EDITORIAL

As We See It

For some little time now the propaganda mill in Washington has been grinding out material designed to prevent a general "let-down" or relaxation from emerging out of the outlook (or realization) of a cessation of the fighting in Korea. The Administration is fearful that it will lose some, perhaps all, of its extraordinary powers, to say nothing of failing to get the additional authority that it has been seeking. It is uneasy lest there be a reduction in the pace at which we are rearming, and at which we are assisting others to rearm. It clearly sees that it will be difficult indeed to persuade Congress in a pre-election year to impose additional taxes which really hurt. Day in and day out, it is using the press, the radio and any and all other instruments at hand to bring the public around to its way of thinking.

We are not prepared to say that there is no substance or reason in these apprehensions, or that the developments evidently so much feared would in all cases not be harmful or hazardous. We do, however, see certain other dangers ahead to which the Administration, as much as anyone else, may well contribute. It is never to be forgotten that the Federal Government is now charged with the task of preventing depressions, or at the least believes itself under moral and political, if not legal, obligations to do so. This is a matter which is certain to loom large in the thinking of any Administration with an election near enough ahead to tinge all official acts and plans. A consumer inventory glut appearing when scarcities, controls and possibly

Continued on page 21

The Current Investment
And Business Outlook

By HAROLD AUL*

Vice-President, Calyn Bullock

Market analyst reviews course of investment markets during past year, and, predicting impracticality of all-out war or a major depression in near future, contends current level of common stock prices not too high, though, in view of prospects of wartime corporate earnings, there may be some moderate recessions. Says index of investors' confidence remains high, and current situation is only "a temporary squeeze.

In the course of the past 12 months we have witnessed significant changes in the circumstances surrounding the investment markets.

The outbreak of war in Korea and its aftermath have changed profoundly the whole pattern of our economy; and we are now faced with an all-out rearmament effort, with all of the paraphernalia that has been necessary to a war economy with its materials shortages, controls and higher taxes. In this perio we have had commodity prices rising at 15.3%. The index of sensitive raw materials prices has risen 32.6% and the cost of living has advanced about 9.4%.

The Federal Reserve Index of Industrial Production has gone from 195% to 238% of the 1929-30 average. The gross national product has risen from a rate of $205 billion in the first quarter of 1950 to $216 billion in the same period of 1951—over 20%.

A major change has taken place in the trend of interest rates and bond prices. Between May, 1950 and June, 1951, U. S. Treasury bills have gone from a 1.18% basis to a 1.48% basis; the yield of 1.5% Treasury notes of 1954 has risen from a 1.41% to a 1.93% basis; the Victory 2's have declined about five points and Moody's Aaa corporate bonds have gone from a 2.61% basis to a 2.98% basis. As a matter of fact, the change in the yield of highest grade corporate bonds has been substantially greater than this index reflects since recently top-flight bonds have been offered around a 2.25% basis above their face.

Continued on page 22

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The Security I Like Best

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

(Paul Frederic is one of the contributors to this forum and has provided a summary of the securities he would consider buying. The complete discussion of the securities is omitted for reasons of space.)

PAUL FREDERICK
Senior Partner Paul Frederic & Co., New York.

New Housing Authority Bonds

The New Housing Authority in New York is a likeable bond. Since the old Liberty 3% were called, there have been no new government bonds outstanding in volume. The 3% in the States Pan-Pacific due in 1961 are tax-exempt but are outstanding in amounts of less than $50,000,000. These bonds do not trade very actively and the current bid for bonds around a 1.50% basis.

These new Housing Authority Bonds for all practical purposes can be considered as a Federal guarantee. The reader, who will read hereafter, circular describing the bonds states:

"The first of each issue will be secured by a first pledge of all outstanding municipal contributions unconditionally payable pursuant to an Annual Contributions Contract between the Public Housing Authority and the holder of the bond.

IRVING ALLEN GREENE
Senior Partner, Greene & Co., New York.

Blue Ridge Mutual Fund

Again I call your attention to an unusual special situation and neglected opportunity, Blue Ridge Mutual Fund. The deferred redemption features of this newly issued open-end investment offer an unusual opportunity to purchase securities at bargain counters.

