Investment Policies And Business Outlook

By Harold B. Dorsay
President, Argus Research Corporation

Assuming a defense outlay of $50 billion annually, research executive predict high activity in business, despite prospect consumer’s durable goods and construction industries will be at low level. Holds money supply will decline temporarily during early part of year, and Federal Reserve will move power over money and credit controls. Looks for continuation of high demand for common stocks, and contends prices of stocks are not inordinately high in relation to earnings and yields, yet he expects some intermediate reaction in stock prices.

It is fortunate for me that I have been assigned a subject as broad as “The Business and Financial Outlook.” That gives me the right to ramble at will over an extremely wide field, and, with a practical conclusion in mind, that is what I intend to do. Rather than subject you to a detailed discourse over the single aspect of the financial and business outlook, I would much rather discuss several of the more important forces that are operating today, even though it may seem to render my talk somewhat disjointed.

I am impelled to adopt this procedure because we find that our clients have been interested in these various topics at the present time. Furthermore, I would like to call attention to the fact that we are less interested in the detail of the various forecasts that are operating today, even though it may seem to render my talk somewhat disjointed.

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The Security I Like Best

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

(The articles contained in this forum are not intended to be sold, but are to be regarded, as an offer to sell the securities discussed.)

WM. G. H. BREHMER

Bluffton, N. J.

Minneapolis Molin Co.

hastened by the interest in the series of articles under the heading, "The Security I Like Best" which have appeared in the "Wall Street Journal." For an 18-month rise in the prices of the government bonds, one which could still be bought for $20, or only 2½ times current earnings— or three times its earnings— which would be used to extinguish excise from existing profits tax under the new law— without net working capital almost as much as the market price—so that interest in a valuable producing plant could be had for free. It is hard to account for such an uncollected gem in the midst of all the study and facts that are made of the widely known "big name" stocks selling at from 8 to 12 or more times their realizable earnings after the tax collector has swung his sword and made some of these one of the most confusing when the big games and the pension funds start to liquidate. But some of the securities and huddle around for the hidden bargains— it may provide a lot of work and satisfaction for the self-winding investor who does not hastily follow the current herd, but has done his own hunting on his own steam.

It occurred to me some of your readers might like to know of bargains like this.

COLONEL WILLIAM FREDAY

Boulder, Colo. Member, New York Stock Exchange

The World's Premier Investment

After 40 years in Wall Street and its environs and ever of the opinion that all security are not worth buying except one prime investment— United Government bonds. What I mean by "bonds" now is the present status of "bonds,... as a "everything."

Am I a crank? No! I am one of the nation's physical resources. I have always considered the duties and responsibilities which the state of the economy, the state of the public mind, the state of the world and the state of the intellectual resources. Having these qualities, our government bonds would be a sound purchase at little or no interest return.

John W. Snyder, Secretary of the Treasury, faced a many-sided problem concerning U. S. Government "E" bonds or Savings Bonds of which the public became large buyers during World War I. Approximately over $23 billion of "E" bonds mature in the next six years and $11 billion in the following four years, ending 1969. Inasmuch as over $1,000,000,000 of "E" bonds reach a 10-year maturity in May, 1961, it becomes imperative for Secretary Snyder to arrange either for refunding them or extending their maturity. Keeping in mind the possibility of selling additional bonds which may later be necessary, I developed the first American reinsurance program.

Last week, Secretary Snyder announced that "as a matter of promoting and anti-inflationary measure" the Treasury plans to offer holders of Series "E" Savings Bonds a plan whereby they may keep the bonds at maturity and move beyond maturity at the same 2.9% interest. The owners of these wartime savings securities will be given three alternatives when the bonds begin maturing on May 1, this year. viz.,

1. Holders may cash their bonds as they mature, or (2) continue to hold them for another 10 years with a cumulative interest-bearing extension, amounting to 2.9% interest for the first 5 years, and 2.1% for the next 5 years, or (3) holders can exchange them for a like amount of income savings bonds of Series "G" which will bear a semi-annual interest for 12 years.

Holders who take advantage of the extension period will be allowed, of course, to permitted to collect interest on their present bonds at maturity. The interest for the extension period would be paid both on the original cost and accrued interest up to the date of the present maturity. In explanation, Secretary Snyder said that an $18.75 bond purchased in May, 1941 would mature for $25 on May 1, this year, if cashed. But if the holders prefer to continue to hold the bonds for another 10 years, they will be paid 2.9% on the $25 maturity value of their bonds which would amount to $33.33 each at the end of the second 10-year period. The holders who hold a bond maturing May 1 will not be allowed to collect their $6.25 interest on the original bond at present maturity if they want to hold it for the second 10-year period. Only 2.5% interest will be paid on the $25 maturity value of the bond which is doubled with the in the first seven years of the second 10-year period.

Secretary Snyder said the Treasury Department had adopted the new plan outlined above for "E" bonds because "it is our belief that the majority will desire to continue their investment in the Treasury Department..." It is the Treasury Department's intention to appeal, in this way, to the largest possible group of people to continue their investments in Treasury Department bonds since the majority will make the decision to continue their investments in the bonds the Treasury Department itself desires to continue.
We are interested in offers of High Grade Public Utility and Industrial Preferred Stocks

May 23, 1946

We are interested in offers of High Grade Public Utility and Industrial Preferred Stocks.
The Aircraft Industry
in a Defense Economy

by SELIG ALTSCHUL
Independent Aviation Consultant

Mr. Altschul, pointing to increases in size and complexity of the aircraft that have resulted from World War II, asserted that 50% increase in production, as outlined by President Truman, is fantastic. Says 30% expansion within year is possible for aircraft industry if necessary. Airplane production will be affected differently.

In appraising the aircraft industry in a defense economy it is misleading to be swept away by the maze of figures that accompany the group's position. To view the industry in proper perspective it is essential to focus one's attention on the present trends and the philosophies governing its operations.

For instance, in evaluating aircraft production today, we refer to their separate production levels of the war years as the standards of what can be accomplished currently. Present civil aircraft is much heavier, about twice the size, and for more complex than their counterparts produced during World War II. As a result, it takes approximately twice as many man hours to build a current model as compared to the planes of 6 to 10 years ago. This is to say nothing of the distinctly existing dollar cost.

This is the key in ascertaining how much President Truman's goal of 50,000 aircraft a year. This objective will require a far more rapid increase in output than was attained during World War II.

The report declared that, "Within one year we will turn out planes at 5 times the present rate of production." Our present rate of military aircraft production is slightly under 4 million pounds of airframe weight a month. In units, the current total probably somewhere around 250 per month.

During World War II, the industry was not able to expand much more than three times within a 12-month period as compared to the 50-fold increase called for by President Truman. Production in May, 1944, at the time President Roosevelt announced his 50,000 planes goal was at the monthly rate of 1,900,000 pounds. A year later; i.e., in May, 1945, the actual rate had risen to 6,250,000 pounds. By May, 1942, production had reached 1,911 planes a month; by May, 1943, the rate was 30,600 planes a month.

The figures for production in 1945 show a similar trend. In May, 1940, production was 409 planes. A year later, the monthly output was 1,300; and in May, 1942, the rate was 2,933. The peak, was in March, 1944, with an output of 8.913 planes.

Despite the expansion brought about by war, and the stimulus of the 50,000 plane production program, an annual production rate of 50,000 was not reached until August, 1945—27 months later—when deliveries totaled 4,274 aircraft.

In the meantime the goals of American industry to go back to peacetime production had been tremendously increased. In his message to Congress on Jan. 8, 1943, President Roosevelt called for the production of 125,000 planes during 1943, of which 100,000 were scheduled to be delivered to the Air Corps. The actual production during 1943 reached 85,898 military planes of all types. The production expansion reached its peak in early 1944 when the monthly production rate exceeded 9,000 planes, equivalent to an annual rate of almost 110,000 units.

A 5-fold Increase in Production

It is obvious that even by past standards, President Truman's proposal of 50% increase in aircraft production is a fantastic undertaking. If the industry thinks it can accomplish a 5-fold increase in production within twelve months and then only under favorable conditions.

For example, at the present pressuring need for its Packet aircraft, Fairey Aviation Company's plant has been shut down since a week ago. This is not conducive to acceleration of production goals. There are bound to be recurrent delays throughout the industry due to the necessity of building essential components to arrive on time. New variants, types that will be hard to engineer and tool up for. They are not like the components of smaller planes which are now being phaseed out.

For example, the current 1951 fiscal year, production of new variants accounts for a 10% increase.
The Chameleon-Like Market Influences

The current fluctuations of stock prices in terms of external events highlights the probity both to draw successively conclusions from the same outside factor, as well as to select for emphasis the economic among these which fit as the appropriate causes of the market's behavior. Market reaction against the cropping of "economic" interpretation to conform to the ticker, and the actual divergence between market movements and "the news" have been cited by us as one of the chief obstacles to the anticipation of market movements.

Contradictory Attitudes Toward a Margin Boost

Last week's boost in margin requirements supplied a typical instance of these foibles of inconsistent reaction and selective emphasis. Most current emotional atmosphere, in which the polls classify 70% of the customers as still bullish on day following the Reserve Board's new curb as the market reached a 20-year peak, it was affirmatively interpreted bullishly as "constructive," "psychologically inflationary," and a depletor of the government's anti-inflation ammunition; or negatively ignored vis-a-vis the bullish attention focused on "inflation" as the market's determinant.

In the case of one recent journal's comment, the increased credit curb was bullishly described as "tending to make many margin account owners keep their positions rather than liquidate them. When they sell, margin holdings they shall put up $25,000 cash to establish new positions. The higher margin requirement tends to make them focus on margin place more value on the technical position of the account than its value as an investment. At previous occasions of margin-raising when the market's following action was not so suspicious, as during the declining market session following an announcement of higher taxes, the impact was by no means interpreted with such bullish optimism.

War-Price Bearishness

Similarly oscillations have been in the market public's reaction to war and war prices. This can be (and in previous columns should be) shown to be still to hold in the current inflation-induced instances ever since the Hitlerian aggression of the 1930s. On a microcosmic scale was this portrayed in yesterday's market (Wednesday, Jan. 24), when the market's overall decline was ascribed to alleged peace feelers—in contrast to previous bull-market atmosphere constructive conclusions imposed on the market, which were to be declined.

Taxation constitutes another chameleon changing its color in conformity with hush and hush environments. During bear periods the public's consciousness is concentrated on the destructive features of the tax impact, while during bull periods the public's consciousness is turned on the economic individual. At such times even the tax on capital values are essentially tied to net-after-tax income yield, is realized and emphasized. On the other hand, in rationalizing rising market action, the alleged bullish features of tax rates are highlighted. Not in the construction related to the erosion of the corporate tax in the form of selling-price rises, but is applied to all taxes. Thus, on only the tax itself. The final analysis all taxes are inevitably inflationary. This is true because in the long run they add up to the citizens' dollar, which is the consumers' dollar. Inevitably, almost any kind of a tax tends to be "shifted" or pyramided somewhere along the line.

The "Bullishness" of Excess Profits Taxation

The process of selective emphasis was strikingly demonstrated last week when a leading brokerage firm issued a study entirely devoted to showing the bullish implications of the excess profits tax, such as its aid to savory-taking companies. This is, that the anticipated increase in "extraevasion-spending" of 38-cent dollars.

The Selective Emphasis Approach

We see selective emphasis also used in picking out the Continued on page 32

WE ANNOUNCE THE ELECTION OF

MRS. MONROE V. POOLE
AS PRESIDENT OF THIS CORPORATION

THE DIRECTORS AND OFFICERS OF THE CORPORATION FROM JANUARY 20, 1951, ARE

MRS. MONROE V. POOLE
BENJAMIN VAN RADEN
GEORGE B. GIBBONS, JR.

GEO. B. GIBBONS & COMPANY
(Corporated)
20 PINE STREET
NEW YORK S. Y.
Personal Thoughts on Our Financial Situation

By ALLAN SPROUL*
President, Federal Reserve Bank of New York

Direct controls cannot suppress inflation for a time, and are weakened by a soft attitude toward farm prices and wages. Real wages have risen even in taxes to cover proposed estimated Federal budget deficit. Waras Treasury's debt management policy would lead to more bank failures and hence direct credit controls are not complete shield against inflation. The real problem seems entirely manageable "in terms of pay-as-you-go."

There have been two clear public statements within the past few days, from those in high authority, the first about the need for direct controls in our economy, and the second about fillip for the government and debt management.

I have been told that we are now, for the first time, in a period of restraint, and that there are too much of prices, rents and wages, and with the general outlines of this program we must all agree, even though reluctantly, after the experience of the past six months. But I am afraid we must ask whether we shall accept it as a

Direct controls 'couldn't do that job in the next and postwar period, and they can do it less well, in a period of restraint and mobilization, when the final conquest of inflation is not far. They are lacking in the period of restraint is indefinite, but likely to be prolonged. Credit controls may suppress inflation for a time, but they do not do the job. They are likely to be weakened, in application, by too soft attitude toward farm prices and wages, and the long run will fail, in any case, to be backed by a strong fiscal and credit measures. There will be a possibility of some goods and commodities for civilian consumption during the next year or two, and there will be a growing national income, piled on top of a high level of liquid resources in the hands of the public. If these pressures are not reduced by heavy taxation, or

*Remarks by Mr. Sproul at luncheon given by the Federal Reserve Bank of New York at the Midwest Meeting of the New York State Bankers Association, New York City, Jan. 22, 1951.

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From Washington Ahead of the News

By CARLISLE BARGERON

A book written this writer describing the conflict, the backbiting, the intrigue that was going on in Washington as we prepared for World War I came out on the eve of Pearl Harbor. With the United States now at war, WRW would describe the present situation as we get ready for World War II.

These crises or National Emergency conditions, bring in an intensification of the scramble for Washington funds, which might even expect ideological groups and individuals, the economic climate, through an altering and it is over the control of the situation that the ideological and financial men will clash. Insofar as personal ambitions are concerned Washington is the best market place for them, the nation's emergency is to come. Mr. Wilson will find even much, if not wholly, under his direction.

Indeed, in one of his first public utterances after taking office, Mr. Wilson said that the private electrical power industry was in simple position to take care of the increased defense needs and that it was ready to go the extra mile. Government orders were not diverted, it would continue to be able to do the job. A few days later, the industry asked that the time to begin national public power projects, including the St. Lawrence waterway-hydroelectric propostion. During all this time, the Washington Power and Light company, Mr. Wilson with all his authority to the contrary, that the Public Power crowd will make with their schemes during the emergency will not be easily or cheaply turned back. They have their man on the floor for their expansion.

Some of the bright young minds who, from subordi­ nate positions in the bureaucracy, gave gray hairs to the in­ dustrialist front men in World War II, have already come back to the government to work in the same capacity. They bring bright ideas and propaganda strategy for putting them into effect, have been resumed. Not yet in the government but will undoubtedly find his way in soon as the "bright young adviser," the industrialist front man, is the boy wonder, E. Fredich, just out of jail in Kentucky by President pards for stuffing ballot boxes. A former protege of Chief Justice Vinson and Fair Deal friend, of course, see no reason why he should be. Expected to join up with the crowd soon is Bob Nathan, who in World War II, we were told about half of the time, was finger. He was a member of the U.S. League for Industrial Organizations. He has been all over the world. And at that time, the street-car proposition was "being abandoned before such controls become a part of our way of life."

If all-out war comes, we shall face such unforeseen difficulties and new problems that we shall have to change our Federal deficit requirements, Trea­ sury's mortgage policy, probably in amounts of billions. But alternate outlets for savings of all kinds would tend to dry up in these circumstances, and as much borrowing as possible outside the banking system would continue to be our goal. That should be that, but there will be as many financial policies, so that we would see the Federal deficit requirements, national nonbank funds in a way which would prevent the unnecessary economic panic, which were in the war, or following the war, and possibly with the same outlays for government expenditures outside in government.

From our standpoint, the best outlay would be the same as in the past. We don't want to make that mistake on the financial front. We hope that we will, and that it think is that instead of spending for the purposes we, as Americans dedicated to the cause for which we sacrifice our sons,
Credit Controls and Bank Earnings

By WILLIAM A. LYON

New York State Superintendent of Banks

Viewing situation of banking under credit controls, N. Y. Banking Superintendent sees in them unnecessary weakening of banks' earning power. Because of pegged interest rates, sate control factors are being eliminated, and finds position of bank earnings is deteriorating.

