The COMMERCIAL and FINANCIAL CHRONICLE

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EDITORIAL

As We See It

A number of the complexities and basic difficulties of any and all attempts to "manage" an economy have been strikingly demonstrated in this country during the past few months. These troubles have arisen and so far at least have proved insuperable despite the psychological advantage of an emergency of a sort which has existed and been much exploited by the managers or would-be managers. Of course, the problems are commonly attributed to the launching of a large scale defense endeavor, and in one degree or another they find their origin in this program. It would, however, be folly to suppose that the problems that have arisen in the endeavor to "channel" production into rearmament and to do so without excessive price disturbances are basically different or of an order wholly different from those always certain to be encountered when government undertakes to direct the operations of the economy.

Certain of the quandaries in which the managers find themselves at this moment are, accordingly, well worth careful study and analysis for the light they shed upon situations which arise whenever attempts are made to put free enterprise in iron. Of course, it is obvious, as it has been obvious many times in the past, that any sort of detailed control over the behavior of millions of men and women — control which touches both their ordinary, personal conduct as well as their business practices—is hardly more than a pretense in the absence of armies of control agents. We shall soon be again reminded, if we persist in the effort to set up extensive controls Continued on page 36

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Impact of New Monetary Policy on Mortgage Market

By W. A. CLARKE* President, W. A. Clarke Mortgage Co., Philadelphia

Prominent mortgage banker reviews background of conditions that led to Treasury’s abandonment of pegged interest rates. Says purposes of changed policy were: (1) to let supply and demand work in money market; and (2) to encourage holding of long-term government bonds by investors. Analyst, from statistical data, both effects of changed policy on mortgage market, as reflected in (1) general inflationary trend; (2) the supply of money seeking investment in mortgages; and (3) the trend of interest rates.

It is fair to assume that every man at this meeting is familiar with the changes that have taken place during March with regard to interest rates on long-term U. S. Government bonds and the Federal Reserve’s decision to abandon a pegged market. We cannot arrive at a clear understanding of what we are discussing today, if the important features of the new Federal Reserve-Treasury monetary policy are not completely understood. To make sure that the details of these changes are clear to everyone, I shall first bore most of you, by briefly reviewing the events that have occurred.

The first was the announcement by Secretary of the Treasury Snyder that the outstanding restricted bonds of 67-72 would be exchanged for a bond that would (1) raise the interest rate by one-quarter of one percent, and (2) be redeemed for direct sale on the open market. The second event occurred on March 8 when the Federal Reserve Board stopped supporting Government bonds.

On the same day the Treasury announced the terms for the new $10.6 billion refunding bond issue. In brief, the terms may be divided into three parts: (a) the bonds will be callable in 1975 and will mature in 1980; (b) they can be acquired by mutual fund companies for $4.1 billion; and (c) the present $2 1/2% Victory’s of 67-72 for new 2 1/2% bonds.

Continued on page 34

PICTORIAL COVERAGE OF STAY-DINNER—The “Chronicle” of April 13 will include a special Section containing pictures taken at the Annual Dinner of the Security Traders Association of New York on April 13 at the Waldorf-Astoria Hotel.

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A Balance Sheet Of the Stock Market

By S. B. LURIE* Securities Analyst, Paloe, Webster, Jackson & Curb, Members, N.Y.S.E.
In analyzing favorable and unfavorable factors in market outlook, Mr. Lurie cites as the chief "assets": (1) our "New Era" of general optimism, the "Fabulous Fifties," and (2) the "New Look" of respectability of common stocks; and as chief "liabilities": (1) under-estimation of our productive capacity, and (2) speculative danger signals. Concludes favorable factors are sufficient to limit the extent of a prospective short-term market decline.

Our profession—the analysis of business and market trends—is an exact science whose chief requisite is intellectual honesty. Thus, my remarks represent an attempt to establish a premise rather than dogmatically express a pre-determined conclusion. In this connection, my crystal ball points to a seemingly contradictory conclusion—in that it suggests a bullish long-term, but cautious near-term, appraisal of the outlook.

The Balance Sheet
More specifically, as I endeavored to set up a balance sheet of the stock market, it seemed to me that the pros and cons fitted neatly into four generalizations:

(1) We're in a New Era—one which may later be called the "Fabulous Fifties" or the "Buoyant Fifties."
(2) There's a New Look to the stock market which in effect means that common stocks today are more respectable than they've been at any time in the past 25 years.
(3) More immediately, however, America's capacity to produce has been under-estimated—and the immense

Continued on page 32

* A talk by Mr. Lurie before the New York Society of Security Analysis—Schwarz's Restaurant, N. Y. C., April 3, 1951.
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, nor are they to be regarded as, an offer to sell the securities mentioned or the giving of investment advice.)

This Week's Forum Participants and Their Selections

Warren Petroleum Corporation - Glencie P. Caterer, Lionel D. Edie & Co., Inc., New York City (Page 2)

Frank G. Shattuck Company - Jacques Coe Co. & Co., New York City (Page 3)


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## The Convertible Is Now in Season

**By IRA U. COLEIGH**

**Author of**

*“How to Make a Killing in Wall Street and Keep It!”*

Suggesting consideration of convertibles as a defense against stock market decline; and highlighting special features favoring American Telephone and Telegraph 3½s.

*Ever see a clever boxer in a 10-rounder rack up seven winning rounds, not once, but twice? Well, if you’ll pardon a little financial allusion, conversion is the best that’s ever happened to your stock market portfolio.*

*Ira U. Coleigh*

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### INDEX

**Articles and News**

<table>
<thead>
<tr>
<th>Page</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Balance Sheet of the Stock Market—S. B. Lurie</td>
<td>Cover</td>
</tr>
<tr>
<td>Impact of New Monetary Policy on Mortgage Market—W. A. Clarke</td>
<td>Cover</td>
</tr>
<tr>
<td>The Convertible Is Now in Season—Ira U. Coleigh</td>
<td>3</td>
</tr>
<tr>
<td>How Do We Keep Our Economy Strong?—J. Cameron Thomas</td>
<td>4</td>
</tr>
<tr>
<td>What Is a Dollar?—Roy L. Girsd</td>
<td>6</td>
</tr>
<tr>
<td>Inflation and Wage-Management Discord Is Sabotaging Defense—Eric I. Johnston</td>
<td>11</td>
</tr>
<tr>
<td>Again—A Controlled Materials Plan—Alfonso B. May</td>
<td>12</td>
</tr>
<tr>
<td>The Evil of Universal Military Training—William A. Robertson</td>
<td>12</td>
</tr>
<tr>
<td>Canada’s Investment Opportunities—W. Wallace Turnbull</td>
<td>13</td>
</tr>
<tr>
<td>Russian Dangers—Wolfgang W. Baboon</td>
<td>16</td>
</tr>
<tr>
<td>&quot;What Is Happening to Your Dollar?&quot;—Robert S. Byfield and Leon H. Keyserling</td>
<td>18</td>
</tr>
<tr>
<td>Flight From Inflation—Walter Sonenberg</td>
<td>22</td>
</tr>
<tr>
<td>Keep Public Informed of Money Supply—Thomas I. Parkinson</td>
<td>24</td>
</tr>
<tr>
<td>The GOP and U. S. Foreign Policy—Harold E. Stassen</td>
<td>26</td>
</tr>
<tr>
<td>Roadblocks of Unrealistic Regulations—George P. Smith</td>
<td>31</td>
</tr>
<tr>
<td>Grass Roots Opinion Reflected in Poll</td>
<td>37</td>
</tr>
<tr>
<td>The Stock Market to Be Aired by “Court”</td>
<td>38</td>
</tr>
<tr>
<td>Robert Boylan to Retire as NYSE Chairman</td>
<td>39</td>
</tr>
<tr>
<td>Blocked German Bonds Partially Unfrozen</td>
<td>40</td>
</tr>
<tr>
<td>Snyder Reports Improved Federal Finances</td>
<td>42</td>
</tr>
<tr>
<td>Forecasts Decline in Industrial Production</td>
<td>43</td>
</tr>
<tr>
<td>Utah’s Governor Hils at Pressure Groups</td>
<td>44</td>
</tr>
<tr>
<td>Industry Planning Evenses Expenditures</td>
<td>45</td>
</tr>
<tr>
<td>Sees Mobilization Endangering Small Business</td>
<td>46</td>
</tr>
<tr>
<td>Facts to Ponder (Boxed)</td>
<td>47</td>
</tr>
<tr>
<td>Ideas Wanted for “Bawli Street Journal”</td>
<td>48</td>
</tr>
</tbody>
</table>

### Regular Features

**As We See It (Editorial)**

<table>
<thead>
<tr>
<th>Page</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>27</td>
<td>Cover</td>
</tr>
</tbody>
</table>

**Bank and Bankers Stories**

<table>
<thead>
<tr>
<th>Page</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>28</td>
<td>Canadian Securities</td>
</tr>
<tr>
<td>29</td>
<td>Coming Events in the Investment Field</td>
</tr>
<tr>
<td>30</td>
<td>Dealer-Broker Investment Recommendations</td>
</tr>
<tr>
<td>31</td>
<td>Elmiz—“Britain’s Raw Material Crisis”</td>
</tr>
<tr>
<td>32</td>
<td>From Washington Ahead of the News—Carlisle Barperon</td>
</tr>
<tr>
<td>33</td>
<td>Indications of Business Activity</td>
</tr>
<tr>
<td>34</td>
<td>NSTA Notes</td>
</tr>
<tr>
<td>35</td>
<td>News About Banks and Bankers</td>
</tr>
<tr>
<td>36</td>
<td>Observations—W. Frilley May</td>
</tr>
<tr>
<td>37</td>
<td>Our Reporter’s Report</td>
</tr>
<tr>
<td>38</td>
<td>Our Reporter on Governments</td>
</tr>
<tr>
<td>39</td>
<td>Prospective Security Offerings</td>
</tr>
<tr>
<td>40</td>
<td>Railroad Security Reports</td>
</tr>
<tr>
<td>41</td>
<td>Railroads and Securities Salesman’s Corner</td>
</tr>
<tr>
<td>42</td>
<td>Securities Now in Registration</td>
</tr>
<tr>
<td>43</td>
<td>The Security I Like Best</td>
</tr>
<tr>
<td>44</td>
<td>The State of Trade and Industry</td>
</tr>
<tr>
<td>45</td>
<td>Tomorrow’s Markets (What Why Says)</td>
</tr>
<tr>
<td>46</td>
<td>Washington and You</td>
</tr>
</tbody>
</table>

*Column not available this week.*

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How Do We Keep Our Economy Strong?

By J. CAMERON THOMSON

President, Northwest Bancorporation; and Chairman, Committee on Credit Policy of the Committee for Economic Development

CED official, citing the national business organization’s newly announced anti-inflation proposals, asserts we must seek stabilization. After a look at the following specific proposals for steps to be taken: (1) production to be increased in all possible ways; (2) government expenditures to be reduced drastically; (3) delete robbing private corporations, and excise to yield $551 billion; (4) bank credit to be checked; and (5) savings to be encouraged nationally.

If we are to end the aggression of world communism, we must keep our economy strong. This economic strength is basic to all our efforts at all times. It has even greater importance today, for the entire free world depends on it for survival. What does it take to keep our economy strong? One thing, we must constantly recognize its tremendous and growing importance to our society. We have that. It takes also, a free, intelligent, and hard-working citizenry. We have that. It takes vast material resources. We have most of the resources we need and we are accumulating huge stockpiles of raw materials that we do not produce at home. We are keeping the channels open through which these foreign materials come. It takes a sense of responsibility and the willingness to make sacrifices for the defense effort. It is the part of all of us. As for me, I can only hope that we will maintain that attitude.

For the operating in a free economy have made use of our great store of material resources. They have made our economy the strongest, the most productive and the most progressive the world has ever known. But throughout the operation of these economies which are, by their nature, the same, the concern of every citizen is the welfare of all. It is to this problem of instability that I would like to address myself today... If we do not achieve greater economic stability, the emergency that confronts us may become overwhelming. The second World War was not the limit of our economic strength.

Out of the dismal days of the thirties-thirties came a universal determination of the American people to avoid future depressions. Economic stabilization became one of the nation’s foremost goals. It is the basic aim of the Committee for Economic Development. It has worked out a set of specific proposals which will contribute to the development in our economy that we have called dynamic stability; that is, stability that will further the growth of freedom, economic growth and rising living standards. And I say, this goal of a stable economy came into its own during the current depression. There is no inevitability that the avoidance of depressions should be given prior importance. The literature of economic stabilization theory and practice indicates that this idea has been a large and large cause of argument against the idea that the economy that is, not as strong on what to do about inflation.

As soon as the goal of economic stability became widely accepted, the second World War broke out. It was not broken before one of the other theories of the protection, the doctrine of economic stagnation, fell by the wayside. Yet it is a fact that the world, however, was made of stronger stuff. It grew through the depression for the first time in history and we can only doubt whether it had been in the interest of the world’s welfare to check the prevention of a postwar depression. That postwar depression was stillborn, as is obvious to everyone. It is quite likely that we did not believe that this depression was inevitable. We had a successful nationwide CED field program to assist businessmen in making a quick transition from war to civilian production. But the generation of businessmen and economists who are now at the top of their professions received either its academic or its "hard knocks" education during the depression. The fact that the American people and their leaders were taken by surprise by something that might have been avoided if economic stability became the basic aim is evident. We now know, has been the dominant economic factor in our conflict with World War II, as it has, in fact, after all wars. In our efforts to stabilize our economy in the period ahead we should seek to maintain a normal of consciousness of fear of depression, and turn our attention to the pressing current problem of price and broad program to get inflation under control.

Stable Economy Essential

There are two parts to a program for greater economic stability. One part is to be kept broad. We must develop and make the proper equipment and the kind of economy that does not have to that moment, but a brief period of time. We have the ability to reach a state of price inflation with the least cost. And we have to be ready at the same time to move on to a full program for economic stabilization. This is the context in which we must look at the statistics and the figures to describe to you should be viewed. At the time of the invasion of America, May 1941, the economy was not in a boom. Production was developing renewed during a brief period of readjustment in 1949. With the beginning of the Korean War, inflation really took hold. The economy was already in a boom. In fact, it was a boom. It was a boom in which it would undoubtedly have been more in the interest of the economy to be earlier. There was very little unemployment. Wages, prices—everything was rising in a sky-high comparison with prices 10 years ago. There is a theory of the thirties, the doctrine of economic stagnation, fell by the wayside. Yet it is a fact that the world, however, was made of stronger stuff. It grew through the depression for the first time in history and we can only doubt whether it had been in the interest of the world’s welfare to check the prevention of a postwar depression. That postwar depression was stillborn, as is obvious to everyone. It is quite likely that we did not believe that this depression was inevitable. We had a successful nationwide CED field program to assist businessmen in making a quick transition from war to civilian production. But the generation of businessmen and economists who are now at the top of their professions received the cost-of-living index, which rose 86% from January to June, the dollar is now worth 94 pre-Korea cents. Wholesale prices in general have risen from 57% since the beginning of the war. Against wholesale prices, the dollar is up 8% since the beginning of the war. The dollar is up 8% since the beginning of the war. The dollar is up 8% since the beginning of the war. The dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is up 8% since the beginning of the war. But the dollar is
The State of Trade and Industry

With greater emphasis on defense production, overall industrial output revealed a slight trace of expansion last week, but as in past weeks continued to be marked below the level of the comparable week of last year.

Although aggregate production was at the highest point since the closing of the War II, it was stated to be under $2,000,000,000 monthly

Slights were noted in the latest reporting week in new claims for unemployment insurance. Employment, on the other hand, March

Reports for March indicate a total of 49,700,000,000 persons employed in March, or an increase of 1,250,000 over Feb-

The steel industry in the current month is expected to ship

The defense industry is being geared up for the anticipated increase in defense production.

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Frederick R. Shaw is with Shields & Co., 32 Wall Street, New York City, members of the New York Stock Exchange. In the past he was with Walston, Hoffman & Goodwin and with W. R. Bull & Co. Inc. of Bridgeport, Conn.

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The Dissonant Tunes Sung by the Anti-Inflation Fighters

One of the main obstacles in the way of the battle against overhang of the consumer buying that has been to the anti-inflationists is the tendency to confine its fighting service to the use of its lips. Too many segments of the population do not in practice treat it as a fundamental threat of monetary deflation, and thereby may, when the country is in war, disregard the dislocations. Included among the complacent are not only the politically-valorized and subsidized forces, but the business interests, and stock market bulls, but our government officials - and still more perhaps the President's Council of Economic Advisers, in a re-

We have therefore this splendid in-

The Convertible is Now in Season

By A. Wilfred May

right, by redemption ahead of maturity.

They have we this splendid in-

Continued from page 3

Observations . . . .

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One of the main obstacles in the way of the battle against overhang of the consumer buying that has been to the anti-inflationists is the tendency to confine its fighting service to the use of its lips. Too many segments of the population do not in practice treat it as a fundamental threat of monetary deflation, and thereby may, when the country is in war, disregard the dislocations. Included among the complacent are not only the politically-valorized and subsidized forces, but the business interests, and stock market bulls, but our government officials — and still more perhaps the President's Council of Economic Advisers, in a re-

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The Convertible is Now in Season

By A. Wilfred May

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They have we this splendid in-

Continued from page 3

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They have we this splendid in-
What Is a Dollar? (Continued)

By ROY L. GABRIEL
Professor of Economics, University of Southern California

Concludes, in essence, that:
(1) The standard of value is a dollar which consists of 13.714 grains of pure gold; (2) it is an increasingly difficult problem in a dynamic world even to expect a reasonably stable pure gold fiduciary; and (3) previous attempts to substitute currency and bank deposits into gold has contributed to dollar's stability; and (4) a modern managed gold standard within our domestic economy is a matter of time when it is expressed in this country.

The author goes on to state:

Bonds have a value which we paid for them ten years ago; and that our insurance and pensions are losing their value and may be worth little or nothing when we or our heirs receive payments.

We are told that the dollar is no longer "sound"; that since 1873 we have had an inefficient money currency system that the politicians can manipulate at will; and that our insurance and pension funds have lost control over the mone¬
y and fiscal policies of their government.

Advocates of a managed cur¬
rency, bureaucrats, government planners who would socialize our political and economic system, and pressure groups are denounced as forces of power for the increasing losses in the dollar. "Sound as a dollar" is no longer seen as much from the average American.

What is this dollar of which we speak? It is the word coined by the under¬
derpil, Financial Editor of the

The author has permission to quote from "Aldo" with the date, "what is a dollar?"

Chicago "Herald-America," wrote to the author:

"Academically I can see that there would be considerable interest in this subject but prac¬
tically I see a great deal more interest in doing anything I can to protect the so-called integrity of the dollar. The American dol¬
lar is the United States' medium of exchange. Our paper dollar is our medium of exchange and, for all practical purposes, the only dol¬
lar we now have. I believe that every effort should be made to keep it within the limits of sound policies to maintain its stability. There isn't any reason why it shouldn't continue to be a good medium of exchange but I fear its quality will deteriorate unless we follow sounder financial policies before it is too late.

This is an amazing but very

helpful statement. The author agrees fully with the plea for con¬
ditioning the dollar and sound policies. But how are we going to protect the integrity of the dollar if we are not sound enough to agree as to what a dollar should or should not be? The author would like to see a dollar that is sound in every way. It is an important part of the economy of the United States.

In his book, "Principles and Practices of Money and Banking," Dr. Louis D. Cline stated: "The dollar is the world's principal means of exchange. The value of the dollar is the yardstick—is an indispen¬sible social asset. Otherwise, the purchasing power of the unit becomes meaningless. The dollar is the English pound at £2.80 in United States dollars is a case in point. Foreign central banks and governments can and do convert their dollar credits in this country into gold at $35 per ounce—a privilege and a right for which they have paid. Foreign students often state that their government would be better satisfied with gold than with dollars. But if they have gold credits they can convert them into gold at the rate of 13.714 grains of pure gold per dollar. Standardization here sim¬ple statements: 'The English pound is standard in terms of gold. What the British pound will buy—its stability—in Great Britain.'

Testing Integrity of Dollar.

It is important to note that the ability of foreigners to convert their dollar credits in this country into gold at the standardized rate of 13.714 grains to the dollar is one of the few means we have at present to assure us of the integrity of our dollar.

Domestically, "the flight from dollars" is developing so strongly in recent years that our dollar is becoming decreasingly alarming over the dangers.
Grass Roots Opinion
Reflected in Poll

Shows "Wall Street" looked upon more favorably, popularity of "Welfare State" diminishing and controls over wages and prices favored.

"Wall Street" is looked upon more favorably in rural communities today than it was during the presidential election campaign of 1960, in the opinion of many rural editors. In the editors' press conferences, they suggested that the rural communities were more concerned about "Wall Street" and the financial community than they were in the cities.

The "Welfare State" has also taken a dive in popularity in rural areas, as the editors noted. In the current economic conditions, the editors felt that their readers felt the price controls and wages and prices in the present emergencies. However, the editors felt that the editors were not prepared for the rapid changes in the economy that would come in the next year.

Assuming that all forms of insurance were readily available from both public and private companies and 65% felt that their readers would place their insurance business with private companies and 65% felt that their readers would place their insurance in the private companies.

The editors were told that General Motors 1949 profits before taxes were "in the dollars" and they were asked if they thought those earnings were excessive. About 85% said that the earnings were excessive. Only 10% felt that the earnings were disapproved of "bigness" in industry and business which were 61% said they approved of it.

National Defense to Be Fired by "Court."

The question, "How can we end the Strain of National Defense?" will be "adjudicated" in The Court of Current Issues, on Tuesday, April 10. The "expert witnesses" will be Leon H. Kreyerling, Chairman of the National Economic Advisers; and A. Willet May, executive editor of the "Commercial and Financial Chronicle."

A. Berle, Jr., lawyer, economist, and former Assistant Secretary of State, will act as "consegel" for Mr. Kreyerling; and John G. Forbes, financial editor of the New York "Times," will act similarly for Mr. May. Y. Howard Carter, publisher of the "Daily News," will preside.

The proceedings will be televised over WABD-New York, Channel 7, at 8 p.m. and 11 p.m. on "Standard Time;" over WGN-Chicago; and WTGD-Washington.

Herod J. Pohl
Herod J. Pohl, partner in Her- drick and New York, Cali- passed away suddenly at the age of 50.

New Issue

$50,000,000
State of California

4%, 1½% and 1¾% State School Building Bonds, Series C

Dated May 1, 1956

Due May 1, 1953-77, incl.

Principal and interest paid (May 1 and November 1) payable at the office of the Treasurer of the State of California in Sacramento, California, or at the option of the holder at the office of any duly authorized agent of the State Treasurer, including the agent of the State Treasurer in New York City. Coupon bonds in denomination of $100, payable only as to both principal and interest.

Bonds maturing on and after May 1, 1977 are subject to redemption at the option of the State, as a whole or in part, on May 1, 1972 (but not prior thereto) with any interest current thereon, at the principal amount thereof and accrued interest thereto up to date of redemption. "Publication" of notice of redemption shall be one work for two works one (1) ten to more than 10 days or more than 90 days prior to said date of redemption, in each of the Cities of Los Angeles, San Francisco, Sacramento and San Diego. If less than all the bonds should be redeemed, they shall be called in income numerical order, the part as called out not less than the bond maturity in any one year.

In the opinion of counsel, interest payable by the State upon its bonds is exempt from all present Federal and State of California Personal Income Taxes under existing statutes, regulations and court decisions.

