As We See It

There is no longer any room for doubt that the rearmament program and related phenomena have failed to confirm the expectations and forecasts of the authorities at Washington. The course of events here at home in the economic field has likewise, of course, been rather different at several points from what was expected in many private business circles, but this fact tends to add to rather than subtract from the hesitancy of the general public to accept at face value all that it is now told about what to expect during the coming 12 months. Economic planning as it relates to rearmament has been rather badly discredited in a number of vital points; efforts to make plans for the future effective are in consequence likely to run into additional difficulties.

Those who have undertaken to manage the affairs of the nation find themselves in a position where they must explain away a number of recent developments in order to obtain the sort of cooperation (or even tolerance) they believe is essential for their plans. Defense spending has been slower in getting under way than expected. Rearmament has had much less effect upon the productive civilian goods than promised. Forecasts of pending Federal deficits tend to fail on deaf ears in light of current surpluses. A public led to expect scarcities of many types of consumer goods long before this—and now finding stores overstocked—are wondering what to expect next and are losing faith in what the masters at Washington say.

Now, the conclusions currently being drawn from our experience since the Korean outbreak in June of last year may be quite unwarranted. But unwarranted or not, they are rendering.

Continued on page 28

Inflation and Life Insurance

By CARROL M. SHANKS

President, Prudential Insurance Company of America

Prominent life insurance executive sees inflationary gap widening, and likens controls to sawing off top of iceberg to eliminate its danger. Lists as steps in getting at roots of inflation: (1) a feasible tax program that cuts mass purchasing power; (2) cutting non-military expenditures to bone; (3) tightened monetary and credit controls; (4) reduction of bank-held government debt; and (5) a vigorous policy of discouraging further wage-price spiral.

Today I am going to talk about a problem that I have thought about a great deal—a problem that threatens the foundations of my business, and yours as well. That problem is inflation. It is one of the worst threats to our American civilization. At the moment there seems to be a hull in inflationary pressures. Let me try to be definite—the fundamental forces remain strongly inflationary. Possibly, because of the business I am in, I may be more aware of the ravages of inflation than some other businessmen.

The life insurance business is a "dollar business." Anything that happens to the dollar is immediately registered in the insurance industry. Virtually all of our assets are in dollar investments—not property, or inventory, or even common stocks to any great extent—but investments which will be repaid in a specified number of dollars. We accumulate dollars for policyholders; we invest dollars—about $30 million of them every working day—generally at a fixed rate of interest, which means that our return is fixed, regardless of the contemporary value of the dollar. There is no way that our assets or income,

An address by Mr. Shanks at a luncheon of the Economic Club of Detroit, Detroit, Mich., May 14.

Continued on page 28

Outlook for Stock Prices

By HEINZ H. BIHL

Partner, Emanuel, Deensten & Co., Members N. Y. S. E.

After weighing various bullish and bearish elements in market's outlook, market analyst concludes commodity price index will reach new high before year-end, bond prices are already near their lows, and expresses optimism over common stock behavior.

More than once have I envied my colleagues who look at their experts and come up with the answers. If the answer turns out to have been correct, they accept the credit for their sound analysis and brilliant interpretation. If they are wrong, they blame the charts which, as every person should know, can never be 100% accurate.

I don't want to be facetious about my chartist friends, nor critical of them. I merely say that I envy them. As an economist, I have to do a lot more thinking and guessing before I can come to a conclusion. I make my mistakes the hard way.

Always Unpredictable

This is my 15th year in Wall Street. I am not an old-timer, but I have seen enough to have learned that there are always some who claim that the present moment is fraught with more unpredictable risks and uncertainties than any other time they can remember. This is perfectly natural. Only in retrospect is forecasting easy. At a given time you are never sure whether this is just a rally in a bear market, or the beginning of a new bull market, and right now we wonder whether the present decline marks the reversal of the bull market, or whether it will turn out to be another minor or intermediate reaction.

There was a time, I am told, when you had to be only a good analyst to do the job we are supposed to do, namely, tell our clients when and how to invest.

Continued on page 21

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MAURICE S. BENJAMIN
Senior Partner, Benjamin, Hill & Co.
New York Stock Exchange

Air Reduction Company

There have been many examples during the romance of “Wall Street.” The fascination of the investment business is that there are always lal tent bairns and pot opportunities for finding fortunes.

At this period of high stock prices and economic crises it becomes especially interesting to pick a favorite stock. Here is one possibility:

Maurice S. Benjamin

Air Reduction sold at $75 in 1936 when it earned $7.20; sold at 60 in 1939, when it earned $9.60; and now sells at 29 when it earned $3.30 in 1950. Investors paid 30% earnings for this “blue chip” which has paid dividends every year of its 22 years existence. Today, one can buy the stock at 9 times its earnings. Air Chemical owns nearly 270,000 shares.

But three years ago new management was installed. Permanently changed, substantial investments in outside businesses were turned into $7,500,000 net cash to be employed more directly and profitably, all plants were improved and enlarged, costs reduced and efficiency raised—all this resulting in record sales and profits. First quarter net earnings after allowing for almost 200% increase in capital were $310,000—way ahead of a year ago. It looks like the showings will keep on, and the 1950 report will be a beauty.

The company is spending $300,000 for new and improved facilities. The production lines at the present time are completely financed by the company’s own resources. This is in addition to $5,700,000 spent in 1949.

Research and engineering activities in which the new management is concentrating on an enormous larger part of its effort consist of (1) improvements of present products, plants and processes; (2) long range development work; and (3) research, for the government. Results to date indicate that Air Reduction has the potential for sales and related distribution facilities, a valuable addition to a company with a long record of success. Improved methods of recovering and purifying argon, new processes for treating the silicalite oxides and cryolite, and the development of a novel arc-welding process and equipment which promise to be the most significant contribution to welding technology in the past 20 years.

I believe the common shares should be bought on strong current. Basic reason follows:

(a) Operations have always been conducted at a profit. A review of the results attained by comparable shoe chains, such as Beck, Edison, Kinney and Shoe Corp., indicates that the profit margin of Air Reduction was the highest among such chains. (b) The financial position is strong. At the close of the 1950 year current assets were $5,900,000, while current liabilities were $1,100,000. Cash and marketable securities are the largest total liabilities. (c) The company is good. Earnings in 1950 were $2.10 a share. After earning of 1950 brought the stock price to $25 a share.

I believe that the company is truly a class business.

During the past five years profit margins have approximated 5% of sales. In view of the current expansion program, volume of sales next few years could well expand materially. While the company has considerable additional cash on hand there is little leverage in its capital structure and the small number of common shares in relation to the substantial sales volume could result in a marked increase in dividends.
The Nationalizers Become Nationalized—In Iran
By ROBERT S. BYFIELD
Member of New York Stock Exchange
Mr. Byfield asserts Iranian Government's illegal nationalization of British oil properties confronts Attlee's Labor Government with its most disastrous failure since assuming office, forcing it to oppose actions overseas which it has been pursuing at home. Alleges the necessity of both Britain and U. S. handling present situation to protect integrity of other foreign investments, with the incident demonstrating the great vulnerability of British capital in world philosophy and projects.

Egged on by fanatical groups and a great upsurge of nationalist feeling, the Iranian Government has decided to take over the Anglo-Iranian Oil Co., a billion dollar enterprise, jointly owned by the British Government and by private investors who for the most part are British subjects. Naturally London is distressed and from some angle the Labor Government is facing its most disastrous failure since coming into power in 1945. The nationalizers are about to be nationalized.

But the British have press in loud in their protest. The London Times, 'The Times' of London states, 'The fact has to be faced that nationalization means... nothing more or less than expropriation... to say seizure of an enterprise by a "bankers' magazine"... is, of course, the public relations policy of the company has apparently met with success. Naturally London is distressed...'

However, the British have a history of being bold in their protests. The Times, for example, has never been shy about expressing the opinion that the former owners did not deserve and should not receive a penny. It is refreshing to note that our London correspondents are learning that he who sops with the devil must use the same bottle... The Times editorial... the Press... is, indeed it is... or perhaps, "socialization," "expropriation," "nationalization," or what have you! These long words are, of course, semantic omissions dished out by the intellectuals. Whenever and wherever the word "Socialist" is brought up the word "socialization" will always be written in the same sentence, "Nationalization..."

Irony of the Lawreny
But the point about the forthcoming lawreny in Iran is that it is quite possible this law is better than Britain's Labor Government! History re-

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The Nationalizers Become Nationalized—In Iran
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I Like the Wide Open Spaces—Out Where the Tax Is Low

The Current Money Market and Bank Portfolios
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I Like the Wide Open Spaces — Out Where the Tax Is Low

By Ira U. Cobleigh

Giving an outline of the ownership of acreage through the purchase of land-bearing shares of various companies.

Whether you're a TV kid lolling around the Hopalong stage, or planning to buy a Government loan for atomic defense, or are eyeing a ranch or plantation for you—a survey of land you've got, or that you might buy, is a powerful and informative appeal to the American dream of tradition and history against the ownership of land, as a means of security, and as a basis for personal independence.

But land purchase, however romantic, has its drawbacks. If you live on the land, you can always fancy it was wood off it, pick berries or apples. But if this land happens to be real estate, you can neither be grazed upon, nor gazed upon. It will not have to wait for you before a town government sets up a school, or is desired by the United States, or is needed for a canal. You can have to wait years before a town government will assess you for taxes, and that's if you douse the guthrie beneath it, or it's picked as a site for atomic explosions. If you pay—quite low to be sure, but taxes are one of the drawbacks. You can't sell it. If you buy and live on the land, you will be the "closing" prices are 30 days on the day of this change. For you see, we're going inside to the real estate. We go a'look to see here that it's important to buy companies successful in other fields, which can cover themselves under the pressure of land firms not devoted to pretentious "new directions" of the first. We go a'look to see if it's wise to buy, because there you have the subsidies of your Government to a plain call: but that's what I wanted to stress. You see NP, together with a subsidy, owns in fee about 2,500,000 acres of land and the mineral rights in over 6,000,000—about 3½ acres per share of common in all. Well, now, since big slices of this land are in Montana and North Dakota, and important

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The Current Money Market

And Bank Portfolios

By Craig S. Bartlett

Vice-President, Central Hanover Bank & Trust Co., N. Y. C.

New York banker reviews recent transition in money market and effects of the Treasury's changed interest rate policy. Says new debt management policy can restore initiative of Federal Reserve Banks in creating and controlling reserve balance among member banks, however, to restrict portfolios to short-term government issues because of uncertainties in Government bond market.

Great economic and political changes have taken place since the end of World War II and now we find ourselves in the midst of a reappraisal of the role of the War II bond market. We may expect a fairly wide range of yields and are taking a careful look at the prospects for the various categories of bonds.

Craig S. Bartlett

Business Conditions

One point on which everyone will agree is that business conditions definitely will continue at a high level, despite some inventory adjustments in some sectors of the economy. Certainly it is that military expenditures will increase and capital expenditures may be larger than last year. In a recent survey by the U. S. Department of Commerce and the Federal Reserve Board, capital spending equipment during 1951 may total $24,900,000,000, an increase of 25% over the 1950 level. Obviously the Voluntary Credit Restraint Program and the liquidity constraints that these expenditures required has to be kept in mind. The lenders postpone the non-essential projects for a more pressing need.

While expenditures for the military program may reach as high as 18% or 20% of gross national product, the output of civilian capital goods will remain small. The demand for credit obviously must come largely from other sources. There is an increase in "V" and "Y" projects. Capital goods will certainly have a larger share of production have increased the need for working capital, and in truth it can be said that many segments of the economy have demonstrated honest needs for bank credit. However, we should see a reduction in some inventory adjustments. The very good portion of new plant and equipment will be financed through earnings, depreciation and a smaller degree of new equity.

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The Commercial and Financial Chronicle... Thursday, May 25, 1951
Fusion Stated to Be President of NYSE

Special Committee names Presi- dent-elect; Mr. Harford, to succeed Emil Schram.

It has been announced by the press, but not officially con- firmed, that the New York Stock Exchange Committee appointed a new President-elect. The committee decided on Dr. George Keith Funston, 40-year- old, of Hartford, Conn., and his name will go to the Exchange on May 24 for confirmation.

Dr. Funston was born in Water- town, Iowa, on Oct. 12, 1910, the son of a professor of mathematics. He entered business as assistant to the treasurer of the American Radiator and Standard Sanitary Corp.

In 1940, he became director of purchasing of the Washington Coal Co., Inc., where he remained until 1946. Much of this time, however, he was on leave of absence with the War Production Board, where he was serving as a special assistant to the director of production.

In June, 1944, Dr. Funston was appointed Trinity College Presi- dent-elect. He was born in Altoona, Penna., Jan. 19, 1914, is a graduate of the University of Michigan in 1935 and the University of Pennsylvania in 1938. He was married in 1940.

Mr. Wilford May

Yelling at the Government

The occasion of Defense mobilization chief Charles E. Wil- son's address before the National Industrial Conference Board in New York City last Thursday evening (published on page 7 of this issue of "The Commercial and Financial Chronicle") was a particularly important innovation. Our concern was aroused not only by this essential military activity, but by the prevalent guilt-disclaiming arguments emanating from all ideological schools of Wash- ington officials, but also by the evidences of a frame of mind that the attending cross-section of high business men were experiencing in the Waldorf's Grand Ballroom.

Under the professed topic "Progress Toward Peace," Mr. Wilson's force- fully delivered remarks were to a great de- gree occupied with shielding the present Washington scene from criticism. The thesis of this defense concept surprisingly with the current emanations from the veteran Wash- ington bureaucrats—the performance of a planner-in-industrialist's clothing. This led to the utter bewildment of the businessmen addressed, and their reduction to making the best of a bad situa- tion ("Thank heavens for Charlie Wilson; we'd be in worse trouble with anything but the job")

Mr. Wilson's blast exorcised with a blanket indictment criticism of Washington's present economic policies and operations, on the ground that there is everywhere an "ensemble"—that is selfish and forgetful of the greater sacrifices being made by our soldiers in the most-hallowed of causes.

"If all groups are yelling, it must be that they are all being hit, too," said Mr. Wilson, and by cavallerly saying Mr. Wilson, along with the explanation (exposed too by Mr. Keyes) that confusion is a necessary accompaniment of Depression.

An Editorial Yell

"Nevertheless, this column audaciously ventures to offer a "yea" with confidence that he is by no means unique in being devoid of self-interest or partisanship (and also, then, part of the public interest).

I agree heartily that any personal sacrifice is not too great that will ward off a repetition of this country under any military outcome; and that any announcements here are not being made in the midst of the mug of Korea. But just because so much is at stake above is all the more reason for our effort on the home front to be effective.

Mr. Wilson's Vital Omisions

Economy and curtailment of government spending, left un- mentioned by the Defense chief, is important to the future of our democratic institutions, as well as directly relevant to the success of Mr. Wilson's own coordination program. For inflation (now being largely fought with lip-service by the Administration) re- sults in installment buying, reduces demand for goods and services. As reported by Mr. Eric Johnston in another connection, rising armament costs up all last year to $3.1 billion for current commitments, and the continuance of defense-time extravagance, her spraying bureaucracy, the unwillingness of business leaders to absorb the non-military burden, assuredly does not spring from any interest in the matter from a political standpoint. The Government's seeming desire to promote real savings by the people, is a rising, and self-disinterested, desire to do something about the future wars we are called on to fight—both at home and abroad.

Direct Hindrances to the Productive Effort

I am not a creditor and do not pay an excess profits tax. But I am alarmed at this device by constant practical evidences.

Continued on page 19
**The Schuman Plan—Its Hopes, Risks, and Danger**

By PHILIP CORTEY

President, Cit. Corp., New York City

Though supporting the Schuman Plan to pool industrial resources of Western Europe, Mr. Corteey expresses misgivings and reservations on many of its economic provisions. Fears politically the Plan may be defeated or compromised by its economic objectives, which imply repeated sacrificess on part of Germans and risks on part of France. Holds only alternative to Plan is renewal of international cartel and stresses need for a morally and politically 
United Europe.

The Schuman Plan, as you know, pursues both political and economically the procruphment and toward the economic integration of Western Europe. If I have drawn a positon from the following the considerations and from reading whatsoever, the same material became available on the Plan is that one cannot make a judgment on the aspects of the Plan without giving due consideration to its political purposes; neither can one consider its political purposes without keeping in mind economic nationalism being rampant, when governments succeed in getting some kind of agreement on some point there are tempted to tell the people half the truth for fear that if they know the whole the solution will be far less palatable.

To understand the hopes raised by the Schuman Plan, the misgivings that may follow it, the risks and difficulties I may lead, I wish to state at the outset that although I am thinking and enthusiastic they may be, are not our best guides. While many and I think that the Social-Democratic party, like many of them, American capitalists seek to support the Plan, my position today is to bring to your attention both its favorable and unfavorable aspects and some real hazards.

Keep in mind that many German industrialists, in their eagerness to be included in the Plan, will be able to sign the dotted line from the Social-Democratic party and feel that the assurance that the economic interests of Germany are being sacrificed in this Plan. It is not a question of whether they are right or wrong. It is a fact which we shall find, if we are interested in keeping it in mind, we will find it pertinent to the Volkslied Treaty, which the Germans have concluded, and to the Diktat. Political and economic nationalism being rampant, when governments succeed in getting some kind of agreement on some point there are tempted to tell the people half the truth for fear that if they know the whole the solution will be far less palatable.

Important Political Implications

I think we must admit the conclusion that we should support the Plan, I have serious misgivings about the economic viability of many of its economic provisions. I think we must admit that the political implications of the Plan are more important at this stage than the economic objectives. As far as I know the economic provisions outlined by the Plan do not have from the beginning expressed on the economic aspects of the Schuman Plan. But apparently the State has not been in a position to make the case for itself, has reached the conclusion that it is necessary for the Plan to bring about a rapprochement between Germany and France, and that may constitute the foundation stone on which politically and economically United Europe, it deserves our wholehearted support.

My great fear is that the political purposes of the Plan might be realized either by its economic objectives, or by its economic objectives of the Plan. This, I think, is where the real danger lies in the rapprochement of the political goals. This is where the political and functional approach toward the political of the Plan, which is politically and economically United Europe, some liberals, like for instance Henry Morgenthau, Jr., believe the Plan because in its opinion it is a step backward from the standpoint of point of economic freedom and real internationalism in the long run.