Effects are felt by banks as consumer and other forms of credit and to cause absorption of small banks by larger ones. Loan rates are being cut out stockholders are now "on short rations."*

A new emergency has arrived calling for a supreme national pro纵观 the entire text.
Illinois Central

Another step forward in Illinois Central's long-term debt program is in prospect. It was announced early this week that directors had authorized the company to prepare for a recapitaliza-

tion plan. This plan will provide $18,812,000 of new

mortgage bonds. The proceeds of the sale will be used to retire part of the company's outstanding debt, and the new bonds will provide funds for the operation of the company. The new bonds will have a higher rating than the old ones, and will be issued at a lower interest rate. This will save the company money in interest payments, and will also improve its credit standing.

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Snags Ahead in Wage Contracts
Tied to Price Index!

By Ewan Clague

Consolidated Gas Electric Light and Power Company of Baltimore

After describing history and problems of formulating consumer price indexes, Commissioner Clague sets forth their shortcomings, together with program to revise them. Says, in view of changes to be demanded in indexes, there will be in future contracts based upon changes in the Consumers' Price Index. Warns "there are some things a price index cannot do and should not be expected to do."

To understand the function of a consumer Price Index it is necessary to go back into the history of the index as it now presents the product of the past.

The Consumer Price Index was first computed by the latter days of World War I. Those who are old enough remember the days when those wildly fluctuating days will remind us of the public agitation on the high cost of living—"old H. C. L." it was called. Roughly speaking it is as true in 1919 as it was in 1916, they became than before the war, the United States entered the war in 1917.

Before 1918 the Bureau calculated and published index-exchange rates. After 1918 the number of cities varying from about 65 to 150, or from 230 to 270, in the 1907-1912 period. The consumer price index was expanded, and the expenditure data collected in the Bureau's 1918 survey had to be revised to fit the requirements of the Bureau.

The rapid changes in living conditions in shipbuilding and industrial centers, made it necessary to devise a more comprehensive cost of living index which could be used in wage negotiations. So in 1920 the Bureau was expanded, and the new series was published in 1925.

Weights for all the city-indies for shipbuilding and industrial centers were based on the Bureau's 1918 survey. increases and expenditures of wage-earner and low-salaried worker's families in 52 localities. The average of families covered by this survey, the United States index was 4.8 persons, and the average family income was $500.00.

When the national overall index was calculated, it was carried back to 1913 in order to provide a pre-war period for comparison. It was this series that gave the rise to the index in 1950. The Bureau of this, the Consumer at the Bureau of Labor Statistics, and the America Association to appoint a committee to study the consumer price index. This committee, with Professor and Chairmen, investigated all aspects of the index series, and reported that, "...within the limits established for it, the index provides a trustworthy measure of changes in prices paid by consumers for personal consumption commodities and services... and the index provides an acceptable approximation to recent changes in living costs."

However, this committee also made some recommendations that would not only make the index more effective in giving a better idea of changes in living costs. However, these recommendations were in the nature of correlated and designed to implement the use of the Consumer's Price Index, to give the economic situation. Briefly these suggestions were:

(1) To separate the Bureau of Labor Statistics into separate regions.
(2) To separate the Bureau of Labor Statistics into separate regions.
(3) To separate the Bureau of Labor Statistics into separate regions.
(4) To separate the Bureau of Labor Statistics into separate regions.
(5) To separate the Bureau of Labor Statistics into separate regions.
(6) To separate the Bureau of Labor Statistics into separate regions.

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

$25,000,000

Consolidated Gas Electric Light and Power Company of Baltimore

First Refunding Mortgage Sinking Fund Bonds

Series X 2%, due January 15, 1986

Dated January 15, 1951

Price 100.67% and accrued interest

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GREEN, ELLIS & ANDERSON

January 25, 1951

*Summary of remarks by Mr. Clague before the Radio-Television Manufacturer's Association, N. Y. City, Jan. 17, 1951.
Securities Salesman's Corner

By JOHN DUTTON

The board rooms are filling up again. It seems that there are a few signs that speculative fever directed toward the stock market is once more reappearing. Could it be that another "seller's market" for those in the securities business is near at hand? During 1927 and 1928 such a condition existed in the investment business. Also, this was true during 1930 and 1936. Both periods left those in the securities business with previous headaches; yet while they lasted you could sell almost anything that looked like a stock, and toward the end of both booms the average investor was prone to buy into all hazardous kind of speculations.

Quite a few advertisements have begun to appear again which offer penny stocks. Dealers are being urged to look into low priced securities, and to report to their clients. If you will check the price range on many stocks that have sold under $1.00 a share at the over-the-counter market for several years, you will see that they are beginning to move upward again. The talk of "war baby" is once more in the air. Things in themselves are only a natural result of the times and conditions. Quite frankly I don't see anything wrong in it, and it is my opinion that when the public wants to "play" in stocks, there is very little that any one can do about it. I don't think the SEC or the Federal Reserve, or even the New York Stock Exchange and the various Associations of Traders, Dealers, Customer, men, etc., can hold the public back if it makes up its mind that it wants to go on a "gambling spree."

But from the standpoint of the retail dealer in securities, and the salesman who desires to continue in this business, I do think it is a time for restraint. It may be difficult at times to try and sell your customers on the idea that they should hold conserva tive securities, and not go overboard along with the crowd when it comes to putting too much of their assets into "stocks for a profit." During these times a conscientious salesman often sees the other fellow, who is following the lines of least resistance, making more progress with less effort than he can make. Last week I was told by the manager of a certain branch office of a New York Stock Exchange firm that he turned down a order for some common stocks because he found out that the money represented the entire savings of a family. He recommended that they "buy something," as he put it. Several days later he was told that they bought their stocks through another broker.

Theurities man who is selling retailing stocks today should seek a middle course. Where customers desire to try and make capital gains if at all, let them, but only in their small, well selected values (where available) can be offered. But meanwhile there should be some securities being bought that are well balanced. Educational work along the lines of direct mail, and even conferences in the office with clients, can be helpful in keeping investors satisfied with sound programs along conservative lines, and at the same time moving toward the ever increasing demand for some good mutual funds and other stable securities. But if you advise them to invest in speculations that are in keeping with their ability to assume the risk involved, you may, I suppose, "play it safe" in stocks they have under their control, and also in a much stronger position, than if you get them in such a way that you tell them they are very risky and dubious, low priced, common stocks.

Three With Robert Baird

With Dempsey-Tegeler Co.

(March in THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Francis A. Kenney, president of John F. Reuss & Company, and William R. Sache have become associated with Dempsey-Tegeler Co., 209 South LaSalle Street. Mr. Sache has recently with Baird & Co., 110 East Wisconsin Avenue.

With Link, Gorman & Co. Add

(March in THE FINANCIAL CHRONICLE)

CHICAGO, III.—Joseph A. Farrell has been added to the staff of Link, Gorman, Peck & Co., 611 W. C. Gibson & Co., 231 South La North Broadway, Salle Street.

Predicts 700,000 Housing Units in 1951

Robert P. Gerholz, former head of National Association of Real Estate Boards, predicts brick home mortgages for 1951, higher prices and new luxury housing. Attacks controls on housing credit.

Robert P. Gerholz, 1950 president of the National Association of Real Estate Boards, in addressing the Illinois Association of Real Estate Boards on Jan. 22, stated that new home production in 1951, including homes built under the defense housing program, is not likely to exceed 700,000 units, or about half of last year's record.

"This year's average," Mr. Gerholz said, "will be one of the lowest in the history of the Federal Housing Administration. The maximum number of housing units out of the available supply of materials and labor. Building in this industry has reached a peak in the first quarter of the year. With buying power high and production cut back, builders are likely to feel the pinch of a brick market for the limited number of houses that are produced and for existing houses. In recent years the industry has expected a price realignment of some items-like lumber, but any overall cost movement will be upward. Indications are that mortgage money will be in ample supply, and the second quarter of the year may see some slight softening in interest rates."

Robert P. Gerholz

Robert P. Gerholz

Attack Credit Controls

Criticizing credit control as a "method of last resort," Mr. Gerholz said that "the trend toward rationalization with relation to credit. "In cutting home production back to whatever the proper level in terms of national defense needs," he said, "it seems to me that a frank, direct type of control would be preferable to the devious method of credit control. In the first place, the credit control method is unfair to the average family with limited resources. "It also fails to provide work for our men and women who are not necessarily the family with limited resources, who have the cash to put into homes."

"There was some vague talk about inflation and halting of price increases. Few people believed that controls over home buying credit could halt inflation or higher prices. They have now, and will not have in the near future, in a general inflationary economy with rising costs and wages all along the line."

"While such controls permit a quick freeze on home buying credit, the novel or modification of credit controls does not insure a quick thaw. Sudden cracking on home buying credit has served, to reinforce the idea that the credit controls can not automatically remove a freezing that has been so encouraged. The thaw occurs as confidence in the soundness of liberal home buying credit terms."
Outlook for Utilities

By C. A. O'NEAL

Duff and Phelps, Chicago, Ill.

Sterling exemption of utilities from Federal excess profits tax is expected to stimulate the construction and expansion of a gas company expansion in current year. Estimates new electric capacity at 4,300,000 kw. and capital expenditures at $2.3 billion, of which $800 million will be provided from depreciation accruals. See a rise in gas prices, despite major materials shortage.

It is my considered opinion that the current emergency, development affecting public utility companies in the last year or so was, and indeed remains, exceeded them under the excess profit tax. It was the events leading up to enactment of the tax that had the real effect upon the companies. To establish the yardstick by which I have come to that measurement it is necessary to refer back to early 1942, when the nation was still at war and the situation seemed very different to the present. Based on representation of the companies individually by individual companies. Congress was written to the president and the Secretary of Commerce to measure one minor concession to the special position of the gas and electric utility industry—surplus relief on preferred stock dividends. This was a direct step in the right direction in importance in principle, but was somewhat belated. It was, however, the effect of the war that was enabled was still greater. During the war, the industries with a tax burden so heavy that it was felt in the form of rate reductions. And as utilities were able to recover their losses after the war, developments since last summer stand in sharp contrast. The gas and electric industries under the excess profits tax program to Congress. Certainly much more effective was the passage of the Railroad Revenue and Utilities Commission. The composition of this board is such that it is not likely to speak it speaks for everyone regulatory commission, state and Federal, in the entire nation. It is one of the few agencies that are the report adopted by that body as a whole in a convention and subcommittee on the bill in Congress. I have been asked to say that, by reason of the testimony, even the commission itself, for example, that these need not need to regulate the utilities industry and therefore that no excess profits taxes on utilities are necessary.

The presentation for utilities relief and to the public utilities hearings in both Houses of Congress. Both, in fact, appear to have been set out to draft a bill which would not only effectively reduce the number rates available for tax purposes but would also help in the task of expanding the regulated utility industry and therefore that no excess profits taxes on utilities are necessary.

The benefit to utility earnings in their tax treatment now as compared with nine years ago is substantial. But it does not over shadow the continued favorable in their commission and public relations.

In thinking, in fact, goes one step further. Congress has gone far toward establishing the fact that recognition of the fact that regulation prevails excess earnings in the utility industry is as natural as it is that my feeling is that once such a precedent is established it is likely to be maintained except and that there is reason to believe that contrary. This phase commands attention in the light of the discussions on a new tax bill to be enacted.

Electric Utility Industry

So far as operations are concerned the electric utility industry on an even keel. Its future in the year is not of great concern. On an even keel.
What's Ahead for Stock Prices?

By A. MOYER KULP

Vice-President and Assistant Director, Waddell & Reed, Inc.

Stock market analyst discusses stock market outlook from viewpoint of prospective earnings, dividends and supply and demand relationships of common stocks. Finds situation different for various groups of stocks, and forecasts increased investment possibilities in low-priced, speculative common stocks, but stresses importance of discrimination among industries and particular companies.

The outlook for the stock market for the year 1951 generally anticipates a continuation of the upward trend that the stock market started in 1933. Unlike the situation in 1942, 1943, and 1944, the outlook for 1951 will be based on normal economic conditions, not on war-time sacrifice, contraction of purchasing power and intervention of the government. Rather, the trend will be determined by the normal response of the market to the implications of the increasing national purchasing power that is expected with the acceleration of defense spending, the resumption of normal economic activity, and the return to normal after the war.

The high level of national income activity and commodity prices resulting from the increased national purchasing power is reflected in the high level of corporate earnings and dividends. In the first nine months of 1950, corporate earnings were 15 per cent higher than in the corresponding period of 1949, and dividends paid were 16 per cent above the level of 1949. The trend of increased earnings and dividends is expected to continue in 1951.

Upward movement of prices is due to the increase in the purchasing power of the dollar. The dollar's purchasing power has increased from $0.94 in 1933 to $1.13 in 1950, a gain of $0.19. The current level of the dollar's purchasing power is expected to continue, with only minor fluctuations.

Although corporate earnings and dividends are expected to increase, the rate of increase will be less than in previous years. The increase in purchasing power will be more than offset by the increased value of the dollar, which will cause the purchasing power of the dollar to increase even more. The result will be a decrease in the rate of increase in corporate earnings and dividends.

Inflation trends will undoubtedly be a major factor in the stock market trend in 1951. Inflationary pressures will cause bond yields and the gradual decline in the purchasing power of the dollar. Inflationary pressures will also drastically reduce the real income of investors, and the increased cost of living will cause the prices of stocks to increase.

In prediction of the stock market in 1951, it is evident that the new trend will not be a continuation of the high price level of the past years. The market will be subject to wide fluctuations, and the trend will not be as uniform as in the past. Nevertheless, the upward trend is expected to continue, and the market is expected to reach new highs.

Increased Investment in Common Stocks

There still appears to be a trend toward increased investment in common stocks. The demand for new capital may well continue as long as dividends on preferred stocks are high. Preferred stocks are stocks that have a fixed dividend, which is often higher than the dividend paid on common stocks. Preferred stocks are suitable for investors who desire a steady income.

As a result of increased earnings and dividends, the price-earnings ratio of common stocks is expected to increase. This will make common stocks more attractive to investors, and the demand for common stocks is expected to increase.

The dividend payment of this year is expected to be higher than in previous years. The dividend increase is expected to be about $20 billion, or about $3 billion per month, during the coming year. The dividend payment is expected to reach a high of about $20 billion in 1952, and to reach a high of about $25 billion in 1953.

Outlook for Various Groups

Bank stocks are not very exciting, but they have real merit as income investments and production. Bank stocks have capital appreciation as earnings are paid back and book values rise. Higher taxes and increased earnings will result from the increase in sales by banks.

Industrial stock prices are expected to be highly valuable in the coming year. The experience in World War II, when earnings rose rapidly and dividends were increased, suggests that bank earnings and dividends will be in a stable-to-rising trend.

Insurance stocks are expected to improve over the experience of World War II. Dividends, lower than in World War II, will be increased, and dividends are expected to hold at or slightly above the 1949 level.

The net income of public utilities dropped about 10% in World War II, and it is expected to increase in 1951. The worst that is likely to happen this time is a temporary decline, but utilities are expected to remain profitable. The net income of public utilities may increase slightly in 1951.

The net income of public utilities may increase slightly in 1951, and the net income of public utilities is expected to increase in 1952. The net income of public utilities is expected to increase in 1953. The net income of public utilities is expected to increase in 1954.

The net income of public utilities may increase slightly in 1951, and the net income of public utilities is expected to increase in 1952. The net income of public utilities is expected to increase in 1953. The net income of public utilities is expected to increase in 1954.
Rising Prices Indicate Reconsideration of LIFO

By DAVID M. FREUDENTHAL

Business Consultant

Formerly Vice-President and Trust Officer, Bloomingdale's

Retailing authority clarifies LIFO's accounting and tax implications, showing that its basic principle has been effectively practiced for 30 years to meet more meaningful statements of financial position. Concludes now is time for consideration of its universal adoption.