These bonds, to be issued for school purposes, in the opinion of counsel will be valid and legally binding general obligations of the State of California payable in accordance with their terms out of the General Fund of the State and the full faith and credit of the State of California is pledged for the punctual payment of both principal and interest. Under the enabling statute the State is obligated to collect annually, in the same manner, and at the same time as other state revenue is collected, such sum in addition to the customary revenue of the State as shall be required to pay principal and interest on the bonds at the same become due. The bonds were authorized by the electorate on November 8, 1949 for the purpose of providing aid for school construction in the State, the amounts thereof to be repaid in whole or in part, by the districts receiving aid.

AMOUNTS, RATES, MATURITIES, YIELDS AND PRICES

(Advised interest to be added)

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<th>Amount</th>
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<tr>
<td>$1,600,000</td>
<td>4½</td>
<td>1953</td>
<td>3.29%</td>
<td>1,800,000</td>
<td>5½</td>
<td>1960</td>
<td>100</td>
<td>22,000,000</td>
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<tr>
<td>1,600,000</td>
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<td>1953</td>
<td>1.25%</td>
<td>1,800,000</td>
<td>2½</td>
<td>1961</td>
<td>1.55%</td>
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<td>1,600,000</td>
<td>4½</td>
<td>1954</td>
<td>1.50%</td>
<td>2,000,000</td>
<td>2½</td>
<td>1960</td>
<td>1.60%</td>
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<td>45,000</td>
<td>4½</td>
<td>1957</td>
<td>1.35%</td>
<td>2,000,000</td>
<td>3½</td>
<td>1961</td>
<td>1.65%</td>
<td>2,400,000</td>
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<tr>
<td>1,600,000</td>
<td>4½</td>
<td>1957</td>
<td>1.35%</td>
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<td>1960</td>
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<td>2,400,000</td>
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<td>1,600,000</td>
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<td>1958</td>
<td>1.40%</td>
<td>2,000,000</td>
<td>5½</td>
<td>1961</td>
<td>1.78%</td>
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<td>1959</td>
<td>1.45%</td>
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<td>6½</td>
<td>1961</td>
<td>1.9%</td>
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<tr>
<td>1,600,000</td>
<td>5½</td>
<td>1960</td>
<td>1.50%</td>
<td>2,000,000</td>
<td>7½</td>
<td>1961</td>
<td>1.80%</td>
<td>2,400,000</td>
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Yield to maturity

These bonds are offered when, at and if issued and received and subject to approval of legality by Messrs. Orrick, Dahl, Neff & Harrington, Attorneys, San Francisco, California, by the following underwriters:


California Pacific Utilities Co.—Memorandum—First California Co., 300 Montgomery Street, San Francisco, Calif.

Collins & Company—Memorandum—Bear & Co., 120 Broadway, New York 5, N. Y.

Continental Sulphur & Phosphate Corp.—Memorandum—Beer & Co., Gulf States Building, Dallas 1, Texas.

Electric Bond & Share—Analysis—E. F. Hutton & Company, 61 Broadway, New York 6, N. Y. Also available is an analysis of Stone & Webster.

France Wyoming Oil Co.—Memorandum—Dempsey-Tagger & Co., 208 South La Salle Street, Chicago 4, Ill.

Ekco Products Company—Bulletin—Freiberg, Meyerhoff & Co., 120 South La Salle Street, Chicago 3, Ill.

General Electric Co.—Memorandum—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

Glass Fibers, Inc.—Brief report—Goodbody, 115 Broadway, New York 6, N. Y.

International Celulose Company—Memorandum—Swift, Henke & Co., 135 South La Salle Street, Chicago 3, Ill.

International Hydro-Electric System—Data—Oppenheimer, Vanden Broeck & Co., 40 Exchange Place, New York 5, N. Y.

Interstate Power Company—Special analysis—Kalb, Voorhis & Co., 25 Broad Street, New York 4, N. Y.

Mead Corp.—Memorandum—Auchincloss, Parker & Redpath, 729 5th Street, N. W., Washington 5, D. C.

Metropolitan Life Insurance Co.—Memorandum—1950—Metropolitan Life Insurance Co., 1 Madison Avenue, New York 16, N. Y.

National Screen Corporation—Report—Loovel & Co., 225 East Mason Street, Milwaukee 2, Wis.

Northeast American Aviation, Inc.—Analysis—Dayton & Geron, 105 Broadway, New York 6, N. Y.


Pacific Western Oil—Memorandum—Friedman, Beane & Co., 25 Broadway New York 5, N. Y. Also available are memoranda on Mission Corp. and Mission Development.


Pubic National Bank & Trust Co. of New York—Memorandum—C. E. Utterback & Co., 61 Broadway, New York 6, N. Y.

Riverwater Paper Company—An analysis of the 15 listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau tabulations, both as to yield and market performance over an 11 year period—National Quotation Bureau, 60 Front Street, New York 4, New York.

Progressive Investing Without Forecasting—Trend-following formula for long-term operation—$1.50 for four months, or $1.00 for next two discussions—Baker's Investment Timing, Port Huron, Mich.

Utility Stock Analyst—Comparative tabulation as of April 1—Geyer & Co., Inc, 63 Wall Street, New York 3, N. Y.

Aluminum Limited—Annual report—Aluminum Limited, Box 6500, Montreal, Que., Canada.

America Martian Company—Analysis—Republic Investment Corp., 68 S. Michigan Avenue, Chicago 3, Ill. Also available is a report on Cenco Corporation.

Anderson-Pichard Oril Corp.—Analysis—Bruns, Nordeman & Co., 192 Water Street, New York 4, N. Y.

Armco Steel Corporation—Complete 1950 annual report—Armco Steel Corporation, Middletown, Ohio.

Audio Devices, Inc.—Analysis—Peter Morgan & Co., 31 Nassau Street, New York 5, N. Y.

Bulalo Gold Dredging, Ltd.—Memorandum—Aerco Securities Corp., 111 Broadway, New York 3, N. Y.

C. P. Financial—Review—J. A. Brandt & Co., 65 Exchange Place, New York 6, N. Y. Also available is a brief review of New York, Chicago & St. Louis, and an analysis of Central Vermont Public Service Co.

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

Price 101.34% and accrued interest

$12,000,000

Worcester County Electric Company

First Mortgage Bonds, Series B 3 3/4%, due 1981

Dated March 1, 1951

The Prospective may be obtained in any State in which this announcement is circulated from only such representatives and other dealers as may lawfully offer these securities in such State.

HALSEY, STUART & CO. INC.
EQUITABLE SECURITIES CORPORATION OTIS & CO. SHIELDS & COMPANY
AMERICAN SECURITIES CORPORATION WEEDEN & CO. INCORPORATED
COOLEY & COMPANY WM. E. POLLOCK & CO. INC. STERN BROTHERS & CO.
THOMAS & COMPANY CLAYTON SECURITIES CORPORATION

M. E. NEWTON & COMPANY

April 5, 1951.
FHA's Current Operations and The Home Mortgage Industry

BY FRANKLIN D. RICHARDS
Commissioner, Federal Housing Administration

Federal housing officials expect that current credit restrictions and other factors will reduce the number of dwelling units started this year. The 1951 aggregate of 58,000 starts is not far from the 1947 total which at that time was deemed notable as it had not been equaled since the mid-twenties. But the increase in the long-term growth of mortgage money, accompanied by keener competition for loans, and expresses hope that this situation will not result in practice of former years of paying premiums in order to obtain business. Reviews current comments on proposed amendments to National Housing Act.

This Regional Mortgage Conference takes place under great uncertainty and apprehension about the world situation and the forces which may come into play. Our problem is particularly sensitive to international events. High costs might be expected to result from the factor of overvalued dollar and labor uncertainties and give rise to additional credit restrictions. The housing situation must be seen as it has been in recent years. In the recent past, the volume of new housing has declined in some areas to a very modest level. In the mid-20's, the peak was around 100,000 units.

The ultimate effect of the credit curbs alone cannot be accurately gauged today. There are factors involved such as the availability of housing money, high cost, interest rates, and concern as to whether further restrictions will result in new tightening of construction money, as well as other economic changes. However, it is possible to say that what has been done so far this year, we can say is encouraging. Last year's production is continuing at a rather high rate. FHA starts in January were 25,679 units, as compared to 27,909 in January 1950. The February figure in 1950 was 16,500, starts in February this year, 25,284 last year. Total starts, with all types of financing, were down 10%—even higher than last year. The February starts were 78,000 units—about 8% under last year. This record of building starts continued into February, and the result of this year's housing effort is a reflection of the high filings of applications for FHA insurance for the last 16 months of 1950.

With the backlog of approved filings of last fall together, with the current volume of new home building, indications at this time are that the estimated volume of units built to meet the demand will not appear out of line, barring some radical change in defense requirements.

Credit Curbs Flexible

We do know, however, that conditions can change and that the credit curbs are flexible. The action already taken to permit terms different from established credit regulations for specific new construction necessary for the national defense, in Paducah, Kentucky, and Savannah, River, South Carolina, are examples of modification of credit curbs to meet urgent defense needs.

At this point I should like to give you a very brief report on current operations. To date the Administration has insured more than $2 billion in mortgage money and property improvement loans made by private lending institutions. Of this insurance, the outstanding balance is about $12 billion. If we take a little over half of the loans on the total amount of mortgage money which FHA has insured, this comes around 8% of 100%. At the present time our capital and reserves amount approximately to $350 million, and dividends paid to mortgagees have exceeded $77 million.

Rather than promises as to what the future role of the FHA will be in an uncertain period ahead, I should like to assure you that we will put forth every effort to maintain a satisfactory record consistent with the industry continuing and expanding opportunities for minority groups and the average American family. This means suitable housing within the paying ability of such families.

Small Mortgage Needs

The need for small mortgage financing for middle income families is, in my opinion, particularly important at this time. During a recent trip I took through many States, I have seen in many parts of the country, probably 160 projects and I am very happy to see the industry producing such excellent housing accommodations for middle income families, as well as for the average American family.

Although the new Section 213, Cooperative Housing, is a little less than a year old, more than $4 billion in applications for contributions and eligibility statements have been filed in our field offices.

We are also doing a substantial business under Section 207, Rental Housing.

Property Improvement loans under Title II are not as active as they were at the onset in the housing market, but they are active. We are making great efforts to make use of this type of building. The insurance brought direct benefits to rebuilding American families and the total volume was only a small fraction of the business involved.

During the year 1950 much more housing for minority group occupants was produced than ever before. This represents every encouragement to the FHA to emphasize the desirability of the FHA current operations and the Home Mortgage Industry.
Pennsylvania Brevities

Despite the fact that substantially higher corporation taxes were imposed in this state by the legislature at the opening of its annual sessions, it has been indicated that many Pennsylvanians have reported receiving substantially higher dividends or sub-contracted, will provide a needed "shot in the arm" for the economy of the state for all outlook for 1951 is not unfavorable.

James Lees & Sons Co.

Although the costs of basic car-ribery and trucking have increased sharply in 1950, a series of suc-cessfully executed price increases margins with curtailing demand in the industry with income up $11,000,000, and the outlook for 1950 income at $58,000,000. This company's large backlog includes many contracts for construction of refineries.

Sun Oil Co.

PHILADELPHIA—Sun Oil Co. credits its 5-year program of expansion and modernization of facilities with results 'very favorable. Sales increased approximately $11,000,000 to $300,000,000, and profits per share, common, with earnings of $4.57 per share in 1949. In 1948, sales volume was $1,500,000,000.

Rohm & Haas Co.

PHILADELPHIA—Sales of Rohm & Haas Co.'s polymeric, organic, and inorganic material to factors rose to a new high of $22,000,000 for the period ending Dec. 31, 1950. The company spent about $9,000,000 in previous years, and, according to Otto Haas, President, will spend an additional $10,000,000 to $12,000,000 this year if materials are available.

Atlantic Refining Co.

Net income of Atlantic Refining Co. in 1950 was $6,401,508, or $13.09 per common share, compared to the 1949 income of $6,401,508, or $13.09 per common share, according to the company's recent annual report which listed production, sales, and profits for the year. They are related to Baldwin.

Robert H. Colley, President, at-tibuted favorable results to ability and the company to get all the increased in refinery re-tail sales from a rise crude production, to a higher volume of refined products, and to a comparatively small increase in operating expen-ses and definite fact that Vene- zuelan operations contributed to company's profits for the first time, as contrasted with losses in previous years.

Colley's letter to stockholders said, "Producers' refining capacities have been in-creased, with the result that the in-crease in capacity to meet market demands made under the stress of keen competition.

"The oil industry is well pre-pared," Mr. Colley stated, to meet the requirements of demand from national emergency. Engineers have estimated company's reserves of 50,000,000,000 barrels of oil at $1,000,000,000,000, and reserves of 214,000,000 barrels of natural gas at 13 billion cubic feet.

National Steel Co.

PHILADELPHIA—New "highs" recorded by National Steel Cor-poration in the fourth quarter production, shipments, sales, net earnings, employment and wages payments. Total sales of $397,000,000, up $13,631,828 for the year, pro-duced net earnings of $57,814,974, or $7.25 per share, compared with $37,450,879, or $6.19 per share, for 1949. National Steel's new completely integrated plant at Brownsville, Pa., on the Delaware River from Philadelphia will add over one million tons of capacity by the end of 1952, bringing the total to 6,000,000 tons.

First of the "Satellites"

It has been completed the construction of the $400,000,000 E. & S. Steel plant at Morrisville, near the junction of National Steel Co., at Paulsboro, Camden, N. J. The new satellite will bring about the location of many new industries and new sources of steel, will form a major part of the iron and steel manufacturing in New Jersey.

"Please Pass the Pie"

At the annual meeting of Pauls Gas Improvement Co. to be held May 7, 1951, at its offices at 620 South Broad Street, Philadelphia, will be held, to offer a resolution providing that the company distribute approximately 250,000 shares of its common stock to the company's largest stockholders. This resolution contains an alternative suggestion under the term of the company's securities would be sold at $50 per share. His resolution contains an alternative suggestion under the term of the company's securities would be sold at $50 per share. His resolution contains an alternative suggestion under the term of the company's securities would be sold at $50 per share. His resolution contains an alternative suggestion under the term of the company's securities would be sold at $50 per share. His resolution contains an alternative suggestion under the term of the company's securities would be sold at $50 per share. His resolution contains an alternative suggestion under the term of the company's securities would be sold at $50 per share. His resolution contains an alternative suggestion under the term of the company's securities would be sold at $50 per share. His resolution contains an alternative suggestion under the term of the company's securities would be sold at $50 per share.

"Planning Management is asking stockholders to reject the resolution.

"Baldwin-Lima-Hamilton Corp.

Baldwin-Lima-Hamilton Corp. filed a motion for review of a decision of the New York State agency, which was reversed by the New York State Supreme Court. This court reversed the order of the New York State Supreme Court and upheld the New York Supreme Court's decision. This court reversed the order of the New York State Supreme Court and upheld the New York Supreme Court's decision. This court reversed the order of the New York State Supreme Court and upheld the New York Supreme Court's decision. This court reversed the order of the New York State Supreme Court and upheld the New York Supreme Court's decision.

"Tyson & Co Opens New York Office"

Mr. Robert D. Tyson, Jr., President of Tyson & Co., and Mr. W. B. Blinn, Senior Vice President, announced that the company has opened a new office at 37 Wall Street, New York City, on May 28. The new office at 37 Wall Street, New York City, on May 28. The new office at 37 Wall Street, New York City, on May 28. The new office at 37 Wall Street, New York City, on May 28. The new office at 37 Wall Street, New York City, on May 28.

"STROUD & COMPANY Incorporated"

PHILADELPHIA 9

Philadelphia 4, Pa.

Active Trading Markets

Maintained in all PHILADELPHIA BANK STOCKS
Inflation is already sabotaging our economy and it carries the red flag of international communism. Why do I say this? I listen to this: Right before me, as I have been doing roughly 15 itches, has gone up in price, it's a soaring kite.

Here's a certain kind of gauze — it's a gauze rope. It's 500-feet long, and it is a heavy air-activated gun — worth about $100,000 in the middle of last year. Why is this? It is because the inflation today? One-quarter of a million dollars would go on endlessly with item after item. If you go down the line as I have done, you will find that the prices have gone up in price, and it's not worth the matter the expense. These aren't deferred purchases. We can't afford to buy that. How price will come down. We've got to land it now.

Put it any other way. Last September was a loss on bank account on individuals and corporations to raise an estimated $4½ billion for our military and war effort, but what has happened to the money? The net receipt of the money. Now the higher price governments must pay to fill its military requirements has not been offset by any tax increase. So you and I are actually helping to pay the higher price of goods.

If we don't should make up our minds once and for all. Do we want to control this type of inflation, or are we going to let it run out of control, because it's going to require sacrifices from all of us. In the two months I've been in this office, I've found nobody who wants con- trol on himself. He wants control on the other fellow. And many people seem to think prices and wage controls alone will do the trick. They won't, they don't deal with the effects of inflation. They don't get at the root cause.

Price and wage controls are like a lid on a bowl of soup. The steam is not visible, but it is building up explosive pressures underneath. It will take an all-out assault on the root of inflation. We must move against it promptly — energy, construction and transportation, from all directions all at once in a synchronized attack.

You may not like what this is going to mean. First of all, it means we've got to use our personal savings and personal budget. And I want to talk about that tonight.

Most people think taxes are too high now. They are high—but they are not, the high enough for this in-

 outrageous.
The Evil of Universal Military Training

BY WILLIAM A. ROBERTSON
Member of the New York Bar

Mr. Robertson lists eight objections to proposal for universal military training, among which are: (1) effect in leading to habits of arbitrary and autocratic command, such as unfit one for civil life; and (2) are castes or caste unanswerable to democratic society. Says UMT would mean heavily increased burden on taxpayer.

SUMMARY

The Evil of Universal Military Training

The proposal to enforce Universal Military Training would arouse the most strenuous opposition of all classes, and create a new form of government. Objections to the plan are many and weighty. To realize the possibilities of this sort of training without extended amplification, the issues are: (1) Military training tends to breathe into a soldier a very prejudiced habit of mind, as well as a spirit of Elitism. (2) The agencies currently gathering estimates from prime contractors, aluminum and steel industries. (3) The agency estimates are only a beginning. (4) Are there 22 classes of products? (5) The proposal is not based on a clear analysis of the problem. (6) The plan would tend to increase the size of the armed forces. (7) The plan does not consider the possibility of recruiting the best from the ranks. (8) The plan is not based on a clear analysis of the problem. (9) The plan does not consider the possibility of recruiting the best from the ranks. (10) The plan does not consider the possibility of recruiting the best from the ranks. (11) The plan does not consider the possibility of recruiting the best from the ranks. (12) The plan does not consider the possibility of recruiting the best from the ranks. (13) The plan does not consider the possibility of recruiting the best from the ranks. (14) The plan does not consider the possibility of recruiting the best from the ranks. (15) The plan does not consider the possibility of recruiting the best from the ranks. (16) The plan does not consider the possibility of recruiting the best from the ranks. (17) The plan does not consider the possibility of recruiting the best from the ranks.

The proposal is rejected.

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Canada's Investment Opportunities

By W. WALLACE TURNBULL

Wood, Gundy & Co., Inc., New York City

Discussing the major fields of economic activity in Canada with particular reference to exports, Mr. Turnbull lists the principal producers and manufacturers that these companies should logically seek to attract to Canada, given Canada's large mineral wealth and tourist facilities. He notes that large volumes of U.S. private capital invested in Canadian enterprises since World War II and says that such investments are likely to continue. Says greatest influx of American capital so far has been in every U.S. company that has participated in the development of the oil resources.

Now, let us turn to the major fields of economic activity and here I have taken for guide posts the major exports and exports, the following being arranged in order of importance for the year 1949. Take the figures in each case to the nearest million dollars...

**Petroleum, Crude and Refined**

- **Manitoba, Except Agricultural**
  - Coal
  - Farm Products, Livestock and Machinery
  - Rolling-Mill Products
  - Cotton Products
  - Wood Products
  - Pulp and Paper Products
  - Fruits
  - Dairy and Livestocks

These are the first dozen in order of importance on the import list and are followed, of course, by contents and materials.

Taking now the leading 12 exports, again expressed in nearest million dollars, we have the following:

- **Newspaper Paper**
- **Wheat**
- **Wood-Pulp**
- **Flax and Board**
- **Aluminum**
- **Fish and Fishery Products**
- **Sugar and Syrup**
- **Copra and Coconut Products**
- **Grains, other than Wheat**
- **Nickle**

This last list, namely of Canada's major exports, may be the second half of my paper which is to deal with Canadian investment opportunities for the major producers of these primary exports. We are, therefore, interested to ascertain the possibilities of attracting U.S. capital to the development of these areas.

The second group of our export list is newspaper paper and in this field we have such giants as Inter-

This being one of the logical ways whereby Canada seeks to cut down her need for imports of coal (chiefly from the United States), an increase in coal being third in importance on our list of imports.

In Ontario our water power develop-

1. **Canada**
2. **Northern Mining Co.,**
3. **R. MacMillan Wood and Paper Co.**
4. **Aluminum Co.**
5. **Cotton Products**
6. **Wood Products**
7. **Pulp and Paper Products**
8. **Fruits**
9. **Dairy and Livestocks**
10. **Nickle**

In the field of wood-pulp, this is another big producer. The International Paper (along with its Canadian interests) and the Canadian controlled companies having the biggest assets in the industry are the Great Northern and British Columbia Pulp & Paper companies. In this category these companies have already done a lot to develop the industry.

While in the related forestry area of coal, Sault Ste. Marie Co., has invested $52,000,000 and is already producing 900,000 tons of coal per annum.

Now, we come to the field of electrical power and here we see the greatest influx of U.S. capital so far has been in every U.S. company that has participated in the development of the oil resources.

In California this water power de-

1. **Canada**
2. **Northern Mining Co.,**
3. **R. MacMil-
4. **Aluminum Co.**
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NEWS ABOUT BANKS AND BANKERS

The National City Bank of New York.

Mar. 31, Dec. 31, 30
Total resources. $7,536,629,560 $7,021,593,320
Deposits 6,846,610,780 6,337,046,810
Cash and due from banks 1,687,997,521 1,778,370,189
Loans and discounts 5,696,074,478 5,376,307,201
Unpaid interest 29,823,187 29,823,187

GARANTY TRUST COMPANY OF NEW YORK.

Mar. 31, Dec. 31, 30
Total resources 13,021,245,866 12,559,859,404
Deposits 10,324,236,850 9,784,619,654
Cash and due from banks 2,660,118,081 2,775,236,690
Loans and discounts 1,036,891,935 937,501,487
Unpaid interest 10,952,367 10,952,367

MANUFACTURERS TRUST CO., NEW YORK.

Mar. 31, Dec. 31, 30
Total resources 1,945,399,821 1,882,380,509
Deposits 1,590,050,372 1,523,127,785
Cash and due from banks 251,365,829 259,257,001
Loans and discounts 193,983,620 200,013,723

UNITED STATES TRUST CO., NEW YORK.

Mar. 31, Dec. 31, 30
Total resources 123,217,470 117,771,992
Deposits 97,474,631 92,029,117
Cash and due from banks 25,742,839 25,742,839
Loans and discounts 65,115,231 66,039,066

INTERVENY TRUST CO., NEW YORK.

Mar. 31, Dec. 31, 30
Total resources 1,154,169,861 1,154,169,861
Deposits 934,591,016 934,591,016
Cash and due from banks 219,578,845 219,578,845
Loans and discounts 114,000,000 114,000,000

BANK OF THE MANHATTAN CO., NEW YORK.

Mar. 31, Dec. 31, 30
Total resources 1,446,192,651 1,446,192,651
Deposits 1,071,364,841 1,071,364,841
Cash and due from banks 337,786,624 337,786,624
Loans and discounts 57,041,186 57,041,186

THE NEW YORK TRUST CO., NEW YORK.