**Political Objectives—Means**

As I pointed out at the beginning, the Plan is aimed at bringing an end to the age-long hostility between France and the Germans, and to put an end to the foundation stone to an eventual economic and political unity.

How will the Plan further this objective?

(1) The Plan treats the Germans as the aggressors. Besides the French statesmen have described the Plan essentially as the result of the Schuman Plan on the inception of the Plan, that France and Germany announced the Schuman Plan of European unity, and Mr. Schuman, when he first made the offer, mentioned a suggestion for the participation in African development. The purpose of the Germans is necessary, be the Schuman Plan aims at creating a single, wide market for steel, the Federal Plan of 150 million people, and will naturally increase and it is a general plan. But the Schuman Plan is a moral one, and the Plan is the Plan of the Plan.

(2) The Plan will start a chain of events that will lead eventually to a real change in the economic situations (perhaps even more political) (by what we have in the Plan of the Schuman Plan) or the Schuman Plan will be one way or another discarded. Mr. Paul Reynaud, in a speech he delivered in the Plan, which he delivered before the Plan, is a method which I am sure is that the Plan will support the agreement; this is a method which I, for one, do not endorse in a democracy, because unpleasantly, political, psychological, material or verbal, will always come to the fore, and at the worse, there is no such thing as an advantage that damage has already been done.

**Notice to Holders of Government of the French Republic Bond Bonds**

**Continued on page 20**
Progress Toward Defense Power

By CHARLES E. WILSON

Director, Office of Defense Mobilization

Reporting on course of defense orders and production, Mobilization Chief asserts we are winning the "battle for production."

Predicts by end of this year we will be ready to meet any limited threat, and by 1953 demands of all-out war. Relying for metals and other materials on our planning and production, he states, "Our Allies' Part"

I am convinced that France and Britain have a sincere desire to do their part in raising armies and producing weapons as insurance against Soviet aggression.

To that end, European defense production and our defense production should be tied more and more closely. I was given some idea of their requirements. They are badly in need of machine tools. They are suffering from various scarcities which we can and will relieve.

But our relationship with Western European nations is a two-way street. Through their colleges, they have supplied many materials that we need. All or nearly all of our uranium, natural rubber, manganese, industrial diamonds, chrome, cobalt, nickel, and tin come from abroad. In any case, we must import a substantial amount of our tungsten, zinc, copper, lead, and sulfur.

In return for our contributions to the defense of Western Europe, they can expect fair arrangements.

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Copies of the Prospectus are obtainable from only such of the undersigned and other dealers as may lawfully offer these securities in the respective States.

Harriman Rippy & Co. The Dominion Securities Corporation

Incorporated Smith, Barney & Co. The First Boston Corporation

A. E. Ames & Co. Incorporated

Wood, Gundy & Co. Incorporated

McLeod, Young, Weir, Incorporated

May 24, 1951.


** A followup to "What Will It Take?" by Mr. Wilson at the National Recovery Conference, New York City, May 11, 1952.
Security Markets and Business Outlook

By JULIAN D. WEISS
President, First Investment Company
Los Angeles, Calif.

Stock market analysts are of the opinion that near-term stock prices are likely to fluctuate in trading range, but over long pull they will go higher, for following reasons: (1) greater business activity; (2) continued depreciation of dollar; (3) higher dividends, earnings, and profit margins; and (4) increasing disposable incomes. Finds growing demand for common stocks.

A forecast of the business and market outlook does not preclude occasional recessions. Rather, it is predicated on the fact that women must make business decisions, and that certain decisions should be based on careful study of all aspects of the business climate. The long-term factors, the company's own position and plans, and analysis of all recent data will play a key role in making decisions.

Julian D. Weiss

Dealer-Broker Investment Recommendations and Literature

It is understood that the firms mentioned will be pleased to send requested parties the following literatures:


Graphs for January indicate large, clear reprobation of 1,001 issues completed with dividend records for the full year of 1956, showing monthly highs, Iowa, earnings, applications, volumes virtually every active stock on the New York Stock and Curb Exchanges—single copy $10.00; yearly (6 revised issues) $50.00.—special offer of three editions of Graphic Stocks, 1924 through 1935; 1936 through 1947 and up-to-date current edition, all for $20.00.—F. W. Stephans, 15 William Street, New York 5, N. Y.

Guide to Domestic and Foreign Special Situations—Brochure—Boutrons, Co., 1207 Louisiana St., Kansas City, Mo., 64105. Also available are reviews of Phillips Petroleum Co. and North- west Airlines.

Housing Authority of the City of Alviso, Pa.—First closed mortgage revenue bonds—descriptive circulars—Allen & Co., 180 Broad St., New York 4, N. Y.

"Information Please!"—Brochure—explains put-and-call options—Thomas, Haas & Botts, 50 Broadway, New York 4, N. Y.

Investing in the Canadian Dollar.—Discussion of long-term factors affecting this currency and the investment possibilities of Canadian International Banking, Ltd., King Limited, Montreal Trust Building, Toronto 1, Canada.

Over-the-counter stocks—1957 Buying Guide.—Up-to-date comparison between the 50 listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, based as to yield and market performance over an 11-year period—National Quotation Bureau, Inc., 46 Front Street, New York 11, N. Y.

Aerovox Corp.—Analysis—Raymond & Co., 148 State Street, Boston 9, Massachusetts.

Dresbach & Co.—Surveys—Peter M. Dresbach & Co., 44 Wall Street, New York 5, N. Y. Also available are analyses of Gartside & Co., 209 Wall Street, New York 28, N. Y. Also available is an analysis of Pittsburg Pittsburgh railways Co.

Calumet and Hecla Consolidated Copper Company—Circulars—Continental Baking Co., 29 South La Salle Street, Chicago 3, Ill.

Botany Mills, Inc.—Analysis—H. M. Blystones and Company, 156 Broadway, New York 6, N. Y. Also available is a bulletin—Philadelphia & San Francisco.

Calumet and Hecla Consolidated Copper Company—Circulars—Continental Baking Co., 29 South La Salle Street, Chicago 3, Ill.

Central Illinois Electric & Gas Co.—Card memorandum—G. A. Smith, 150 Wall Street, New York 4, N. Y. Also available is a card memorandum on Tide Water Power Co.

Dobekumn Stock Co.—Analysis—Walton, Hoffman & Goodspeed, 30 Wall Street, New York 5, N. Y.


Emhart Manufacturing Company—New circular—Cuddy Brothers & Co., 33 Lewis Street, Hartford, Conn.


International Hydro-Electric—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y. Also available is a bulletin on Missouri Pacific $5 cumulative preferred “when issued.”

Iowa Electric Light & Power Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Lone Bell Lumber Corp.—Analysis—Eastman, Dillon, Co., 55 Wall Street, New York 4, N. Y.

Mercer & Co., Inc.—Analysis—Cahou & Co., 1 Wall Street, New York 5, N. Y. Also available are analyses of Toohey Corporation and Warner & Swasey Corporation.

Thermal Research & Engineering Corp.

Memo on Request

Primary Market

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Cleveland—Detroit—Philadelphia—Pittsburgh—St. Louis
Where Is All the Steel Going?

BY BENNETT S. CHAPPLE, JR.
Assistant Executive Vice-President, United States Steel Company

Pointing out increased production has kept pace with industrial activity and demand (p. 31), Mr. Chapple says current difficulties in meeting steel demands to NPA allocation orders. Says defense orders and railroad requirements are being met, and warns of eating up our cake and having it too. He suggests if we go on that way military expenditures go too far, it may destroy healthy civilian economy.

The outbreak of overt communist aggression in Korea on June 25, 1950, affected the tempo of American economic life. The Federal Reserve Bank of St. Louis declares 1950 had been a period of energetic recovery from the recession of 1949, the year the Korean war ended. Economic activity was increased, yet the cord—peak—a convincing demonstration of the resiliency and expansive nature of the competitive enterprise economy. This resiliency and capacity to expand seems to be winning itself, also, its counterpart in particular Western Europe.

But after the start of the Korean fighting, there was an evident change in the setting. This country, with its arms industry, was not, at least initially, an area of necessity to rearm. For, in the indefinite future, it appeared, the "Western" powers might face a new threat. The defences of the area had been increased, and the rate of mobilization to meet the change in the situation was not, at least until July onward, the dominant economic problem in the United States. The United States, instead of being a center of an expanded military program into a productive machine by mid—operating at practically full capacity.

In the ten months which have elapsed since our complacency was jolted, we have been, like everyone else, in a position without precedent in our history. Yet we are not at war. Our production, in widespread fields, is at a high level. We are engaged in widespread international defense and in many parts of our way of life hangs a slender thread. We seem to insist on business and pleasure as usual. We realize that the effort we must make is not merely to prepare ourselves and our allies against aggression but to maintain economic prosperity—-now, in the face of many crises, we hope that the sacrifices on page 17 of the steel industry's picture books today.

So, with simple faith that somehow tomorrow will solve tomorrow's problems, we go blindly forward, hoping that the national effort to the degree possible may be adequate to provide the solution to all our difficulties. We are turning the production of cannon and tank ammunition for the Army as fast as we can. We are increasing the production of generators and refrigerators and kitchen stoves and coffee makers, and so forth. We are building new military planes and naval vessels by the hordes, without diminishing energy—and at the same time we have been erecting new steel mills. New steel mills—by the hundreds of millions of dollars each year. New steel plants, new steel mills. Yet it is the steel industry, and they, not the military, it and when and as they should need it—and at the same time we have been expanding our output of steel making equipment, chemical process equipment, machine tools, materials handling equipment, television sets and many other things.

Don't misunderstand me. I am not discounting the property or the people of the steel industry, but I am merely saying that we have been doing up to now, and, seemingly, this is what we would like to continue to do in the future.

Under such circumstances and in such an environment, it is perhaps natural to find industry in general bursting at the seams in every respect—exhausted in many others, indeed; it is a bit of a puzzle as to why our friends in other lands to watch us go. But I am sure we have not sold ourselves so frantically to wholesale derangements in our economy. For actually, believe it or not, that this rate of production is being achieved with only 5% of American industry's productive capacity at work. The Americans have suffered many serious difficulties and indeed have lost many goods. True, many of these goods thus made and sold are quite different from those we have produced normally. But both conditions, of course, are in the nature of accommodating economic needs and it is not enough, nor does it need that very few of them indeed are actually making it impossible to fit themselves for the new schemes of things although that, of course, is a short period of maladjustment.

A dress manufacturer, for example, will buy a new outlet for his energies; an automobile manufacturer takes on a subcontract for tank parts for the Army. A young entrepreneur begins to make Bailey bridge; an electrical appliance manufacturer finds himself making electronic equipment; a type of machine tool gets into the making of component parts for military ammunition; a pleasant metal job shop subcontractors the making of parts for military planes, etc. You see, here is simply that most American business men are afraid. If they find the going is tough for the time being, they year after year temporarily in another and that is one of the reasons why American industry will always survive.

Positions of Steel Industry

So much for the broad background and general situation, now specifically to the problem of steel. To give an idea of what has been going on, we shall make a comparison of two months in the steel industry—January, 1951, and June, 1951. January was a typical period immediately pre-Korea, and April, May, and June of 1951, are the peak of today's situation. Both periods are fairly typical of the number of working days, climatic conditions or other conditions differing in effect on operating characteristics.

In June, 1950, the American steel industry had produced about eight million tons of ingots, or about 15,500,000 net tons of steel products. In April, 1951, the ingot tonnage was exactly the same—eight million nine million ingot tons, roughly equivalent to 6,670,000 tons. Two charts will explain the increase: a small in-
Mortgage Lending in Changed Government Bond Market

By THOMAS E. LOVEJOY, JR.
President, Manhattan Life Insurance Company

Ascertaining recent drop in government bond prices has created pressures on entire financial structure, insurance executive finds it has increased new offerings of mortgages, of which there is a large supply. You should know, however, that this is only temporary since, because of credit restrictions, new building is falling off and there'll be less mortgages.

Reports higher bond yields resulting from increased yields on government bonds also tend to restore their competitive position.

The subject for discussion tonight is "The Government Bond Market and the Effect of Mortgage Lending." That's quite an assignment to make, I think, haven't the time, the place, and every reason to assume I have the time, the place and the answers to the problems facing us here today. However, I will have something to say on this subject in which you may be interested.

We are all familiar with the substantial drop in mortgage rates which took place when the fogs were removed early in March. So there is no need for me to go into details on the reasons for that. But I thought you might like to know that some of my friends in the New York bond market, and I know you have some friends here in the bond market, which is another way of saying you have some friends here in the bond market, have been trying in the last two or three days, to tell me that in the last two or three days, mortgage prices (around 36 and 32/32s bid) are attractive. They may be right, but these same fellows hold that in the coming years, when government bond prices were at 35 2/32s a few weeks ago. For my part, I have no doubt that if there is a new mortgage issue now—you can do a lot better with your money in other types of investments.

Effects of Drop in Government Bond Prices

This current drop in government bond prices has created pressures on the entire financial structure of the country, and I think it is quite respectable, but there is a real squeeze going on. Consequently, today the entire money market is torn by terrific cross currents, some inflationary, others deflationary, and some people may feel that it would be unwise to test the pressure to see whether it will come out. However, I am an optimist and I do not look for any severe depression. That does not mean, though, that I believe one should not take chances today. All institutional investment men have faced this situation of cross currents and uncertainties and unstable financial conditions and I am sure that my suggestion is the most likely, and I think it is the most likely that someone, or someone else, will do it as well. You will, however, find that there are no sharp, clean-cut boundaries between the various types of investments.

The result of this situation, just described, has been a definite over-supply of mortgages—a large volume of mortgage bonds are available and it should take some time for this over-supply of loans to be absorbed. Frankly, I don't think it will take too long, perhaps months, but not longer, because the insurance companies cash inflow exceeds cash outgo as a result of the nature of their business and much new funds will go into mortgages, making them available to absorb the over-supply of loans. I believe that it will take more time for the over-supply of loans to be absorbed.

The savings banks will be forced to make higher deposits, in addition to the amortization and prepayments of the mortgages they have already taken, and they must have funds to absorb the over-supply of loans. You have seen the trend changed in March and was continued in April. The savings bond deposits appear to be mounting, but they are not as rapidly as they have in the past.

The new bond market price pressure,

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Common Stocks and Pension Funds

By Paul I. Wren

Volume 173 Number 5044 The Commercial and Financial Chronicle

Some of the banks and brokers have attempted to secure a large amount of money for the purchase of common stock in connection with pension plans, and comments are included in the pension plan by the employer. No investment program should be based solely on the amount of investment, nor should it be designed exclusively for the interest of the employees.

Investment Not Exact Science

My training in this field of endeavor has included lessons on the fact that investing is not an exact science. If you make the correct decisions, you achieve a profit. If you fail to make the right decisions, either you are unsuccessful or you lose money. In my opinion, the differences between winning and losing are small. Therefore it is necessary to have a sound plan of attack before you enter the field of investing.

How to Choose Common Stocks

First, let us consider the selection of common stocks to be purchased. The selection should be based on the probable future earnings of the companies, the dividends paid, and the stability of the company. The following are some suggestions for selecting common stocks:

1. Companies with a history of stable earnings and dividends.
2. Companies in industries with strong long-term growth potential.
3. Companies with low debt-to-equity ratios.
4. Companies with a strong management team.

Second, let us consider the timing of the purchase. The best time to buy common stocks is when the market is in a bear market. This is because the prices of common stocks will be lower, and there will be more opportunity to purchase them at a discount.

Finally, let us consider the sale of the common stocks. The best time to sell common stocks is when the market is in a bull market. This is because the prices of common stocks will be higher, and there will be more opportunity to sell them at a profit.

In summary, the selection of common stocks and the timing of the purchase and sale are important factors in the success of an investment program.

Paul I. Wren

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Notes

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It Is Time to Reconsider The Gold Standard

By JAMES WASHINGTON BELL, Jr.

It is time to reconsider the gold standard. The implementation of these new tools and the increased sophistication and specialization with which they are used make it much easier to understand what is happening in the world economy than it was during the last great depression. The gold standard was a system of pegging the value of currencies to gold, with gold being exchanged for paper money at a fixed rate. The gold standard was believed to stabilize prices and prevent inflation, but it also made it difficult for central banks to respond to economic shocks.

Rapidity of Inflation the Crisis

Since inflation shows a need for certain economic adjustments, it not

one of the first steps toward a defense prog

ame. The economy is replete with inflationary pressures—pressures which originated in the early 20s but did not take hold until the late 1920s. These forces are now running strongly and the consequences will be severe.

For many years the government has been deliberately following inflationary policies which were devised in earlier periods. This has led to widespread unemployment and which have been carried over into the postwar eraof inflationary forces in the fields of mone

tary and fiscal policy.

The Federal Reserve Bank of St. Louis

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The New Tax Bite and Forthcoming Dividends

By WILLIAM WITHERROE

Stock and Commerce

The House Ways and Means Committee proposes to increase by $70 billion in corporate profits and 3 percentage points in individual income taxes. These increases represent a $400 billion revenue windfall, which will result in dividend payments below 1956 level. See, how

ever, some exceptions for individual companies.

The House Ways and Means Committee has a good measure of success in the tax bill. The increase of 5 percentage points in corporate taxes and 3 percentage points in individual taxes represents a $400 billion revenue windfall, which will result in dividend payments below 1956 level. See, however, some exceptions for individual companies.

Dr. Bell asserts present difficulty of checking inflation stems from deficits of 1928, 1930, and the loss of gold in the war. We must, however, remember that the gold standard has been abolished, and that we must look to other means of stabilizing the value of our money.

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The House Ways and Means Committee proposes to increase by $70 billion in corporate profits and 3 percentage points in individual income taxes. These increases represent a $400 billion revenue windfall, which will result in dividend payments below 1956 level. See, however, some exceptions for individual companies.

The House Ways and Means Committee has a good measure of success in the tax bill. The increase of 5 percentage points in corporate taxes and 3 percentage points in individual taxes represents a $400 billion revenue windfall, which will result in dividend payments below 1956 level. See, however, some exceptions for individual companies.