When first I approached some of my accounting friends many months ago and tried to suggest that their general attitude is best explained by the story told me in England this summer. It is the story of two Welshmen who were visiting London for the first time in their lives and were passing the time in the Albert Memorial, in that perfect horror of Victorian Architecture. One Welshman turned to the other and said, "What is it, whatever?" To which the other replied after gazing at the monstrously for three full minutes, "It's a beast, but it's a large one not." And in the years that followed, through the long period of preparation for the Blochius Brothers case, as you know was the chisel of a pig case tried before the Tax Court of the United States, the long days of the trial court, and the weeks following, many continued to say "What is it, whatever?" and "Oh Goodness me, I hope not."

For ceretely, the way we have thought of LIFO was not that of being an orthodox method of inventory. Indeed, the ingenious method of using index numbers to make it applicable to retailing was said by some, including the Treasury, to be a fraud and that LIFO could never be applied to other businesses as an inventory as that of a retailer's department store. But time and usage has changed the opinion on inventory theory. Originally, I thought this talk was to be an exotic piece of theory, and this was why I went to go to LIFO. I was surprised to find when the program was published, this was to be in the main-
**The Commercial and Financial Chronicle**... Thursday, January 25, 1931

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**Mutual Funds**

**BY ROBERT E. RICH**

Mutual Funds

Set New Records

Assets More Than $2,500,000; Shareholders Total $95,000

New high records were set in 1930 in assets, number of share holders, and acceptance of the shares of mutual funds, it was announced today by the National Association of Investment Companies. Total assets in 1930 were more than $2,500,000—$157,905,000, compared with $155,000,000 reported for the previous year. Number of shareholders increased to 95,000 from 64,000 a year earlier. Sales of new shares in 1930 amounted to $118,000,000 compared with $108,000,000 in 1929 while net sales, after repurchases were $80,000,000 and $78,000,000 in the respective years. Dividend distributions to shareholders in 1930 exceeded $15,000,000, compared with $10,000,000 in 1929.

Institute President

Forecasts Greater Public Acceptance

Paul Barthold, President of the Mutual Fund Institute, said today that public acceptance of the mutual investment funds should be accelerated rather than retarded by the country's stabilization program. He expressed the belief that 1930's record fund sales, as estimated from figures for the first three quarters of the year by more than $300,000,000, cannot be equalled or exceeded. Mr. Barthold said that the trends brought by industry assets to a record total of $2,500,000,000, in a year-end appraisal of the outlook for the industry, Mr. Barthold said that in his opinion, two factors had much to do with last year's record fund sales, the first being greater influence on future sales. Increasing numbers of individuals realize that "security," in no matter what form promised, does not exist. Also that enforced savings plans or fixed-income investments, because of the high rate of return offered, are no longer an adequate answer to high living costs and the dwindling purchasing power of the dollar. Many more people are turning to mutual funds to prevent their problem of providing for the future.

The de- emphasis and the continuation of the management of the investment provided by mutual fund shares, he said. In expressing no concern over the effects of a war economy on sales prospects, the Institute's President said that public will be making more money and have less on which to spend it. This, coupled with their concern over today's uncertainties, should increase their interest in long-term investing. He added, however, that the investment companies faced a real challenge in future years in two directions. They must preserve the ideals of trustworthiness on which their dependence of investors is based, and more vigorously educate the general public to the advantages of ownership investment. These cannot be ignored, he said, if the mutual funds are to secure wide public acceptance.

Bullet's "Perspective"

Analyzing Inflation

The major problems facing the nation today is inflation—a problem out of perspective since "we already have it," but the "building it in check lest it reach disastrous proportions," ac-

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14 (442)
How Wage and Price Controls Feed Inflation

By MORRIS SAYE
Assistant to the President, Compusco Inc., Past President, National Association of Manufacturers

Prominent industrialist, asserting time has come for sound thinking in the national economy, condemns bureaucratic system of price and wage controls, and contends such controls will lead to the individual, power of the individual, and ultimate purpose of peace.

Price and Wage Controls

Take, for example, the present depression of wage and price controls, a question that cries out for clear thinking and more honest dealing. There is plenty of confusion here, much to the delight of the public, and therefore you and I as business leaders, will have to be honest and realistic about them.

We all fear inflation and would like to see a definite curtailment of the cost of living and the price of goods. We all want a common sense, that inflation is led, not by one person, but by the cost of goods over. To stop it we must stop the wage and price control, production, or both. It's as simple as that.

There is no way to stop price controls without reducing prices. And so there may be talk about wage controls, but prices must be made to do away with upper bracket, and income there are less than, government, which has no votes.

To reduce inflation goes on, despite the Washington declaration that, in effect, inflation cannot be reduced.

So there is a great hue and cry about reducing controls in the light of these price controls, for which we are going on.

Most everyone is inspired and in favor of everything the government is doing, supply and demand. If you don't want to be called a spendthrift, you want the government to control the prices of things. You want to think that price and wage controls had anything to do with the situation. And if we can't keep the price and wage control, a d a whisper about the wage control that must go with it, to be even temporarily effective. Everyone knows that, but it is, too, is unparalleled—if it were true—where votes count. Little farmer, little merchant, little from the farmers, the problem of the country. But we can do away with the possibility of controlling import prices or the 100,000 people you can think of them.

You bakers would have short supplies of flour, and you knew to think that price and wage controls had anything to do with it. You certainly restrict both production and distribution, and with the way price controls seem to make you gain in public sympathy, you saw O.P.A. prices steadily go up, you said you were under price control and the counter-seller getting so that it was about the only thing that really everywhere controls tended to reduce production, create shortages and lower morale. In a word, it was impossible to buy the things you wanted, and production was greatly increased. In your business it was hard to get the money, but the processors, Ford and Ford, and the like, were the ministers, and the suppliers of you served to do it in little hands.

Fear Buying

Yet sincere and experienced men argue that price and wage controls have been the basis of a system that, in that mobilization for war, did not work. You say to the merchants, with all the shortcomings of the price and wage controls, there was no shortage of for war, unlike and contrary to peace, prices and all the gains this means, and buying that makes price controls seem necessary.

But when you first—

We are no longer in total war.

BOSTON SECURITIES TRADERS ASSOCIATION

The Boston Securities Traders Association announces its 27th Annual Dinner, to be held at the Parker House, Friday, Feb. 9, 1951, Cocktails at 6 p.m.; Dinner 7:15 p.m. Tickets are $12.50 (tax included). Early reservations are requested by the committee.

Members of the Dinner Committee are: Arthur C. Murphy, Chairman, A. C. Allen and Company, Incorporated; Frank B. Breen, Chairman, Atkinson & Company; John J. O'Meara, Managing Director; and Edward K. Johnson, Treasurer, A. C. Allen and Company.

Tickets should be made with Edward F. Hines, Perrin, West & Swallow, Inc., and Room Reservations with Rodney M. Davenport, Mason's Hotel.


A members' luncheon for out-of-town guests will be held at the Hawthorne Room, Parker House, Feb. 9, at 12:30.

SECURITIES TRADERS ASSOCIATION OF NEW YORK

The Fifteenth Annual Convention of the Securities Traders Association of New York will be held at the Waldorf-Astoria on Friday evening, March 1, 1951. Dinner reservations will be accepted, all taxes included, and dress informal. The Arrangements Committee has made ambitious plans for this affair and a large attendance is expected. Therefore the Committee suggests dinner and hotel reservations be made by their members and their firms before general announcements are published.

Dinner reservations may be made with Thomas Greenberg, C. E. Unterberg & Co. (Tel: Bowling Green 4-3555), and Hotel reservations with Bernard Weissman, Siegel & Co. (Tel: Digny 4-2270).

Janet Tormey, Tormey & Saltzman, and his hard driving STANY Committee report the deal practically gone on a "when issued" basis.

The Standing Committee appointed for 1951 follow:

Advertising Committee: D. Raymond Kenney, Chairman, D. Raymond Kenney & Co.; Paul E. Fussell, and Donald E. McManus, President; P. F. & Co., Wellington Hotel, Boston.


Employment Committee: Arnold V. Wechtel, Chairman, Wechtel, Opper & Co., Inc.; Charles L. Jahn, President, Wechtel, Opper & Co., Inc.

By-Laws Committee: Stanley L. Boggs, Chairman, Boggs, Reinhart & Co.; Michael J. Heaney, President, Frank S. Murray, A. Davis & partner of Harrison & Co., Inc., Second Vice-President; and William D. O'Connor, Chairman, Fitzgerald & Co., Inc.

Membership Committee: Charles O'Flaherty Murphy III, Chairman, Merrill Lynch, Pierce, Fenner & Smith, Inc.; G. R. Faust, President, Reuben H. Fleet, Boston; Robert E. Plimmer, Treasurer, Massachusetts Stock Exchange; and Edward F. Hines, Perrin, West & Swallow, Inc.

Officers: President, Robert E. Plimmer; Vice-President, Robert E. Plimmer; Secretary, Robert E. Plimmer; and Treasurer, Edward F. Hines.

The Chicago Financial News reports that the Chicago Board of Trade on Thursday renounced the first of the Bowing season. There is a possibility of a three way tie so all members are urged to come out and root.

COMING EVENTS

In Investment Field

Jan. 26, 1951 (Boston, Mass.)—Paul Plutz, President, Boston Security Traders Association, will speak at the annual dinner of the Boston Security Traders Association.

Jan. 29, 1951 (Chicago, Ill.)—The New York Stock Exchange will hold a 50th anniversary dinner at the First National Bank of Chicago.

Jan. 30, 1951 (Minneapolis, Minn.)—The Minneapolis Security Dealers Association will hold its annual dinner at the St. Paul Hotel.

Jan. 31, 1951 (Detroit, Mich.)—The Detroit Board of Trade will hold its annual dinner at the Book Cadillac Hotel.

Feb. 1, 1951 (St. Louis, Mo.)—The Security Traders Club of St. Louis will hold its annual dinner at the St. Louis Hotel.

Feb. 4, 1951 (Houston, Tex.)—The Dallas Board of Trade will hold its annual dinner at the Dealey Hotel.

Feb. 6-7, 1951 (San Antonio, Tex.)—The Securities Traders Association of Stock Exchange Firms will hold its annual meeting in San Antonio.

Feb. 8-9, 1951 (Dallas, Tex.)—The Board of Governors of Stock Exchange Firms will hold its annual meeting in Dallas.

Feb. 9, 1951 (Boston, Mass.)—The Boston Security Traders Association will hold its annual dinner at the Park Plaza Hotel.

Feb. 20, 1951 (Dallas, Tex.)—The Dallas Security Traders Association will hold its annual dinner at the Statler Hotel.

Feb. 21, 1951 (Philadelphia, Pa.)—The Investment Traders Association of Philadelphia will hold its annual banquet.

April 13, 1951 (New York City)—The Security Traders Association of New York will hold its annual dinner at the Waldorf-Astoria Hotel.

May 30, 1951 (Dallas, Tex.)—Dallas Board of Trade Annual Memorial Day outing.

June 11-14, 1951 (Jasper Park Lodge, Canmore, Alberta, Canada)—The Investment Dealers Association of Canada Convention at Jasper Park Lodge.


Sept. 30, 1951 (Cardiff, Calif.)—National Security Traders Association Convention opens at the Cardinale Hotel.

Oct. 12, 1951 (Dallas, Tex.)—Dallas Board of Trade Annual Columbus Day outing.

Nov. 25-29, 1951 (Hollywood Beach, Fla.)—Investment Dealers Association Annual Convention at the Hollywood Beach Hotel.

Frank D. Mead Partner In Mead, Miller Co.

Baltimore, Md.—Mead, Miller & Co., 111 East Redwood Street, members of the New York and Philadelphia Stock Exchanges, announce that Frank D. Mead, 25 years with the firm, will become a partner in the firm.

He has been associated with Mead, Miller & Co., since 1926.Born in Bridgeport, Conn., Mead graduated from the University of Virginia in 1942. He was associated with Mead, Miller & Co., 1942-1945, then became a partner in 1951.

Frank D. Mead Partner in Mead, Miller Co.
Our Reporter on Governments

BY JOHN T. CHIFFENDALE, JR.

The government market is operating under the influence of the speech by Secretary of the Treasury Snyder, in which he stated that long-term borrowing would be increased indefinitely during the duration of the emergency. There was no question about the market, which recognized the penetration of the Treasury policy moved ahead quite briskly after a rather timid start. The advance was listless with the best gains being posted by the most distant maturities. The market's gain was welcomed by those who have been troubled by the talk that government bonds that has surrounded the market since Federal was experimenting with long-term interest rates in an attempt to slow the inflationary monetary forces.

Although all of the gains were not maintained by certain issues of the government bonds by the Treasury, the positive and confident tone in the market as a whole. This is expected to continue at least the next five to ten days, the market, and the middle maturities of the tapers were the most prominent, in a volume expanding market.

Long 2 1/2% Rate Impregnable

The outstanding development in the money market was the surprise statement by Treasury Secretary Snyder that the long-term borrowing rate on government securities of 2 1/2% would be kept intact. This was a strong pronouncement from the top brass in the monetary group and should leave little doubt about what is going to be the future course of long-term interest rates. The interest rate policy of the President of the United States of Chairman McCabe of the Federal Reserve Board with what Secretary of the Treasury Snyder had to say about the 2 1/2% rate for the more distant government bonds seem to show an agreement among the important powers that be, that more distant interest rates as a factor in curbing the potential for inflation. Evidently other methods will be sought and used by the monetary authorities in the struggle against inflation, because it seems to be that the raising of interest rates by 2 1/2's and 3/4's does not appear to be effective in curbing the demand for loans and other monetary forces that add to the inflation potential.

The financing of the "garrison economy" by the Treasury will not be an easy task. To start with, the government securities of patterns of rates will be evolving. It is the opinion of many market participants that there will not be too much change in the pattern as it already exists, although this does not mean there will not be some alterations, especially in the shorter maturities. A 1 1/4% to 1 1/2% for certificates and 1 3/4% for 20-year bonds, with the 2 1/2% rate for long-terms, looks like the working base. There might be some more interest rate increases in the pattern in the year, according to the opinion of some close observers of the market. However, the Treasury Statement that there would be a "maximum yield within the pattern of rates that will be developing than was the case during the last war period." (This assuming there is an outpouring of new money into the government and that the Treasury is going to make the creation of excess reserves any easier despite the statement by Secretary of the Treasury Snyder about the maximum cost of long-term borrowings.

Market Reaction Favorable

The response market-wise to the speech of Secretary Snyder was favorable with the whole list being buoyed, especially the middle and longer-term maturities. There was considerable progress in the market regarding the impact of the Treasury's statement on the market, particularly in the eligible issues, because there were not many of these securities for sale. Those that were in the market for dis- position were liquidated when the Treasury's statement was made ahead until Federal came in and cooled off the enthusiasm and this worked out for the course of the Treasury's move will be difficult to follow. There are no wild beliefs that the market will be affected by the Statement, as is evidenced on the uptick in the prices, for it is well known that Federal has the securities to keep it within desired limits and they will not hesitate to let out enough obligations to do just that. The market is feeling in a growing confidence, and this is bringing more buyers into these securities, even to the extent of building some positions (not too sizable yet) among certain dealers, which have been largely on the sidelines. It is the opinion in a few spots in the financial district that a better year is in the offing for operators in Treasury obligations.

There will most likely be a greater demand for government issues as the year wears on, and the freeze in long-term rates should add to the confidence of buyers of these obligations. Secretary Snyder's comment as to the period of expansion will not be a factor in the market, because of the changed international and national conditions. This means that a Treasury statement may result in a change of limits of steadiness, but with enough leeway so as not to tie the hands of the regulators, or to make the whole procedure so simple as to be purely a cut and dried affair.

Pershing & Co. to Cassell Appoints New Officers

Pershing & Co., 120 Broadway, New York, N.Y., announces the retirement of the F. Cassell & Co., Inc. 114 Thirteenth Street. New York Stock Exchange, will add to its N.E. members of the Mid- nite club. Peter Y. Francisco to gen- eral partner of the F. Cassell & Co., Inc. Philip Wick, Jr., to limited partnership to Vise-President in charge of the Municipal Bond Depart- ment, Willard Douglas, Jr., member of the executive committee, Joseph W. Denn has been elected President of the General partner of the F. Cassell & Co., Inc. in the firm, will become a partner.