This trust was started in June of this year as the successor to the reorganized Central States Electric Corporation and Blue Corporation. The shares, new at 9%, have an asset value of $10.17. This uncommon situation of open-end investment is being traded at a discount from asset value instead of the customary asset value plus a loading charge, which generally averages 6% to 10% of asset value, or more, on newly-issued shares. The distributing agent, New York Stock Exchange, is managing the over-all policy of the asset sales and the distribution of the discount at which they may be bought over the counter. This effectively works out the sale of newly-issued shares. The distributing agent, New York Stock Exchange, and the management must naturally be concerned with increasing the size of the trust for both the investor and for the savings that can be eliminated by the discount by way of various reinvestment of the asset sales as soon as possible. Actual voting shares may be taken early in September of this year after the 60-day period. The guidance of certain executives of the Blue Ridge Corporation, one of the members of the distributing agent, New York Stock Exchange, and the members of the board of directors of the Blue Ridge Corporation, was very important in the selection of the fund. The shares, as of June 28, were trading at a 25% discount from asset value. This is a situation that will not be repeated in the near future, and it is my opinion that the security is attractive for investment.

Ira Green, Montclair, N. J.
Paper Profits—By the Roll

By IRA U. COBLEIGH

Author of "How to Make a Killing in Wall Street and Keep It!"

Some musings on the theory that "ceilings" can go higher if papered with imported newsprint—and containing a suggestion or two about leading Canadian paper stocks.

If you happen to live in or visit New York, Boston, Chicago or any other metropolis you’ll probably get a glimpse of some great big open trucks on occasion, as they roll along the streets of paper towns—great big rolls of paper 4½ feet wide, and 8½ inches in diameter. Take a good look, next time you see them, because these rolls are worth $87 and is just about the price of a liter of the 6½ million tons of newsprint chewed up annually in our American presses just to bring you the news while you guzzle your morning coffee, or sit down and read your paper for your bird-cage, a lining for your new pet, or first aid for a broken window.

And how does it come about that just that roll of newspaper consumer costs $87 today? Because Canada, your northern neighbor, manufacturer of 60% of the world’s newsprint, has just kicked up the price of this raw material, indispensable to the literate, to $116 to $120 a ton from $35 30 years ago. And this latest price pep is bringing about, along with Mr. Duschesnay, who likes to "roll back" the price of this roll, back to a nice neighborly order of say $150 or $155 a ton. Tommies perhaps lack much propaganda, but when you ponder that this price hike means an annual $300,000,000 more in costs to publishers here, then you scratch your head and wonder how long it will be before the daily paper follows the "phone call and buy" as a means of dealing for goods, how about Latvia, what about our Latin amigos who simply can’t pay the price? If a free press likes "La Prensa" can be snuffed out at the whim of a Peronist monarch, is it not possible to be bought out of business by the cost of newspaper and the price of bread, a weapon against communism?

Let’s overlook this paper problem, a bit more. Paper comes from wood pulp—a raw material that is used almost daily, bagging, printing paper, cartons, containers, wrappers, wrapping, wall board and now textile fibers all strive with newsprint for the basic material pulp—and in most of these uses Kraft paper brings upwards of $40 more per ton than newsprint. For this reason none of our great newsprint mills built since the war has been for newsprint, but putting further pressure on the newsprint market is the United States, has just about given up on newsprint, producing less today than ten years ago, content to buy

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How High Should Taxes Go? 

By A. M. SAKOLSKI

Dr. Sakolski discusses difficulties in estimating nation's taxable capacity, and points out that problem cannot be solved by mathematical formulations, and therefore resort must be had to "trial and error." Warnings against imposing taxes that destroy and reduce individual incentive, and further inflationary pressures. Says taxes that reduce or eliminate profits furnish easy road to socialism and communism.

The old slogan today is not "no taxation without representation," but "there is no taxation without due representation." Throughout the whole civilized world there is a search for additional government revenue, and the old Irish instruction at Dublin Fair, "When you're down, hit it," has been translated into the field of public finance as, "When you're down, hit it." But the problem is not so simple as this. High, low, or moderate, different kinds of taxes do not necessarily mean increased revenue. Taxes are levied on money, commodities and services affect demand for all, while the laws of supply and demand of the exchange equation. So the levying of taxes is subject to the laws of elasticity. Moreover, there are limits to taxable capacity; that is, the economic processes, the political and social, are dangerous to economic welfare or stability for any government, whether it be national, state or local, to exceed even approximations that limit. History is replete from earliest to modern times with instances of revolutionary and upheavals arising from too much or too many taxes.