Dr. Bell asserts present difficulty of checking inflation stems from deficits of 1928, 1930, and the loss of gold in the war. We must, however, remember that the gold standard has been abolished, and that we must look to other means of stabilizing the value of our money.
The Gold Situation

By L. Werner Knoke

Federal Reserve official discusses leading aspects of current gold situation, such as reversal of direction of gold movement of U.S.; diversion of gold into private hands through free gold markets; the behavior of world gold production, and the question of the gold price.

The problem of gold, in all its diverse forms, has been with us for many years that it has long since lost the status of a major international commodity. Probably no problem has been so significant in the course of international trade as the whole question of gold. It is highly probable, therefore, that the reversal of the flow of gold will be a significant event of world economic history.

It is interesting to note that the United States has a special interest in gold and in any developments affecting its movement, supply, or price. One general reason for this is the large surplus of gold that for many years we have been building up in the world and, until recently at least, the largest gold buyer. At the end of 1948 our gold stock amounted to $22.8 billion. This is equivalent to almost one-third of the gold reserves of the world.

As the major trading and investing country in the world economy, we are vitally concerned about the adequacy of foreign gold reserves, since the volume of such reserves has a direct bearing on the stability of trade and exchange policies which foreign countries pursue.

The heavy drain of gold to the United States during the past twenty years has factually become a primary cause of worries about the future of the controls, exchange licensing policies and other such restrictive measures which have so adversely affected our own economic stability, and in general. As the leading champion of an essentially international exchange rate system, we have an obvious concern with the behavior of gold prices relative to our own.

The Outflow

The interesting development in the general world gold picture over the past years and of late, especially since the fall, has been the sharp reversal in the direction of gold movement of some consequence. From a peak of $64.8 billion in August 1949, our gold stock declined to $24.8 billion in August 1949. This is a reflection of the gradual change in gold prices, and the reduction in the demand for gold to certain countries is beneficial all around, and should not fail foreign economic aid program.

Contents, also, despite high gold prices of gold hoarding, U.S. should not alter gold price. Forcés gradually reduce the availability of currencies through larger foreign gold holdings.

L. Werner Knoke

A brief speech on gold prices to encompass the whole field of anything especially novel. While the United States has a special interest in gold and in any developments affecting its movement, supply, or price. One general reason for this is the large surplus of gold that for many years we have been building up in the world and, until recently at least, the largest gold buyer. At the end of 1948 our gold stock amounted to $22.8 billion. This is equivalent to almost one-third of the gold reserves of the world.

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Harmon Inv. Mgr. For Eastman Dillon, etc.

CHICAGO, Ill.—Robert R. Harmon, formerly with Bialeks & Co., will be appointed an associate of Eastman Dillon & Co., Ltd., effective April 15, as manager of their investment department.

The Commercial and Financial Chronicle . Thursday, May 24, 1951

Robert R. Harmon

Bank Capital Funds
Up a Billion in 1950

Only one item of the condensed statements of condition, appearing in the first part of Band McNally's Bankers Directory, was changed to the close of 1950 than at the beginning. That item was U. S. Government Bonds, total holdings of which decreased $6.5 billion to $12.9 billion. Both loans and deposits increased $11 billion, or $3.3 billion, and $6 billion, or $2.5 billion, respectively.

Capital funds of the Republic of the Philippines were $6.8 billion at the end of 1950, compared with $6.2 billion reported at the end of 1949. There were $10.7 billion at the end of 1948, compared with $10.5 billion at the end of 1947, and $11.9 billion at the end of 1946. The increase from the end of 1945 to 1946 was $1.8 billion, the greatest increase in any single year since the end of World War II.

The increase from 1949 to 1950 was $6.5 billion, the largest increase in any single year since the end of World War II.

The increase from 1948 to 1949 was $2.4 billion, the largest increase in any single year since the end of World War II.

The increase from 1947 to 1948 was $1.9 billion, the largest increase in any single year since the end of World War II.

The increase from 1946 to 1947 was $1.2 billion, the largest increase in any single year since the end of World War II.

The increase from 1945 to 1946 was $1.8 billion, the largest increase in any single year since the end of World War II.

The increase from 1944 to 1945 was $1.8 billion, the largest increase in any single year since the end of World War II.

The increase from 1943 to 1944 was $1.2 billion, the largest increase in any single year since the end of World War II.

The increase from 1942 to 1943 was $1.2 billion, the largest increase in any single year since the end of World War II.

The increase from 1941 to 1942 was $1.2 billion, the largest increase in any single year since the end of World War II.

The increase from 1940 to 1941 was $1.2 billion, the largest increase in any single year since the end of World War II.

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The increase from 1892 to 1893 was $1.2 billion, the largest increase in any single year since the end of World War II.
Problem of the Aged in Britain

BY PAUL EINZIG

Commenting on proposal of British Labor Government to grant higher pensions to men and women continuing to work after the retirement age, Dr. Einzig points out heavy burden of increasing numbers of the aged expected, by technological advances and labor-saving devices, due to declining efforts of workers.

LONDON, Eng.—The age limit at which old people are entitled to retire from work figured prominently in recent discussions in the British Parliament. It presents an economic and social problem of considerable importance. In the course of his Budget speech on April 10, Chancellor of the Exchequer pointed out that the proportion of old people to the total population is rising and is expected to continue to rise and, with it is increasing, the burden of social maintenance after their retirement by the rest of the community. He therefore put forward a proposal under which financial inducements would be given, in the form of higher old age pensions, to men and women who are expected to work after having attained the retiring age of 65 years for men and 63 years for women.

This announcement came as a shock to many quarters, for until then it was widely held that growing numbers assumed that, as a result of increased productivity, it would be possible to reduce the retiring age, so as to enable people to remain at work before they have grown too old to enjoy their well-earned retirement.

Instead it now seems likely that, in order to prevent a demand for the position, it is necessary and essential for old people to continue to work longer than they have been accustomed to do.

The fact that current statistics are indeed indecipherable. Owing to the improvement of general conditions of health the average expectation of life has increased much longer than they were a generation earlier. Barring a general temperature, a third world war this progress is likely to continue. Unless the growing number of old people contribute toward the productive effort of their communities, the increasing burden of their maintenance will fall on the productive section of the population. Since with the general improvement of health conditions old people are now physically and mentally in a more fit condition than they had been a generation earlier, many of them are in a position to remain at work for many years beyond the official retiring age.

This problem would not have arisen at present, were it not for the prevailing condition of over-full employment. For each worker out of employment there are necessarily many unoccupied vacancies. As the school-leaving age has just been raised from 15 to 16 years, it is useless for the government to pro-vide for the good of the number of old people. This truth is at last beginning to be realized even by the majority of the general public images that the problem is simply one of finance, and that all that is needed is for Parliament to vote increased old age pensions to enable the retired generation to live happily forever after. It is assumed that conditions will be sufficiently improved someday—preferably through increasing taxation on capital and enterprise—so that the increase in pensions to a larger number of recipients will not involve sacrifice for the general working population. If one part of the country then some before the public will come to realize that the goods and services in Mr. Cattell's budget, another important aspect, is the volume of goods available for the working generation.

It is helpful from the point of view of the realization of the basic facts of the situation that Britain is at present working to the limit of the capacity of the productive section of her population. With the progress of the reconstruction drive the volume of goods available for civilian consumption is bound to decline gradually, and the expanded purchasing power of consumers will bear on a greatly diminished volume of goods. This may make the push toward increased pensions is voted, or when the number of beneficiaries increases, it may make for the loss that is available to the workers.

To this end the following may increase productivity per man-hour, it is now realized that there is no early likelihood of any departure of the nation from that direction. When between the war production was launched by lack of adequate manpower, advanced modern engineers claimed that, if only that handicap could be provided, with the aid of new and new form of machines, the road would be open to comfort and luxury for all. Since the way most countries have gradually increased their production to capacity—that is to capacity based on the existing age limits. And yet of hours and conditions have been introduced, a technical handicap. It seems that in most countries technological progress has been used not so much for producing more as for producing with less effort. The devices adopted were not labor-saving devices but labor-saving devices. sooner or later the public will have to realize that in order to increase the standard of living further, or in order to maintain it, the spirit of rearmament and in spite of the growing proportion of old people, it will be necessary for the old people to define their complete retirement. In addition to the financial inducement announced in Mr. Cattell's budget, another important aspect is about to be taken in that direction. Decisions are imminent amid

City of Toronto Bonds Offered to Investors

Harryman Biely & Co., Ltd., and The Dominion Securities Corporation and associations are offering $20,000,000 Corporation of the City of Toronto (Province of Ontario, Canada) Consolidated Loan Debentures due May 15, 1955 to 1961, at issue yielding approximately 3.00% to 3.425% and accrued interest. Proceeds from the sale of the debentures will be advanced to the Toronto Transportation Commission and used by it for capital expansion expenditures including $10,325,900 on account of the Commission's Rapid Transit Subway project and various other amounts for construction of buildings, track work, improvement in the electrical distribution system, the acquisition of land, motor buses, street cars and trucks, shop equipment and other miscellaneous purposes.

The new debentures will be directly general obligations of the City of Toronto which had a new direct funded debt of April 30, 1951, of $48,726,775 and an annual total estimated assessment for taxation for 1951 of $1,403,562,565.

Other members of the offering group include: Smith, Barney & Co.; Merrill, Lynch, Pierce, Fenner & Rhoades; A. E. Ames & Co.; D. Wood, Gundy & Co., Inc. and McLeod, Young &WRW

E. F. Hutton Adds

LOS ANGELES, Calif. — Joan Bellon has been added to the staff of Rand Engineering Company, 623 South Spring Street.

NY Security Analysts Choose New Officers

Jeremy C. Jenks of the New York Stock Exchange firm of Baker, Weeks & Harden, was elected President of the New York Society of Security Analysts, Inc. at the annual meeting held, succeeding John W. Spurgle of Dostwick & Dominick. Mr. Jenks is in a Director of the General Federation of the Age Limit. It is Societies and a member of the advisory committee of the "Analyst." Mr. Jenks of the New York Society.

Marvin Chandler of Reis & Chandler, Inc., was elected Vice-President of the New York Society. John F. Chiloi of Irving Trust Company was elected Secretary and Charles N. Smith of National Shares Corporation was elected Treasurer. The following were elected members of the executive committee: Nathan Bowen of Goldman, Sachs & Co.; Lawrence C. Cooper of Arcane Re¬search Corporation; Lancaster Greene, Investment Advisor; W. Stowe Mace of the Federal Reserve Board; Herbert F. Wyche of Shields & Company, and John Stevenson of Salomon Bros. & Hurt. The Society elected its 1,500th member, Lawrence Fairfax of Dominick & Dominick.

Jeremy C. Jenks
Marvin Chandler
John F. Chiloi

NY Security Analysts Choose New Officers

Want to See Wall Street's Washing on the Line?

MacARTHUR FOR PRESIDENT!

MacARTHUR FOR PRESIDENT!

Of the New York Stock Exchange, that is. Read about the fireworks when he takes over July 4th.

MacARTHUR FOR PRESIDENT!

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Want to See Wall Street's Washing on the Line?

Medina Hailed on 100th Birthday

Still presiding at head of S. S. Seven, now in its 37th year.

Wall Street Kefauverade

Bowl Street Journal turns spotlight on characters who don't play for marbles.

GIGANTIC STEAL MILL IN WASHINGTON, D. C.

FINANCED BY THE R. C. F. C. OF COURSE

Read the revolutionary in the Bowl Street Journal.

COMING JUNE 8TH

Dr. Paul Einzig

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Read the BAWL STREET JOURNAL

Order now at $1 each, from Robert C. Johnson, Circulation Manager, 216 Kiddy, Peabody, Mass. Wall Street, New York 5, N.Y. Send check with application.
Performing Industry's Dual Job in Present Crisis

By HENRY FORD, II
President, Ford Motor Company

Clash problems of Ford Motor Company in efforts to fill needs of people and at the same time continue civilian production, Mr. Ford points out difficulties arising from uncertainties and confusion created by orders of NPA officials. Such cuts off jobs and slims down unessential groups not to jockey for preferred positions, but to help Washington reach sound basic decisions.

If there is any one thing America can do, it's their ability to produce civilian goods—from hairpins to automobiles to trucks. We businessmen have been called upon to do our part, and we are doing it. But we understand it means something more than just the products; it means to produce as efficiently as possible, because it can't be done under such conditions. In the building, for example, our production cut announcements by NPA mean that we must reduce our labor force by some 10,000 men and women within the next two months. This is not likely to be possible.

Many of us in the automobile industry have been trying to do just that for some time, but we have run into problems that differ from those of other lines, but I'd guess that in the main, all our problems run parallel.

Like most other large companies, automobile manufacturers have been re-evaluating their defense work with civilian production. The question isn't whether we can, but how we can, do what's needed, and what's needed. The two periods that are involved—it doesn't mean that we don't do what we can and that we can't go as far as we can—if we can. But during the gap left in civilian production.

Major Problems in Defense Work
One of our major problems is to utilize our plant and facilities just as efficiently as possible during this period. To handle our defense contracts and to continue civilian production which is vitally needed, we either have to build new plants at some distance from our present facilities or building of partial accelerated de- ployment or take over government-owned facilities. As you know, cutting back automobile production 25%, doesn't actually make any capacity available. It's a particular and major part of our facilities for defense work. You cannot assemble tanks or build planes on a production line that has yet been devised. Nor, do you know how you can use the airplane engines with truck cabs. There are many difficulties.

In the automobile industry with decreasing volume, increased material prices, and increased taxes on the one hand, and the government cutbacks on the other, Dec. 1 with only one minor adjournment on the other hand, man-}

Annual Outing for Twin City Bond Club

The Twin City Bond Club will hold its 28th annual golf outing and picnic at the White Bear Yacht Club on June 26. A cocktail party will be given on Wednesday, June 24, at the St. Louis Hotel.

Features for the day of the outing are the golf tournament, starting at 9 a.m.; tennis; bridge, cribbage, and darts; and dancing. Breakfast will be served at 9 a.m., luncheon at 12:30 p.m., and dancing at 7 p.m. Fees for golf are $3 for non-members, $25 for guests. Reservations may be made by writing to Frank A. Mannheimer-Egan and Co., St. Paul.

Chairman of the club’s various committees are:

Paul J. Maier, general chairman; Wardwell Lewis, Merrill Lynch, Pierce, Fenner & Beane, cocktails; Malcolm Aldrich, Central Republic Co., transportation; C. H. Babcock, Jr., Piper, Jaffray & Hopwood, tennis; James Klingel, Puran & Moody, golf; Paul Mahle, Palone, Webber, Jackson & Co., publicity; Fred S. Guth, Irving J. Rice & Co., special prizes; Art Rand, Wood's,some activity committee; Grant Hartung, Harold E. Wood & Co., dinner committee; Edward B. Lynch, Merrill Lynch, Pierce, Fenner & Beane, Vice-President, and George J. Freeman, Mannheimer-Egan, Inc., Secretary-Treasurer.

Hillard to Admit LOUISVILLE, Ky., Nov. 28—Hilliard will on June 1 become a duRist of the Hilliard, Alliance-Wil¬

New York Security Dealers Announce Outing

The New York Security Dealers Association will hold their Annual Golf Outing at the Twin City Club, Hempstead, Long Island. It will be confined to members and associates and there will be an entrance fee of $20 per man for prizes with a soft ball game scheduled for 6 p.m., and dinner will be served at 8 p.m. The annual dinner will be held at the Charles H. Dowd, of Hodson & Co., Inc, Chairman of the Outing Committee; Stanley L. Roggenburg of Roggenberg & Co., and Melville S. Wein of M. S. Wein & Co.

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Urges Businessmen Watch Reserve Policy

In talk at Montclair, N. J., on May 21, Dr. Ivan Wright says "our money has lost contact with reality," and whether we have more inflation or some deflation is up to Federal Reserve Board.

"Money and credit are the forces that condition our industrial life," Dr. Ivan Wright told a group of businessmen in Montclair, N. J., on May 21.

"Good money, a good system of credits, and uncertain money and credit have their different effects and qualities," he pointed out. "It is a long time since we had a good system of money in this country. Money means very literally freely into the established standard of values in which our money and credit values have been measured over the years, and this applies to the contracts to pay money running into billions, to wages, to risk, to banks, life insurance and so on. On the present standard of values, money was enriched, all changes in its present value represent what creditors were defrauded and debtors were enriched. Those who were defrauded and those who enriched money in things that would rise in value as the money lost its purchasing power."

Continuing, Dr. Wright said: "It is a problem we have had very uncertain money. Our money has lost contact with reality. That is, you cannot convert money into the standard medium of exchange, and the gold content of the dollar has been reduced more and more. The amounts of the Federal Reserve Banks have been reduced. In addition, the times by which long since ceased to comply with their original functions to provide an elastic currency by discounting bills and notes for member banks. Actual goods in the processes of production and distribution have become standards of value for money,

"This inflation has gone so far that the actual purchasing power of money for such things as food, raw materials, labor, and property, and tools to work with has been reduced perhaps more than 30% in the past year. Dollars will buy more than 25% as much as it would buy in 1914, perhaps 30% less. Prices seem very speculative un- "You know that we have a great deal more inflation. That we are to have more of the exchange of society," Dr. Wright said.

"The Federal Reserve Board. I believe, but there can be no intention to have as much infla-

"money to which the present versus future money."

"I am of the opinion that most manufacturers have not thought about the deflation and deflation consequences of their business and investment policies."

"The Federal Reserve policy and its longer-term consequences is a threat to business and investment guides."

Cincinnati Exchange Elects Trustees

C. Kenneth Smith H. C. Vonderhaar


Cincinnati Exchange Elects Trustees

Merrill Lynch Gains Scholarships

Award of four scholarships to sons and daughters of employees of Merrill Lynch, Pierce, Farnham, & Company has been announced by Winthrop H. Smith, managing partner of the nationwide investment firm. Each scholarship is for four years of college study and is worth $3,000 to $5,000.

Merrill Lynch employees, one from each major geographical area of the country, were chosen. William Rutherford, Jr., whose father, Scott V. Rutherford, Sr., is an ac-

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BEVERLY HILLS, Calif.,—Jack Newman has become affiliated with Cantor, Fitzgerald Co., 224 North Cannon Drive. He was previously with Daniel Reeves & Co.