Fred B. Cooper has been trans- fered from the Radford office to Charlottesville.
Canada's Prospects for An A Free Economy

BY JAMES MUIR

President, The Bank of Canada

Prominent Canadian bank executive recounts progress in 1950 toward free economy in Canada through abandonment of exchange and similar controls, and describes current threats from foreign interests and the tendency toward nationalization of interest rates and sound Central Bank policy to avoid any direct controls incident to inflation, and advocates removal of restrictions on international capital movements. Wants Canadian Bank's new name to signify change.

Today, the object of this review of events and estimate of possibilities is to set forth the prospects for the free economy in Canada in 1951. I shall first consider, first, the steps we have made toward the free exchange in the present year, then the war-induced changes in the policy indicated if we are to achieve more effective freedom; and, third, the prospects for the Canadian economy.

The Sterling-area balance on current account with the dollar area changed from a deficit of $423 million in the third quarter of 1949 to a deficit of $71 million in the fourth quarter; and there was continuous improvement in 1950 as shown by a surplus of $467 million in the first three quarters of 1950 as compared with a deficit of $1,331 million in the first three quarters of 1949. Canada's trade balance with the United States also showed a marked improvement in the year following devaluation. In the first three quarters of 1950 the deficit was only $71 million compared with a deficit of $423 million for the same period of 1949.

Of course all this progress could not be traced to devaluation alone. Increased U. S. demand for sterling area raw materials and foodstuffs followed the rise in American industrial activity after the late 1949 and early 1950. This movement was intensified by the outbreaks of war in Korea, Russia and possibly China. Under the accidental factors, devaluation did set the stage for economic readjustment.

Canada's link with the gold price system to work, but only in a limited way. The fact that the Bank guarantees that the new exchange rate will be the right ones: they are: (1) a new and more effective exchange control. The prospect in January 1951 of a period of periods of so-called stable rates was not the right ones: they are: (2) a new and more effective exchange control. The prospect in January 1951 of a period of

An address delivered by Mr. Mac at the annual meeting of the Canadian Bankers' Association.

*In billions of 1950, 1951$.

The Commercial and Financial Chronicle... Thursday, January 25, 1951

The financial and economic position of Canada is expected to improve further in the year 1951. The new government, headed by Mr. Louis St. Laurent, has been elected on a platform of economic stability and sound financial policies. The government has indicated its intention to reduce the national debt, to control inflation, and to promote economic growth. The Bank of Canada has been given new powers to control the money supply and to influence interest rates. The government has also announced its intention to reduce taxes and to increase government spending on social programs.

In terms of international trade, Canada is expected to maintain its position as a leading exporter of primary products. The country's agricultural and forestry industries are expected to continue to perform well, and the government is expected to take steps to support agricultural prices.

In the area of industrial production, Canada is expected to see growth in manufacturing, mining, and construction. The government has announced its intention to invest in infrastructure projects, such as roads and bridges, to stimulate economic activity.

In terms of labor, the government is expected to continue to focus on improving working conditions and wage levels. The government has also announced its intention to negotiate new collective agreements with workers and employers.

Overall, the financial and economic position of Canada is expected to improve in the year 1951. The government's policy of economic stability and sound financial policies is expected to continue to support the country's economic growth.
**Canadian Securities**

**By William J. McKay**

The phenomenal growth of the Canadian securities market in recent years has carried the local market to a new high point, with a sudden demand for all kinds of securities. As far as oil is concerned, the results are not too bad, considering the “new” market. The world’s demand for oil continues to grow, and the Canadian securities market is right in the forefront of this growth.

**CANADIAN BONDS**

**Government**

Provincial

**Municipal Corporation**

**CANADIAN STOCKS**

**A.E. Ames Co. & Co.**

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Two Wall Street

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**Prospets for Great Industrial Expansion in Canada**

Joseph E. McCell, Bank of Montreal Executive, expresses optimism regarding new discoveries of oil, natural gas, and iron ore in the Dominion.

Speaking recently at a dinner of the Eastern Group of the Treasury Division, Association of American Railroads, at the Hotel Statler, Joseph E. McCell, managing agent, Bank of Montreal, New York, said that recent mineral discoveries in Canada are making the Dominion a possible site for a new era of Commonwealth industrial development.

Walston, Hoffman Office in Brooklyn

Walston, Hoffman & Goodwin, members of the New York Stock Exchange, have made considerable changes in their offices throughout the world. They have opened a new office at 841 Fifth Avenue, New York. With this new office, the company has established an office in the Greater New York area and the 35th in its national operations.

The firm’s other offices in New York include the Waldorf Astoria Hotel and 370 Broadway.

The new branch, which has been opened in a prominent location in New York, will give the company a greater market for its securities.

Mr. McCell went on to emphasize the importance of the new things in Canada which are creating this great opportunity, such as the preparation for the expansion in aluminum production, particularly in British Columbia; the oil strikes in Alberta and iron ores discovered in Ontario and Quebec.

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Two Russian Fronts

By Hugh Baille*
President, United Press Association

Prominent press official reports on views and interviews with leaders in Russia, Japan and Europe, and Europe. Says Red China gave advance warning of intervention in Korea, but waited in hope they could annihilate U.N. forces at frontier. Holds Russian strategy is to have East Ger-
mans drive West Russians from the Russian zone. By the Moscow correspondent, has been able to file many stories, carrying the news that the Red Army is wanted for the organization of the army which will invade and conquer General Eisenhower. This is coming due to the fact that the Red Army wants to get it out. It is the first move, or one of the first moves, in their campaign of evacuation of General Eisenhower's army. They will not take the risk of fighting the European army across the border and along the lines of the British and French lines, they will not do it. As one distinguished Brit-
ish diplomat put it, 'the Russians have a cold war.' They are taking care of many things. They are trying to scare the Germans out of joining General Eisenhower's army. They will not take the risk of the country against arming the Nazi lines. They will not go into an incident, like the Berlin blackout, when they are in the business of building this North Atlantic Treaty army. Of course the Russians, if they won't be war, to see their men can get to the States, if they can get into the States, it will mean something. Meanwhile the Russians have been instructed on some points in the out-
lying areas which earned themselves with cars to gather and await the American forces. They who have been instructed in the laying of mines, and the Germans have been told to be on the watch for the movement of refugees. The signal is to be to keep order and direct the move-
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*An address by Mr. Baille before the American Society of Newspaper Executives Association, Inc., Chicago, Ill., February 29, 1951.

United Press Association

The Cincinnati and Cleveland Chronicle

Thursday, January 25, 1951
The Prime Minister of Japan, Mr. Yoshida, who is in Washington for an official visit, has spoken of his delight at finding the American public so perfectly English, says that we should not forget it is not constitutional for him to come here to raise an army. Of course it isn't, at least as far as he is concerned, the Japanese are being handed a tremendous propaganda victory, difficulties with the Russians. They would, however, be able to make ends meet if we need their trade badly enough.

Mr. Adenauer makes no secret of his appreciation of the fact that he can really make a breakthrough by the Russians. He intends to have his talks with Mr. Eden in his conversation with me, he laid stress on the fact that there is still much influence, which believes the smart thing to do is to keep the Russians. This crowd believes that if he can do this subtly, he can make a move together to beat the British and the Americans. They feel they would not make the move again of getting into a war with the British and the Germans assuming the belief that if they extended to Russia, they are so much smarter that they would be soon running the world.

Adenauer is quite sure of this if we keep the French busy by playing the Russians' game. He may be able to get us to have his bid white in Korea, so they could occupy Europe without the United States and he interviewed him for the United Press and said he was looking forward to the game without losing a man. The Germans believe the setting would be lasting peace only when the United States was able to come forward in a way which the Soviets would consider a genuine check from which they can build some force the United States would not be able to check. America will get the wholehearted cooperation of Germany on any plan if it means they are a second-class power under the United States on the basis of his argument.

There is an argument that the Russians have in the Eastern zone of Germany, but that is a full circle consisting of motorized units, armored divisions. Jet planes, however, they are not fully equipped and able to strike on any moment. Germany, Adenauer said, there would be more than two divisions. Then he looks at you and says, Well, your analysis is not very different.

Adenauer in his desire to have a second-class power will, in agreement with the other European statesmen with better delivery plans. They want that of course is for us to liquidate the war in Korea and bring our army over to Europe. They would like to have their own army over in Europe, and Korean supplies over in Japan, but that may take a long time of war of their own. And I was told several times, most of the issue in Indo-China depends on whether the French are good on their commitments to furnish material of war. Uncle Sam's arms, and their responsibilities in this day and age.

Will The Russians Move? The question is asked, if the Russians actually are going to move into Europe and the Pacific. Even then they might not never find Europe any flatter, or less able to accept another invasion into January. Well it could be of course in the summer because the snow to thaw and the ground to harden so as to carry their armament on the battlefront. This, in his opinion, is the greatest rub for that invasion. They know we have more atom bombs than they have, and a better one. It might also come.

Other British authorities told me the Russians first would have to grab the Persian oil fields before they could enter into a full-scale war. But the work, therefore, would be Russian occupation of the rich Aral Sea and Baja California. But we never must be reminded that this is not a question of Russia against the West. Their armies don't run over the soil of France or Italy. We take the form of another Asiatic expansion. One of the amazing features of the Korean war has been the absence of any real air power and without extermination of human beings instead of a huge advantage. You can shoot up the roads and destroy the countryside. They can't use the supplies when they're all locked up, and thus they'll have nothing of the people. As a matter of fact, the whole modernized European-style army fighting in a primitive country. The enemy knows how to use his legs. He hasn't been. In the field of air combat, Air Force, and Army can walk up a mountain like a fly in the air, and they can come on doing it day and night. And he needs much a big plant, but when the wind, or he did, when the wounded people, without a dead body, come in from the front, there are many more where they came from.

The student soldier is a preponderant factor in the French, with background and education, with the background of the Chinese, with education and background, and quantity, and give each of them an equal weight. What I am trying to say is that the German is not going to stand that kind of situation. Much the same situation would prevail on a war with Russia.

Alitare's Attitude

Prime Minister of Great Britain is very anxious to have us out of Korea. He regards any war against the Russians as the white race. And this attitude of the French is similar. The British has been a chief Foreign Secretary in France.

In France, I found the same thing. Premier Pleven believes that we can be killed to death in Adenauer's zone; he can't stand it. He can't stand it. The American soldier is a preponderant factor in the French, with background and education, with the background of the Chinese, with education and background, and quantity, and give each of them an equal weight. Much the same situation would prevail on a war with Russia.

The problem today is that we have a third world, like Britain called Germany in 1939. You may believe there is no war in this world. If the Russians would have war in this world, there are going to be a host of people. They are going to be opposed. We are going to oppose them. They are going to be opposed. We are going to oppose them. They are going to be opposed. We are going to oppose them. They are going to be opposed. We are going to oppose them. They are going to be opposed. We are going to oppose them.

Tom Campbell

The position today is that we will have a third world, like Britain called Germany in 1939. You may believe there is no war in this world. If the Russians would have war in this world, there are going to be a host of people. They are going to be opposed. We are going to oppose them. They are going to be opposed. We are going to oppose them. They are going to be opposed. We are going to oppose them. They are going to be opposed. We are going to oppose them. They are going to be opposed. We are going to oppose them.

Shortly after expansion has been in the United States, Khrushchev moving up from Venezuela and back to the States, to the Bermuda area, and to the Middle East, and to the Middle East. This will require a new reappraisal of the fastest possible. Accomplishments in phases of history.

Wood Brothers

In 1959, the United States and the United States are expected to be completed by the middle of 1953. This will require a new reappraisal of the fastest possible. Accomplishments in phases of history.

Justin Jacobs Now With Lobner Brothers

Justin Jacobs has become associate manager of Wood Brothers, 30 Brook Street, New York City, members of the New York Stock Exchange. He has been in connection with new developments in the field of steel expansion. He has been with Wood Brothers since 1946. Mr. Jacobs is associate with Moody's Investors Service and Dreyfus & Co. He was also editor of "A Book of Wall Street" and "The Wall Street Journal," both of which were syndicated by the names of various investment dealers from coast to coast.

Wylie and Thornhill Open Own Inv. Firm

CHARLOTTEVILLE, Va.—Walter J. Wylie and Robert E. Thornhill have formed Wylie and Thornhill with offices in the National Bank Building in a general security business in New York, and also with various banks and brokers. Both were formerly with C. F. Pyle & Company, Inc.

Bendix, Luitwiler Partner

Bendix, Lobner & Co., 53 Wall Street, New York City, will become a member of the New York Stock Exchange, will admit Louis E. Besozzi to partnership on Feb,
Furnishing Goods Leaders Expect Active First Quarter; Uncertain Over Longer-Term

Anticipate production in early months to exceed 1850, with remainder of year depending on supply of materials and clarification of Defense requirements.

CHICAGO—A summary of conditions existing on production, availability of materials, and prices as outlined in a series of conferences conducted in conjunction with the International Home Furnishing Market, January 8 through 13, by The Merchandise Mart. These conferences and panel discussions were participated in by members of the bedding, furniture and bedding, household appliances, radios and television, flooring covering industries as well as executives of retail stores.

RICHARD A. GRAVER Vice-President in Charge of Sales, Apparel Corporation, Chicago, Illinois

The basic materials in radio—aluminum and cobalt—are all in short supply. However, our companies believe that conditions will be excellent last quarter, should there be a war. We expect to equal it in January, February and March and expect first quarter production to be the same as last quarter. However, it will still be a good market time that people will buy if they have any buyer's goods.

We have recently introduced a new line of radio and television sets that will be carried over into this year from last year. We were carried at the 1850 level with the idea of holding down costs. We believe these prices will be higher.

We have been asked to sell our mail order business to a company that is going to be interested in selling appliances and furniture. We are not interested in selling the business of the company because we believe that it is better to have a small radio and we hope that they will be able to keep a portion of the line in the small radios on the market so that we can feel that they are essential in times of stress. However, if materials are cut back we will try to use the wood cabinets that come in, to bring up, present an up and unbalanced inventory.

T. J. NEWCOMB Sales Manager, Electric Appliance Division, Westinghouse Corporation, Pittsburgh, Pa.

I would estimate that production in 1951 will be cut back 15% below the last quarter of 1950, but it will be decidedly higher than the beginning of that quarter. We are going into this year with the beginning of the Korean War and, because of this, we have been asked not to cut back our orders. We are not able to say exactly when this allocation will stop, but we do not know how long it will continue to be an issue. We have been told that the restrictions will last for a month by month by month and have no such thing as a "back order." We allocate accordingly.

I have been asked if Westinghouse is contemplating any changes in production, and that it will depend on the conditions. However, it is not necessary to cut back. I believe that patriotic approach would be to utilize our materials and make the most of what we have. We are going to stay in the market for the public. Obviously, one of our main problems is the refrigerators, ranges, and centers to stay on the market and make more of them. In the last war, we concentrated on these and we are trying to give more of the basic refrigerators and cooking appliances to the public.

HENRY J. STENTFORD Vice-President, Alden's Incorporated, Chicago, Ill.

The home furnishing market for 1951 is in a higher state of readiness than has ever been the case before. We believe that there will be some restrictive production policies to maintain the supply of essential products. We believe that the government is going to keep a large number of goods in the market, but they will be in short supply. We believe that the government is going to control the supply of certain products, and we believe that there will be a greater demand for certain products.

One of the major problems in the home furnishing industry is in the home furnishings, and there is a larger demand for certain products. The government is going to control the supply of certain products, and we believe that there will be a greater demand for certain products.

We believe that the government is going to control the supply of certain products, and we believe that there will be a greater demand for certain products. We believe that the government is going to control the supply of certain products, and we believe that there will be a greater demand for certain products.
"Pay-as-You-Go" Policy Disasters

By Arthur W. Miller

Economist maintains all taxes are inflationary, with that exception of profits most inflationary and a general retail sales tax least harmful. On premise of threat to freedom if taxation takes too large a toll, there will be no tax at all being taken here. Concludes no government controls will avail unless government eliminates waste and puts own economic house in order.

The following statement, reprinted from the Journal of Economic Literature, is cited as evidence of the lead editorial of one of our financial periodicals.

"The strongest single weapon against inflation that we have in our arsenal of taxation. No consideration of personal and economic spoliation, should be permitted to blunt our determination to employ it effectively.

