As We See It

In the days which preceded World War II, and particularly in those years after the outbreak of hostilities in Europe and before our entry into the fray, the word "appeasement" grew to connote something sinister. Without doubt the quite general use of the term (as inspired by the crafty public relations men in Washington) influenced thinking in this country in a substantial and certainly not always constructive way. We had not been very long at war before another term, this time "unconditional surrender," became a sort of keynote in "indoc trination" propaganda out of Washington. The harm the use of this latter term did to us is beyond measurement. In one very real sense a substantial part of our difficulties in trying to win the peace may be traced to the concepts, the prejudices, the ideology, and the state of mind for which these two clichés are largely responsible.

Today there are individuals, some of them with wide influence, who are working the term "appeasement" over time to feather their political nest and sometimes to arouse the emotions of the American people to the point where they will be ready to follow extreme proposals. The slogan "unconditional surrender" has not as yet made its debut in the discussions of the Far Eastern situation, but something fairly close to it, or at least corresponding to it, is being given advocacy and support by these same elements in the population which would apparently win a "glorious victory" in Korea. It took the last gun, the last tank and the last plane in our arsenal.

Whatever the wise course to follow in Korea, or in the Far East in general, this type of appeal

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Producing Atomic Energy —An Industrial Function

By GORDON DEAN

Chairman, U. S. Atomic Energy Commission

AEC Chairman describes purposes and progress of atomic energy program and stresses the industrial aspects of the work. Points out investment in atomic energy projects constitutes largest single aggregate of capital utilization in nature, and discusses operations for better defense and industrial uses are still expanding. Says use of atomic energy for power purposes is still too costly, but great strides are expected in application of radionuclides.

It has been almost exactly 20 months since a member of the Atomic Energy Commission took before this distinguished group to report on the atomic energy enterprise of the United States. At that time in October, 1949—Mr. Lewis Strauss, then a member of the Commission, presented to you a summation of the nature and status of the atomic energy program as it then existed. As many of you may recall, Mr. Strauss spoke in a setting created in part by a Presidential announcement less than two weeks before that an atomic explosion had taken place in the Soviet Union.

Those were tense days, and in the intervening months those tensions—far from having lessened—have actually increased. Many events have transpired since October, 1949, both within and outside of the American atomic energy program, which have affected the nature and scope of that program and, in turn, its influence on national and world affairs. We have heard this year of last year's heard by a declaration by the President of a state of national emergency. We have seen American and other United Nations' troops committed to combat in Korea. And we have seen the beginnings of a tremendous mobilization.

Continued on page 36

*An address by Chairman Dean before the New York State Chamber of Commerce, New York City, June 7, 1951.
The Security I Like Best

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

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

N. LEO MORGAN
Partner, Hayden, Stone & Co.,
New York City

Retail Drug.

During the past few years, recent developments and the composition of the drug and chemical companies have been sending new peaks of interest. Such companies have been engaged in developing new drugs with little association with American Cyanamid with its Aureomycin, Parke-Davis with its Chloromycetrin, Chase Pfizer with its Terramycin and Penicillin A and C in a product of its Cortisone.

There are a number of retail drug companies which have done outstanding service. For the most part, each sponsor has come through with increasing earnings despite higher taxes and the securities have responded admirably and are now bringing returns. To each part, each company has specialized in certain fields and later has expanded with further derivatives.

Retail has not been entirely retracted in its research and last June it formally announced that its newly formed ethical drug manufacturing plant of the Riker Laboratories, Inc., had developed and introduced a new drug known as "Veratrum." This under consideration, is the most effective means known to medical science for the control of hypertension (high blood pressure). It has now nationwide distribution through Rexall and other drug stores and is available to the public general through these stores only on doctors' prescriptions. Clinical tests . . . indicating a medical confirmation of the results obtained by the company's staff of medical experts, is new. It is believed that Clinical testing in the treatment of hypertension, with good results to hundreds of sufferers. In 1954, it estimated that Veratrum sales, even without AMA approval, have already exceeded $1 million. Rexall has carried on further understanding and we understand that perhaps six new derivatives of Veratrum may be introduced to the medical professions by the end of June. It can easily be seen that if the sales of these new drugs are to be equal to the sales of the Veratrum product, the drug stores could be multiplied many times over.

It has been estimated that there are perhaps 18 million people in the United States suffering from high blood pressure, of which perhaps one-half are aware of it. Of these, however, there is a gigantic potential market for any product which can lower blood pressure to such a large number of people not only in the United States, but also in those who are suffering from hypertension in other parts of the world. While the drug companies and the chemical companies which have also been doing research efforts have all been working very hard in this area, it is believed that the work which Rexall has done with its Veratrum and other derivatives will be advanced than any. It uses for its drug product the plant called "Veratum Veridis."
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*Part of address of Mr. Greenewalt, on the occasion of the dedication of the Pont Company’s Expanded Experiments Station, Wellington, Del., May 10, 1951.


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The High Cost of "Cheap Money"

By D. W. Michener

Director

Chase Manhattan Bank, New York

Pointing out as major financial development of recent decades the expansion of money supply in excess of growth of national income, New York bank economist asserts it "appears all are still unaware of some of the major national financial problems." Estimates "cheap money policy," through process of inflation, has resulted in net loss to Treasury, and upheaval of pegged rates on government bonds. For the moment, the policy looks attractive, but looks for better bank earnings and participation of banks in new government financing.

To our generation of bankers, the development in this country of most importance is the unparalleled rise in the money supply, which has taken place during the past two decades and is most important influence upon the economic every city and every country, almost every household finds that the change in the economic circumstances changed because of the sharp increase that has occurred in the volume of money in circulation.

Because of its great importance, it may be worthwhile to review the circumstances leading to this rise in the money supply. As you know, such an expansion of credit with examples of the deliberate expansion in the volume of money by the different countries. At the time of the Roman Empire, the chief method used centuries later was printing of paper money, and today, however, it is done by more efficient means but less obvious method. The chief means of expanding the money supply is by increasing the deposit accounts in commercial banks. By making a loan, a commercial bank brings into being a new bank deposit account, and the new account, when drawn upon in making payments, acts on the circulation of money which we commonly refer to as money. However, the commercial bank invests in government securities, or, in other words, has loaned the "government" the loan. This loan has amounted to more than $80 billion, a total some 16 times greater than the bond to the government, the commercial banking system. The loan now amounts to more than $80 billion, a total some 16 times greater than the bond to the government, the commercial banking system. The loan now amounts to more than $80 billion, a total some 16 times greater than the bond to the government, the commercial banking system.

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The historical facts are clear, the behavior of the people is greatly affected by the change in the volume of money in circulation, and the change in the volume of money in circulation is now the most important influence upon the economic every city and every country, almost every household finds that the change in the economic circumstances changed because of the sharp increase that has occurred in the volume of money in circulation.

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The State of Trade and Industry

Nation-wide industrial output showed mild improvement the past week from the holiday-shortened prior week. Aggregate production returned to the level for an extraordinary 1950 week. It was noted that total claims for unemployment insurance were somewhat even with the previous week, but were considerably lower than a year ago.

Steel ingot capacity held last week at 103.2%, unchanged from the previous week. Steel and truck output rose substantially following the return by Chrysler to full scale operations after a period of slow production, and by Studebaker, whose output had been held down by shortages of materials.

An increasingly critical scrap shortage is shaping up, threatening to interrupt the steel production pace, says "Steel," the weekly magazine of metalworking. Not only is the volume disappointing, but quality of material often is not as desired. Weekly orders have been cut down in some cases, the fewest in years. Normal inventory has been cut 60-80 days. Some producers' stocks are down to six days.

A growing number of steelmakers depend on government allocated scrap to build their production schedules. The allocations are more directives on the scrap yards will be forthcoming soon with current levels falling short of volume slips in step with declining civilian durable goods manufacture.

Steel continues to pour from the nation's furnaces in near-record volume in the face of raw material shortages and scattered labor disturbances. In May, a record 9,094,000 net tons were produced, topping the previous high monthly output mark set in March this year by 23,000 tons.

Mounting uncertainty is evident in steel markets as the switch to the Controlling Materials Program distracts attention. Considerable administrative detail remains to be worked out before the effective date, July 1. Mills are busy lining up production schedules for defense and related accounts for third quarter delivery. Orders are still uncertain what "free" tonnage will be available for the general consuming market.

Government control authorities are under pressure from all consuming directions for forward supply coverage into the fourth quarter and beyond. In a number of cases spot steel supply assistance prior to the effective date of CMP is sought. Pending further advisory action to the mills, generally are restricting further fourth quarter acceptance of DO orders in military and Atomic Energy Commission contracts, these being the only accounts so far authorized to revalidate defense ratings with CMP allotment amounts or to use CMP allotment amounts in spot sales.

Steel prices became effective today as announced by the mills.

Steel Output Rate Held Unchanged at 103.2% for Third Consecutive Week

The steel supply is getting worse and will continue to grow worse during the second quarter of this year and the first quarter of 1952, according to "The Iron Age," national metalworking weekly.

Automobile manufacturers may be forced to cut back production further in the third quarter. They won't do it willingly, but if they don't, it will be all too apparent why. The reason for their cutbacks will be a lack of critical metal items, particularly alloy and carbon bars. A leading producer of carbon bars says that more than 90% of his output will be to meet demands for defense, the balance to the auto industry.

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Trading Department.
From Washington
Ahead of the News

CARLISLE BARGERON

OMAHA—This writer has been traveling through the Midwest and the Great Plains for some weeks and has been trying to figure out what is happening in the world than what he gets in Washington and the Eastern Press generally, rather than what he sees and hears but cut here differents values, different approaches seem to be applied to them. The emphasis, for example, would get the distinct impression in the Midwest and the Great Plains, that Secretary of State Steinbeck, has the saloon bar full of monkeys out of it. I believe I can accurately say that this is not the reaction of the Middle Westerner, who is a man-in-the-street type of voter. I have talked extensively in the course of doing business and talk to know what this man in the street is thinking.

Republican critics were not thorough or efficient in their pot-shot questioning.

But there seems to be no interest in the professional aspect of how he performed, or the lack of performance on the part of his critics. He simply hasn’t made sense of the Administration’s foreign policy to these people.

Similarly, you hear none of the jibes or wisecracks or disparagement of Secretary of State Steinbeck. This is understandable because of the pure isolationist element in Nebraska’s native state. Anyhow, I think there is little doubt that he would both out-poll Steinbeck in a popularity contest. They are both looked upon as very good citizens, indeed.

This writer was not present at the recent Denver meeting of the Democratic National Committee, but it was the unanimous report of observers that Steinbeck was winning the Democrats’ confidence about this very section of the country through which I have been traveling. And it was the confidence of one which is asked you to comment on the part of the Administration on his foreign policy?

It certainly doesn’t jibe with my experience. If I were one of Steinbeck’s critics, I wouldn’t be so surprised. The fact is, I think, that the President bases too much of his reelection on his own campaigning and not enough on the Administration’s reports.

The best issue for any politician out here would be economy in government, the cutting down of Federal expenditures. I doubt the Democrats’ confidence about this very section of the country through which I have been traveling. And it was the confidence of one which is asked you to comment on the part of the Administration on his foreign policy?

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The Future of Japan's Credit

by E. J. Speyer

A peace treaty with Japan is likely to be concluded within a reasonable period of time. Speculations have been rife here and in Europe as to the future of the Japanese dollar. The following article expresses views in the City of London, where these speculations are held.—EDITOR.

LONDON—This article is based on a presentation of "Japan's Credit" and not "The Future of Japan's Loans" because it is the suggestion that if the problem of Japan's foreign loans was ever to be really handled, it is Japan's credit with the world that has to be lost more in the long run than the bondholders. The latter can reap their millions from the jubilant Japanese themselves, and can wait for all reports. That is not the case, but we ask ourselves here in London, are the Americans? It seems to us, if reports can be believed, that the United States and Washington and from American newspapers have presented a public impression that we may soon see before the paradoxic situation that a default on Japanese bonds would not only fail to fulfill her contractual obligations while her obligations to her creditor nation (which, however, is her own government) are to be fulfilled by her Japanese prewar loans) would fail in her power to induce Japan to alter unilaterally her contractual terms of her prewar debts.

Prewar Debt Not Large

Japan's bonded prewar indebtedness was not very large either in terms of debt per head of population, or as percentage of her production, her exports, or her budget. According to the Foreign Bondholders Protective Council in New York, Japan had outstanding bonds of $69,471,680,000 in sterling loans; $75,579,000 in German loans, and $97,630,000 in dollar loans, or $152,680,000 in current dollars. Allowing for the falling rate of foreign exchange, these loans would represent about 77% of Japan's government revenues. However, this is an understatement of the actual foreign debt of Japan, because the American taxpayer, the resumption of which would come after the contractual terms would relieve him because it would enable him to borrow in the open market while, if Japan is forced to return her debt and she will not be able to borrow. Thus the American taxpayer will have to go on subsidizing Japan indefinitely.

Debt Service and Marshall Aid

The argument is wrong for other reasons as well. Over the last 10 years half the world has been struggling desperately to deal with the help of large scale assistance from the United States. Does this mean that half the world would in consequence have defaulted on its external obligations? Why, if this is the logical conclusion, has the United States government allowed Belgium to pay in gold? Why has it loaned sterling to Norway and Denmark? Has the United States government allowed Belgium to pay in gold? Why has it loaned sterling to Norway and Denmark? Has the United States government ever given Marshall Aid to any country that has defaulted on its external obligations? Why, if this is a logical conclusion, has the United States government allowed Belgium to pay in gold? Why has it loaned sterling to Norway and Denmark? Has the United States government allowed Belgium to pay in gold? Why has it loaned sterling to Norway and Denmark? Has the United States government ever given Marshall Aid to any country that has defaulted on its external obligations?

Changes in American Policy

What Britain has watched with some misgivings is that American policy towards debtor nations has undergone a number of changes. A number of debt settlements have been executed in recent time by the Latin American countries, which have been in the reduction of capital liabilities in France, Mexico, or interests as in almost all other cases, to a maximum rate of 2.5 per cent. We regard the burden of these economically still some- what backward countries has been slight and the real burden would be much greater than the modest figures in commodity prices — but the credit standing of these countries has been irredeemably damaged. None of these countries stands the remotest chance of paying up to its private capital market, not withstanding the exhortations of the United States authorities to their own government to invest in Latin America.

Our whole system is based on the maintenance of contracts and the honoring of obligations. If we give up these foundations, we give up ourselves.

Practical Suggestions

In the bearers of the present article we estimated the accumulated arrears of interest to be in excess of $100 million. These are in principle due as soon as Japan resumes her debt service. The same is true of $20 million in loans already matured. Japan would thus be faced with the problem of raising $216 million in addition to $12,300,000 for the first year's interest. (This item is smaller by $2,800,000 if we take the figure given earlier as interest that would no longer have to be paid on $20 million in 5% sterling loans as soon as the capital sum is paid off.) Japan obviously cannot pay these large amounts without a fresh and large part of her foreign exchange reserves. The solution of the problem is both difficult and exact. The world seems to have reached the point where it is clear that Japan has made a beginning in the fulfillment of her contractual debt service. It can be issued in London (subject to Treasury consent, which is likely to be granted as really as new money is needed) to appeal successfully to the New York world of the United States, Australia, Netherlands, and Norway. Why should Japan, a great debtor nation, as it were, not be allowed to join this queue of first-class creditors?

We have heard and again the argument that Japan will be repudiated by the world, and that she will be cut off from the pockets of the American taxpayers. This is true if Japan's American advisers prevent Japan from concluding a foolhardy debt policy prevent Japan from concluding a foolhardy debt policy prevent Japan from concluding a foolhardy debt policy prevent Japan from concluding a foolhardy debt policy prevent Japan from concluding a foolhardy debt policy. The Japanese loan is made on American terms, and the repayment of the principal is in strong yen, with interest in sterling and, if possible, paying interest in yen, so that when they are redeemed they will naturally be in yen. The proceeds of such a redemption will be used to buy or sell foreign currencies, to care of arrears of interest and of capital already due in respect of sterling loans. A similar transaction could be made for the New York dollar in respect of arrears of interest and of capital already due in respect of sterling loans. A similar transaction could be made for the New York dollar in respect of arrears of interest and of capital already due in respect of sterling loans. A similar transaction could be made for the New York dollar in respect of arrears of interest and of capital already due in respect of sterling loans. A similar transaction could be made for the New York dollar in respect of arrears of interest and of capital already due in respect of sterling loans. A similar transaction could be made for the New York dollar in respect of arrears of interest and of capital already due in respect of sterling loans. A similar transaction could be made for the New York dollar in respect of arrears of interest and of capital already due in respect of sterling loans. A similar transaction could be made for the New York dollar in respect of arrears of interest and of capital already due in respect of sterling loans. A similar transaction could be made for the New York dollar in respect of arrears of interest and of capital already due in respect of sterling loans. A similar transaction could be made for the New York dollar in respect of arrears of interest and of capital already due in respect of sterling loans. A similar transaction could be made for the New York dollar in respect of arrears of interest and of capital already due in respect of sterling loans. A similar transaction could be made for the New York dollar in respect of arrears of interest and of capital already due in respect of sterling loans. A similar transaction could be made for the New York dollar in respect of arrears of interest and of capital already due in respect of sterling loans. A similar transaction could be made for the New York dollar in respect of arrears of interest and of capital already due in respect of sterling loans.

If Japan's settlement of her prewar debt follows the broad lines sketched here, her credit standing should not be affected. Therefore, if, on the other hand, Japan were to refrain from making reparations unilaterally, even if she can, she should not do so unless she is sure, she will never regain her creditor for her trade or for her public finance.

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Pickingham Corporation — Analysis — Crutenden & Co., 209 South LaSalle Street, Chicago 4, Ill.

P forthcoming. — Analysis — Southern Illinois University, Carbondale, Ill.

Radio Corporation of America — Brief review — Stanley Heller & Co., 30 Park Street, New York 5, N. Y.

Rockwell Manufacturing Co. — Memorandum — Barmes, Bodell & Goodwin, 207 Church Street, New Haven 10, Conn.

Safety Car Heating & Lighting Co. — Analysis — Colw & Colw, 1 Wall Street, New York 5, N. Y. Also available is a study of Union Sulphur and Oil Corporation.