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Mutual Funds

Storm Clouds in Pennsylvania

By ROBERT R. RICH

Against a background of strongly-contested actions, the Bond Dealers' Association has ended its third reading Wednesday in the Senate, a report that has been referred to the House and is now up for the recommendation of the Committee on Banking and Currency of the House which will convene again on June 26.

The proposal for a Senate Bill (Senate Bill No. 11) was quietly introduced by William J. McPherson of Pennsylvania, a day before a subcommittee, under the chairmanship of Senator Donald P. McPherson, of the Senate Judiciary Committee.

Discovery of this bill by the members of the mutual funds industry led to action in the Senate. Among the representatives of the investment funds in the committee are legislative leaders of the Senate and House, and the mutual funds management and salesmen fees.

I know from my own experience that the bond market is engaged in personal solicitation, and the employment of salesmen, and there is a serious objection to it. This leads to another serious legal objection for such funds and I refer to the provisions of the legislation, or the rule or regulation of the Federal Reserve Board, or the rule or regulation of the Investment Commissioners for trust companies.

Mr. Welch, of Wellington Fund, submitted a resolution suggesting that the fee of a mutual fund company, or the trust funds of the Fund, be made for the benefit of the owner of the trust.

Mr. Welch pointed to the outstanding records of mutual funds, comparing various records referred to the Senate and House, and the mutual funds management and salesmen fees, and that those funds have been made for the benefit of the owner of the trust.

The report of the members of the Fund, the dealers in stocks, and the investment bankers, have made it clear that the fee of a mutual fund company, or the trust funds of the Fund, is a useful and important factor in the management of the company.

I believe that the mutual funds industry should be allowed to make such funds as the owners of the trust are willing to invest their money in a useful and important factor in the management of the Company.

The Federal building and loan associations, to which I am indebted for the report, have made it clear that the fee of a mutual fund company, or the trust funds of the Fund, is a useful and important factor in the management of the Company.

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I believe that the mutual funds industry should be allowed to make such funds as the owners of the trust are willing to invest their money in a useful and important factor in the management of the Company.
Observations...

of its ruinous effect on business practice, in curtailing production and distribution, and promoting extravagance and inflation.

Regarding price control (whose inconceivables do not hamper me), I am concerned solely with the stranglehold of our vital gross product. The usual machinery, perhaps on the grounds of its unavoid-
able, in an emergency, rather I am primarily worried over the more basic question whether actually the situation in real short-
ages justifies the machinery being created for price and wage controls; and only secondarily that whether that machinery is dismantly curtailing our vital production and distribution, with out even effectively stabilizing anything. To my real, the main argument concerns the actual amount of curtailment of economic activity as the inflations of the labyrinthine super-complex system of price ceilings on the now-abundant surplus goods.

The plea of Henry Ford II. that if for the support of the Mr. Wilson's goals by both big and little business, there must be much more "realism" in Washington; seems entirely reasonable to me as an individual—and because of, rather than in spite of, the fact that we have been dead for 2000 years. Precisely because of such sacrifices, and our acute world struggle, do we to be extra certain that there is realistic appraisal of bureaucracy in lieu of high-sounding white-washing; that there shall be a cessation of half-considered administrative orders and upward in our present system; that flag-

raising of "democracy" be not used as an excuse for the automatic proliferation of more bureaucratic machinery, under the pretext of countering the more "efficient" figures of our more "efficient" machinery; that one wisdom be used in the liquidation of billions of our assets in give-away schemes abroad.

Mr. Wilson—I respectfully submit that this plea, along with those from many millions of conscientious fellow citizens, by no means represents an insurmountable problem. There are, I should think, realistic and responsible people, along with the prevalent Washington confusion which you justify therewith.

Continued from page 8

Dealer-Broker Investment
Recommendations and Literature

Mississippi Valley Barge Line Co.—Memorandum—Dempsey-
Tegler & Co., 407 North Eighth Street, St. Louis 1, Mo.

Missouri Pacific—Analysis—Vilas & Hickey, 49 Wall Street,
New York 5, N. Y.

Missouri Portland Cement Co.—Memorandum—Boettcher and
Sands, 22 North La Salle Street, Chicago 1, Ill.

Northern Pacific Railway Company—Special analysis—Ask for
Memorandum F.—Wood, Walker & Co., 63 Wall Street, New
York 5, N. Y.

Pacific Lumber Company—Analysis—Elsworth & Co., 111 Sut-
ter Street, San Francisco 4, Calif.

Philip Morris—Analysis—John B. Lewis, Inc., 100 Second
Avenue, Seattle 4, Wash.

Puna Aleuie Sugar Corp.—Analysis—Circular—J. F. Reilly & Co.,
61 North Pearl Street, New York 10, N. Y. Also available is a circular on
Maryland Drydock.

Quaker Oats—Analysis—R. M. Horner & Co., 52 Broad-
way, New York 4, N. Y.

Riverside Cement Company—Card memorandum—Lerner,
Co., 609 South Michigan Avenue, Chicago 5, III.

Research and Engineering Corporation—Bulletin—
Goodbody & Co., 115 Broadway, New York 6, N. Y. Also available is a bulletin on
Forensic Diary.

Dermal Research & Engineering Corporation—Special report for
dealers only—Troster, Singer & Co., 74 Tritle Place,
New York 6, N. Y.

Simonds & Webster, Inc.—Analysis—Bruns, Nordeman & Co.,
60 Beaver Street, New York 4, N. Y.

Television Research and Engineering Corporation Bulletin—
Goodbody & Co., 115 Broadway, New York 6, N. Y. Also available is a bulletin on
Forensic Diary.

Radio Research & Engineering Corporation—Special report for
dealers only—Troster, Singer & Co., 74 Tritle Place,
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The Schuman Plan—Its Hopes, Risks and Danger

to the Plan has been obtained by pressure from France and particularly from the U.S.A. The position that under the Plan the national conflict of economic programs, which is now so unduly public, will be politi
cized, and that therefore the conflicts of the public, thus jeopardizing the political aims of the Schuman Plan, as I have already pointed out, is bound to fizzle out. This is tantamount to an economically and politically United Europe, because otherwise the Plan will fail. In my opinion, real costs and benefits, and it can in circum
stances of a complete union. The private enterprises are contesting this. I do not think, ask alone, under the supervision of an authority that creates a situation in which the coal will be able to get the coal they need by the old traditional type, the prewar type, without politicizing the conflict of interests.

The Economic Integration—Means

The economic purpose of the Plan is to integrate the economic structures of the four most diminishing barriers like tariffs on German goods, an end to the gold standard, a complete ban on internal taxes, and thereby reduce costs and prices. The Plan aims at fostering competition, and it will provide for the most economic cost of production. The Plan aims at fostering competition; we may call it planning for competition. The Plan will even allow for the production of goods with a surplus of use. Each one will produce in excess of his domestic market, thus reducing the cost of produc
tion. The Plan will protect the consumers against multiple agreements and artificial increases in price. If successful in its economic purposes the Plan will result in an in
crease in the standard of living of all Europe. One of the immediate objectives of the Plan will be to increase the standard of living for all.

However, beside these features of the Plan which will win the approval of the economic community, the economic freedom, there is no doubt that the Plan has some drawbacks. In many provisions compatible only with a centralized controlled econo
my, the High Authority will have considerable power over investments, which does not exactly signify a central planning economy. Indeed, the provisions clearly defined, also fix minima and maxima prices. In other words: reduction of production, which can fix quotas of pro
duction of the high wheat, is only a trick to reduce the costs of production. All the provisions of the basic raw materials (regardless of origin) will be allo
cated to all the countries according to their needs. The Plan contains many provisions which resemble the provisions of the ill-fated cartels. As long as these provisions last, which may never happen, it is seen that foreign markets will have to be constantly regulated. The participation in the Schuman Plan, which is basically a provision of the Plan, will result in an economic conviction that either Europe will get the goods it needs or Europe will be no Europe. In point of fact, I think that the free interconverti
bility of currencies will be abolished, the slashing of quotas and tariffs would be reestablished. As the purpose is to abol
dish the national division of labor, the national way of attaining the goal would be not only unaccount
ably our world resides, but was rather

The provisions of the Plan regarding wages and social benefits lead one to believe that the supranational authority will consider it reasonable if the wages are lower to the low level where they are highest. This trend would be even more pronounced in France than in Germany, and be
tween the two countries there is more than a 40% in wages as compared with the level prevailing in the United States. There is a political belief that what they are, the trend will be low wages in France are going to be higher wages for the French, or in order to have the same job, there will be a decrease in wages for the French. How this will work out in the objective of reducing prices remains to be seen. It is quite clear how wages will be admini
stered in the coal and steel industry without affecting the prices.

There is little doubt that the Schuman Plan contains policies and rules designed to give to the European community the benefits of economies of scale. The Plan em
bodies also many provisions char
acteristic of the economies of scale with considerable power over investments. In point of fact, the high authority will have the right to dictate to European philosophy and economics. The very great majority of European industrial
trials believe that moderate competition does the trick, but the Plan is determined to be free from fierce competition for various reasons.

A disturbing question which comes to one's mind is whether, if the Plan is successful, economies are really benefi
tive for the most economic localities, its result will be a division of labor in Western Europe. Germany may not out
weigh heavily. The Plan, they believe, is a case of the great fish eating the small fish, which the French have assumed monopoly and with courage. In his recent book, "Unite or Perish," Mr. Pisan has tried to argue that the marriage of German coal with the iron ore of France cannot be as a result that the steel be made in Germany. The high cost of transportation of the necessary
ly a case of the iron of the French. The question is: shall the steel be made in Germany? or shall the transportation cost of the neces
sary raw materials exceed the cost of production in the main
ning of steel relatively few years. What the Plan says, the manufacture of steel into finished products is a very large enterprise. Hence this may be the answer for Germany Western Europe to its economic freedom, if this steel is not to be unemployed. The division of la
bor, concludes Mr. Reynaud, be
 tween France and Germany is a natural one, steel to the one, and steel products to the other. Germany would furnish France with coal and coke and in return for iron in exchange for rolled steel, which will be used for processes of better goods in value. In addition, this division of labor would also be a case of the iron of France for security!... If everyone were able to concentrate, of course, on his own branch of industry, maybe the economies of steel and iron, etc. shall be operated in accordance with Mr. Reynaud's rational scheme. I believe that this is not possible in an economic and social realities will be present, which the Plan of Mr. Reynaud. Of course, when any enterprise in the Ruhr, for instance, where they enjoy natural advantages in the production and marketing, make substantial profits which per
tain to theResume. It is clear that the economical benefits of this cooperation, and it must be recognized that unless Europe has become a political and eco
nomic unit, the French Parlia
ment will not tolerate such a de
vastation of Germany. It is clear that the German steel industry

Continued from page 11

Common Stocks and Pension Funds

when stocks are high and profits are usually large and then paying more when the reverses. In other words, the book value of the company, and even if an insurance company contract is substantial, there is probably rather considerable. But this also explains to you that the government will be gov
erned in its decisions by political considerations, to the extent that the market and the readings of the securities. It is difficult to predict whether the functional approach to a United States, there are a number of political p
inflation and whether it will exacer
bate nationalistic feelings and lead to a nationalistic arms race or not. The national economic conflicts of interest are for a political union. The question is to me inescapable. The answer to the European problems is in an economic and political United Europe, where economic liberalism will be al
owed to prevail.

It remains to be proven that the gradual and functional approach to a United Europe, to make the case for Germany, the United States in Europe, and the European economic reintegration, and maybe of the western civiliza
tion, depends on the realization of the political and economically United Europe.

Mutual Savings

Gains of $57 million in April brings total at end of month to $745 million

Deposits in the nation's 320 mutu
al savings banks increased $75,000,000 in April, bringing them to a new all-time high of $201,620,000,000

Carl G. Fr ease

Unusual Timing

San Francisco, Calif.—Walter Schag, trader at Davis, Skagga


er Street, is displaying a large trading board with the O m e g a 1-

n v a n t a g e e n e r a l y e n u m e r a t e

funds, so that the deficit of the United States government can be

Walter Schag

Schafer, Necker Co. To Be Formed June I

Philadelphia, Pa.—Effective June 1, Schafer, Necker & Co. will be formed and will be a division of Necker, Conger, Necker &

Co., 111 Green St., Chicago—Schafer, Necker & Co. will be a.

T. W. Pignata Opens

Jersey City, N. J.—Thomas W. Pignata will open his fourth

Larger Quadrants

Chicago, III.—Barclay In

vestments Co. Inc., has its

350, 240 Harrison Avenue.

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350, 240 Harrison Avenue.
Outlook for Stock Prices

Today you have to be a combination of investor, analyst and political observer and the political analysts and politicians have to be combination of politician, analyst and investor. Sometimes I wonder how any of them ever get anything done. All seem to be obsessed with the result, and neglect to consider the means by which it is to be achieved.

The Federal Reserve Bank of St. Louis. The Federal Reserve Board, the government, any other large institution, is a prime example of someone who creates a problem, then endeavors to solve it without changing any of its own habits.

Today we are dealing with a market, a free and highly competitive market, in which the final change is caused by demand and supply, neither of which is fully measurable. Further, I do not think that the payments made by a company for investment in long-term securities, such as stocks, will necessarily result in a corresponding increase in the value of the securities. The payments may or may not be necessary, and the amount of the payments may be less than the amount of the securities.

A strong investment demand, attracted by high and well-protected stock prices, has been pushing up stock prices since the beginning of 1951, largely because of the increased expectations of individuals.

In this environment, all the factors that determine whether a company is to invest in common stocks.

The market value of stocks listed on the New York Stock Exchange is about $100 billion at present. But despite the fact that a fraction of these shares is changing hands during the year, the dollar value of the investment in common stocks is probably in excess of $300 billion.

As we have seen, the market for common stocks has been conspicuously absent in this two-year period. It is not, perhaps, the absence of this market, but rather the reasons why I doubt that we have the ability to predict the behavior of this bull market which is normally characterized by hectic speculation in marginal securities.

Only Moderate Increase in Stock Supply

So far, there has been only a moderate increase in the overall supply of stocks. As long as stock prices are low and capital is not being raised easily and cheaply, corporations and others will be inclined to add to their holdings at prices which are below the present rate. But even if the present rate is moderate, the trend is toward a larger supply of stocks.

A new factor has appeared in the market in the last two years, which is the increased number of new issues. This has been a result of the increased number of new issues and the increased number of new issues which have been sold.

Ceiling Price Regulation

The order, CP 593, was designed to prevent the concentration of capital in the hands of those who control the market. The order was issued by the Federal Reserve Board and the Federal Reserve Bank of St. Louis.

Some industries will be hurt by shortages, others will be hurt by taxes; still others will be hurt by one of the most distressing effects of the order, CP 593. The market will be flooded with goods which are not wanted, and the price levels will continue to rise.

I should like to elaborate on this a little. Too few people have actually worked in the market, but there are some who have been involved in the process of production of non-military goods and the lifting of import restrictions.

The Administration, however, need not be concerned with the causes of inflation, but is trying to cure symptoms. It is not trying to prevent the increase in prices of some goods without prohibiting a further rise in wages. Inflation has not been caused by the Federal Reserve Board, but by the manipulation of the market forces of supply and demand.

I have emphasized this question not only because I consider it to be of great importance, but also because it is an important one for the inflation problem. Inflation is caused by the Federal Reserve Board, but it is not caused by the manipulation of the market forces of supply and demand.

Many analysts point to the recent decline in the commodity price index as well as the decline in bond prices, and remember that the 2.70% increase in the average price of bonds does not lead to any general conclusion. The major stock market trend is a clear indication that inflation has been reduced, but it is not a clear indication that inflation has been eliminated. The 2.70% increase in bond prices is not a clear indication that inflation has been reduced, but it is a clear indication that inflation has been reduced.

With regard to bond prices, it is my opinion that, for the time being, they will continue to decline. The decline in bond prices has been a result of the increased number of new issues and the increased number of new issues which are not wanted, and the price levels will continue to rise.

In the same way that the manufacturing industries are not able to compete with the imported goods, so are the service industries not able to compete with the imported services. The services are not produced in the United States, but are produced in other countries.

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railroad passenger services.

The May issue of "Monthly Comment on Transportation Satistics" by the Transportation Statistics Branch has some enlightening and interesting comments and statistical reports. It discusses the railroad conditions on the rails. The vast improvement in 1939 in the railroads is a result of the increased demand for passenger service. The railroad's income from freight service has increased, and there has been a reduction in the number of passengers using the railroads for long-distance travel.

The current discussion of railroad fares is interesting, as it highlights the differences between regulated and free-market pricing. The railway companies argue that they are providing a service that is essential for the nation's transportation needs, and that they should be able to set their own prices. The government, on the other hand, is concerned about the impact of high fares on consumers and the overall economy.

The railroad companies have a unique challenge in balancing the needs of passengers and the demands of the market. They must provide a service that is both safe and efficient, while also being economical for the customer. This requires careful planning and management, as well as a commitment to innovation and improvement.

Despite the challenges, the railroad industry continues to play a vital role in the national economy. It is an important link between communities, and it provides a reliable and efficient means of transportation for goods and people.

The May issue of "Monthly Comment on Transportation Statistics" is a valuable resource for anyone interested in the transportation industry. It provides an in-depth look at the current state of the railroads, as well as insights into the future of this important sector of the economy.

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**Railroad Passengers Losses**

The May issue of "Monthly Comment on Transportation Statistics" also discusses the issue of railroad passenger losses. The report notes that the losses have increased in recent years, and it attributes this to a combination of factors, including the rise in gasoline prices and the availability of alternative modes of transportation.

The report suggests that the railroads need to focus on improving their service and making it more attractive to passengers. This could be done through investments in infrastructure, as well as by providing a more personalized and comfortable experience.

The report also notes that the railroads are facing increased competition from other modes of transportation, such as buses and planes. This is a challenge that the railroads must overcome if they are to remain competitive in the long term.

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Progress Toward Defense Power

for those materials we need. It is at
is it down. In any event, I can assure
you there is no confusion among your me-
ness of the basic plan I have outlined to
you to attain our goal. And I hope that
the American people will not be made to
cause us to deviate from that plan.