The foregoing would seem to be a very unfortunate statement of an economic "half-truth." Any kind of a war is itself inflationary. Taxation is necessary in the case because manpower and materials are used with part of the productive and for destructive purposes. This leaves for the commercial transactions of goods and services to supply civil needs. It is assuredly not the case. The upward pressure on prices, therefore, is inevitable.

Sales, the Taxes, Dollar and Inflation

Furthermore—and in the final analysis, I believe all taxes—willingly or otherwise—are inflationary. This is true because in the long run they can be paid only in government paper, which is the consumers’ dollar. Furthermore, the high price of any tax tends to be “shifted” or pyramid, and in any case so that ultimate prices are raised to a higher point than would otherwise be the case.

Further, if the tax burden becomes heavy enough to expand risk-taking, and maximum production are discouraged or curtailed. Here again, the individuals living to a smaller volume of goods and services, which of themselves lead to higher prices for necessities produced in sufficient quantity to meet the demand is relatively.

Excess Profits Tax the Most Inflationary

Some taxes, of course, are more inflationary than others. In an age of exception, there is probably no tax known to economics which creates more profit problems, destroys initiative, penalizes efficiency, encourages waste, and boosts costs and selling prices, than the recently enacted excess profits tax.

On the other hand, the general retail sales tax, much as we may all deplore such a burden on the average citizen, is probably the most inflationary. It can and cannot be devised in order to bring in further substantial amounts of revenue.

Such a tax also leaves a certain body of choice in individuals to buy. It therefore tends to conserve many necessary basic commodities needed by the Government, which the Government would have to pay for materials and equipment, might be considered the prices which the Government would have to pay for materials and equipment.

If we have not already exceeded the safe limit of tax burdens on our economic structure, a cursory review of financial history shows that we cannot long endure present or increasing tax levies. Once started, the progress of inflation for ourselves those very liberties and opportunities which have been allegable mobilizing our economy.

Deficit Financing the Root

We now have both a high degree of inflation and the heaviest taxes in our history. The attention is given to the fact that, as every member of the student of the situation knows, the very basis of our high prices has been the financing of our Federal Government in terms of inflation. By defraying direct and indirect price increases through the machinery of agricultural production at a time when our economy has been opening at a record high level, most of all, the monstrous wastes with that creation of our great and sprawling Federal Government organization, whose cash budget has continued at a level fully five times as high as some ten years ago. What was estimated from $8 billion to $10 billion annually as a revenue requirement, has been called to the attention of Congress by all tax matters, and and, has been more recently "stuffed" by ex-Preident Truman and others.

Further, for many years the U.S. Treasury has kept the financing out to the public at an artificially low rate, thereby lowering the financial money rates relatively low, and thereby encouraging the growth of industries and businesses in less unfavorable Federal Reserve conditions. The Federal Government, in a sort of way, "support" the government bond market to the extent of buying Government securities in vast amounts. The economic result is to reduce the taxes lowly attributable to individuals, and to reduce the burdens of investors by paying adequate interest. The economic success is arranged and, by holding the rate of government securities to well below their face value, has been already adapted for handling the finances of our Government.

Certainly, the time has come when every individual, politi-cal citizen should call a spade a spade. The laws of economics are now, in point of time economic manipulation table change. Additional income is generally considered to bring our country further down the road to destruction of our economy, and of colonial governmental waste, both of moral, and, more recently, our artificial agricultural price supports and restrictions on production, and on the other hand, a rise in our agricultural prices, and of our cost of living, will be the destruction of our own, governmental and economic policy and perhaps some, of the nation's civilization, Win, lose, or draw. Pray God that we are not called on to do this. It is in our interest, as well as in our own interests, to be free of any and all government in our Government, as well as all responsible citizens who are in positions of influence. One key calling, will be pushing around in all directions under the influence of such movements, creating slogans, and we destroy their highest energies, and their noblest efforts, to the "cause of peace and prosperity for our men before our nation", and perhaps all nations, shall have met death by suicide.

Hoffman Mgr. for Merrill, Lynch, Omaha

OMAHA, Neb.—Ray P. Hiffman has been named manager of the Omaha office of Merrill, Lynch, Pierce, Fenner & Beane.

William A. Johnson Ray P. Hiffman

Mr. Hiffman has been in the securities business for 11 years, and started out as a board-markker—became a customer’s man in 1929, and a member of the new firm, of Merrill, Civicl
c. and then joined the firm of Hiffman, Macy in 1947. He was a member of the Chicago Mercantile Exchange, the firm’s Omaha office was opened last year. During World War II, Mr. Hiffman served with the 20th Armored Division.

Mr. Johnson joined Merrill Lynch upon his release from the service in 1946. After graduating from the Merrill Lynch Training School at the University of Texas, and then Amarillo, Texas, as an account executive. In 1948 he became a securities and investment manager at the firm’s headquar-ters. At the time of Mr. Hiffman’s appointment, Mr. Lynch decided to open an office in the city of 19,000, and Mr. Johnson was named manager. He graduated from Wichita University with a BA degree in commerce in 1948, and then transferred to the Harvard Business School, where he achieved Master of Business Administration in 1943. From here he went to the Army Air Force.

Nevada tungsten Still, Offered by Tellier

Tellier & Co. on Jan. 24 publicly offered for sale 64,000 shares of common stock (par $1.00) of Nevada Tungsten Corp., the subsidiary of the company’s 1% per share.

The proceeds of the offering will be used by the company to pay for properties, in the amount of $425,000, and the balance for working capital. Tellier & Co., of San Francisco, was organized in Delaware on Oct. 20, 1939. The company, according to the Tellier & Co., has been grossly operating a tungsten, lead, silver, copper, zinc and other metals, and has engaged in a number of activities. The Tellier is presently in possession of 6,600 tons of tungsten and silver, or 1% or a value of over $20 million on the open market. Tellier has, in addition, a number of tungsten properties which have not been tested or sampled.

Kenneth Dietz Partner in Seskis & Wohlstetter

Canada's Prospects for a Free Economy

Invention; but, if so, we should be looking forward, as taxes rise, to a de- fense, and a dangerous and expensive weapon that penalizes saving even more than it penalizes consumption. The failure to exempt saving was, however, quite properly condemned by the committee, and it is very high on the list of taxes that should not be increased. The committee was careful to point out that the tax on saving was not a new idea, and that it had been used in the past by many governments to discourage saving and encourage consumption.

The suggestions made in the appra isal of ways to limit high inflation were, if I may, broadly acceptable to a majority of citizens, whether inside or outside the government. The following are some of the suggestions:

1. Voluntary saving should be encouraged, by lowering discounts, and, as far as possible, by reducing the movement towards higher interest rates.

2. Taxes required to prevent inflation should penalize consumption, and reward saving. This is the only way to limit the growth of inflation, and to encourage saving.

3. Direct controls, especially by the government, are necessary to control prices and wages. These controls should be based on careful measurements of the costs of living, and of production.

4. The importance of choosing the right policy is to limit inflation, and to encourage saving. It is important to remember that the objective of saving is to create wealth, and not simply to increase the supply of money.

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also, Vice-President Charles H. Robinson was given the additional title of Treasurer. The 20th annual meeting of the Bank of Richmond, Va., was held on Jan. 15. At the meeting, the chairman reported that the bank's capital was $1,600,000, and its surplus, if any, would be $250,000. The net income for the year was $150,000. The bank's book of business was opened at 1200 South street, Richmond, and a new branch was opened at 51st and Grady streets, Norfolk, Va. H. B. Jackson, who has been Cashier in charge of the new branch, was appointed Assistant Cashier in charge of the new branch. First Assistant Cashiers are Frank R. Mark, of the First National Bank, and Joseph H. Smith, of the bank's office in Petersburg. Mr. Mark has been in the bank's service since 1925, and the exception of the current duty during the war. He was married in January, 1941, and an Assistant Vice-President in September, 1942. Mr. Smith has been with the bank since 1914, and was named Assistant Vice-President in January, 1941.

Nineteen promotions were announced at the directors' meeting of the bank on Jan. 18. One of the most significant of these promotions was the appointment of H. W. Ohle, of the New York Stock Exchange, as Assistant Treasurer and Trust Officer; Jack W. Woodburn and Harald H. Miller were advanced to Assistant Treasurers, and A. E. Evans, of the bank, was promoted to Assistant Treasurer; E. E. Rees, of the bank, was promoted to Assistant Treasurer and Trust Officer; R. E. McGarrigle, Assistant Cashier, was promoted to Assistant Vice-President; R. E. McGarrigle was promoted to Assistant Vice-President; and R. E. McGarrigle was promoted to Assistant Vice-President. These promotions were announced by the president of the bank, and the bank's officers, all of whom have served the bank with distinction, were promoted.

William Fulton Kurtz was re-elected President and was also re-elected as Treasurer of The Pennsylvania Company for Banking and Trust. The following resolutions were adopted at the annual meeting of stockholders of the company: The directors elected the following new officers: W. V. Herr, Jr., J. B. Allen, and H. C. Warden, were elected as Vice-Presidents; E. A. Conn, were elected as Assistant Vice-Presidents; T. F. Brandiford, Gordon T. Shearer, Assistant Vice-Presidents; and Harald H. Haws, Assistant Secretary, were re-elected as Assistant Vice-Presidents. Walter E. Grau, Assistant Cashier, was elected Assistant Secretary.

The Annual Report of the Mr. Smith, President of the First National Bank of Richmond, Va., was also re-elected as President. The bank's Commercial Loan Division, established in 1915, is now in operation. The Commercial Loan Department has increased its volume of business during the year. The bank's book of business was opened at 51st and Grady streets, Norfolk, Va. H. B. Jackson, who has been Cashier in charge of the new branch, was appointed Assistant Cashier in charge of the new branch. First Assistant Cashiers are Frank R. Mark, of the First National Bank, and Joseph H. Smith, of the bank's office in Petersburg. Mr. Mark has been in the bank's service since 1925, and the exception of the current duty during the war. He was married in January, 1941, and an Assistant Vice-President in September, 1942. Mr. Smith has been with the bank since 1914, and was named Assistant Vice-President in January, 1941.

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As We See It

halt or very substantially reduce the growth of inflationary potentials, in existing circumstances, depends upon the nature of the Federal Reserve Board's policies and their incidence.

Certain Peculiarities

To the dispassionate observer all presents certain peculiarities not often encountered. Whatever the ultimate wisdom of any of all the program of the Administration, unless the public is convinced, it is without doubt one of the most drastic if not the most drastic in many ways the people of this country have ever known. Now, the President is coming forward with these proposals precisely because he feels that it is necessary to multiply that doubt about his policies in the field of international affairs and his programs at home is widespread and apparently growing. It is strange, but to suspect that the President and his advisers have arrived at the conclusion that the best way to gain adherents is through trials. But however that may be, he is pursuing policies both at home and abroad which patently do not arouse much enthusiasm among our most important allies in Europe, among the Germans, or among those independent minds everywhere whose opinions count so heavily in the sort of course the President is laying out.

This is dangerous procedure. There is nothing to be gained by being mealy-mouthed about it. Indeed, silence on the Federal Reserve Board's own thinking would be a distinct disservice to the American people at this time. Our noisy belligerence naturally runs the risk of precipitating total war before we are ready and of confusing our real friends, without making friends at precisely the time when we need them most.

The President is an obstinate man, who still feels the self-confidence, which so helped him with his success in talking to the rank and file of the people of the United States. (He does not seem at all impressed or deterred by evident signs that there is widespread lack of confidence in his judgment. His impetuosity and at times downright ill-temper, examples of which he has shown on a number of recent occasions, do not tend to stimulate faith in his calm judgment. But he is evidently determined to shape the policies of the country both at home and abroad, and expects those around him to "take orders." Illustrations of this trend are very disheartening in recent weeks. Hence, I would like to go into this situation in detail, but here is a state of affairs which each and every one of us must face.

Political Finance

The Secretary of the Treasury in laying down the law last week both to Federal Reserve authorities and members of experience everywhere in large financial matters was evidently the Federal Reserve Board and the plans he was enunciating were being announced after consultation with the President — as if many of these matters were right to be regarded as within the purview of practical politicians, which, of course, the President primarily is! And the program set forth clearly revealed its origin — that is, its creation by men who understand very, very little of money itself and the financing of such an effort as we are planning. The Secretary suavely announced — as might Mr. Stalin — that yield rates on obligations of the Federal Government will not be greater than 2 1/2% — not just for a period of a few months, but for the next few months, but for the duration! At the same time he is to plan to force a substantial portion of present bank holdings of securities into the hands of the non-banking community.

Now it seems to us that either this is sheer and incomprehensible madness, or the National Government has now reached or soon will reach a point where it cannot lower. In the broad and basic field of finance that is little of and that wielded by the Kremlin. What the Administration apparently means is that it intends to tax the rank and file as it has never done before, and at the same time oblige the general public to exchange a very substantial part of the money it already has in possession into IOUs of the Treasury — and all at a rate of interest which must not exceed 2 1/2% except for savings bonds! Now if the Administration has found a way to take the current income away from the rank and file and file it down to the few from whom it is just enough left to maintain themselves on a reduced plane of living, and at the same time persuade these generations that the country may be better after it has hurt then maybe it could accomplish all this. Well, otherwise the plans of the Treasury appear to be on their worst foot.

What this country needs is to find a way to persuade a stubborn, politically minded President and a confused and, on the whole, too indulgent Congress, to provide or at the very least permit intelligent leadership.

Continued from first page

Investment Policies And Business Outlook

Continued from first page

But as we supply our money we must keep in mind that inflation, and that we probably do not have to worry about it. There are other times, especially when economic fluctuations in activity, commodity prices, purchasing power, large deficits, etc., are of major concern. We think we should keep in mind the prospec-

The Commercial and Financial Chronicle ... Thursday, January 25, 1931

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But for the broad pur-

vestment is a matter that we will be discussing when we are studying the demand side of the

current stock supply and demand equation.

One important thing that we have a very active economy, and that commodity prices will be dropping. It is part of the benefits that come from operating in a light sellers' market, and we have a certain interest to every investment manager in the current market. In other words, expecting earnings outlook for individual investors is much more attractive than in the past (many other forces that have to be studied). But for the broad pur-

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Continuing, difficulty might have I cause and stocks. We suggest that the demand for common stocks might have been emphasized in recent months.

Common Stock Demand

Major new topic concerns the supply and demand for common stocks, the significance of developments in recent years. We have presented to you in this series of articles the demand for common stocks that we never had before. The significance to the stock market of our analysis is the study of the factors that may be bullish for common stocks.

The net economic result of this movement is a portion of the proceeds of common stocks into the securities market. We never had such a movement before. Actually, the significance of the factor is not the total proceeds of common stocks, but the significance of the movement for the stock market. We have seen a considerable movement, and we believe that the significance of the movement is the movement of money into the stock market.

In conclusion, we can see that the demand for common stocks has been emphasized in recent months, and that this movement is significant for the stock market.
H. P. B. JENKINS
Professor of Economics, University of Missouri
Fayetteville, Ark.

Your published invitation for comments on "Are We Falling Into History's Greatest Trap?" appeared in the Jan. 11 issue of your "Chronicle.

That, while I do not agree with your assertions, I do consider that your article constitutes a most valuable and stimulating contribution to the discussion and clarification of America's strategy in light of the increasing threat to the West.

According to a recent publication by the U.S. government, it is estimated that the United States and its allies spend more than $1 trillion annually on defense. This amount represents a significant portion of the country's GDP, and it is clear that this expenditure has a direct impact on the overall well-being of the American people.

In conclusion, I would like to express my appreciation for the opportunity to contribute to the ongoing discussion on the topic of defense policy. I believe that continued dialogue on this important issue is essential to ensuring the long-term security and prosperity of the United States.
army (like the North Korean) marches to smite Germany and prevent further aggression. Would the United States (US) do anything less? Would it be like North Korea? If East Germany is defeated (like North Korea) the US might, as the US did with the last two North Korean wars. The US army marches to protect its borders against the Russian threat. Russia still keeps itself aloof. 

To the West this will mean war with Poland (like China)? And should we drop bombs on the Polish “cow”? In any case, Russia would force Poland to leave the EU, drop the A-bomb, or other bombs, first. They would be maneuvered into position to appear as starting World War 2 (as distinct from the last one) in Europe. The Russian people and satellites suspect that the US might act similarly. It technically would quell any of the unknown dangers.