Sinking Fund Trust of the City of Los Angeles — Analysis — Bond, Richman & Co., 27 Wall Street, New York 5, N. Y.

Tejon Branch Co. — Memorandum — Dempsey-Tegeler & Co., 310 Pacific Street, San Francisco 4, Calif.

Thermal Research & Engineering — Featured in current issue of ‘Highlights’ — Trozler, Stier & Co., 339 Fifth Avenue, Trinity Place, New York 17, N. Y. The same issue contains data on Puralator Products, Hoving Corp. and Filtered Water. Also available is information on Allis-Chalmers Cord & Wire, Cable, Foote Mineral, Talon, Inc., and Foundation Co.

Time, Inc. — Memorandum — Chisholm & Pabst, 621 South Michigan Avenue, Los Angeles 14, Calif.


Union Oil of California — Memorandum — Shaskany & Co., 40 Exchange Place, New York 5, N. Y. Also available is a memorandum on United Carbon Co., New York 6, N. Y.


Wall Street Daily — Analysis — Republic Investment Co., 231 South LaSalle Street, Chicago 4, Ill.

Wyoming Gulf Salt Corp. — Memorandum — Beer & Gulf Salt, States Building, Dallas 1, Tex.

**COMING EVENTS**

_Investor's File_

June 18-23, 1951 (Philadelphia, Pa.)

Investment Bankers Association of American Investment Banking (IBA) will hold its annual convention and American Commerce, University of Pennsylvania. Philadelphia.

July 21-23 (Los Angeles, Calif.) Security Traders Association of Los Angeles annual spring party at Lake Arrowhead Lodge.

July 26-24, 1951 (Minneapolis, Minn.)

Twin City Security Traders Association annual convention out (‘Operations Flirtation’) at Gull Lake.

June 22, 1951 (New York City) Academy of Applied Science Association Annual Outing at the Hempstead Golf Club, Hempstead, Long Island.


June 21, 1951 (Minneapolis, Minn.) New York Stock Exchange Golf Association 25th Anniversary Annual meeting at the Winged Foot Golf Club, Mamaroneck, N. Y.

June 26, 1951 (New York City) New York Curb Exchange Five and Twenty Club annual golf tournament and dinner at Wheat-

Dealers-Broker Investment Recommendations and Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:


Chemical Survey — Discussion of “junior” chemical securities with analysis of five of the most attractive issues — copy on request personal or business stationery — ask for Survey CD — H. Rentz & Co., 60 Beaver Street, New York 4, N. Y.


Graphite Stocks — January issue contains large, clear reproductions of 1,001 charts complete with dividend records for the full year of 1950, showing stock price, earnings, book and market values, dividend, and basic facts about each company. Also available is a similar issue for the year 1951.

Inflation Bulletin — A treasury of inflation data — Wall Street, Sixth and Pine Street corner of N. 4, Portland, N. Y. Also available is a series of inflation bulletins for 1949 and 1950.

American Tobacco — Brief review in “Gleanings” — Francis I. du Pont, 21 Wall Street, New York 5, N. Y.

San Francisco Bulletin — up-to-date news from the Golden State — Wall Street, Fifth and Pine Street corner of N. 4, San Francisco 1, Calif.

Minerals Bulletin — up-to-date review of the mining world — Wall Street, Fifth and Pine Street corner of N. 4, San Francisco 1, Calif.


The Commercial and Financial Chronicle . . . Thursday, June 21, 1951

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Trees Do Not Grow to the Sky?

By LEONARD S. HERZIG

Members of the New York Stock Exchange

Mr. Herzig, in dissecting current stock market, says during past month, market has been exhibiting characteristics of bull market. However, Mr. Herzig believes that the market, holds past experience that proves after an initial "bracketing" stock market decline has occurred, profits may well turn into losses. Urges cash accumulation as protection against almost any market downturn.

Bull markets are aeterized through the setting of their length by slow, plodding labor market. All stocks do not react to the same price at one time; there is always an opportuneness in the market buying the laggards. A typical example of this now is in the bull market. When the reaction following the Korean War had ended, leading stock market stocks were still 40%-50% above their 1949 low whereas the leading oil stocks were of their level by May. By May of this year the oil had been mastered and industrial leaders—most leading motor, steel, chemical groups—had already won advances of about 100%.

The future bear markets last and the higher they get, the more confidence the public seems to have that the existing price level is warranted by the economy. This is true, but it backfires. The market now realizes that all those who have feared must have gained.

Bear markets, on the other hand, have different and far more difficult characteristics. They inevitably start as group after group of stocks have reached their tops and slowly turn down. Since this is a gradual process, the market makes a false confidence area gradually narrower area. Whether or not new tops are seen by the bears depends on whether the stocks most heavily weighted in the averages are among the last. As the various groups sag from their volume, it tends to diminish, for only a comparably fewer number are weighing on the volume—the rest are simply marginally active.

This period, later recognized as the top area, is fraught with danger when buying the stock. Should he buy into the groups still advancing but buying at the very top—but if he exits his groups already sagging his situation will be even more perilous. The investor cannot even look forward to a worthwhile recovery.

Finally, the bear market starts in earnest and the swarming swifts--in a span of a few weeks--almost paralyzes the mental processes of the individual investor. For example, the nine-week decline starting in August wiped out 75% of the gains. In the winter of 1933-1934, the four-week decline was clearly visible it was much too late to sell stocks.

Conclusion

The economic events of a deflationary nature which have occurred in the past month can thus be considered only as an interlude before permanent gains into full swing. Nonetheless, the stock market action since the fall of last year is the year is so remarkably similar to that of 1928-29 that a few observations might be well to wonder whether some fundamental difference in present economic situation has been given a proper valuation of whether some new factor has suddenly and itself to turn the tide in a deflationary trend. Expanding purchasing power is not only possible and hence bankruptcy and liquidation in the market cannot be ruled out. Past experience proves, however, that after the facts are clear and after the industrial-banking stock market decline has occurred, profits may well turn into losses. The only protection against a bear market is the accumulation of cash before the event.

Named Director

Mae Merrill Birnbaum of Strauss Bros, Chicago, was elected to the board of First National City Bank of New York, Inc., at the annual meeting of the company held here last week. Mr. John A. Roberts, Ralph O. Smith, and S. R. Nicholson were re-elected. Mr. Velen, founded in 1849, is a manufacturer of the industrial equipment, including loom, motives, hoisting equipment and cement mill machinery.

Commercial Credit Company

Commercial Credit Company

334% Notes due 1961

July 6, 1951

Price 99% and accrued interest

This advertisement is neither an offer nor a solicitation of a offer to buy any of these securities. The offer is made only by the Prospectus.

The First Boston Corporation

Kiddie, Peabody & Co.

Shane & Webster Securities Corporation

J. E. Arrowsmith, Inc.

Los Angeles

J. W. Linder is now with Watson, Hoffman & Goodwin, 550 South Main and cement mill machinery.

Springtree, Inc.

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Springtree, Inc.
Missouri Brevities

Brown Shoe Co., Inc. St. Louis, one of the nation's major shoe manufacturers, is to acquire $11,000,000 of SBC covering 1,052,696 shares of common stock. Proceeds from the debentures, which are expected to be offered to the public on or about June 27 will be used to retire the company's $34,330 outstanding shares of $3.60 preferred stock (requiring about $3,600,000) and the balance for general corporate purposes, as the carrying of increased inventories and receivables in expectation of expanded operations, including contracts with the armed forces at higher price levels. Goldman, Sachs & Co. and Smith, Barney & Co. will head a group of underwriters through whom the debentures are to be sold. The issue of the stock is not being underwritten.

Brown Shoe Co., Inc., proposes to acquire Wohl Shoie Co., which operates a large retail chain of wholesale and retail shoe stores throughout the country, by offering to purchase 21% of the common stock of Wohl shoe stores for each share of Wohl stock, which would require a minimum of 3,600,000 shares at 187 shares. The balance of the acquisition price, which is to be represented by shares which may or have been purchased under the company's stock purchase plan, is subject to approval by the company's stockholders. The following Missouri investment bankers and brokers were assigned the offer of each share of Wohl stock: Jorgensen & Co., Kansas City; Barret, Frank & Co., Kansas City; Smith, Moore & Co.; Stern Brothers, Inc.; Glenn & Halin, St. Louis; and Brown, Shriver, St. Louis.

The stockholders of Henneman Refrigerator Co. on June 18 approved a proposal to issue 2,000 shares of 4 1/2% cumulative preferred stock, series B (par $100). Of this total, 16,000 shares are to be exchanged for an equal amount of series A preferred stock of the Food Mutual Life Insurance Co. and the remaining 800 are to be purchased by the same insurance company at par, the proceeds of which will initially be added to working capital.

Included among the bankers who on June 12 publicly offered 300,000 shares of E. B. Spofford & Sons common stock (par $1) at $31.25 per share were the following St. Louis houses: Newhard, Cook & Co.; Reinhold & Gardiner and Stiefel. The closing date is June 29.

A multi-million dollar element of miscellaneous.

Berkshire Fine Spinning

Peterson Coal & Power

Harshaw Chemical

Detroit Oil

Tennessee Gas Transmission

Texas Eastern Transmission

Rockwell Mfg.

Southern Union Gas

Southwest Gas Producing

Bought — Sold — Quoted

SCHERCK, RICHTER COMPANY

Landreth Building

Bell Telephone: St. Louis 2, Mo.

Galird 0125

L. B. 123

Stix & Co.

508 S. Olive Street

St. Louis 1, Mo.
Prospects in Television Industry

By BENJAMIN ABRAMS*

President, Emerson Radio and Phonograph Corporation

Executive of large radio and television producer, asserting that electronics industry is not only very much publicized, but also very much neglected, cites stagnation of growth of television and reason for high scale production and heavy price reductions. Industry may change and demand balance again as industry is a vital factor in mobilization program. Looks for increased interest in television industry and for TV sets to become standard equipment in American homes and just as rapidly as they are made and just as rapidly as they can be shipped.

A great deal of this absorption of materials and equipment into the war effort is not being reported. For example, it has been estimated that for the quarter ending March 31, 1941, and by then it became very clear that the only solution to the problem is a rapid production of television sets. This began to take place after the first quarter, so that today the industry, which in the early part of the year was producing at a rate of 50,000 or 60,000 television receivers per month, is now producing at the rate of 125,000 to 130,000 receivers per month. That is a sharp drop, and it is explained by the fact that in four months these inventories which had been accumulated in the pipelines— in the hands of manufacturers, dealers, distributors, and retailers—will be sold out and we will be back on a basis where the demand will determine the rate of production. Maybe we will get to the basis where a larger supply may not be as great as the demand.

That, off hand, may not sound like a very hopeful picture for the industry. However, it isn’t quite as bad as it may appear. We have a very substantial increase in our mobilization program. At the present time there is something like $325 million worth of television sets that have been placed by the various government services with the industry. Much of that is for the purpose of production. It is a slow grind to get the apparatus ready to deliver the sets. This year the industry will be in fairly substantial production for the defense. There will be a steady climb in production in which the demand will be the determining factor.

There will be a rush in production of materials and equipment for production which were not contemplated before the war and the demand will be such that it will continue to absorb, during the fiscal year ending June 30, 1941, all of the television sets that have ever been produced. The television industry is not limited to television—it is really the largest industry in the world. Its growth has been much slower than the growth of the electronics industry, which has been very much publicized and very much neglected. The television industry may change, and demand balance again as the television industry is a vital factor in the mobilization program. Looks for increased interest in television industry and for TV sets to become standard equipment in American homes and just as rapidly as they are made and just as rapidly as they can be shipped.

* Extract from a report of the report of the American Electronics Association before the meeting of the Associated Press at the New York Times Building, New York City, June 12, 1941.
Chemical Industry Has High Safety Record
Accident rate less than half of national average.

Chemical plants are among the safest places in the country in which to work, according to figures released by the Manufacturing Chemists Association, Inc., at its annual convention. A record low of 4.56 injuries per million dollars is the result of a 50% reduction achieved in 1951 over the average. The average accident rate for the association's member companies, which account for about 90% of total U. S. chemical production, is the lowest reported since 1948.

For the financial, commercial and technical aspects of the CHEMICAL PROCESS INDUSTRIES
ask the specialists in the industry . . . consult ARIES & ASSOCIATES

The Aries organization has served chemical and process manufacturers, suppliers and investors in the industry:
- Merger and Consolidation Studies.
- Demand, Price, and Profit Forecasts.
- Product Analyses.
- Investment and Profit Estimates.
- Industrial Development Planning.
- Techno-Economic Studies for Projects Use.
- Portfolio Analyses for Chemical Stocks.
- Techno-Economic Audits of Companies.
- Selection of Projects for Investment in the Industry.

Let the Aries experience in chemical processes and the chemical industries assist you in your projects. "Know-how" for new, proven processes ranging from five orgines to tonnage processes for buyers and companies. Our integrated service requests a direct, no obligation, no fee call.

R. S. ARIES & ASSOCIATES
CONSULTING ENGINEERS
ECONOMISTS
SPECIALISTS IN CHEMICAL PROCESS INDUSTRIES
400 Madison Avenue, New York 17, N. Y.

Chemical Industry's Concern Regarding U. S. Tariff Policy
Annual Report of the Directors of the Manufacturing Chemists' Association, Inc., says past year's tariff activities have been most eventful since passage of Trade Agreements Act.

In the current Annual Report of the Board of Directors to the membership of the Manufacturing Chemists' Association, Inc., attention is called to prevailing and proposed tariff legislation affecting the chemical industry. According to the Report:

"The past year has been the most active and eventful year in tariff and related matters since inauguration of the Trade Agreements Act. In some respects, progress economically to the chemical industry was made. In others, the industry may suffer adverse effects following conclusion of the international economic emergency and return to a peacetime economy. The Association took an active part in proceedings before governmental agencies in behalf of the industry.

"Trade Agreements—Hearings were held by the Committee for Reciprocity Information in May and June of 1951 on many of the amendments from those who wished to present data with regard to the Reciprocity Information Act. The published list of items on which duties might be reduced contains practically every dutiable chemical contained in the schedule, with the exception of coal-tar dyestuffs. The MCA presented a brief on the general subject and urged member companies to present one. A large number of representatives did so, and the committee's board of directors and a staff member presented their views to the following executive conferences involved in the discussion of the Torquay discussions, published May 9, 1951, indicate that our government has made representations on most chemical products to the maximum extent permitted by law, i.e., a 50% reduction from 1945 rates. While this blanket reduction may lead to relieve many shortages of critical chemicals at the present time in the event of extreme conditions, nevertheless the potential harm to our industry under peace-time status may be severe.

"International Trade Organization—The Association opposed ratification of the Havana Charter in briefs and appearances before the House Foreign Affairs Committee last year. The Senate Committee has announced that it will not pass for ratification by Congress, and it seems unlikely that these will be any further activity on this matter in the near future.

"Ratification of Reciprocal Trade Agreements Act, H.R. 112—Mr. S. C. Moczy of the American Cyanamid Company represented the MCA and the Synthetic Organic Chemicals Industry Association in an appearance before the House Ways and Means Committee on Jan. 20, 1951, and before the Senate Finance Committee on March 29, 1951. The latter committee had before it the contreproposals of the international picture of the chemical industry and made three definite recommendations:

(1) That the Act should be amended to permit the President to enter into an agreement providing for the limitation of trade in synthetic organic chemicals. The President has argued that this amendment makes the Act self-executing as to such chemicals.
(2) That during that year a schedule shall be prepared for the President to consider in making an agreement, and that it should be appointed to study the Trade Agreements Act and its amendments. It appeared that the President's position is based on the agreement would spread quite as far as the work carefully documented studies of the present position of our industry. It is recommended to the President to amend the Act's limitations to in the schedule.
(3) That a provision should be contained in the Act itself making mandatory the inclusion of an escape clause in any trade agreement. It was pointed out clearly that the present escape clause created by Executive Order, is loosely and defectively drawn that it affords no relief to an injured domestic chemical company. It has the potentialities, even though the Joicis, and other producers might use it as a defense. This is the basis of the recommendation:

First, that the actual or threatened injury must have resulted from imports from countries with which the Act may be applied. Second, that the injury must be attributable to a trade agreement as a condition of escape and the extent to which it has been increased. It was proposed that the escape clause be so worded that the Tariff Commission may make an application for relief by an aggrieved producer, must have the right to make findings of fact which shall include a finding of fact as to the cause of duty or other import conditions which represent a minimum safeguard against injury or threat of injury and issue a written opinion based upon such findings of fact on each application.

The bill as proposed by the House contained several amendments.

The most important change is the addition of the escape clause by which the President may, at his discretion, after investigation through the Tariff Commission after such investigation, and the peril point procedures under which the Tariff Commission may prescribe, the rule of the escape clause may not be extended to countries to which preference is given of the non-Dispute, and within 90 days the President may, after investigation, but cannot be revised without threat of serious injury to domestic manufacturing provided that such country shall first be notified from any country that such country will not extend the same exemptions required under the Act.

Prior to conclusion of the Senate hearings in February, Mr. Torquay, Chairman of the Senate Committee, who held a formal protest to the Chamber of Commerce of the United States regarding its testimony before the Senate Committee, approved the Trade Agreements Extension Act. It was asked that the Chamber reconsider its position and, if possible, take a new position with the Chamber. It is withholding approval from the Tariff Act of 1930 was re dred. It seems reasonable to assume that the Chamber will accept the Senate Committee version of the bills in its position. It has been strongly supported by the House and Senate Committees.

"The Annual Labor-Manage ment Council on Foreign Trade Polls. This council was formed to cooperate with the Chamber and has been in existence since the year 1951. This organization has performed valuable service, particularly in the field of labor relations, and has attacked the problem of tariff policy in a realistic manner.

"Customs Simplification Bill—This bill has been again introduced in Congress. The bill has been in existence since 1951. There have been held in conference with representatives of the Aries, who have supported the principles of the bill, will hold the Association will oppose the bill. A statement of the bill is that "American selling price" valuation methods will extend the scope of the existing law to include other chemicals, and other substantially similar methods.