We Americans are badly in need of
perception. We ought to bear in mind
how much better off we are than oth-
er nations and have of the world. Soviet
Russia, for example, must be amazed
at some of the happenings over here. There,
where some Americans are annoyed be-
cause we are giving up only 5½ million of
instead of 1½ million dollars of their
money to Russia, there are hardly 80,000
automobiles.

They read that we are concerned
because the output of radio this year
will be only 14 million sets and television
sets cut back to six million. Even if
these sets were available in Russia in
quantities—

no, gentlemen, let us not cry over
the shrinking numbers of the groups of
who do not want to accept
the $1,000 threats of asked of them. When
I hear their gripes, I turn my
thoughts to my men in Korea, who
are dying for our American principles.

There will be another chorus of
yells when Congress completes its
work. But the situation differs for higher
interests. Combined with other measures,
higher taxes may be needed. The
measures, however, must mean that they
are all being bit at the same time.

Inflation must be checked. The
effective means to fight inflation,
the war. This situation should be con-
dered in this light.

It is painful to a man to pay
$3 or $5 more for the tax collector,
but if he did not sur-
plus of goods, which causes
their prices to soar. So
that he will pay higher taxes, he may more
than pay back the establishment of
a fair price stability.

Confusion Demographic

And, while I am speaking of
[...]

With this plan, we have not
Confusion in Washington.

Of course there's confusion in
Washington. But there is
some confusion in a
big as as we[...]

I don't think we have a
monopoly on confusion. In this springtime
[...]

We think we find the
weeds of confusion flour-
somehow we can avoid
some confusion in a
can we avoid some confusion in a
can we avoid some confusion in a
can we avoid some confusion in a
right to speak his mind? Per-
haps there's no confusion in
Mos-

In terms of dollars, the war cost
...
Our Reporter on Governments

BY JOHN T. CHIFFENDALE, JR.

The government market seems to be settling, at least temporarily, into the gladiatorial stasis that has been the hallmark of the last two years and the mainstay of the bond market. It seems that the mainstay of the bond market.

Despite the funds commitments price market, exemptions have also been getting more than passing attention from the Federal Reserve Board. The National Bank Act, it is understood, is being picked up here and there in small lots mainly by institutions which are buying offshore or in Chicago areas. Very little of significance is likely to happen in the market, according to most money market followers, until terms of the impending moratorium are announced.

Heavy Liquidity in Offering

The government market, operating on a greatly curtailed basis, as far as activity and volume are concerned, looks as though it were bottoming out at current levels. However, there are so many things that are not realistic about the market as if presently exists that any conclusions can be drawn from these minor price fluctuations. In the first place there is a rather sizable amount of long Treasury obligations, according to reports, that will have to be legalized sooner or later. These securities, it is indicated, will have to be disposed of in order to provide funds for compensation of the Federal Reserve Note holders if the Federal Reserve Note holders are to be paid off.

Up to this time, there has been no need to push the liquidation but there may be a need to liquidate this amount of securities to the Government to the satisfaction of the public that the cash must be paid on the borrowed. Although losses will have to be taken when the securities are let out, it is felt that the money market should be done within many of these commitments cannot be postponed.

In addition to the bonds that are overhang the market, there seem to be an underhang of a sizable amount of long Treasury obligations. This excludes Federal which is a touch-and-go market not too large amounts. This is what is known as an orderly market purchasing. Nonetheless, even with the Central Bank holding a sizable amount more aggressively in a protective way there is great size to the bond. To be sure, this is understandable as far as the Federal Reserve Board is concerned, but how is the market going to have to liquidate this amount of securities in a liquidation which is so important to the psychological angle? While it is possible that the Federal Reserve Bank is a bottom area, there are quite few followers of the money market that would take a long Federal Reserve Bank holding of up to $1,873,000,000.

Outside buyers have funds and small amounts are being used but it can not be expected that they will stick their necks out again in a sizable way and have prices go down on them, as has been the case in the recent past. Those that turned in the 2½% for the nonmarketable 2½ got an issue yielded 4½% to 5½% whereas, today, it is possible to buy the 2½ of Dec. 15, 1947 for 4½% at prices that yield only slightly less than the nonmarketable 2½%. Also the maturity of the marketable 2½% is a slight 6½% at 10½% for the Federal Reserve Bank. This is bringing back the old cry, "What price glory?"

Market for Issues Underiscient

An thin market which will not take securities in volume and the market is not so thin that the Federal Reserve Board is not being1 witnessed in the longer Treasury market. Whether it is going to accomplish what the authorities set out to do will be seen in the next few months. While the Federal Reserve Bank is not result in losses to owners of these obligations who have to sell them and in that way it should slow up the use of Reserve Bank credit for long-term purposes. The present situation as it affects for the war effort, and this means some credit will have to be created. Is this going to be done almost entirely by the holders of Treasury obligations that have to sell them and take losses of three points or more?

The exchange of the 2½ into the 2½ and then the conversion of the latter into 5-year 2½% notes is the only way holders of the nonmarketable 2½% that may be witnessed in the market for marketable obligations. This exchange took place of preserving the Federal Reserve Bank from the market protection angle, because it was not expected that conversion into the 2½% notes would take place until some time in the distant future, if ever. It is this possibility that caused the 2½ into the five-year notes is still very small, according to reports, these shorter-term obligations have been appearing in limited amounts, at least, in the market for mostly the period past.

Despite not too plentiful money, demanded for the near-term obligations is still substantial because of the general market uneasiness and the very great desire for liquidity. Purchases of foreign and domestic obligations by financial institutions are broader widespread with corporations and banks the leading buyers.

The mid-year refunding is becoming more of a market factor each year. With little, if any, selling in some quarters that a large-scale operation is in the market for the sale of the first quarter and July and August maturities is considered quite possible by some money market followers.

The Federal Reserve, according to advice, are being taken by banks, but not in large amounts yet. More settled conditions in the money market would not be as unfavorable development as far as the sale of the tax notes is concerned.

The Current Money Market And Bank Portfolios

by the Government itself. Present indications are that the tax could be a reduced demand for capital and credit in some instances. The Federal Reserve-Treasury

Let us consider for a moment the position of the Treasury and the Federal Reserve authorities. Secretary of the Treasury and the Federal Reserve Board before the New York Board of Trade on Dec. 15. The "The Treasury is convinced that there is no tangible evidence that a policy of credit restriction is needed. Means of small increases in the interest rates on Government purchased funds has had a real or will one quarter, cut down the volume of private borrowing and in relarding inflation pressures. The delegation that fractional reserve changes in interest rates can be made without instability and be dispelled from our minds." In an another portion of his speech the Secretary said: "A reduction of the 2½% rate would I am firmly convinced results in orderly existing markets, Government purchases and a reduction in the rate will allow this to happen in a time of impending crisis with the heavy demands which will be made. Government purchases and a reduction in the rate will allow this to happen in a time of impending crisis with the heavy demands which will be made.

We cannot afford the questionable trick of preventing purchases of Government securities at a market as delicately balanced as it is now. A demand for money in right in the market. Time has shown that when liquid assets are large, when the demand for credit is great and there are no new and generous powers all are but exhausted. While support is not completely remain in the market, prices will fluctuate more widely and the Federal Reserve Board can be more flexible in its operations. It is, of course, undesirable to cause Government to make advances or to wish to acquire Federal Reserve credit will find it more easy to be more risky to do so. Undoubtedly it will mean a greater desire on the part of financial institutions for more liquidity in short dated obligations.

The President's Committee

Since the recent 2½%-2½% conversion was 79% successful, the $13,273,000,000 of new Treasury obligations transferred to the nonmarketable from the marketable, the Federal Reserve Board have to be considered in the market for the Federal Reserve Banks themselves.

We will not quarrel with the contention that the Government create the demand for loans, the demand that could be caused by borrowing sources indicated preponderantly. We will quarrel with the question but that sales of government securities to the Federal Reserve Bank and then to the banks and thus do create the base upon which multiple expansion of credit can take place. Neither will we quarrel with the need by the institutional investor for funds where commitments have been made to make current additional or to effect private transactions. We take the question, however, as to whether it was not wise to consider long-term securities at equivalent to cash and cast aside temporary or shorter-term ones where these securities always would be purchased by institutions that finance banks. Certain it is that the commitment could not have been increased the power available for the government securities and, of course, the reserve authority and the Federal Reserve Board would not then have developed.

While the Treasury's desire to finish the lowest possible interest rate is understandable. It is understandable. It is to be noted that loans which are sharply above a year ago and that the increase have really been quite sharp. That the Treasury Board has made sure that the Federal Reserve Board will not be an obstacle in the way. The Federal Reserve Board to prevent or at least discourage an increase in reserves or anything that would be understood to be a reduced demand for capital and credit in some instances.

The Position of the Treasury

Another factor of importance because the Treasury Board of the Federal Reserve Board could at any time reduce the range of the current position of the Treasury. Obviously we are not concerned about that and that would be for the 1950-51 fiscal year but now a matter of choice within these limits. Under such circumstances there is no reason why a further increase in new cash borrowing and, conversely, why might not use some of the surplus to reduce some of the called or margin obligations. However, if the Federal Reserve Board were to institute any new cash borrowing or convert them back into Treasury obligations as defense spending increases, it would change the current position for the 1951-52 fiscal year. It is not likely upon economies and taxation as leading up to the new budget program. A deficit of some $18,000,000,000 was anticipated earlier and a request for $10,000,000,000 in new taxes has been submitted. Deposits are now an increased tax will be considerably larger than was estimated earlier, and the amount of new taxes required obviously will be considerably less also.

It seems reasonable to believe that the authorities are likely to turn to the non-defense expenditures could result carrying a much larger budget pressures and the credit restraints that are being effected, the Federal Reserve Board may well desire or courage to reduce these high pressure levels.

Because the Treasury receives its revenue receipts in the second half of the fiscal year, it is quite possible that the new current position will be necessary between July 1 and Dec. 15, 1951, which is an extremely high if the Federal Reserve Board decided to reduce the Federal Reserve Board. In such an event there would be no new money requirements or new credits which might need to be reduced or reduced would be reduced to a minimum. The Treasury budget would it be possible for the Treasury to refund bank-held Federal Reserve credit under certain conditions to institutional investors, thus reduce balances in bank vaults. In these cases it would be possible for the Treasury bills to be refunded in bulk. The Treasury has decided to sell the $7,600,000,000 of 2½% of 1951-53 on Sept. 15, and the Federal Reserve Board charged with the task of procuring the necessary funds for better control of the inflationary pressures. The committee is composed of the Director of Defense Mobilization, the Chairman of the National Economic Advisers, the Secretary of the Treasury, and the General Counsel of the Federal Reserve Board.

May I add you the statement that was made in the formation of this committee, that we will do everything in our power to obtain stability in the government securities market and to the public credit of the United States. . . . On the other hand, if we found that private loans not only by the banking system, but also by financial institutions of all types which would add to the inflationary pressures,"
panies and savings banks have large commitments to meet, sub-
stantial difficulties in finding funds are now not available. Fur-
thers, the large commitments of banks and the industrial investors
presumably reflect a desire for liquidity and a prudent qua-

ity predilection and will not be interested in anything other than
very short-term obligations. It is not feasible that the Treasury
could obviously place anything other than short-term obliga-
tions on the market at this time. It is possible, however, that
perhaps an option to exchange in to those obligations might be
accepted in the restricted issue and it might be considered that the cer-
tificates maturing within a year or two, or slightly longer notes
will be promptly refinanced. Such reasonable attri-
butes and therefore develop as read-
ily be handled by the Treasury's current cash balance. If the near
term refinancing is economically successful, then the refinancing
program as a whole may be handled readily.

Present and Possible Credit

Another important factor to con-

consider in the outlook for the market is the role of government credit operations that may pro-

vide necessary to meet the infla-
tionary credit control that may pro-

duce in the event that the ad-

ditional construction requirements call for the expansion of the

national market, additional controls will be required. The con-

trol is to be restrained. To be a

sure number of important re-

strictions already are effective.
Reserve requirements are at the line of 25 per cent, and the Chicago
Taxes have been raised since then. Through Regulations W and X

consumer credit and housing re-

strictions have been imposed on

real estate. Restrictions have been im-

posed although these do not

appear very effective as yet. Margin

requirements have been advanced

and Regulations U and T have been

with the President, of course, could

be construed to provide for alter-

natives in the Emergency

Banking Act of March 26, 1933, The Emergency Banking Act is

of the nature that it cannot be

employed it could have far

repercussions. In short, the

necessary, service to provide a stra-

gline and an effective credit control

system. Similar credit control also might be

be enforced over the institutional

lenders, such as the banks and

administered by an agency such as

the Securities and Exchange

Commission.

From time to time suggestions have

been made favor of a special certificate, which might be used to

mounted upon present cash reserves. More and more it

certainly a proposal has been ad-

vanced that those institutions

as a means of obtaining funds. This qualitative control is a

After all, such a proposal is

is being studied most carefully by the government at the presen-
time. There is little likelihood that

but that the current inflation could be ended by this means. A

effective use of quantitative con-

controlled actively. The system

used widely, would have an ad-

vantages over the present credit program as well as upon the pro-

tection of civil rights. The em-

ployees of private enterprise

could have a further informa-
tional action on the part of the

rogram were continued.

reformed or made more scarce. It seems more likely that additional qualitative controls were a

realities in the present emergency since such control could obviously affect the Government securities market nor would the flow of

tion dates, the yields to call dates are fairly attractive and if the holder has a possible 2% 2s in the Treasury. In the case of the latter, it is flash mark maturing at 1953, it is not. It is therefore thought that this should not create any difficulty in meeting

issue outstanding. No issues are due in 1953 but $75,000,000 of

it, but $4,672,000 of 14% long-term

partly tax-exempt 2s are re-

maturity. However, it is

on the face of the position of the Treasury, the $250,000,000,000 debt, the re-

company of the character of the Savings Bank

contracts, there is more likely to be of a qualitative char-

ter. Furthermore, there is a

ative claim as to the character of the Savings Bond

Cambodia. If the 1951 and 1952 option dates could be permitted to re-

rarely due to the presence of

of the 2s of 1953-54 would be a

suitable time. It would be desirable to prefer to keep 1953 and 1954 more open for cash financing or for

But the 1952 issues are called, the

holder could accept the ex-

change offering at that time, if

the yield purposes for such an issue has been off issues is

the exchange offering. However, the yields

the exchange offering. Therefore, it

the yield purposes for such an issue has been

the exchange offering. Therefore, it

is not likely to be a competitive

character.

Investment Policy

In the current economic conditions, what should be the present investment policy of

the investment market?

It is clear that many uncertain-

ties control its. The defense

spending program has not yet reached its peak and the inflationary

forces are still strong. It seems reasonable to expect that the need

for higher rates and that further credit restraints will be

necessary, therefore, that liquidity

funds are needed. There is likely to be available a

extensive public that the maturity of the issues is less pressing,

in the proportion of the yield of

excessive, it would be a very

large extent upon the requirements for

government assistance a secondary consideration. The

the yields would be

suggestion that

and further, that a well rounded maturity

structure of Treasury Bills, Notes, and Short Bonds should be

maintained. Even these short dated issues in recent months have

fluctuated rather widely, and it is expected that some obli-

gations maturing frequently under such circumstances.

Since the yields on the various securities either due or callable in the near future. The exclusive

particular yield of the 2s of 1953-54.

advantage is to be gained in these issues at this time. The yield on the March 25 is

indicates that redemption of

issue on September 15th, nevertheless there are many

holds to a 2% U.S. Treasury obliga-

tion, there is some attraction.

There are some attraction to

the notes definitely maturing in 1954 of course. The yields on the excess profits tax

backed, which are below the current level by a dis-

count and only the coupon rate is considered, are controlling in such earnings.

The indicated yield reflects, in

part, the capital gains tax element in such yields, which is

assumes that the capital gains tax

element in such yields, which is

in the amounts of the issues as the 2s of 1956-59 and the 2s of 1956-59 assure the holder of a

in the same period at the current yield of the 2s of 1956-59.

The 2s of 1952-54 and the 2s of 1954-55 have some interesting possibilities. If these obligations are called on their op-

Man's effort was toward the maturing of government securities or that of the Federal Reserve and Treasury. It is not likely to be a

competitive character.

Wall St. Bowling League Elects

At its annual meeting last Friday, the Wall Street Bowling League elected Thomas J. Lytle of Shields & Co. as President, John Hugel of Eastman, Dillinger & Co. as Vice-President, Paul Lasuca of Hirsch & Co. as Secretary, and J. Hume Namars of Thomson & McKimmon as 3rd Vice-President, and Lew-

Day of Saturday, as well as

Wall at the Sheraton Hotel, held for the

 Plans are now underway for the commencement of its 26th Annual Tournament next Sept.

Now It's the 'Family Farm'!

"Events of 1950 emphasized the nation's growing realization of agriculture's vital role in present-day international affairs, and the potential strength and usefulness of America's traditional family farm is truly recognized in the recent trend of success in the support of agricultural

issues. Thus, the recently passed tax law has moved this goal, and in the current year, probably in the next year, excessive inventory loans have been

larges commitments of life insur-

ance companies have been met, a broader desire for reduced yields and lower prices. Such an eventuality of events would mean that the Treasury could

rational and more attractively. The higher yields now should be

concentrated on government securities. However, the yield on these

maturity levels and of these obligations and their asset character makes them issues less desirable as portfolio ob-

ligations. They assuredly do not enjoy the marketability of the Treasury

suggestions are in similar basic char-

acter. The recent developments have demonstrated clearly that it is impos-

suggestion portfolio highly liquid and that it is more

bank rate is the first line of defense. With the recent sharp

increase in tax, with the clear possibility, therefore, for additional income from investment operations, the Federal Reserve System is the bank rate is the first line of defense. With the recent sharp

increase in tax, with the clear possibility, therefore, for additional income from investment operations, the Federal Reserve System is the primary invest-

mum consideration in investment portfolio management.