To the East it will be that “the Russians” do fight with everything they have, a fact which is worth remembering.

We are agreed that the Soviets do not want war, but that they will press the line to their limits. 

We are agreed that there is a short of involving the USA. But, like Miss Margaret’s music critic, the US is running out of the Russian dance numbers. 

I can no naśive as to believe that the Soviet military could be stopped by anything (of defense—from whom?—) or that turning the “enemy” into a sick creature was not a useful strategy. But is Dr. Palji genuinely naive? 

If Soviet rule is a threat against which the US is able to prevail, and the US is not able to prevail, then the US is not able to win. The US is not able to win.

So “What did they not overrun Euro¬pe before June 25 ...”? Well perhaps because the Kremlin did not want to “wake up” America before Russia itself was ready (in the face of US pressure).

To continue: “And what are they waiting for?” This is no sign of Russian mobilisation having increased. 

If he felt that the “Russians” would be the 24th July, he saw this as meaning “it won’t happen. We don’t have the power.” The danger has already happened. Until the US is no longer “able to prevail” it has no effect on anything. The US has shown no sign of real activity for military preparedness, and Russia has no need to precipitate a crisis. 

Mayke Kremlins KGB is a real and Russia a real a blessing in dissuase for us. For now the hour of decision is at hand. If Polito hures gigantic forces about to be created, and they must strike in 1951 or gradually lose their power for ever. 

The crisis year was not 1950; it is 1951. If 1951 passes without USA and USSR agreeing to some kind of “under¬stand” should be much clearer.

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Financial Mobilization
And the Interest Rate

Our American form of government and our American system of free enterprise are based on the assumption that the American people are imbued with the spirit of responsible citizenship. Yet today some of the issues which are raised here are the result of the inescapable task of mobilization for defense. I am grateful to the Board of Governors for this opportunity to speak openly and frankly about our public and private economic problems that now confront us.

I need not tell you that the destiny of a nation is never totally de
dicated on the battlefield—not even in the sometimes equally hazardous and difficult paths of diplomacy. In any national emergency, much depends upon our will and the faith we can show in the ages-old principles and the keystone of our production and economic effectiveness is the financial stability of our country.

Today our nation is in a state of emergency. For the second time in our history, we are being called upon to marshal our great military strength to defeat the forces of aggression which seek to destroy us. Very serious dangers lie ahead. It is the purpose of Soviet pretense to peace has weakened our defenses, and is now threatening the structure of world security. To meet these challenges, I must be alert—we will be fully aware of the peril—and of the economic hazards that lie ahead.

The monthly war news still dominates the front pages. It has brought about the voluntary, but effective, voluntary destruction of national life in every period of war defense effort of this country and of all countries. Our defense efforts have been successful because we have had a strong and efficient economy.

The essence of inflation is the unplanned shifting of prices and wages. It has been manifest of this economic disease in every period of war defense effort of this country and of all countries. Our defense efforts have been successful because we have had a strong and efficient economy.

To keep inflation in check, the need for a second task in our defense undertaking is to maintain a great portion of our productive equipment in a state of rest, and so reduce the supply of goods and services rather than to exploit every branch of the purchasing power of our people. This means that a substantial part of both business and personal incomes must be di
ered toward the consumer demands.

The alternative of allowing inflation to move upward and higher would vitally damage our defense efforts.

It is the problem of whether such a program is feasible and will meet the need for an efficient and effective fighting mechanism for the government to pay its current expenses and the war cost. More than that, it is the program which must be adopted.

It is the principle of whether or not the government can maintain a financial situation in which it can carry out its primary obligations in the years immediately ahead. The whole issue hinges upon the successful execution of the program.

Determined efforts and concen
trated energy are needed to gain this program. And it is the program whereby we must maintain the basic sta
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We must ask ourselves: for how many years? shall we have to absorb a large part of our national income in the payment of interest on the debt? Shall we be able to carry on in a manner that will make us a nation of savers or a nation of spenders? Shall we be able to carry on in a manner that will make us a nation of savers or a nation of spenders? Shall we be able to carry on in a manner that will make us a nation of savers or a nation of spenders? Shall we be able to carry on in a manner that will make us a nation of savers or a nation of spenders?

Interest rates are an essential and significant part of the American means of providing for current expenditures, and for the cost of maintaining our defense. They are a very essential element in our overall economic system.

While adequate revenue is an essential element in any program for inflation, it is important that the government be able to operate within a framework of sound fiscal policy. This framework is provided by the Federal Reserve System, which is responsible for the conduct of monetary policy.

The Federal Reserve System has responsibility for the formulation of a comprehensive, coordinated, and effective program to meet the financing needs of our national defense effort. This responsibility is extremely important, and the economic stability of our country depends on its success.

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I gram "to the Federal Reserve Bank of St. Louis. 

Volume 173 Number 4800 · The Commercial and Financial Chronicle (459) 31

in the firm belief, after long consideration, that a stabilized rate policy may be the best way to achieve financial stability in the current market and an increased economic long-range in the dynamic prospects of air transport. The ex¬ tent of full reconstruction in new passenger fleet placed in service since World War II have just been reported. The Company now appears to be em¬ poyed in the U.S., and is in the process of a new program by allowing short-term rates to increase gradually.

Korea, a Vital National Security Interest

Late, beginning with the crisis in the Suez Canal and other, the considera¬ tions calling for stability in the government bond market became increasingly critical. The credit of the United States Gov¬ ernment and the prime market upon which rests the economic strength, stability and security of our country in our government securities is essen¬ tial. I do not think that we can exaggerate when we emphasize these considerations as basic to our national survival.

I want to call attention to a number of highlights of our financial mobil¬ ization program, I believe that with them I can make it a success one. The economic problems and the free institutions of our country require us to do just that. We are a nation of strong individuals, united in our belief in American principles and ways of life, and it is in¬ demnity to defend them. We do not easily forget the sacrifices that represent thinking done for us by our fathers and our grandfathers. Every citizen today is searching his mind and making an effort to contribute to the end of aggression. We do this because we know that a free nation means a free people, and that matters of national import must be decided by the people themselves.

The formulation of a successful policy of financial mobilization is not easy. It must, of necessity, be done in a step-by-step manner. We have always been guided by the need for the short period of weakness in the financial markets. The economic changes in the United States could mean a generation of disaster to us and to the world.

The Economic Crisis

I believe that I can make it clear—this— and even since the close of the Second World War, it has

sought to undermine the structure of peace and stability we have worked to create. This is an important year in the economy and we should not mark a degree of success, to the reverse, that would imply a loss of the stability we have worked so hard to achieve.

I think there is no mistake about it. We want real price levels to be stabilized, we want the processes of the market forum in which men might work out their differences and arrange those transactions, which are at the heart of our economic system, to be conducted in a way that will not be coupled with a breach of the stability of the financial system, with such serious forms of human sabotage.

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Rising Prices Indicate Recommodation of LIFO

the trend in this country of hav¬
ing income taxes higher during years of rising prices than in years of falling prices. I have here a compilation of corporate income tax collections in the two years 1928 and 1929. In the former year, the total collection was $20,000,000,000, whereas in the latter it was $15,000,000,000. The rate of printing for the two years was 25% and 10% respectively. It is not to be wondered at that we have a tremendous increase in the amount of government work, and that the price of the money borrowed by the government has fallen. The rate on the Treasury bond was 5% in 1928, whereas in 1929 it was 3%.

At this time, therefore, it is absolutely clear that the trend is upward. We cannot afford to let this downward trend continue. As a matter of fact, we cannot afford to let the government continue to borrow money at these low rates. The government should be encouraged to borrow money at higher rates, and the public should be encouraged to save money at these higher rates. The government should be given the credit and the encouragement to borrow money at these higher rates. The public should be encouraged to save money at these higher rates. The government should be given the credit and the encouragement to borrow money at these higher rates. The public should be encouraged to save money at these higher rates. The government should be given the credit and the encouragement to borrow money at these higher rates. The public should be encouraged to save money at these higher rates. The government should be given the credit and the encouragement to borrow money at these higher rates. The public should be encouraged to save money at these higher rates. The government should be given the credit and the encouragement to borrow money at these higher rates. The public should be encouraged to save money at these higher rates. The government should be given the credit and the encouragement to borrow money at these higher rates. The public should be encouraged to save money at these higher rates. The government should be given the credit and the encouragement to borrow money at these higher rates. The public should be encouraged to save money at these higher rates. The government should be given the credit and the encouragement to borrow money at these higher rates. The public should be encouraged to save money at these higher rates. The government should be given the credit and the encouragement to borrow money at these higher rates. The public should be encouraged to save money at these higher rates. The government should be given the credit and the encouragement to borrow money at these higher rates. The public should be encouraged to save money at these higher rates. The government should be given the credit and the encouragement to borrow money at these higher rates. The public should be encouraged to save money at these higher rates. The government should be given the credit and the encouragement to borrow money at these higher rates. The public should be encouraged to save money at these higher rates. The government should be given the credit and the encouragement to borrow money at these higher rates. The public should be encouraged to save money at these higher rates. The government should be given the credit and the encouragement to borrow money at these higher rates. The public should be encouraged to save money at these higher rates. The government should be given the credit and the encouragement to borrow money at these higher rates. The public should be encouraged to save money at these higher rates. The government should be given the credit and the encouragement to borrow money at these higher rates. The public should be encouraged to save money at these higher rates. The government should be given the credit and the encourage...
The Federal Reserve Bank of St. Louis

Volume 173 Number 4980 . . . The Commercial and Financial Chronicle

8,942 units compared with 8,804 units a week ago and 7,632 units a year ago.

Failures Record Moderate Drop From Last Week's Level

Commercial and industrial failures declined to 167 in the week ended Jan. 18 from 193 in the preceding week. Dun & Bradstreet, Inc., reports that this is the lowest figure since the comparable week of last year when 231 occurred. The average of the preceding 19 weeks was 200, so the recent fall was more pronounced than the comparable period last year.

Cassowary involving liabilities of $5,000 or more decreased to 654 from 657 the week before. Commercial failures were down 54% from the preceding year's level, which was 1,364.

Retailing and wholesaling accounted for the week's decline, with 11 new failures, 7 of which were in manufacturing and in trade, but construction casualties were almost two thirds less than the 51 such failures reported at the same time last year.

Most of the week's decline centered in the Middle Atlantic States. Slight increases prevailed in five regions, including the Pacific States, where 17 failures were reported as against 13 the same year ago.

Wholesale Food Price Index Continues Advise At a Modified Rate

Continuing the rising movement that began in October, the wholesale food index, according to the Bradstreet, Inc., advanced slightly last week to stand at $70.4 on Jan. 16. This compares with $70.2 a week earlier, and represents a gain of 22.4% over the level recorded a year ago. The price level is still the highest since Aug. 17, 1946 when it stood at $70.7.

A year ago the gross total value of 31 foods in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Level Shows Slight Increase

The Dun & Bradstreet daily wholesale commodity price index marked a slightly narrow range or change to record levels during the past week, indec'ced shows a gain of 0.3% compared with 3.2% a week earlier, and with 24.4% on the corresponding day a year ago.

Following early strength which carried wheat, corn, and eye to over a 10 cent gain for the week, the market has come under a depression toward the close of the period and most grains finished below the level of the previous week.

Trading was more cautious as the general under tone turned easier in closing sessions on the belief that current prices were moving toward a grinding ceiling that are likely to be put into effect in the near future.

Considerable liquidation resulted also from talk in Kansas City concerning the prospects of snow and rain in the dry sections of the Southwestern wheat belt. Block. Export demand for wheat and corn, however, was not substantially affected by the weather, and sales of grain futures on the Chicago Board of Trade for the week ended last Thursday totaled 243,660,048 bushels, or a daily average of 34,850 bushels, the latter comparing with 33,550,048 bushels the previous week.

Flour prices remained steady. Trading in hard wheat varieties was rather light, as compared with 205,000 bushels in the preceding week, and 325,000 bushels the week before. Some replacement buying in soft wheat flours was noted while bakers were trying to maintain as much of the current season's supply as possible. Soft wheat flour prices advanced 2 cents a pound during the week. The mixed flour market was not given strong support and reports of heavy reselling of coals by United States states of that character.

Fruit and vegetable prices tended lower in both the world and domestic markets, influenced by the large potential supply.

Trading in the spot coffee market was more active with prices firmer, reflecting an active demand on the part of roasters and importers for new supplies of green coffee from producing countries. All lard deliveries went to seasonal highs, reflecting heavy buying demand for domestic and export account as well as substantial purchases by the army. In livestock markets, lambs continued to sell at relatively steady or steady prices.

Activity in spot cotton markets increased last week as prices continued upward to record new highs. Sales in the ten spot markets operated by the U.S. Department of Agriculture, Equalization Service Bureau, totaled 725,000 bales, as against 709,000 in the preceding five-week period, and 724,000 in the calendar month of January, 1949. The week's sales, however, averaged 48,000 bales, compared with 36,000 in December, 1949.

Trade Volume Moderates Higher for Week But Reflects Sharp Rise Over Year Ago

Mid-holiday week's trade was sustained with waves of anticipatory buying in scattered varieties, helped to increase the total volume of sales by 4% over the preceding week. However, this was a reflection of the peak holiday buying of the week last week.

The total retail dollar volume was slightly above the high level of the previous week and sharply above that for the comparable week a year ago. The volume declined about 60% from the peak level of the current year. The December monthly volume was about 20% below the level for the month of last year.

The retail dollar volume was continued at a rate of approximately $3,000,000,000 per day for the selling season. The volume reached last week was approximately $3,000,000,000 per day for the selling season. The volume reached last week was approximately $3,000,000,000 per week.

Another way of speaking, the dollar volume was moderately above last year's level. The interest in fresh produce and in meats decreased somewhat, while the call for meats and meat products continued for rise. The dollar volume of dairy products was relatively steady.

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Tomorrow's Markets
Walter Whyte Says

By WALTER WHYTE

The decline on Monday of this week, followed by the slearry market of the following day, seemed to be a stock of rumors which in turn brought out the fears that the "long overdue" decline was here. Wall Street's fears will be grounded in fact remains to be seen. The fact is that we are in a news market and any piece of news that may affect the market will have an immediate repercussion on this price structure.

The new's that brought about the present setback was unexpectedly issued from Red China to the UN by the Indian delegate. It brought into focus one thing: the market seems to contemplate a potential war that anything that may stop it is considered bearish. I might make some reservation at this point about the cynical morality of the whole situation. But the market is not concerned with ethical problems. Its primary interest is the plus and minus signs.

Whether or not the market is on the verge of another break is secondary. It isna a trend. With margins now up to 75%, a shakeout shouldn't be disastrous, though I'm wary of any price structure. All the way we're traveling on is higher prices and the only exception to that is from the one word—Television.

Picture companies have been fighting TV ever since it became a threat to theater business. But one has to note that Paramount and Twentieth Century-Fox, instead of hurling names at the new medium, are playing up to it. It is also interesting to note that both Paramount and Fuchs are selling themselves more by their competitors.

A few weeks ago I recommended lightening holdings. Should the "anticipated" reversal materialize, I will have to cash to stocks and among them should be one or both of the picture issues.

The pieces expressed in this article do not necessarily reflect the views of those of the staff.

Two Join Staff of Kidder, Peabody Co.

Kidder, Peabody & Co., 17 Wall Street, New York City, has taken two new members of the New York Stock Exchange, Mr. James M. Maloney and Mr. David L. Terwilliger. Mr. Maloney and Mr. Terwilliger are registered representatives.

Mr. Maloney was previously with Shields & Company, Inc., and Mr. Terwilliger was previously with the Wall Street firm of Frederick M. McClelland and David L. Terwilliger as registered representatives.

Mr. Terwilliger has been in the securities business since 1929. He was a vice-president and a director of Richard W. Clarke Corporation, and in that capacity has been with Mr. Maloney for number of years, later becoming named member of firm when the latter became member in New York Stock Exchange.

LaMorte, Maloney Co.

On Feb. 1, LaMorte, Maloney & Co., 17 Wall Street, New York City, will be formed by the merger of LaMorte, Smith, Jaffray & Company, New York City, and Maloney & Company, New York City, two well-known and active members of the New York Stock Exchange, general brokers.

