

**LIABILITIES**

Capital Stock  $10,200,000.00

Surplus 14,800,000.00

Capital and Surplus 25,000,000.00

Unpaid Profits 3,811,709.00

Dividends Declared, Payable February 28, 1950 300,000.00

Reserve for Taxes, Interest, etc. 2,720,133.50

Uncured Discount 467,448.32

Liabilities of Credit, Acceptances, etc. 3,659,931.13

Other Liabilities 7,500.00

Demand Deposits  $417,056,230.95

Time Deposits 10,466,174.99

Total Deposits 485,256,611.43

$572,333,666.71
Continued from page 83

Guard," "Wings Across the Pacific," "Honeychile" and "Hooloom Empire" as well as other deluxe product. Not only will we follow through in this regard, but we shall expand our exploitation efforts in England and Elsewhere. Whatever degree conditions in this country may impose.

There will be no let-up in expeditious activities in any phase of its operations during the coming year. Last September 30, 1951, we were able to sell the pictures at our North Hollywood studios during the fiscal year 1951-52. As a result, we are now prepared to announce. In addition, we have agreed to release several pictures produced independently both here and abroad.

The character of our stories has changed somewhat during recent months. Whereas in the past we have concentrated on pictures with outdoor historic themes we are now producing several pictures such as the previously mentioned "Fighting U. S. Coast Guard" and "Wings Across the Pacific" which definitely tie up with our nation's preparedness program. Several other pictures of a similar nature are being considered for production at this time.

Motion picture entertainment proved to be a most effective morale builder during World War II. As such the efforts of our industry were hailed by everyone from President Roosevelt to Secretary Marshall and General Eisenhower. The motion picture industry is ready and willing to serve once again in whatever duty is called upon to perform in our present national emergency. While as stated above I look forward to a prosperous year during 1951 in the motion picture industry, I can assure you that our thoughts are not being centered upon the business outlets of this time but instead on the future security of our nation. To aid in this great task is our prime objective today.

With A. G. Edwards Sons

ST. LOUIS, Mo. — Floyd H. Beatty, Secretary of A. G. Edwards & Sons, 469 North Eighth Street, members of the progressive group of New York and Midwest Stock Exchanges, He was formerly with Mercantile Commerce Bank & Trust Company.

Continued from page 13

Cessation of Armament Program Need Not Cause Depression

rather than of building up, it is little the average buyer of securities.

Whether Washington's view represents the correct line of the Kremlin, who is then to be crossed and the outside world to perform. The Administration chooses to ignore or disregard the opinion of our country's genuinely great leaders, Senator Robert A. Taft, most powerful Republican member of Congress, who contended recently that he did not see "any conclusive evidence that (the Russians) expect to work with the United States toward any common reason for a general pace or the assumption that they will do so," reminding his audience that "the principal purpose of the foreign policy of the United States is to maintain the liberty of our people. If we are to keep them free, the entire world, or spread sweetness and light and economic prosperity to peoples who have worked out their own salvation for centuries, according to the best of their interests."

It is erroneously assumed in certain quarters that if the East-West tension were eased, the huge armament and foreign aid budget would be dropped and the effort would be turned to the task of relief. Those holding such views do not agree with Senator Edwin C. Johnson who maintained in 1949 that "if it were not for the Soviet threat there would be no present economic situation in the country; there would be no foreign policy," and that "if the Russians suddenly decided to do a good neighborly act, we would have to pay."

A Capital Appraisal of conditions reveals that precisely the opposite is true. Nonproductive expenditures are unsatisfactory, but only while the spending process is on. Cessation of such spending is bound to bring about a reversal of the production trend and, if the huge funds which are now being appropriated, could be diverted into productive channels, the prosperity which they engender, would continue even after the spending would come to an end.

With Eisele, Axtell

OMAHA, Neb. — Bruno W. Neppel, has become associated with Eisele, Axtell & Reddel, Inc., first National Bank Building. He was previously with Waddell & Reed, Inc.

Proctor, Cook Add

Proctor, Cook (Special to The Financial Chronicle)

BOSTON, Mass. — Robert C. Mann has been added to the staff of Proctor, Cook, at 23 Congress Street members of the New York and Boston Stock Exchange.

With Stephenson, Leydecker

BOSTON, Mass. — William G. Johnson is now associated with Stephenson, Leydecker & Co. of Oakland, Calif.

Wisest Investment Since Repeal!

This package is in Bond, full 8 years old, is available at a limited quantity—150. Proof Bourbon or Rye.

The Commercial and Financial Chronicle... Thursday, January 18, 1951
Continued from first page

As We See It

so—upon the assumption that we should be in a life or death struggle with the Kremlin. What seems to us to be badly missing is any thoughtful analysis of what all this may mean to our ultimate economic welfare. It is not easy to say—and is true so far as such a defense program as is now being discussed is really essential to our safety—that without such efforts our economy as we have known it might cease altogether to exist. The fact remains that military expenditures are in the final analysis a burden, and cannot by any twist of the argument be converted into anything which in and of themselves enrich us, regardless of the levels to which they may send the production indexes.

It is highly important, therefore, to sit down and ponder for a moment where we shall be after one, two or three years of the sort of rearrangement and foreign aid as that now planned. This phase of the subject is all too often brushed aside with a suave assertion that the "economy" can stand it, or that we can do all this without serious injury to the "economy." So far as we have been able to discern very few have undertaken to assign any very specific meaning to such terms as these, however, and so long as they remain in the realm of the vague and undefined, they remain useless if not meaningless. It appears to us not impossible at least to make a beginning in a really basic appraisal of the possible ultimate effects of all this, and to lay some of the basic factors which control them.

There are at least three ways in which such an effort as we are now beginning in the name of defense can and almost certainly will affect the economic welfare of the country, and quite possibly affect it more or less indefinitely in the future. These effects may or may not become particularly observable during 1951 but the basis for them will be laid during that time, and the thoughtful citizen will not fail to take note of what is being laid up in store for him. These three ways are:

1. Depletion of exhaustible resources;
2. Failure to keep physical plant essential to full economic growth and welfare in good and growing condition, and;
3. General disorganization and deterioration in the functioning of the economy for peace time purposes.

Mr. Icke.s, then Secretary of the Interior, remarked soon after the end of World War II that we could not "all another world war," meaning that our petroleum resources were not adequate for the purpose. We do not know what Mr. Ickes would say at this time. Our crude oil resources have been through several phases of near exhaustion with in the lifetime of the present generation. We seem now to have again passed from the oil-famine scare of some years ago. What another war would do to us are not in a position to say, but a defense effort of the sort now planned would be much less severe on our oil resources. Iron ore is another case in point. So are some of the other essential metals. We seem to be happening to a number of these cases that the last war rendered us definitely more dependent upon foreign sources, and if this fact is not of immediate and vital importance to any war effort we might have to make, this escape is of chiefly to large discoveries in relatively accessible places outside our borders. Of one thing we may be sure, and that is that rearrangement on the scale now envisaged will not fail to have an appreciable effect upon some of our key materials resources.

In both of the other two cases cited, the outcome will depend much more largely upon our own wisdom in planning and giving effect to armaments programs. It is apparently the plan of the Administration to spend a very substantial part of the huge sums now asked for defense not so much in the production of various items of military importance as upon plants and facilities to produce them. This, of course, raises the question as to the degree in which such additions to plant will be useful for peace time purposes. As to this there can, of course, at this stage be no definitive answer. One finds it difficult at times to avoid suspicion that the Fair Dealers at Washington are taking advantage of the times to give practical expression to their Carthage defense est. of plant capacity, particu larly in the steel industry. War plants of World War II have, of course, not always proved of much value for peace time purposes. When the programs planned or begun in 1951 are completed we may or may not be in a position to produce civilian goods in larger amounts than before. Would it be expecting too much to ask that plans for enhanced capacity be drawn with at least some attention to this aspect of the matter?

General disorganization and disruption of the functioning of the economic system is probably most seriously threatened through what is commonly termed inflation. Wartime operations—and rearrangement under great pressure—ordinarily reduces the productivity of the average worker in a disturbing degree. This is likely enough to occur and constitute a serious handicap not only to defense production but to later peace time activity. But the really serious danger lies in the monetary field. If we are to distribute some $140 billion, most of it to great numbers of individuals, as an outgrowth of defense operations and fall to mop up these funds chiefly through taxation falling upon consumption, we shall, of course, add greatly to the inflation potential already a legacy from World War II. It is with reference to such matters as these that the year 1951 will be placed in its historical niche.
The State of Trade and Industry

mental functions were disclosed on Monday of this week by Presi-

dent Truman at a special press conference following his annual budget message to Congress.

The President’s message set government spending at $71,994,-

000 in the fiscal year starting next July 1. It estimated 1951-52 re-

venues under present tax law at $55,109,000,000. Mr. Truman said he soon would recommend tax increases to put
defense spending on a pay-as-you-go basis. He added that he hoped Congress will make the tax in-
crease retroactive to last Jan. 1.