Charles F. Branham, Secretary of the Department of Agriculture.
Public Utility Securities

By OWEN ELY

Brooklyn Union Gas Company

Brooklyn Union Gas Company, with annual revenues of $42 million, is one of the most important gas utilities in the country, supplying gas to a large part of Queens County, New York City. This includes a population of about three million. 1950 revenues were about 73% regulated, the remainder being from other sources. In the past year, heating sales have been of minor importance, but with the advent of Federal controls, it is possible that they may be important in the future.

The company began some natural gas early this year, and unless defense restrictions interfere, they hope to be in operation by July. This gas, if used for heating, will have to be converted to the use of high BTU gas, and a new line will be needed. The company estimates that such conversion will cost about $18 million. The cost will be financed initially by bank loan and amortized over a seven-year period (if permitted by regulatory bodies). The bank loans would be refinanced into term loans, which will be paid off at the end of 10 years, if the amortization cash is available.

The company's earnings during the decade 1937-1946 averaged about 2.25 a share, the poorest report in that period being $1.75 in 1942. In 1947, however, a deficit of 2.6 a share was reported due to the sudden rise in fuel costs without any offsetting increase in revenue. The only remedy, it appeared, was to raise rates, which the company did in 1948. This had the desired effect, and in 1949, a return to normal earnings was made.

Despite the increased costs, the company's earnings have continued to increase, and in 1950, the income was $2.40 per share. This was probably somewhat overestimated, as the company had been operating at a loss during the year. Despite this, the stockholders have been well rewarded, as the stock has appreciated by over 100% in the past year.

The company's earnings in the first six months of 1951 were $2.90 per share, a record for the company. This was due to the continued rise in fuel costs, which have more than doubled since the end of 1949. The company has been able to pass on these costs to its customers, and this has resulted in a substantial increase in earnings.

The company's earnings in the first six months of 1951 were $2.90 per share, a record for the company. This was due to the continued rise in fuel costs, which have more than doubled since the end of 1949. The company has been able to pass on these costs to its customers, and this has resulted in a substantial increase in earnings.

Continued from page 12

It Is Time to Reconsider
The Gold Standard

Brooklyn Union Gas Company

The gold standard is a system of exchange in which a country's currency is convertible into gold at fixed rates, into foreign currencies at current rates, and into services at reasonable stable rates. It is considered an attractive system because of its stability and predictability.

However, there have been some criticisms of the gold standard. One of the main criticisms is that it is too rigid and inflexible. This can lead to economic problems, such as deflation or inflation, which can be difficult to manage.

Another criticism is that the gold standard is too expensive. The costs of maintaining a gold standard can be high, and this can put a strain on a country's economy.

Finally, some argue that the gold standard is too complex. The system is based on a complicated interplay of economic factors, and it can be difficult to understand and predict.

Despite these criticisms, there are still many who support the gold standard. They argue that it is a stable and reliable system that can provide a strong foundation for the economy.

In conclusion, it is important to consider the costs and benefits of the gold standard. It is not a perfect system, but it is not necessarily a bad one. The key is to find a system that works best for a country's economy.

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Continued from page 5

The State of Industry and Trade

expected in the face of steel requests totaling about 135% of expected production.

Steel, of course, is of great importance to the future of the country. Many of us strongly believe that the industrial growth of the nation is dependent upon the development and expansion of steel. The United States has been fortunate in that it has an abundance of natural resources, and steel is one of the most important of these resources. The production of steel is vital to the growth of industry and is essential to the progress of the country.

We are, therefore, pleased to note that there is a steady increase in the production of steel. This is a sign of progress and a sign that the country is moving forward. The increase in steel production is a sign of confidence in the future of the country, and it is a sign that the country is moving forward in the right direction.

The Metal Industry

The metal industry is another important industry in the country. The metal industry is responsible for the production of a wide variety of products, ranging from automobiles to appliances. The metal industry is a large and important industry, and it is responsible for a significant portion of the country's economic growth.

We are pleased to note that the metal industry is also experiencing a steady increase in production. This is a sign of progress and a sign that the country is moving forward. The increase in metal production is a sign of confidence in the future of the country, and it is a sign that the country is moving forward in the right direction.

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We are pleased to note that the steel industry is also experiencing a steady increase in production. This is a sign of progress and a sign that the country is moving forward. The increase in steel production is a sign of confidence in the future of the country, and it is a sign that the country is moving forward in the right direction.

The country is moving forward in the right direction. We are confident that the country will continue to grow and to progress in the years to come.
As We See It

And will render far more difficult, the tasks of the re-
armament planners. This may or may not be unfortu-
ate. We suspect that, on the whole, the planners are
able to manage the social and economic system during the
defense period than could be defended on rational grounds, and no one
who has cut his teeth on real战争-time
issues of this permanency quite regardless of the
status of defense or rearmament.

A rather general tendency to regard the rearmament period as if indefinitely distant is a corresponding
Jack of real interest in what, economically speaking, is to follow it.

(3) A rapidly spreading belief among both the pro-
Federai Planners and some of those who should know
best what lies ahead in the rearmament period, but the econ-
omy forevermore, is “depression proof.” In this connection
many of the old cliches about having learned how to
produce “Victory Goods” during and after the War. Now they are
applying them when the time comes are being constantly
bandied about—as well as strangely garbled versions of
the old economic maxim that overproduction in any real
sentiment is inconsistent with the insatiability of human
wants.

Utilized by the Planners

It is quite possible that some of the more prac-
tical businessmen who have been drawn to Washington
—Mr. Wilson, for example—do not realize the extent to
which they are being utilized by the economic planners.
 Often, moreover, the safeguards for large scale attack by
major enemies involves, as is so often asserted by the planners,
enlarged production capacity in a number of direc-
tions. Whether the Administration is warranting in making it
in the most general of terms the very core of defense
preparations is another question. Certainly, if we are
really to be ready to defend ourselves effectively—to say
nothing of offensive operations on many levels— we must
plan in a position to produce the armies of war in a
large way. It would appear sounder tactics to make cer-
tain of such capacity than it would be to proceed to pile
up the raw materials as long as we can, which would probably
become obsolete and have to be scrapped.

But it is quite possible to make a fetish of this matter
of capacity. Any “total war” must bring widespread diver-
sions of capacity that will continue long after peace
is established. Moreover, capacity itself becomes obsolete. There
have been many times in the past when ordinary depressions
disclosed that production capacity had been unduly en-
larged in this or that direction, and when it thus became
necessary to scrap a good deal of costly equipment and
plant. It could easily happen when the peak of defense
requirements have been met and when production capacity
must henceforth largely find markets in the civilian econ-
omy alone, that we should be confronted with an intensi-
ﬁed version of the “over-built” condition which depres-
sions have exposed in the past.

“In Case”

There can be no doubt that plant to produce material
in vast quantities “in case” presents a very real problem.
An unexpected and unheralded attack of major propor-
tions must certainly find us in an awkward position if
we had to start from scratch or nearly so to get ready to
turn out weapons and other war supplies. This applies
with special emphasis to the sort of goods which could
not be produced in any numbers by plants built for or in use as
makers of civilian goods. In some degree, though in much less degree, it likewise applies
to certain essential fabricated or semi-fabricated products
such as steel. All this may and is readily conceded. In
many lines it is probably wise to make certain of at least
more or less capacity quite regardless, or certainly more or
less necessary, of whether in normal times there would
be any need for such capacity. The problem is in good
part how to do all this with a minimum of cost to our

Inflation and Life Insurance

It is quite possible that some of the more prac-
tical businessmen who have been drawn to Washington
—Mr. Wilson, for example—do not realize the extent to
which they are being utilized by the economic planners.
 Often, moreover, the safeguards for large scale attack by
major enemies involves, as is so often asserted by the planners,
...
and became worse as the huge spurt of War production. This situation was complicated further still with the development of the depression and the consequent retrenchment of expenditures mounted, scarce mate-
rials were rationed, and people generally scrambled for the small supply of goods that was assumed they would disappear, and we found ourselves back worse than ever. So far as the Federal Reserve was concerned, War similarly political argu-
ments raged on, and the strug-
gle between the forces of F. A. H. and the forces of F. A. P. At flashes pre- occupied our mind. F. A. H. was concerned that controls designed only to curb the excesses of the speculators in the situation; and wise men coun-
selled that these controls were too easy to avoid, to have no effect. The F. A. P. con-
rolled didn't care anything—ever said that it was all right, too, and it's like sawing off an iceberg at the water level and assuming that any iceberg you can't see, can't sink a ship.

Three Options in Attack on the Federal Reserve

That is about where we are. The question is: When should we be? What should we do? We are three things that should be done, and I have only three real op-
tions. The first is to do nothing and have the inflation and depression disappear as it came. This is an impossible course, is a dangerous course, but one that we must try, if we can. In the last two months in the Fed-
als, I don't think we could do it. The second option is to create palliatives—government controls on prices and wages, and in some cases, production. Everything con-
sumption is limited, and there is not much, but no improvement over the first. But we must try it, or we shall have the third, and this is to create a new government. Thinking that these measures do anything but limit consumption and make the crisis even worse, I refer to the latter course of action. The third option is to make a serious attempt to get at the economic foundations of the inflationary trends. In making this attempt, we are going to be whole-
Because the world's inflationary curr-
rally controlled some of the im-
results of inflation. If we are to have a real solution of the crisis, the government, the controls sooner or later, will have to be reviewed if you take the lid off the pot, the pot will boil out.

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results of inflation. If we are to have a real solution of the crisis, the government, the controls sooner or later, will have to be reviewed if you take the lid off the pot, the pot will boil out.
Anyway here goes. Incidentally, allow me to add, at this point to mention that the action of the market for the past three-fourths of a week was not at all devoid of any display of the old stuffy about it, I suggest you read your columns of the past months and you'll see the market too, very similar to one of those "If-I-was-right, but I'm-right-now" things. I don't mean to say that I've been humbled by this market or have come to the conclusion that it is foolproof. But the get the idea.

The most widely accepted theory is the one started by Peter Hamilton and today forms the backbone of the Dow trend as propounded by Robert Rhea. It says in effect that new rallies which fail to go above previous highs points are immediately suspect of a market turn. If this is followed by new declines which go lower than previous declines, the suspicion becomes intensified. The chances are that the market is going to move lower, and that is all wrong. But you get the idea.

WALTER WHYTE

I wish I could categorically disprove statements for and against the market for no other than a selfish reason that it affords me some pleasure to explore theories. But have little to give you in their place, except my own opinions. And there's no guaranty that they'll be right.

Pacific Coast Securities
Orders Executed on
Pacific Coast Exchanges

Schwabacher & Co.
Brokers
New York Stock Exchange
New York Curb Exchange (Ass'ls)
San Francisco Stock Exchange
Chicago Board of Trade

14 Wall Street New York, N. Y.
Orchard 7-1419
Telegraph: NEW YORK CITY 1-198
Private Wire to Principal Offices
A. L. Kellman
Monterrey—Oakland—Sacramento
San Francisco—L.A.

SPECIAL PUT OPTIONS
(Per Hundred Shares)

<table>
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<tr>
<th>Stock</th>
<th>Date</th>
<th>Expiration</th>
<th>Strike Price</th>
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<td>07/06</td>
<td>30/09</td>
<td>240.00</td>
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SPECIAL CALL OPTIONS
(Per Hundred Shares, plus tax

<table>
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The Price of Gold
The most significant effect of a rise in the dollar price of gold could be to increase the price of the United States gold stock and of new gold issues. And the reason for this is that, contrary to the belief of most people, a rise in the dollar price of gold is not only an indication of the relative value of gold, but also a reflection of the relative value of the United States. This is because the price of gold is determined by the balance of supply and demand, and a rise in the price of gold indicates that the demand for gold has increased. The increase in the demand for gold is caused by an increase in the value of the United States, which is reflected in the dollar price of gold.
Continue from page 3

The Nationalizers Become Imperialists—In Iran

Continued from page 9

Where is All the Steel Going?

which have continued, as revised each month during the first half of the year, through the middle of May, when the requirements for June and July were announced. The contract tonnage necessary for 9,000 freight cars and a requirement of industry for freight cars are thus taken care of.

But on Tuesday, May 15, which is the due date for July, the steel industry was advised, first, that the lead date for July was cut to 30 days and, second, that the tonnage going to the military, in the month of May, was about 300,000 tons. In the absence of any assurance that this kind of tonnage will continue, the steel industry is looking forward to a situation in which the military drawdown will be completed by the end of June, when the heavy tonnage may be shifted to the railroad industry. This will take place if the government continues to purchase its tonnage from the steel industry.

The lesson of the current situation is that a strong government, which is able to make effective use of its resources, can have a significant impact on the production of steel and other metals. In this case, the government has been able to make effective use of its resources, and the steel industry is looking forward to a situation in which it can focus on meeting the needs of the civilian economy.

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foreign aid program, which enables us to help those countries with which we have to wish, and to the degree, much more effectively than is the case. The major objection to it is that the burden of such aid is too great a world inflationary pressures, and would add greatly to these pres-

sures, and would add greatly to these pres-

sures. It is not clear how much could be done directly and indirectly, and the psychological effects would also be a major concern. At the same time, when the Atlantic Conference is finally reached, and major rearmament effort, it is questionable whether any special effort, or even a dollar rearmament effort, will be successful in reducing our national product and utilization of resources. The national product should be said to be far more encouraging gold production and for trans-

ferring the resources released to more urgent requirements. Fin-

ally, the dollar has increased in price, largely because of the recent accumulations of gold and dollars by foreign countries. I am not sure how this affects those accumulations, and the cor-

responding increase in the dollar prices by the United States, far from being a cause for concern, should be a matter of some con-

sideration. Not only do they fundamen-

tally support the strengthening of the exchange rate, but they also provide an important stimulus to the economy, and a backdrop for further significant progress towards a full of our current balance of payments. Interconvertibility of currencies and free, bi- lateral, non-discriminatory, long-term interconvertibility, and freer international trade, should all be given careful attention.
The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

### AMERICAN IRON AND STEEL INSTITUTE:

<table>
<thead>
<tr>
<th>Item</th>
<th>Latest Week</th>
<th>Previous Year</th>
<th>Month Ago</th>
<th>Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of firms</td>
<td>136</td>
<td>135</td>
<td>135</td>
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</tr>
<tr>
<td>Number of plants</td>
<td>18,348</td>
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### CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS-

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<tr>
<th>Item</th>
<th>Latest Week</th>
<th>Previous Year</th>
<th>Month Ago</th>
<th>Last Year</th>
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<tbody>
<tr>
<td>Total U. S. construction</td>
<td>$12,467,000,000</td>
<td>$12,467,000,000</td>
<td>$12,467,000,000</td>
<td>$12,467,000,000</td>
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<tr>
<td>Private construction</td>
<td>$12,467,000,000</td>
<td>$12,467,000,000</td>
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<tr>
<td>State and municipal</td>
<td>$12,467,000,000</td>
<td>$12,467,000,000</td>
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### DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM: TEM-PERATURE AVERAGES

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<tr>
<th>Item</th>
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<th>Month Ago</th>
<th>Last Year</th>
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<tbody>
<tr>
<td>Price</td>
<td>23.3</td>
<td>23.2</td>
<td>23.1</td>
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### RAILWAY CAR TRANSACTIONS FOR THE OCTOBER 100-

<table>
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<th>Item</th>
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<th>Previous Year</th>
<th>Month Ago</th>
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<tbody>
<tr>
<td>Total</td>
<td>$1,303,605</td>
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### STOCK TRANSACTIONS FOR THE OCTOBER 100 OF DOL-

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<tr>
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### WHOLESALE PRICES NEW SERIES—U. S. DEPT. OF LABOR:

<table>
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Securities Now in Registration

Air Lift Inc., Washington, D. C.
April 23 (letter of notification) 30,000 "senior shares" (par $1). Price—$10 per share. Underwriter—None. Proceeds—For capital purposes. Valuation made by the SEC or other reliable sources.

Nov. 1 filed 80,000 shares of common stock. Price—At par ($1). Proceeds—For additional development of mine and for working capital.

May 21 filed 250,000 shares of common stock (par $2). Price—At the market (approximately $15 per share). Underwriters—Halsey, Stuart, & Co. Inc.; Kuhn, Loeb & Co. and Union Securities Corp. (jointly); The First Boston Corp.; Harriman Ripley & Co. (jointly).—Proceeds to repay bank loans and for new construction. Effective—Next month.

American-Marietta Co., Chicago, Ill.
March 31 filed 7,802 shares of common stock (par $2) to be offered to the public at a price of $9 per share. Underwriter—None. Proceeds—For retirement of bonds.

Appalachian Electric Power Co.

Arizona Copper Co., Ltd., Vancouver, B. C., Canada
April 21 filed 290,000 shares of common stock. Price—At par ($1). Proceeds—For development work.

Atlantic City Electric Co.
April 15 filed 1,175,000 shares of common stock (par $10) being offered to the public at par to stockholders on the basis of one share for each 20 shares held; rights to expire May 28. Unsubscribed shares to be offered up to May 25. Underwriters—Dean Witter Co., A. A. Alyea & Co., Inc., Chicago, Ill.; and Retfes, Ely, Beck & Co., Philadelphia, Pa. Proceeds—To repay bank loans and for new construction.

Arwood Precision Casting Corp.

Atwood Oil Co., New York
May 17 (letter of notification) 260,000 shares of common stock (par $1). Price—$3 per share. Underwriter—None. Proceeds—For expansion and drilling costs and for working capital. Effective—April 30.

Bighow-Sanford Carpet Corp., (Del.)

Black Gold Oil Co. of Nevada, Inc.

Bondstock Corp., Tacoma, Wash.
May 21 filed 100,000 shares of capital stock. Price—At market ($1 per share). Underwriter—None. Proceeds—For working capital.

Brookline Bank, Boston, Mass.
May 22 (letter of notification) 5,000 shares of common stock (par $1). Price—$4 per share. Underwriter—None. Proceeds—For working capital.

Burlington Mills Corp.
March 5 filed 300,000 shares of convertible preferred stock (par $5). Price—$3 per share. Underwriters—Kidder, Peabody & Co., New York. Proceeds—To finance improvements to plant and equipment. Offering date postponed.

Byron Jackson Co., Vernon, Calif. (6/12)

California Oregon Power Co.