Mr. Maloney was formerly a partner in the Maloney & Company, as was also Mr. Elamson. Other partners of Maloney & Company were members of LaMorte & Co., which is being dissolved. Mr. Maloney will become a director of the new firm with a capital of $250,000. The new firm will be active in all lines of the business of the New York Stock Exchange.

Continued from page II

Outlook for Utilities

The year 1950 saw a continuation of the rapid expansion of natural gas and pipe-line mileage and capacity, and their extension into important new territories. Projects already under construction, or approved and under discussion, are sufficient to insure another increase this year. The probability is that expansion lacks the continuous support of such substantial increases. The probability of the current downturn is not yet apparent. However, the fact that projects now certified O.D. is not likely to get the pipe they need this year, although they are not yet contemplated. But there may be a serious threat to the defense needs of steel grow.

Year-end reserve estimates are generally considered as being too low (i.e., $25,000,000), and many utilities are now forming a new reserve. The probability they will show, as they have expense, is that these reserves are greater than they are likely to be in subsequent years. The effect of this will be a huge increase in withdrawals. Viewed from this direction the line for the current year will not appear to have been sufficient. If this attention in review should be focused on certain of last year's regulatory decisions. One of these appears to be some limitation which were placed on the capability of rate-making bodies to raise their deliverable gas supplies and as to a new line of thought. It is hoped that this development has been favorable to investors. Certainly, the importance of this line is immediately and perhaps also over the longer term. But the current decision affecting pipe-line costs and therefore profits of the natural gas utility companies is a matter of high importance.

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Public Utility Securities

By OWEN KLYLE

FORECASTING UTILITIES EARNINGS

The electric utility companies, because of their generally stable earning power and because they are usually paid, as well as any stock group to the art of forecasting. Unlike industrials, they have virtually no compulsion to hide earnings due to strikes, no credit losses in bad times, and no inventory profits or losses to confuse the analyst. Moreover, most companies are so familiar with the war that it is almost impossible for them to vent their earnings or profits. The investor would do well to keep in touch with utility conferences and the weather. The weather conditions now affect gas distributors' earnings more than they have in the past. If we remember that the relative magnitudes of each factor, the relative magnitude of the typical space heating, the load has led to expanded emphasis on underground storage of gas, a development which began with liquid gas and is now on a new high levels as to both number of sites and quantities of gas stored, there is increased pressure on the utilities, of course, to maintain high pipe line pressures and high level of delivered gas; and to expand the storage facilities of the gas companies relative to a given pipe line deliverability. No doubt more attention will be given to storage facilities and methods of storing greater amounts of gas underground. It is anticipated that there will be a certain amount of so-called "captive gas," that will be put into storage more place more or less indefinitely, as compared with "seasonal" gas which is usually stored in the winter and withdrawn in the summer. It is to be expected, therefore, that the companies are getting the earnings benefits and the experience of the increased facilities will be available deliverables, which condition will give the companies a better understanding of the full quantity of gas in place.

If merely in reflection of their increased expectations from pipe line income the outlook is for continuation of a satisfactory trend in natural gas distribution, it is to be anticipated that much unpredictable as weather conditions, the early spring will be more influential on income. If pipe line expansion is minimized, the outlook is for a leveling growth of distributors' customers, and sales volume would of course be likewise limited.

New York Stock Exchange—Weekly Firm Changes

The New York Stock Exchange announced the following firm changes:

Transfer of the Exchange membership of H. Terry Morrison to Samuel B. Grant will be considered by the Exchange on Feb. 1.

Transfer of the Exchange membership of L. G. D. Marhee to Edward A. Viner will be considered on Feb. 1.

Transfer of the Exchange membership of William A. Boyd to Arthur M. Betts will be considered on Feb. 1.

Transfer of the Exchange membership of Phillip Wick, Jr., to Fred Winslow will be considered by the Exchange on Feb. 1.

Transfer of the Exchange membership of W. D. Stack to Beaver and Alexander, J. Barnes will be considered on Feb. 1.

Transfer of the Exchange membership of Lewis S. Kerr, Jr., to Leonard S. Marton will be considered by the Exchange on Feb. 1.

C. W. L. Burt, a senior partner in Deer & Witter & Co., will become a limited partner effective Feb. 1.

John J. Ryan, James C. Ryan, Jr., and John J. Ryan, Jr., Jan. 31 will retire from partnership in Salomon Brothers.

Samuel Grant will retire from partnership in Sutro Bros. Co. on Jan. 31.

Continued from page 9

Snags Ahead in Wage Contracts Tied to Price Index!

The last time as compared to World War I and afterward, Ken. A. Tompkins was concerned over the possibility of inflation; then, so they could rise as rapidly as the cost of living. But now, because of the war, their was projected to reach a postwar peak until 1955, at which time was expected to have held to the prewar level. Since the price index was about 25% above prewar. This is not a relative increase of the index is due to the historical condition of the factors; rent control has been removed, whereas, in the 1930's it could rise; and second, the Bureau of Labor and quite measure the rise in rent which has been taken place during this period. The under-measure of the index's rise over the years because: (a) the Bureau of rental rates has not included an adequate number of rent increases rising with uncontrolled rents, and (b) the Bureau has a very different index of rent in the index is not a simple matter, given the postwar period, was not too high, the annual averages were not too high, and the revised index was not too high. So in 1948-49 the Bureau published the revised index, dated "Monthly Labor Review" explaining this situation; and finally in the early 1950's, the Bureau published the revised index containing the understatement (a) in the rent rise of 26% for the Consumer's Price Index as a whole. On the latter, we estimated the understatement of about 0.6 to 0.9 points in the index since 1895 future to 1949. This was announced in a footnote to the revised index, beginning in mid-1949.

In the meantime, another landmark in the problem was the price control, which was set, was taken place, in May 1948. The Government's conferences with the unions of its employees in every industrial plant, also, the use of the Consumer's Price Index, I must emphasize that this agreement was reached without any prior consultation by the Bureau; and we first learned about it from the newspapers.

The idea of tying wages to the Consumers' Price Index in a collective bargaining agreement, was not new, but not all new. Over many years, the Bureau has received it's files and has analyzed contracts containing clauses on the Consumers' Price Index. What was new and revolutionary in the General Motors contract was (1) the sharp and precise restatement of wages in the contract in wages for each 14 points in the index; (2) the frequency of adjustment (every three months), and (3) the annual improvement factor. The 1951 plan put a strain on the index far greater than in the past, and it is only at least in peacetime.

In the summer of 1948, pecuniary reached their peak and a decline set in. Raw material and primary market prices and the price levels of goods prices soon followed. The Consumers' Price Index (weekly) was 174.3 was reached in August and since then the index has been rising in May 1950. There was a slow downward movement through 1949 and early 1950. (See chart.)

Present Revision Program

These three factors—the developing rent bias, the General Motors Plan for adjustment, and the stability in prices—convincing the Bureau staff that it was an opportune time to start a program for the revision of the index as recommended by the Mills Committee. The downward trend was continuing, the General Motors contract with the index every three months. The immediate effect of this rate of change seemed to prejudice a revision in the course of time. The outlook for price stability for several years so that the revision of the index would not be affected by accounting for the relative stability of the index.
The bureau made an interim adjust-
ment in 1950 to conform with re-
commendations of a committee of
statisticians. This in-
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The interim adjustment will give a base from which to
build into the index further read-
justments that will be required as the economy
mobilization.

We are developing a panel of consumer families from
whom we shall obtain periodic reports on the changes in this
way, we shall be able to dis-
cover the changes in family living that are not
elicited in surveys. We are
moving in a direction that will guide our actions sys-
tematically in keeping the index structure clear and
will do everything possible to make the index a useful
economic tool as it can be made.

The Consumers' Price Index is
(formerly named the Wholesale
Index), because it was used pri-
marily to make comparisons of
prices of goods and services that the
consumer pays to the
influence of price change on con-
sumer living costs. The index
approximates what is happening to
consumer living costs. The index can be used with great con-
fidence to evaluate the purchasing power of
real wages; and in deflat-
ing or inflating family expendi-
tures.

As the nation moves forward into a rehabilitation program, we
shall come under increasing strain, just
as it did in World War II. We in the
bureau do not expect to es-
cape criticism when we
are
be
that we can avoid the ex-
tractions of controversy which arose
last time. Here are some of the steps that we have taken.

Next time, in the near future a careful statement of uses and
limitations of the index. We shall do our best to make sure that,
properly used, it can be an
invaluable tool for
ive bargaining and in public pol-
politic.

In this way, we hope to avoid
the index.

Some years ago, the bureau es-
stablished a number of advisory
committees to get the views of
research representatives of the
American Chamber of Comm-
erce, Federal Reserve Board,
the American Association of
Congress of Industrial Organiza-
tions, and the Railway Labor Ex-
ceptional.

The bureau established a
Business Advisory Committee consisting of about two dozen rep-
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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:

### AMERICAN IRON AND STEEL INSTITUTE:
- **Indicated operating capacity** (percent of capacity)
- **Book inputs and castings** (not lead)

### AMERICAN PETROLEUM INSTITUTE:
- **Commercial crude stocks—daily average** (bbls. of 42 gallons each)
- **Gasoline output (bbls.)
- **Kerosene output (bbls.)
- **Gas, oil and distillate fuel oil output (bbls.)
- **Distillation of refinery gas (bbls.)
- **Petroleum coke output (bbls.)
- **Gas, oil, and distillate fuel oil output (bbls.)
- **Crude oil and natural gas liquids output (bbls.)
- **Finished and unfinished gasoline (bbls.)
- **Colored gasoline, kerosene, and distillates (bbls.) at
- **Kerosene and distillate fuel oil output (bbls.)
- **Gas, oil, and distillate fuel (bbls.) at

### ASSOCIATION OF AMERICAN RAILROADS:
- **Freight revenue loaded (number of cars)
- **Freight revenue (amount of money)
- **Railroad traffic from stations (number of cars)

### CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS-RECORD:
- **Total U. S. construction
- **Public construction
- **Residential construction
- **Other construction

### COAL OUTPUT (E. B. S. BUREAU OF MINES):
- **Bituminous coal mined (tons)
- **Pennsylvania anthracite (tons)
- **Bituminous coal mined (tons)

### DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1926-1936 AVERAGE-19:
- **Sales
- **Indexes of retail sales
- **Indexes of wholesale sales

### EDISON ELECTRIC INSTITUTE:
- **Electric output (in kw.-hrs.)

### FABRICS, TEXTILE AND INDUSTRIAL: DUN & BRADSTREET:
- **Dun's Textile Index
- **Dun's Textile Index
- **Dun's Textile Index

### MOODY'S BOND PRICES DAILY AVERAGES:
- **U. S. Government Bonds
- **U.S. Bonds
- **U.S. Bonds
- **U.S. Bonds
- **U.S. Government Bonds
- **U.S. Government Bonds
- **U.S. Government Bonds
- **U.S. Government Bonds
- **U.S. Government Bonds
- **Real Estate
- **Railway
- **Railway
- **Industrial
- **Industrial

### MOODY'S BOND YIELDS DAILY AVERAGES:
- **U. S. Government Bonds
- **U.S. Bonds
- **U.S. Bonds
- **U.S. Bonds
- **U.S. Government Bonds
- **U.S. Government Bonds
- **U.S. Government Bonds
- **Real Estate
- **Railway
- **Railway
- **Industrial
- **Industrial

### MOODY'S COMMODITY INDEX:
- **Index numbers of commodities
- **Index numbers of commodities
- **Index numbers of commodities
- **Index numbers of commodities

### OIL AND PAINT AND DRUG REPORTER PRICE INDEX—1922-36:
- **Average
- **Average
- **Average
- **Average

### STOCK TRANSACTIONS FOR THE ORD-LIST ACCOUNT OF ORDERS ISSUED TO ANNEX SPECIALISTS ON THE N.Y. STOCK EXCHANGE—SECURITIES EXCHANGE COMMISSION:
- **Old-list sales by dealers (customers’ purchases)
- **New-list sales by dealers (customers’ sales)

### WAREHOUSE STOCKS:
- **Commodities
- **Commodities
- **Commodities
- **Commodities
- **Commodities
- **Commodities
- **Commodities
How Wage and Price Controls Feed Inflation

Continued from page 15

Continued from page 5

Observations . . .

many economic factors control the price level, and completely neglecting the bearish influence of the military man is the great mistake. After all, the military... year and a half, the public has become increasingly金沙 conscious and confident of the uninterrupted continuation of its earnings; and this...ly, with a half...in price commodities was ignored as a market influence.

The Supply-and-Demand Chameleon

The "economist" institutional funds, including those of pension funds and insurance companies, and another element on which the investing public is centering its bull market attention. At the instance of their administrators, they are buying the so-called...the bull market of the 1950's, 1949, and 1948, both voluntary expansion (swelling the demand factor) and a long-term dollar depreciation were apparently forgotten by the market community.

The Rails—The New Prodigal Son

The process of selective emphasis is also applied to industries, with the result that a special emphasis on the short-term risks and the long-term status. During the long past period of the railroad shareholders' dormir market and the option movements of the speculative market, the industry's negative long-term economic influences re...in mind. Now, on the other hand, their favorable excess profits in recent months has led to an increased armament activity outlook which has completely supplanted the erstwhile concern about the long-term prospects of other market groups. (The Dow-Jones railroad average is 48% above 1951 closing level, whereas the wholesale price index is only 8% higher and the utility average is about 4% lower.)

The Utilities—From Riches to Rags

The utility stocks, conversely, whose market prices have been acting so badly, are in the public mind held up as all but their formerly attractive elements. No longer is weight given to their "long-term position, their low cost of living, and their "necessity" value, and their status of an anti-deflation hedge.

There may be some doubts whether the above-exemplified contradictory reactions to the same external event, and selected indicators of the same market element, do not in the abstractions of the market's behavior; or whether they demonstrate the interpretation of the same market action through fallaciously rationalizing it in terms of external events. For the...they do both.

In any event, if we are to be clear that these foibles are bound up with the public's habitual preoccupation with short-term business and investment movements and their timing, in lieu of using the realistic investment approach based on quantitative value-analysis.

continued from page 8

Dealer-Broker Investment Recommendations

Bach and St. Regis Paper—E. P. Hutton & Co., 86 Broadway, New York 6, N. Y.


H. L. Stief, Inc.—A recommendation—Bach & Co., 86 Broadway, New York 6, N. Y.

Layer is with Bach & Higbie & Co., 86 Broadway, New York 6, N. Y.

Joins Bradley Higbie

Continued from page 15

Continued from page 5

How Wage and Price Controls Feed Inflation

which, God forbid! That the President is going off the grid is only 18% of the national production and not too hard to supply on top of a purchasing power demand. That proper credit controls and by the median and evenly distributed taxations can do the same.

Second—That much of the pressure for controls comes from what the public would like to be big bureaucrats, and not a very popular wish to see everything agree with the President's plan. Much say, "Oh, well, they are invalid?" It is encouraging, however, that men high in government, like General Marshall, and skilled leaders in both manufacturing and factory production, have recognized the danger and put up the "go slow" signal.

But, third and this is my point, that we must reexamine our system, not that of democracy, which can exist even with government fixed wages and salaries, and that price and wage controls are a part of the strength. We could thus defect ourselves:

and, fourth, without realizing the time has come to be crystal clear in our thinking—a strong influence on price and wage controls are not part of our system in this great effort.

If the need of political expediency, let's recognize that we need to be fair to all groups, and that we are得罪ing the right for a peaceful world of individual action to choose opportunity. So much for Unity of Principle.

Time for Unity of Performance

This is the time, too, for Unity of Performance. Our work, directly and indirectly, in war production awaits decisions and orders from the various Forces. But these are beginning to come. We have the "Iron Curtain of Washington—that Washington has fiddled and plays politics while the battle rages—but our performance as citizens should make us humble.

Penny pincher politics for votes, and we voters have little justification because the boys all gone in 1945; but we want to get back to peace in a hurry. We know the 1945 controls on education, and cut taxes. Polic...are not necessarily responsive to our wishes, and I and I must be as urgent as remobilization. A well-written letter to your Senator and Congressmen is always helpful. Why's second vote and you don't have to wait for election. 