Taxable Capacity

It is more than 200 years ago since the philosopher David Hume wrote in his essay on taxes: "It is manifestly prevailingly maxims among some reasoners that every new tax creates a new subject to the bear it, and that each increase of public burdens necessarily increases the industry of the people. This maxim is a manifestly wrong one. The idea is likely to be abused, and is so much at variance with facts that it cannot altogether denied; but it must be owned, when kept within certain bounds, to have some foundation in reason and experience.

The exception noted by Hume is of the utmost importance. The problem is to discover the means of keeping taxes within bounds. To go beyond the bounds as just stated may lead to economic depression as well as to political and social unrest, and thus become a source of revolutionary upheaval or social disaster.

The problem of estimating taxable capacity is a complicated one— and has never been mathematically solved. Nor is it capable of mathematical solution! Its computation involves so many factors and is subjected to so many uncertainties and variables that it can only be tackled, at least thus far in human experience, by the methods of practical, common-sense business. Public finance is not an exact science, though the variously long-experienced methods and scholarly search is well expressed by Harold M. Groves in his recent book entitled, "Trouble Spots in Taxation." Professor Groves writes: "At the conflicting viewpoints among public finance are not only conflicting, but proceeding that most of the field is controversial. There is little that can be called a 'accepted doctrine.'

It is not in their preference for one tax or another because they have different values, but in their different views of different kinds of worlds in which the problems of taxation are. There are aspects of taxation, such as shifting and incidence, that are not influenced by the tax rate. Other elements are wholly divorc'd from tastes and preferences. Understandings and preferences do not agree on these matters. The difference is not one of subjective differences; it is due to the complexity of the phenomena involved. The tax is introduced into the snare that diminishes rather than promotes. As has already been stated, the problem is not adaptability. The difficulty is not in the methods by which the tax is collected, but whether it involves psychological, social, and political factors that require the issue of the tax itself. This is a different variable effect.

It is a grave reason that budgeting is so important in the subject of issues, for it is a subject of importance in government administration. The great difficulty is to point out this on various occasions to determine. It is a matter which attentiated the welfare, prosperity, and stability of the nation.

Questions of Justice and Equity

There are more questions of justice and equity involved in every system—questions affecting present and future generations. One of the great questions of the system is to distribute the tax burden equitably, but has been elaborated, despite continuous attempts. It may be pointed out for example, that there are new individuals coming into the world on whom the burden of the national or state fiscal policies will fall. The enterprises and savings of these new individuals may be put to pay for the past abstinence and continued expenditures of others, represented by public debts and obvious liberous of which they receive no benefits. It is possible that these burdens may be stated and figured up prospective years. It may result in efforts at repudiation, and perhaps in social unrest, as past experience proves.

To argue, as many of our modem economists do, that taxes are not a social burden, that if they are, the burden is no less than the even more burdensome and onerous expenses of the new public debt, is like rashly funding a tax as a matter of public policy without any regard for the well-being of the few. In general, if taxes are too steeply graded (such as our present income tax rate) so that as little or no rewards for success in enterprise, the national economy may lose far more than it gains. The ultimate outcome of this situation will be the replacement of individual by some form of collective, as the higher taxes are followed by declining profits lies in the easy transference of capital across lines to socialism or communism.

For proof of this assertion we need only look at the history of Great Britain, where high and deeply-penetrating income tax has been in effect for more than a century. In the January 15, 1951, "Lloyd's Bank Review," S. P. Chambers, a British economist, states: "Almost every productivity team which has visited the United States recently have been struck with the clear impression that the main difference between production in Britain and industry. In America, the huge levy on the profits of the workers and of American workers, lies in the higher income tax, with which the worker and management is taxed. It is very difficult to distinguish this difference from the difference between the reward of effort in the two countries, and it is not unlikely that the reason why a person could not work harder and give more effort is due to the impediment of the death of taxation upon British industry. If so, there is not much to be expected. It is a large increase to be expected by bringing oneself into the capitalist and a socialist world, and in our own business, and still further by giving some businesses and these, and thus further securing greater capital at state or local, to exceed even approximations that limit. History is replete from earliest to modern times with instances of revolutionary and upheavals arising from too much or too many taxes. The

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The Commercial and Financial Chronicle - Thursday, July 19, 1951
Where Do We Go From Here?