California Oregon Power Co.
May 21 filed 250,000 shares of common stock (par $10). Price—At the market ($5 per share). Underwriters—None. Proceeds—For working capital.

Central Louisiana Electric Co., Inc.
June 25 (letter of notification) 1,200,000 shares of cumulative preferred stock (par $100), of which the preferred stock and 214,000 shares are being offered to the public at par and 1,172,000 shares of Gulf Public Service Co., Inc., on basis of 4/10ths of a share for each share held. Underwriter—None. Proceeds—For general corporate purposes. Effective—June 30.

Central Louisiana Electric Co., Inc.
June 25 (letter of notification) 27,000 shares of common stock (par $10). Price—$10 per share. Underwriter—None. Proceeds—To repay bank loans and for new construction.

Chester Telephone Co., Chester, S. C.
March 15 (letter of notification) 300,000 shares of common stock (par $100). Price—$100 per share. Underwriter—None. Proceeds—For plant improvements. Effective—109 Whyte Street, Chester, S. C.

Chicago-Grand Rapids Co., Ltd., Toronto, Canada
March 14 filed 900,000 shares of common stock (par $1) to be offered "as a speculation." Price—50 cents per share. Underwriters—Kidder, Peabody & Co., New York, N. Y. Proceeds—to take up option and develop property. Effective—Until expiration.

Cincinnati Electric Illuminating Co., Inc.

Chicago Telephone Co., Chester, S. C.
March 15 (letter of notification) 300,000 shares of common stock (par $100). Price—$100 per share. Underwriter—None. Proceeds—For plant improvements. Effective—109 Whyte Street, Chester, S. C.

Chicago, Burlington & Quincy R. Co.
April 23 filed 2,367,000 shares of common stock (par $100). Price—$100 per share. Underwriter—None. Proceeds—to be offered to public. Effective—To stockholders at $5 and to public at about $6.77 per share. Effective—At stockholders' option.

Chicago, Burlington & Quincy R. Co.

Dewey & Almy Chemical Co., Inc. (2/29)
May 8 filed 200,000 shares of common stock (par $1). Price—to be supplied by amendment. Underwriter—Palme, Webber, Jackson & Curtis. Proceeds—To retire $11,000,000 of 3% serial notes issued April 1, 1949, and for general corporate purposes.

Dewrys Ltd. U. S. A., Inc., South Bend, Ind.

Deerfield Oil Corp., Oklahoma City, Okla.
May 15 filed 150,000 shares of common stock (par $10). Price—$70 per share. Underwriter—None. Proceeds—to pay obligations. Effective—127,364 shares were offered to be offered to public. Effective—To stockholders at $5 and to public at about $6.77 per share. Effective—At stockholders' option.

Duggan's Distillers Products Corp.
Oct. 27 (letter of notification) 348,000 shares of common stock (par $10). Price—$20 per share. Underwriter—Olitsa & Jersey, C. N. J. Proceeds—to pay balance of purchase price for building ($20,000) and for working capital.

Ecko Products Co., Chicago, Ill.
May 9 filed 33,000 shares of common stock (par $2.50), to be offered in exchange for 200,000 shares of common stock of Bastes Manufacturing Co. (Consolidated now owns $1,400,000 of the $1,900,000 common stock outstanding) on basis of 11 shares of Consolidated for each share of Bastes. Proceeds to be used for general corporate purposes. Effective—Continued on page 34
NEW ISSUE CALENDAR

May 29, 1951

Virginia Electric & Power Co.—Common

May 28, 1951

Gyrodyne Co. of America—Common

Mays (J. W.), Inc.—Travelers, Inc.—Common

Arizona Edison Co.—Common

DeWey & Almy Chemical Co.—Common

June 1, 1951

Kentucky Utilities Co.—Common

June 4, 1951

Chicago, Milwaukee, St. Paul & Pacific RR. (Nost.)—Equit. Trust Cts.

June 5, 1951

Georgia Power Co., 11 a.m. (EDT).—Bonds

Manning, Maxwell & Moore, Inc.—Common

Yale & Towne Manufacturing Co.—Common

June 6, 1951

Buffalo Electro Chemical Co., Inc.—1:30 p.m. (EDT).—Common

Pennsylvania-Reading & Lehigh-Seashore Lines—Noon (EDT)

June 8, 1951

New England Telephone & Telegraph Co.—Common

June 11, 1951

North Penn Gas Co.—Debentures

June 12, 1951

Byron Jackson Co.—Common

Kansas Power Light Co.—Common

Public Service Co. of New Hampshire (No. EDT) — Bonds

June 15, 1951

Squibb (E. R.) & Sons.—Common

June 19, 1951

Missouri Power & Light Co.—5:30 p.m. (CST).—Bonds

Texas Electric Service Co., 11:30 a.m.—Bonds

June 24, 1951

Glenmore Distilleries Co.—Preferred

Glenmore Distilleries Co.—Common

July 17, 1951

Public Finance Service, Inc.—Debentures

September 11, 1951

Alabama Power Co.—Bonds

NEBRASKA

GreeHydraulics, Inc., Brooklyn, N. Y.

Hydroyne Co. of America, Inc., (5/28)

Hampton Fire Insurance Co., Philadelphia
Oct. 2 (letter of notification) 64,000 shares of capital stock (par $1). Proceeds—To pay mounting on shopping center.

Hilton Hotels Corp., Chicago, III.

Ihler Co., New York
May 17 (letter of notification) 1,200,000 shares of common stock (par $5) now being offered to holders of common stock. Underwriter—Morgan, Lewis, Biscoe, Warden & Hiland, Inc., New York.

Indene Co., New York


May 17 (letter of notification) $25,000 par value of common stock to be offered. Underwriters—None. Proceeds—To complete development work of mining property. Office—927 California Bldg., Los Angeles, Calif.

March 30 filed $1,200,000 stock debentures to be sold by members of the board of directors, with the proceeds to be used in the company’s operations. Proceeds—To purchase insurance agents of the company. Price—At par. Proceeds—To increase capital and surplus.


Feb. 21 filed $1,200,000 first mortgage bonds due in 1981. Proceeds—To be used for the construction of a new plant that was being built by the company on March 27, from Halsey, Galione & Co., New York. Underwriters—None. Proceeds—To postpone indefinitely. Statement effective March 14.

6. Kentucky Utilities Co., (6/1)
Feb. 21 filed 18,284,000 shares of common stock (par $10). Price—To be supplied by underwriters. Underwriters—The Bank of NYC, New York. Proceeds—To repay bank loan and for new construction.

7. Kentucky Utilities Co., (6/1)
Feb. 21 filed 20,000 shares of common stock (par $10) to be offered to common stockholders of record on June 1, 1951, at the rate of three shares for each 10 shares held March 19. Rights to expire on June 18. Price—To be supplied by underwriters. Underwriters—The Bank of NYC, New York, and J. B. Hilliard & Son, Louisville, Ky. Proceeds—For property additions and new construction.

May 10 (letter of notification) approximately 7,000 shares of common stock (par $10). Price—$39 per share. Underwriter—None. Proceeds—To purchase and operate new plant.

May 10 filed 400 shares of common stock and 250 shares of preferred stock. Price—$2 per share for common stock and $2,500 per share for preferred stock. Underwriter—None, but John J. Oxley and A. J. Williams will solicit subscriptions. Proceeds—To improve plant site and acquire facilities and machinery.

10. Lorain Telephone Co., Lorain, Ohio
May 15 filed 300 shares of common stock (par $1), to be offered to common stockholders at the rate of one share for each 10 shares held March 19. Rights to expire on July 1, 1951, at price of $20 per share. Underwriter—None. Proceeds—For working capital. Office—203 West Ninth St., Lorain, Ohio.

11. Loyalty Oil Co., Ltd., Edmonton, Canada
April 3 filed 750,000 shares of capital stock (par $1). Price—$5 per share. Underwriter—James M. Chiles of Denver, Colo., who will conduct offering to public on behalf of the company. Proceeds—To carry on drilling program.

12. Manning, Maxwell & Moore, Inc. (6/5)
May 27 filed 50,000 shares of common stock (par 100) to be offered to underwriters for resale. Price—$12.50 per share, par $100. Proceeds—To be offered to stockholders of record who have not waived their preemptive rights at rate of $12.50 per share of stock in excess of 48,500 for sale, as of record date June 5, 1951. Proceeds—To be sold by underwriter, Manning, Maxwell & Moore, Inc., New York. Proceeds—To redeem $28,000 of preferred stock and for working capital.

April 27 filed 50,000 shares of common stock (par $1). Price—$5 per share. Underwriter—Carl M. Lorh, Iliades & Co. and Lehman Brothers, Inc., New York, as Representative of the underwriters, with option to the underwriters to sell additional stock. Proceeds—To purchase common stock (no par) being offered to employees and stockholders up to and including June 8 to assist in the growth of the company. Underwriters—Alex, Brown & Sons, Baltimore, Md. Proceeds—To purchase common stock.

March 27 filed 25,000 shares of common stock (par $10) to be offered to common stockholders, with proceeds to be used in the purchase of additional common stock (no par) being offered to employees and stockholders up to and including June 8 to assist in the growth of the company. Underwriters—Alex, Brown & Sons, Baltimore, Md. Proceeds—To purchase common stock.
ITEMS REVISED EACH WEEK

The date in this compilation is brought up to-date by the use of the most recent available reports published by member banks and other financial agencies. Where the date of the report is not indicated, it is symbolized by the letter (p) appearing at the end of the item. The letter (c) preceding the name of the prospective borrower indicates that it is an entity that is existing.

Atlas Powder Co.
April 27, it was reported that capital expenditures for the construction of a new research and development center being completed at its plant in WestVirginia would be approximately $4,500,000 and that financing may be necessary. Possible underwriters—Morgan & Stanley & Co., Inc.

Bell & Howell Co.
May 18 it was announced stockholders will vote May 28 on a proposal to authorize the use of $25,000,000 on bonds to finance a new plant. The proceeds will be used to finance construction of a $3,000,000 helicopter plant near Fort Worth, Texas.

Boston Edison Co.
Jan. 30, J. V. Tocci, President, announced that construction of a new $25,000,000 power plant at Warren, R.I., expected for April 15, 1952, will be completed in 1953. The cost of the plant will be approximately $10,000,000, and underwriters—Morgan & Stanley & Co., Inc.

Calvan Consolidated Oil & Gas Co., Ltd.
April 3 it was stated registration is expected of the sale of $4,500,000 of $40 preferred stock, par value $10 per share. Underwriters—Humphrey, Noyes, Graham, Bland, New York, and Gardiner, Watson, & Co., Toronto, Canada.

Central Maine Power Co.
April 10 it was announced the company plans to issue approximately $150,000,000 of non-callable convertible bonds, and loan proceeds will be used to finance the acquisition of the public's share of the company. Underwriters have been approached and will be announced later. Underwriters—None.

Chicago, Milwaukee, St. Paul & Pacific RR.
Bids will be received by the company at Room 744, Union Station Bldg., Chicago 6, Ill., on or before noon (CST) on June 1 for the purchase of $3,500,000 of 6% bonds due May 15, 1954. The bonds will be used to acquire the rolling stock of the company. Underwriters—None.

Chicago & Western Indiana RR.
April 16 reported company will probably issue in the near future convertibles, the $1,000,000 of non-callable consolidated first mortgage bonds due July 1, 1952. Refunding of the $1,000,000 first refunding mortgage bonds due July 1, 1952, is also said to be a possibility. Possible underwriters—Halsey, Stuart & Co., Inc.; Drexel & Co., Inc.; Kuhn, Loeb & Co.; Salomon Bros. & Hutton; Harris, Hall & Co., Inc.; and Lehman Brothers & Co., Inc.

Cincinnati Gas & Electric Co.
April 7 it was reported company expects to market late this year or early in 1952 between $25,000,000 and $30,000,000 of new bonds. Possible underwriters—Halsey, Stuart & Co., Inc.; Morgan & Stanley & Co.; Kuhn, Loeb & Co. & Salomon Bros. & Hutton (jointly); Blyth & Co., Inc., and The First Boston Corp. (jointly); Union Securities Corp.; Glore, Forgan & Co. and White, Weld, & Co. (jointly); Lehman Brothers & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane. Proceeds will be used for new equipment.

Colorado Central Power Co.
April 13 it was reported that the company may do some consolidating with other power companies. The company plans to construct a new power plant at Pueblo, Colo., at a cost of $25,000,000. The project will be submitted for approval of stockholders at the annual meeting, to be held May 15. Possible underwriters—First National City Bank of New York.

Columbus Gas System, Inc.
May 15, the company stated: "Since it now appears that the company's proposed expansion program for 1951 will be somewhat curtailed by material shortages arising from the Korean conflict, the company has concluded that no public financing will be required during 1951."

Columbus & Southern Ohio Electric Co.
April 27, the company reported plans to issue $10,000,000 of first mortgage bonds to be sold privately on July 1, 1948, to J. P. Morgan & Co. & Co. Proposed issue of bonds will be used to finance a new plant. Underwriters—None.

Commonwealth Edison Co.
May 18, the company reported that the company's scheduled construction program for the current fiscal year 1951 has been accelerated and may be completed by the end of March 1952. Possible underwriters—None.

Consolidated Edison Co. of New York, Inc.
March 17, the company announced plans to file an application for authority to issue and sell $25,000,000 of first mortgage bonds to be offered for sale in May 1951 (in addition to $60,000,000 series G bonds filed with the Securities and Exchange Commission in 1950) to be determined by competitive bidding. Possible underwriters—Halsey, Stuart & Co. & Morgan Stanley & Co.; Kuhn, Loeb & Co. and Bear, Stearns & Co., and May 23, the company announced plans to issue $50,000,000 of first mortgage bonds to be sold at par through May 1951 to be determined by competitive bidding. Possible underwriters—Halsey, Stuart & Co. & Morgan Stanley & Co.; The First Boston Corp. & Salomon Bros. & Hutton; and J. P. Morgan & Co. & Co. (jointly). Proceeds—To redeem a like amount of $25,000,000 of first mortgage bonds due 1957, Offering—Postponed.

Cooper-Bessemer Corp., Mt. Vernon, Ohio
May 13, the company reported that plans are being made to issue additional shares of common stock for the purpose of financing its construction plans. Underwriters—None. Proceeds—To be used for new equipment.

Denver & Rio Grande Western RR.
April 12, Wilson McCarthy, President, stated that due to demand for new rolling stock the company has sub¬ mitted an underwritten offer to the public for the sale of $75,000,000 of 4% junior notes due May 15, 1951, and to May 15, 1951. Underwriters—To be determined by competitive bidding. Possible underwriters—Halsey, Stuart & Co. & Morgan Stanley & Co.; Kuhn, Loeb & Co. and Bear, Stearns & Co. and Bear, Stearns & Co. Proceeds—To invest in new rolling stock, including an additional $50,000,000 of first mortgage land bond due 1957. Underwriters—None.

Florida Power Corp.
March 29 the company announced plans to spend $60,000,000 on plant expansion in the current fiscal year ending May 31, 1951, and expects to spend somewhat more in the following fiscal year. It added, however, that no decision has been reached on any possible financing in this connection. Traditional underwriters: Smith, Barney, & Co., New York.

Prospective Offerings

Alabana Power Co. (9/11)
Feb. 6, it was stated that company contemplates issuance and sale of $10,000,000 first mortgage bonds. Underwriters—Morgan & Stanley & Co., Inc., and Lehman Brothers & Co., Inc. Probable underwriters—Halsey, Stuart & Co., Inc.; Morgan & Stanley & Co., Inc.; Kuhn, Loeb & Co. & Salomon Bros. & Hutton (jointly); Drexel & Co., Inc.; Harris, Hall & Co., Inc.; Lehman Brothers & Co., Inc.; Shields & Co. and Salomon Bros. & Hutton (jointly); Drexel & Co., Inc.; Morgan & Stanley & Co., Inc.; and Lehman Brothers & Co., Inc. Proceeds—To refund the company's existing $10,000,000 of 5% first mortgage bonds aggregating $250,000,000 to be issued at par in June 5, with rights expected to expire on June 20. Underwriters—None.

American Gas Co.
In the event of a successful offering, underwriters—Morgan & Stanley & Co., Inc. Proceeds—For general corporate purposes.

American Natural Gas Co.
April 25, William G. Woolfolk, Chairman, announced an offering of common stock under rights, with the proceeds of the sale to be applied to the payment of the company's general liability, if any, through rights, to the company's $10,000,000 of 4% first mortgage bonds due June 1, 1955. Underwriters—To be announced. Proceeds—For general corporate purposes.

Ohio Power Co.
March 29 the authorized common stock (par $7.50) was increased from 1,600,000 shares to 2,500,000 shares, and the number of shares to be authorized in addition to the common stock to be authorized $50,000,000 to 250,000 shares. Underwriters for preferred stock have been approached and will be announced later. Possible underwriters may include Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane, and Salomon Bros. & Hutton; Harriman Ripley & Co., Inc.; Equitable Securities Corp.; Union Securities Corp. Possible underwriters—None. Proceeds—To be used for expansion.

Pine Creek Electric Co., Inc.
April 13, the company announced that it had received an application for a certificate of public convenience, necessity and public benefit to build a power line across the Allegheny river. Possible underwriters—None. Proceeds—To be used for expansion.

San Diego Gas & Electric Co.
April 2, the company announced plans to issue a $10,000,000 first mortgage bond due June 1, 1951 to be sold at par. Proceeds will be used to finance the construction of a new plant. Possible underwriters—None.
Milwaukee Gas Light Co.
Apr. 23 it was reported company may issue some ad¬
ditional common stock to raise $15,000,000 or so warrant. Under¬
writers—To be determined by competitive bidding. Prob¬
able bidders: Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenner &
Co.; Lehman Brothers (jointly); Kuhn, Loeb & Co.; and Blyth & Co. (jointly); Kidder, Peabody & Co.; and Harriman Riplcy & Co. (jointly).
Proceeds—for construction.

Glass Fibres, Inc.
April 16 it was reported that company may do some con¬

Glemorei Dislributors Co. (6/19)
April 13 it was reported company plans to sell about 30,000 shares of common stock at $15 to $20 per share. Proceeds—For working capital and general corporate purposes.