Mar. 31, Dec. 31, 30
Total resources 278,247,402 276,545,437
Deposits 226,580,012 223,885,084
Cash and due from banks 42,699,915 42,699,915
Loans and discounts 12,977,475 12,977,475

CORN EXCHANGE BANK TRUST CO., NEW YORK.

Mar. 31, Dec. 31, 30
Total resources 199,825,390 195,023,048
Deposits 168,246,268 166,022,328
Cash and due from banks 21,579,122 21,579,122
Loans and discounts 9,000,000 9,000,000

THE MARINE MIDLAND BANK TRUST CO., NEW YORK.

Mar. 31, Dec. 31, 30
Total resources 308,169,550 306,698,027
Deposits 245,065,007 243,553,491
Cash and due from banks 63,104,543 63,104,543
Loans and discounts 8,128,433 8,128,433

THE COMMERCIAL NATIONAL BANK TRUST CO., NEW YORK.

Mar. 31, Dec. 31, 30
Total resources 222,340,122 219,643,259
Deposits 170,799,114 170,799,114
Cash and due from banks 39,840,000 39,840,000
Loans and discounts 7,702,361 7,702,361

HENRY SCHRODER BANKING CORPORATION.

Mar. 31, Dec. 31, 30
Total resources 19,232,334 18,109,029
Deposits 14,499,026 12,604,509
Cash and due from banks 4,733,308 5,504,520
Loans and discounts 10,673,316 9,683,914

CLINTON TRUST COMPANY, NEW YORK.

Mar. 31, Dec. 31, 30
Total resources 27,638,265 24,000,000
Deposits 21,231,073 19,231,073
Cash and due from banks 6,407,192 4,768,927
Loans and discounts 1,976,568 1,976,568

THE NATIONAL CITY BANK OF LONG BEACH, LONG ISLAND, N. Y.

Mar. 31, Dec. 31, 30
Total resources 2,339,828,013 2,185,000,000
Deposits 1,824,560,000 1,667,700,000
Cash and due from banks 515,268,013 517,300,000
Loans and discounts 579,003,013 577,500,000

THE CHASE NATIONAL BANK, NEW YORK.

Mar. 31, Dec. 31, 30
Total resources 13,092,236,040 12,662,072,157
Deposits 10,673,316,920 10,250,765,417
Cash and due from banks 2,418,923,120 2,411,306,740
Loans and discounts 1,000,000,000 999,900,000

SPECIAL REPORTS

ARMCO STEEL CORPORATION

Middleton, Ohio, with Plants and Sales Offices from Coast to Coast


The Commercial and Financial Chronicle. Thursday, April 5, 1951.

"Each stockholder of the two banks will receive one share of stock for each share of the present banks now held. The par value of both banks' stock is $10. The plan of merger authorizes the conversion of about 872,521,230 shares of the common stock of both banks to a total of 2,832,230 capital shares, 20% more than the total number of shares of the two present banks."

The name of the united bank is the "Chase National Bank and Trust Company."

A proposal to increase the authorized capital stock for banking and trust corporations in Ohio was adopted by the legislature, making the capital funds of such companies eligible for the use of the state in connection with the issuance of public bonds. An amendment of the law, making it possible for the issuance of $60,000,000, with the deduction of all expenses in connection with the issuance. In effect, this move, approved by the directors on March 22, makes it possible for the proceeds of the new financing, if approved, to reach $60,000,000, after the deduction of all expenses, to be used to retire all of the outstanding bonds issued by the banks, and capital stock of the united bank will be $27,000,000, and capital stock of the united bank will be $40,000,000.
Engineering developments that improve the riding qualities of cars, military vehicles, trucks and railroad freight cars

New uses of suspension principles are doing important things for wheel-borne transportation.

Cars that move along the highways, military vehicles that transport men and equipment, trucks that haul the products of farm and factory, and freight cars rolling on the railroads—all benefit from developments introduced by Chrysler scientific research and engineered production.

This M-27 cargo carrier, built by Chrysler Corporation, can travel more rapidly and surely over rough country than our World War II cargo carriers. The ride is steadied for men and cargo by new suspension principles, improved springs and heavy-duty shock absorbers that provide extra cushioning power on bad roads or roadless terrain.

A new and softer ride is now incorporated in military design ambulances and trucks being built by Chrysler Corporation. Often a military ambulance must operate in rugged country where there are no roads. With improved suspension, special springing and new type shock absorbers, jars and discomfort are minimized as never before.

Another important advance in riding comfort comes from Chrysler's "Oriflow" shock absorber, an exclusive feature on all our new Plymouth, Dodge, De Soto and Chrysler cars, on Dodge ½, ¾ and 1 ton trucks, and all Route Vans. It uses hydraulic principles in a new way to give cushioning power three times that of ordinary shock absorbers. On every kind of road, "Oriflow" works in harmony with synchronous springing, shockproof steering and scientific weight distribution to provide a smoother, safer ride.

For railroad freight cars, which also require protection from shocks along the rails they travel, Chrysler engineers have developed a new "balanced suspension." It absorbs both vertical and lateral shocks gently, so that cargoes can ride steadier and safer.

In this accurate scale model you see three reasons for smoother "ride." (1) The "Oriflow" shock absorber which helps control shocks that come from jolting side motion. (2) Unique friction snubber which works with (3) long travel coil springs to absorb vertical shocks and control bounce. Engineered by Chrysler, this mechanism is produced for railroads by qualified equipment manufacturers.

On the highways, in the fields and on the rails, Chrysler Corporation's scientific developments and engineered production help meet the nation's military needs, and advance the safety, dependability and efficiency of wheel-borne transportation.

CHRYSLER CORPORATION
Russian Dangers
By ROGER W. BARSON
Expressing confidence in outcome of Korean campaign, Mr. Barson finds greatest present, if the situation by the Russian Communists is such that the Chinese will turn permanently in our favor if President Truman avoids war with China.

Roger W. Barson

Well, Ivor on Monday face a Communist danger. I do, however, believe that this possibility is by any means the greatest danger facing the nation. It crookedly, rudely, indeed, it is in the presence of Russian duplicity, and its threat to our future and to the peace of the world. At last even the most stupid of our politicians can now see that Russian duplicity could mean world slavery.

We may never succeed in making the world "safe for democracy," but our American system is far superior to every one. The Reds may make us dance in our own time, but knowing them for what they are, I do believe the American people will fall for either the intrigue or violence of the Kremlin and will reach to its goal. We are too smart to be taken in by their harsh and false doctrine. So I do not fear America going Communist or being conquered by Moscow's troops. We have the soul and forget property, but we shall never forget the consequences.

Suburban Propane Gas Corporation and Subsidiaries

Total Revenue: $5,473,015
Net Income before Taxes: $977,625
Total Tax and Contingencies: $225,372
Net Income: $902,353
Total Dividends: $602,371
Ending Inventories in Business: $237,907
Fixed Assets (Net): $6,128,204
Earnings per Common Share: $1.07
Common Shares Outstanding: 590,000
Number of Installations Year End: 96,128

Snyder Reports Improved Federal Finances

Treasury estimates, based of larger revenue receipts and reduced expenditures, there will be a surplus of about $3 billion in 1951 fiscal year and an $850 million surplus in 1952. This is a sharp contrast with the Administration's $1.26 billion surplus for fiscal 1950.

Appearing before the Committee on Ways and Means of the House of Representatives on April 2, Secretary of the Treasury John W. Snyder reported a more favorable situation in Federal personal and recommend that total Federal tax increase for 1952 be $1.6 billion. This contrasts with $1.26 billion increase originally deemed necessary by the Administration.

Internal revenue collections associated with the filing of income tax returns on March 15 indicate that Federal government's revenues for this fiscal year will be about $2 billion higher than anticipated in the January budget. Snyder noted, adding: "The indicated increase in revenue is due primarily to higher income and from individual and corporate taxation, and accounting data for the largest part of total receipts. However, a significant part of the increase is attributable to less than expected collections from excise taxes, expenses of wages paid and manufacturers' excuses, caused by an unfavorable state of dealers' inventories as well as increased consumer buying partly that of the $2 billion increase in revenues. In other words, part of the increase is from a result of war buying and rising prices, which are only in higher living costs but in higher defense costs as well.

In addition to the usual problem of appraising the effects of recent tax legislation, revenue estimates are being based on the basic changes now taking place in the economy. Some of the civil service are in programs such as those administered by the Census, the Department of Commerce and Credit Corporation. The latter are affected by changes in economic conditions. For example, the credit unions' members, veterans' drawings on readjustment benefits, for example, depend on an employment opportunity. Funds required by the CCC fluctuate with federal government loan practices under the price support programs.

With respect to the timing of defense spending, I am advised by the chairman of these boards that it is not possible at this date to predict how promptly the contracts to be placed will be followed by actual expenditures. It is also possible that contractors are reveling an ability to enlarge their work during the normal periods with their own financial resources and with less revenue to come. The day of the account than was the case during the current fiscal year. While the military production and the preparation for a quicker march on the enemy is required, however, the current budget surplus is temporary and that we must guard against the unwarranted conclusion that it will be maintained in the future.

The extent to which revenue collections for fiscal 1952 will rival over to raise fiscal year revenue is not yet clear. In the absence of the detailed budget, Treasury revenue collection for fiscal 1952 revenues are at present estimated at 10 percent higher than anticipated in the January budget.

While the slow unfolding of the defense program may some, the outlook for a higher level of expenditures, the total cost of the defense is $14 billion for fiscal 1952, and as a result of higher prices may actually be in the neighborhood of $14 billion or higher. I am as well that the current situation is encouraging, this should not be allowed to postpone adequate planning. We must not fail to provide for the proper financing of our steady and increasing defense production.

We still believe that the present fiscal situation is encouragin; this should not be allowed to postpone adequate planning. We must not fail to provide for the proper financing of our steady and increasing defense production.

Since Korea, the increase in defense expenditures will be largely for the purpose of adding manpower to the armed forces, and this increased cost will, of course, be paid for by the increased cost to the taxpayers. It has been estimated that the present fiscal year will probably be about $3 billion less than those projected in the budget. The reduction in expenditures this fiscal year is partly accounted for by savings in the civilian programs and partly by the fact that financial settlements on military balances have accelerated. Some of the civilian reductions are in programs such as those administered by the Census, the Department of Commerce and Credit Corporation. The latter are affected by changes in economic conditions. For example, the credit unions' members, veterans' drawings on readjustment benefits, for example, depend on an employment opportunity. Funds required by the CCC fluctuate with federal government loan practices under the price support programs.

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Since Korea, the increase in defense expenditures will be largely for the purpose of adding manpower to the armed forces, and this increased cost will, of course, be paid for by the increased cost to the taxpayers. It has been estimated that the present fiscal year will probably be about $3 billion less than those projected in the budget. The reduction in expenditures this fiscal year is partly accounted for by savings in the civilian programs and partly by the fact that financial settlements on military balances have accelerated. Some of the civilian reductions are in programs such as those administered by the Census, the Department of Commerce and Credit Corporation. The latter are affected by changes in economic conditions. For example, the credit unions' members, veterans' drawings on readjustment benefits, for example, depend on an employment opportunity. Funds required by the CCC fluctuate with federal government loan practices under the price support programs.

With respect to the timing of defense spending, I am advised by the chairman of these boards that it is not possible at this date to predict how promptly the contracts to be placed will be followed by actual expenditures. It is also possible that contractors are revealing an ability to enlarge their work during the normal periods with their own financial resources and with less revenue to come. The day of the account than was the case during the current fiscal year. While the military production and the preparation for a quicker march on the enemy is required, however, the current budget surplus is temporary and that we must guard against the unwarranted conclusion that it will be maintained in the future.

The extent to which revenue collections for fiscal 1952 will rival over to raise fiscal year revenue is not yet clear. In the absence of the detailed budget, Treasury revenue collection for fiscal 1952 revenues are at present estimated at 10 percent higher than anticipated in the January budget.

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Report to Metropolitan Policyholders for 1950

ANOTHER YEAR OF OUTSTANDING SERVICE

There could be no better summary of the Metropolitan Life Insurance Company’s activities and achievements during 1950 than the following message with which President Charles G. Taylor, Jr. opens the Company’s Annual Report to Policyholders.

“You have every reason to be pleased with the results of the operation of Metropolitan in 1950.

“The major test of a Life insurance company’s value to the public is in the payment of benefits to policyholders and beneficiaries and in the increase of the insurance protection which the company affords them. New high records in each respect were made in 1950.

“Metropolitan has been able to maintain this year, with minor modifications, the prevailing dividend scales. The Company has also made appropriate additions to surplus funds and contingency reserves held for the protection of policyholders. This means that, with very few exceptions, individual policyholders’ dividends will be equal to, or greater than, the dividends paid last year. It is gratifying to report that, notwithstanding increased costs due to inflationary trends which have affected every business and every individual, Metropolitan has thus continued its low cost record.”

Whether or not you are a policyholder in the Metropolitan Life Insurance Company, you will find the 1950 “Annual Report to Policyholders” interesting and informative. If you would like to have this booklet, simply fill in and mail the coupon below. A copy will be sent to you without charge.

High Lights

Payments to policyholders and their beneficiaries...$837,000,000—the greatest sum ever paid in benefits in any one year by the Company.

During 1950 the ownership of Metropolitan Life insurance was increased by a record amount of $3,725,000,000.

The total in force was $44,425,000,000 on the lives of 33,150,000 persons—$21,930,000,000 was Ordinary; $10,464,000,000 was Industrial; and $13,031,000,000 was Group.

After deducting investment expense, the net rate of interest earned was 3.07%.

STATEMENT OF ASSETS AND OBLIGATIONS...DECEMBER 31, 1950

(In accordance with the Annual Statement filed with the Insurance Department of the State of New York.)

ASSETS IN THE COMPANY'S POSSESSION

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>$7,051,010,021.20</td>
</tr>
<tr>
<td>U.S. Government</td>
<td>$2,369,782,674.64</td>
</tr>
<tr>
<td>Canadian Government</td>
<td>$211,012,366.10</td>
</tr>
<tr>
<td>Provincial and Municipal</td>
<td>$141,561,438.00</td>
</tr>
<tr>
<td>Railroad</td>
<td>$230,361,341.71</td>
</tr>
<tr>
<td>Public Utility</td>
<td>$1,168,087,289.54</td>
</tr>
<tr>
<td>Industrial and Miscellaneous</td>
<td>$2,285,189,500.62</td>
</tr>
<tr>
<td>Bonds of the Company’s housing development corporations</td>
<td>$110,010,021.20</td>
</tr>
</tbody>
</table>

Stocks

All but $143,502,902.72 are Preferred or Qualified.

Mortgage Loans on Real Estate

Mortgage Loans on Urban Properties | $1,365,305,209.20 |
Mortgage Loans on Farm Properties | $125,743,852.58 |

Loans on Policies

Made to policyholders on the security of their policies.

Real Estate (after decrease by adjustment of $14,000,000 in the aggregate)

Housing projects and other real estate acquired for investment | $228,996,999.17 |
Properties for Company use | $41,516,597.97 |
Acquired in satisfaction of mortgage indebtedness (of which $3,549,699.31 is under contract of sale) | $26,048,045.42 |

Cash and Bank Deposits | $19,012,703.97 |

Premiums, Deferred and in Course of Collection | $120,452,553.13 |
Accrued Interest, Rent, etc. | $61,703,001.87 |

TOTAL ASSETS | $103,288,071,651.68 |

OBLIGATIONS TO POLICYHOLDERS, BENEFICIARIES, AND OTHERS

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory Policy Reserves</td>
<td>$8,043,642,750.00</td>
</tr>
<tr>
<td>This amount, which is determined in accordance with legal requirements, together with future premiums and reserve premiums, is necessary to assure payments of all future policy benefits.</td>
<td></td>
</tr>
<tr>
<td>Premium Proceeds and Dividends Left with Company</td>
<td>$57,626,718.00</td>
</tr>
<tr>
<td>Policy proceeds from death claims, prepaid expenses, and other payments, and dividends—left with the Company by beneficiaries and policyholders to be paid to them in future years.</td>
<td></td>
</tr>
<tr>
<td>Reserve for Dividends to Policyholders</td>
<td>$172,477,246.00</td>
</tr>
<tr>
<td>Set aside for payments in 1951 to those policyholders eligible to receive them.</td>
<td></td>
</tr>
<tr>
<td>Policy Claims Currently Outstanding</td>
<td>$41,562,052.40</td>
</tr>
<tr>
<td>Claims in process of settlement, and estimated claims that have occurred but have not yet been reported to the Company.</td>
<td></td>
</tr>
<tr>
<td>Other Policy Obligations</td>
<td>$64,642,155.82</td>
</tr>
<tr>
<td>Including reserves required in advance, special reserves for mortality and morbidity fluctuations.</td>
<td></td>
</tr>
<tr>
<td>Taxes Accrued (Payable in 1951)</td>
<td>$26,016,113.00</td>
</tr>
<tr>
<td>Contingency Reserve for Mortgage Loans</td>
<td>$10,000,000.00</td>
</tr>
<tr>
<td>All Other Obligations</td>
<td>$25,478,041.49</td>
</tr>
<tr>
<td>TOTAL OBLIGATIONS</td>
<td>$93,715,345,938.21</td>
</tr>
<tr>
<td>SPECIAL SURPLUS FUNDS</td>
<td>$18,115,591.00</td>
</tr>
<tr>
<td>Special Surplus Funds</td>
<td>$18,115,591.00</td>
</tr>
<tr>
<td>Unassigned Funds (Surplus)</td>
<td>$206,734,715.37</td>
</tr>
<tr>
<td>TOTAL SURPLUS FUNDS</td>
<td>$224,850,306.37</td>
</tr>
<tr>
<td>TOTAL OBLIGATIONS AND SURPLUS FUNDS</td>
<td>$103,288,071,651.68</td>
</tr>
</tbody>
</table>

NOTE: Assets amounting to $445,310,584.28 are deposited with various public officials under the requirements of law or regulatory authority. In the Annual Statement filed with the Massachusetts Insurance Department, Statutory Policy Reserves are $8,393,066,750.00. Policy Claims Currently Outstanding are $41,562,052.40 and All Other Obligations are $25,478,041.49.

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Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

Home Office: 1 Madison Avenue, New York 10, N.Y.

Pacific Coast Head Office: 600 Ingraham Street, San Francisco 20, Cal.

Metropolitan Life Insurance Co.

1 Madison Avenue, New York 10, N.Y.

Gentlemen:

Please send me a copy of your Annual Report to Policyholders for 1950.

NAME:

STREET:

CITY STATE
"What Is Happening to Your Dollar?"

By ROBERT S. BYFIELD and LEON H. KEYSERLING

Mr. Byfield, citing the government's steps in accentuating inflation since 1933, suggests specie specie:

"...Even if you were to consider the problem of inflation less important than fighting international Communism, cautions against political bickering, and endorses ample defense preparation, greater production, raise taxes, cut non-essential spending, and stabilize prices, wages and profits."
Steiner, Rouse Opens New Uptown Branch

Steiner, Rouse & Co., members of the New York Stock Exchange, have opened a branch office in the newly completed building at 75 Madison Avenue. Opening of the new office, the firm said, is in line with the trend toward locating branches of brokerage firms in the mid-town area. The office will be open from 7:00 p.m. to 9:30 p.m. on Thursdays under the management of Harold A. Rouse and Henry M. Bach, partners of the firm, will be in charge and they will be assisted by Edgar Dammenberg, Gerard Daly, Henry Van Dam and the Philip Gritz. The office will have its own street entrance.

R. W. Scott, Others With Hayden, Stone

Hayden, Stone & Co., 25 Broad Street, New York City, members of New York Stock Exchange and other leading exchanges, announce the following additions to the firm: Randolph W. Scott as Manager of the mutual fund department; Horlton I. Booker, William R. Jones and Thomas H. McGlafe in the institutional department; Herbert S. Bracey, Eustace A. Favreau and George Webb as members of the research staff. Mr. Scott was formerly Manager of the mutual fund department for A. W. Benkert & Co. and prior thereto was Syndicate Manager for E. W. Clumns & Co.
Mutual Funds

BY ROBERT E. RICH

WELLINGTON FUND, which, by its pace-setting sales promotion and organization, has made its oval trademark and "Wellington" the best-known symbol in the industry, has recently launched a widely mutual funds' sales literature written exclusively for women. It is an interesting and revealing incursion into the growing importance of the investment field for women, as well as logical mutual funds' prospects.

The shrinkage of dollar savings, by whatever standard one may measure it, poses a problem largely for women. In a recent study, more than 65% of accounts in mutual savings funds list in the women's names 60% of all privately-owned government bonds belonging to women, 90% of beneficiaries and all life insurance policies are women and 70% of sales fall to women beneficiaries.

Examination of Wellington Fund statistics indicates that Wellington women are predominantly a sharing group. Of Wellington's 61,000 shareholders, approximately 24,400 are women who own Wellington shares individually, and another 13,420 own their shares jointly with husband or a male relative.

The shrinkage in money values is affecting millions of American women. A recent survey by the Vice-President of Wellington Fund, ob¬served, "I believe that the sub¬stantial interest in the Fund by women is a positive indication that women are acutely aware of their financial problems and now, this awareness and just made them investment-minded." These women shareholders, located in every section of the Union, include business women, doctors, nurses, teachers, house¬wives, nurses, etc. Mr. Wilkins indicated that the inflationary spiral is a key factor in making women more investment¬minded. Some of the women investors, he asserted, "knows how the past dec¬ade has affected the value of her shopping dollar. Today's home¬makers are in the process of cutting the meal, eggs, meat, and the like. Higher prices make it harder for them to save. The whole trend of the times is to earn more money-conscious. It's only a step," he said, "for the woman housewife to conclude that if her table money is shrinking, so is her dollar savings."

COMMISSIONS for resale in real estate is of $2, 5% of the American Business Shares has been adjusted in accordance with the federal government's new laws and is now allowed on new, 5% shares of the amount, will be announced by Lord, Abbott & Co. The entire amount of the commis¬sion, which is the price of the public offering price at which the transaction is allowed, is to be paid to the dealer effect¬ing the transaction. The schedule is as follows:

<table>
<thead>
<tr>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>up to 100,000,000</td>
</tr>
<tr>
<td>100,000,001 to 200,000,000</td>
</tr>
<tr>
<td>200,000,001 to 300,000,000</td>
</tr>
<tr>
<td>300,000,001 and over</td>
</tr>
</tbody>
</table>

SALES of National Trust Funds Corporation for the first quarter of 1951, according to Louis S. Whitehead, Vice-President in charge of the National Trust Firms & Research Corporation, New York, was $2, 5% million. This was $2,280,000,000 for this past quarter is the largest market period in the history of the company and rep¬resents 34% over the $1,662,000,000 for the initial quarter of 1940.

This enabled the National Trust Funds to be attributed to the sale of $3,000,000,000 or more for the current quarter. (even though the earnings of the banks are relatively well-shel¬tered against the excess profits tax) and somewhat higher oper¬ating expenses, earnings of banks will be as good as last year and possibly better.

Enlen S. Hare, President of Institutional Shares, in his report to stockholders, thought, also, that the amount of dividends would be re¬presented only a conservative amount of bank's earnings and the balance of the latter, which were retained, had increased the the net¬worth and earning potential.

Interest rates on short-term government, commercial paper and loans have lately increased substantially percentage-wise. Mr. Hare remarked, "and will enable banks to make a higher return on their earnings assets. Bank loans, the most profitable source of a bank's income, have been in¬creasing rapidly for some months and are now at an all-time high."