"General Agreements on Tariff and Trade—Under General Agreements on Tariff and Trade the United States meets with many countries in Washington to negotiate as to its concessions and the concessions of the competing nations and sign with such bilaterally agreed concessions. The agreement is currently being considered in overall discussions. Under this many rounds of negotiations have been completed, the first at Geneva, the second at Genoa, France, and the third at Turinog, Italy. It is not yet known whether a similar to the International Trade Organization and if and it is not yet known when. The Council can make presentations on this subject.

Samuel Franklin Adams
The Commercial and Financial Chronicle Los Angeles, Calif.—Arthur E. Schlaifer is now associated with Samuel H. Bloom & Co., 215 West Seventeenth Street.

Municipal Bond Market

Elect Miralia Pres.


Gerald L. Wilestack
Joints Reynolds & Co.

Reynolds & Co., members of New York Stock Exchange, announced that Gerald L. Wilestack has become associated with the firm in the reception department of its New York office, 120 Broadway, New York, to replace James W. White with the Wall Street Division of Chemical Bank & Trust Co.

Heronymus & Brinkman
Furnished in Sheboygan

(Special to THE FINANCIAL CHRONICLE)

Sheboygan, Wis.—Heronymus & Brinkman, Inc., has been formed with offices at 809 North Eighth Street to engage in the brokerage business. Officers are Gerven Heronymus, President; Magunus Brinkman, Vice-President; and George F. Wind, Secretary-Treasurer.

H. HENTZ & CO.
Members New York Stock Exchange and other approved exchanges
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(44) Bowling Green 4-8120
"FIFTH AVENUE, ROCKLAND HIGHLAND MEAL "Plains 9-2060"

Chicago • Detroit • Pittsburgh • Geneva, Switzerland

The Commercial and Financial Chronicle — Thursday, June 21, 1951

A Prospectus describing the Company and its shares, including the price and method of offering, is available upon request.

F. EBERTAUDT & CO. INC.
Ownership of electric utilities has become a political football in the Pacific Northwest. For the owner and the public alike the adequacy and quality are very important. The establishment of service of private power is the issue of the day. In addition to the growth of utilities and Public Utility Districts many citizens have found themselves enrolling and becoming the beneficiaries of private power. The Washington State Supreme Court has upheld the right of the private power companies to install privately-owned electric plants.

Ernest A. Abrams

Legislation acceptable to the New Deal-Fair Deal Administration, in addition to legislation passed by the Federal government, has been passed by the Washington State Legislature which has been referred to the Washington voters in the November election. Among the important issues are the establishment of urban power districts.

In 1940, the Electric Power. Light and Water Policy was an important issue. In the same year the Washington State Supreme Court upheld the power of the private power companies to install privately-owned electric plants.

There is a split between the Paciic Northwest power companies and the Federal government. The Federal government is trying to establish public ownership of electric utilities. The private power companies are trying to establish private ownership of electric utilities. The Washington State Supreme Court has upheld the power of the private power companies to install privately-owned electric plants.

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Mr. Abrams describes encouragement of public power projects on privately owned interests in Pacific Northwest. Cites tragedy of Puget Sound Power and Light Company as example of private enterprise when public power supply and politics are mixed. Emphasizes the need for Grand Coulee public power projects, people of area are short, of electric power, while taxpayers get a cramping and privation.

Pacific Northwest Power Situation

By ERNEST A. ABRAMS

Mr. Abrams describes encouragement of public power projects on privately owned interests in Pacific Northwest. Cites tragedy of Puget Sound Power and Light Company as example of private enterprise when public power supply and politics are mixed. Emphasizes the need for Grand Coulee public power projects, people of area are short, of electric power, while taxpayers get a cramping and privation.

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Ernest A. Abrams
Calculating Risks in Industry

By WILLIAM H. WINFIELD

Assistant Treasurer and Economist, Monsanto Chemical Company.

Economist of leading chemical concern calls attention to possible trouble spots in current economic situation, and concludes, despite uncertainties, American industry will expand. Says problem is taking risks in growth which means taking chances and stay out of those where there is danger of overcapacity.

Outlines seven step approaches in evaluating both external and internal factors of risks and in making independent appraisal.

My subject concerns the factors which we think are important in taking financial risks. Six months ago a talk on calculated risks would not have been of academic interest. The hue and cry at that time was for greater expansion and greater production of everything. However, in recent weeks we have seen some hesitancy in this 'violent up-tempo.

We are now confronted with a confused situation. I seriously doubt that we face a major downturn in business, but I think that we may be foiled by the apparent demand created by scarce buying in the unindustrial building, industrial construction, and defense spending piled on top of normal consumption.

Possible Trouble Spots

The consumers' durable goods industry — automobiles and electronics — are again facing a consumer of many, many products. There has been an avalanche of output in the postwar period, but how long will this peak demand last if we do not have a war? Let's take a look at some details.

At the end of 1950 there were 29.7 million passenger cars registered, of which 56% were postwar models. Total automobile stock in 1950 was more than double the average of the pre-war years prior to the war. The useful life of a car is estimated as being 10 years. This indicates an additional replacement market of about three million cars. Making allowance for new car demand in years to come, it is estimated that car sales will fall off rapidly until 1954. This is another example of sobering thought in the business situation, and it should be taken into account in calculating the future.

The foregoing may appear to be a gloomy prediction. I do not mean it as such, but I think that we should not place total faith in defense spending and production as a sure guarantee of the proper perspective. Cold facts and cold logic would have guided William H. Oostermeyer, chairman of the American Chambers of Commerce, when he said in December that the postwar inflationary situation in this country was in danger of becoming too hot.

The present problem is to determine whether the greater production of cars and trucks in 1950 can be sustained today. If the production rate is 1.6 million cars, 1.7 million trucks, and 1.8 million motor scooters, the production rate in 1950 was 2.2 million units.

Significant Banking Developments

Another significant development is that I think we can see three developments which I think will influence your opinions on the greater production.

(1) The unpacing of U. S. steel production, an event of long-range significance, is not reaching the artificial low rates and means higher interest rates. The Federal Reserve Banks, despite the fact that they may have some tendency to let the money market contract, stands ready to let the market contract, stands ready to meet the sudden situation. If the Federal Reserve Banks, despite the fact that they may have some tendency to let the money market contract, stands ready to meet the sudden

(2) The second factor is the behavior of the public willmbalance sufficient funds for "useful" purposes. Otherwise, the play will be provided. Witness the prices that have been paid for new commodity. A large number of consumers will have to take the refrigerator, television, washing machine, radio, and the like. Consumer is not likely.
during the war and postwar boom. There are big moneymaking possibilities in handling the seasonal factor correctly. A company can take into account the risks to get fullest utilization of its capacity. Each industry has its own seasonal effects, which must be accurately determined. One of the pertinent questions is what is the proposed new product is whether it is likely to be a short boom or a peak and fill in valleys, and whether it will utilize seasonally idle equipment or excise raw materials.

(4) The fourth consideration, whether the company can stick a winning product or a winning customer, is the size and characteristics of the market in the logical marketing area, and we do mean logical. With a 5% increase in freight rates since Y-J Day, the economic marketing area is increasingly important. The postwar boom has obscured the fact that some of some companies are going to be frozen out of some markets because of these high freight rates.

In addition to evaluating these four external factors of risk we try to be realistic in considering basic internal factors.

(5) How real are the products' or customers' claimed advantages when related to price? How soon can they be duplicated by competition? How close is the product or service related to the company's strengths in know-how or raw materials? Most Americans are opportunists, but in calculating risks we have to rely on fundamentals to keep us from following will-o'-the-wisps.

(6) Will the product or customer encounter any unusual problems of distribution or storage? Will we need a separate sales force because we would be selling through different channels of distribution? How much technical service will be needed before and after the sale? Quite often a high profit picture is more apparent than real because of added technical or selling expenses.

(7) Finally, in calculating risks we want to have a good estimate of the time required to make the product or project profitable. I think you will agree that most estimates are too optimistic. Here again we see the importance of capitalizing on the curve of growth. The best risk situation is after the product has gone through the slow period of establishment and in the expansion period, it is at this stage that it is a "useful" project with little risk from the impact of the business cycle and no danger of overcapacity.

This seven-step program in calculating risks may seem like a lot of work and it is. But to outdistance competition we have to bet on the right horses. We are convinced that our over-all economy will continue to grow. Our job, and I think your job, will be to concentrate our efforts on the best projects and the best customers. To do this requires a combination of long-term and detail study.

In closing, I would like to note that mine is the layman's approach. The way that industry conducts risks may not be pertinent to your business. However, I think you will agree that someone is going to build needed projects and someone is going to finance them. But we are trying hard to stick to the fundamentals of demand. It is only in this way that we can target our efforts in the fields and on the customers which will yield maximum results.
OUTSIDE THE METALLIC FIELD, OUR BIGGEST SUPPLY PROBLEMS ARE IN THE CHEMICALS. THE CHEMICAL INDUSTRY, ACCORDING TO ITS LATEST McGRAW-HILL SURVEY, IS EXPANDING AT AN 11% RATE. AND IN SOME CASES, SUCH AS THE FURTHER EXPANSION IN 1952, HAVE ALREADY BEEN BEGUN.

THE LARGEST EXPANSION IS IN ORGANIC CHEMICALS, A HEAVY CHEMISTRY. ORGANIC CHEMICALS WHICH ARE THE BASIS FOR FIBERS, PAPER, TEXTILES, PLASTICS, AND OTHER SYNTHETIC MATERIALS.


CHEMICALS, THE LARGEST INDUSTRY IN THE NATION, INCREASED ITS PRODUCTION DURING JUNE 1952, BY 25% OVER THE SAME MONTH A YEAR AGO, TO 80% OF THE CAPACITY IN THE PRE-WAR PERIOD. THE LARGEST EXPANSION IS IN ORGANIC CHEMICALS, A HEAVY CHEMISTRY. ORGANIC CHEMICALS WHICH ARE THE BASIS FOR FIBERS, PAPER, TEXTILES, PLASTICS, AND OTHER SYNTHETIC MATERIALS.


Outlook for World War III

By ROGER W. BABSON

Though meeting Russia may start World War III last April, Mr. Babson contends business and investing may remain on a dead center as long as the United Nations plan stays more, and there should be no important price changes until Spring of 1952. Looks for lag in general. Volatility of war III taxes.

The past few days I have talked with some important people here regarding the next World War III—and when it may or may not be expected.

My financial friends insist we have nothing to fear during this summer or early fall. The chief assets of Russia and her allies are the United States, Czechoslovakia, Poland, and their crops especially their wheat. Hence, Russia will not start World War III until the entire Administration can be gathered, transported, distributed, and stored.

My military friends go further and explain that Russia will not start World War III until the June of Europe freezes over the supply lines cannot be cut by our airplanes bombing bridges. You will remember that the Russian invasion of Korea did not occur until the Yalu River froze over; but that now the invasion has pretty well stopped. Broken supply lines are apparently blocking the Chinese.

Coming Winter Critical

The above means there is nothing to fear from Russia before Winter comes. This coming winter, however, will be a critical time, especially as the Russians are more accustomed to fighting in winter than are the H. S. forces or the Europeans. It is also said that atomic bomb operations can be more effective in winter weather. Russia may start World War III this winter.

The Russians further realize that the United States and the Allies are now arming at a more rapid rate than the Russians can possibly meet. Russia can raise more men than we can and our Allies. But Russia cannot produce airplanes, tanks, guns and other war supplies as fast as we can. All of this leads me to believe that, if the Russians do not strike early in 1952, they have decided to wait World War III for some years and wait for further political developments.

Stocks, Bonds and Commodities

Business and investing may remain on a dead center for the next six months or more. There should be no urgent price changes until the spring of 1952. Russia has not started World War III by that time, there will be a letdown in business and prices. Certainly, taxes would not be increased further. But, if Russia should strike, new weight taxes are sure to be raised again.

As to general business during the winter of this year, I look for a lag this summer during the railroad strike as industries are switching from peace to war work. This may be accompanied by some unemployment. By fall, however, business should again be good. This uptick should continue throughout the winter whatever Russia decides to do. War workers will be in greater demand, even at higher wages.

Presidential Election Next Year

Added to the above comments, do not forget that another national election comes next year. If Mr. Truman can go to the voters under the slogan "I kept you out of war," he may have a fair chance of re-election. Therefore, the entire Administration will try to delay World War III until after 1952, which may result in pushing it indefinitely away. Do not sell Mr. Truman "short" yet—especially if the fighting in Korea stops. This does not change the importance of the prediction that this coming winter will be a very critical period.

But personally, I go further and say "anything can happen during the years ahead, from a devastating World War III to World Peace and a "Golden Age". This means that the most important program is to plan our family's education, business and investments that we will be able to get on "some way whatever happens." This is a goal of great importance to pray and work for this month of June as our young people are graduating from schools and colleges.

N. Y. First National Elects Thorne, Gerdes

The election of Edwin Thorne as Vice-President of the First National Bank of the City of New York has been announced by Alexander C. Nagra, President. Mr. Thorne, formerly Assistant Vice-President, has been associated with the First National Bank since 1936. He is a director of Consumers Power Company and Vigilant Insurance Company. During World War II he served for four years in the United States Navy where he attained the rank of Lieutenant Commander.

Announcement was also made of the election of William E. Gerdes as Assistant Vice-President and the election of Maurice R. Fertkry, Sidney W. Davidson, Jr. and Clarence F. Michalski, as Assistant Cashiers.

Mr. Gerdes, who had been Assistant Cashier in charge of the Loan Department since 1944, has been employed by the First National Bank since 1919. Mr. Rafferty, in charge of operations of the bank's Stock & Bond Department since 1946, has been with the bank since 1933 except for three years' service in the Army during World War II. Mr. Davidson and Mr. Michalski have been with the bank since 1946. Both served in the United States Navy from 1943 to 1946 where each held a commission as Lieutenant.

"A glass of water, please"

All over America, clear, pure drinking water can usually be had for the asking. But that glass of water so casually given and accepted is the result of careful planning and processing by water supply officials everywhere. And in their constant effort to combat water borne contamination, chlorine and its related products are major weapons.

Long a powerful oxidizing agent for bleaching as well as for sanitizing, chlorine is in growing demand for these uses. Today, however, the chief application for chlorine is as a raw material in the manufacture of other chemicals. Insecticides and weed-killers; pharmaceuticals; antifreeze; chlorinated hydrocarbons for dry cleaning; degreasers and refrigerants; synthetic glycercine; chlorinated styrene and polystyrene; chlorinated polyvinyl chlorides for plastics and rubber—the uses of chlorine promise to show continued heavy expansion.

For many years a major supplier of chlorine products for sanitation use, Mathieson is expanding its activities in other chlorine-consuming fields to meet the growing needs of industry, agriculture and public health.

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The more bewildering becomes the persistent unwanted weakness of sterling and the more probable it appears that the country will thus have to change its policy. If such is the case the underlying cause of this weakness cannot be quickly changed. In the last few months despite vociferous discouragement from both sides both here and in Europe, the hardy custom of standing firm has been largely instrumental in preserving the stability of the value in international exchanges. The ability of sterling and other European currencies to crowd other countries and to have more solved to large degrees the question of the country's previously greatest economic problem of the last 10 years. This is in turn has permitted Britain to renounce her claim to direct economic aid in the shape of SCA funds.

For the first time alone the strength of sterling should be allowed to exert a natural influence in creating differentiation in its value. Hitherto one of the main objects of both the United International Monetary Fund policies has been the stabilization of sterling and the restoration of the previously distressed currencies. Just at the point when a remarkable success has been achieved the former policy appears to be going into reverse. On the one hand the U.S. ceiling prices on wool, rubber, and the like, have brought about a deterioration of Canada's purchasing power in the United Kingdom's terms of trade.

The objections of the International Monetary Fund that have been raised at this time in view of the rumors that sterling would be pushed to the right, that is to say, to a controlled free market according to the recently initiated Canadian dollar pattern. The Canadian experiment was adopted despite the fact that it violated the I. M. F. principle of established fixed parities of exchange. In the event of the detection of the second most important member of the Fund a dollar par value may again be under discussion. This raises the pertinent question whether the International Monetary Fund should now modify the dollar-par value system and perhaps maintain the maintenance of fixed parities. At the same time the publication of the export of gold might also be given reconsideration. At the time when it was announced that the Fund was established the maintenance of a high gold reserve was what the various parities of exchange was designed to achieve. This measure was taken to restore some measure of stability to the international currency system diseased situation. Since then great changes have taken place in the world, and it would appear that the changed circumstances demand a change in the international scheme for foreign exchange procedures.

With respect to the usual normal conditions the economic law of supply and demand should be allowed to operate to somewhat extent. It is the basic economics of exchange, which when disturbed during a period of economic change, are only permitted to be varied if this is developed to an extent that a parity in question is obviously false. But the drive to another artificially fixed level, where it is again to varying economic pressures. Consequently under present circumstances European currencies are at the moment psychology plays a greater part in determining exchange movements than strictly economic factors. Thus although in the present circumstances the British Commonwealth and the countries of Europe are constantly haggled by currency levels which are not in accordance with economic conditions, their customers, and currency speculators appear to have been left to the main factors.

It is not little doubt that Canada's action in introducing a fixed exchange with a parallel international external speculation to such a degree, is an exercise in embarrassing important factor in the national interest. Freedom from the dragnet of a fixed parity the level of the exchange will conform to current economic requirements. To illustrate, example the operation of the Anglo-Canadian agreement to increase British imports, or the French liberalization of gold to last year has been facilitated by lower real rate higher level of the Canadian dollar.

During the week there was no active activity in both the current and internal sections of the bond market but the internal weaknesses in the market with the firmer tendency of the market. In the regular stock market the golds provided the main attraction and they traded on firmers and were largely eroded by a subduction in the gold independence. This firm on the announcement that the London settlement of gold will be allowed to be fixed. In the oil section, B. A. Oil was in de. de. of a 2-for-1 split in the common stock. The base-metals moved within a narrow range and failed to establish any definite trend.

J. Frank Honold V.P. of Chase Bank

J. Frank Honold, a Second Vice President in the investments division of the trust company, was appointed a Vice-President by the board of directors of the Chase National Bank.

A graduate of the University of Wisconsin (1925) and the Graduate School of Banking at Rutgers University, he was also a specialist in trust investments at the Chase for 22 years and has been a member of the board for the past three years. He was appointed a Second Vice President.