By S. B. Lurie

Paine, Webber, Jackson and Curtis
Members, New York Stock Exchange

Stock market analyst, asserting on broad view we have been having our first quarter, said it too, contentedly, just a little bit sooner than the uneasy tenor of recent corporate news, the business boom is wearing thin at the edges and a piecemeal readjustment has been going on for a while. He forecasted that this trend cannot merely be construed as a bluff before a deluge which will strain nation's productive seams as defense production will not exceed 15% of total production. However, foresee a definite floor to both businesses and markets, even if 1952 is to be a poor year.

Twelve months of surprises—of controversies, of confusions, have passed into limbo. A stock market which started like a lion has ended up like a lamb.

Consequently, the statistics cannot and do not tell the whole story. If anything, they obscure the fact that in many cases, the anticipatory wave is greater than the realization wave. And the story may be about the facts that it has taken many years to become apparent. All the box scores show below par. Yet even the most sanguine are in no way prepared to see the spark which touched off a nation wide spending spree.

Prospect

Judged solely by the uneasy tenor of recent corporate news, the business boom looks like something that's coming to an end at the edges. Yet, one fact stands out; A price level that has been taking place. It's the consumer goods segments of the economy which are experiencing a shortage of customers rather than buyers. This is brought about by the over- boom and being belatedly noticed by the defense producers, which spend industry's expenditures for new capital and equipment. Moreover, high disposable income and production cutbacks should spell an eventual easing of the previously burdensome inventories in many soft goods lines. Thus, the obvious question is whether the Administration is correct in its premise that "the full force of inflationary pressure is still to come." In our opinion, the conclusion is not necessarily a blunder before a deluge which will strain the nation's productive seams as defense production doesn't exceed 15% of total production. But our view is that the very opposite will be true, and defense expenditures won't represent more than 15% of our gross national products which compares with 45% peak during World War II. Moreover, this theory that the program is not being superimposed on top of a civilian boom that is taxing productive capacity—but on an economy which has become in the first to fourth quarter increase in government spending may do little more than just offset the decline in civilian activities. And this only if we can keep the equilibrium, the persistence of the present status quo, too.

Before a real conclusion can be drawn from the uneasy tenor of recent corporate news, the business boom is wearing thin at the edges and a piecemeal readjustment has been going on for a while. He forecasted that this trend cannot merely be construed as a bluff before a deluge which will strain nation's productive seams as defense production will not exceed 15% of total production. However, foresee a definite floor to both businesses and markets, even if 1952 is to be a poor year.

The State of Trade and Industry

Some slight easing occurred in total industrial output for the nation as a whole last week following a seasonal culmination in operations in observance of Independence Day. However, overall production advanced moderately above the level for the similar week in 1951. Business expansion over the past year or more now appears to be broadening. Improved earnings and increased after tax payments appear to be a significant factor in the increase in some industries.
Inflation and the Railroads

By WALTER HAHN

Members, New York Stock Exchange

Security analyst, in discussing effects of inflation on the railroads, points out each railroad is affected differently, some increasing their net earnings while others are decreasing. Average transportation ratio, that depends on ratio of operating cost to total operating expenses, says if we have more inflation, the railroads will do best at those that have relatively low costs, particularly a low wage ratio. Wages, in analyzing the operating costs of railroads, each company must be separately studied, and investments should be made not in railroad securities, but in securities of a particular railroad the operating costs of which have been carefully surveyed.

The subject of inflation is also before Wall Street for some years. It has been before the public at large in increased mass in the last couple of years. It affects all of us and all companies including the railroads. But it does not affect one railroad the same as it does another. This is one of the phases of inflation that I want to talk about this afternoon.

I have a substantial page from the most recent book that I read, that is, "The Rich Get Richer and the Poor Get Poorer." That sums it up as well as any short phrase could.

If you study the earnings of the railroads for the last five years, the postwar years, you will see some wide differences in the earnings trends of the railroad companies in the United States. Consider some of the following variations:

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<th>Railways</th>
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Average transportation ratios for Group A decreased from 35.2 to 34.3 in 1940. On the contrary, Group B, the larger and more modern systems, increased their ratio by 4.7 from 29.8 in 1939 to 34.5 in 1940. Nickel Plate's ratio, the second lowest in the group, was unchanged in 1940.