In addition, steps were taken on the same day by the National
Production Authority, in a move to save materials for defense, to impose restrictions on the build-
ing of stores, restaurants, banks and other commercial structures.

No such construction can be un-
taken before Feb. 15, the Agency stated, and after that date a license must be obtained to begin
work on a commercial building. Construction of amusement
facilities had previously been banned.

This Agency also extended its 25% cutback in the consumption of steel, hot- and cold-rolled steel, and zinc to cut down the use of finished zinc.

The companies affected by the cut are steel and copper automo-
tive manufacturers and makers of home appliances who purchase finished zinc parts for their

hardware and instru-

ment panels.

Steel Output Scheduled to Sup-

plant Last Week’s All-Time

High Record

Swapping changes in steel pri-

cilities that is not ruled

and regulations now being worked

out by government and industry is the “Iron Age,” national metalworking weekly. DO priority orders will be lifted out of the strict military category and given wider appli-

cation. In addition, big increases in the tonnage promised to DO and essential civilian programs will be felt soon, states “The Iron Age,” national metalworking weekly, in its current review of the steel industry.

Broadened DO applications will include such items as construc-
tion of new plants, steel mill ex-

pansion, construction of facilities to safeguard public health and safety, and other projects ap-

proved by NPA.

Additional allocation programs call for 1.9 million tons of steel and the form of all country goods for the petroleum industry. Other needs of the petroleum industry have not yet been settled. Another program will be needed to provide steel for construction of 30 to 40 high speed merchant ves-

sels.

Two other programs will prob-
ably have their quirks a year
from now. One is a program to ex-
cap automobile manufacturers

and makers of home appliances who purchase finished zinc parts

for their hardware and instru-

ment panels.

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Branch - Mt. Clemens, Mich.
in late trading. Interest in new flour bookings was confined mostly to small fill-in lots, following heavy purchases during December. Good displayed a firm undertone with prices rising sharply toward the close of the period, aided by active speculative and manufacturing buying.

Coffee futures were active and moved in a fairly wide range, reflecting increasing talk of price controls.

Actual coffee prices closed slightly higher than a week ago. Trading in hard increased last week with prices advancing higher largely in sympathy with stronger vegetable oil markets. Cotton futures were the highest levels since last September. Wheat was up slightly and continued upward with landlords advancing to new all-time highs while cattle sold at close to record prices. Cotton price movements were very irregular with closing prices ranging both 30,000 to 40,000 points. Supporting influences included active mill and export price-fixing and increased demand. In the December parity price for the eight principal cotton-growing states was maintained with a sustained tight supply situation. Business in the current crop was somewhat slow. Sales in the 10 spot markets last week were reported at 438,000 bales against 92,000 the previous week and 61,000 for the corresponding week of the preceding year.

Demand for all cotton textiles continued firm in the December purchase season, the highest in more than two and a half years.

There was considerable activity in the Boston raw wool market where prices for fine to medium grades of grey and clean wool advanced sharply reflecting the expectation of higher wool prices later in the year.

Trading Markets

Volume 173 Number 4978 . . . The Commercial and Financial Chronicle

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of

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Established 1899

Cleveland, Ohio

Trading Markets

Teltype CV 565
Long Distance 500
Union Commerce Building

Continued from first page

European Attitude on Our Foreign Situation

France and fairly reflect the attitude of Europe as a whole.

The paramount problem now, of course, is the situation in which we are involved with China. In the United States, China is being denounced as an aggressor and as a tool of Russian imperialism. Our friends abroad do not agree that this is the case. They believe that the present Chinese Government, which is avowedly communist, truly reflects the present thinking of the Chinese people. But they do not believe that the Chinese Government is under Russian control. They have no doubt that Russia has influence with China, because countries that share the belief in communism naturally have close contact; but point out that the history of China has been that of an independent people who have never submitted to control by any other nation. There is no natural bond between the Russians and the Chinese. From the Chinese standpoint, Russia is an accidental foreign power the same as the United States and other western nations, and even now, observers with long experience in China report a growing resentment among the Chinese over the presence of Russians in China. It would be a gross error if the United States, through avoidable action, should aid or assist the policy that is now lacking between Russia and China by making our country the center of their common enemy.

Chiang Kai-shek Is Finished

The present Chinese Government is the result of the revolutionary fight which has been waged in China for many years and from which the communist party has derived its victory. As a result, they believe Chiang Kai-shek is completely finished as a leader—that he has no influence in the affairs of China now and will not have in the future. In the opinion of our friends abroad, who know much more about China than we do, the present system which Chiang Kai-shek represented is completely ended.

From the factual standpoint, therefore, the present government of China represents the more than 400 million Chinese—at least 20% of the world's population—and there is no apparent good reason why the United States should not have recognized this government as the representative of the Chinese people. If this has been done, it is felt, the present disastrous situation in Korea would not have developed. Our European friends believe that continued recognition of Chiang Kai-shek is unjustified by the facts of the situation and that in this position simply stirs up additional resentment against the United States. England, of course, very promptly recognized the new government, feeling that this was the only course that would make it possible to deal with China in the future, and I am sure that this action by England has the endorsement of all the European countries.

Should Recognize New Government in China

The feeling is that we also should recognize the new Chinese Government and that such action will make possible negotiation of peace terms for China. Otherwise there may be impossible. Prevention of war in the East is a consideration of much greater weight than the maintenance of a so-called position of non-alignment, which, in comparison with the other great powers, is large, are certainly not of sufficient importance to justify war. I find that this is the universal position abroad.

Now as to Russia, the thinking is as follows:

Like everyone else, our European friends are puzzled regarding Russia's real objectives. However, we can not regard a single person who believes that Russia would precipitate a war now or for some years to come as ever. Naturally, in the absence of sure knowledge about Russia's intentions, they do not trust her and for that reason feel that definite and regular military preparations in Europe and the United States. They believe that this in itself would serve as an effective deterrent if Russia actually has aggressive intentions, because it would make clear the opposition Russia would have to meet in event of war. But I found nobody who believed that Russia now was at all prepared for war.

Iron Curtain Hides Weakness

They think that Russia maintains the Iron Curtain to hide weakness rather than strength, and this position is based on careful analysis of Russia's warmaking potential as measured by its production of steel, oil and other military essentials. In comparison with the production of similar materials by the United States, they do not see any justification for the belief that Russia is prepared to take an ultimate victory. For the prevention of war and, consequently, for this reason, they believe it is their position, therefore, that we should recognize the United States, by maintaining contact with Russia, we will have the development of circumstances not by either Russia or the world. They feel that the day-by-day attacks on Russia in our propaganda over the past several years have not been productive of much good; that this gives the Russian people the idea that we have no genuine desire for friendly relations, but intend eventually to make war. Our European friends are convinced that this interpretation of our attitude has caused resentment toward us on the part of the Russian people, as distinguished from the Russian Government.

There is no question that we made grave mistakes in this connection.

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European Attitude on Our Foreign Situation

Russia during and after the war, and most serious among them was the division of Germany which returned Eastern Germany over to Russia. If this and other similar blunders had not been made, we probably would not have to be ginning now of the danger of war. But we cannot remake the past. We must conduct ourselves according to the situation as it is at present. And the wisest course, in European opinion, is to keep the door open to Russia and thus, while there is still time, do our part to prevent conditions of irreparable hostility from becoming established.

Meet Directly With Russia

Furthermore, there is the feeling in Europe that the United States should be willing to meet directly with Russia instead of insisting on contacts through the agency of the UN. This is due to practical recognition of the fact that the world’s major problem is the issue between Russia and the United States. Certainly none of the other nations would resent this direct dealing, because they believe it holds the key to avoidance of war, and none of them wants war.

Getting back to the situation in the East as it is viewed in Europe: It is very evident that the Chinese do not understand us or our intentions and, consequently, are skeptical of our statements. To begin with, we definitely refuse to recognize their government, making clear that we dislike and condemn it, and we indicate this is to be our permanent policy. Then we move into Korea and after driving the North Koreans back over the 38th parallel, kept on moving in increased strength with the announced intention of gaining control over the entire country. Of course, we stated reasons for doing this, but our reasons mean nothing to the Chinese. As they see it, we are an avowed enemy of their government and are carrying on a manhunt drive to the Manchurian line. We say it is not our intention to cross the line, but they do not believe us, having no confidence in the statement of what they consider an avowed enemy. Consequently, it is entirely possible that they have determined—on their own—and not because of Russian control—to drive us from Korea for what they regard sincerely as protection of their country’s future position. If we do go down to negotiation with the Chinese, it is very likely that they will insist on our withdrawal from Korea and will also insist that the Formosa question be settled to their satisfaction. Against the background of the world problem as whole, as was pointed out above, Korea and Formosa are not considered as sufficient impetus for justifying a continuing and growing war in the East.

Kussia. If the war in Korea is kept going, this increasing military weakness of Russia must be evident that we believe it is of such gravity that it is evident that we believe it is of such gravity that it is absolutely necessary to create the opportunity for Russia to have a free hand in the various parts of the world. There is a great deal of propaganda to the effect that the United States would suffer a loss of prestige if a peace were worked out with China on the above conditions, but this should be ignored, because now the all-important, basic necessity is “No war in the East.”