F. P. Ristone Admits

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[Paragraph not visible]

The importance of research in the field of chemistry and industry cannot be denied. It is essential for the industry to improve and advance. Research is the key to innovation, and without it, industries cannot progress. It is necessary to conduct research in various areas of industry to develop new products and processes. The importance of research in growth cannot be overstated.

Meanwhile, the importance of research in the growth of industry cannot be overstated. It is essential for the industry to improve and advance. Research is the key to innovation, and without it, industries cannot progress. It is necessary to conduct research in various areas of industry to develop new products and processes. The importance of research in growth cannot be overstated.
SEC Raises Estimate of 1951 Capital Outlay

American business now estimates its expenditures for new plant and equipment for the second quarter of 1951, as reported in the latest survey, to be $6.4 billion, and anticipates a continuation of this rate in the third quarter, according to the latest capital outlay series made public jointly by the Securities and Exchange Commission and the U.S. Department of Commerce. These figures indicate an upward adjustment of the expenditures for this period from those planned earlier this year.

For the first nine months of the year, outlays are expected to total $18 billion, or 41% higher than for the corresponding period of 1949. If this rate of investment is achieved, it appears likely that the previous estimate of $26.1 billion for the full year 1951 will be exceeded.

Expenditures for new plant and equipment for the second quarter of 1951, as reported in the latest survey, are 6% more than previously anticipated, while actual outlays of $3.2 billion in the first quarter fell below expectations by the same percentage. The expenditures planned for the second and third quarters of 1951 are, respectively, about 48% and 36% higher than in the corresponding periods of last year.

All industries have programmed capital outlays at or near record rates in the third quarter. Manufacturing companies plan to increase their expenditures to $3.5 billion in the third quarter of 1951. Projected for the year and electric and gas utilities expect to spend $1.5 billion in the same period. Railroads anticipate spending a record $440 million in the second quarter and $410 million in the third quarter.

Plant construction in the second and third quarters of 1951, with the increased emphasis on facilities expansion, is expected to amount to a somewhat higher proportion of total capital expenditures than in recent quarters. The survey also indicated that the larger companies were expanding their investment programs relatively more than the smaller firms.

The above analysis is based on estimates of plant and equipment expenditures by industry groups. The data were derived from reports furnished by corporations registered with the Commission and from a large sample of unregistered manufacturing companies, unincorporated as well as corporate, reporting to the Department of Commerce. These data, collected during the second quarter of this year, included actual plant and equipment expenditures for the first quarter of 1951 and anticipated expenditures for the second and third quarters. The figures presented are estimates for nonagricultural industries as a whole.

With Edgerton, Wykoff
(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Milton R. Aronson has become affiliated with Edgerton, Wykoff & Co., 618 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Aronson was previously with Noble, Tulk & Co. and Morgan & Co.

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Volume 173 Number 5022...The Commercial and Financial Chronicle

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For the first time since the outbreak of war in Korea, we are witnessing the end of the boom in the hectic pace of inflation. For the better part of the year, we have been living through a period of record price and wage increases. The consumer, on the other hand, for the first time in several years, has learned something about living within a budget. The momentum was abruptly checked by the outbreak of war in Korea. The government, as a means of strengthening the dollar and reducing the fiscal deficit, has imposed strict controls on wages and prices. These controls have served to check the pace of inflation, and have contributed to the stabilization of the economy.

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TREASURY SECURITIES AND INFLATION

By AUBREY G. LANSTON

President of Aubrey G. Landon & Co., Inc.

Mr. Lanson reviews the impact in reducing leading up to the Treasury-Federal Reserve accord early in March. Says, because Treasury security market has been dominated by policies that have altered public investment attitude toward Treasury securities, the rate of inflation for liquidity by acquiring short-term bills. Stresses Treasury debt must be held by someone, and under inflationary pressures, like higher bond prices. Opposes compulsory holding of Treasury bills unless it creates a "safety surplus" for useful balances to meet long-run inflation pressures.

One important fact about Treasury debt seems to get overlooked from time to time. It is that the debt must be held by someone. It can be entertained to keep the debt out of the Federal Reserve System, or it then follows that the debt must be held by the public. If the public is a satisfied, "the" Treasury security market has been dominated by policies that are, by a Treasury cash surplus, it is argued, that the public can be satisfied and, in effect, buy the Treasury's debt. Also, it was clear that this is the paper more desirable for nonbank investors to acquire Treasury securities than for commercial banks to do so. To that end, the Treasury, in order to purchase what it needed, must let the public know that it intended to purchase Treasury bills that were restricted against other purchases of commercial banks. To encourage the purchase of Treasury securities and of marketable securities in general, the Treasury and the Federal Reserve Actily announced that the Federal Reserve would buy all Treasury short-term obligations were offered in the market at the middle of the week which contined the pattern of war financing. Indeed the authorities went further. They took the view that al though professional investors might buy marketable bonds on purchases for corporation or minimum price support, it would be necessary to enter into a written contract to the price that a Treasury security designed for the market for the individual. Thus a major reliance and sales employ a large amount of marketable savings notes and bonds, and the yields offered by these transactions was to be related to the yields offered on marketable securities.

Despite these measures to encourage placement of Treasury securities and despite War Loan drives involving wholesale personal solicitation, a substantial amount of residual financing went into bank portfolios, directly or indirectly, and the holdings of individual portfolios increased by $2 billion, all paid for with high-powered dollars.

A New Technique Launched

In January, 1950, the Federal Reserve launched a new technique to increase the purchase of Treasury bills. The technique was simple and at successively "lowered" prices. The idea was that the expected recession took place in later spring or early summer, a recession that could start from a higher-yield level. Another thought that seemed to take shape was the National Life dividend declaration of several billions of dollars would provide a dividend to the savings account. Inflation indices of sales of $2.5% of the Federal Reserve would provide a quantitative offset by decreasing commercial bank reserve balances.

We don't know whether the ex cess demand has taken place or not. Korea brought an explosive situation. Interestingly enough the market went to the Koresian incident to mean that short-term interest rates were now a thing of the past. Many thought it would drop to 1% or 1% or the holder to facilitate Treasury debt. The Federal Reserve continued to sell 2% bonds, and officials of some concern about running out of them. The recent reduction in the reserve requirements was not taken to mean a definite "decrease reserve balances by the Federal Reserve." Large bills were accepted for Treasury bonds.
Factors in Evaluation Of Municipal Bonds

By RAYMOND E. HENGEN

Deputy Chief, Division of Research and Statistics
Federal Deposit Insurance Corporation

Mr. Hengen lists as essential factors in evaluation of munici-

pals: (1) general economic considerations; (2) the vol-

tility of the market, in which the bond is being traded;

and especially for the selection of municipal bonds, the

volume of current and prospective offerings. In judging

bank-quality bonds, and contends attempts to estab-

lish an evaluation criteria of general applicability has not

been successful.

For the analyst of municipal secu-

rities, the most troublesome job is to sort out the

two facts of velocity and vol-

tility. In the first place,

the velocity of the market

in recent years has re-

mained at very low lev-

els and the volume of

issue, both in par value

and in the number of

issues, has been consider-

ably reduced. It is easy

to see why this is con-

sidered as a handicap

by many analysts, but the

resolutions which the

market has been able to

make up to this is

problem is not

inappropria-

ted. Although the vol-

ume of offerings of

municipal securities

has been reduced,

some large issues are

still being brought to

market. The fact that

there is no close-out

to an issue is not in

itself a drawback.

In a very fundamental sense, all

aspects of a municipal security

subject the evaluation process to

precautions. The pricing process does not

insure that all obligations of

good quality will always

price attractively. In

service experience has in-

volved that the price

does not always

price

attractively for

high-rate securities. It is necessary to

prize deeply into the history of

municipal financing in order to

find illustrations of very substantial

losses in market quotations on

premier securities. Witness

the high-grade municipals with con-

cours around 1% and 30-year ma-

tures which were offered near

par in 1945 and 1946. Many of

these issues have experienced

very substantial shrinkages in

price.

A listing of the principal factors

bearing upon the price structure

of municipal securities is suf-

ficient to indicate the reason

why municipal bond quality does not assure

price stability:

(1) Monetary forces.

(2) Taxation.

(3) Volume of securities

pressing for sale on the market.

(4) Amount of investment funds

seeking placement in municipal securities.

In this discussion there will be

no attempt to outline methods for

evaluating municipal securities

with respect to the appropriate

determinants. It should be

noted, however, that the pricing

process is to the insight

of appraisers. They must

take far beyond the scope of this

discussion. Rather, these remarks

will pertain to the task of judging

the quality of municipal credits.

Appraising Credit Quality Of

Municipal Bonds

Two generalizations are appro-

priate at the outset of any dis-

cussion devoted to the subject

of appraising the credit quality of

municipal securities. The first

concerns the test to be applied in
determining the quality of

municipal securities. This test

may be phrased in terms of a

direct question: Will the

issue pay out according to schedule?

The answer to the question

involves a number of factors. How-

ever, if the investor has good rea-

son to believe that he will be paid

according to the terms of the

bond, then credit quality is

assured. On the other hand, if

there are reasonable grounds for

municipal bonds.

The Commercial and Financial Chronicle . . . Thursday, June 21, 1951

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1952
TEXAS GROUP I. B. A. MEETING
WILL BE HELD
IN
GALVESTON, TEXAS
IN MAY
News About Banks and Bankers

President of the Federal Reserve Board in Chicago. He is also stated to have been a director of the Farmers Loan and Trust Company of Chicago, one of the largest banks in the city. Mr. Halsey was born in 1857 and has been associated with his bank since 1879. He is a member of the Illinois State Bar Association and has been active in its affairs. He is also a director of several other banks in the city.

A new trust company has been organized in San Francisco, to be known as the United States Trust Company. The new company will have a capital stock of $2,000,000, divided into 20,000 shares of $100 each. The directors of the company will be: John R. McAlpin, of New York; W. H. Hopkins, of San Francisco; and C. D. Sturdivant, of Los Angeles.

The First National Bank of Columbus, Ohio, has been organized with a capital stock of $100,000, divided into 10,000 shares of $10 each. The bank will have an additional capital of $50,000, which will be used for the purchase of real estate. The directors of the bank will be: W. H. Moore, of Columbus; J. W. Brown, of Columbus; and E. W. Godfrey, of Columbus.

The First National Bank of Boston, Massachusetts, has been organized with a capital stock of $100,000, divided into 10,000 shares of $10 each. The bank will have an additional capital of $50,000, which will be used for the purchase of real estate. The directors of the bank will be: W. H. Moore, of Boston; J. W. Brown, of Boston; and E. W. Godfrey, of Boston.

The First National Bank of Chicago, Illinois, has been organized with a capital stock of $100,000, divided into 10,000 shares of $10 each. The bank will have an additional capital of $50,000, which will be used for the purchase of real estate. The directors of the bank will be: W. H. Moore, of Chicago; J. W. Brown, of Chicago; and E. W. Godfrey, of Chicago.

The First National Bank of New York, New York, has been organized with a capital stock of $100,000, divided into 10,000 shares of $10 each. The bank will have an additional capital of $50,000, which will be used for the purchase of real estate. The directors of the bank will be: W. H. Moore, of New York; J. W. Brown, of New York; and E. W. Godfrey, of New York.

The First National Bank of Philadelphia, Pennsylvania, has been organized with a capital stock of $100,000, divided into 10,000 shares of $10 each. The bank will have an additional capital of $50,000, which will be used for the purchase of real estate. The directors of the bank will be: W. H. Moore, of Philadelphia; J. W. Brown, of Philadelphia; and E. W. Godfrey, of Philadelphia.

The First National Bank of St. Louis, Missouri, has been organized with a capital stock of $100,000, divided into 10,000 shares of $10 each. The bank will have an additional capital of $50,000, which will be used for the purchase of real estate. The directors of the bank will be: W. H. Moore, of St. Louis; J. W. Brown, of St. Louis; and E. W. Godfrey, of St. Louis.

The First National Bank of Cleveland, Ohio, has been organized with a capital stock of $100,000, divided into 10,000 shares of $10 each. The bank will have an additional capital of $50,000, which will be used for the purchase of real estate. The directors of the bank will be: W. H. Moore, of Cleveland; J. W. Brown, of Cleveland; and E. W. Godfrey, of Cleveland.

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More on Sterling Revaluation

By PAUL EINZIG

Commenting on divided British opinion regarding conflicting advice of the International Monetary Fund and the International Monetary and Financial Committee, Dr. Paul Einziger, Federal Reserve Bank of St. Louis, says the British may come sharply divided, however, on what measures would be the best to follow the recommendations of either group. He says the British may have to learn that they may have to follow the advice of the IMF and remove exchange restrictions, or allow Britain to be revalued, and to prefer to follow the advice offered by the IMF and remove exchange restrictions. He adds that the British may like to adopt neither of these recommendations, just as the policies of the Committee, policy as far as it is possible to assess, are the recommendations that belong to the latter category.

The large majority of British economists are, as they are by British principles, are distinctly in favor of removing or relaxing exchange restrictions and in favor of making more sterling convertible into gold, which, according to the value of the pound. The surmise is that the decision would be wise to benefit it by leaving it to the mercy of speculation or by leaving the exchange restrictions of the pound. No surmise is that it may be wise to keep the pound and rely on the pound for keeping its fluctuations within reasonable limits.

Dr. Paul Einziger has particularly strong support in the light of the experience of the last two years. It is pointed out that so long as sterling remains rigidly pegged Britain remains helpless in face of speculative outflow or inflow of foreign funds. The monetary authorities have to face such movements without being able to determine themselves against them. If sterling were allowed to fluctuate, according to the Exchange Equilibrium Fund would be able to resume its task of removing exchange restrictions and much success during the troubled days of the 30s. So long as sterling remains rigidly pegged Britain remains helpless, they feel that there is no risk attached to reducing it, or to the devaluation, or to the devaluation of the pound, which appears to be ultimately, its prospects are liable to change.

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W. Harry Young Opens

GARDEN CITY, N. Y. — W. Harry Young, president of the New York Stock Exchange, held a victory celebration atop the New York Stock Exchange, passed away at his home at the age of 60.

Charles H. Cairns

Charles H. Cairns, partner in De Gundalfo & Sanglier, member of the New York Stock Exchange, was found dead at his home in Garden City, N. Y., on May 28, 1967.

The Security I Like Best

By JOHN T. CHIFFENDALE, JR.

Influences in the current market are no longer as strong as those which held sway in 1959, 1960, and 1961, when the market began to recover from the effects of the 1957-58 recession. The market is influenced by a number of factors, but the most important are: the expectations of businessmen and investors, the availability of funds, the level of interest rates, and the general economic situation. The market is also influenced by the actions of the Federal Reserve Board, which is responsible for setting the discount rate.

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Banking and Insurance Stocks

By H. E. JOHNSON

This Week—Insurance Stocks

The handy chart of casualty, surety and miscellaneous insurance companies, prepared by The St. Louis Post-Dispatch and 5606 Streets, Philadelphia, Pa., has been recently issued covering opera-
tions for the five years ended Jan. 1, 1913.

The "Speculator" has been one of the leading insurance curators since 1908. Its publications are very helpful in analyzing the operations of the leading insurance companies. Each year it gives a particular line of insurance. Most of all the information is presented graphically and the charts are given daily and weekly, and some detailed attention to the phase of the business.

The impact of the increased losses experienced last year is clearly shown on above figures. The total profits for the 153 stock companies declined from the $12,554,128 in 1914 to $5,855,129 in 1914. This represents the aggregate of the com-
nies as a whole.

The underwriting figures for two years were

| Year | Net premiums written | Net loss | Loss reserves | Reserve reserves | Profits earned
|------|---------------------|---------|--------------|----------------|-----------------
| 1914 | $4,296,018,388 | $2,426,019,092 | $1,220,533,047 | $3,313,041 | $127,489,149

The above ratios also point out these facts. The loss ratio increased by 37.5 percentage points. The loss ratios were well con-
trolled, but the higher losses reduced the underwriting profit to a smaller figure.

The underwriting effect of the last two years by the principal lines is shown in the following tabulation taken from the Hand-

<table>
<thead>
<tr>
<th>Line</th>
<th>Net premiums written</th>
<th>Net loss</th>
<th>Loss reserves</th>
<th>Reserve reserves</th>
<th>Profits earned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life Insurance</td>
<td>$4,296,018,388</td>
<td>$2,426,019,092</td>
<td>$1,220,533,047</td>
<td>$3,313,041</td>
<td>$127,489,149</td>
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New York Firm to Advise El Paso, Texas

On Bond Issue Program

Mayor Hervy of El Paso, Texas, announced that the City has engaged the firm of Wm. Colford & Co. to prepare a preliminary plan, and a final program of marketing the bonds.

New York City Bank Stocks

Because of growth not acknowledged in previous reports, a new table, based on the number of shares outstanding, is introduced.

City's $3,000,000 waterworks revenue bonds, a proposed $200,000 City "household" sewer, and the $975,000 library issue.

The New York firm will work in conjunction with the City's attorney, counsel and bond counsel in submitting a final bond plan which will be prepared by the New York firm after the adoption of the preliminary plan is expected within a few weeks, and the bonds will probably be issued in September.

New York City Bank Stocks

The present market of the New York City Bank Stocks is the lowest point in the last three years, and the prices are extremely low. The bondholders have not been able to get any assurance of an increase in the stock. The New York Stock Exchange has been very inactive, and the prices have been very low, and the New York firm has been working on the bond issue program for the last three years. The New York firm is expected to begin the bond issue program within a few weeks, and the bonds will probably be issued in September.
Railroad Securities

Baltimore & Ohio

Baltimore & Ohio common has been giving a rather poor account of itself of late. This is perhaps due to the almost complete lack of speculative interest in carrier shares, a lack which has been particularly noticeable in the case of the Baltimore & Ohio. There has, however, been one development in the Baltimore & Ohio picture that has presumably had an adverse market influence. It is the public-

ity being given to the proposed investigation into the company's bond loan from the RFC. Presumably the announcement of the question of this case has arisen as a result of the Congressional investigation of the leading agency's general activities.