At the stockholders meeting on March 21, an amendment to the Corporation's Certificate of Incorporation was approved, removing the restriction which confined Bank Group Shares' investments to the stocks of New York City banks.

"These New York City banks in whose stocks the Funds are in¬vested are outstanding," Mr. Hare declared, "and it is contemplated that investments in most all these will be continued, but investments will also be made in the stocks of leading banks situated in the East, such as Boston, Cleveland, Chi¬cago, Detroit, New York, Los Angeles, and other cities."

RANDOLPH W. SCOTT has joined Hayden, Stone & Co., member of New York Stock Exchange, as manager of the mutual fund depart¬ment.

Investment Registrations

DODGE & COX FUND, San Fran¬cisco, March 26, filed with the Se¬curities & Exchange Commission a registration statement covering 20,000,000 shares of $1 par value capital stock.

WELLINGTON FUND, Phila¬delphia, March 26, filed a registration statement covering 20,000,000 shares of $1 par value common stock.

HOME Foundation Fund, Balti¬more, March 26, filed with the Securities & Exchange Commission a registration statement covering 25,000,000 beneficial shares. No under¬writer.

CITIZEN'S INVESTORS Syndicate of Amer¬ican mutuals, March 29, filed with the Securities & Exchange Commission a registration statement covering 10,000,000 of Sin¬gle Payment Certificates, Series A, and 400,000 Single Payment Certifi¬cates, Series B. Underwriters: Investors Diversified Services, Inc., NATION-WIDE Securities Co., New York, March 30, filed with the Securities & Exchange Commission a registration statement covering 36,000,000 shares of $1 par value capital stock. No under¬writer.

TAMAQUA INVESTING CORP., New York, March 27, filed with the Securities & Exchange Commission a registration statement covering 20,000,000 shares of $1 par value capital stock. No under¬writer.

TEXAS FUND is in the process of preparing a mutual purchase plan, which will be known as the Texas Accumulation Plan.

WALL STREET Investing Corp., New York, March 27, filed with the Securities & Exchange Commission a registration statement covering 20,000,000 shares of $1 par value common stock. No under¬writer.

The Commercial and Financial Chronicle . . . Thursday, April 5, 1951
Uhlman & Latshaw
Open N. Y. C. Branch
Under McGovern
Uhlman & Latshaw, Kansas City, Mo.
Incorporated, are opening a new office at 14 Wall Street, New York, N. Y., in the management of Wm. J. McGovern. For the past 2 years Mr. McGovern has been associated with the trading department of Warner & Co. Inc. Prior thereto he was a Lieutenant, J. G., in the U. S. Navy Air Corps. He attended St. Peter's College in Jersey City, N. J.

The new office will have direct wire connections with the main office of the firm in Kansas City.

Utah’s Governor Hills At Pressure Groups
Gov. J. Bracken Lee also sees unhealthy political pressure groups in high taxation and heavy national debt.

Governor J. Bracken Lee of Utah has inherited his own state’s budget this year and is calling a special legislative session to consider cutting expenses, told a Town Hall meeting in Salt Lake March 28 that the Federal government had reached a crisis point in taxation and in the national debt. He cited as unhealthy signs the fact that every U. S. family has a $7,000 mortgage on its house because of the national debt and the fact that we have to pay 50 cents on the dollar for our tag, which, he said, are so high that every light bulb is going out of his way to cheat in his income tax returns.

Calling the past 20 years “the greatest 20 years in the history of the world,” Gov. Lee deplored the “sad fact of an organized government at the expense of the great mass of American citizens.”

The trouble is, he was not only talking about Demo¬crats. The Governor will be joined by a public servant, both Republican and Democrat, who is not inter¬ested in serving the majority party, or whatever the “gravy train.” He used the strong term “stealing from the people.” He is also interested in the insurance of savings, old-age pensions, and the like through those years. The “gravy train” is a throwback to the “we-own-a-living” philosophy permeating the people and their leaders.

Every year, when asked to amend a budget with a legislature that has merits, he said, that “the gravy train” is in a pressure group, no matter how mediocre the request, should be given special weight. And his position at the expense of other groups and the general public in the state of Utah, 90% of the legis¬lation passed meets, in fact, his own demands — and he believes he has set a wheel that has taken advantage of the benefit and of the efforts of organized minorities. “There is no policy for the public welfare,” he remarked.

Confidence in our leadership is at a low ebb. Gov. Lee said and added: “If I were a Frenchman or an Englishman I wouldn’t have confidence in the American go¬

Decade of Progress

STANDARD OIL [INDIANA] and Subsidiaries

Many figures double in 1940-50 period — result of major expansion program

The 1950 Results for the Standard Oil Company (Indiana) and its subsidiaries gave additional evidence that their post-war expansion program is proving profitable. The operating costs were held in check by greater efficiency in production, refining, and transportation due to new facilities. To distribution the company had reached a crisis point in taxation and in the national debt. He cited as unhealthy signs the fact that every U. S. family has a $7,000 mortgage on its house because of the national debt and the fact that we have to pay 50 cents on the dollar for our tag, which, he said, are so high that every light bulb is going out of his way to cheat in his income tax returns.

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Flight From Enormous Expenditures

By WALTER SONNEBERG

In discussing inflationary trends and developments, present with immense velocity and between traditional remedies do not seem to do the job and a more fundamental analysis may be necessary. Says flight from inflation needs to be taken out of the hands of the bands of wicked rainbow chasers, so that a more dependable set of principles designed for stability might be followed.

"It is not the material con-
duction to the hoes of the future, but man's self-satisfaction in the midst of the current is a symptom of some simile sickness-clericalism, he believes, are the effects of the tricks he plays." -Victor Sitten-Folks: "Noel Es-
sence.

Millions of words have been written about the wonder of our industries "catching on" in the picture. Developing tech-
iques for the mass production of goods, we fell down on the job of finding outlets for the goods, thus normal chan-
nels of consumption are being sus-

ded available for masses of peo-
ple. Walter Sonnenberg

Without the right vehicle and a bedazzled state of the business men, the way appears clear to us having "the highest possible consumption." Yet the channel has been closed.

The terms of the meaning of the drumbeat to businesses to increase or more control, increased government controls, diminu-
tion and the multiplication of problems when atomic energy is released, we know how the proper use of in-

...not available for leadership. In-touch with this future, businesses are adopting their plans and policies for the life of it. The following is an excerpt from an article discussing the nature of the problem and the need for action.

"There's Barnum's story about a man who had a hundred cats and reached among the stars for an hour, and when he came back to us carrying with him "the highest possible consumption," he collected the cats together. "These cats," he said, "are building a financial stability so that the great dailies of our country may be born out of the earnings brought about political inter-

Wages, under the false imputes, were jacked up above justified economic levels, having been accom-

panied by routines that put the structure and the service of the banker on "ability". The whole combination held this life in a state of artificial stability and geometrically limited appli-

...of the reality. The dsion-grocer called downstairs before breakfast to his clerk, "This fool is out of the run!" "Yes, sir." And said the(d)on. "And dust the pepper?" "Yes, sir." And said the(d)on. "Then go to prayers." In a similar way failure to deal with the problems involved us in questionable Sub-

these involved in excessive, high-pressure campaigns. We are con-

...lected to elevated performance de-

...a task for government which has been accomplished in a dis-oriented way, with government and industry at a dis-

...advantage.

The present emergency caught officials with their guns drawn.

They have been caught in the crossfire of the situation. Engineers found they could do a great deal in whatever they did in taking care of the watershed. They could build a flood control system, or they could develop the underground stream for dubious containment of floods after they gain head-

way. (Cue might have been taken from the concrete industry."

Putting a brake on prices, even at a time when there were strong packs of the stone maker and the hocked and the highest possible level and a weakness for excessive production in the inflation problem what it is today. Balanced budgets and credit re-

...line for a plausible standard of living—one for each man. But policies which have not been established are re-

...look into.

Debts are reported as "the labor theory of value wins sky high.

Production should be analyzed. "The social value of various agricultural products and try to stra-

"worth to where rewards are really done."
top priority among claims on industry's investment dollar. Last year, expenditures on new facilities represented the largest share, 57 cents, went to replace and modernize existing facili-
ties. This year, the figures are turned around—38 cents going for ex-
penditures.

Great bulk of the new facilities—construction is again the mainstay—will be financed from industries' own funds. But, for the past few years, the biggest share of the money—85% for manufacturers—will come from profits and retained earnings.

Aircraft is the only major in-
dustry covered by the survey which has a promise of continued expan-
sion due to the large and increase-
ciable share of its new facilities through government or government-
subsidized loans.

Korea Added Impetus

When McGraw-Hill made its 1950 survey, industry planned to spend only $12.4 billion, but the outbreak of war in Korea added new impetus. Two inter semmear.s during 1950, made by "Busi-
ness Week" in cooperation with the Economics Department, show-
ed that the upward turn came in the spring and then rose sharply after Korea. Actual investment during the year, as shown by this latest survey, was about $15 billion.

The aircraft industry is expan-
sing its facilities more than 40%. Here, capacity—difficult to define and measure—means something different than it did in World War II. One company, for example, may still have the capacity to pro-
duce 29,000 World War II-type planes a year. But it may need to spend millions on new facilities before it can turn out 5,000 jet-
propelled-fighters today. Today's larger, more complicated planes require new equipment, and in many cases, new buildings.

The electrical and general ma-
chnery industries have similar difficulties. Their products have become heavier, higher-powered, and with much more precise con-
trol equipment. The chemical in-
dustry has seen its products multi-
ply, adding to the difficulties of measuring capacity.

Building Boom

The boom in industrial building, which developed in 1950 promises to continue at a high rate in 1951, according to the survey. In the manu-
facturing-industries, at least, business plans to spend 70% more on construction in 1951 than in 1950. The rise here is slightly larger than the 66% rise indicated in total expenditures, suggesting that a larger share of the invest-
ment dollar will go into buildings. Again, construction expenditures under today's plans will rise most sharply in the industries expand-
ing most rapidly.

Great as is the upswing in in-
vestment plans, businessmen ex-
pect defense needs will force still greater expenditures. The survey was made in January, just after the Chinese armies entered Korea and while the Administration was presenting its defense budget for fiscal 1952. At that time, more than half the business leaders sur-
eveyed by "Business Week" defense orders would force them to raise their plans for new facilities and equipment later in the year.

Committees Named by
"Phil'a. Secs. Ass'n"

PHILADELPHIA, Pa.—Frank-
lin J. Aspin, Aspin, Robinson & Co., President of the Philadelphia Securities Association, has an-
nounced the appointment of Association Committees for 1951 as follows: Arrangement Committee: Newton J. Atmell, Aspin, Robin-
son & Co.; Charles L. Barnard, Baier, Weeks & Hazen; Francis M. Frake, Frake & Co.; Harold F. Fletcher, Hornblower & Weeks; Llewellyn W. Fisher, Sheridan Hogun Paul & Co.; John C. Graham, A. C. Allyn & Co.; Robert L. Gray, Jr., Land Title Bank & Trust Co; Arthur Mor-
liams, Booming & Co.; Willard M. Wright, Jr., Butler & Sher-
red, John D. Foster, Chairman, DeLavan & Townsend, Crouter & Bodine.


good, Jr., Stroud & Co., Chair-
man.

Speakers Committee: S. Stew-
ster, III, Provident Trust Co.; Newlin F. Davis, Jr., Kinder, Peabody & Co., Chairman.

W. With Waddell & Reed

(Taken in the Philadelphia Chronicle)

TAMPA, Fla.—John J. Lucas is now affiliated with Waddell & Reed, Inc.

Appointed Directors

E. C. Geier, Chairman of the board of directors of The Duplan Corporation, has announced the appointment of Ralph E. Case, William B. Kelton and Mason H. Bignow as directors to replace three directors who have resigned.

Mr. Case is a senior partner of Stevenson, Jordan and Harrison, Inc., management engineers. Mr. Kelton is a partner of Baker, Weeks and Harden, stock brokers. Mr. Bignow is senior partner in the law firm of Gould & Willie, corporation counsel for Duplan.

With Consolidated Invests.

SAN FRANCISCO, Calif.—Mor-
ita R. Rosenbaum has been added to the staff of Consolidated In-
vestments, Inc., Russ Building.

New way of handling Long Distance

Operator Toll Dialing proves a big help in these busy days of national preparedness

Long Distance lines are really humming these days. There are many more calls than a year ago. More are from the Nation's industries and Armed Forces, hurrying the country's most important job.

A big help in keeping these calls moving is the new Operator Toll Dialing— a remarkable new telephone development.

You give the Long Distance operator the num-
ber in the usual way. She quickly presses several keys and your call goes straight through to the telephone you want in a distant city.

It makes for faster service— especially on calls that formerly were relayed through other cities.

With so many more calls on the lines, it's a mighty good thing that Operator Toll Dialing was developed and is now available and in use in so many places. About one-third of Long Distance calls are now being handled in this new way.

It is just one of many ways in which the growth and improvement of telephone service are now proving of extra value to the Nation in these days of preparedness.

ANOTHER STEP FORWARD... More and more telephone users in a growing number of metropolitan areas can now dial Toll calls direct to nearby places the same way they dial Local calls... BELL TELEPHONE SYSTEM
The uncertainty that abounds the whole money market is being reflected in a defensive government market, with somewhat heavy support. Buyers are on the cautious side, to say the least, and while there are not as much purchases, the sentiment is not much more widely than was the case a short time ago. Sellers have been appearing throughout the list, with the result that the new money, nonetheless, in the restricted obligations which are getting the protection of an "elastic" market. There is considerable talk now about what will happen to the "elastic market" if the confused conditions continue long. Although it is reported that the exchanges of the June and December 1967/72 have for the 2½% by institutional owners have been very good, there has been nevertheless quite a bit of selling in these bonds by the position to take advantage of the conversion offer. Also, the turning in of the longest tag 2½ has brought some selling into the other negligible obligations.

Yield spreads (both before and after taxes) between various instruments are quite wide. The market shows signs of settling, there is likely to be considerable switching going on.

Tightening of Reserve Credit

The adjustment in the government market carries on, because the effects of the monetary authorities' action in making reserve more difficult to obtain are still in force. The new policy of making access to Central Bank credit more risky and costly is the focal point of the new program. If it is not the increase in interest rates that is the important factor, but the stopping of "the engine of inflation," and this will be done, at least in some measure, by making the accessibility of money more unattractive to reserve credit more costly and risky. Higher interest rates will not attract this kind of loan, because of the cost of obtaining great current value, and the public should help to bring this about, together with more restrictive credit measures, whether voluntary or involuntary.

With the limiting of reserve credit through the unpegging of prices of Treasuries naturally comes the question as to how far the market has to adjust to the new policies and the purposes of the monetary authorities are accomplished. The first is the pegging, which has been done in short, the result of the recently inaugurated voluntary credit limiting program. It is always more satisfactory to do things in this fashion than to have to resort to involuntary measures. There will be a lessening of the accessibility of reserve credit, which is the purpose of the policy, if the market has had the unpegging of prices of government obligations will be sufficiently tightened as the market can appreciate the past, for loans, from using it as freely in the future. Time will also tell this.

The extent to which reservations of government obligations will have to recede, in order to curtail the use of reserve credit, is an open question. It is possible it may be more able to pick limits as to where prices will go, whether on the up side or the down side, due to the immeasurable psychological factor.

The purpose of the Arizona Securities Dealers Association is to promote the general welfare of the securities business, establish and maintain standards of ethical conduct of the securities business and to further the practical benefits to be derived from personal acquaintance of its members.

The new organization voted to

Arizona Security Dealers Organize

By THOMAS L. PARKINSON

Our Reporter on Governments

President, The Equitable Life Assurance Society of the U. S.

Mr. Parkinson asserts it is clearly the duty of newspapers to keep people informed about the state of the money supply and the unfortunate results to everyone of continually increasing it.

No greater service could be rendered to this country than to keep their readers thoroughly informed about increase in our money supply and the reasons for it. This increase in our money supply is which is a very pressing problem at the present time, and which has contributed even further to the strain on living. It is a matter of great concern to every citizen, and it could readily be done within his understanding, that these developments flow directly from the increase in the number of dollars which make up our money supply. Perhaps if he knew the results of these developments, he might think of things being done about the money supply.

We have repeatedly recommended to the major stock exchanges, the Reserve pegging of the government bond market, and second, to rein in further into longer term of short term government paper in order to hold in check the inflationary current.

Certainly these matters are little understood by the general public. Indeed, the discussion of the issue is too often either technical or incoherent, for the core of the whole matter could and should be adequately explained to the average citizen. That is where the present great program of money that our people informed, and the unfortunate results to everyone of continually increasing it.

The Bank of Toronto Dealers in Money

The Bank of Toronto in Canada, and the Toronto branches of the Investment Dealers' Association of Canada is to be held at the King Edward Hotel on Thursday, October 27, to which the guest speaker is the Hon. Lester Pearson, Secretary of State for External Affairs.

John White Partner in Hopkins, Harbach & Co.

Bank Issues Under Pressure

The bank issues, both the taxable and the partially-exempt, have been under moderate pressure from the standpoint of somewhat increased offerings, reluctance of bluffers to strike their necks out, and the granting down, which is quite prevalent in an uncertain market like this one. Nevertheless, there has been and still will be some movement of money buying, which will eventuate in a cushioning effect upon the market. These funds with which to acquire the eligibles have not been too plentiful, in fact, which have been supplied, as has been stated, mainly into the near-term end of the list because of the desire to get into the bonds that have the greatest liquidity and the minimum amount of risk. The middle and longer bank obligations, it is believed in some quarters, will have to adjust in this respect to the whole tone of the market is changed. The uncertain and shaky position of the municipal market is having an effect on some of these sales. However, the attractive yields, after taxes, that are obtainable in the shorter taxable governments, are likewise detracting purchasers from the longer maturing bonds.

Switches and swoops, which have been in evidence in fairly sizable volume among the restricted issues, seem to have slowed down quite a bit, because most of the attention at present is on the bond issues of the Treasury. It is reported that more than $1 million of the June and December 1967/72 had been turned in (as of last Monday) for the non-marketable $250,000 have been included $2,355 million exchanged for Federal Treasury investment accounts. Subscription books will close at midnight tomorrow. A very successful conversion is now assured.

U. S. TREASURY

TIGHTENING OF RESERVE CREDIT

The adjustment in the government market is carried on with the effects of the monetary authorities' action in making reserve more difficult to obtain are still in force. The new policy of making access to Central Bank credit more risky and costly is the focal point of the new program. If it is not the increase in interest rates that is the important factor, but the stopping of "the engine of inflation," and this will be done, at least in some measure, by making the accessibility of money more unattractive to reserve credit more costly and risky. Higher interest rates will not attract this kind of loan, because of the cost of obtaining great current value, and the public should help to bring this about, together with more restrictive credit measures, whether voluntary or involuntary.

The extent to which reservations of government obligations will have to recede, in order to curtail the use of reserve credit, is an open question. It is possible it may be more able to pick limits as to where prices will go, whether on the up side or the down side, due to the immeasurable psychological factor. Nonetheless, the reservations in quotations so far has been sufficient to be enough to retain to some extent the liquidity of Treasury obligations in order to get funds that have been employed for other purposes. A point or so, less in long governments, and about the same in short governments, are making. The put to use reserve credit think more than once now before they have losses in the Treasury issues in order to get funds for other loans.

The point where the sale of Treasury obligations at a loss is becoming, there is going to be a point where some further adjustment because in our way of doing things we are going to be the Treasury. Therefore, while the atmosphere is scarcely on the blue side, it is not in any way possible to find rays of light here and there. Despite some doubt about the market, the continued shrewd following of the money markets are still sticking to the opinion that the 8½, 9½ level will be high enough for the longest maturities of the marketable Treasury obligations. This may be taking something for granted because they may never get that low,
Inflation itself is a tax, in practical effect. Like any other tax, it penalizes the people as individuals for the temporary benefit of the Government.

From THE GUARANTY SURVEY

Guaranty Company of Texas

J. LUTHER CLEVELAND Chairman of the Board

WILLIAM J. KLEITZ

DIRECTORS

GEORGE G. ALLEN Chairman of the Board, First National Bank of Dallas, Texas

F. W. CHASKEL Chairman, Executives Committee, Union Pacific Railroad Company

J. LUTHER CLEVELAND Chairman of the Board, First National Bank of Dallas, Texas

W. D. PAYNE, JR. President, First National Bank of Dallas, Texas

John W. DAVIS Chairman, President, The Georgia Pacific Corporation

STUART H. BAILEY Chairman, President, Security Life and Trust Company

James V. DAVIS Vice President, President, The Texas Company

CAMERON DUNN President, The Union Banking Company

WALTER S. FRANKLIN, President, The Texas Company

RAYMOND C. GAGLIARDI, President, Guaranty Company of Texas

LEWIS GAYTETY

JOHN A. HARTFORD Chairman of the Board, The Great Atlantic & Pacific Tea Company

FINIS H. KELLEY Chairman of the Board, First National Bank of Dallas, Texas

WILLIAM L. KLEITZ President, Guaranty Company of Texas

CHARLES L. MILLER President, Chairman, Executive Committee, First National Bank of Dallas, Texas

RICHARD C. POTTER President, Guaranty Company of Texas

GEORGE E. ROBINETT Chairman of the Board, First National Bank of Dallas, Texas

William A. H. SHERMAN President, Guaranty Company of Texas

EUGENE W. STEVENS President, Guaranty Company of Texas

THOMAS J. WATSON President, Guaranty Company of Texas

ROBERT W. WOODRUFF President, Guaranty Company of Texas

These officers have the financial backing of the Guaranty Company of Texas, which is the oldest and largest company of its kind in the country. The Guaranty Company of Texas is the oldest and largest company of its kind in the country.}

Condemned Statement of Condition, March 31, 1951

RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers

U. S. Government Obligations

Loans and Bills Purchased

Public Securities

Stock of Federal Reserve Bank

Other Securities and Obligations

Credit Granted on Acceptances

Accrued Interest and Accounts Receivable

Real Estate Bonds and Mortgages

Bank Premises

Other Real Estate

Total Resources

LIABILITIES

Capital

Surplus Fund

Undivided Profits

Total Capital Funds

Deposits

Foreign Funds Borrowed

Acceptances

Total Acceptances Held for Investment

Dividend Payable April 16, 1951

Items in Transit with Foreign Branches

Accounts Payable, Reserve for Expences, Taxes, etc.

Total Liabilities

Securities carried at $539,825,628.06 in the above statement are pledged for ordinary, public and other purposes.

Mr. Clarke was formerly assistant to the Chairman of the Board of Lion Oil Co., El Dorado, Arkansas, where he was in charge of public relations. He has been closely associated with the oil and gas industry since January, 1930, when he joined Lion Oil Co.'s Budget-Statistical Department. He became manager of this department in 1941 and later was assistant to the president.
The GO&P and U.S. Foreign Policy

By HAROLD E. STASSEN
President, University of Pennsylvania

Prominent Republican Party leader reviews disagreements and splits in Republican Party over our national foreign policy, but points out the party is solidly united on eleven major issues necessary to bestow upon citizens of current Democratic Administration. Sees war as war, with victory probable in next three years.

May I at the opening of my remarks, speak with conviction that our America and the nations cooperating with us in the task of victory for freedom, and freedom over Communism, and freedom over those who dominate in the world-wide struggle in which we are now engaged. I am not disillusioned, furthermore, that the odds are that this, which we are waging, is a war without the devastation and horror of a total war.

Before proceeding to discuss the reasons for this conviction, and this optimism, may I say, in high seriousness, a word which is at the fact that all of the men of the Columbiaราช is working with me on foreign policy, I will not gloss over that disagreement. I am fully aware of the fact that our ears are being held by a frank and forthright discussion of it, and it is this which will, with complete recognition of the right of those who disagree with me to do so, and with respect for their sincerity in their views.