In connection with this Eastern situation, I give quotations, taken from various English journals which illustrate the frame of mind of the President’s present leadership.

On Sept. 30, Chou En-Lai, Premier of the People’s Republic of China, in a statement the substance of which was conveyed to the Indian Ambassador in Peking, said:

“The Chinese people absolutely refuse to tolerate foreign aggression, nor will they stand by seeing their neighbors being savagely invaded by imperialists. Whoever attempts to exclude nearly 300 million Chinese people from the United Nations, he added, "whoever sets at naught and violates the interests of this one-fourth of mankind in the world and fancies vainly that any eastern powers directed toward Russia can be solved arbitrarily will certainly break his neck.

Also—American imperialists aimed at annexing Korea, whence they could invade Manchuria, and finally the whole of Asia. History had proved that a conquest of Korea meant a threat to China’s national defense. Consequently, "the only means of bringing imperialism to its senses was a resort to force, and the Chinese people must be prepared to deliver blows to the imperialists, taking the risk of extending the war."

As a further example of China’s thinking, the present Chinese Government claims to be the “first independent government of China which as it has preserved the last remains of privileges enjoyed by the Western Powers. . . . It desires to have a seat on the United Nations is justified by the belief that it is indeed the inheritor of the special status whereby China is one—and the only Asian one—of the Security Council’s veto power in the Big Five.”

Also important is the following article from the London Times:

"It is deplorably tragic for American statements to be so one-eyed as to imagine that everything in China not friendly to the American policy must be brought under the banner of the People’s Liberation Army. If the People’s Liberation Army were allowed to come to power directly or indirectly from the Russian military apparatus, the People’s Government came into power largely through the collapse of the European military machine, the People’s Government showed increasing hatred and hostility towards this regime. . . . No sensible observer can see any

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alternative to the present government either now or in the near future. The People's Government is bringing about living conditions to very many people. There has been much improvement in business, and many factories and shops are working that were not doing so nine months ago. The present government is controlling inflation which the previous one did not. The KMT imported from abroad for China; the present government has managed to get enough in from other parts of China. In contrast to the corruption under the KMT, government officials today live simply, on low salaries, work hard for the majority of the people. There has been a very marked improvement in the way of life. The new government has won the allegiance of students all over the country, and this is a point of great importance in China.

Most Considerable European Achievement
In the above I have endeavored to give a clear picture of the ideas and influence of the European nations. We must agree with these opinions or not, it is impossible to ignore them because it is unthinkable that we should become involved in a war with Russia without having the principal nations of Western Europe as our allies. We cannot make the decision of war or peace alone and without consulting them. Hence we must know their attitude toward the great central problem which is at the heart of the crisis. We need not agree with all of the opinions of these European observers. But in the main they must be considered in forming our policy. Having obtained this brief view of the attitude of friendly minds in the nations which must be our allies, we may attempt a summary of what our own attitude ought to be.

It is certainly apparent that the greater decision we must make now is the one regarding China. There is no doubt we made a serious mistake in jumping into Korea without giving due consideration to the long-range effects, and I would think that possibly the major part of this blunder was in going beyond the 38th parallel where we could have stopped consistently.

In our decision and its effect on the world's situation, we cannot assume that we know the opinion of 400 million people. We must think seriously as to what this opinion actually is, and then we certainly must be influenced by it if we have some real idea as to their beliefs. We can say they are communists. We, of course, do not believe in communism, but we cannot eliminate communism in the world by war. Certainly, we cannot ignore the fact that there are many people in the world today who believe, so far as we know, that communism is of value to them.

If we refuse to recognize and deal with the present Communist Government because it is communist, we assume the dangerous position of trying to tell the people of other important nations what kind of government they must have. As a matter of fact, we have done this very thing in the case of Spain through our refusal until very recently to have dealings with a Spanish Government that has been in existence for 15 years, solely on the ground that it is a fascist government and, therefore, not to our liking. Such positions make us intruders in the internal affairs of other nations. We are not Communists.

No matter what criteria may be made that our attitude toward China is the result of Chinese aggression in Korea, I think the fact is very evident that if the present situation results in extension of the war, it will be due to our refusal to recognize the Chinese Government because it is communist. In other words, the war would be caused by our intention to eradicate communism. We certainly must realize that we cannot eliminate communism by war. On the contrary, I am sure that a third World War would increase communism, because the war would be so long drawn out and so dismaying that there would be a greater degree of dissatisfaction among the peoples of all nations than exists today. Therefore, the vital questions are: "Should there be a war?" and if the answer is affirmative, "What, precisely, is the war for?"

Emotional Approach Bars Clear Thought

Arguments are coming out of Washington to the effect that we cannot stand for appeasement. This is an emotional approach that at other times has prevented clear thinking and practical decisions. Also, when some of our statesmen, in deliberation on these important world matters, take a position contrary to that held by the Administra- tion, attacks are made on them, such as the recent one by Senator Lucas, of Illinois, which he made while Republicans were in escol in Congress, the Belorussian matter. Senator Lucas told the Senate that the action of the House members was "an invitation to Stalin to strike anywhere" and shouted that on the basis of the Republican action, Stalin is likely to conclude that this country is so divided that he can start new aggression.

The Illinois Senator's position of course, was based entirely on theory, not on facts. We have made vital mistakes in our decisions on world affairs, and they have brought us to the verge of a new World War. Those mistakes were not made because of any division—real or fancied. They were made through lack of the very deliberation, debate and ex- planation that was lacking. Continued on page 90

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Continued from page 89

pose of the facts to the public that the Senator calls "division." Certainly it is far better—in fact, it is vitally important—that we have broad and thorough discussion on policy, even though this will produce disagreement, because it is the only way in which we can come to proper and safe policies and decisions supported by public understanding. It is perfectly ridiculous to say that because a lot of people in this country, who happen to include leading Republicans, lack confidence in Secretary Acheson and demand that he be replaced, that Stalin or anybody else in the world will be encouraged to attack the United States.

Tell the People Frankly

If an attack occurs, it will be for some much more substantial reason, yet this is the kind of propaganda that has been issued continuously and has been so confounding to the American people. I am convinced that one of the greatest mistakes has been the failure to tell the people of this country frankly what the actual conditions are. We should have more debates on these matters. We should cut out the secret diplomacy, which in the long run promotes war. After all, it is the people of the country who pay the bill with income, property and lives. They should have more to do with the first decisions. It is obvious that to meet this crisis successfully, there must be unity among the American people. But unity is not the blind following of whatever the President may decide to do from day to day. We want the happening of that in the past and it has been a large factor in bringing us to our present predicament. Disagreement is not disunity. Disagreement, expressed in fall and orderly debate, is the process by which all sides of a problem and all possible solutions are revealed to a free people. It is only through this process that the people of the United States can arrive at the general agreement on objectives and methods that will make real unity possible. The present is clearly a period of disagreement and debate.

Further comments on communism:

There is no sympathy in Europe for a war which would have the objective of driving communists out of the world or any section of it. On the other hand, there is the belief that we should be well prepared against military aggression on the part of Russia, the only nation from which they think there is any possibility of aggression.

I am quite convinced that we will have little, if any, support from European countries if a war should result with China as a result. We will, however, if we recognize the Chinese Government. In ignorance of their responsibility in the world, it is as clear as daylight that there has come for the United States to stop making offhand, spur-of-the-moment decisions and to begin to control people through propaganda and political means. Instead, we must get the facts and estimate carefully and on this basis make our decision. The present Administration and its predecessor have made decisions of the gravest importance to the country and the world entirely on their own. There has been no apparent desire for and certainly no effort to obtain the opinions of other groups. The so-called pro-partisan movement has always been a farce, because the Republican Party and even non-Administration Democrats have ignored. I believe that Republicans and non-Administration Democrats have a great obligation to take a clear position, to demand facts, and to refuse to support the Administration on any proposal unless they are convinced that the facts clearly merit such support. The result of such a position will be a better perspective on the problems and a more thorough understanding of the necessities of the present situation. If this is done, it will give greater hope and encouragement to our European friends who certainly are not very happy today about the quality of our leadership.

To me, it is a favorable sign that the Administration and its decisions are developing over the course of time in the press and otherwise. I have before me an article by Holmes Alexander, released Dec. 6, 1950, and copyrighted by McNaught Syndicate, taken from the papers, that is based on an interview with an unnamed United States Senator. It would like to call attention to the following definite assertion appearing therein:

"We should understand, better late than never, that our friends who greeted Mr. Truman's bold act last June dropped out salutary military warnings. The Senators of this interview revealed secret military hearings where the Joint Chiefs of Staff plainly stated that Korea was a position to occupy and impossible to defend. These opinions were overruled by the President. It is as simple as that. He reversed both his Secretary of State and his military advisors...all of whom might properly have resigned in order to alert the country."

If this is true, it is a sad commentary on our government. This statement should be investigated and the facts determined. If the President ignored the warnings of military advisors and on his own initiative and authority plunged this country into war, steps should be taken immediately to see that neither he nor any other man shall have such power in the future.