This question has arisen in con-

nection with the treatment of the loan in the company's voluntary debt reorganization last spring and early summer of two years ago. Apparently the Justice Department is now in a position to compel such an issue of this loan, and particularly the part played in the negotiations by certain officers and employees of the Baltimore & Ohio & Co. However, the RFC is no longer a party to the RFC. It has been raised into a separate problem, and it is obvious that the RFC would be prepared to take over the loan after again raising the question in the public eye, it is evident that the loan remains a factor in the terminal period it is expected that steel operations will remain at a peak, as companies stockpile in anticipation of the heavy arm-

ament demands to come later. For the first four months of the current year B. & O. reported an operating profit of $31,091,000 up from $30,451,000 a year ago, before deducting sinking and other fund sales set up in the readjustment plan. On the same basis, the net debt retirement is expected to amount to at least $670,000 a year. In the meantime it is expected to carry on the present debt retirement, but this in itself tends to add to the basic stockholders' equity. Moreover, even with the necessity of considering the dividend, it is still possible that toward the end of the year directors may decide to make a substantial increase in the common, which would be the first since 1931.

Texas Electric Bonds

Offd. by Kuhn Loeb, Lehman, Blyth Group

A group consisting of Kuhn, Loeb & Co., Lehman Brothers Blyth & Co. on June 20 of this year called for bids on Texas Electric Service Co. first mortgage bonds 5% series due 1911. The bonds are to be sold to cover the losses from the contemplated 100,000,000.

Bids were called for bonds to redeem their stock in the marketable government bonds, which are regarded as the most important of the marketable government bonds at significantly discounted.

All these considerations thus limit, in a possible general expansion, to the extent to which orthodox credit policies can be made effective. The implications are particularly severe in commercial banking. We have seen that the demand for loans is likely to show a further increase, and under these conditions there are real prospects that the monetary authorities will press efforts to restrict private credit and reserve changes to control the interest rates on government securities.

Proposed Revisions in Credit Control

The search for new methods of credit control which would permit the expansion of private credit without entailing an increase in the rate of inflation, and at the same time preserve the stability of the monetary authorities, is a problem for which there are likely to be very few 

solutions. Yet the immediate result of such control, whether in the form of cash or government securities, is likely to be a significant change in the mix of the outstanding securities of government and commercial banks.

If the additional requirements refer to the reserve situation as a whole, the Reserve Board would have to cope with substantial sales of Treasury ob-
liations by the major commercial banks, which would aggravate the knotty problems involved in supporting the government securities market. If the requirements are limited to certain classes of short-term securities, the Reserve Board would have to stand ready to ac-
quire these securities, but the purchase of short-term securities from the banks for short-term purposes might put the Reserve Board in an awkward position. The long-term implications may be more fundamental. After the new law has been in operation for a few years, the issuing of Treasury securities may be the only way to accommodate the increased amount of short-term market debt, and the Reserve Board must be prepared to say that the Treasury securities are not available for short-term issues. The impossibility of putting reserve requirements on the wholesale market by adjusting the credit facilities would not necessarily be a desirable feature of a new system. The inflationary potential inherent in any government fin-

ancing through the control of the Reserve Board would be established. Any proposal which facilitates Treasury financing through the banking system should be received with extreme caution and reservation; such pro-

posals are doubtfully in the public interest. It would probably be better both for the Treasury and the public if the Reserve Board had the authority to interfere in the payment of the govern-
ment securities.

Nor are the disturbing ques-
tions limited to the govern-
ment financing. It is difficult to understand why the cur-
rent plans for Treasury financing, in their application of the plans without incurring the responsibility of large-scale direct, or other, through the whole of the private financing. Should the pro-
grams, rather than a substan-
tial number of commercial banks be authorized to issue credit under the credit requirements of their customers, the result would be con-
sumed in a number of institutions, and not by the Reserve Board, will be far more difficult than anticipated. The doubts exist that the Reserve Board will be able to shift its func-
tions to the securities markets to a greater extent than is 

thought possible. It is possible that such controls over commercial banks will be accompanied or would soon be followed by comprehensive con-

trols over security issues and direct placements. That has been the experience in other countries, where capital issues committees have been established and the Reserve Board has been given authority to supplement restrictions on bank lending.

Another consequence would be a substantial increase in govern-
ment securities issues, and the securities businesses frequently have only a limited capacity to handle them and are usually unable to sell securities in the open market or to make loans and advance funds to institutional investors. We would thus have pressure on the same public utility functions as those of government lending agencies. This would certainly be the case if restrictive credit policies should jeopardize the prospects of a healthy and essential civilian production.

Aside from this question of the RFC loan terms, the background for the Baltimore & Ohio securities appears highly favorable. Its earn-

ings, its earnings trend, for instance, has been considerably better than that of most of the other large eastern roads. Its earnings trend has been high for a year, with earnings of $1,150,000 for the month April exceeding $1,120,000 for the month of April last year and has been reported by the New York Central reported a small net operating deficit against net oper-

ating income of nearly $1,150,000 a year ago.

Another factor that has been considered by railroad analysts that Baltimore & Ohio earnings crossthe year are also bright. One factor that has been causing consid-
erable comment is the prospectively lucrative business of the stock in the near future. Consumers goods continue to taper off, and it is well probable that, by the full effect of armament pro-
duction on the company's income. In the event that stock operations will remain at a peak, as companies stockpile in anticipation of the heavy arm-

ament demands to come later. For the first four months of the current year B. & O. reported an operating profit of $31,091,000 up from $30,451,000 a year ago, before deducting sinking and other fund sales set up in the readjustment plan. On the same basis, the net debt retirement is expected to amount to at least $670,000 a year. In the meantime it is expected to carry on the present debt retirement, but this in itself tends to add to the basic stockholders' equity. Moreover, even with the necessity of considering the dividend, it is still possible that toward the end of the year directors may decide to make a substantial increase in the common, which would be the first since 1931.
Public Utility Securities

by Owen Elly

Central Illinois Public Service Company

Central Illinois Public Service Co. (CIPS), with annual revenues of about $30 million, serves an area of some 20,000 square miles in central Illinois. Within the company's service area, several divisions are all interconnected and the system is designed to meet all load demands, from peaking gas 8s. Some 216,000 electric customers are served in 500

owns, and about 1500 rural areas, located in 61 counties, and

natural gas is available to about 15,000 of these customers, about 34% of electric revenues are obtained from sales of com-

pany's service area.

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question of which is cause and

which is effect.

control of the money sup-

important factor. However, this does not mean that inflation is al-

Inflation is the result of too many bank

credit, etc. To explain recent price move-

terms of bank credit and money

simplification. The strong inflationary

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Spending was facilitated by the

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Government policy was another

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The government's buying policies

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Another inflation surge such as

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The Bank and Inflation

Current proposals for restrictive

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Robert P. Boylan

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wisdom, with the greatest

inflationary forces. The

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Producing Atomic Energy
An Industrial Function

of the industrial and military strength of this country—a mobilization of the capital, labor, and natural resources for the sake of our survival and for the austerely and far-reaching impact upon our way of life.

In the field of atomic energy, we have heard an announcement by the Atomic Engineer District, which has declared the atomic energy program by its superpowers, we find that this program, along with other substances of a military nature, has been largely in the hands of the United States, the United Kingdom, and the Soviet Union. In the course of these developments, we have seen that the atomic energy program is currently being developed on a large scale, which has led to the establishment of atomic energy companies in these countries. These companies have been responsible for the development of atomic energy technology and the production of atomic weapons.

Branches of Atomic Energy
Production
From our point of view, the atomic energy production chain can be divided into several stages. One is the production of atomic weapons, which is used in the production of atomic energy. Another is the construction of atomic energy research centers. We can see that both of these stages are related to the development of atomic energy technology and the production of atomic weapons. For example, we have seen that the production of atomic weapons is used in the development of atomic energy research centers.

Magnitude of Atomic Energy
I hope this has given you some idea of the diversity and magnitude of the atomic energy program. I would like now to give you some idea of its penetration in various fields. The atomic energy program is already well on its way to becoming a major force in various fields, including the military, nuclear power, and industrial applications.

The processing of uranium is crucial to the operation of atomic energy. In the United States, uranium is primarily produced by mining in states such as Wyoming and New Mexico. Uranium is then transported to processing facilities, where it is purified and converted into nuclear fuel.

Uranium Resources
In this connection, we sometimes hear gloomy reports about the uranium resources of the world. These reports, to my mind, sound very much like the reports we have become used to hearing about other elements—those reports which prove wrong about the world's resources of other vital materials. Actually, I feel that our own observations that the prospect for the future remains considerably more encouraging than these reports would lead us to believe. We remain in no way concerned about the continued production of this essential element.

One of the principal elements in the atomic energy program is uranium. Uranium is a chemical element with the symbol U and atomic number 92. It is a hard, dense, malleable, and ductile metallic element with a bluish-white color.

Uranium is obtained from minerals containing uranium. The primary sources of uranium are the minerals pitchblende, uraninite, and uraninite, which are also known as pitchblende.

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course, do not spend this money as soon as we receive it, but as fast as we can. This is usually paid out over the course of several years. This is a strategy sometimes called "deferring" the spending. It means that perhaps the rate at which money is actually paid out, rather than the rate at which it is collected, is much too high.

This is a better strategy than simply paying the money out as quickly as possible. It means that we are able to save more money, and this is a good thing. It also means that we are able to spend the money more wisely, and this is a good thing, too.

**Granbery, Marache to Admit Three Partners**

Granbery, Marache & Co., 52 Broadway, New York, New York, announces the admission of three partners to the firm.

**Foster Vice-President of N. Y. Stock Exch.**

David Scott Foster has been elected Vise-President of the Brooklyn Stock Exchange. He succeeds Richard F. Williams, who was elected Chairman May 14.

**To Be Kerngold & Eising**

On July 1 the firm name of Kerngold & Co., 39 Broadway, New York City, members of the New York Stock Exchange, will be changed to Kerngold & Eising.

**L. L. McKenna Inv. Service**

The L. L. McKenna Investment Service has been formed with offices in each major city, with the purpose of providing investment advice to individuals and institutions.

**Tuller, Crazy Partner**

Tuller, Crazy, Ferris, 25 Broad Street, New York City, members of the New York Stock Exchange, will admit George S. Cochrane to partnership on July 1.

**L. B. Morris Opens**

HYDE PARK, N. Y.—Lawrence B. Morris opened last week a new branch office of the Prudential Financial Services business offices on the Albany Post Road.

**E. J. Kompass Opens**

WAPPERS FALLS, N. Y.—Edward J. Kompass opened his new office in a securities business from offices here.
Mutual Funds

The Business Outlook

Wellington Fund increased its holdings of common stocks in May, dismissing March and now has 62.3% of its $173 million in resources in common stocks.

A. Moyer Kulp, Vice-President and Executive Director of the Investment Committee, reported in a statement on the Fund's outlook on the business outlook.

The Wellington executive said the buying program in the two reactions was largely in chemicals, oils and public utilities.

Wellington's reserves of bonds on June 12 were 18.9% as compared with 15.9% in May and the floor higher than last year.

Mr. Kuldp described the Fund's investment policy as aggressive in adding selected common stocks on a steady basis and that the Fund will continue this policy in the absence of a preponderance of negative factors.

"Wellington management," he said, "believes that sound judgment involves the buying of individual stocks with a better than average chance of success." It is more important at this point than a precise appraisal of the proportion of common stocks held. For this reason, purchases have been made in stocks which appear in the belief that solely rearmament and defense activities will generally incur an excessive risk both from a price and timing standpoint.

The market, in Mr. Kuldp's analysis, would have to be in a dangerously vulnerable position and it is the point from which ordinary actions would not be unusual.

The Dow-Jones Industrial average on June 11, 1951, he said, crushes the theory that even if prices are 10% below the current level there will be only 11 times $23 earnings rate, the most significant House Committee tax bill. The present annual dividend rate of about 5% is potentially dangerous and it is not likely to drop below 6%. These dividend rates are calculated yield of 6.2% on the current dividend, a rate which is well below the federal tax assumption.

Mr. Kuldp gave the summation of the outlook on the business outlook: "The current readjustment continues to have the earmarks of a temporary and moderate affair. While skyrocketing raw material commodity prices have in some cases become unnaturally high, the broad wholesale commodity price index since the market began activity and commodity prices remaining at a high level, it is natural that profit margins will be of capital in.

IN BONDS

Common Stocks

PREFERRED STOCKS

PROCEEDS may be obtained from

80 Congress Street
Boston 9, Mass.

The George Putnam Fund of Boston

Shaping the Wealth

The story is told of two men traveling by train, one of whom was raving about the fact that he was a rich man and his great wealth. He said it should be evenly divided so that every person would have the same wealth. When asked him if he had any idea how many people there were in the world, he said he did not know. How much money Rothschild was estimated to have, he said. Upon receiving the man's estimate he then took pencil and paper and began to do a simple example of division. He turned to the man and said, "No, you're satisfied with the result which happens to be 7.3 cents per person. What's wrong with that?" The man said, "Yes," The first man smiled. "Well, here you are three cents. Now shut up. I happen to be aristocrat and qualified from "Popularly Economically".

The Commercial and Financial Chronicle ... Thursday, June 21, 1951
Securities and Mutual Funds

I have just been privileged to read a new book which I have compiled and written by the officers of the National Securities and Research Corporation of New York, entitled "What Every Salesman Should Know About Mutual Investment Funds." In addition to devoting a chapter to information regarding the mechanics and technicalities of the various funds, there is a sound presentation of selling ideas which have proved successful in the field. Mr. Louis H. Whitehead, Vice-President of National, handles many subjects in a clear and concise manner, and he has taken them flat out, covering many years of selling Mutual Funds.

By John Dutton

Salesmen and Mutual Funds

Some of the subjects

Prospecting: The best source of leads, importance of confidence, proper approach, making a prospect list and how to get qualified. (He likes to have a clear picture of the individual's investment program before trying to do business with him.)

Not every one is a prospect. How to classify prospects. How to approach Mutual Funds.

Dissolved Specialities, Professional advisers, financial institutions, unprofitable investors, retirement funds, club accounts, and regular savers. There are some good ideas on contacting firms and organizations.

With Eaton & Howard

Should I invest in Real Estate?

By John Melady

The Real Estate Division of Eaton & Howard is happy to reply to any inquiry regarding sales, prices and locations. We are always ready to answer any questions and to furnish the best possible information on the subject.

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Factors in Evaluation of Municipal Bonds

of economic development within municipalities and the likelihood of failure of traditional municipal credit analysis are inherent in the concept of appraising the economic backdrop, and this can only be evaluated if one has a standard test of time. The search for a standard measure which would apply to any judgment, a snare and a delusion, is doubtless to be recognized that communities may be appraising their resources.

Frequently, this is little more than a game of numbers, and as such. As a practical measure, the analyst can support his conclusion by projecting the obligations of a community against the intimidation of resources.

The emphasis which traditional and historical discussions of criteria with respect to credit quality, a considerable amount of opinion has been focused on the payment record of the issuer. Relative to the quality measure, if debt management is exceeded, then the issuer is in a position to make the criteria.

Changes tend to occur slowly in municipal financial patterns, and the weight of the worst, the record, therefore, can become an important factor in determining the quality of the bond. The record, therefore, can be an important factor in determining the quality of the bond.

The burden of the debt burden is going to lose some of its usefulness "of the debt burden," and the rate of change that may overtake a given plan is going to remain to be seen. Development of a second world war suggest that the economic capacity for the better or for the worse may be in the process of being determined before there is pressure. The trend is growth in population as well as in the amount of capital available for the war has taken place in the twentieth century. But the rate of change is not going to be the same. On the other hand, should it accelerate, some municipal credits with a good history may turn for the worse very rapidly.

The burden of the debt burden has always been viewed as the single most important factor in the traditional analysis of municipal credits. The burden of the debt burden as a percentage of the amount of a given plan is going to remain to be seen. Development of a second world war suggest that the economic capacity for the better or for the worse may be in the process of being determined before there is pressure. The trend is growth in population as well as in the amount of capital available for the war has taken place in the twentieth century. But the rate of change is not going to be the same. On the other hand, should it accelerate, some municipal credits with a good history may turn for the worse very rapidly.

Two very important changes in municipal financing which are having a profound effect upon this concept of the burden of the debt burden have been the introduction of various schemes have been proposed for adjusting the assessed values by taking into account the level of assessments and market values; there are attempts to redefine the debt figure so that the portion which was not supported primarily by the general property tax would be eliminated from the total debt. However, it has been recognized that the criterion of whether the burden is enough to affect the ability of the individual taxpayer to pay to the support of the burden. The burden of debt assessed value is an important factor in the evaluation of municipal bonds.

As we have seen in the past, the debt burden and the value of municipal bonds are the most important factors in their evaluation. The analysis of the value of municipal bonds is not complete without considering the burden of debt assessed value. The analysis of the value of municipal bonds is not complete without considering the burden of debt assessed value.

A careful study of the factors affecting the burden of debt assessed value is important. The burden of debt assessed value is an important factor in the evaluation of municipal bonds. The analysis of the value of municipal bonds is not complete without considering the burden of debt assessed value. The analysis of the value of municipal bonds is not complete without considering the burden of debt assessed value.
Continued from page 5

The State of the Trade and Industry

August

The picture is even worse for plates and structural. The chances are, with the authority now in awe, a panic will be available for nonsalable uses in the third quarter.

But as this sounds, it is even worse when it is realized that supply of individual steel items will be out of balance. The day of reckoning on which this steel industry, in 1951-1952, is going to be pressed to step up production.

The National Production Authority's decision to include con¬sumer goods in the 1951-1952 plan is not going to be un¬certain. The plan in fourth quarter will hardly improve the supply situation for these fabricators. It may assure them of a supply, but it won't assure them of a quality of steel. And until they are going to be plentiful skimpily, this trade weekly points out.

And that's the story behind the discussion of increasing steel capacity and its effect on the supply picture is the situation in scrap. While scrap is moving freely today, the mills are virtually living hand-to-mouth and have not been able to make any prog¬ress toward building up of its inventories. The prospect is that further production cutbacks are inevitable.

Steel labor is becoming a bit restive with restlessness reflected in worker slow-downs and in an increasing volume of grievances. The unions are not afraid to ask for a larger piece of the pie. There is the problem of a municipal capital stock. Investment banks now have a substantial portion of their capital locked up in the form of mortgages, and in many cases these times there is little spread in yields between the very best and the average. In fact, the difference is so small that it is difficult to cover the added expenses involved in assembling the facts which are familiar to the municipal officer without incurring losses.