The story is quite different for the railroads in Group B—those that didn't have much of an increase in earnings in the 1940-1950 period. The average increase in their ratio was from 37.3% in 1940 to 41.1% in 1950. Of the eight Group B railroads, in 1950, the one that showed a slight increase, Kansas City Southern, was the lowest of the Group A. In 1940 and 1950, Nickel Plate's ratio, the second lowest in the group, was unchanged in 1940.

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The Role of Monetary Policy in Inflation Control

By Dr. J. Fred Weston

Associate Professor of Finance, University of California, Los Angeles

West Coast economist describes workings of our current system of governmental controls on inflation. He notes that monetary authorities are in control of the inflation, because they have the power to either increase or decrease it. He also discusses the relationship between inflation and the economy, and the importance of controlling inflation to maintain economic stability.

Inflation results when the effective demand for the services of goods and services exceeds the supply of goods and services. Thus there are two aspects of inflation: the demand side and the supply side. The demand side represents the volume of goods and services demanded and the supply side represents the volume of goods and services supplied.

Monetary policy is an important factor in controlling inflation. By influencing the demand for money, monetary policy can affect the level of price and the rate of inflation. Monetary policy is achieved through changes in the money supply, interest rates, reserve requirements, and fiscal policies.

The Federal Reserve System and the Government Bond Market

The central bank of the Federal Reserve System, the Board of Governors, is responsible for controlling the money supply and implementing monetary policy. The Federal Reserve Banks serve as local implementing organizations.

In the past, the Federal Reserve System had limited ability to control the money supply due to the high levels of inflation. However, with the introduction of new monetary policy tools, the system has gained greater control over the money supply.

It is clear that monetary policy is an effective tool in controlling inflation. By adjusting the money supply, the Federal Reserve System can influence the level of price and the rate of inflation, thus helping to maintain economic stability.
Green Mountain Power Corporation

Green Mountain Power Corporation was formerly a subsidiary of New England Electric System, which held all of the old common stock. The company was over-capitalized, and as a result of continued defaults in payments of preferred dividends almost 80% of the voting control passed to preferred stockholders Sept. 15. The plan of recapitalization was approved by the SEC in December. The old common stock would be cancelled and the preferred stock would be exchanged for new common on a 3-for-1 exchange basis, with an additional offering of 104,994 shares of common. The plan was approved by the District Court on June 4, 1951 and is now being completed. The 104,994 shares of common stock were offered to preferred stockholders on a subscription basis, the offering being underwritten by a group headed by E. P. Beal & Co. The price to the public was $13. The stock was recently quoted over-counter at around 13%-14%.

The company’s revenues are about 90% electric and 10% gas. Of the electric revenues some 43% are from retail, 25% commercial, 23% industrial and 9% from regional. The power system is operated by a “main system” which contributes about 31,000 electric and 8,200 gas customers to the total population in its area being 142,000. Among the larger cities served are Montpelier, Barre, Winooski, Vergennes, White River Junction and Bellows Falls. The territory is served largely by large farms and rural country, with dairying and poultry raising. The total area is approximately 650 square miles and other small communities serve as shopping centers. Granite quarrying and stone finishing are the chief industries while woolen and cotton textile manufacturing, paper, metal working, and the mining and processing of coal and other minerals are also important. Montpelier, the capital of Vermont, houses the Federal State and is the home of National Life Insurance Company, fire and casualty insurance companies, and some of the other established companies. The territory has been becoming increasingly popular as a resort area, both summer and winter, and in recent years its recreational facilities have been extensively developed.

The company in 1950 generated only a little over half of its power requirements, the rest being bought from other utilities (principally the former parent, New England Electric System). It is estimated that the power for 1951 (under a new contract with New England Electric Power Co.) will be approximately $80,000 greater than under the old contract, but upon completion of a new 66,000 MVK transmission line, this increase in power cost should be partially offset by reduction in line losses under the increased operation of steam plants. The company’s own plants are hydroelectric (about 25,000 kw) but it also has a few steam plants in the same with 11,000 kw capability. With New England Electric Power Co. power available, the company has thus almost reached its 15,000 kw capacity. Giving effect to the recent finance, pro forma capitalization would be approximately 25% debt and 32% common stock equity. Book value per share of common stock on this basis is estimated at $17.78. Property accounts are now on an original cost basis. It is estimated that expansion through 1952 can be carried out without sale of any additional securities, and operations are expected to show substantial funds, together with retained earnings, should increase the equity ratio.