Disagreements in Republican Party

Speaking straight from the shoulder, there have been four great issues of foreign policy in the past 12 years on which there has been a deep division of opinion within the Republican Party. Some brief background of this is destined to be there before we proceed to talk over the issues of the problems and before I respond to any questions you may wish to ask from the floor.

The first of these major disagreements was in 1934.

Some of our Republican leaders then felt that Hitler was not a menace to the United States, that he would be a bulwark against bolshevism in Europe, that England would capitulate under his pressure, that the United States should remain neutral, that it should not rearm, and that support with Hitler when he had finished his European conquests.

Others of us in the Republican Party felt that Hitler’s ideology of Nazi domination of slave races, his ruthless liquidation of democratic peoples who opposed him, and his delusion of imperial glory and domination of a threat to the United States. We believed that his occupation of Poland carried his goal of domination of Europe, England, Africa and Asia, and that his deliberate undermining of the democracies of Europe, one by one, would be an abomination. We believed that there was no such thing as a Hitler-dominated Europe which has been won by superb production, great accumulation of resources, and much sacrifice. As a result the odds were that the Communists would take over the nation. We believed that this would dominate the world for the next five years without firing a shot. Before many years the bolsheviks of Europe, the Near East oil and the Far East, the demoralizing power of Congo uranium and the African rubber of Africa, and along and enslave two-thirds of the people on the face of the earth.

I believe that if this policy was followed it would be interpreted throughout the world as a futility and cowardly retreat by America in the face of Communism, in which we have been to the extent never, and everywhere, it would be an abomination. We believed that it would dominate the world and be a joy and a source of security and much sacrifice.

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Bank and Insurance Stocks

By H. E. JOHNSON

This Week—Bank Stocks

The most important news last week in the field of bank stock investments was the announcement of the National City Bank of New York setting forth its intention to raise capital funds of the Bank by $40 million through the sale of 1,000,000 shares of capital stock.

Stockholders are to be asked to approve the proposal at a special meeting to be held May 2, 1951 for this purpose. If this action is approved, shareholders will be offered a stock at $40 a share in the ratio of one new share for each 0.2 shares held. Any unsubsribed shares would be sold to the First Boston Corporation as principal underwriter.

When this sale is accomplished the number of outstanding $20 par shares will be increased to 2,000,000 from the 1,200,000 at present. $20,000,000 of the proceeds will be allocated to capital and a similar amount to surplus. Capital would thus be increased from $124,000,000 to $144,000,000 and surplus from $50,000,000 to $156,000,000. Total capital funds of National City including the $53,000,000 of undivided profits shown at the end of March would be in excess of $59,000,000. These totals exclude the capital funds of the City Bank Farmers Trust Co. which amounts to approximately $30,700,000.

According to present plans, shareholders upon approving the program will be mailed subscription rights about May 14th to holders of record May 8th. Rights will expire on or about June 4th. The present price of the stock indicates a value for the rights of something over $1.00 a share.

While the 16.1% increase in the number of shares will result in some dilution of the per share income, the statement issued by National City indicates the bank expects earnings will be sufficient to continue payment of the present $2.00 annual dividend on the increased number of shares.

In this connection the quarterly statement of National City for the period ended March 31st shows a favorable earnings record.

Net current operating earnings of the banks including those of its affiliate, City Bank Farmers Trust, were $5,751,258 against $5,028,166 in the first quarter of 1950. Per share results amounted to 92 cents in 1951 compared with 81 cents in the previous year. Profits on securities for the quarter amounted to $188,491, equal to 3 cents a share as against $739,237 or 12 cents a share in 1950. Total per share earnings were thus equal to 85 cents as compared with 81 cents for the same period of 1950.

Other New York City banks which have shown favorable earnings for the first quarter of 1951 include Manufacturers Trust, Irving Trust, Chemical Bank & Trust, and Public National Bank & Trust.

Manufacturers Trust reported net earnings for the period equal to $11.8 a share compared with $11.2 a share in the first quarter of 1950. Figures for both periods have been computed on the basis of 5,190,000 shares of capital stock now outstanding.

The Irving Trust also showed an increase in earnings per share, reporting net operating income equal to 37 cents in 1951 as compared with 35 cents a year before. Chemical Bank showed net operating earnings for the first quarter equal to 81 cents a share compared with 72 cents in 1950 on a slightly fewer number of shares outstanding.

The Public National reported net earnings for the quarter ended March 31st amounting to $11.3 a share as compared with $10.8 for the same period of 1950.

The statements of other New York City banks which have not yet published their operating earnings, indicate good results for the period. Considering the fact that operating expenses have been increasing and the banks along with other corporations have been faced with higher taxes, the showing made in the first quarter is viewed as favorable.

Although there are a number of uncertainties in the current outlook, including the prospect of higher taxes, the present indications are that the New York City banks will be able to maintain earnings at least equal to those of last year. Of primary importance in this matter is that the banks have a much larger percentage of their assets invested in loans. These loans yield a considerably higher return than government securities and although there has been an increase in reserve requirements, higher deposits combined with a hardening of interest rates and a greater volume of loans should enable the banks to continue to show a good level of earnings.

NATIONAL BANK OF INDIA, LIMITED

Laird, Bissell & Meeds

Bankers to the Government in Kenya Colony and Uganda
Head Office: 26, Bishopsgate, London, E.C. 2
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Telephone: BArney 1-7100
Telex: 9511347

Specialists in Bank Stocks

BANKS AND INSURANCE STOCKS

With First California (Special to The Financial Chronicle)
LOS ANGELES, Calif.—Robert B. Cunningham has joined the staff of First California Company, previously with Shearson, Hammill & Co. and Marache, Sims & Co.

Thomson & McKinnon (Special to The Financial Chronicle)
TAMPA, Fla.—James R. Boyer has become connected with Thomson & McKinnon, 406 Franklin Street.

Join Staats Staff (Special to The Financial Chronicle)
LOS ANGELES, Calif.—William S. Patterson has been associated with William R. Staats Co., 640 South Spring Street, members of the Los Angeles and San Francisco Stock Exchanges.

Peter L. Murphy, an officer of Aerial Products, Inc. and formerly associated with Paline, Weber, Jackson & Curtis, passed away at the age of 41.

Augustin H. Parker passed away at his home at the age of 75 after a long illness. Prior to his retirement in 1925 he had been a partner in F. L. Dabney & Co. of Boston.


THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK

STATEMENT OF CONDITION, MARCH 31, 1951

RESOURCES

Cash and Due from Banks .................................. $1,435,547,720.10
U. S. Government Obligations ................................ 1,419,840,131.68
State and Municipal Securities ................................. 202,666,148.58
Other Securities .................................................. 219,222,525.29
Mortgages ................................................................ 40,133,701.85
Loans ........................................................................ 1,896,667,421.64
Accrued Interest Receivable .................................... 10,703,035.61
Customers' Acceptance Liability .............................. 32,303,627.17
Banking Houses ...................................................... 28,613,499.12
Other Assets ............................................................ 13,514,880.20

Total Resources .................................................... $5,272,212,689.24

LIABILITIES

Deposits .................................................................. $4,846,660,746.52
Dividend Payable May 1, 1951 .................................. 2,960,000.00
Reserves—Taxes and Expenses ................................ 16,966,348.20
Other Liabilities ...................................................... 16,706,819.64
Acceptances Outstanding ......................................... 37,042,858.56
Less: In Portfolio ................................................................ 3,059,909.33
Capital Funds

Capital Stock ............................................................. $111,000,000.00
Surplus .................................................................... 189,000,000.00
Undivided Profits ..................................................... 54,935,516.63

Total Liabilities ....................................................... 3,545,935,516.63

United States Government and other securities carried at $465,290,490.00 were pledged to secure public and trust deposits and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

Member Federal Deposit Insurance Corporation
Canadian Securities

By WILLIAM J. MCKAY

The monetary authorities in both Canada and the United States have resorted to ill-timed manipulations of rates lately in a desperate attempt to arrest the appreciation of the U.S. dollar. This effort was made immediately following the outbreak of the Korean War to prevent the drain of gold which had for so long been the dominant factor for what the public was led to believe was the convenience volume of available gold and materials. In Canada, despite the underwriting of both the Bank of Canada and the Federal Reserve Board on the recently to raise interest rates forced the liquidation of securities to the central banks, and thus increased inflationary pressures. In this way the government bond market indeed became "enquiry of inflation." But this need not have occurred had not the monetary authorities in both countries deliberately undermined market confidence. This was achieved partly by lowering the official support for the dollar and partly by the prosecution of an intensive propaganda campaign in favor of higher interest rates.

It is remarkable in view of past experience of the stabilizing influence of high interest rates that the advocacy by the Federal Reserve Board and the Bank of Canada in the case of Canada the periods of greatest economic progress and highest living standards has occurred at times when easy money had been more a low and stable bond markets and a consequent willingness to take the risks inherent in the financing of the needs of an expanding economy. It especially that only by a close look to the war years when, as a result of U.S. Treasury policy, not only were the tremendous warfare expenditures of this country and its Allies financed on a very low and efficient fashion, but at the same time the monetary and financial conditions of the country was markedly stabilized. Stimulus was provided by both the Federal Reserve Board and the Bank of Canada and as a result the take the risk of abruptly applying

Bond Club Field Day

To Be Held June 8

Plans for the 27th annual Field Day of the Bond Club of New York call for speeches by Clarence W. Barlow of Drexel & Co., President of the American Securities Association, at a luncheon meeting this year on "Devaluations and World Problems." The meeting will be held at the Sleeper Hollow Country Club, Northport, N.Y.

The meeting will be of special interest to bond managers and to the members of the Bond Club, which was organized 25 years ago to bring together the managers of the firms engaged in the business of bond sales to exchange ideas and stimulate the exchange of information.

The meeting will be held at the Sleeper Hollow Country Club, Northport, N.Y.

James M. Mood

Chairman

James M. Mood

Federal Trade Commission

Sees Mobilization Endangering Small Business

James M. Mood, Federal Trade Commission Chairman, says problems of federal and state mobilization efforts threaten small businesses. A campaign to arrest the recent threat of monopolistic controls and unfair trade methods. Advocates aid to small business.

Maximum utilization of small businesses requires adequate knowledge of the immediate needs of the defense mobilization program but unnecessary interference by government control of small businesses would arrest the economy by preventing access of new businesses to the trend to lower prices, encouragement of anti-competition.

"Making research grants to small companies with small research facilities, and requiring that technology which has stra-"
Britain’s Raw Material Crisis

By PAUL EINZIG

Dr. Einzig calls attention to growing shortage of certain raw materials in Britain and points out, despite improved coal situation, serious large-scale unemployment is threatened unless measures are taken to conserve United States raw materials. Says unemployment in Britain could cause dangerous discon- tent and may handicap ability to resist Communist infiltration. Urges U. S. authorities to revise attitude toward stockpiling.

In London, England—Britain’s raw material situation is viewed in London as very serious. Until recently the crisis appeared to be a ‘luxury’ through lack of essential materials was merely a matter of cost. The Government could do nothing about it. But within recent weeks, however, various industries have begun to find themselves short of essential raw materials. This acute scarcity comes to appear imminent. The sulphur shortage in paper-mill work has now become critical. Until a month or two ago hardly anybody outside the industries directly concerned noticed the problem. Now it plays a vital part in a wide variety of industries. The sulphur in this country is sulphur-carrying. Any reference to sulphur is displayed prominently in the press. It has become a matter of general knowledge that Britain should buy her sulphur at a higher price. But the difficulty is due to the fact that sulphur plays a vital part in a wide variety of industries. The sulphur shortage in paper-mill work has now become critical.

There are other potential bottlenecks. The position regarding materials the existence of which was ignored until recently by all but a handful of experts is now discussed in the press, in Parliament, in clubs. Although Britain has succeeded in diminishing the imports of coal, the comfort derived from the improvement in the coal position is dimmed by fears that a situation might arise within the industry in which the government would be unable to make use of its coal allocation for lack of some key raw material.

Indeed, the development of large-scale unemployment is freely envisaged. Until recently it was assumed by most people that full employment had come to stay forever. Anyone who ventured to express doubts on this point was denounced as a deflator. Today, members of Parliament representing industrial constituencies— especially in the North of the country—have come to the conclusion that there is bound to be large-scale unemployment in their constituencies in the next few years. The reason is that the improvement in the overall supply position, and with a responsibility for making an uninterrupted flow of essential materials can offer very little comfort to them.

The only ray of hope to be able to avert large-scale unemployment lies in the prospects of obtaining some supplies from the United States. It is true, the government has laid its long-range plans of achieving economy in the use of materials which are at present in short supply. Industrial research departments are working overtime to devise new methods for producing such materials or for substituting other materials. This is a bound to take time, however, and long before these efforts can be expected to bear fruit many factories may have to stop work for lack of some material, unless relief is given by the United States.

To make the realization that even now, nearly six years after the termination of the war in Europe, Britain remains dependent on American support 3 has caused bitter disappointment. The import of the gold in gold in 1938 and the allocation of Marshall Aid gave rise to general satisfaction, but it was a stronger satisfaction than the one which Britain’s gold position on her own feet economists. Now it appears that unless the United States decides to come to the rescue Britain will have to face a crisis of first-rate gravity. The only difference is that this time it is not dollars that are wanted, but goods unobtainable in sufficient quantities outside the United States.

What is worse, it is realized that the United States are more reluctant to part with key materials than with dollars, because current supplies are barely sufficient to meet American domestic requirements. The only possible way of averting the crisis would be to have the United States at least from further stockpiling of the scarce materials and if they were to release some of their strategic reserves of such materials.

It is possible that the situation is even more serious than is perhaps evident here, British negotiators engaged in urging the Washington Administration to adopt this course are encountered by American demand for a reduction of the price of goods the current supply of which is controlled largely by the British Commonwealth. The British answer to this demand is that the only way in which producers can reduce the price of their goods is to reduce the price of raw materials, which would be the result of the increase in United States unemployment.

The American complaints about excessive prices of imported raw materials, especially coal, rubber, tin, wool, etc., could be persuaded to accept less than the price justified on the basis of the relation between supply and demand only by offering them long-term contracts. Producers realize that the present situation is temporary, and they will not be prepared to accept lower prices in return for guaranteed market over a long period.

The American complaints about excessive prices of imported raw materials, especially coal, rubber, tin, wool, etc., are also ting with the attitude of the British and other American producers have for years been much higher compared with prewar prices than rubber or tin. Finally, it is argued that, were it not for executive American stockpiling purchases, prices would not be nearly as high.

While the argument is proceeding the British stocks of certain materials are running down. The possibility of having to curtail civilian production in order to ensure the execution of the rearmament program is now freely envisaged. This would mean not only unemployment but also acute shortages of consumer goods and a sharp rise in the prices of such goods. Together with unemployment, it would cause widespread discontent, and it would swell the ranks of the British Communist party. Industrial unrest would also threaten Britain’s ability of resisting Commu- nist aggression or infiltration.

It might be well worth while, therefore, for the American authorities to reconsider their attitude towards stockpiling. The additional danger of an increase in the number of industries that would be much more than offset by the weakening of the strongest ally of the United States.

Walston, Hoffman Adds

Walston, Hoffman & Gowan, members of the New York Stock Exchange for the last 19 years, have been joined by a new partner, Charles W. Costello and Thomas J. McGann have become associated with the firm as registered representatives of the firm’s principal office in New York City and the latter at its office at 1370 Broadway.

William N. Bannard Joins

American Securities

American Securities Corp., 25 Broad Street, New York City, underwriters and distributors of investment securities, announces that William N. Bannard has become associated with the firm’s sales department.

The National City Bank of New York

Head Office: 55 Wall Street, New York

Statement of Condition as of March 31, 1951

[Table of assets and liabilities]

Chairman of the Board

W. Randolph Burges

President

Howard C. Shepard

City Bank Farmers Trust Company

Head Office: 22 William Street, New York

Statement of Condition as of March 31, 1951

[Table of assets and liabilities]
Securities Salesmen’s Corner

By JOHN DUTTON

Collin, Norton & Co. of Toledo, members of the New York Stock Exchange, had an exhibit at the "Toledo Blade" Home and Travel Show, held during the week of March 10 to 15, which might be used by other brokers and dealers to good advantage when such an opportunity arises in their community. (Pictures of the exhibit appear on this page.—Editor.)

In an attractive booth, headed by the caption, “Securities For Sale—The Public Is Welcome,” was placed a butcher's display case. In this case the prices of meats and other foods were given for the years 1941 and currently, and beside the foods a stock certificate of a leading company was displayed with 1941 prices and today's market values also indicated.

A special folder was used for this occasion which carried the title "How To Buy A Larger Income"—through ownership of investment securities. The idea is the theme that sound investment not only produces more income that can be used to provide better living; but also if you had $100 in 1941 and did not invest it, you would have purchasing power of only $39 in 1951. On the other hand, if you had invested $100 in a common stock and the stock followed the average increase in value, you would have $175 in value plus the total of yearly dividends paid you.

A chart showing the trend of retail food prices, common stock prices, purchasing power of the dollar, and dividend earnings of the original $100, for the years 1941 through 1950 was included in the pamphlet, as well as in the display. The pamphlet is one of the most easily read I have ever seen. It does not talk in terms of statistics and professional jargon. It tells people that the firm of Collin, Norton & Co. is an old, reliable company founded in 1920, willing to help plan an investment program, that everyone is welcome there. The idea stressed is that uninvested dollars have depreciated and that if you want to put idle dollars to work there is a place where it can be done without fuss, bother, or a heavy expense.

On the back page of the folder is the caption, “Ladies are always welcome at Collin, Norton & Co.” And it goes on, “Buying securities is as simple as doing your market shopping. No special skill or knowledge is needed to own divided producing securities. There is no mystery about the price of stocks. They are priced each day just as the size of your butcher prices his meat, based upon the same law of supply and demand.”

"Securities For Sale—The Public Is Welcome." Isn't this the right idea? For this is the same idea there is an art to other mystery about securities when all you have to do is to eliminate technicalities and tell people your story in a simple, straight manner. If it takes a butcher's case to do it, then all to the good. This is something not only the wives understand but their husbands too.

Public Utility Securities

By OWEN ELY

South Carolina Electric & Gas Company

South Carolina Electric & Gas was a subsidiary of General Public Utilities until it became an independent company in 1946. It serves electricity to a population of three-quarters of a million in 27 counties of South Carolina—half the area of the state. In addition to the electric service the company has bus and gas business, each of the latter a line of business resulting in total revenues. In 1948 the company purchased from Commonweal & Southern for $10,000,000 cash all the common stock of South Carolina Power Company and the two companies were merged about a year ago, greatly increasing the size of the system. The two largest cities served are Charleston and Columbia which, with their suburbs, have estimated populations of 155,000 and 115,000, respectively; 290 other cities and communities are served.

The more important industries in the territory served by the company are cotton manufacturing, cottooned oil production, stone-quarrying, ice manufacturing, fiber-milling, lumber-millery, brick and clay and concrete pipe manufacturing, fertilizer manufacturing, clay mill manufacturing, lumber manufacturing, tobacco, wood preserving, clay and concrete brick manufacturing and shipbuilding.

Earnings and dividends on the common stock have been as follows in the past decade:

<table>
<thead>
<tr>
<th>Years</th>
<th>Earnings Paid</th>
<th>Dividends Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940</td>
<td>$0.70</td>
<td>$0.60</td>
</tr>
<tr>
<td>1941</td>
<td>$1.33</td>
<td>$1.20</td>
</tr>
<tr>
<td>1942</td>
<td>$1.74</td>
<td>$1.50</td>
</tr>
<tr>
<td>1943</td>
<td>$2.00</td>
<td>$1.80</td>
</tr>
<tr>
<td>1944</td>
<td>$2.35</td>
<td>$2.10</td>
</tr>
<tr>
<td>1945</td>
<td>$2.67</td>
<td>$2.40</td>
</tr>
<tr>
<td>1946</td>
<td>$2.90</td>
<td>$2.60</td>
</tr>
</tbody>
</table>

The sharp fluctuations in earnings are due to the fact that the company is largely hydro-electric, and greatly depends on the weather. An average rainfall in the area. Hydro capacity is 178,000 kw., and steam (at the end of 1950) was 136,000 kw. Moreover, only 45,000 of steam capacity (including 22,000 installed last year) was modern and low-cost. A third difficulty has been that the company sells power at wholesale rates because of contract. These factors have resulted in erratic costs for producing power, with resulting effects on earnings and dividends.

This situation is being gradually improved, however. The second unit in plant Hagood went in last May and a 50,000 kw. unit at that plant is scheduled for completion in September next year. The company is beginning construction on a 75,000 kw. steam unit in the Columbia-Allen area to be in service late in 1951. Eventually the company may get its costs under control and establish a more normal earning power for the common stock.

Last year's earnings reflected low water conditions which probably carried through into early 1951. Inflow to the reservoir of the Saluda hydro plant (which has about 85% of system hydro capacity) was 20% below normal. This made it necessary to use old steam units with very high production costs of 1.1 cent per kw. (twice as much as modern stations). Unfortunately, even if normal water conditions prevail in 1951 some part of the water will have to be used to retain storage at Saluda. However, better than normal water would improve the earnings picture considerably.

Another earnings obstacle in 1950 was the redemption of the 5 1/2% preferred stock, forcing conversion into common stock. The rate of growth of consuming power has brought rapid growth of industry in the Carolinas. Also the Atomic Energy Commission has publicly announced the proposed construction of a Hydrogen Plant in that area. While it is uncertain whether the company will supply any power for this project, nevertheless it should prove a stimulus to the economy to which it has been advised by a good source that an independent oil company will be constructing Northern Pacific, but cannot verify this information. Northern Pacific has a book value of $125 and on the basis of assets, earnings and prospects appeals to this writer as an outstanding bargain.
Roadblocks of Unreasonable Regulations

By GEORGE F. SWIFT*

President, American Management Institute
President, Muscooge Manufacturing Co., Columbus, Ga.

Reviewing the new systems of economic controls, executive of large textile trade organization attacks some phases of Federal tax and fiscal policies. Says unreasonable taxes can be highly inflationary only by reducing non-essential government expenditures. Sees some of new regulations, together with new taxation hampering industries and private enterprise, as investors, not banks, should absorb government loans.

Some of those who are high in our government have indicated that next to the victory itself, the textile industry is first in the stand point of defense needs. This is not a surprising statement, for the textile industry furnished more than one million armed forces personnel in World War II. Today, more than 11,000 different items of equipment have been designed and manufactured for the armed forces in World War II. This has required the whole effort of the textile industry, and it is the belief of many people, that the patriotic response will be of the same high quality that it has shown in the past.

For textile management I believe I can voice the pledge that we will exert every effort to meet the country’s military needs and its essential post-war needs. I must be, of course, that no American soldier shall be denied anything that he needs to keep him on the job. It is not only a patriotic obligation, but also one that is logically, but becomes wholly unreasonable if the time interval between sales and delivery is longer than the waiting material and labor costs.

Even if rising costs had not increased to such a degree as to make our first ceiling prices unreasonably low, the creation of new businesses in any considerable volume would still have been impossible. On Jan. 26, the industry was of the second quarter for the most part, and for several months into the third quarter. Only to the degree that these sales were the industry covered its cotton requirements. Any new important business must be either in the purchase of more cotton or the fixing of prices in the cotton market, already contracted for. But the machinery is now in capacity, and past, and the little cotton that could be bought, no prices could be made without the cotton previously contracted for and of no hedging of materials that would have been done early mills or shippers.