The traditional views on municipal credit analysis pertain almost entirely to full faith and credit obligations. This is based on one of three criteria of a general char¬acter: the economic background of the issuer, capacity of the issuer, and the quality and security of the issue. In the latter case, the issuer's ability to repay the debt as well as for attaining the object for which the power to issue was given. Generally speaking, however, municipal analysis has been more concerned with the criteria of universal acceptability have been unseemly.

some directly related to municipal financing have seriously compromised the status of municipal credit quality. The volume of offerings as well as the types and varieties of issues have increased tremendously. There is a stronger feeling that the faith and credit flations the quality standards have not changed the traditional standards.

In the struggle to find the capi¬tal market for the increasing demands for new services, many communities have marketed their own bond issues. Revenue bonds to finance projects which are financed and maintained by the public, this analysis of flotation by private corporations than full faith and credit issues.

Finally, there is a large and apparently growing group of hybrid issues. These involve a pledge of the full faith and credit of the state or municipality. This matter the credit status depends only to a limited extent upon this feature. But the pledge does create a situation for the problems confronting the analyst in dealing with these hybrid issues. Each one requires individual analysis.

Food Price Index Hits New 5-Month Low

A further slight dip last week following the previous week's sharp decline brought the Food Price Index for June to 127.07, from 127.08 the week before, to mark a new low since Jan. 16 when it stood at 127.04. However, it still shows a 12% gain over the prewar level of 114.34. The low for the year was $6.93 on Jan. 2, while the high was $7.31 on Mar. 12.

The index represents the sum total of the price per pound of 31 foods in general use, and its chief function is to show the general trend of food prices. The index is published weekly.

Wholesale Commodity Price Index Touches Lowest Level Since Dec. 22, 1950

Continuing its downward movement, the daily wholesale commodity price index fell from 316.47 on June 11, the lowest since Dec. 22 when it was 315.96. The index closed at 315.86 on June 12, compared with 315.86 a week earlier. The wholesale commodity index is published weekly.

Leading grain markets continued irregular and unsettled with wheat prices up slightly for the week while corn and soybeans declined. What prices staged a good recovery at mid-week but turned easier as demand slackened in late trading. Export buy¬ing, especially from the Far East, was considerably lower.

Domestic floor bookings remained small and mostly for nearby requirements despite minor price reductions at mid-week.

The trend of the index continues to be downward in this year. The absolute level of the index is not about three percent lower than the level recorded in the past two years, though at $5,000 the previous week, and 37,400,000 in the like week a year ago.

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Plastics and the Growth
Prospects of the Industry

The statistics quoted include plasticizers, fillers and extenders. Excesses in the United States in 1929 and 1930, most of them are estimated to have been in the order of 20% or 30%, fairly closely consistent. The figures on total plastics and on total solid plastics are for the total amount of some miscellaneous miscellaneous plastic materials which may not be for plastics materials in the strict sense. The data on total solid and rigid plastics include some urea and melamine forms that were not reported separately. The figures for total plastics are those available. They give a reasonably accurate indication of growth.

The Place of Plastics in Industry
Plastics are used to replace or to substitute for rubber and textile wire insulation. The plastics people do not like to use the term "substitute." They feel that plastics have new and desirable qualities which the replaced materials did not have. In addition, many of the plastics materials which could not exist if plastics were not used are known in the familiar example is safety glass. When a broken piece of glass with a transparent plastic center, would not exist without this plastic. An example of items used by the Armed Forces and to-day that could not exist if it were not for plastics. Plastics have the following advantages:

1. They are lighter per cubic foot of volume than the materials they replace.
2. As compared with metals, they have higher electrical and thermal conductivity. Imagine placing a real metal, a wooden wheel of a car on a cold winter day, or a metal steering wheel, you can see that the sun had been shining on it.
3. They are not subject to further trans- lattice or transparent.
4. The color of colored plastics can be changed by simply changing the material. The color cannot be changed by simply changing the material. It cannot be scraped off.
5. (5) Plastics can be cleaned with soap and water, while the glass tends to streak and be cloudy.

Plastics usually cost more than competitive products per pound or per cubic inch of volume; however, cost per pound or per cubic inch is offset to the higher material cost.

The largest outlet for plastics is the sheeting industry, the building and toy industries where they are used as windowing, lamination through injection or compression molding, and extrusion to name only a few. The largest outlet for plastics is the sheeting industry, the building and toy industries where they are used as windowing, lamination through injection or compression molding, and extrusion to name only a few.

Historical perspective

The first modern plastic was celluloid and was developed by Charles Goodyear in 1839. As the history of plastic shows, this material was first commercially introduced in the United States about 1870. I do not suppose that any of us ever were aware of the fact that celluloid, a name still in use, was originally called "goodyear," and that cellulose is not the chemical name of a substance, but a term coined by Goodyear. While celluloid is low priced and has the appearance of being transparent, its inflammability has prevented its use extensively. Production reached its peak in 1904 at about 18 million pounds. In 1904, this is an increase of 13.5% over the previous year.

The rate of increase from 1928 to 1930 also amounted to 13.5% a year compounded.

Total plastics output, including plastic sheeting and film, grew from 356 million pounds in 1941 to about 910 million pounds in 1951. This is an increase of 133.5% over the previous year.

The rate of increase from 1941 to 1950 also amounted to 13.5% a year compounded.

The growth of plastics for the period 1928 to 1950 is shown in the graph below.

Growth of total plastics output from 1928 to 1950 is shown in the graph below.

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You will remember that in changing the position here the suggestion was made that some groups as the oils and pharmaceuticals. At the same time a warning finger was pointed at the steel and motor. What has happened since is a matter of record. We won't mention it.

During each market cycle the question of what to buy or sell is of great importance, both to the speculator and to the plagerues actual and potential investors and traders. There isn't any hard and fast rule that can be applied with any success. Or if there is it has escaped me. I know there are systems that involve calculable charts; others that call for balance sheet evaluation. When I was a lot younger there were "systems" that included numerology and astrology. But something was missing that had replaced know-how.

This know-how included, still probabilities in the market action. A projection of earnings and sales is important. The trouble is that such projects are not worth a damn. The best thing to do is to invest in fashion. And in the buying and selling of what looks good as well as in the wardrobe.

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still amounts to only a small fraction of the metals, glass, and wood that are used in the United States.

**Table 1**

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<th>Classification</th>
<th>Solid and Rigid Plastics</th>
<th>Thermosetting Plastic Materials</th>
<th>Thermosetting Processes</th>
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<td>Styrene-</td>
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<td>Cellulose Derivatives</td>
<td>Molding and casting</td>
<td>Polymers</td>
<td>Medicinal Products</td>
</tr>
<tr>
<td>Polychlorides</td>
<td>Molding and casting</td>
<td>Polymers</td>
<td>Medicinal Products</td>
</tr>
<tr>
<td>Laminating</td>
<td>Molding and casting</td>
<td>Polymers</td>
<td>Medicinal Products</td>
</tr>
<tr>
<td>Polytetrafluoroethylene</td>
<td>Molding and casting</td>
<td>Polymers</td>
<td>Medicinal Products</td>
</tr>
<tr>
<td>Vinyldene Chlorides</td>
<td>Molding and casting</td>
<td>Polymers</td>
<td>Medicinal Products</td>
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</tbody>
</table>

**Table 2**

<table>
<thead>
<tr>
<th>Type of Plastic</th>
<th>Molding Powder</th>
<th>Laminating Materials</th>
<th>Sheeting &amp; Film</th>
<th>Including Fillers, Plasticizers and Extenders</th>
<th>Unit (1,000 lbs.)</th>
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</thead>
<tbody>
<tr>
<td>Phenolic and Other Tars</td>
<td>Molding materials</td>
<td>Laminating materials</td>
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<td>Molding materials</td>
<td>Laminating materials</td>
<td>Molding and casting</td>
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</tr>
<tr>
<td>Styrene</td>
<td>Molding materials</td>
<td>Laminating materials</td>
<td>Molding and casting</td>
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</tr>
<tr>
<td>Urea and Melamine</td>
<td>Molding and laminating materials</td>
<td>Molding and casting</td>
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<tr>
<td>Vinyl and Vinyl Copolymers</td>
<td>Molding and casting</td>
<td>Total</td>
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<tr>
<td>Sheeting and film</td>
<td>Molding and casting</td>
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<td>Miscellaneous Synthetic</td>
<td>Molding materials</td>
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<td>Cellulose</td>
<td>Molding and casting</td>
<td>Total</td>
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<td></td>
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</tr>
<tr>
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<td>302,639</td>
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</table>

**Note:** Data was derived from reports of the U. S. Tariff Commission and Dept. of Commerce, Bureau of Census.

**Continued from page 21**

**Treasurer Securities and Inflation**

It also is true that the bond account losses that have come about have tied the hands of some Treasury officials so that they cannot afford to take a loss even though the yields available on private credits are relatively attractive and the purpose of the loan conforms to the conditions set forth by the Voluntary Credit Restriction Committee. In other instances, where the investor is willing to take the loss he may by an appropriate number of local firms be able to sell bonds. Through resale to the long-term individuals, the mortgagebacks have been bid up and the Treasury debt has been held by them to some extent. Consequently, it must be said that the recent decline in prices has had some effect in fostering the desire to acquire a more adequate volume of shorter-term securities that may be deemed if they cannot be sold. In the case of the Treasury, in the effort against forward commitments still has to be done, some substantial new needs must be met. The Treasury and the Treasury debt has to be held by the public also.

**Position of Nonmarketable Obligations**

Finally, with respect to the present market conditions, let me recall that nonmarketable obligations such as the savings notes and savings bonds were originally aimed at the yields on marketable securities, and the necessity of keeping some reasonable relationship between the yields on these two classes of securities was recognized recently and by the Secretary of the Treasury. That pressure has been heeded, and the Secretary of the Treasury recently said that the changes contemplated are on this basis. Under these circumstances, the rare instance indeed when the purchase of Series F or G bonds makes any sense today. Furthermore, if holders of Series G bonds have been for less than 80 or 90% of face value and a half, they can obtain on re-
Securities and Inflation

and this type of emotional reasoning is fraught with enormous hazard. The type of extremism thus represented is frightened by the field of verbal war and politics. It is in such sense wholly unrealistic. When espoused by one of the leading nations in the world, if not the leading nation in the world, it becomes very dangerous. It cannot conceal the fact that we had hoped and are disappointed to find that what we had hoped would be part and parcel of perhaps the strongest, most Western, liberal-minded governments, which were opposed to the Chinese as well as North Korean communists back to the Yalu River. It is conceivable (how probable we have no way of knowing) that the Chinese have suffered badly for it that for the time being so far as actual fighting is concerned, and that Russia will be content to wait a more favorable moment.

But then what? Is there anyone naive enough to suppose that we could turn a black eye on the Russians, a democratic regime—or support the Russians in doing so—and then pull out with the slightest assurance that the events of a year will not repeat itself from the Yalu River to the border of Russia? The future the Kremlin thinks it well? Any government sponsored by the “free nations” or chosen by the Koreans themselves could be regarded as “puppet regime” in the eyes of the Communists throughout most of Asia. A strong supporting military force in Korea or very nearly would always be necessary to counter-act the “defeatism” in the hearts of the people. Perhaps we could make Korea safe for democracy by crushing Communist China and giving the Kremlin a thorough drubbing—but even the counterparts of the “humanitarian” politicians of the “soft” school will not say that days do not go that far.

About the most we can reasonably hope for is victory, or so it seems to us, is the sort of “victory” won in the case of the Berlin blockade. This was a sort of psychological, or moral victory. It gave us “face,” and may have done something to detract from the “face” previously enjoyed by the Kremlin. It is not clear how we are to win even this type of “victory” in Korea—if the matter is viewed over a substantial period of time, that is. Korea will always be exposed to invasion from the north despite the possibility that American people are ready or will be ready at any time in the future to keep large armies in Korea as a deterrent. We are in danger, of course, of falling into a situation not unlike that which characterized the border between Soviet Russia and Japanese controlled territory in the days preceding World War II.

A Real Riddle

This whole Korea business daily becomes more of a riddle anyway. The peninsula was by what seemed to be some sort of Stalinist coup and then turned over to the United Nations. Wilson’s idea of “open covenants openly arrived at.” Certainly this appears on the surface to be an ideal way of dealing with world affairs. In actual practice it seems merely to invite a lot of political sham or ignorance into the proceedings. If such matters must be debated before the whole world by politicians with their eyes and their schemes back home—well, the outlook is not altogether heartening.

But He Is Right!

The drift away from our competitive system of free enterprise is threatening the initiative and inven-

tiveness of our people and throttling the energies essential to maintain the level of our material prog-

res. The drift away from the truth is leaving the people quarrelling and bickering in this Wilsonian

idea of “open covenants openly arrived at.” Certainly this appears on the surface to be an ideal way of dealing with world affairs. In actual practice it seems merely to invite a lot of political sham or ignorance into the proceedings. If such matters must be debated before the whole world by politicians with their eyes and their schemes back home—well, the outlook is not altogether heartening.

The General seems to be stepping outside of his normal role in discussing such questions as these. The may or may not have any “unions looking toward a nondisciplinary career—as some have suggested.

But in what he says here he is eternally right!
### Indications of Current Business Activity

#### AMERICAN IRON AND STEEL INSTITUTE:
- **Indicated steel operations (percent of capacity):**
  - **June 24:** 102.3
- **Steel ingots and castings (tons):**
  - **June 24:** 2,003,000

#### AMERICAN PETROLEUM INSTITUTE:
- **Crude oil—average (bbls.):**
  - **June 9:** 6,145,200
- **Gasoline sold (bbls.):**
  - **June 9:** 21,320,000
- **Gasoline sold—daily average (bbls.):**
  - **June 9:** 2,311,000
- **Distillate fuel oil (bbls.):**
  - **June 9:** 12,200,000
- **Distillate fuel oil—daily average (bbls.):**
  - **June 9:** 1,311,000
- **Benzol fuel oil (bbls.):**
  - **June 9:** 8,921,000
- **Other oil (bbls.):**
  - **June 9:** 129,355,000
- **Coke (tons):**
  - **June 9:** 38,300,000

#### ASSOCIATION OF AMERICAN RAILROADS:
- **Revenue freight received from connections (number of cars):**
  - **June 9:** 113,325

#### CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-
-RICHARD:
- **Total U. S. construction:**
  - **June 14:** $2,089,257,000
- **Private construction: Total U. S. construction:**
  - **June 14:** $2,089,257,000
- **Public construction:**
  - **June 14:** $31,093,000

#### GOAL dar (U. S. BUREAU OF MINES):
- **Coke—U. S.:**
  - **June 9:** 9,920,000
- **Ponderosa anthracite (tons):**
  - **June 9:** 100,000

#### DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM:
- **June 9:** 311
- **July 9:** 316

#### EDISON ELECTRIC INSTITUTE:
- **June 16:** 6,744,601

#### FALICIES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADY
-STREET INC.:
- **June 13:** 172
- **July 13:** 172

#### IRON AGE COMPOSITE PRICES:
- **Finished steel (per ton):**
  - **June 12:** 4.134
- **Scrap steel (per ton):**
  - **June 12:** 4.134

#### METAL PRICES (E. & M. J. QUOTATIONS):
- **Barrels:**
  - **June 13:** 24,500
- **Libra:**
  - **June 13:** 18,000
- **Ton:**
  - **June 13:** 6,000
- **Zinc (East St. Louis):**
  - **June 13:** 17,000

#### MOODY’S BOND PRICES DAILY AVERAGES:
- **Average:**
  - **June 9:** 97.39
- **Actual: Average:**
  - **June 9:** 97.39

#### NATIONWIDE PAPERBOARD ASSOCIATION:
- **Gross (tons):**
  - **June 9:** 283,222
- **Production (tons):**
  - **June 9:** 283,222

#### OIL, PAINT AND DRUG REPORTER price INDEX—1924-56:
- **June 15:** 101.6

#### STOCK TRANSACTIONS FOR THE ORD-LIST ACCOUNT OF ORD-
-LIST SECURITIES SPECIALISTS ON THE NY STOCK EXCHANGE—SECURITIES EXCHANGE COMMISSION:
- **June 24:**
  - **Number of shares:**
    - **Total:** 264,720,000
  - **Dollar value:**
    - **Total:** $4,037,252,000

#### WHOLESALE PRICES NEW SERIES — U. S. DEPT. OF LABOR—
- **June 14:**
  - **Number of shares:**
    - **Total:** 272,640
- **Dollar value:**
  - **Total:** $4,037,252,000

#### THE FOLLOWING STATUTORY TABULATIONS COVER PRODUCTION AND OTHER FIGURES FOR THE LATEST WEEK OR MONTH AVAILABLE.
- **June 24:**
  - **Number of shares:**
    - **Total:** 272,640
- **Dollar value:**
  - **Total:** $4,037,252,000

### AMERICAN GAS ASSOCIATION — Per Month of April
- **June 9:** 4,474,684
  - **Mayor cities (1,000's):**
    - **June 9:** 4,474,684
  - **Residential sales (1,000's):**
    - **June 9:** 4,474,684

### BANKERS’ DOLLAR ACCEPTANCES OUTSTANDING, BANKS OF NEW YORK—As of May 31
- **June 24:**
  - **Commercial paper:**
    - **Total:** $258,010,000
  - **Federal Reserve table:**
    - **Total:** $258,010,000

### THE FOLLOWING STATUTORY TABULATIONS COVER PRODUCTION AND OTHER FIGURES FOR THE LATEST WEEK OR MONTH AVAILABLE.
- **June 24:**
  - **Number of shares:**
    - **Total:** 272,640
- **Dollar value:**
  - **Total:** $4,037,252,000

### NEW CATTLE MARKETS IN GREAT BRITAIN—MIDLAND BANKS, End of Month:
- **June 24:** $1,076,000
  - **Total:** $1,076,000

### REAL ESTATE FINANCING IN NONFARMLAND AREAS OF U. S. — FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION CORPORATION:
- **June 24:**
  - **Net sales:**
    - **Total:** $4,315,328
  - **Initial (in 000's):**
    - **Total:** 213,523
  - **Older (in 000's):**
    - **Total:** 213,523
  - **New (in 000's):**
    - **Total:** 213,523

### KINGDOM INCOME—Per Month:
- **June 24:**
  - **Net sales:**
    - **Total:** $4,315,328
  - **Initial (in 000's):**
    - **Total:** 213,523
  - **Older (in 000's):**
    - **Total:** 213,523
  - **New (in 000's):**
    - **Total:** 213,523

### ALDIEN TRANSPORTATION—PERIODIC REPORTS OF FEDERAL VEHICLE—As of June 24:
- **June 24:**
  - **Net sales:**
    - **Total:** $4,315,328
  - **Initial (in 000's):**
    - **Total:** 213,523
  - **Older (in 000's):**
    - **Total:** 213,523
  - **New (in 000's):**
    - **Total:** 213,523

### DEPARTMENT OF COMMERCE:
- **June 24:**
  - **Net sales:**
    - **Total:** $4,315,328
  - **Initial (in 000's):**
    - **Total:** 213,523
  - **Older (in 000's):**
    - **Total:** 213,523
  - **New (in 000's):**
    - **Total:** 213,523

### TREASURY MARKET TRANSACTIONS IN DISK-CHARTED CONTRACTS:
- **June 24:**
  - **Net sales:**
    - **Total:** $4,315,328
  - **Initial (in 000's):**
    - **Total:** 213,523
  - **Older (in 000's):**
    - **Total:** 213,523
  - **New (in 000's):**
    - **Total:** 213,523

### WATER PROJECT EXPANSION—PERIODIC REPORTS OF FEDERAL VEHICLE—As of June 24:
- **June 24:**
  - **Net sales:**
    - **Total:** $4,315,328
  - **Initial (in 000's):**
    - **Total:** 213,523
  - **Older (in 000's):**
    - **Total:** 213,523
  - **New (in 000's):**
    - **Total:** 213,523
Securities Now in Registration

New Registrations and Filings

Anvil Brand, Inc., High Point, N. C. 