I am convinced that if the situation in the East is settled amicably and war is thus prevented, the world is ready to undertake a long and wide period of great development, both economic and social, out of which will come improved living standards for the people of many nations. In view of this great possibility, a war now would be particularly disastrous. This momentous decision—involving great gain or terrible loss for the world—is largely in the hands of the United States.

Examine All the Facts

The Europeans with whom I talked are naturally influenced by personal and national interest, but to a much greater extent than most Americans, they are accustomed to thinking in world terms and on a long-range basis. Their opinions as to the proper course for the United States and the Western world in general differ markedly from the position taken so far by our leadership. What they advocate with regard to recognition of China and dealings with both China and Russia may be unpalatable to many, but we should think of two things in connection with this. In the first place, logic may be on their side, and we should examine all of the facts with utmost care to see if this is the case before we take action of any kind. Second, we need as many allies as we can secure, and we particularly need allies in Europe. We can hardly expect the support of Europeans if we act at variance with their wishes and without due consideration of their viewpoint. I am convinced that in their main thesis they are entirely right. Extension of the war in the East would be a tragic blunder. We are woefully unprepared; we would surrender to Russia the opportunity to seize the kind of situation we most fear, and even in

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event of ultimate victory in China, what would we gain? What we need and what the countries of Europe need is time, and in decisions on subordinate matters, we must not let emotional appeals such as "prestige" and "no appeasement" stand in the way.

Obviously, the United States should take every necessary step to build its military strength to the level that will guarantee the security of our country. It should never have been allowed to fall below that level and in view of the very large military expenditures in every year since the end of the last war, it is difficult for the lay citizen to understand how we declined to a position of such incredible weakness.

Build Strength to Prevent War

But our policy in building military strength should be not to prepare for war but to prevent war. This also should be our policy in extending aid to the friendly nations of Europe. We should reinforce this policy of preventing war by our attitude toward the communist countries. It should be made known to the world that so far as we are concerned, countries we will extend aid to the peaceful settlement of disputes. We believe that our policy should be applied now in the case of China on the question of recognition and the problems of Korea and Formosa.

If our efforts to establish a basis of world peace in this manner should be repudiated by the communist countries we will lose little because the plain fact is that we are now unprepared to do anything about the situation in a military way. On the other hand, we will gain much because it will demonstrate to the world that the United States does not desire war and is not conducting itself in a manner that will make war inevitable. It is a widely held opinion in Europe that the present conduct of the United States will result in war, which helps to explain why we receive only half-hearted support from nations which are our natural allies. A clear demonstration now that peace is our sincere objective will be the best possible way to insure the full-scale, unreserved participation of Europe should the pessimistic fear of inevitable war be confirmed.

It is important that we arrive quickly at sound and practical decisions on United States policy. We have lost ground with our natural allies. I regard it as no idle boast to say that confidence in our leadership in world affairs has definitely declined, and this, in itself, will increase the confusion in thinking that already exists. It is a matter for our most serious consideration, because in this decision of world importance, we cannot go it alone but must have the support of the European countries and as much of the world as is possible. P. S.—People in Europe are definitely opposed to use of the atomic bomb. In fact, I was quite surprised at the unanimity of this opinion. They believe that if the atomic bomb should be used, there would never again be any feeling of security left in the world. The President's statement a short time ago that the United States was considering the use of the atomic bomb was, in itself, a bombshell in Europe and really frightening in its effect.

[Editor's Note: The "Chronicle" invites comments on the views expressed by Mr. Weir or on any related phase of the subject. Letters should be addressed to Editor, Commercial and Financial Chronicle, 25 Park Place, New York 7, N.Y.]

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Observations...

said for the tone of your paper. Yet, on the other hand, there are some to be defended on the other side. For a number of years I have had little but contempt for Mr. Average stock market soothsayer—usually a gentleman who, having lost his law, self-appoints himself as a prophet of how not to make the same mistakes he made which lost him his money. I myself might be classed among these people, for I used to speculate a great deal and, for a number of years, made my living from it. However, after a trial of the reviled of the end, and I must now perform, work honestly for a living, a thing I now pursue as Statistician for Uncle Whiskers in the local Val Regional Office. As a side line, run my forecasting service, I have not yet determined whether it is a hobby or an avocation. But as you say, there is something of a thrill in entering the jousts between forecasters—especially when you are "right" or great deal more wrong—claim I contend no other soothsayer in business profession ally, can say. My past record, I believe, will bear me out, and all of my published reports are on hand and as evidence of the claim.

My purpose in writing you is a truly sincere desire and belief that to find a method of determining the stock market's primary trends is both feasible and practicable. I believe I have discovered the fundamental key to this, etc. It goes almost without saying, that I know that I have under present circumstances, solved the problem of the "right thing" to do.

An Infallible System

I call my method of analyzing the market An: METRICS, which A Measure Of Major Economic Trends, and Measuring Economic Trends. If you know that this method is applied I feel sure you would agree with me that it is very nearly infallible. Funda- mentally, it is a method differentiating the whole business of the world into two categories. This method has I feel, more influence on the market than on the world, but the final results show what the Majority is doing and what the Minority does. If we assume that the Majority can make money, then small mistakes are wrong. I think you will agree that such an assumption is preposterous—the Majority cannot be "right"—one can it make money consistently. So I keep track, statistically, of what that Majority does in a running summation. Likewise I keep track of the cumulative action of the Minority. It is this last which shows what the "right thing to do" is.

Action, Reaction, Drop, and Business.

When I say "Majority" and "Minority" these meanings can also be expressed in a number of different ways. Other ways of conveying meaning to them are—Action, Reaction—Impact, Resistance—Drop, Bounce, etc., ad in¬finitum. But I believe the best explanation is a statement to the effect that I have discovered a statistical method of measuring the above. An example, represented by an increase in the Volume of trading, and the compensating movement which sets in with the Re-action. The effect of these two elements may be measured in a number of different ways—the effect on an individual stock average—groups, issues traded, etc., again may be carried out on the most. The "price" of some average alone is the net difference between closes from one day to the next—the differences in "trading" which is the distance from Open to Close—the distances of the "Gaps" which is the distance between the close one day and the opening the next. Micro-analysis of the phenomena shows certain fixed and apparently reliable characteristics. For instance, an "Average" may be substantially unchanged for a month, yet a breakdown will show that during this month the distances covered by "Trading," i.e., from Open to Close, substantially exceed in one direction (say up-side) those in the other. Compensating for this bias in "trading," of course, are the "Gaps" (from Close to Open), which in this hypothetical case necessarily would have to be down-side. Background of analysis shows that break-aways from such a situation usually are in harmony with and in the direction of the "Trading." I have underscored usually because this rule is not invariably true, but it is true with a very substantial fraction of the cases. And when this symptom and its "small" implication is combined with the facts of breaks, which also have their historical fraction of correctness, a reasonably accurate prediction of break-away may be made. Each prediction may also carry a "Reliability" determinant expressed mathematically in the same manner that the "rightness" of the forecast can be expressed in terms of probability.

I hope that this rather abstract explanation will give you some of the idea of the work. That it has been not only promising but downright "accurate" is a matter of record, but unfortunately not in Cowles' report, etc.

Easy to Beat

Really, the Stock Market isn't too hard to beat, once you have the fundamental key. For, as a matter of fact, there are hundreds of people participating in this market for every ten who really understand forecasting. I know enough about you to know that I can prove that statement. Is it you are the outstanding exposed any wonder therefore that an intelli¬gent minority continuously grows fat on the profits it makes from the mistakes of a sort of don't believe even you will find it profitable to ignore cynically a single approach which may come to your attention, although

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UNCONSTRUCTED REPEL
Dear Mr. M:

This is a reference to your ad-
dress, "Is It Possible to Forecast the Stock Market?" which was
contained in "The Commercial and

Without directly commenting on
your address, for an analysis of
it would take quite awhile, I will
tell you several of my thoughts on
the stock market. I am of the
opinion that there is only one way
to consistently make money in the
market, that is—let the market
itself tell you what it is going to
do. In this complex age, one
person or an organization, however
well informed, cannot know all
the answers to our economic, po-
litical and other problems. As you
well know, it is oftentimes diffi-
cult to understand why the market
is in the process of going up or
growing down, but the fact that it
is going up or going down is the
real consideration. Again, I em-
phasize, that in my opinion there
is only one way, year in and year
out, to be ahead of the market,
that is—let the market forecast its
own trend.

If I were in New York, I would
like to show you my long-term
trend chart based on the above
system. This is an original chart
which is self-explanatory, but it is
the result of hundreds of hours of
background work. The chart indi-
cates, with remarkable accu-


dacy the end of a down-trend and
the start of an up-trend, and then
the end of an up-trend and the
beginning of a down-trend. I can
tell you that year after year, a
person is able to make money fol-
lowing such a system, for it en-
ables the person to be on the right
side of the market at the proper
times.