As the contracts closed on Jan. 26, it took 10 days to get down to the cotton markets and the futures situation, which the Bulletin told us was the length of time it took to produce the Great Flood. From time to time additional changes will be needed in price schedules, in material allocations, in production policies.

With all the earnestness at our command that we should charge with these responsibilities, not to make decisions which will upset the existing and throw roadblocks in the way of peace and, at the same time, the hour of need, the path of action can be smooth rather than made more difficult. This country has demonstrated that it can do anything any other country in the world and, in so substantial a manner, and that the strategic materials is being ex-

*Presidential address by Mr. Swift at the Convention of the American Cotton Manufacturers Institute, White Sulphur Springs, W. Va., March 20, 1951.

The Pay-As-We-Go Budget

The Administration’s "pay-as-we-go" budget for the next fiscal year is in excess of $71 billion. Present Federal taxes are about $55 billion. The indicated increase is about $16.5 billion. This increase would bring Federal taxes alone to 23% of the national income, the highest percentage ever known. The highest figure reached in World War II was 34.2%. Still, state and local taxes added to the proposed federal taxes would total amount to $89 billion, which is one-third more national income.

A recent history of taxation by one of the world’s best economists reveals that nations have long prospered under a tax burden as high as 50% of national income.

In the light of these facts, it is apparent that we can safely pay as we go on the general program only by reducing to the utmost degree the expenses of the government. Such expenditures are estimated to be about $9 billion. If nonessential expenditures are cut back to the level of 1948, $8 billion can be saved. The figures indicate that

The true purpose of the Preparatory Program is to strengthen.

Continued on page 36
Facts to Ponder

1. The phrase "inflation" the Administration is striving to check was not merely inflation but in large part created by it. The sum of several Administration policies has resulted in an unabsorbed demand for goods and services that is vivid phrase is in a recent report by a Congressional committee headed by Senator O'Mahoney of Wisconsin.

2. "What the people seek anxiously to learn now is whether Mr. Truman will be able to destroy the Franklin monster he created. To do so he must go counter to groups he in the past has favored and needed the help of. If he is to succeed in the Presidential nomination in 1948 he flagrantly renounced labor and farm of being under oligarchy. To hold his seat with a Democratic party, by strong implication he promised groups a campaign still more grateful, and in his campaign speeches made promises specific and glaring. He got the vote, and it was a vote from the farm vote, and he won the election."

"Policies and attitudes of the Truman Administration that gave advantage to farmers and labor have added to the dynamism of the inflation mechanism." — Mark Sullivan.

These are certain facts for the American people to ponder.

And we suspect that they are giving some of the official family uneasy moments, too.

Continued from first page

A Balance Sheet of the Stock Market

Professor R. A. Fisher, the nation has been through a period of past 20 years that the mere fact that the past 100 years of the 26th Century can be the exact average is that we can do to discover that we're tired of being emotionally upset, is con-

The direction in which the Ad-

ministration's 1949-50 budget is obvious—for the government to create interest in the maintenance of prosperity. The P for policy has injected some-

thing permanently new into the economic equation.

By May, New York State followed the lead of Massachusetts and adopted the Prudent Man Rule which in effect permits up to 35% of a trust fund to be invested in small and a billion dollars of public utilities was invested in small.

And a bill permitting life insur-

ance companies chartered in New York State to purchase an esti-

mated $1.5 billion of common stocks recently signed by Governor Dewey. The next re-

gulation to be adopted will apply to the savings banks— for the savings banks for the investment of the loan assets in common

stocks, real estate and other forms of invest-

ment. The current and prospective regulations to be adopted will be, in good part from semi-per-

manent to the bull market of the New York Stock exchange.

inequity in market speculation.

Continued from the last page, the fore-

mentioned 1939 saw the creation of another important type of fidu-

ciary demand for securities: The investment of pension plan funds. These were funds with insurance companies, Farm Security Administration, and the capital must still be invested each year. Contrast this demand poten-

tial with the fact that the magnitude of all common stocks listed
Thus, billion and a capacity million which was discharged. 

(8) As I visit different sections of the country, I am, at times surprised by the financial habits of people who one would think are so well off that a large number of them are in the situation of being "too rich to do anything." There is, of course, no such thing, but to us of the New York Stock Exchange it is a serious problem. A large number of people who are not in a position to afford to lose a hundred thousand dollars have commitments in stocks to the extent of a million dollars. It is a serious problem, and I think it is one which should be made known to the people who are not in a position to afford to lose a hundred thousand dollars. It is a problem of how to break this bond and bring about a change in the financial habits of people who are not in a position to afford to lose a hundred thousand dollars.

The Liabilities

As I executive vice president of the Exchange, I find it necessary to emphasize the importance of the Exchange's liability. The Exchange is not a bank, and it is not a financial institution. It is a business organization, and its primary function is to facilitate the trading of securities. However, the Exchange also has a responsibility to its members and to the public. The Exchange's liability is to ensure that the market is fair and that transactions are conducted in an orderly and efficient manner. The Exchange's liability is also to ensure that the market is free from manipulation and fraud.

(5) Apropos the foregoing, I'd like to ask another question: Have you got shelves' retailers? Chances are, you'll find retailers' shelves stacked with inventory which is about 30% above the average level. Equally important, outstanding orders are up sharply. This is where the "pinch" is coming in. Orders are still being booked, but it's becoming more and more difficult to find goods. The situation is such that many retailers are finding it difficult to meet their obligations to their customers. It is, therefore, important that retailers make every effort to ensure that they have sufficient inventory to meet their customers' needs.

(6) No question about it, we're living in an age of distortions which means that one can't evaluate the stock market in terms of a simple arithmetic which was used in the past. To put it simply, there is a certain amount of inflation which is more than the level, but industry has spent such huge sums for plant and equipment that it has a substantially better value than at the beginning of the year. Yet, the market itself tells us that there is a lot of defensive buying as the protective interest has dwindled—many of the new speculators are "hedged in" with longs and the business news is following the price trend—and it will have real liquidation. Thirdly, most first months may not make pleasant reading, and the capital markets which possess important elements of stability, Lastly, the high-grade bond market has been through a major readjustment, and stability is likely to be seen in prospect for the time being.

The New York Stock Exchange

Weekly Firm Changes

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

Gayle L. Young will retire from partnership in嘉信, Stanley & Co. on April 15.

Charles G. Raible will retire from limited partnership in Privest, Inc., on April 1.

James T. Whipple retired from partnership in Tuller, Cray & Ferris on March 31.
Impact of New Monetary Policy on Mortgage Market

1. Effect on Inflation

It is widely agreed that a major concern about the effects of this monetary policy is the likelihood that the monetary policy will bring about a rise in long-term interest rates. With a resulting freeze up many bond portfolio by decreasing bond prices, this freeze up may result in a retrenchment of many bonds, real estate, and other bond securities. This, in turn, will have an effect on the mortgage market. The point is that by selling government bonds, the government will have an effect on the mortgage market.

Effect on Mortgage Market

With this background turn to Table 1, which gives the probable supply of money seek-

TABLE 1

<table>
<thead>
<tr>
<th>(In billions of Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEMAND</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>1. Net new mortgages</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2. Risk assets in the banks</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>3. New capitalization of banks</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>4. Total</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>SUPPLY</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>1. Life insurance</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2. Savings banks</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>3. Commercial banks</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>4. Government securities</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

2. The probable supply of mortgage

A quick review of the above table shows that the new supply of government securities is estimated at $2,500 million, or approximately 30% of the funds raised to supply the demand. This indicates that the monetary policy of the Federal Reserve Board may make it unattractive to sell government securities, and that the supply of funds available for new investment.

Time deposits in commercial banks in 1950 approximated $250,000. On the basis of trends in the past four years, it may be assumed that there will be very little change in new time deposits in this class of institutions. The short-run commercial policy of commercial banks is necessary for them to meet the changing demands for time deposits. For example, the possibility that the rate of new savings in 1950 was approximately $5,000 million despite their decline in time deposits. Nevertheless, commercial banks will be quick to affect the recent changes in the government monetary policy and I would suggest that commercial banks will not large purchasers of mortgages this year.

3. The Probable Supply of Money

The capital of these associations increased during the year 1900 by approximately $500,000. It would be fair to assume that savings and loan associations have had a substantial increase in their holdings of mortgages. In dollars, the gain in time deposits was approximately $500,000, and in percentage of time deposits to total deposits, the gain in mortgage holdings to a significant extent came from the decrease in time deposits and increase in government bonds. Their gain in time deposits was approximately $750,000, about half their increase last year.

The largest concentration of mortgage banking is in New York State, and we are able to get some data about the concentration of institutions from the Banking Department on Oct. 1, 1950. A summary of these reports will disclose that long-term mortgage banking will be substantially replaced by higher-yielding mortgage loans and other kinds of securities.

3. The Trend of Interest Rates

I believe it is a generally recognized fact that interest rates for long-term mortgages are pretty much tied to the long-term market and the rate for long-term mortgage securities goes up or down, so will the rate for mortgage. What is the historical difference between these? What is the historical difference? We have to start the discussion from some perspective on this point. I will go back to 1941 and quote the rates for a yield of that year.

In other words, the historical data show that the rate for long-term and government bond mortgage and sometimes it has been approximately 1.0% and between long-term government and high-grade corporates 0.25%. What is the difference in rate? Between these various kinds of security over the past 80 years and the rate that has the government has always? What do we mean by government? In other words, it would appear

Type of Security

| Long-term government bonds | 2.45 |
| Mutual agreements on AAA corporates | 2.65 |

(a) Insured by the Veterans Administration 3.30
(b) Noninsured, 10-year maturity 3.50
(c) Conventional secured by dwellings 4.00

Interest Rates—Interest on long-term government bonds has risen. This rise was immediately reflected in the gain of 16 basis points in the Moody AAA corporates. Mortgage interest rates also, in all
probability, must increase. How much, the market will tell.

Conclusions

The character of the monetary policy is assuming considerable importance in determining the rate of change in the market for new securities. Whether, on the other hand, the mortgage, the longer term, is not clear. For example, it seems as though a credit accompanies credit restre structure on FHA and VA mortgages are either fixed or floating. As a result of a new building from approximately $2,700,000 to $3,000,000 in 1951, a reduction in housing starts in the New York City area. If this expected reduction in demand occurs, it will reduce the value of mortgage bonds and cause a decline in the market by about $5,000,000,000. This could well cause the mortgage volume not to occur before the latter part of 1951, as is illustrated by the number of sales in January (3,000 units) and in February (1,500 units).

On the other hand, although the demand for money for mortgages should go down, it may not be over half of the year, it is possible that the government plans to implement an armament program, may by that time be foreseeing to borrow more money and thus use up what might otherwise be surplus funds seeking investment. I mention these things because in forecasting I would expect to see a surprise to courses of events beyond the month. Within that limitation I shall give it out of the market for new mortgage investments.

Supply of Money Seeking Mortgage Investments

(a) Investment managers will be very low in low rates, that are so attractive that the loss in principal can be justified. The result will be that within 3 years on all types of mortgages must recommend a high ratio of mortgage. In other words, a sale of present held securities for reinvestment. The probable result will be that the amount of money seeking investment in savings units will be restructured to that obtained from new savings, at a limited supply. Mortgages in 1951, therefore, will be compelled to compete in the market for savings with national and foreign cash flow of money. The indications are that the market will find the advantage of the borrower of mortgage.

(b) Commitments already entered into by many institutions are very difficult to change. The ability to favorably sell existing investments, some parties may be forced out of the market for new mortgage investments.

Interest Rates on Mortgages

Veterans’ Loans — Before March 8, 1947, a support was removed, the difference in rate between long-term government bonds and mortgages insured by the Veterans Administration after deducting a mortgage of 1% for servicing was approximated 1½% in lower interest rate is to be maintained, the government will be increased to 2.75%, the net yield on a mortgage must increase to 3.75%.

What does this change in rate indicate for other types of insured mortgages? Assuming a 20-year mortgage with an expected 5% rate, what price will GI mortgages have to sell? To answer this question, the following yields? The answer works out as follows.

<table>
<thead>
<tr>
<th>Yield</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1%</td>
<td>3,814</td>
</tr>
<tr>
<td>2%</td>
<td>3,740</td>
</tr>
<tr>
<td>3%</td>
<td>3,670</td>
</tr>
<tr>
<td>4%</td>
<td>3,600</td>
</tr>
<tr>
<td>5%</td>
<td>3,530</td>
</tr>
</tbody>
</table>

I am reliably informed that today there are blocks of VA insured loans being offered at prices between 98 and par, indicating that the supply of these mortgages is new enough not to change.

(b) FHA Insured Mortgages—Excluding premiums, FHA insured mortgages have been selling, after servicing, to produce a net yield of 5%. If the FHA insured mortgages have to sell in order to produce a net yield of 4% as insured by the Veterans Administration as is a usual mortgage market, it is possible that FHA will continue if it involves a decrease.

Again assuming a 20-year mortgage with an expected average yield of 4% for 20 years, what will FHA insured mortgages have to sell in order to produce a net yield of 5%? Again, the figures are:

<table>
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</thead>
<tbody>
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</tr>
<tr>
<td>5%</td>
<td>3,530</td>
</tr>
</tbody>
</table>

The FHA Insured mortgage will be expected to sell with an increase of 4.3% and the gross to 4.75%.

Again, let me illustrate what may happen to conventional mortgage yields. We will assume a 20-year mortgage with an expected life of eight years. In this case, because the insurance is obtained by interest rates established by government agencies, I shall use two different interest rates, 1% 4.5% gross, 4% net; and the other, 3% 4.5% gross, and then estimate the yield based upon an assumed insurance premium.

Mortgages with interest of 4% gross, 4% net:

<table>
<thead>
<tr>
<th>Premium</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>1%</td>
<td>3,814</td>
</tr>
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</table>

Mortgages with interest of 5% gross, 4% net:

<table>
<thead>
<tr>
<th>Premium</th>
<th>Yield</th>
</tr>
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</tbody>
</table>

I have given you the idea that the rate on conventional mortgages will go to 5% with the probability that they may command a price of 4.5%.

Now I have a comment to make, which should be advice to borrow, and I will through. My comment is that I do not view the possible disappearance of mortgage with alarm. Many men in this room have had the experience of consistently charging borrowers for the privilege of arranging mortgage loans. Those of us who have been in the business 25 years or more know that it can be done and that is the soundest method. Comparison of loans for mortgage loans eventually becomes, unscramble when it revolves around the largest premium for it. Our business will return to a market where mortgage is a fee, the mortgagee based upon the skill of persons who render.

Keep the bit of advice. I am told that plans are being discussed whereby some lenders may offer to make loans at par and get the increased yield by decreasing the mortgagee’s service fee. I know one of that type of this has been made by a number of insurance companies whereby the correspond with those that are quarter of 1%, Representatives of the insurance companies and loan correspondents are both in this room. I would advise both of you not to permit this type of bad practice to get started. I advise that if you find the person in the servicing fee can come to nothing but grief for both principal and correspondent, I will run this account.

With W. E. Hutton

James T. Fox

James T. Fox, head of James T. Fox & Co., New York City, has passed away.

Worcester County El. 31/4% Bonds Offered by Halsey, Stuart Group

Halsey, Stuart & Co., Inc. and associates are today (April 5) offering $3,000,000 Worcester County Electric Co. first mortgage bonds, series B 3¼% due 1981, at 101.54% and accrued interest.

Proceeds from the sale of the series B bonds will be applied to the payment of $11,370,000 aggregate principal amount of notes due March 1, 1951, to the payment of $500,000 aggregate amount of the notes to the New England Electric Power Co., and to the cost of, or to reimburse the treasury, for additions to the company's plant and property.

General redemption prices of the new bonds run from 104.54% to par. Special redemptions may be made at prices ranging from 101.50% to par.

Worcester County Electric Co. is engaged in principally the generation, purchase and sale of electric energy and the sale of electric energy and the sale and other purposes. Electric development and research by company incidental to its business.

Electric service is provided in 77 cities and towns in a territory of approximately 570,000 acres of area, of 1,800 square miles and an aggregate population of approximately 750,000. The territory served includes the highly industrialized city of Worcester which has a population of over 200,000.

Blair, Rolins Adda

(Tulane in the Financial Chronicle)

JOINS CHESTLEY

(Tulane in the Financial Chronicle)

CHICAGO, Ill. — A. G. Smuwan has been added to the staff of Blair, Rolins & Co., Incorporated, 135 South La Salle Street.

Philip Talman Joins Reynolds in Chicago

(Tulane in the Financial Chronicle)


BANQUE DE LA SOCIETE GENERALE DE BELGIQUE

Societe Anonyme

3, Montagne du Parc, Bruxelles, Belgium.

THE LEADING BELGIAN BANK WITH 129 YEARS EXPERIENCE

BALANCE SHEET

31st December 1950

ASSETS

Branches and agencies...

<table>
<thead>
<tr>
<th>Branches and agencies</th>
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<td>1.842.000,000,000</td>
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Trade bills...

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Creditors...

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Fixed Assets...

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Liabilities...

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Net worth...

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<th>Net worth</th>
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Belgian Prices (€)

| 2.755.558.269,35 |
| 2.110.000.000,00 |
| 1,212.000.000,00 |

EXCHANGES

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The LEADING BELGIAN BANK WITH 129 YEARS EXPERIENCE
As We See It

Over prices and related matters, that confusion becomes worse confused when untrained agents by the thousands are sent out to try to settle it.

Insurmountable Difficulties

But current developments are again showing a good deal more than that. They are again strongly suggesting that many of the problems facing economists, managers and the like as well as the individual, given the wisdom of seventy times seven Solomons. We should have known, indeed most of us did know quite well, that it is quite possible and very common for segments of the price structure without controlling them all. It should have been obvious that any "freeze" or flat fixing of all prices at levels prevailing as of a certain date are, however, insisting upon a set of relationships which undertake to fix their position with relation to other factors in the economy in a way which is about as infeasible as the farmers' plan. They want to be assured that their rates of pay will move up as fast as "consumers' prices," so-called, rise. As a matter of fact this appears to be the one point on which they are almost the same for the time being. Such a position seems difficult to reconcile with any sort of "sacrifice" in the present emerging experience of the others are repeatedly demanding.

We have two facts not to be lost to sight: One of them is taxes (other than personal income taxes) paid by the consumer is a "consumer price" when the current farmer, for example, borrows against a note of pay—not weekly earnings, which are swallowed by full employment, overtime and "up-grading" of workers' pay to keep pace with what is used to be called the cost of living. Farmers and labor unions and their powerful political position in the country any position such as this taken by them must be regarded as a distinctly extended economy of the day.

We can only hope that lessons will be learned from this "emergency" and that they will not be forgotten when times are again "normal."

Roadblocks of Unrealistic Regulations

The types of taxes which I have discussed are subject to definite forms of inflation and in effect there are limits which have been reached, or which are being reached that will lead them would create difficulties either in the form of greater inflation. It appears, therefore, that the most fruitful source of new reve¬

enue is to the extension of excise and sales taxes. These taxes are non¬

inflationary, do not directly bear on crops, and are not available as they partly are, taking as yet at the same time they serve to help control inflation and encourage economical consumption. What I have tried to show is that we should not support blindly, a program of increased taxation without knowing what we are doing.

Likewise important in the battle against inflation is credit policy our government adopts, both as regards public credit and private credit. It is dangerous to urge that credit in general should be restricted. Only some kinds of credit should be restricted. This is the case in the creative and expanded and liberalized. First of all, there is the problem of government borrowing to the greatest extent possible, bonds sold to the general public, to the insurance companies and to agencies such as the Farm Credit Fund. Such borrowings are anti¬

flationary. They soak up surplus, thus spending power and do not, under stable conditions, serve as a basis of unproductive spending. Bond sales to the Federal Reserve Banks and other central banks are, on the other hand, highly inflationary.

In the field of private credit, loans for industrial expansion of the type described is true, that credit policy should be encouraged. Under present circumstances and, of course, proper that loans for non¬

essential and speculative purposes should be curtailed.

The restrictions which have so far been placed, or are likely to be placed, on the use of credit seem fair and reasonable. Our thinking on credit, as in the case of taxes, should not be based entirely on the basis of general principles but based on specific situations and needs.

Capital Gains Tax

With respect to the capital gains tax proposal, it is true that they also look not at present to be anything but a way of increasing the compensation he is allowed to keep. They have talked at some length on taxes and credit policies, because they have been so much of the most to what a great degree as do the policies of OPS. They merit our closest attention in respect to both their possible effects and certainly should not go un¬

recognised by the Institute.

Canada's Investment Opportunities

Canada's Investment Opportunities

Canada's Investment Opportunities is bordered by an area of rich, fertile soils where foodstuffs from the almost anything you'll find in the world. At the same time, the country's economic structure as a whole. The very competent manner in which our banking system has been administered has given us a new development formula. Canada too, thus, has grown in the field of foreign trade to the rank of third largest foreign trade country in the world.

But in no aspect of all this great country can any more heart-warming circumstance be found, than in the fact that a very important growth in the history of a truly remarkable degree of har¬

BOSTON, Mass. — Howard E. Scranton, vice-president of the Boston Commercial and Financial Exchange, was formerly for many years on the staff of the Commercial and Financial Exchange. Prior thereto he was an officer of Russell Dean & Co.

With Coffin & Burr

The Commercial and Financial Chronicle... Thursday, April 5, 1935

Howard E. Spencer joined duPont, Homey & Co. (see page in the Financial Chronicle)

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What Is a Dollar?

to our dollar resulting from innumerable and inexcusable alterations, these are the elements of "planners," and to seemingly ill-informed and overmastered "manipulators."... It is then to weaken the dollar. Due to their inability to prevent the flight of capital from the dollar by constantly testing the integrity of the dollar, both the fiduciary and the speculators in the stock market, and are exporting liquid assets to Canada, Mexico, Holland, and all other foreign countries. Today refugee capital circulates today with millions having been sent there in recent weeks. This flight from the dollar—from bank deposits, from government securities and from domestic monetary assets—is so serious we are faced with the question, what is a dollar? How can we protect its integrity and render it a sound basis of exchange in the American people in it is in fact too late?

The late Professor Frank D. Graham has thrown light on this problem. He wrote: "Properly handled paper currency might perhaps be the most stabilizing and least dangerous of all the metallic monetary standards there are—indeed the most economical of the ability of expansion of the currency. In the case of inconvertible paper currency, fiduciary and con-

servatively imposed restraints and self regulation are not increased to have to lend money to the government and for which we make metallic standards seem like stability.

The ability to apply any objectively imposed restraints a fiduciary and credit "assets," the ability to monetize our national debt, and the issuance of paper does not prove to be as inadequate as to have to lend money to the government and for which we must now recompense.

Even the iron constitution of George Washington is passed with death to the constant bleedings by our currency cycle. This "bleeding" can destroy the integrity of our dollar by our modem "manipulators" if we do not face realities quickly.

The late Professor Frank D. Graham remembered the controversy as follows:

"All in all, under present day economic and political conditions in America, it is impossible to avoid a commodity of universal demand, such as the dollar, to be as much more stable and dependable than a price level contrived by any such mechanism or the cost of the commodity dollar. Such a dollar would now be the staid, state of a distant utopian world. It would have bade the United States in the United States of America in the United States of America in the United States of America today."

The Question of Conviviality

In view of current developments, the statement seems to be questionable. We may try to redeem our paper currency and deposit gold today is not causing "unwarranted" alteration in the approach of the acceptance of such currency.

Professor Walter E. Spahr states in his pamphlet, "It's Your Dollar": The gold dollar is the ultimate and surest standard of all monetary systems for the United States... In thinking of the dollar's value, in connection with prices, one must remember the dollar's cost, in connection with prices, which money and deposits into gold in the past contributed, great and reasonable stability in the value or purchasing power of the dollar.