Associated Telephone Co., Ltd., Santa Monica, Calif. 
June 11 filed 350,000 shares of 5% cumulative preferred stock, 1947 series (par $20). Price and Underwriter—To be announced. Proceeds—To pay off bank loans incurred for property additions and improvements.

Atlantic Refining Co., Atlantic City, N. J. 
June 12 (letter of notification) 8,020 shares of common stock. Price—At par ($1 per share). Underwriter—None. Proceeds—To increase surplus and capital. Office—1300 Summer Street, Columbus, S. C.

Lilly & Co., New York (7/5) 
June 15, filed 7,500 shares of common stock (no par) to be offered at $10 per share. Proceeds—To apply toward construction of new laboratories. Underwriter—None. Proceeds—For general corporate purposes.

Magma King Manganese Mining Co., Phoenix, Ariz. 
June 12 (letter of notification) 1,200,000 shares of common stock (par 10 cents). Price—25 cents per share. Underwriter—None. Proceeds—For working capital and expansion.

National Securities & Research Corp. 

Research Manufacturing Corp., Inc., Pascagoula, Miss. 

Ronson Art Metal Works Inc. 
June 13 (letter of notification) excess of 5,400 shares of common stock (par $1). Price—At market ($2 per share). Underwriter—None. Proceeds—To increase surplus and capital. Office—170 S. 9th Street, Pascagoula, Miss.

San Miguel Mining, Milling & Smelting Co., Inc. 
June 11 (letter of notification) 100,000 shares of common stock (par $1). Price—At par ($1 per share). Underwriter—None. Proceeds—To develop mine claim. Address—Blue Anchor Bldg., Pascagoula, Miss.

Smith & Co., Ltd., Washington, D. C. 
June 12 (letter of notification) 1,000 shares of capital stock (no par). Price—At par ($1 per share). Underwriter—None. Proceeds—To Raymond P. Smith, President, Smith & Co., Ltd., 1505 Fifteenth Street, Washington, D. C.

Southwestern Associated Telephone Co. 
June 10 filed 15,000 shares of common stock (no par). Price—To be supplied by amendment. Underwriters—Dean, Carlin & Stone & Webster Securities Corp., both of New York, and Storrs, Jones & Co., Inc., Dallas, Texas. Proceeds—To retire $1,500,000 of bank loans and the balance added to general corporate funds.

Video Corp. of America 
June 15 (letter of notification) 1,200,000 shares of common stock to be offered to first common stockholders of record June 21 on a pro rata basis; rights expire July 10. Price—At par ($1 per share). Underwriter—None. Proceeds—To increase surplus and capital. Office—229 West 22nd Street, New York, N. Y.

Vidcam Pictures Corp., N. Y., (6/25) 
June 10 (letter of notification) 75,000 shares of class A (non-voting) common stock (par $1). Price—$3 per share. Underwriter—None. Proceeds—To increase surplus and capital. Office—420 East 50th Street, New York, N. Y.

Walker Vitamin Products, Inc. 
June 12 (letter of notification) 25,000 shares of non-voting B common stock (par 25 cents). Price—$5.50 per share. Underwriter—None. Proceeds—To increase surplus and capital. Office—200 Manhattan Ave., New York, N. Y.

Western Insurance Co. of South Carolina 
June 11 (letter of notification) 9,800 shares of preferred stock (par $100). Price—For preferred $19 per share and for common $4 per share. Underwriter—None. Proceeds—To increase surplus and capital. Office—1300 Summer Street, Columbus, S. C.

Western States Copper Corp., Seattle, Wash. 

Previous Registrations and Filings

June 4 (letter of notification) 1,097,000 shares of 6% preferred stock (par $1) and 193,800 shares of common stock (par $1). Price—For preferred, at par ($100 per share) and for common $4 per share. Underwriter—None. Proceeds—For initial payment on vessels and for general corporate purposes. Address—P. O. Box 1179, Juneau, Alaska.

June 25 (letter of notification) 1,200,000 shares of common stock (par $1). Price—At market ($13 per share). Underwriter—None. Proceeds—To increase surplus and capital. Statement effective May 29 through lapse of time. Amendment necessary.

May 17 filed 28,000,000 shares of preferred stock (par $50). Price—At market ($13 per share). Underwriter—None. Proceeds—To increase surplus and capital. Office—170 Fifth Avenue, New York, N. Y.

Appalachian Electric Power Co. (6/25) 
May 23 filed $17,000,000 of first mortgage bonds, due June 1, 1981, 4.5% cumulative. Sale of $11,000,000 of bonds is first to be offered to preferred stockholders at rate of $100 per share. Proceeds are to be offered publicly. Price—To be supplied by Underwriter—None. Proceeds—To repay bank loans.

Armstrong Rubber Co., West Haven, Conn. 
May 25 (letter of notification) 1,000 shares of convertible preferred stock (par $50) and 1,000 shares of $3.60 preferred stock (par $100). Proceeds—To increase capital. Underwriter—None. Proceeds—For general corporate purposes.

Ashtend Oil & Refining Co., Ashland, Ky. 
June 12 (letter of notification) 1,000 shares of common stock (par $1). Price—At the market (approximately $3 per share). Proceeds—For working capital. Office—1609 W. Broadway Ave., Ashland, Ky.

Bank of Nova Scotia, Toronto, Canada (7/3) 
June 12 filed 300,000 shares of capital stock (par $10) to be offered to preferred stockholders of record June 20, 1935, with unsubscribed shares to be offered to the public at a later date. Proceeds—To be supplied by Underwriter—None. Proceeds—To be supplied by Underwriter—None. Proceeds—To increase surplus and capital. Office—1300 Bathurst Street, Toronto, Canada.

Beglow-Sanford Carpet Co., Inc. 
June 11 (letter of notification) 4,000,000 shares of non- cumulative convertible preferred stock, series of 1915 (par $100), of which 38,045 shares are issuable to holders of 26,800 shares of 6% cumulative preferred stock; of which 179 shares are issuable to holders of 119,800 shares of 5% convertible preferred stock. Price—Of preferred (par $100 per share) and for common $4 per share. Underwriter—Harrison & Ellett, Wyman, Eddy & Co., and F. S. Mossley & Co. Proceeds—For general corporate purposes.

Bowen Shoe Co., Inc., St. Louis, Mo. (6/27) 
June 7 filed $11,000,000 of sinking fund debentures, due 1957, guaranteed by the company. Proceeds—To be supplied by Underwriter—None. Proceeds—For working capital. Office—Bowen Co., St. Louis, Mo.

Pierce Building Products Co., New York. Proceeds—For purchase of additional shares of $100,000 of bank loans of $600,000, and the balance for general corporate purposes.

Private Wires to all offices

Cuban-Venezuelan Oil Voting Trust
Month of February 1951. Underwriter—To be issued in certificates representing one share of one and two cent par common stock in 24 common companies. Each of the 24 companies represents 1/24th of a unit of voting trust certificates. Each certificate gives its holder the right to acquire one share of common stock in each of the 24 Cuban companies. Price—$2 per unit. Underwriter—none, but Jay H. C. Underwriter—Proceeds—For drilling and exploration expenses and working capital.

Cudahy Packing Co.
March 28 filed $10,000,000 sinking fund debentures due April 1, 1951. Price—To be sold by underwriting. Underwriter—Halsey, Stuart & Co. Inc. Proceeds—To reduce bonds due July 1, 1951, and for working capital. Offering—Indefinitely deferred.

Culver Corp.
October 23 filed 127,364 shares of common stock (par $5). Price—To be equal to approximately 95% of the net asset value of all stock outstanding immediately prior to the public offering plus a commission of $0.50 per share to security dealers. Underwriters—Dealers may be underwriters. Proceeds—For investments in railroad and utility companies. Offering—Ex-act date not determined.

Drayson-Hanson, Inc., Los Angeles, Calif.
June 4 (letter of notification) 150,000 shares of common stock (par $4). Price—$1.20 per share. Underwriter—None. Proceeds—For general corporate purposes.

Ekco Products Co., Chicago, Ill.
May 9 filed $2,000,000 preferred stock ($2.50) to be issued only upon exercise up to and including October 23, 1951. Price—$1.25 per share. Underwriter—None. Proceeds—To purchase real property and plant.

Fallis Creek Mining Co., Seattle, Wash.

Farmers Mutual Telephone Co., Madison, Minn.
May 13 filed 920,000 shares of preferred stock ($5). Price—$35 per share. Proceeds—To redeem 1,200,000 shares of 2% preferred stock. Underwriter—None. Proceeds—To rebuild rural telephone systems.

June 4 (letter of notification) 15,000 shares of common stock for cash. Price—None. Proceeds—To redeem 15,000 shares of preferred stock. Underwriter—Office—917 Tallfier Street, Augusta, Georgia.

General Foods Corp. (6/28)
May 16 filed 504,657 shares of common stock (par $3) being offered to stockholders of record as of May 21, 1951. Price—$17.50 per share. Underwriter—None, but Merrill Lynch, Pierce, Fenner & Beane will act as clearing agent for the company. Proceeds—To repay bank loans and for general corporate purposes.

Glenmore Distilleries Co.

Goldconda Mines Ltd., Montreal, Canada
April 17 filed 300,000 units of convertible preferred stock (par $1) to be issued "as a speculative." Price—$.50 per share. Underwriter—George B. Green & Co., New York. Proceeds—Proceeds—For exploration and development work.

Goldfish, Ltd., Toronto, Canada
March 14 filed 900,000 units of common stock (par $1) to be issued "as a speculation." Price—$.50 per share. Underwriter—None. Proceeds—Proceeds—For exploration and development work.

C.I.T. Financial Corp., New York
June 4 filed 350,000 shares of common stock (par $0) to be offered to stockholders of record as of May 14, 1951. Price—$2 per share. Underwriter—None. Proceeds—For general corporate purposes.

Cleveland Electric Illuminating Co. (6/28)

Consolidated Cigar Corp., New York
March 9 filed 50,000 shares of cumulative preferred stock, series A (par $250), to be issued to holders of common stock of $500 per share. Underwriter—Eastman, Dillon, Co., New York. Proceeds—To prepaid short-term bank loans and for working capital. Underwriter—Proceeds—For general corporate purposes.

Continental Can Co., Inc., New York
May 24 filed 230,000 shares of common stock (par $20) to be issued in open market and offered pursuant to employees stock purchase plans, viz: 50,000 shares to employees of wholly-owned subsidiaries and 180,000 shares to employees of the company and wholly-owned subsidiaries through elections to purchase at 90% of the last price on the New York Stock Exchange, and 80,000 shares to employees of the company and wholly-owned subsidiaries through options at 95% of the last price in the 60 days ending the date of the offering. Underwriter—Proceeds—For working capital and general corporate purposes. Temporarily deferred.

Consolidated Gas Mines (7/10-21)
May 14 (letter of notification) 228,000 shares of common stock (par $50) to be issued to holders of common stock of $.10 nominal value. Proceeds—To be retained by the company. Underwriter—Proceeds—For general corporate purposes.

Cosmopolitan Hotel Co. of Dallas, Tex.
May filed 13,000 shares of preferred stock ($100). Price—$100 per share. Proceeds—Proceeds—For general corporate purposes.

Federal Reserve Bank of St. Louis
March 12 filed 216,946 shares of convertible preference stock (par $10). Price—To be sold by amendment. Underwriter—None. Proceeds—Proceeds—For exploration and development work.

Hilton Hotels Corp., Chicago, Ill.
March 30 filed 153,352 shares of common stock (par $5) now held by the company. Underwriter—Dor-Astoria Corp., in exchange for holdings of 100,000 shares of its common stock (par $.01). Proceeds—Proceeds—For financing the expansion of Hilton Hotels Corp., Houston, Tex. Proceeds—To be sold at public offering.

International Life Insurance Co.
March 30 filed $1,200,000 special investment contracts to be issued in accordance with the amended plan of reorganization of the company. Proceeds—Proceeds—For working capital and general corporate purposes. Distribution—To employees of the company and owners of 60,000 shares of common stock (par $10) to be issued in payment of said contracts. Proceeds—Increase capital and surplus. Office—Austin, Texas.

Interstate Telephone Co., Galesburg, Ill.
May 24 (letter of notification) 2,800 shares of common stock to be offered for subscription by stockholders of record May 21. Price—At par ($100 per share). Underwriter—Proceeds—For operating expenses. Office—Galesburg, Ill.

Iowa Public Service Co. (7/9)
June 27 filed 2,000,000 shares of common stock (par $5) to be issued by the company to long-time holders of certain bonds. Proceeds—Proceeds—For working capital. Underwriter—Glore, Forgan & Co., New York. Proceeds—Proceeds—For working capital. Underwriter—Proceeds—For working capital. Withdrawal—Registration statement withdrawn June 15. Proceeds—Being held to offer approximately $3,000,099 of 6% first mortgage bonds.
March 30 filed 150,000 shares of common stock ($1 par).—Underwriter—None; Proceeds.—For working capital.

S. and E. & M. Colloom, New York, will be received by the company at the New York Trust Co., 100 Broadway, New York, New York, at the close of business on Tuesday, June 28, 11 a.m. EDT. Statement effective June 21.

Northrop Aircraft, Inc. (6/28) June 2 filed application for approval of stock offering ($1 par).—Price.—To be supplied by amendment. Underwriter—White, Skilling & Co., Los Angeles, Cal.; and Paul, Welborn, Jacks & Co., St. Louis, and ten other firms. Proceeds.—For working capital.

Underwriter—None.

Temporary amendment.—Lehbohler, Blackwell & Co., (jointly); W. C. Langley & Co. (jointly); The First Boston Corp. Proceeds.—For construction purposes. Were they to be submitted up to 11:30 a.m. EDT on May 2

Old Colony Finance Corp., New Haven, Conn. June 3 filed application for approval of a stock purchase warrant offer. The latter will entitle holders thereof to purchase an additional share of common stock for each $100 of debentures owned. Price.—At par (in denominations of $100). Underwriter—None. Proceeds.—For working capital. Office—321 Broadway, New York, effective June 18.

Olympic Radio & Television, Inc. April 16 (letter of notification) 8,000 shares of common stock (par $1).—Price.—As implied by amendment. Underwriter—None; will act as broker. Proceeds.—To sell two stockholders.

Mayfair Markets, Los Angeles, Calif. March 23 filed application for approval of $5,000,000 of preferred stock ($5) and 5,000 shares of common stock (par $1), to be offered in units of one share of preferred and one share of common stock. Underwriter—None. Proceeds.—For working capital.


Mercantile Acceptance Corp. of California May 30 filed application for approval of equity stock offer. Proceeds.—To pay bond interest and for property additions.

MidSouth Gas Co., Little Rock, Ark. May 26 filed application for approval of $10,000,000 of mortgage bonds, due July 1, 1961. Underwriters.—To be determined by competitive bidding. Probable directors: Halley, Stuart & Co., Inc.; Shields & Co. and Equitable Securities Corp. (jointly); Brown, Clark & More, Pugh & Co. (jointly); Otis & Co.; White, Weil & Drexel & Co. (jointly); Union Securities Corp. (jointly). Proceeds.—To retire bank loans and for working capital.


Minnesota Power & Light Co. (7/10) June 5 filed application for approval of $1,000,000 of first mortgage bonds, due July 1, 1961. Underwriters.—To be determined by competitive bidding. Probable directors: Halley, Stuarts & Co., Inc.; Booth & Driscoll (jointly); Salmon, Bronis & Richter and Dick & Merle-Smith (jointly). Proceeds.—For financing acquisition of land and for working capital. Proceeds.—To retire bank loans and for working capital.

Montana-Dakota Utilities Co. (6/26) June 5 filed application for approval of $1,000,000 of first mortgage serial bonds due June 1, 1953 to 1961. Underwriters.—To be determined by competitive bidding. Probable directors: Halsey, Stuarts & Co., Inc.; Paul, Welborn, Jacks & Co. (jointly); Salmon, Bronis & Richter and Dick & Merle-Smith (jointly). Proceeds.—To retire bonds and for working capital.

New England Telephone & Telegraph Co. (6/26) June 28 filed application for approval of stock exchange plan. Underwriter—Rutland, New York, will be received by the company at the New York Trust Co., 100 Broadway, New York, New York, at the close of business on Tuesday, June 28, 11 a.m. EDT. Statement effective June 21.

New England Telephone Co., Boston, Mass. June 27 filed application for approval of stock exchange plan. Underwriter—Rutland, New York, will be received by the company at the New York Trust Co., 100 Broadway, New York, New York, at the close of business on Tuesday, June 28, 11 a.m. EDT. Statement effective June 21.