In reference to individual
stocks, I say forget all about earn-
ings, book values, etc., but buy
the stocks which are per-
forming better than the market
as a whole and keep away from
stocks which are weaker than the
market.

Very truly yours,

Curtis L. Jones
Washington, D.C.

Particularly discouraging is the
testimony in Mr. Jones' finally
stated dictum to disregard en-
tirely quantitative standards, and
instead buy stocks which are per-
forming better than the market
as a whole and avoid issues after
they have fallen behind the mar-
ket. This seems to the writer
to demonstrate clearly the com-
pletely illogical thinking behind
Ratio Technique in forecasting.
Actually, the opposite conclusion
seems the more logical, namely,
that the lower a stock falls, the
greater (and the smaller) is its
value likely to be.

But perhaps most discouraging
of all is it that even though many
have written to endorse enthusi-
astically our plea for a realistic
value-appraised approach, never-
theless in their own market be-
tween they continually find that
all but a tiny minority confines
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San Diego Gas Stock
Offered by Blyth Group

Blyth & Co., Inc., heads a na-

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San Diego Gas Stock
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Blyth & Co., Inc., heads a na-

tionwide group of underwriters
which on Jan. 17 publicly offered

San Diego Gas & Electric Co.
incorporated in California on
April 6, 1903. The company pro-
duces and sells electricity and
engages in the retail distribution of
gas wholly within the state of
California, serving 59 communi-
ties in a territory with an esti-
mated population of $35,000.

James Hurst Opens

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. —
James Hurst has opened offices at
155 Montgomery Street, to engage
in the securities business.

THOMAS & COMPANY
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as of December 31, 1950

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Prospectus on Request

Paul H. Davis & Co.
Established 1919

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10 South La Salle Street, Chicago
TRADING DEPARTMENT
TELE. CG-405
SYNDICATE AND MUNICIPAL DEPT.
TELE. CG-834

Laird, Bissell & Meeds

DU PONT BUILDING — WILMINGTON 99, DELAWARE
MEMBERS NEW YORK STOCK EXCHANGE & OTHER PRINCIPAL STOCK & COMMODITY EXCHANGES
STOCKS — BONDS — COMMODITIES
SPECIALISTS IN LOCAL SECURITIES
Christiana Securities Co.—Common & Preferred
Wilmington Bank Stocks
NEW YORK OFFICE — 120 BROADWAY
TELEPHONE — Barley 7-5909
BELL TELETYPE N 14214-2

PHILADELPHIA OFFICE — LINCOLN-LIBERTY BLDG.
TELEPHONE — L-OUt 14256

DAY, STODDARD & WILLIAMS DIVISION
95 ELM ST., NEW HAVEN, CONN.
TELEPHONE 5-4131

PRIVATE TELEPHONE TO NEW YORK OFFICE
This kind of buying isn’t healthy, but then there’s little that can be called healthy about a war economy. The huge budget asked by President Truman is another of the many signs of the economic ill-health. But this isn’t intended as a treatise on what is wrong with the country, or the world. Agreement or disagreement on this subject won’t make a single dime. All it will get you is a bloody nose, or at best a ruffled temper.

Last week I tried to put myself in a position of a newcomer without a share of stock but a deep urge to get in before it was too late. I gave various broad yardsticks in the market, all of the same use to ty'rs. I'll now try to be more specific.

The oils, specifically the completely integrated companies, are good hedges for many reasons. They control their raw material and their prices every step of the way. Chief drawback is their vulnerability to excess profits tax.

Steel and iron are in a similar position to oils. Like them they also control or own huge real estate, mines, etc. As war beneficiaries they rank at the top. Companies in the best position are U. S. Steel, Bethlehem, Republic and Jones and Laughlin. Like the oils, the steels are also vulnerable to excess profits tax.

Metals like copper are also a prime necessity in any peace or war effort. Oddly enough the chief companies, Kennecott, Anaconda, Phelps Dodge are not too badly off on potential excess profits.

The rails and utilities are probably the two chief industries that have little to fear from any new excess profits taxes, unless there’s a resurg¬
ing of the tax structure, not now foreseen. But the latter group, controlled by local Power Commissions, may have some difficulty in getting higher rates, though with increased power sales they will make more money. The rails have already reflected their earnings position. With the defense efforts being stepped up, they will make more.

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

LEXINGTON
TRUST FUND


Halsey, Stuart & Co. Inc., and associates yesterday (Jan. 17) offered $8,550,000 Chesapeake & Ohio Ry., 2 1/2% serial equipment trust certificates maturing semi¬

annually Aug. 1, 1961 to Feb. 1, 1966, inclusive, at prices to yield from 1.79% to 2.675%.

Issued under the Philadelphia Plan, the certificates are being offered subject to approval of the Interstate Commerce Commission and are secured by new standard¬
gauge railroad equipment estimated to cost $10,750,000.

The underwriting group are W. R. Press¬


Datelines Partner in Davidson & Company

TOKRONT, O. N., Canada—

Davidson & Company, members of the Toronto Stock Exchange, recently named R. D. Rettig has been admitted to partnership in their firm and will be in charge of their new branch office at 40 King Street, Kitchener, Ontario.

George Hall Named Chairman of "Toppers"

GEORGE W. HALL JR., William E. Pollock & Co., Inc., New York, has been elected chairman of the "Toppers" an association of Stock Exchange Executives.

Two With Estabrook occupies the former offices of

BOSTON, Mass. — Rogers G. W. Estabrook, Jr., New York, and Charles W. Estabrook, Jr., Boston, have announced that they have combined their firms and are now operating under the name of Estabrook & Estabrook, Inc.

William B. Holt Opens SANTA ANA, Calif.—William B. Holt is engaging in the secur¬

ities business from offices at 1090 Bush Street.

Based upon the processing of many kinds of transparent films, foils and other materials, The Dobecnuk Company has grown, in 24 years, from the original creators of cellophane to a national business serving essential industries with many diversified products. For instance:

For food, confections, pharmaceu¬

ticals, chemicals, tobacco, metal and plastic utensils, and other materials, labels, package wraps, box covers; in flexible films, foils, laminated combinations.

For the electrical industry, film, light-weight, space-saving insu¬

lation, in tape and sheet form, for wire, cable and motors.

For the graphic arts; high- speed foils, coated backed and uncoated cover stock, label paper.

These diversified products for essential industries are manufactured in Cleveland, Ohio, and Berkeley, Calif. If you would like price quotes or specifications on "making Business in the World". The Dobecnuk Company, Cleveland 1, O.

Charles Heerbloom, President

2094 W. 9th Ave., New York, N. Y.

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Prospectus on request from

CORPORATE SALES COMPANY, INC.

What's Ahead for The Rail Investor?

for a twelve-month period. Should the railroads this year lose 2.4 billion in tonnage and 1956, and should the average haul rise by 20 miles, they will generate an additional freight revenue of $2 billion.

Prospective Increased Tonnage

Now we do anticipate an increase in tonnage. It is currently estimated that the P.R.1 index will rise about 8%, on the average, this year. Applying the same proportion as in 1952, this would be equivalent to a gain of 6% in tonnage; and even if we assume a less vigorous advance in the average haul than in 1952, this could be converted into volume of at least 12 billion ton-miles; some 12% greater than the 1950 assumption.

Moreover, the railroads have applied to the Interstate Commerce Commission for an increase of 6% in freight rates, with certain exceptions. Should they realize a net advance of only 4% in the average ton-mile rate as a result of this petition, aggregate freight revenue this year might well exceed $37.5 billion, as compared with an estimated $37.5 billion in 1952.

Traffic Handling Capacity

This juncture, a few remarks on the capacity of the railroads to handle the 100 million additional freight cars offered are in order. Many observers have recently been concerned by the recurrence of freight car shortages in 1950. These began to appear in the fiftieth last March, when a flood of freight in the division of the strike. They mounted to an average of 35,000 cars in August, subsequently receding to around 35,000 at the October transit peak and about 14,000 in mid-December. The fact that shortages could appear during seasonal traffic gulfs full point to the problem. I don't think this difficulty is insurmountable, by any means. The railroads have currently under way a two-pronged attack to meet the situation. The first large of new cars for new cars (which gather full steam by spring, when 75,000 will be in the shops monthly will be made available) and through the accelerated car program to which I referred. This could lift the ownership of good-order cars fairly close to the best levels observed during the war, when considerably more traffic was handled.

The railroads were able to move a bigger volume of traffic during the war with not many more freight cars because of special expedients that were adopted at the direction of the Office of Defense Transportation. These included heavy loading and loading limits on unloading. Additionally, loading and unloading of cars took place on a six-day basis, rather than the five-day basis which has become general more recently.

Today we have the Defense Transportation Administration carrying out the major functions of the Office of Defense Transportation. They will look forward to an increasing flow of directives from this source aimed at the improvement of the efficiency of car handling by railroads and other users. Under stress of the defense emergency, fixed six-day plant operation is permitted; and while this will make the railroads liable for substantial overtime if, during the period, the revenues derived should make this procedure worthwhile.