According to the prospectus recently issued in connection with the sale of additional common stock, pro forma share earnings (after certain adjustments described therein) have been as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Earnings per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>$1.25</td>
</tr>
<tr>
<td>1952</td>
<td>$1.50</td>
</tr>
</tbody>
</table>

A dividend on the common stock has been declared at 1 and 1/2 stockholders of record Aug. 31. Presumably this indicates that the current rate although the prospectus stated “no policy as to future dividends has been established.” At the recent price around 14 the yield on a $1 dividend would be about 7.15%, and the price-earnings ratio is about 8.3.

Estimates presented before the SEC in connection with the plan indicates that projected earnings may gradually rise to over $2 per share by 1953, after adjustment for a tax rate of 52%. Assuming that a dividend pay-out of 70% would be reasonable this estimate would indicate the possibility of a $1.40 dividend rate in 1953 or even before the recent reorganization, a neighboring utility, Central Vermont Public Service Company, had openings negotiations for a merger of the two companies.

It is said that such a merger would effect substantial operating economies and yet it is thought to be able to expect that negotiations might be reopened in future to effect it.

Firm Name New Is
Buffet-Falk Co.

OMAHA, Neb.—The firm name of B. F. Farnum & Company, National Bank Building, has been changed to Buffet-Falk & Company. Principals of the firm are Carl A. Buffet, Harold V. Schmidt, F. Karch, and Melvin McIntosh.

Whitney M. Steward
With Griffithton & Co.

CHICAGO, Ill.—Whitney M. Steward has become associated with Griffithton & Co., 209 S. LaSalle Street, members of the Chicago Mercantile and Midwest Stock Exchanges. Mr. Steward was formerly with Rodger, Kipp & Co.

Green Mountain Power Corporation

New Common

BOUGHT — SOLD — QUOTED

Prospectus on Request

We specialise and maintain an active market in

GREEN MOUNTAIN POWER

Capital Stock

Your inquiries respectfully invited

P. F. FOX & CO.

120 BROADWAY, NEW YORK 5, N. Y.

Telephone: BEE 2-7700 Telegraph: NEW 4-4664
Telegrams: GREENMOUNT, NEW YORK

Green Mountain Power Corporation

Common

Bought — Sold — Quoted

J. B. Maguire & Co., Inc.
21 Milk Street, Boston 9
Tel: 418-419 Massachusetts Bell Station B 142

Open End Phone to New York:
Cable 3-6193

Active Market

A R O O I L

20% stock dividend declared to Stockholders of record August 15th

TROSTER, SINGER & CO.

Members: N. Y. Stock Exchange Association

74 Trinity Place, New York 6, N. Y.

Telephone: U. 2-5901 Telegrams: TROST-78

Private wires to

Cleveland-Detroit-Pittsburgh-Philadelphia-St. Louis

The Commercial and Financial Chronicle . . . Thursday, July 19, 1951

Dealer-Broker Investment

Recommendations and Literature

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

Buy Hold & Switch Recommendations on 56 stocks plus data on share earnings, (adjusted) dividends, current percent yield, etc.—$1.00—Standard & Poor’s Corporation, 345 Hudson Street, New York 14, N. Y.

Graphie Stock—Recent issue contains large, clear reproductions of 1,001 charts complete with dividend records for the full period available. Carries current earnings data, book value, etc. Includes annual report of all important companies. Also contains a wealth of historical data. Available in hard cover for $10.00—Dow-Jones & Co., 285 Broadway, New York 7, N. Y.


New Housing Authority Bonds—Analysis—The First Boston Corporation, 57 Liberty Street, New York 6, N. Y. A full analysis of these bonds is available is available from Community Bank and Trust Company, 150 Broadway, New York 5, N. Y.

New York Bank Earnings—Preliminary figures for first half of 1951—New Haven Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

New York City Bank Stocks—Special Report—Ball, Bissell & Moret, 120 Broadway, New York 5, N. Y.

New York City Bank Stocks—Comparison and analysis of 17 New York City Bank Stocks—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Oil in Brazil—Study by Joseph E. Fogue—the Chase National Bank of the City of New York, Pine Street, corner of Nassau St., New York 6, N. Y.