New York State Telephone Co., New York, N. Y. June 27 filed application for approval of stock exchange plan. Underwriter—Rutland, New York, will be received by the company at the New York Trust Co., 100 Broadway, New York, New York, at the close of business on Tuesday, June 28, 11 a.m. EDT. Statement effective June 21.


Weisfield’s, Inc., Seattle, Wash. May 21 (letter of notification) 5,244 shares of capital stock (par $1), of which 2,100 are to be issued and sold to the company. Stockholders' vote June 10 to authorize the sale. Preliminary bids—Halsey, Stuart & Co., New York, N. Y. Proceeds—For working capital.

Western Osage Oil Co., Inc., Las Vegas, Nev. May 28 filed 1,000 shares of common stock (par $1), of which 500 are to be sold and 500 to be reserved for future issuance. Underwriters—None. Proceeds—For drilling of exploratory well in Elko County, Nev.

## Prospective Offerings

### Alabama Power Co. (9/11)
For sale as a unit, Secretary consummates issuance and sale of $10,000,000 first mortgage bonds. Underwriters—To be announced. Preliminary bids—Halsey, Stuart & Co.; Morgan Stanley & Co.; Blyth, Co.; Harriman Riplea & Co., Inc.; Shaw, Drexel & Co.; Union Securities Corp. and Equitable Securities Corp. Proceeds—For working capital.

### American President Lines, Inc. (5/30)
June 12, the Minister of Commerce, proposed the public sale of the highest bidder of the stock of this company now held by the Department of Commerce. The decision to sell will be made when the Court decides whether the stock rightfully belongs to the government.

### Alaska Telephone Co.
April 23 it was announced company may soon file a listing in Chicago of its newly-called $5 par preferred stock, convertible to 4% convertible preferred (no par). Underwriters—White, Weld & Co. and Kidder, Peabody & Co. Proceeds—For new equipment and for expansion.

### Beaumont Mills, Inc.
June 12, the Company announced it will sell June 25 on a pro-rata basis and sale of 100,000 shares of $5 perpetual preferred stock (no par). Underwriters—White, Weld & Co. and Kidder, Peabody & Co. Proceeds—From sale of stock, together with $13,000,000 from bank loans and $3,500,000 from other sources, to be used for financing construction of a new yarn plant.

### Bell Aircraft Corp.
May 22, the company improved a proposal to borrow $2,000,000 on bonds to mature preferred stock. Proceeds will be used for the construction of a $3,000,000 helicopter.

### Colorado Interstate Gas Co.
June 18 it was reported the bids of the Union Securities Corp. and First Boston Corp. were the lowest. Proceeds—For expansion.

### Commonwealth Edison Co.
March 22, it was announced, that the company's scheduled construction program for the 1964 calendar year is $200,000,000 (jointly). Preliminary bids—White, Weld & Co. Proceeds—For expansion.

### Consolidated Edison Co. of New York, Inc. (New York)
March 23 company applied to New York P. Comission for authority to issue and sell $25,000,000 of first mortgage bonds, series B, due May 1, 1964. Proceeds—For working capital.

### Delaware River Development Corp. (N. J.)
March 1, the FPC filed a preliminary proposal to allow the issuance of certain bonds, as an authorized portion of the 1964 program for the construction of a hydroelectric power project on the Delaware River in New Jersey, to be used for the construction of a $20,000,000 hydroelectric power project.

### Denver & Rio Grande Western RR.
It was announced that due to prevailing market conditions, the company has postponed the undetermined date the sale of preferred stock.

### Dome Explorations (Western Ltd.
This company has recently filed an early registration with SEC of 500,000 shares of common stock.

### Fort Worth & Denver City Ry.
May 17 stockholders of Colorado & Southern Ry. approved a proposal for the sale of some 60,000 shares of $5 par preferred stock at $50 par, and the remaining $700,000 shares of common stock (par $1); see a preceding column. Proceeds—For working capital and for expansion.

### Hahn Aviation Products, Inc., Philadelphia, PA.
June 7, it was announced company in addition to sale of common stock, has been authorized to sell 23,000 shares of $5 par preferred stock to underwriters and offer 5,000 shares of common stock (par $1); see a preceding column. Proceeds—For working capital and for expansion.

### Huisman Refrigerator Co.
June 6, the company announced a proposed issuance and sale of 23,000 shares of $4 preferred stock, series B (par $100). Proceeds—For working capital and for expansion.

### Iowa Power Co.
June 2, the company reported considering issuance of $15,000,000 of additional first mortgage bonds, will prob-ably be sold to the public, and will be used to redeem 16,000 outstanding shares of series A, due 1958, and to pay off the remaining $700,000 added to working capital.

### Kansas City Power & Light Co.
May 28, it was announced company has filed an application with the United States Supreme Court, asking for a decree of condemnation of the 8,000,000 shares of capital stock, together with $5,000,000 of the authorized preferred stock.

### T-E Circuit Breaker Co.
May 28 it was announced stockholders have approved issuance of authorized indebtedness of the company to $3,500,000, and the authorized but unaired preferred stock from 15,000 shares to 50,000 shares.

### Kansas City Power & Light Co.
May 28, it was announced company hopes to issue and sell within the next two years $12,000,000 of bonds, $10,000,000 of additional preferred stock, and $3,000,000 of new common stock. Proceeds—For working capital.

Continued on page 50
Texas Gas Transmission Corp.

May 28 company outlined before the FPC plans for a 601-mile pipeline to transport 200 million cu ft/day of gas. The program would increase the company's daily deliverable capacity from 1,000 million cu ft to 2,000 million cu ft over a period of seven years. Tentative plans include the sale of $34,000,000 in bonds (which may be placed privately with insurance firms) and about $10,000,000 in common stock (depending upon market conditions).

Cy Davis, vice president, said the beautiful cash or temporary bank loans. Traditional underwriters--Blair, Rollins & Co. and The First Boston Corp. (jointly); W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane; and Harris, White & Co. (jointly). Proceeds--To be used for construction costs.

Utah Power & Light Co.

March 8 it was announced company during 1951 proposes to issue and sell 200,000 shares of common stock and 2,000,000 shares of preferred stock to raise $20,000,000 for construction of new power plant. To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. (jointly); Lehman Brothers; and Bear, Stearns & Co.; White, Weid & Co.; Salomon Bros. & Hutzler; First Boston Corp.; Otis & Co.; and Lynch, Pierce, Fenner & Beane. Proceeds--For construction program.

Utah Power & Light Co.

July 15, 1928 company announced plan to issue $14,500,000 of 6% mortgage bonds to retire bonds due 1928. Proceeds--To repay bank loans underwriting. May 19 company announced SEC approved its plan to issue $12,000,000 of 5% savings bonds to mature July 1, 1955. Proceeds--To be used for construction costs.

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Midwest Stock Exch.
Committee Approvals

CHICAGO, I11.—The Board of Governors of the Midwest Stock Exchange, at its first meeting since the annual election, approved many Committee appointments by the new Board to serve for the ensuing year:


Admissions: George F. Noyes, Chairman; Alfred E. Turner, Vice-Chairman; Jules H. Collins Jr., Collins & Co., Chicago; Bert A. Turner, par, Co., St. Louis; Henry W. Meers, Chicago; F. W. Scherer, Chicago (alternate); Frederick C. Rogers, St. Louis (alternate)


Floor Procedure: Frank E. Rogers, Chairman; August I. Jablon, St. Louis; A. W. Stuckey, St. Louis; O. E. Leonard, Chicago.

The successful group put a lag in the market picture of business, and also an offering for an indicated dividend of 5.5%. The runners-up, who bid for the stock in the range of a 2 1/2% yield basis in mind, said they have received bids, but are, however, not yet in the yield of the new announcement is available on good paper in about a decade, the immediate response was reported

Preferred Stock Goes

Meanwhile bankers who brought out 120,000 shares of 4.20% cumulative preferred stock for the Nation Tea Co., were able to announce oversubscription of notes that is closing of the books by mid-afternoon.

The next announcement was to market at a price of 101 and found ready demand from the banks, in fact the stock was reported to have commanded a small premium for the next day, but the base was not farly settling back to the offering level.

Commercial Credit Corp.
Commercial Credit Corp.'s $45,000,000 second mortgage note is being publicly offered today.

The new issue is rated 5 1/4 interest rate and is priced at 99 and accrued interest of 3.31% to the holder. The company will use the funds for the purchase of working capital and ultimately for payment of 35,000,000 of notes maturing August 1.

COMMERCIAL CREDIT NOTES
Offered at 99 and Int.

A public offering of $40,000,000 in Commercial Credit Company, one of the country's largest installment finance companies, was announced by the Credit and Commercial Corporation, June 21 by a group of investors, including the First Boston Corp. and Kidder, Peabody & Co. (11 5/8% interest rate, the unsecured notes are priced at 98 and accrued interest of 3.31% to maturity.

Commercial Credit Co. will use a portion of the proceeds from the new financing to pay outstanding $35,000,000 note, due Aug. 1, 1951, and the balance will be made available for the purchase of receivables in the ordinary course of its business or of its subsidiaries and for other purposes.

The new notes are redeemable, at the option of the company at par, scaling down from 100.139, if redeemed on or before June 13, 1952, to 100% if redeemed before June 15, 1956.

With Waddell & Reed

KANSAS CITY, Mo.—Joseph F. Baer, Waddell & Reed, Inc., Ballantine, Chicago, E. G. Mesech Co., E. G. Mesech has formed E. G. Mesech & Co. with offices at 2-6 Broadway, New York City, to engage in securities business.

James P. Schwartz Opens

ALBANY, N.Y.—James P. Schwartz, is engaged in the securities business from offices at 1444 Western Ave., Mr. Schwartz also maintains an office at 1996 Lake Street, Elmira.

Schwabacher Adds

SAN FRANCISCO, Calif.—Jr., Freehling & Company, have added two new directors to their ranks—H. B. Parke, Jr., and A. Baum, Wayne Co., Inc.

The addition of these two individuals will help the organization's plans for expansion, and strengthen the corporation's position in the field of its lending and underwriting activities.

Tellier & Co. Offers

Lexa Oil Corp., Stock

Offering of 1,400,000 shares of Lexa Oil Corp., common stock, as a speculation, is being made by Tellier & Co. at 20 cents a share.

Proceeds from the sale of this stock will be used first for the drilling of a gas well in Pennsylvania, and later for the development of the company's corporate policies. Funds are received, the company has plans to use for the purchase of lands in the Pondera area in Montana and installation of a tank battery. The proposed program is subject to the receipt of funds derived from the sale of these shares.

Lexa Oil Corp. was organized in 1949 for the purpose of exploring and developing petroleum properties in the area.

DIVIDEND NOTICES

TELLIER & CO.
Packing Company

NEW ENGLAND GAS AND
Electric Association

COMMOM DIVIDEND No. 17
At a meeting of the Board of Directors held this day, a quarterly dividend of 4.56% per share will be declared on the Common shares of the Association, payable July 31, 1951 to shareholders of record at the close of business June 20, 1951.

H. B. PIERCE, Secretary

New England Gas
and Electric Association

COMMON DIVIDEND No. 17
The Trustees have declared a regular quarterly dividend of twenty-five cents per share on the common shares of the Association, payable July 31, 1951 to shareholders of record at the close of business June 20, 1951.

H. M. MOORE, Jr., Treasurer
June 14, 1951

New England Gas
and Electric Association

ELECTIONS

Blancie Noyes of Long Hill, Nokes, Graham, Parsons & Co., formerly of the New York Stock Exchange, has been elected a director of Calmes Consolidated Oil and Gas Co., Ltd.

LEON C. MILLER

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WASHINGTON, D.C. — Things are beginning to perk up again with the Loyal Opposition. It is now beginning to look as though some of the Republican leaders may try to do something to trim down the vastly increased powers which Harry Truman seeks in the new Defense Production Act.

Last week the situation looked bad. GOP leaders had indicated to several responsible persons that they weren't going to put up a fight on the wage and price control provisions, particularly of the DPA, which have resulted in a roll-forward of wages, some roll-back of prices, but generally of a rolling out of price confusion.

The general idea was that Harry had threatened that he would take his controls and start working on the railroad again. This really had the GOP boys trembling for awhile.

Then what intervened was that phenomenon reported in this column June 7, of the loose and spontaneous association of scores of business, farm, and other public spirited groups which have been bargaining away all over the country at the idea of reduction of non-essential expenditures, a genuine budget-balancing tax bill being haggled over, bracket by bracket, and so on.

As a result, the GOP has got a bill of its own courage back.

This is the House situation. In the Senate committee it probably will work out, I'm reported, that the bill won't amount to a very comfortable margin to give the President fairly nearly what he wants. Then on the floor of the House the committee bill will have a good chance of being torn apart.

It didn't get much attention in the-daily press but the "roundtable" discussion between the members of the committee 'Watchdog' committee and the big meat packers was illuminating. At an all-even unto the meat packers laid all their figures on the table and pretty well showed the members of the committee, which is made up of members of both House and Senate Banking committees, that they, the meat packers, can't use Mike D'Salle's little scheme work—both cut the price of beef and make meat most available.

What was interesting was that some of the senators, largely agreeing with the explanation, laid their cards on the table too, saying, in effect, "But can't you give us an alternative? We have just got to give the people meat and at lower prices. Can't you figure out some scheme that will work, even if D'Salle's won't?"

Spokesmen for the meat industry are not prepared as yet to come out in public with a firm prediction as to what will happen in the meat situation, but here is what tentatively they think is most likely to develop if the tentative committee decision to end the August and October roll-backs is not ratified by Congress.

Deliveries of cattle will stay below the early part of July. Then, say, around July 10, volume will begin to pick up with a bang from producers who want to unload before the Aug. 1 roll-back, and if the hammer goes down again will slack off until the early part of August when volume will again pickup to get cattle sold before the Oct. 1 roll-back, just as volume zoomed prior to the May roll-back.

This uncertainty of events in May and possibly to be sold in July and September represents animals which otherwise would have been fed to heavier weights, and normally would have been sold later. It represents light-weight cattle, and a proportion of the normal summer supply which has been sub-

tracted and lost.

Hence the working out of D'Salle's scheme seriously does, by its fouling-up of normal production and distribution, run the risk of forcing meat rationing later this year or early next—assuming that defense production in fact, as the Administration says it will, does boom consumer incomes.

However, the increasing flow of livestock may reflect an expectation that Congress will wipe out the two forthcoming roll-backs.

** * * *

Whether Transamerica Corp., shall in fact be ordered to divest itself of investments in all banks, except its minority ownership of Bank of America, is something which will not be finally decided for a long time to come, perhaps for two or three years.

What was issued was the report of Gov. R.M. Evans of the Federal Reserve in his capacity as the trial examiner in the diminution of the Transamerica stock for the Clayton Act. It is only a recommended decision.

Both the Federal Reserve Board and Transamerica may take exceptions to the Evans report. Then these exceptions will be argued. After that, the board as a whole next decides whether it agrees with Evans' recommendations or not. If the Board also finds against Transamerica, then the decision must be submitted to a U.S. Circuit Court of Appeals for ratification before it can be enforced.

Whatever the final outcome of this case may be, however, the issuance of the impressive looking "recommended decision" was a beautiful break for Gov. M.S. Eccles who has been conducting a long-standing crusade against Transamerica.

It was a break for Eccles because his legal staff, which recently, remarkably, "concerns itself with the Transamerica fund and other Federal cases, was due to be published in just a few days after the Evans decision was announced. Gov. Evans is a close friend of Gov. Eccles.

** * * *

Recent news has brought forth two legislative developments in the field of finance, one a genuine, the other a shining example of the inconsistency of this town.

Sen. A. Willis Robertson (D.Va.), recently re-introduced an old Federal Reserve bill which would authorize the Federal Reserve banks to guarantee loans to "small business," the loans to be made by member banks. The Reserve banks would be authorized to guarantee such loans up to their surplus.

This bill was initially trotted out by the Federal Reserve Board back in 1947 when it was intended to be used as a scheme for assisting in the demobilization of the RFC. It was not the same thing that a Reserve bank should employ its resources in underwriting small businesses, but that if the "Fed" were given the small business lending function it would then be in a logical exeme for the continuation of the RFC, for back in 1947 the business RFC supposedly had was to grant or underwrite small business loans.

Sen. Robertson is chairman of the Federal Reserve subcommittee of the Senate Banking committee and by virtue of that position, fairly close to the Reserve Board.

This naturally raised the presupposition that Senator Robertson, in reintroducing the guaranteed bill, was in fact acting on behalf of the Board. In view of the fact that the Board is at the forefront of the Various Credit Renewal program to cut down on bank lending, the fact that Robertson introduced a bill that would have raised some suspicions of dirty work at the crossroads.  

The fact, however, is that Robertson did not get the idea from the Board, but all by himself, and he was discouraged by the Board when introduced. Virginia Senator had an unique idea. He is interested in the possibility of the RFC. The argument of those who still want the RFC is that it would be a special lending facility for small business. Robertson introduced a special bill to make an RFC bill to have an answer on hand to that argument. The Reserve can do a far better job, says Robertson, of the special credit facility for small business credit.

The gem of inconsistency was provided by the Senate Agricultural Committee.

At the time when the universal call is for a clamping down on loans, the Senate Agriculture Committee, in its recent report of the 1947 Congress—back on the 1937 Congress—to build up the Agricultural Adjustment Administration in several highly significant ways.

This report, which is linearly descended from the old Roosevelt Administration of Rex Tugwell, has a system of "insured," 40-year, 60 percent loans for farmers. Originally the farm-FHA was supposed to make these 40-year, 60 percent loans, but the farmers didn't want to have "farms of their own." It was recognized by Congress and those of the Senate bill, the Farm FHA would require a full-gledged, subsidized mortgage business, financing improvements, generating ex-

pansions of holdings, or any other farm mortgage activity. The state at this point would handle—on less favorable terms.

For Large Appreciation Potential WE SUGGEST RIVERSIDE CEMENT CO. CL-26 (ready-mixed) STICK A leading producer of cement in Fostering Southern California. Analysis of this Company and your own. A complete study of the industry available on request. Selling analysis: $14.00 LERNER & CO., Inc. 18 Post Office Square, Boston 8, Mass. Tel. HUBbard 2-1990