The Investment Implications

That is the outlook as I see it. What are the implications for the stock market? Here I can present only the most general conclusions. First, the Standard & Poor's daily rail index closely approaches its 1946 high, and is far above the depressed level of the early World War II period. But today we should not learn what was too apparent ten years ago—that the opportunities inherent in the operational and capitalization leverage of the industry. Further, in terms of earnings and possible dividends that should be quite satisfactory for some time ahead, rail stocks are high and earnings are not over-priced relative to other groups.

Second, the best investment position for speculative gain generally exists in the highly leveraged groups of formerly less-favored railroad roads, particularly the eastern group. Among these I would list such issues as New York Central, Baltimore & Ohio common, Pennsylvania, and the common stocks of St. Louis-San Francisco, Milwaukee, North Western and Gulf Mobile & Ohio. Also attractive are Atlantic Coast Line, Southern Pacific, Louisville & Nashville and the common stocks of Denver & Rio Grande Western, Kansas City, Southern and Rock Island. This list is not all-inclusive, and the number of other well-situated and well-managed railroads can be found which will yield a somewhat greater return than the speculative gain usually associated with rail stocks, which should advance to higher levels as the economy moves toward the next occurrence of an occasional market peak.
Canadian Securities

By WILLIAM J. McKAY

The odious adherence of the British Chancellor of the Exchequer and the Board of Trade to the short-sighted policy of gold before all has been a source of growing criticism at home and abroad. The statement of the apathy of all at cost all the time, is that the suffering and curiously docile British public, accustomed to a variety of apparent boom and prosperity British nations get their profits and fail at a lower level than the former. The British Chancellor of the Exchequer, Sir William Halcrow, who restored the British public to the Gold Standard at a low cost, has decided that sterling block itself. Canada has been forced by the pressure of events to adopt the direction of freedom of exchange. This has now been reached, and has also accomplished all restrictions of foreign exchange laws. New Zealand, and South Africa have also been forced to take part in this move in a similar direction.

The Canadian government cannot any longer advance the prevailing price of securities and the necessity to retain drastic restrictions and controls in the interest of national survival. The British Commonwealth economic situation is probably in a better condition than that of the neighboring countries. The Dominion is still of money in the world and the British authorities would appear to a greater appreciation of the importance of being in change in world economic conditions.

During the war period, Canada, and in particular the Canadian farmer, provided Britain with essential foodstuffs. The government's efforts to recover had been an established fact, as is simply demonstrated by the recent spectacular rise of the exchange in America. The United Kingdom must therefore introduce a greater spirit of realism in her economic planning. There are already signs of a movement toward this end. The government has moved toward a more liberal and pragmatic approach to the regulations governing the stock exchange.

During the week there was a renewed demand for exceptional goods, particularly for Canadian Nationals. The internal dominions also continued to meet with steady investor demand at their present attractive rate. The corporate stock at 7% discount but the Canadian dollar at 2% discount finally displayed a rally. The weakness of the Canadian dollar is normal at this time, but with the approach of the export season, or in the event of a situation in which the trend should be strongly reversed, the Canadian dollar may well be pushed above the decline at the end of last year. The Canadian dollar is a very buoyant group, but among the numerous steel and paper issues the Western owned companies in Canada, Ontario Steel, Dominion Steel, Dominion Oil, and Consolidated Paper. Base metals, other than copper and silver, in the Western oils were mostly restored to the British market, Calgary and Edmonton by a joint meeting of demand.

From continued on page 8

Dealer-Broker Investment Recommendations


Over-the-Counter Index—Book value of 25 selected firms listed in the Dow-Jones Averages risen over the course of the year. Five over-the-counter Industrial companies in the Dow-Jones Averages, both as a group and individually, have shown gains over an eleven-year period—New York, New York, New York, New York.

Poor's Register of Directors and Executives—Registered shareholders of 20,000 corporate listings of national corporations, and detailed the purchase of $800,000 top-flight executives. The British have made a fairly large and important move. The Russians paid 7% of their wealth to the West, and the German rate was barely 3%. The French state potage while the Russian share in this is the way it should have been. I remember that the Russians had mobilized all along the German frontier, France was an ally of Russia and ever ready to gobble up the Rhine to this day. Right now the French are respondents sending German correspondence, the French. And these are shivering monsters. They are not lightly giving up their homes. Come Hitler: The Germans were sick and Hitler, as Schacht had predicted, would have returned to Germany. I have no doubt about it. Germany was sick of it. But, there were no more, and Hitler's Germany would have taken over Germany about the same time Hitler came into power. The little factors may bring about early realistic solutions.

This writer will never admit that the Kaiser still作了 affair of war. My memory serves me to the Algeciras conference I have been interested in political economy. I remember that France had lost 18 billion francs, and the potential. The Russians paid 7% of their wealth to the West, and the German rate was barely 3%. The French state potage while the Russian share in this is the way it should have been. I remember that the Russians had mobilized all along the German frontier, France was an ally of Russia and ever ready to gobble up the Rhine to this day. Right now the French are respondents sending German correspondence, the French. And these are shivering monsters. They are not lightly giving up their homes. Come Hitler: The Germans were sick and Hitler, as Schacht had predicted, would have returned to Germany. I have no doubt about it. Germany was sick of it. But, there were no more, and Hitler's Germany would have taken over Germany about the same time Hitler came into power. The little factors may bring about early realistic solutions.

The way to a better environment. The French state potage while the Russian share in this is the way it should have been. I remember that the Russians had mobilized all along the German frontier, France was an ally of Russia and ever ready to gobble up the Rhine to this day. Right now the French are respondents sending German correspondence, the French. And these are shivering monsters. They are not lightly giving up their homes. Come Hitler: The Germans were sick and Hitler, as Schacht had predicted, would have returned to Germany. I have no doubt about it. Germany was sick of it. But, there were no more, and Hitler's Germany would have taken over Germany about the same time Hitler came into power. The little factors may bring about early realistic solutions.
The announcement last week that the London Fireman's Insurance Company, Ltd., a leading British fire insurance concern, had bought all outstanding shares of the North America Fire and Casualty Company, a 50-year-old American insurer, was not unexpected. The announcement, however, is of great interest because of the current interest in British insurance companies among American investors. The announcement also means that the stock of the American company will now be traded on the London Stock Exchange.

Britain has been increasing its interest in American companies, and this move is likely to be followed by others. The American company has been losing money in recent years, and the British investor is now looking for a way to make a profit from his investment. The announcement of the purchase of the American company is likely to lead to further sales of American stocks in London.

The effect of the announcement on the price of the American company's stock is likely to be significant. The stock was trading at $2.80 per share before the announcement, and it is now likely to rise to a higher price. The price of the stock is likely to be influenced by the demand for American stocks among British investors.

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### Indicators of Current Business Activity

#### AMERICAN IRON AND STEEL INSTITUTE:
- **Index of operations (per cent of capacity)**
- **Total net sales (dollars)***
- **Number of tools and dies**

#### AMERICAN PETROLEUM INSTITUTE:
- **Output—(bbls.)***
- **Sales—(bbls.)***

#### ASSOCIATION OF AMERICAN RAILROADS:
- **Revenue freight handled (number of carloads)**
- **Revenue gross (dollars)**

#### CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:
- **Total U. S. construction**
- **Public construction**
- **Federal**

#### COAL OUTPUT (U. S. BUREAU OF MINES):
- **All coals—net tons***
- **Pennsylvania anthracite***
- **Beehive coke (tons)**

#### DEPARTMENT STORE SALES INDEX — FEDERAL RESERVE:
- **Dec. 30—1926=100***

#### DRUG REPORTER:
- **Latest figure**

#### EDISON ELECTRIC AGE:
- **Copper—(per lb.)***
- **Railroad**
- **Total output***

#### ELECTRIC AND CHEMICAL ENGINEERING:
- **Cotton spinning (250,000 lbs.)—East***
- **Zinc (per lb.)***

#### EMISSIONS ELECTRIC:
- **Pennsylvania Beehive coke (tons)**
- **Gas oil, and distilled fuel oil (bbls.)***

#### INDUSTRIAL AND NONINDUSTRIAL — DUN & BRADstreet INC.:
- **Beehive coke (tons)**

#### IRON AGE COMPOSITE PRICES:
- **Purchased coke (per ton)**
- **Scrap price (per gross ton)**

#### METAL PRICES (E. & J. QUOTATIONS):
- **Bar copper (per ton)**
- **Bar silver (per ton)**

#### MOODY'S BOND PRICES DAILY AVERAGES:
- **U. S. Government Bonds***
- **States***
- **Railroad**
- **Industrial**

#### MOODY'S INDUSTRY INDEX:
- **G. M. Commodity Index***

#### PETROLEUM REAPER & MOWER REPORTER:
- **Sales—(bbls.)***

#### OIL, PAINT AND DRUG REPORTER PRICE INDEX—1915-36:
- **Average—(bbls.)***

#### STOCK TRANSACTIONS FOR THE GOD-ACCOUNT OF ODD-LOT STOCKS AND SECURITIES ON THE N. Y. STOCK EXCHANGE—SECURITIES EXCHANGE COMMISSION:
- **Cold-list sales by dealers (customers' purchases)***

#### WHOLESALE PRICES NEW SERIES—U. S. DEPT. OF LABOR—:
- **All commodities***
- **Farm commodities***
- **Livestock***
- **Poultry***
- **Foods***
- **All commodities other than farm and foods***
- **Molds and metal products***
- **Chemical and allied products***

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

### Recent developments:

**Recent figure.** Totals 444,800 barrels of foreign raw cocoa.

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*Data supplied by BLS.*

Dec. 11 (letter of notification) $10,000 of 4 convertible preferred stock (par $100) to be sold at $125 per share. Underwriter—None. Proceeds—To be used for working capital.