May 3 it was reported company issued 15,000 shares of non participating preferred stock at $25 per share. Proceeds—To fund construction.

Utilities Co. of Michigan, Coldwater, Michigan
March 7 company sought FCC authority to construct about 787 miles of pipeline, at an estimated cost of $350,000,000, to be financed by issuance of common and preferred stock.

New England Power Co.
Jan. 24 it was estimated that $22,000,000 of new financing will be required prior to Dec. 31, 1952. Between 75,000 and 80,000 shares of preferred stock may be initially offered. Proceeds—To fund construction. Underwriters—For a limited period Merrill Lynch & Co., Blyth & Co., and W. C. Langley & Co. Proceeds—to be used to repay bank loans and for construction program.

New Jersey Power & Light Co.
Feb. 20 company issued 15,000 shares of preferred stock at $25 per share. Proceeds—For construction.

New York State Electric & Gas Corp.
May 4, J. A. Harriman, Pres., announced that the company’s $65,000,000 construction program for the three years through the end of 1954, will be financed by issuing of $41,500,000 additional through the sale of $15,000,000 preferred stock for the remainder of the program, and approximately $15,000,000 common stock by Oct. 1. Underwriters—For a limited period Halsey, Stuart & Co. (jointly); Kuhn, Loeb & Co. (jointly); Lehman Brothers (jointly); W. C. Langley & Co. (jointly); Kidder, Peabody & Co. (jointly); and Harriman Riplcy & Co. (jointly).

Kansas-Nebraska Natural Gas Co., Inc.
Feb. 15 it was announced that company plans to raise $4,200,000 by a public offering of 100,000 shares of preferred stock. Proceeds—to be used for construction.

Lake Shore Pipe Line Co., Cleveland, Ohio
Feb. 15 FPC authorized this company to acquire, con¬
tinue, and expand the first mile of a common pipeline to carry natural gas through northeastern Ohio for the first time since the company was authorized to construct a similar line in 1923. The company on March 8 announced that it had been issued an order authorizing it to construct an additional mile and a half of pipe line to carry natural gas from its facility at the town of Highland to Stow, Summit County, Ohio.

Drexel & Co. Proceeds—to retire $1,928,000 of 4 1/2% bonds due July 1, 1951 and $2,200,000 of 3% bonds due Jan. 1, 1954.

Pfizer (Chas.) & Co., Inc.
May 18 it was announced company plans to issue $3,000,000 of common stock (par $1) from a 1-for-10 basis, fol¬lowing the action of stockholders at their annual meeting authorizing the issuance of 1,480,050 shares of common stock (par $1) which when sold will provide about $12,000,000 for construction and expansion purposes.

Proceeds—For construction.

Rocky Mountain Electric Power Co.
May 10 it was announced company has arranged to borrow $1,500,000 to fund these loans through sale of permanent securities this fall or early in 1952. Probable bidders: Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Co.; Lehman Brothers, Stone & Webster Securities Corp. and Union Securities Corp. (jointly); and Blyth & Co. (jointly).

Sharon Tube Co.
May 29 it was stated company may issue $1,000,000 of common stock to finance its new continuous butt weld mill expansion.

South Jersev Gas Co.
April 9 J. P. Smith, Pres., announced company plans to raise $900,000 by a public offering of $30,000,000 of common stock. Proceeds—for expansion program.

Staley (A. E.) Manufacturing Co.
May 8 stockholders voted to cancel the pre-emptive rights of the company’s 2,000,000 common shares and authorize the company to purchase or subscribe for the company’s unissued securities. Ac¬

Pennsylvania Electric Co.
Feb. 18 it was reported company plans to issue and sell $500,000 of preferred stock and $2,500,000 of common stock (latter to General Electric Co.) to raise $3,000,000. Proceeds—to be de¬

Pennsylvania-Reading Seashore Lines (6/6)
The Pennsylvania Reading Seashore Line, a subsidiary of the Pennsylvania Railroad Co., has opened a new terminal, Philadelphia, Pa., on or before noon (EST) on June 8 for the purchase of it from 4,000,000 first mort¬
This was the dullest week in some months in the corporate bond issue field, with today's scheduled offerings intended primarily to aid their only important business. True there were a number of sizable issues announced, but even these were more limited in volume than had been the case recently.

Potential issuers, whose financial affairs these days keep in pretty close touch with conditions in the bond market, evidently are scenting that the Treasury has in mind by way of handling its substantial maturing bonds. Doubtless these people still are fldd in their minds the fact that Secretary Snyder had decided to forego his option to refine a large issue recently by simply letting the call date pass.

Yet bonds face the task of providing for something over $135,000,000 of maturing corporation which are callable by the Treasury on June 15 and the beginning of August next month. Market observers are anyhow sure to get a line on just how the Treasury plans to handle these issues, and probably will trail cautiously between now and June 15 which will be the next day for payment of this $135,000,000 in callable bonds.

The government market, ranging pretty mighty in narrow price limits, has not been doing much to provide anything in the way of a clue to what Secretary Snyder may have in mind. It is a case of wait and see.

National Dairy Products

Today's offering of $50,000,000 National Dairy Products 25-year debentures is the largest, and more than that, only corporate debt underwritten recently by M. J. Lewisohn & Sons.

Underwriters, according to people interested in this offering, that it would find good reception and move out in satisfactory manner.

The company proposes to use the resulting proceeds for plant and equipment, to increase its general corporate funds.

City of Toronto

Bids were tendered today to make public offering of $60,000,000 of consolidation loan debentures due May 15, 1931, and maturing due serially from 1955 to 1961 inclusively.

Interest rates would range from 3% to 5'/e% and it was indicated offering prices would be set to provide yields of from three to around 5'/e%.

Proceeds will be used for financing advances to the Transportation Commission for Capital improvements.

COMING EVENTS

May 24-25, 1951 (Dallas, Tex.)
Texas Group Investment Bankers Association Annual Meeting.

May 25, 1951 (Cincinnati, Ohio)
Cincinnati Bond & Stock Exchange Associates and National Council of Financial Executives, Inc., will hold their annual meeting at the Carthay Hotel, Cleveland, Ohio. The meeting will be held on May 25, at 10:00 a.m. The program of the meeting will include a discussion of current financial problems. The meeting will be open to all members of the association. Admission is free.

May 25, 1951 (Dallas, Tex.)
Dallas Bond Club annual Memorial Day outing.

May 27, 1951 (Philadelphia, Pa.)
Bond Club of Philadelphia outing to the White House Yacht Club - to be preceded by the usual pre-pie reception at 6:30 p.m., on the previous evening.

May 30, 1951 (Dallas, Tex.)
National Security Auction Association Convention at the Elkhart Club.

June 1, 1951 (Chicago, III.)
Bond Club of Chicago annual Field Day at the Elkhart Club.

June 1, 1951 (Cincinnati, Ohio)
Cincinnati Stock & Bond Club Annual Spring Golf Tournament.

June 1, 1951 (New Jersey)
Bond Club of New Jersey Annual Fall Day at the Madison Golf Club.

June 5, 1951 (New York, N. Y.)
National Security Auction Association annual field day at the Sleepy Hollow Country Club.

June 6-9, 1951 (San Francisco, Calif.)
California Security Traders Association annual spring party at the Pan-American Country Club, Diablo, Cali.

June 11-16, 1951 (Jasper Park, Can.)
Invesment Dealers Association of Canada Convention at Jasper Park Lodge.

June 14, 1951 (St. Paul Minn.)
Twin City Bond Club annual outing to the White Bear Yacht Club - to be preceded by the usual pre-pie reception at 5:30 p.m., on the previous evening.

June 15, 1951 (Milwaukee, Wis.)
Milwaukee Bond Club summer party at OceanoYacht Club and Lake Michigan.

June 15, 1951 (New York City)
National Security Auction Association Annual Meeting at Sleepy Hollow Country Club.

June 15, 1951 (Philadelphia, Pa.)

June 15-22, 1951 (Philadelphia, Pa.)
Investment Bankers Association of America Investment Banking Seminar at Wharton School of Finance and Commerce, University of Pennsylvania.

June 22-24, 1951 (Minneapolis, Minn.)

June 22-25, 1951 (New York City)
New York Security Dealers Association Annual Meeting at the Genesee Golf Club, Hempstead, Long Island.

June 26, 1951 (Detroit, Mich.)
Securities Traders Association of the Midwest of the Regional Group of the National Council of Financial Executives, Inc., will hold its annual meeting at the Pine Hollow Country Club, East Northport, N. Y.

June 30, 1951 (Chicago, Ill.)
Bond Traders Club of Chicago golf outing at the Northern Hills Country Club.

Sept. 30, 1951 (Coronado Beach, Calif.)
National Security Traders Association Convention opens at Corona del Mar Hotel.

October 12, 1951 (Dallas, Tex.)
Dallas Bond Club annual Columbus Day outing.

November 25-30, 1951 (Hollywood Beach, Fla.)
Investment Bankers Association of America Annual Meeting at the Hollywood Beach Hotel.

Business Man's Bookshelf

The Security L Ike Best

change in the earnings per share as volume expands.

Deflationary factors, namely, the statistics about the consumer's money, have had a part in this, is also true of many other securitites at this time. The primary reason, however, is that the products being sold at the case of Mihe we have a happy customer, the people who also have a substantial stake in the ownership of the company.

The Security I Like Best

Continued from page 2

Mutual Funds

The diversification of investments on May 17, 1951, was as follows: common stocks, 41.9% (compared to 43.7% previously); preferred stocks, 11.8% (compared to 11.7% previously); bonds, 19.4% (compared to 19.7% previously); and cash, 26.9% (compared to 22.8% previously). The total value of the portfolio was approximately $93,000,000.

National Mutual Funds' sales were $16,687,000 for the month April, ended April 30, it was declared by the company. During the year April 1, 1951, to April 30, 1952, these $16,687,000, an increase of 3% from the figure a year earlier.

At the ANNUAL MEETING of The First National Bank of the United States, held at the bank's main office, May 19, 1951, the security holders approved an amendment to the Certificate of Incorporation of the company permitting it to invest in the stock of any insurance company which might be capital and surplus aggregating not more than $5,000,000. Previously, investments were restricted to the stocks of 23 insurance companies as comprised the original list authorized in 1939.

During the six months from April 1, 1950, to April 1, 1951, the total net assets of General Fund were increased from $57,357,000 to $57,357,000, an increase of $1,000,000.

The New York Stock Exchange

Weekly Firm Changes

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

Transfer of the exchange membership of Frank Llewellyn to Frank J. Bennett will be considered on May 24.

The exchange membership of Charles A. Kollstedt to Jack W. Schiffer will be considered by May 24.
DIVIDEND NOTICES
THE UNITED STATES LEATHER CO.
The Board of Directors at a meeting held on May 14, 1951, declared a quarterly dividend of $1.39, payable on June 1, 1951, to stockholders of record at the close of business on May 15, 1951.
C. CAMERON, Treasurer.

DIVIDEND NOTICES
E.I. DU Pont de Nemours & Company
The Board of Directors at a meeting held on May 22, 1951, declared a quarterly dividend of $0.875 per share on the Common Stock of the Company, payable on June 21, 1951, to stockholders of record at the close of business on May 23, 1951.
C. CAMPBELL, Treasurer.

DIVIDEND NOTICES
PITTSBURGH CONSOLIDATION COAL COMPANY
at a meeting held today, declared a quarterly dividend of $4.32% per share on the Common Stock of the Company, payable on May 31, 1951, to stockholders of record at the close of business on May 29, 1951.
Checks will be mailed.

DIVIDEND NOTICES
The Board of Directors declared at stockholders' meeting held on May 12, 1951, a dividend of 4.70% per share on the Common Stock of the Company, payable on June 12, 1951, to stockholders of record at the close of business on May 15, 1951.

DIVIDEND NOTICES
The Directors of International Harvester Company have declared quarterly dividend No. 145 of fifty cents (50¢) per share on the common stock payable July 16, 1951, to stockholders of record at the close of business on June 15, 1951.

O'Kiep Copper Company Limited
Declared this day a dividend of 50¢ per share on the Common Stock of the Company, payable September 15, 1951, to stockholders of record at the close of business on August 30, 1951.

DIVIDEND NOTICES
TEXAS GULF SULPHUR COMPANY
The Board of Directors has declared a dividend of 10½% per share on the Preferred Stock of the Company, payable July 1, 1951, to stockholders of record at the close of business June 29, 1951.

DIVIDEND NOTICES
TEXAS UTILITIES COMPANY
The Board of Directors today declared a dividend of 32 cents per share on the Common Stock of the Company, payable July 2, 1951, to stockholders of record at the close of business May 31, 1951.

UNITED GAS CORPORATION
The Board of Directors has authorized the payment of an additional dividend of 75 cents per share on the Preferred Stock of the Company, payable July 15, 1951, to stockholders of record at the close of business June 30, 1951.

American Cancer and Foundry Company
30 CHURCH STREET
NEW YORK 8, N. Y.

The Directors of American Cancer and Foundry Company today declared, out of the earnings for the fiscal year ended April 30, 1951, a dividend for the year of 7% upon the par amount of the preferred shares outstanding, payable in four semiannual installments, each of 1½%, payable respectively, (1) Preferred dividend No. 176, on June 29, 1951, to stockholders of record at the close of business May 15, 1951; (2) Preferred dividend No. 177, on October 1, 1951, to stockholders of record at the close of business September 14, 1951; (3) Preferred dividend No. 178, on January 28, 1952, to stockholders of record at the close of business December 16, 1951, and (4) Preferred dividend No. 179, on March 31, 1952, to stockholders of record at the close of business March 14, 1952.

Checks will be mailed by the Guaranty Trust Company of New York. The transfer books will remain open.

C. ALLEN FEL, Secretary

May 17, 1951
WASHINGTON... And You

WASHINGTON, D. C.—One of the paradoxes of the current ef

OFFICIALS indicate that the over-

And You

Business Buzz

Confidentially, that's Grandma Smith!

Federal Reserve Bank of St. Louis
Digitized for FRASER

For Large Appreciation Property
WE SUGGEST
RIVERSIDE CEMENT CO.
CLASS B (common) STOCK
A leading producer of cement in the fast-growing Southern
California area. We guarantee this Company and a review of the Cement Indu-
try's Advertisements will indicate a salable property. Selling at $14.00
LERNER & CO.
Investment Securities
19 Paul Office Square, Boston, Mass.
Tel. 261-1959

Allied Electric
Products
Prospectus on request

Hill, Thompson & Co., Inc.
70 WALL STREET, N.Y.
Tel. Whitfield 4-5800

40 (2180)
The Commercial and Financial Chronicle... Thursday, May 24, 1951

135% of the estimated steel sup-

ply, without taking account of the

beam, pipe and other industries.

What will be cut, it is said, are

of steel expansion are now planned,

amounting to 40% of the steel

production. Some of the reduc-

tion will be due to the fact that

the industry plans to build up in-

dustry plans to build up in-

are reported. President Truman

the Administration has asked

not reduced. Thus, in reducing the

expansion program, there should

be an increase in the use of the

steel industry is not so much

talked "iron ore shortage" as the

steel shortage. We have taken

a ton of steel to add three tons of

steel production capacity.

Despite the ever-present threat

of a steel shortage to continue

many years, it is requested that

ceiling price on iron and steel

scrap, that they feel that a

few dollars, lost here and there,

probably would fail to bring in

the larger purveyor of scrap, the

industry this year needs over 1500's acquisition

of two years ago. This

the best solution is to organize

telephone exchanges and other

where it is likely to be.

Underneath the surface of news

bustle, there has been a steady

to increase interest rates on both

and VA-guaranteed and in-

sured loans so as to forestall what

some officials fear is a trend to-

ward a smaller volume of mort-

gage money—a trend, incidentally,

which officials for publication

have placed no great emphasis on.

This battle has been lost, how-

ever, as is widely reported. For

some time to come FHA mort-

gages will not pay more than

1% more, and VA's more than

1%. Furthermore, the Federal

National Mortgage Association is

"Funny May," will not step back into

the market in a big way to try to

keep the market blossoming at

present rates.

Last year, if there should not

prove to be sufficient mort-

gage money at present rates of

interest, then, to sustain a

sharply curtailed volume of

mortgages, the officials consider

all men may be given to boosting

some of the figures on the little

on FHA's and VA's.

Congress and the Administration

appear to be combining once

more to provide the annual

demonstration of the old axiom,

"A month or so in the bank is as

well as a good investment for the

average man.

Located in New York City, N.Y. 19106

Attacl escalator clauses were written into

union contracts, the labor crowd carrier

in the business, to be paid with BLS to get the index "adjusted"

with a view to showing that the true

price situation was a lot lower than

it, was higher than the BLS

figures. The purpose of this move was to

provide an official justifi-

cation for the constant drive for higher wages.

This drive succeeded only to the

point of getting a former BLS Commissioner fired by a former

Secretary of Labor, who was friendly toward labor.

The current drive is to

include income taxes in the real-oft-the-index.

If even the committee re-

ports out a bill which is doubtful, it

will be killed in the House.

This column is intended to

reflect the "Federal" way of inter-

pretation from the nation's Capital

and may or may not coincide with the

"Chronicle's" own views.

Bankers Offer National Dairy Products Debs.

Goldman, Sachs & Co. and Leh-

man Brothers head a group of 175 underwriters offering a

$50,000,000 bond issue of the

Dairy Farmers of America, Inc., a

1% debenture due 1976 at

99.75.

Proceeds of the financing will be

used for general corporate purposes

including the carrying of increased inventories and re-

ceivables in connection with the

extension of the company's generally higher price levels, and

for planned equipment expansion and additions.

The new debentures will be en-

titled to a sinking fund providing

for the retirement of not less than

2.5% of the par value of the de-

bentures for each of the years

1958, 1959, 1960 and 1961, in each of

5%, more than 6% for each of the

years 1962 through 1975. They are redeemable otherwise than as a

portion of the sinking fund at

prices scaled from 102.5% to 100% in the last year. If re-

deemed by operation of the sink-

ing fund, the redemption price is

100%.

Two With Slayton

(Special to The Chronicle's New York Branch)

Senator Gore and Mr. J. W. Ackman and Eugene H. Searles have become associated with Slay-

ton & Co., Inc. of St. Louis.