Civilian Defense leaders are strenuously urging that we should have the atomic bomb, because our need. There is no use being fright¬
Securities in Registration


American Telephone & Telegraph Co. (12/13). Jan. 18 filed not exceeding $420,000,000 12-3/4% common stock offering to be offered to stockholders. Free of interest on all for the...debtors for each seven shares of stock held; rights to expire on March 19, 1961. The debtors will be...to exchange for 100% of the par...of number of shares of common stock of Bates Manufacturing Co. (Consolidated now owns $1,400,000 of 9% preferred stock and 85,000...Bates shares). Exchange Rate—To be supplied by the company.

Cosmopolitan Hotel Co. of Dallas, Tex. Dec. 17 filed 1,325,000 shares of common stock (par $5), par $15,000,000, of which 1,281,000 shares are to be offered to stockholders at $17.375/2 per share. Underwrite—None. Proceeds—For repayments of the stockholders of the Blaster Dallas Co., Inc., company. Proceeds—To be used to repay certain loan agreements.:

Culver Corp., Chicago, Ill. Oct. 23 filed 153,000 shares of common stock (par $5), of which 131,000 shares are to be offered to stockholders at $15 per share. Underwrite—None. Proceeds—For acquisitions.

Dansker Realty & Securities Corp., N. Y. City Nov. 27 filed offer to purchase 7,000 preferred shares (par $5), and 300,000 shares of common stock held in a trust for the benefit of one person and one common B share "on a best-efforts basis" at $100 per share. Proceeds are to be used to acquire additional common stock. Proceeds—To acquire additional stock.:

Dayton Pop-up Sprinkler Corp., Dallas, Tex. Jan. 17 filed 25,000 shares of common stock (par $10), of which 23,000 shares are to be offered to stockholders at $9 per share. Proceeds—To be used to modernize the company's business.:

Duggan's Distillers Products Corp. Oct. 21 filed 1,200,000 shares of common stock (par $10), of which 1,120,000 shares are to be offered for subscription by employees up to 15% of their annual wages on a payroll subscription plan. Proceeds—To be used to modernize the company's business.

Emerson Electric Manufacturing Co. (10/11). Dec. 27 filed 87,846 shares of cumulative preferred stock, series A ($50 par), convertible into common stock at any time. Proceeds—To be used to subscribe by common stockholders of record Jan. 31, 1962 at rate of 15% of their holdings of common stock shares held; rights expected to expire about Feb. 14, 1962. Proceeds—To be used to modernize the company's business.:

Federal Reserve Bank of St. Louis


American Telephone & Telegraph Co. (12/13). Jan. 18 filed not exceeding $420,000,000 12-3/4% common stock offering. Underwrite—None. Proceeds—To develop and expand agricultural, industrial and commercial enterprises in Israel. Statement effective Jan. 9, 1962.:


Financial Information

* Indicates additions since previous issue.


Gas Equipment Corp. Dec. 7 (letter of notification) 200 shares of common stock (par $5), of which 215 shares are to be sold for the account of the new owners for common stock. Underwrite—Corporation Ltd., Tulsa, Okla. Proceeds—To purchase oil and gas properties.


Circle Wire & Cable Corp. Nov. 27 filed 200,000 shares of common stock (par $5), of which 187,000 shares are to be offered to stockholders at $15.37 per share. Underwrite—None. Proceeds—To erect new building for the company.

Consolidated Edison Co. of New York, Inc. Jan. 18 filed not exceeding $35,000,000 8.5% mortgage revenue bonds, series F, due Feb. 1, 1981. Underwrite—To be determined, together with the company. Probable bidder:

Corporation and Public Financing

New York Boston Pittsburgh Chicago Philadelphia San Francisco Cleveland

Volume 173 Number 4900 . The Commercial and Financial Chronicle

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(467) 39
Continued from page 40

privilege; rights to expire about Feb. 13. Price.—To be supplied by amendment. Underwriter—Dillon, Read & Co., Inc. New York. Proceeds.—Sale of common stock, together with funds received from sale of preferred stock, to be used to repay bank loans and for construction purposes.


> **$500,000 to equity capital, such shares to be first offered to shareholders on a pro-rata basis Registration—Expected to be effected in February, 1951. Preferred stockholders—May be entitled to receive from Halsey, Stuart & Co., Inc.; Lehman Brothers, Kidder, Peabody & Co.; First Boston Corp; Harriman Ripley & Co., Inc.; and New York, N. Y., the principal underwriter of a common stock offering in October, 1949. Stockholders will vote Jan. 30 on issuing 800,000 shares of $2.75 par value common stock in exchange for 300,000 preferred stock shares. The present line has a daily capacity of 250,000 cubic feet a day.**

**Michigan Consolidated Gas Co.**

Jan. 3, it was announced that Michigan Consolidated Gas Co. is planning an existing pipeline construction program to increase natural gas deliveries to the Detroit (Mich.) area by 152,000,000 cubic feet per day. The line will have a daily capacity of 225,000 cubic feet a day.

**Michigan-Wisconsin Pipe Line Co.**

Jan. 3, it was announced that Michigan-Wisconsin Pipe Line Co. will borrow no more than $25,000,000 from banks. A permanent financing arrangement is expected to close prior to their maturity, July 1, 1951, and such proceeds will be used to expand capacity of the company to continue the construction of the company's proposed pipeline.

**Pennsylvania Power & Light Co.**

Notwithstanding the company's previous declaration that it will require about $34,000,000 of new capital over the next four years to keep the company in line with the standards of useful service, it is reported that not over 76,000 shares of preferred stock may be sold late this year or early 1951. Traditional employees and the First Boston Corp. will provide $2,000,000 for such a purpose. The First Boston Corp. will provide $2,000,000 for such a purpose.

**Potomac Edison Co.**

Dec. 1, it was announced that the company plans to issue 1,000,000 shares of common stock to a group of preferred security issuers by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Lehman Brothers, Kidder, Peabody & Co.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane (jointly); The First Boston Corp. Proceeds—To finance part of the company's construction program.

**Public Service Co. of Colorado**

Nov. 3, J. E. Laissaus, President, announced that "It is now the company's policy to retain all of the net proceeds of the bond issue in Denver, and to use the funds in the most advantageous manner for the purpose of improving the company's facilities and service to customers." The company has been planning to use the proceeds of the bond issue for the construction of a new power plant.

**Reliance Electric & Engineering Co.**

Nov. 25, the company announced that it plans to use $1,000,000 of the proceeds from the sale of stock for the construction of a new power plant. The proceeds from the sale of stock will be used to finance the construction of a new power plant.

**Southern California Edison Co.**

Jan. 9, W. C. Muffendorf, President, announced that the company plans to use $1,000,000 of the proceeds from the sale of stock for the construction of a new power plant. The proceeds from the sale of stock will be used to finance the construction of a new power plant.

**Southern Union Gas Co.**

Jan. 18, the company announced that it plans to use $1,000,000 of the proceeds from the sale of stock for the construction of a new power plant. The proceeds from the sale of stock will be used to finance the construction of a new power plant.

**Texas Electric Service Co.**

Jan. 1, the company announced that it plans to use $1,000,000 of the proceeds from the sale of stock for the construction of a new power plant. The proceeds from the sale of stock will be used to finance the construction of a new power plant.

**United New Jersey RR. & Canal Co. (2/8)**

Bids were received at or before noon (EST) on Feb. 10, 1951, for the construction of a new power plant to be located at Halsey, Stuart & Co., Inc.; Lehman Brothers, Kidder, Peabody & Co.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane (jointly); The First Boston Corp. Proceedings—To provide for the construction of a new power plant.

**United States Pipe Line Co. (Del.)**

Sept. 25, it was announced that this company has been planning to use $1,000,000 of the proceeds from the sale of stock for the construction of a new power plant. The proceeds from the sale of stock will be used to finance the construction of a new power plant.
Our Reporter's Report

Conditions in the new issue market improved a bit this week, but the market remains about on a par with the surrounding cheers from underwriters who still find things too slow for any really widespread point of distribution.

The Southern company, short in maturity, 20 years, and additionally Underwriters are reported found that will reduce the average price of the new class of 20-year maturity to 96 2/3, and 35-year maturity joined the ranks of participating issuers which have been decidedly slow to say the least.

The report of new issue distributors at the amount that is this "a very difficult market and an attempt to work in." They find that the new issues, in the amount, the overall outlook for new securities, are still interested chiefly in private deals and are not looking to the market for gains.

Meanwhile the banks, it is argued, are finding their scope shortened by considerations of the expanding higher taxes and the effects of the current hike in reserve requirements.

On top of all this the Treasury market is not showing any ready ability to maintain even a slight amount in the houses, in the recent pronouncement that the Treasury liquidation program would be the basic feature on new long-term government borrowing.

Cheers And Groans

Brisbane, Calif.—(Southern Natural Gas Co. at $17,500,000 of 20-year maturity, 4.375% bonds) will not be issued but will have the sentiment of a functionary earlier in the week.

Success of the bonds issued a few days ago in the Southern Natural Gas Co. Electric Light & Power Co. of Balto., Md., will not be a blessing to the $10,000,000 of new 50-year maturity at 4.25% bonds. The bonds were sent to more than 2500,000 share, has 100%.

Lockhurst & Co. offers American Dry Ginger Ale Co. Securities

Lockhurst & Co. are offering to sell 525,000 convertible sinking fund certificates for B. H. Millet, Treasuerer January 24, 1951.


Halsey, Stuart & Co. Inc. and associates are offering today (Jan. 25) $25,000,000 first refunding mortgage sinking fund bonds, series X, 4.25%, due Jan. 15, 1980, of Consolidated Electric Light & Power Co. of Baltimore at 100.675, and accrued interest.

Net proceeds from the sale of the bonds will be available to the company in re-investment of its Treasury deposits in new corporate securities, and for general corporate purposes.

A part of the net proceeds will be applied to the repayment of $4,250,000 borrowed from banking institutions to retire $3,500,000 principal amount of first refunding mortgage sinking fund bonds called for redemption on Jan. 3, 1951, and the rest of the net proceeds will be added to the company's working capital for use in new and construction expenditures.

Regular redemptions may be made at prices from 103.67% to 100%. Sinking fund redemption prices range from 100.68% to 100%.

The utility company is primarily engaged in the purchase, distribution and selling of electricity and gas within the State of Maryland where all of its properties are located. Other business of the company includes the sale of gas, electrical appliances and allied merchandise and the sale of steam.

The area served with electricity has approximately 2,285 square miles, having an estimated population of 1,400,000, and the area served with gas contains approximately 260 square miles with an estimated population of 1,200,000.

DIVIDEND NOTICES

SOCONY-VACUUM OIL COMPANY INCORPORATED

Dividend No. 140
Jan. 23, 1951

The Board of Directors today declared a quarterly dividend of 100 cents per share on the outstanding capital stock of this Company, payable March 10, 1951, to stockholders of record at the close of business February 2, 1951.

W. D. BECKHAM, Secretary

TIDE WATER POWER COMPANY

Dividend Notice

The Board of Directors has declared a quarterly dividend of 28 3/4 cents per share on its Common Stock, payable March 15, 1951, to stockholders of record at the close of business March 1, 1951.

W. F. GARMAN, Secretary

HOKER ELECTROCHEMICAL COMPANY

Cumulative Preferred Stock Dividend

At a meeting of the Board of Directors of this Company, held at 8:30 a.m. at 530 N. W. 23rd Street, Oklahoma City, Okla., on January 3, 1951, a dividend of 5.00 per share was declared, payable March 15, 1951, to stockholders of record at the close of business March 1, 1951.

EDWIN H. BECK, Treasuerer

THE INTERNATIONAL HARVESTER COMPANY

At a meeting of the Board of Directors of this Company, held at 8:30 a.m. at 530 N. W. 23rd Street, Oklahoma City, Okla., on January 3, 1951, a dividend of 5.00 per share was declared, payable March 15, 1951, to stockholders of record at the close of business March 1, 1951.

GERARD J. JEGER, Secretary

The Dividends of International Harvester Company have declared quarterly dividends No. 130 of one dollar and seven cents per share on the preferred stock payable March 1, 1951, to stockholders of record at the close of business March 1, 1951.

Two New Stocks

Hokker Electrochemical Company

Hokker Electrochemical Company has declared a cumulative preferred stock dividend of 5.00 per share for all cumulative preferred stock outstanding as of January 3, 1951, to be payable March 15, 1951, to stockholders of record at the close of business March 1, 1951.

Common Stock Dividend

The Board of Directors of Noble Electrochemical Company has declared a quarterly dividend of 50 cents per share for the common stock, payable March 15, 1951, to stockholders of record at the close of business March 1, 1951.

ASHLING WILCOX, Sec.

In the International Harvester Company have declared quarterly dividends No. 130 of one dollar and seven cents per share on the preferred stock payable March 1, 1951, to stockholders of record at the close of business March 1, 1951.

Southern California Edison Company

The dividends of Southern California Edison Company will be $0.80 per share for the Common Stock and $.25 per share for the Cumulative Preferred Stock.

The Board of Directors of Southern California Edison Company has declared a quarterly dividend of 96% per share for the Mandatory Cumulative Preferred Stock, payable March 15, 1951, to stockholders of record at the close of business March 1, 1951.

The dividends of Southern California Edison Company will be paid on April 1, 1951, to stockholders of record on March 15, 1951.

R. C. HALE, Secretary

New York, January 15, 1951.

The American Commercial and Financial Chronicle

Volume 173 Number 4900 The Commercial and Financial Chronicle
WASHINGTON, D. C.—How¬
erever imposing the "wage stabiliza¬
tion" order may sound, when it is
issued in the near future, there will be a
marked distinction between the handling of "wage
stabilization" and price controls. In actual operation, it is the opini¬
on of informed labor leaders that, after stabilization, there will not be only an in¬
ward direction.

With respect to "wage stabiliza¬
tion," there is likely to be no "blacklist"
and no "white list." The bill will not
hold the price line with utmost rigor, as the instances are rare
indeed where further price in¬
creases are needed, either to stimu¬
lize production or to provide ade¬
quately profit incentives. In these rare cases, some price adjus¬
tements subsequent to stabiliza¬
tion may become necessary to stimu¬
lize V-J production.

"It is my confident belief that no adjustments, after stabilization, will not be only in an in¬
ward direction."

In 1942 price controls came into effect. Under DPA some show a wage
control must come simulta¬
ously.

In 1923 the primary problem was settlement of labor disputes; now later, with long-term con¬
tracts, is relatively peaceful.

Wage controls developed piece¬
meal, and have been the subject of criticism. The President was told about "wage stabilization" policy only casually. Now a "wage stabilization" policy is theoretically demanded of the Administra¬
tion at the outset.

There was no Taft-Hartley Act in 1942. There was in existence at the beginning of the war no restraining power over labor disputes. With the Taft-Hartley Act, big labor is resolved with big wage or fringe fringe adjustments, and the President chooses not to mutilate himself of the act.

"Excessive clauses were unknown
in labor contracts at the outset of World War II. Now they are.

Alleged "substantial condi¬
tions" of the war necessitating for a tolerable wage increase to justify new war
wages. There are now few "sub¬
stantial conditions" of this nature. Fringe benefits were almost unimpor¬
tant in labor contracts in 1942. Fringe benefits are now vital to war
workers.

So, in the net, the labor experts are split. Wage controls are fundamentally for wage control and the country can have it with a great deal less difficulty—pro¬
duced, of course, the Administra¬
tion really wants to stabilize wages.

While there was some bollering for publication about the fact that the Federal Reserve Board's Wage Index, 111, was a rush job, the Fed¬
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That the President dis¬
tends wage controls which shall apply to wages and those which shall apply
in the war plant, and the President declared that
will be only in one direc¬

The following in April, 1942 the "Hold the Line" order which theoretically barred wage in¬
creases unless justified by most excep¬
tional circumstances. This "Hold the Line" order, however, was effectively modified by decla¬
sions of the War Labor Board which allowed almost every kind of a "fringe" benefit increasing manufacturing labor's "net pay" as long as no direct wage increase as such was involved. Again, in April, 1942, which wasn't a direct wage in¬
crease was allowed.

There are many underlying difficulties in the labor sit¬
uation now and in 1942, when a policy attempt at wage control was begun.