Central Illinois Public Service Corp.

Dec. 26 filed 267,600 shares of common stock (par $10) to be offered initially to common stockholders of record on the 22nd. Shares held in escrow rights to expire about Jan. 31. Price—To be supplied by underwriters, Halsey, Stuart & Co., Inc., New York, and Blyth, & Co., Inc. Proceeds—For construction program.

Circle Wire & Cable Corp.

Nov. 27 filed 200,000 shares of common stock (par $5). Price—At $10 per share. Underwriter—New York, New York, Proceeds—For four selling stockholders.

Consolidated Gas Electric Light & Power Co. of New Orleans

Dec. 25 filed 52,000 common stock (par $5) for sale to the public at $25 per share. Underwriter—None. Proceeds—To be used for working capital.

Erie Railroad Co.

Dec. 15 (letter of notification) $15,000 of first mortgage bonds (par $1,000) to be sold at $1,100 per $1,000 to private individuals. Underwriter—J. M. Griswold & Co., New York. Proceeds—For working capital.

General Electric Co.

Dec. 13 filed 5,000,000 shares of common stock (par $1) of which 1,200,000 shares are to be offered to employees on a share-for-share basis. Price—At $20 per share. Underwriter—None. Proceeds—For working capital.

American National Tobacco Co.

Dec. 1 filed 7,000,000 shares of common stock (par $1) of which 4,000,000 shares are to be sold to the public at $32 per share, 2,000,000 to employees, and 1,000,000 to others. Underwriter—None. Proceeds—To be used for working capital.

**INDICATIONS—ADDITIONS SINCE PREVIOUS ISSUE**

Farmers Syndicate, Inc., Cortland, N. Y. (2/21)

Dec. 21 filed 30,000 shares of common stock (par $1) to be sold at $10 per share. Proceeds—To be used for working capital.

Fedsdor-Quiggin Corp.

June 21 filed 103,402 shares of series A convertible preferred stock (par $25) to be sold at $25 per share. Proceeds—To be used for working capital.


Dec. 29 (letter of notification) $75,000 of 4 convertible preferred stock (par $25) to be sold at $25 per share. Underwriter—None. Proceeds—To be used for working capital.

Glenmore Distilleries Co.

Nov. 20 (letter of notification) 19,000 shares of common stock (par $5) offered to stockholders at $10 per share through American Stock Exchange. Underwriter—None. Proceeds—For working capital.

Glenmore Distilleries Co.

Dec. 28 filed 159,142 shares of series B common stock (par $1) offered to stockholders at $15 per share. Proceeds—To be used for working capital.

Great Plains Supply Co., St. Paul, Minn.

Bonds

Dec. 13 sold $350,000 of 4% convertible preferred stock (par $25) to be sold at $35 per share. Proceeds—To be used for working capital.

Gulf Insurance Co., Dallas, Texas

Jan. 10 (letter of notification) 19,000 shares of common stock (par $10) to be sold at $24 per share. Underwriter—None. Proceeds—For general corporate purposes. Offering—Deferred indefinitely.

**Great Plains Supply Co., St. Paul, Minn.**

Bonds

Dec. 13 sold $350,000 of 4% convertible preferred stock (par $25) to be sold at $35 per share. Proceeds—To be used for working capital.

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NEW ISSUE CALENDAR

January 18, 1951
Seaboard Air Line III, noon (EST)....Ex.Fl. Trust, Cfs.

January 20, 1951
Reading Co. .........Exaul. Trust, Cfs.

January 22, 1951
Cinerama, Inc. .........Common

January 23, 1951
Consolidated Gas Electric Light & Power Co. of Baltimore noon (EST)....Bonds
Southern Natural Gas Co. 11 a.m. (EST)....Bonds

January 25, 1951
Kansa-Nebroas Natural Gas Co. Common

January 30, 1951
Southern Natural Gas Co. Common

February 1, 1951
Farmers Synd. of South Carolina Debentures
Indianapolis Power & Light Co. Common
Nebraska-Tungsten Corp. Common
Southern Public Service Co. Common

February 6, 1951
Carolina Power & Light Co. Bonds

February 7, 1951
Indianapolis Power & Light Co. Bonds

February 13, 1951
American Telephone & Telegraph Co. Debentures

February 14, 1951
Brilliant Plastics Co. Inc., Common Facsimile & Electronics Corp. ..Class A

April 3, 1951
Georgia Power Co. Bonds

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Midway Airlines, Inc., Chicago, Ill.

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North American Manufacturing Co. (Ohio)


Otter Tail Power Co., Fergus Falls, Minn.


Pact Gas Co., Cushing, Okla.


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Sanitary Products Co., Tanneytown, Md.

Southern Natural Gas Co. (1/23)

State Utah Uranium Mines Ltd., (Canada)

Southeastern Telephone Co., Tallahassee, Fla.

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United States Steel Corp., Washington, D. C.

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Middle Creek Valley Telephone Co.

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of competitive bidding: Morgan Stanley & Co.; Goldman, Sachs & Co. and Union Securities Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Lehman Brothers; Shields & Co. and R. W. Prewitt Co. (jointly); Proceeds are to be used for expansion program.

Commonwealth Edison Co. Jan. 19. A $10,000,000 company contemplates $181,000,000 additional financing through the sale of additional stock. The amount of the new financing has been determined. Probable bidders include: Halsey, Stuart & Co., Inc.; White, Weld & Co. and Panix, Webber, Jackson & Co. (jointly); First Boston Corp.; Glorie, Forgan & Co.; Morgan Stanley & Co. Proceeds are to be used for construction program.

Consolidated Edison Co. of New York, Inc. Jan. 15. The company plans to sell $100,000,000 common stock, of which $10,000,000 is reserved for underwriters' discount. The offering is expected to be made in February, 1951. Underwrite-to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; White, Weld & Co. and Panix, Webber, Jackson & Co. (jointly); First Boston Corp.; Blyth & Co. & Co.; Morgan Stanley & Co.; The First Boston Corp.; Glorie, Forgan & Co. Proceeds are to be used for construction program.

Consolidated Edison Co. Jan. 19. The company contemplates an issuance of stock to the Corporation Authority of the State of New York, to provide for the issuance of additional shares of preferred stock. Proceeds are to be used for expansion program.

Marion Power Shovel Co. Dec. 27. The company plans to sell the stock for $25 per share. Additional financing may be made in the form of bonds or preferred stock, to be sold to the public, either separately or in combination.

Michigan Consolidated Gas Co. Jan. 25. The company proposes to sell $30,000,000 additional shares of common stock to the public, at $25 per share. Proceeds are to be used for new construction.

The Power Board of the State of New York, is considering the issuance of additional shares of capital stock to the company, to be sold to the public at an aggregate price of $25 per share, as authorized by the state legislature. Proceeds are to be used for new construction.

Proceeds—For expansion program.

Proceeds—To repay bank loans. Registration—Tentatively scheduled for the week of April 21.

Volume—At $150 per share. Proceeds—For expansion program.

Proceeds—For conversion of bonds. Total proceeds: $15,000,000. Proceeds are to be used for new construction.

Proceeds—To increase the company's capital stock to $20,000,000. Proceeds are to be used for expansion program.

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Our Reporter's Report

This week in the new issue market was largely on the sale of securities, as the market is again taking advantage of the aid of a remarkably favorable backdrop in the form of a strong bond market. A number of issues were reported moving out in ready fashion.

Vigorous demand was reported for the offering of 60,000 shares of Commonwealth Steel Corp. This opportune offering of 60,000 shares of Commonwealth Steel Corp. took advantage of the strong bond market and was well received in the market. A number of issues were reported moving out in ready fashion.

Federal Reserve Bank of St. Louis
Dec. 11, 1951, a preferred stock dividend of 5% was declared for the company's common stock. This dividend will be paid on December 15, 1951, to shareholders of record on the close of business on December 1, 1951.

South Atlantic Gas Co.
Dec. 11, 1951, the company announced the issuance of 5,000,000 shares of preferred stock, to be sold at $2.50 per share. The dividend rate will be 5%. The stock is expected to be sold to the public in the next few days.

Southeastern Michigan Gas Co. (Mich.)
Dec. 11, 1951, the company announced the issuance of 5,000,000 shares of preferred stock, to be sold at $2.50 per share. The dividend rate will be 5%. The stock is expected to be sold to the public in the next few days.