But it is hard to imagine that a dollar based standard within our domest-ic economy would do much to increase the integrity of our dollar and give us once more a sound money.

Basic to such management is the necessity for recognition of the fact, known apparently to almost everyone except our "planners," that gold is still the unquestioned standard in all countries of the world. This is true even in the totalitarian nations where personal freedom is unknown. The standard of gold is understood all over the world, and the dollar of 13.714 grams of pure gold is worth 35 dollars and it measures the exact value of the purchasing power of the currency in every country. It is not the intrinsic value of their failures—their stability and instability. But in the United States the gold dollar is denied the opportunity to function, under recent management, in order that it may make its maximum contribution to the stability of the purchasing power of our currency.

In terms of football, we have fumbled the ball on the five-yard line in the coffin corner. It seems inevitable that our opponents will scorch our forces of inflation—fire our guard and right tackle, bend in the coffin corner and "win the victory." The present incongruous and pestilential affects ofagements to all who seek a solution to our monetary and financial ills. Day by day, the inconspicuousness of the divergences becomes more marked.

Conclusions

Only lack of space prohibits the author from "piling up additional evidence" to substantiate the facts that seem evident from the discussion:

First: Our standard of value has been and still is a dollar. A dollar that consists of 13.714 grams of pure gold.

Second: Even a reasonable stabilization of the purchasing power of a dollar can be done and is increasingly difficult and advancing task.

Third: Complete stabilization does not seem possible only in a static society.

The third: Our domestic convertibility of our currency and bank deposits into gold in the past contributed, great and reasonable stability in the value or purchasing power of the dollar.

But a dollar based standard within our domestic economy would do much to increase the integrity of our dollar and give us once more a sound money.

In such statements there is hope. At last the seriousness of our plight is causing some light to break through the clouds that have obfuscated the factors that have been steadily destroying the integrity of our dollar. Perhaps Congress, too, will come to realize in this hour of crisis that it is easy to see the dollar of value loses its integrity, then our economy is thrown into such an unbelievable degree of confusion that all who seek a solution to our monetary and financial ills. Day by day, the inconspicuousness of the divergences becomes more pronounced.

Fiscal policies, with a few exceptions, have failed to stabilize the purchasing power of the dollar. The purchasing power of the dollar, on the other hand, is more susceptible to other factors, such as the government budget, and is influenced by a variety of social forces, including the economic policies of other countries, and changes in international trade. The purchasing power of the dollar is also affected by changes in commodity prices, which can fluctuate due to supply and demand factors, and by changes in the value of the dollar relative to other currencies. It is important to note that the purchasing power of the dollar is not a fixed quantity but rather a variable that can be influenced by various economic and political factors.
are saying nothing, I can't make that talk."

Basically, I think prices will be higher in your future. At the same time I think they'll be lower before they get higher. To operate in such a market you must deliberate planning. One method is to buy at a point of current prices and addition buying at a later date when prices get lower. Another is to do nothing at all and wait for the lower figures.

The latter method would be ideal were you considering buying at the bottom. I can't give you such assurances. Here there are peaks which show some minor up tendencies. Technicolor is one. Cooper-Bessemer's another. However, if either of these can do much while the general market is in a lather or down-state. But you've got options which might look into these stocks.

I can give you examples but they would only clutter up your thinking and probably wouldn't convince you anyway.

The major buyers today are the investment trusts, open and closed-end. Most of the open-end outfits are dally. Because of the formula method, some are haphazard depending on daily sales of units. Still others have delaying factors that postpone buying for anywhere from 60 to 90 days.

The major momentum, of the kind of exciting buying that comes out in ribbons on the tapes, that once came from heavy public or floor participation, is completely lacking. Naturally this doesn't mean that there isn't good for. But as a barometer of things to come for the immediate future, it is non-existent.

I realize that so far all this leaves you in a what-do-I-do position. However, I don't make markets. I try to interpret them. When markets are ever prices and wages. The fundamental condition that would have been necessary for a rise in prices and wage controls are still present.äd prices and wages alone, if they did not break down altogether, would merely be indications that underlies the economy, and that price and wage control upward swing of open inflation as soon as they were moved. Fortunately the outlook for the adoption or continued use of price controls against inflation is pretty good.

**Cleveland Program**

The Cleveland program is a five-point program for fighting inflation. No one of the five points can do the whole job, but it is essential to an adequate program. The program includes, like add up to a balanced program, the provisions of the program:

First: We must increase production in every way possible. Second: The government must be taken to reduce government expenditures. Third: Taxes should be raised sharply and promptly, to restrain additional inflation, and to enable recovery of the weakening consumer purchasing power. To this end, taxes should be increased in the wake of the 1952 tax return. Fourth: The expansion of bank credit should be curtailed. Fifth: A national program for consumer savings should be instituted.

Both for fighting the menace of further inflation and for curtailing inflation, we need a program for the expansion of production. The Cleveland money supply has increased. New workers should be taken off the unemployment rolls if there should be an expanded worker program for both new workers and old. Hours of work should be lengthened. We should encourage the use of substitutes for scarce materials. And we should reduce any surplus in order to take advantage of foreign countries' capacities to produce. Our increased production will enable the supply of personal needs to be closer to demand. But this takes time, and time in industry is essentially a long-range product. By itself, it cannot do the full job, and we need short- and long-range financial support of the program. The second point in the CED program has to do with the Federal budget. We have just released a policy statement called "An Emergency Tax Program for 1953" in which we outline a program to carry out a "pay-as-you-go" policy in the fiscal year 1952, which will remain in effect as long as it is necessary to use the revenue from current $7 billion and $13 billion in the Federal budget. The present tax program should make its principal contribution to this program by reducing the federal budget for fiscal 1952 to the 1951 level, which will be $13 billion lower than the budget for fiscal 1951 and raise taxes above their present level.

I noted that CED thinks expenditures should be cut by about $6 billion from the $74 billion for fiscal 1951 in the President's budget. The increase in the interest rate has been described as occurring in a way that was not realized in the open market. We were enjoying a surplus in an unprecedented way. We have a shift this summer to deficient finished goods. The CED budget, the cash deficit in fiscal 1952 will be about $13 billion lower than the fiscal 1951, which will be another $13 billion lower than the fiscal 1950 deficit, and raise taxes above their present level.

**Credit Control**

This brings me to the next, plank in the CED platform, the "Credit Control." While I think the month the opportunities for re-
The Public National Bank and Trust Company of New York

Main Office, 37 Broad Street

CONDENSED STATEMENT OF CONDITION
March 31, 1951

RESOURCES
Cash and Due from Banks $134,203,167.00
U. S. Government Securities 66,252,347.64
State and Municipal Securities 19,946,025.55
Other Securities 6,041,565.04
Loans and Discounts 258,206,745.95
F. H. A. Insured Loans and Mortgages 19,692,431.40
Customers’ Liability for Acceptances 5,009,743.89
Stock of the Federal Reserve Bank 720,000.00
Banking Houses 2,502,620.69
Accrued Interest Receivable 625,620.47
Other Assets 261,543.77

$513,311,131.83

LIABILITIES
Capital $10,587,500.00
Surplus 13,412,500.00
24,000,000.00
Undivided Profits 8,993,028.42
Dividend Payable April 2, 1951 32,993,028.42
Unearned Discount 302,500.00
Reserves for Interest, Taxes, Contingencies 1,853,082.78
$6,553,812.19
Less: Own in Portfolio 5,529,717.65
5,529,717.65
Other Liabilities 706,494.68
Deposits $513,311,131.83

55 Offices Located Throughout Greater New York

There is a special job here for an economist. An advertiser wants to know what the public thinks. He wants to know how many people will respond to his advertisement. He can check the increase in the supply of money, which is one of the main causes of inflation. Until the recent agreement between the Bank of England and the Federal Reserve Bank, the possibilities for controlling private borrowing were severely limited. Selective credit controls on installment buying and real estate mortgages were among the only controls over borrowing that seemed practical. If they are used, they can do only a small part of the job at best.

Now, the broad control of credit in general can be a potent force for the control of inflation. The Federal Reserve was forced to support the country’s economic stability in the past by buying securities at par or above, by buying securities in the open market when there was any indication that each purchase of a government security from a bank increased the reserves of the banking system. Now, credit control directly, controls that indirect and more fundamental controls have a part to play. They do not dictate the terms of the supply of money, individual decisions to spend or not to spend. Instead, they establish a climate within which such decisions are made freely. They encourage or discourage financial expansion, but they do not prescribe the channels through which economic activity shall flow. The CED has always believed that the basic tools for economic stabilization are these non-coercive indirect controls. I think it is too early to say flatly that monetary policy will have come into its own, but the developments of the past month are most encouraging.

The CED recently issued a plan for the voluntary control of credit. Under this program, banks and investment companies will be called upon to avoid making loans that are not essential to the needs of commerce, agriculture and industry. I believe that an effective program of voluntary credit control can be a useful supplement to the more basic policy of control of credit I have just described. It helps to prevent the granting of inflationary loans.

The CED believes that the differences of opinion about monetary policy and the management of the economy have persisted for a number of years. That some of the problems have been hampered by the CED’s constant efforts to advise the government to stabilize the economy. In 1948 the CED recommended the establishment of a Monetary Commission. We have again made this proposal in our latest statement of policy. We believe that such a commission, established by the government and including both public and private representatives, could help to stabilize the economy.

Government and industry, together with the public, must act to prevent the granting of inflationary loans.

We have been encouraged to see the progress made during the year by the Federal Reserve System in stabilizing the economy. We have been impressed with the ability of the Federal Reserve System to act as a stabilizing force.


The Federal Reserve System cannot act alone.

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Steel Output Scheduled to Drop Moderately This Week

Whispers of inventory trouble, barely audible a few days ago, have risen to a steady murmur this week, according to "The Iron Age." The automobile and truck industry now finds itself in a dilemma: Although inventories are reported to be at the lowest levels in several years, demand is still strong. In the metalworking field is consumer durable goods. Builing inventories for these goods have already been increased by several weeks. Early hints of an inventory recession were based on fear of what might happen as a result of over-expectation of a quick pullback.

For a long time it has been known that dealers and distributors are in a better position than they have been in years. They are insuring themselves against shortages expected later this year. Now it has become clear that some are not finding shelves loaded while manufacturers are still turning out a torrent of consumer goods, this trade authority adds.

Steel people consider NPA's action a stopgap to extricate itself from the NMC situation. They may have a hard time accounting it. The NMC order would have caused a big drop in NMC order. Some of these orders were remarkably strange, to put it mildly. Not one was received for 1,500 tons of a couple of other orders, they are also interesting. Their order was for 1,500 tons of steel. Steel people consider NPA's action a stopgap to extricate itself from the NMC situation. They may have a hard time accounting it. The NMC order would have caused a big drop in NMC order. Some of these orders were remarkably strange, to put it mildly. Not one was received for 1,500 tons of a couple of other orders, they are also interesting. Their order was for 1,500 tons of steel. Steel people consider NPA's action a stopgap to extricate itself from the NMC situation. They may have a hard time accounting it. The NMC order would have caused a big drop in NMC order. 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### Indicators of Current Business Activity

#### American Iron and Steel Industry

<table>
<thead>
<tr>
<th>Latest Week</th>
<th>Previous Week</th>
<th>Month Ago</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,074,000</td>
<td>2,069,000</td>
<td>2,019,000</td>
<td>1,966,000</td>
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#### Civil Engineering Construction—Engineering News-Record

<table>
<thead>
<tr>
<th>Material</th>
<th>Latest Week</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
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</thead>
<tbody>
<tr>
<td>Steel ties</td>
<td>24,000</td>
<td>24,900</td>
<td>24,010</td>
<td>24,060</td>
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</table>

#### Metal Prices (E & M J. Quotations)

<table>
<thead>
<tr>
<th>Type of Metal</th>
<th>Latest Week</th>
<th>Previous Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper tubes</td>
<td>50.00</td>
<td>50.00</td>
</tr>
<tr>
<td>Steel bars</td>
<td>45.00</td>
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</table>

#### Moody's Bond Yields Daily Averages

<table>
<thead>
<tr>
<th>Type of Bond</th>
<th>Latest Week</th>
<th>Previous Week</th>
</tr>
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<tbody>
<tr>
<td>U.S. Government Bond</td>
<td>3.50</td>
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#### Failure of Commercial and Industrial—Dun & Bradstreet

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<thead>
<tr>
<th>Type of Failure</th>
<th>Latest Week</th>
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</thead>
<tbody>
<tr>
<td>Insurance</td>
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#### Iron Age Composite Prices

<table>
<thead>
<tr>
<th>Type of Material</th>
<th>Latest Week</th>
<th>Previous Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper pipe</td>
<td>2.50</td>
<td>2.50</td>
</tr>
<tr>
<td>Iron pipe</td>
<td>2.25</td>
<td>2.25</td>
</tr>
</tbody>
</table>

#### Oil and Paint Reporter Price Index—Oct 35

<table>
<thead>
<tr>
<th>Type of Oil</th>
<th>Latest Week</th>
<th>Previous Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude oil</td>
<td>300</td>
<td>300</td>
</tr>
</tbody>
</table>

### Stock Transactions for the Good-List Account of Ohio

<table>
<thead>
<tr>
<th>Stock Name</th>
<th>Latest Week</th>
<th>Previous Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Electric</td>
<td>120.00</td>
<td>120.00</td>
</tr>
</tbody>
</table>

### Whitehall Steel products

<table>
<thead>
<tr>
<th>Type of Steel</th>
<th>Latest Week</th>
<th>Previous Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hot-rolled</td>
<td>120.00</td>
<td>120.00</td>
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</tbody>
</table>

### COTTON SPENDING (DEPT. OF COMMERCE)

<table>
<thead>
<tr>
<th>Type of Cotton</th>
<th>Latest Week</th>
<th>Previous Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw cotton</td>
<td>22.00</td>
<td>22.00</td>
</tr>
</tbody>
</table>

### Fabricated Structural Steel

<table>
<thead>
<tr>
<th>Type of Steel</th>
<th>Latest Week</th>
<th>Previous Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel beams</td>
<td>300</td>
<td>300</td>
</tr>
</tbody>
</table>

### Life Insurance

<table>
<thead>
<tr>
<th>Type of Insurance</th>
<th>Latest Week</th>
<th>Previous Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life insurance</td>
<td>1,000</td>
<td>1,000</td>
</tr>
</tbody>
</table>

### P듭ersonal Income in the United States

<table>
<thead>
<tr>
<th>Type of Income</th>
<th>Latest Week</th>
<th>Previous Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total personal income</td>
<td>275,000</td>
<td>275,000</td>
</tr>
</tbody>
</table>

### FRASER (fraser.stlouisfed.org)


American Gas & Electric Co. Feb. 28 filed 330,674 shares of common stock (par $100) offered to common stockholders of record March 30, 1957, at par ($100) to be offered in units of one share of preferred and 13% of shares of common stock. Price—$3 per unit. Underwriters—Emmanuel, Deetjen & Co. and Barnett Herrick & Co., Inc., both of New York. Proceeds—To acquire plant, to pay indebtedness and for working capital.


Arden Farms Co., Los Angeles, Calif. March 22 (letter of notification) 10,000 shares of preferred stock (par $5), to be offered to public at price of $10 per share. Underwriter—None. Proceeds—For working capital. Officne—727 West Seventh St., Los Angeles, Calif., and 451 North Ninth Avenue, Phoenix, Ariz.

Artloom Carpet Co., Inc. (4/25) March 25 (letter of notification) 1,000 shares of common stock (no par), to be offered to common stockholders of record April 13, at par ($1) to be offered for subscription by common stockholders at rate of one share for each share held, with oversubscription privilege; rights—Price—$2 per share. Underwriter—None. Proceeds—For working capital.


Bristol Silver Mines Co., Salt Lake City, Utah March 28 (letter of notification) 1,003,124 shares of common stock (par 25 cents), to be offered to common stockholders of record March 15, 1951, at rate of one share for each two shares held, with oversubscription privilege; rights to expire on or about April 28. Price—At par ($25 cents per share). Underwriter—None. Proceeds—For development of ore. Office—Salt Lake City, Utah.


Brown Co., Berlin, N. H. Jan. 20 filed 12,000 shares of $5 cumulative convertible preference stock (no par) and 144,151 shares of $3 cumulative convertible preference stock (no par), together with voting trust certificates representing the same, in exchange for 144,151 shares of $6 cumulative convertible preferred stock (no par) and 2,176,385 shares of common preferred stock for each share of $6 preferred stock; offer extended from March 9 to April 30. George

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**Securities Now in Registration**

**New York**

**Boston**

**Pittsburgh**

**Chicago**

**Philadelphia**

**San Francisco**

**Cleveland**

**Prive First**

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**Corporate and Public Financing**

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**INDICATES ADDITIONS SINCE PREVIOUS ISSUE**

**Cosmopolitan Hotel Co. of Dallas, Tex.** Dec. 1 filed 1,150,000 shares of capital stock. Price—$1 per share. Underwriter—None. Proceeds—To construct and equip Cosmopolitan Co., a company which will construct Dallas hotel. Business—A non-profit corporation organized under the laws of Texas for the purpose of forming a Chamber of Commerce to secure construction of hotel.

**Cuban-Venezuelan Oil Voting Trust** Apr. 15 filed 1,139,139 shares of common stock (par $1). Price—$2 per share. Proceeds—To acquire all certificates representing one share of and one cent par common stock in 24 companies. Proceeds—$2 per share. Underwriter—None. Proceeds—For working capital.

**Cudahy Packing Co., Inc.** (4/17) March 1 filed 300,000 shares of capital stock (par $50) offered to common stockholders of record April 1, 1966. Price—To be supplied by amendment. Underwriter—None. Proceeds—To reduce bank loans by $9,000,000 and the balance added to working capital.


**Detroit Edison Co.** March 1 filed 850,000 shares of common stock being offered to common stockholders of record March 30, 1961, on basis of one share for each 15 shares held; rights to expire April 25. Price—At par ($20 per share). Underwriter—None. Proceeds—For construction program.

**Dixie Fire & Casualty Co., Greer, S. C.** March 26 (letter of notification) 6,000 shares of common stock (par $100). Price—Expected at $100 per share. Underwriter—None. Proceeds—For working capital.

**Dodge & Cox Fund, San Francisco, Calif.** March 19 (letter of notification) 30,000 shares of preferred stock (par $100). Price—To be supplied by amendment. Underwriter—None. Proceeds—For investment purposes.

**Duggan's Distillers Products Corp.** Oct. 27 (letter of notification) 340,000 shares of common stock (par $50). Price—To be supplied by amendment. Underwriter—Olds & Co., Jersey City, N. J. Proceeds—To pay price for building ($20,000,000) and for working capital.

**Duke Power Co. (4/6) March 22 filed 150,000 shares of common stock (no par) to be offered to common stockholders for subscription on terms of 20% of $50 par value per share for five years. Record date and rights date April 6, 1961, with an oversubscription privilege; rights to expire on May 1. Price—$75 per share. Underwriter—None. Proceeds—For construction program.


**Duncan Coffee Co., Houston, Tex.** March 19 filed 150,000 shares of cumulative convertible common stock (par $25). Price—Expected at $9 per share. Underwriter—Lambert, Rose & Co., New York, and Dewar, Robertson & Pancoast, San Antonio, Tex. Proceeds—For working capital. Vice-President, respectively, who are the two selling stockholders.

**Dwight Cooperatives, Inc., New York** March 29 (letter of notification) 31,000 of 4% convertible debentures of class A (preferred) stock (par $25) to be issued in exchange for preferred stock which follows; 20% of par value (1) as cash, or (2) in either of the following bonds, to be issued (par value in 4% convertible debentures to a maximum of $31,000, and approximately 47% of par value in class A stock up to a maximum of $43,000. Purpose—To effect a reorganization, and de-centralization of company. Office—c/o Dorothy Kenyon, 23 Broadway, New York 4, N. Y.


**Porter Co.** April 2 (letter of notification) $100,000 of 5% debentures due April 30, 1976 and an unspecified number of common stock (par no). Proceeds—To be used to retire debt to the extent that proceeds will not in excess of $10,000, both issues to be offered for public sale. Price—Expected at par. Proceeds—For working capital. Office—Hattieboro, Pa.

**Florencio Stone Co., Gardner, Mass.** March 29 filed 50,000 shares of common stock (no par) to be offered to 200 key employees. Price—$5 per share. Underwriter—None. Proceeds—For general corporate purposes. Office—Upton, Mass.

**Fonse Feint Motor Co. (4/27) March 30 filed 23,206 shares of common stock (par $250) offered to 55 stockholders of record on March 29, 1961, for subscription at rate of one share for each ten shares held. Price—To be supplied by amendment.
**NEW ISSUE CALENDAR**

**Inter-City Telephone & Telegraph Co.**

**Inter-Mountain Telephone Corp.**
March 16 filed 142,500 shares of common stock (par $10) to be offered for subscription on the basis of one share for each two shares held on April 5, 1971, rights to expire on April 26, 1971. Of the total, 65,000 shares will be on a book-building basis to be sold by a syndicate to be notified, to: with: Southern Telephone Co. and Chesapeake & Ohio Railroad Co. Proceeds—To be used to be sold by underwriters. Underwriters—Courts & Co., Atlanta, Ga. Proceeds—To increase working capital. Office—919 No. Michigan Ave., Chicago, Ill.

**International Life Insurance Co., Austin, Tex.**
May 31 (letter of notification) 5,000 shares of common stock (par $100) to be sold in units of $500 each by regular licensed insurance agencies for the company. Price—At par. Proceeds—To increase working capital. Office—919 No. Michigan Ave., Chicago, Ill.

**International Securities Syndicate of America,** Inc.
March 21 filed 40,000 shares of cumulative preferred stock, plan certificates, series A, and $400,000 of single pay preferred plan certificates, series B (to be offered to employees of Investors Diversified Services, Inc.) Price—At 100%. Underwriters—Investors-Diversified Services, Inc., for series A certificates. Proceeds—For investment.

**International Steel Co.**
March 19 filed $200,000,000 of "Independence Issue" bonds in two types, viz: 15-year 3% dollar coupon bonds to be dated May 1, 1971, and 11-year 5% dollar coupon bonds to be dated the first day of the month in which issued with interest payable at 100% of principal amount. Underwriters—American Financial & Development Corp., Investment Banking Department, 700 18th St., N.W., Washington, D.C., Office—Authorized agent is located at 11 East 70th St., New York, N.Y. Statement effective March 14.

**Jersey Central Power & Light Co.**
Feb. 23 filed $1,500,000 first mortgage bonds due in 1981. Proceeds—For expansion program. Bids—Only one bid to be received. Underwriters—First Boston Co., and Stuart & Co., Inc., which was returned unopened. Offerings will be determined indeterminately. Statement effective March 14.

**Kerr-McGee Oil Industries, Inc.**
March 14 filed 1,000,000 shares of common stock (par $1) to be sold to Lehman Brothers, New York, for the company. Proceeds—For expansion purposes and for working capital.

**Lorain Telephone Co., Lorain, Ohio**
March 13 (letter of notification) 6,706 shares of common stock to be sold to shareholders at the rate of one share for each 10 shares held. Price—To be by underwriters. Underwriters—Lehman Brothers, New York, for the company. Office—203 West Ninth St., Lorain, Ohio.

**Lynchburg Madison Heights Picture Frame Co.**
March 26 (letter of notification) 100,000 pre-registered plan certificates for common stock. Price—At par ($1 per share). Underwriters—First Boston Co., and the company for general office equipment. Office—c/o Raymond D. Crichton, 1912 11th St., N.W., Washington, D.C.