Texas Gas Transmission Corp.
Jan. 2, 1952, the company announced the issuance of 5,000,000 shares of preferred stock, to be sold at $2.50 per share. The dividend rate will be 5%. The stock is expected to be sold to the public in the next few days.

Texas Electric Service Co.
Feb. 3, 1952, the company announced the issuance of 5,000,000 shares of preferred stock, to be sold at $2.50 per share. The dividend rate will be 5%. The stock is expected to be sold to the public in the next few days.

Texas Gas Transmission Corp.
June 2, 1952, the company announced the issuance of 5,000,000 shares of preferred stock, to be sold at $2.50 per share. The dividend rate will be 5%. The stock is expected to be sold to the public in the next few days.

Nevada Gas Co.
Oct. 15, 1951, the company announced the issuance of 5,000,000 shares of preferred stock, to be sold at $2.50 per share. The dividend rate will be 5%. The stock is expected to be sold to the public in the next few days.

West Coast Transmission Corp.
Jan. 16, 1952, the company announced the issuance of 5,000,000 shares of preferred stock, to be sold at $2.50 per share. The dividend rate will be 5%. The stock is expected to be sold to the public in the next few days.

We continue to monitor the market closely and will keep you informed of any significant developments. Stay tuned for more updates.
Continued from page 5

Licensed of Brokers, Analysts Proposed

sidered the father of the State University and a long-time associate of the Roosevelt banking system. The provisions governing the licensing, or otherwise, certifying security analy-

The membership of the Standards Committee expressed (Mortgage of the above-mentioned Loans, in the amounts and in the manner to the rest of the proceedings as far as the account of other funds)

**NEW YORK TIMES**

**July 24, 1951**

**Volume 173 Number 4978 The Commercial and Financial Chronicle**

*Goodbody & Co., chairman; Jerem-

**34th Floor, 25 Broadway, New York, N.Y.**

**President**

**Santiago December 30, 1950**

**J. EDDY CASTELLANZIO A.**

**General Manager**

**Republic of Chile**

**Service of Bonds of the External Debt**

The Caja Autónoma de Ampliación de la Deuda Pública, in accordance with the provisions of Article 3 of Law No. 8962, also announced that bonds held by the external debt who assent to the plan of service of old Law No. 5580 and who do not accept the new plan under Law No. 8962, will be entitled to receive for the year 1950 the rate of $13.33 per $100 bond, calculated on the basis provided in Law No. 5580 with respect to the following revenues:

- Participation in the profits of the Corporación de Ventas de Salitre y Yodo de Chile...
- Share in tax on importation of petroleum for the nitrate and copper industries (Article 7th of Law No. 6155 of January 6, 1958). .

$142,862.59

The conditions provided in Law No. 8962 for the termination of the aforesaid interim period had occurred by June 30, 1950, since on that date there had been assented to the new readjustment plan 82% of the bonds in dollars, 94% of the bonds in pounds sterling and 77% of the bonds in Swiss francs.

Accordingly, the revenues referred to in Law No. 5580, as amended, shall become part of the general revenues of the Treasury, and the Treasury shall allocate to Caja Autónoma de Ampliación de la Deuda Pública every year, commencing in 1951, the total amount of funds in foreign currency necessary to attend to the service of the obligations provided under said Law No. 5580.

**CAJA AUTÓNOMA DE AMPLIACIÓN DE LA DEUDA PÚBLICA**

**AVENUE MARINO S.**

**EDGAR CASTELLANZIO A.**

**General Manager**

**President**

**Santiago December 30, 1950**
WASHINGTON, D.C. — This town isn't quite sure at the moment whether it knows how to take the "new Mr. Truman."

This is the Mr. Truman who at once and the same time tells the nation that it must prepare to live for years in a state bordering upon war, and that the people cannot escape paying for this through both higher direct taxation and a lower standard of living. It is, incidentally, the President who almost, if not actually, has said that he is willing to allow away his neo-socialist program in a political deep freeze for the duration.

It is the sort of a position which is inherently popular only when an enemy is pounding at the gates, read millions fear death and national extinction. Yet the enemy is still 5,000 miles away and millions of people are openly skeptical of the program upon which these sacrifices would be based. The sacrifices will be hard to put across. Organized labor has already made it clear that its economic gains and relative position must be preserved. Taxpayers ultimately may be expected to balk at the tremendous magnitudes of the additional taxes the President will propose.

"Trying to "whip it out," political leaders look for conventional political motivations. The President was unequivocal about the need for financing the entire Federal government's war effort with taxes rather than with direct taxation. He indicated no hedge about this and was willing to take the consequences amount to, as they probably will, considerably more than the $16.5 billion he forecast for fiscal 1951. In other words, he is willing to see the additional tax take run to $20 billion, if need be, rather than the $16.5 billion he has tentatively estimated the deficit and hence the size of 1951's prospective tax law.

Mr. Truman has candidly admitted that expenditure estimates might later need to be revised upward, and superficially his estimate of a full-year yield of $16.5 billion from existing tax laws does look optimistic. Expenditures may easily hit $75 billion.

Practical politicians would say that nothing like $16.5 billion can be netted by additional taxes, short of war, and certainly in a situation where there is substantial dissatisfaction with the scope and method of the President's foreign commitments.

If a practical turn of mind thinks that $7 to $8 billions is about the most that can be squeezed from more than $2.5 to $3 billions were nicked from corporations, the whole objective of restraining inflation would then become impossible. Add some $2 billions from excises. Then the rest would have to come from individuals. If the deficit were only $16.5 billion, then individuals would have to pay close to $9 billions more. If the deficit is later revised upward to $20 billions, as it very likely will be, then individuals would have to pay $15 billions or thereabouts more.

Since Mr. Truman estimates individuals will pay $21.6 billions in taxes this year (and $17.7 billions last year) the tax on individuals would have to be boosted to any where from 40% to approaching 75% more—in one swoop in one year.

This, the practical politicians would say, is entirely possible of achievement only in total war and when there is nationalunity.

So, looking for the common every day garden variety of political motives, some would be inclined to think that maybe Mr. Truman was proposing these taxes with tongue in cheek, confidently expecting that Congress would not enact them—as it is unlikely to. Then Mr. Truman would build a record for a thorough-going program to halt inflation. The onus for the failure of this program then could be put upon Congress.

Actually Mr. Truman has at least for the time being stopped listening to his more practical if less messiah-minded advisers. As reported last week, he was being urged to move slowly toward higher taxation, to let the facts of the Federal fiscal life "speak up" on the people, to wait a little while, in fact, to "sink in," to take note of the fact that during the current year the Treasury would be almost taken care of by the EPT and Interim tax laws and to wait until overtime and overtime on overtime pay began filling the people's pockets and the heavy dough began to go out on defense contract payments. A further "practical" fact is that in no case would Congress be expected to act quickly, and the proposition of renewal of Reciprocal Trade was deliberately shoved ahead of taxation by Congressional leaders to stall on tax legislation.

For a time Mr. Truman appeared to be heding this advice, but suddenly dumped it all in favor of all-out "waze," all-out price controls, and the tax program. A small indication of his sources of advice was his adoption in the Economic Report message of the idea (a little coyly stated) of paying overtime pay in government bonds—a proposition which did not come from any known fiscal source in Congress or the Administration. This is thought to have come from the Council of Economic Advisers and will be enacted only over a few dozen political bodies.

For the moment the President is taking his fiscal advice from the Council of Economic Advisers. The Council has given its ideas of what the tax bill of 1951 should be like.

Individual income tax: "Draastic increase in rates will be necessary."

Capital gains: "The rates on capital gains are too low in re- lation to the rates on other in- come, while the holding period is so short that the hiding of ordi- nary income under the capital gains cloak is encouraged."

Depletion allowances: "All- lowing for depletion in the future treatment is so excessive for these facts are to constitute a major injustice, and percentage depletion has been excluded from the tax law in recognition of the fact that there is no justification whatever."

Municipal bond tax: "The defense period would be an excellent time to remove this ob¬ stacle merely from the tax law."

Corporation taxes: There is room for "hardening" in these. "Several billion dollars of additional corporate in¬ come can be absorbed by further taxation and still permit corpora¬ tions already to retain reasonable dividend payments, and to con¬ tinue necessary programs of ex¬ pansion without imposition of their financial position."

Excess profits tax: The 1950 bill "makes a major contribution to the corporate tax structure. It appears probable, however, that some of the allowances made are unnecessary and that removal from the excess profits tax would be taxed at the higher rate."

(This column is intended to ref¬ rain from giving a particular interpre¬ tation from the nation's Capital and will be continued in the "Chronicle's" own issue.)

BUSINESS BUZZ

WASHINGTON... And You

WASHINGTON, D.C. — Mayor John H. Barry has announced that the Federal Reserve Bank of St. Louis has 71.6 billion in Federal Reserve notes outstanding. This is a record high for the bank. The Federal Reserve System is responsible for regulating the money supply and controlling the nation's economy. The bank also has a significant role in setting monetary policy for the United States. The bank's operations are critical to ensuring financial stability and economic growth.