**Lynn Gas & Electric Co.**
March 4 (letter of notification) 9,999,999 shares of common stock and $500,000 of common stock certificates, series A, due April 1, 1971. Underwriters—To be determined by the company. Proceeds—For payment of underwriter's fees and for promotion of the company and for general office equipment. Office—c/o A. R. G. Douglas, 132 Liberty St., New York, N.Y.

**Main Line Telephone Co., Consolidated, San Francisco, Cal.**
March 19 (letter of notification) 399,923 shares of capital stock (par $1) to be offered on the basis of one share for each 10 shares held. Price—$7.50 per share. Underwriters—Continued on page 44
Continued from page 43


Maryville News, Inc., Maryville, Ohio. March 26 (letter of notification) $1,050,000 of 12 1/2% preferred stock of the National Bank of Maryville, Maryville, Ohio. Underwriters—The Ohio Company, Columbus, Ohio. Proceeds—For working capital. Office—131 1/2 Main Street, Maryville, Ohio.

Metal Products Mfg. Co., Inc. Filed 20,000,000 shares of class A voting common stock (par $1) to be offered for subscription by stockholders in ratio of one new share for each ten shares held. Price—To be supplied by a member of the New York Stock Exchange. Underwriters—Kelman & Co., St. Paul, Minn. Proceeds—For cost of additions to property.


Ohio Gas & Electric Co. March 3, 1951, to be offered to stockholders of record on April 5, 1951, a total of 215,000 shares of preferred stock to be held at the close of business on that date. Amount to be paid per share is determined by the board of directors with respect to the transaction. Price—To be decided by the company. Proceeds—For construction purposes. Underwriters—None. Proceeds—For construction purposes.


Morton Oil Co. Casper, Wyo. Filed 100,000 shares of common stock (par $1) to be offered for subscription by stockholders in ratio of one new share for each ten shares held. Price—To be supplied by a member of the New York Stock Exchange. Underwriters—Kelman & Co., St. Paul, Minn. Proceeds—For cost of additions to property.


New Hampshire Electric Co. June 22 filed 100,000 shares of common stock (par $100) and 140,000 shares of common stock (par $50) to be offered for subscription by stockholders of New Hampshire Electric Co., Concord, N.H. Proceeds—To be supplied by advisement. Underwriters—Raymond, Sobol & Co., New York. Proceeds—For construction purposes.

New Hampshire Fire Insurance Co. March 3 filed 75,000 shares of common stock (par $10) being offered to stockholders of record March 26, 1951, at right of rate for each four shares held; rights will expire on April 10, 1951. Price—$37 per share. Underwriter—The First Boston Corp., New York. Proceeds—To increase capital and surplus. Statement effective March 26.

New Haven Pulp & Board Co. March 29 (letter of notification) a maximum of 12,578 shares of common stock (par $10.50) to be offered in the main market. Underwriters—Bank of New England, Boston, Mass.; Bank of New Hampshire, Manchester, N.H.; and First National Bank of New Haven, New Haven, Conn. Proceeds—To purchase all the stock (except the one share held by the company) and to pay the rate will be effective if First National Bank stockholder wishes to complete purchase of all New Haven share. Underwriters—The First Boston Corp., and for working capital. Office—599 East Main St., New Haven, Conn.


Ohio Gas & Electric Co. March 5, 1951, to be offered to stockholders of record April 5, 1951, a total of 215,000 shares of preferred stock to be held at the close of business on that date. Amount to be paid per share is determined by the board of directors with respect to the transaction. Price—To be decided by the company. Proceeds—For construction purposes. Underwriters—None. Proceeds—For construction purposes.


**Bylaw Offerings**

**Alamo Power Co. (9/11)**
Feb. 6, it was stated that company contemplates issuance and sale of $40,000,000 first mortgage bonds. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Morgan Stanley & Co., Inc.; and Merrill Lynch, Pierce, Fenner & Beane, Inc. (jointly). Proceeds—For facilities expansion program. Bids—Expected about April 17.

**Atlantic City Electric Co. (3/5)**
Jan. 15, it was stated tentatively plans for the raising of capital through first mortgage bonds, $1,000,000 to $2,000,000, are contemplated. Proceeds will be used in part, in construction expenditures, which, it is estimated, will total about $5,400,000 in 1951.

**Boston Edison Co. (3/3)**
Jan. 29, it was announced that the stockholders will on April 10 vote on a proposal to increase the authorized capital stock from 10,000,000 to 15,000,000 shares. Previous preferred stock financing was handled by private placement through Union Securities Corp. and Smith, Barney & Co.

**Carolina Natural Gas Co., Charlotte, N. C. (3/26)**
Feb. 9, a four-year, $10,000,000 expansion program by the SEC for the authorization of a natural gas pipeline system is being handled by Drexel & Co., and the estimated cost of the proposed facilities is $3,500,253, to be financed by the sale of first mortgage bonds and the receipt of share subscriptions for the bonds. Officers of the corporation may include R. S. Dickson & Co., Charlotte, N. C.

**Central & South West Corp. (3/23)**
March 23 it was announced company plans to increase authorized common stock (par $5) from 8,000,000 to 10,000,000 shares and offer additional common stock to common stockholders. Underwriters—May be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; Morgan Stanley & Co., Inc.; and Harriman Ripley & Co., Inc. (jointly); Lehman Brothers and Lazar Frieder & Co., Inc. (jointly); Carl M. Loeb, Rhoades & Co.; Ladenburg, Thalmann & Co. and Wertheim & Co. (jointly). Proceeds—used in a part of their construction program. Stockholders will meet on May 15.

**Columbia Gas System, Inc. (3/2)**
Debt issue of $25,000,000 may be sold and the SEC for authority to build a natural gas pipeline system is being handled by Shearson, Hammont & Co., and the estimated cost of the proposed facilities is $3,500,253, to be financed by the sale of first mortgage bonds and the receipt of share subscriptions for the bonds. Officers of the corporation may include R. S. Dickson & Co., Charlotte, N. C.

**Florida Power Corp. (3/29)**
March 29 the authorized common stock (par $7.50) was increased from 1,600,000 shares to 2,000,000 shares, and the authorized preferred stock (par $100) from 120,000 to 200,000 shares. Underwriters for preferred stocks to be determined by competitive bidding. Probable bidders may include Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Salomon Bros. & Hutzel; Harriman Ripley & Co., Inc.; Equitable Securities Corp. and Morgan Stanley & Co., Inc. (jointly); Glere, Forgan & Co. and Harris, Roberts & Co., Inc.; and Smith, Barney & Co. (jointly). Proceeds—For expansion program. Bids—Tentatively expected to be opened on April 5.

**Florida Power Corp. (3/18)**

**Florida Power Corp. (3/27)**
Feb. 23, amendment to plan for reorganization was filed. This plan, among other things, provides for sale of

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**Wisconsin Power & Light Co. (4/9)**
March 23 company applied to New York P. S. Commission to issue and sell $25,000,000 of first and refunding mortgage bonds (series A) (par $100) to be offered for subscription by common stockholders for the par value of one share for each of 24 shares held, with rights to purchase series B (par $100) to be offered to common stockholders for the par value of one share for each of 12 shares held, with rights to purchase for sale of offering. Proceeds—For property additions and improvements.

**Wisconsin Power & Light Co. (4/9)**
March 23 filed application for sale of $25,000,000 of 3%-4% first mortgage bonds (par $100) to be offered for subscription by common stockholders for the par value of one share for each of 24 shares held, with rights to purchase series B (par $100) to be offered to common stockholders for the par value of one share for each of 12 shares held, with rights to purchase. Price—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Morgan Stanley & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane; Smith, Barney & Co., The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane, and White, Weld & Co., New York. Proceeds—For construction program. Bids—To be received for bids on April 17.

**Wisconsin Power & Light Co. (4/17)**
March 23 filed $4,000,000 of first mortgage bonds, series A, $2,000,000 of which will be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Morgan Stanley & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane (jointly); Shields & Co. and Salomon Bros. & Hutzel (jointly); Drexel & Co.; Union Securities Corp. and Equitable Securities Corp. (jointly); The First Boston Corp.; Lehman Brothers; Thalmann & Co. Proceeds—For expansion program. Bids—Expected to be opened on Sept. 11, Registration—After Aug. 10.

**American Natural Gas Co. (3/29)**
March 30, William G. Woolish, Chairman, said it is expected company will make an additional offering of common shares to its stockholders during the year to provide funds for their expansion programs. No underwriting likely to be involved.

**Detroit Edison Co. (3/19)**
March 19 it was announced company plans to sell approximately $15,000,000 of preferred stocks this Fall. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Coffin, Dunn & Co., Inc.; White, Weld & Co., New York; Devan, Curtis & Co.; and Smith, Barney & Co. (jointly). Proceeds—For construction programs.

**New England Edison Co. (3/25)**
March 21 an amended plan of reorganization of Eastern Utilities Associates was filed with SEC which provides that the corporation will be divided into two companies: Eastern Electric Co. (jointly) on May 1, 1951, as Eastern Electric Electric Co. (the properties of which will be assigned to the division) and the electric utility properties of United Electric Co. and Montauk Electric Co. and all the securities of Blackstone Valley Gas & Electric Co. will become part of the properties of Eastern Electric Co. The corporation will issue and sell to the public $25,000,000 of bonds and $12,500,000 of preferred stock and obtain a $5,000,000 bank loan for construction purposes; probable bidders: Halsey, Stuart & Co., Inc. (for bonds only); Morgan Stanley & Co., Inc.; Amherst & Curtis (jointly); Glere, Forgan & Co. and Harris, Roberts & Co., Inc.; and Smith, Barney & Co. (jointly). Proceeds will be used to retire bonds, preferred stock and bank debt of subsidiaries and the remainder used for construction purposes.

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**Eastern Utilities Associates (3/25)**
See Section above, in

**England, Inc.**
Feb. 19, it was reported to be contemplating new financings and expansion program. Underwriters—Forgan & Co., Chicago, Ill. [Page 50]

**Florida Power Corp.**
March 29 the authorized common stock (par $7.50) was increased from 1,600,000 shares to 2,000,000 shares, and the authorized preferred stock (par $100) from 120,000 to 200,000 shares. Underwriters for preferred stocks to be determined by competitive bidding. Probable bidders may include Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Salomon Bros. & Hutzel; Harriman Ripley & Co., Inc.; Equitable Securities Corp. (jointly); Glere, Forgan & Co. and Harris, Roberts & Co., Inc.; and Smith, Barney & Co. (jointly). Proceeds—For expansion program. Bids—Tentatively expected to be opened on June 5.

**Florida Power Corp.**
Feb. 23, amendment to plan for reorganization was filed. This plan, among other things, provides for sale of

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**Continued on page 46**
Continued from page 45

104,934 shares of new common stock (par $10) through underwriters to preferred stockholders to subscribe for the new shares.

**Gulf Power Co.**

Feb. 6, it was reported that this company may sell securities "for new money" this year. In event of preferred stock issue, it is expected that Mr. James C. Price, Kidder, Peabody & Co. (jointly); Equitable Securities Corp. and Lehman Brothers; W. C. Langley & Co. (jointly); Smith, Barney, Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane (jointly); and Smith, Barney, Co., Inc. Proceeds—To repurchase and retire bonds, due $100 each April 1 from 1952 to 1971, inclusive.

**National Utilities Co. of Michigan, Coldwater, Michigan**

March 11, the company issued $750,000 of first mortgage bonds to be used for the construction of a new power station on the Michigan Central Railroad. The bonds were sold at par through a syndicate consisting of First Boston Corp.; Kidder, Peabody & Co. (jointly); Salomon Brothers; and W. C. Langley & Co. (jointly); Smith, Barney, Co., Inc. Proceeds—To repay existing bank loans and for construction purposes.

**New England Power Co.**

Jan. 24, it was estimated that $32,000,000 of new financing would be required to service the existing debt. The company has sold $1,500,000 of preferred stock at 25 and $500,000 of common stock to be used for the construction of a new power station. The preferred stock was sold at par through a syndicate consisting of First Boston Corp.; Kidder, Peabody & Co. (jointly); Salomon Brothers; and W. C. Langley & Co. (jointly); Smith, Barney, Co., Inc. Proceeds—To repay existing bank loans and for construction purposes.

**New Jersey Power & Light Co.**

Feb. 18, it was reported that the company has tentatively plans to issue and sell $2,500,000 of preferred stock to public and $1,500,000 of common stock to be used for the construction of a new power station. The preferred stock was sold at par through a syndicate consisting of First Boston Corp.; Kidder, Peabody & Co. (jointly); Salomon Brothers; and W. C. Langley & Co. (jointly); Smith, Barney, Co., Inc. Proceeds—To repay existing bank loans and for construction purposes.

**Ohio Gas & Electric Co.**

Dec. 20, D. S. Kennedy, President, said company is considering refunding outstanding $8,500,000 8% cumulative preferred stock (par $100) at a price in excess of $150 per share to increase working capital. The new financing will be used to purchase new equipment and for general corporate purposes.

**Panhandle Producing & Refining Co.**

April 3, it was announced arrangements have been made to sell $2,000,000 of Panhandle stock held by the company to a group headed by White, Weld & Co. It is understood that part of this stock is being purchased for its investment property

**Pennsylvania Electric Co.**

Feb. 18, it was reported Israel Plans to issue and sell $2,000,000 of first mortgage bonds and $500,000 of common stock to be used for the construction of a new power station. The bonds were sold at par through a syndicate consisting of First Boston Corp.; Kidder, Peabody & Co. (jointly); Salomon Brothers; and W. C. Langley & Co. (jointly); Smith, Barney, Co., Inc. Proceeds—To repay existing bank loans and for construction purposes.

**Sharon Steel Corp.**

March 27, the company announced that its new plant will be used for the construction of a new power station. The company has sold $1,500,000 of preferred stock at par through a syndicate consisting of First Boston Corp.; Kidder, Peabody & Co. (jointly); Salomon Brothers; and W. C. Langley & Co. (jointly); Smith, Barney, Co., Inc. Proceeds—To repay existing bank loans and for construction purposes.

**Texas Gas Transmission Co.**

Feb. 27, the company is authorized to construct facilities that will increase the daily capacity of its system by 500,000 cubic feet. The project is estimated to cost $90 million and will extend from a connection with United Gas Corp's system near Kentuck, Miss., to a connection with Texas Eastern's existing system near Connellyville, Pa. The company's financing program includes the sale of $87,000,000 of first mortgage bonds (to be placed privately), the exchange of 10,000 shares of preferred stock for 25,000 shares of common stock, and the issuance of 500,000 shares of common stock. The proceeds of the sale will be used to fund the construction of new facilities.

**Utah Power & Light Co.**

March 8, it was announced company plans to issue and sell $1,500,000 of first mortgage bonds at par and estimated $10,000,000 of first mortgage bonds. Underwriters—First National City Bank and Merrill Lynch; Probable bidders: (1) for bonds: Halsey, Stuart & Co. Inc; Kidder, Peabody & Co.; Lehman Brothers; and Merrill Lynch & Oppenheimer; (2) for (50) preferred stock: Equitable Securities Corp.; Smith, Barney, Co., Inc.; Merrill Lynch; Pierce, Fenner & Beane (jointly); Smith, Barney, Co., Inc.; Lehman Brothers; and Merrill Lynch & Oppenheimer (jointly). Proceeds—To repay existing bank loans and to fund construction programs.

**Virginia Electric & Power Co.**

June 6, the company announced tentative plans for the sale of approximately 450,000 shares of additional common stock to common stockholders at a new price of $25.00 per share. The proceeds from the sale will be used to fund new construction programs.

**Washington Gas Light Co.**

March 8, it was announced that the company may issue approximately $75,000,000 of preferred stock or obtain bank loans. The proceeds will be used to fund new construction programs.

**Wagner Electric Corp.**

March 19, the company announced that it has sold 1,000,000 shares of common stock (490,000 shares outstanding) to 1,000,000 shares of preferred stock. The proceeds will be used for the construction of new facilities.

**Waters Gas Transmission Corp.**

Feb. 27, the company is authorized to construct facilities that will increase the daily capacity of its system by 500,000 cubic feet. The project is estimated to cost $90 million and will extend from a connection with United Gas Corp's system near Kentuck, Miss., to a connection with Texas Eastern's existing system near Connellyville, Pa. The company's financing program includes the sale of $87,000,000 of first mortgage bonds (to be placed privately), the exchange of 10,000 shares of preferred stock for 25,000 shares of common stock, and the issuance of 500,000 shares of common stock. The proceeds of the sale will be used to fund the construction of new facilities.
Our Reporter's Report

The sun broke through the low-hanging clouds. The market loved the news of the new debt issue market almost as much as the clouds and dealers who have been trading in the market for the past few days.

As a result, the next day's cleaning-up of the bid remained a topic of conversation among dealers, with many expecting a continuation of the upward trend.
WASHINGTON... And You

WASHINGTON, D. C. — Now that the Administration has officially come forward and agreed to take over the RFC, of the $10 billion, the fact probably is, however, that the Congress will enact at most $6 billion and the tax law will not be enacted finallly by the fall.

This is always providing, of course, of there is a brand new emergency, if the Administration would seem to be on Chinese Red's suddenly break through, then Congress probably would act in that event and, might even, in a civil emotional state, pass the whole take of the tax bill.

If there is a new emergency, the rest of the Administration "build-up" program will be saved, if not, the retreat is taxes from $16.5 billion to $10 billion and un-distributed excesses will be marked as the first step toward back-tracking from a total program involved on the economy as to call into being price and wage controls. Congress may very likely not see the memo on the desk and forget that it could not permanently stomach.

Congress has for some time been thinking of the amount of $8 billion from new taxes. When they do, they will find that they are going to have to reflect on the lower the figure. Congress, however, has to remember that loan out of Treasury's $1 billion by failing to enact that in the current fiscal year. "Fair Deal" proposes, and $8 billion is the direct cuts in appropriations.

Then Congress will figure that the Treasury loan in fiscal year will be $1 billion too low for fiscal 1951, the tax bill will then at $15 billion.

With the attempts to reform RFC, it is beginning to look as if the witch is cooking the broth.

Senator Joe McCarthy is chairman of the RFC Banking subcommittees, and he is trying to run the works, and the abolition of the RFC is on the table. This is the plan which President Truman belatedly is adopting for the RFC in an attempt to reform the reorganization plan which would become effective unless voted down by a majority of the members of either House before April 20, its effective date unless vetoed.

Then the Republicans for sure propose the reorganization plan for the express purpose of killing off RFC and not incidentally because they wanted to keep the RFC scandal alive. It is improbable, however, that Senator McCarthy would kill the bill, President Truman would probably veto a bill to kill off RFC, even if one could pass, and then the Senate may vote on the third time to override a veto.

Finally, Senator Burnet Robinson of West is chairman of the Banking committee would like to take over RFC and operate upon it, improving the agency.

The virtue of the single administrator is that a fresh gentleman of high caliber could cut down the job if he felt that he could completely clean house and fix up the RFC.

However, with Senator Maybank serving notice that he means to operate on RFC, Senator is saying what is the use of trying to entice a respectable individual to become single administrator when he might have the ground cut out from under him by legislation in a few months.

Yet the Bank has been dug in so tied up until June 20 with the Defense Control Board, it will play with RFC legislation until after that. The critical board members may stay on despite the best of intentions to reform RFC.

There has occurred something of a reassessment in this connection in the conversion of the majority of the Congressional Joint Economic Committee to nearly 100% orthodox economics for the duration of the "build-up" period.

By an "unanimous report" this committee embraced a program in which the Administration "build-up" program thinker on economic matters could act as his own, provided he made allowances for necessary political lip service and a living light criticisms of certain "Fair Deal" programs.

Former members of the occasional metropolitan D. I. Y. newspaper writers Monroe got the idea that the committee should have a living light criticisms of economic controls, and a living light criticisms of certain "Fair Deal" programs.

The JEC report, however, went so far as to say that the level of military spending was not sacred, and that military appropriations should not be made "at any convenient time" and would not require adequate taxes at the highest possible moment to "pay-o-you-go" the military.

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Senator Joe has become personally and politically far more interested in the prevention of inflation than in the popular acceptance of the "Fair Deal"—at least at this time.

Then the staff members upon whom the Senator relies to put words to the music are aware Ph. D. who are ardent compensatory spenders. A compensatory spender has to live and work in this capital for a year or so before he discovers that the Administrations of the last couple of decades, more or less, only adopted compensatory spending as a convenient ideological and philosophically excusable to keep on spending. And so the O'Mahony staff is probably disillusioned, too.

In terms of practical legislative significances, the report is of little importance. The "unanimous report" was not signed, although in the past, these reports were unani-mously endorsed by the signatures of the members of committees. In this effect leaves the members somewhat free to vote in conflict with the recommendations, when pieces of the legislation come up.

Since the Congressional Joint Economic Committee has no power to initiate any legislation whatever, the report is merely "advice" to the rest of the Congress, and it probably will not change a vote.

There has been a dozen busy Congressmen, the only way a report like this gets written is when the Chairman, in this case Senator Joe, directs the staff to work out such a report, and the thing is printed around to the members to get modified until it reaches a common denominator of agreement.

Hence the conservative drift is immediately obvious with O'Mahony. The Wyoming Senator has always appeared publicly in the past as one of the most ardent compensatory spenders, and certainly has gone down the party line in the past. Privately, however, Joe O'Mahony has given every impression of being a rather good spenders, a sense of humor, who had adopted the "Fair Deal" program as a viable brand of political merchandise, in his opinion.

This current report reflects genuine alarm over the dangers of inflation, so in all probability men would prefer to forgive and forget, were it not that there is a current move already afoot once more to turn the Congress.

The Joint Committee was supposed to review the President's Economic Report, and recommend on economic program of legislation, as though Congress were to ever look about attention on purely economic instead of political con-sequences. It hasn't.

This same Legislative Reorganization Act set up a Congressional Joint Budget Committee which was supposed to adopt by Feb. 15 of each year a "budget" of total revenues and expenditures. As ever, the one and one-half centimeters to comply with this, Congress has simply, by common consent, just ignored this.

This same Legislative Reorganization Act was supposed to set up an independent Study Committee to do some special investigating committs, and directed that all investigations be operated by legislative committees, with power to intro-duce and sponsor legislation to cure all the terrible civie discovery. The Keating Crime Committee is the most brilliant cure of the obsolescent character of that condition in the Legislative Reorganization Act. It was directed to do this because the Legislature Act is about 86% a dead letter, Senator A. S. "Mike" Monroney (D-Okl.), is being pressed to work into this possibility once more of striving to "streamline" and "integrate business methods" into Congress. He will get tremendous advice from learned scholars whom knowledge of political science is gleaned from text books written for innocent students, and he is be- read by one another, and perhaps also a little advice from some practical politicians.

(Because this column is intended to reflect the "behind the scenes" interpretation from the nation's capital, and may or may not coincide with the "Chronicle's" own views.)

Bankers Underwrite Thompson Products Deb. & Stock Offerings

A group of investment bankers headed jointly by Smith, Barney & Co. and McDonald & Co. yesterday (April 4) offered $15,000,000 Thompson Products, a year $3 1/2% debentures, due April 1, 1971, at 99. 3/4, with full redemption interest. Simultaneously Thompson Products, Inc. is offering to common stockholders of record on April the right to subscribe, at $31 a share, for 131,190 additional shares of common stock on the basis of one additional share for each eight shares of common stock held. The offering to subscribe will be underwritten by the group headed jointly by Smith, Barney & Co. and McDonald & Co. The rights to subscribe will be evidenced by subscription warrants and will expire on April 17.

Thompson Products, Inc. is a leading manufacturer of a wide range of splints, bandages, parts for automobiles, trucks and tractors; parts and accessories for aircraft; and for the defense industry; and parts for marine engines and for industrial uses.

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