Over-the-Counter Index—Booklet showing an up-to-date comparison between the Dow Averages and the over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to recent performance and price and value. Available $1.00—National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Public Utility Common Stocks—Comparison and analysis—G. A. Saxton & Co., 70 Pine Street, New York 5, N. Y.

Railroad and Tobacco Stocks—New 55-page analysis on The Van denburg Investment Survey, 5 East 44th Street, New York 17, N. Y.

Over-the-Counter Index—Booklet showing an up-to-date comparison between the Dow Averages and the over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to recent performance and price and value. Available $1.00—National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

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

Affiliated Gas Equipment, Inc.—Reprisal Corp.—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y. Also available is a review of Union Oil Company of California.

American-LaFrance-Fontaine Corp.—Menigudum—H. Hentz & Co., 60 Beaver Street, New York 5, N. Y.


Audio Devices, Inc.—Analysis—Peter Morgan & Co., 31 Nassau Street, New York 6, N. Y.

Brad Foley Gear Works, Inc.—Bulletin—O. M. Motter & As sociates, 500 Fifth Avenue, New York 18, N. Y.

British Columbia Power Corporation, Ltd.—Analysis—James

Continued on page 34
Monetary Policy
Role in Control Of Inflation

cations have been formally referred to these voluntary credit restraint committees. Thus joint determinations on loan applications are made and implementation for acquiring the leading institutions of a district with the action of the committee has been achieved. The investment banking phase of the voluntary credit restraint program has also been successful.

Increased Stand-by Powers for the Federal Reserve System—To the extent that direct credit controls and voluntary credit restrictions need to be supplemented by further Federal Reserve action, additional alternatives have been proposed. One often mentioned is to give Federal Reserve Authorities power to raise reserve requirements further. While this proposal has some merit, one weakness is that reserve charges apply to broad classes of banks on a national basis with little recognition of differences in circumstances. It is deemed inequitable and unnecessary to require some banks to place an increased portion of their resources in non-earning assets because other banks have been expanding loans. A variant has therefore been suggested. This is the certificate reserve proposal which would require the banks to hold increased reserves, but in the form of govern securities. While the reserves thus held would be earning assets, a plan of this type would still fail to distinguish between banks in different kinds of situations. It would also place heavy burden on banks which have not expanded loans unduly but which would be required under such programs to liquidate loans in order to purchase the requisite quantity of government securities to satisfy the reserve requirements.

Therefore, still another proposal has been made. It has been called the ceiling reserve plan. The ceiling reserve plan provides that after a specified date, any additional loans of banks would be required to be met by a substantial increase in reserves. Such a proposal would not distinguish between those banks which were making loans for defense purposes and those which were not. This defect might be remedied by the provision that loans made in connection with certificates of necessity or certificates under V loans would not be subject to the special loan reserve requirement.

The weaknesses of alternative proposals highlights one of the strong points of the voluntary credit restraint program—it has considerable flexibility.

Conclusion

In the campaign against inflation, monetary policy has an important role to play. The loosening of pegs from the government bonds market is encouraging and desirable development. Continuation of controls by the Federal Reserve Authorities over consumer credit and real estate credit, including credits in connection with the sales of existing loans is desirable. The voluntary credit restraint program is highly commendable and promises to be productive of much good. Since the Federal Reserve System has the responsibility for regulating the money supply, effective control should be insured by a grant of power to impose special reserves on increases in loans after a date specified by the Reserve authorities. This power may be held by them on a stand-by basis. Even if there is no necessity for using it, it will stimulate the effectiveness of voluntary credit restraint activity. The Reserve authorities have demonstrated that they can exercise stand-by powers with responsibility. For a long period of years before the outbreak of World War II, reserve requirements were much below their legal limit. Also after World War II, the Reserve authorities voluntarily relaxed consumer credit controls when general economic conditions made this feasible.

For a monetary policy to be effective, the monetary authority must have the requisite powers. Without enlightened policy in this area, a greater burden is thrown upon the use of fiscal devices and to the extent that popular support cannot be secured for these, the road inevitably leads to an extension and proliferation of direct controls and erosion of the purchasing power of money.

The Braves Had a Word for it!

Back when America was young, the Indians called tobacco "uppowoc." They smoked the dried leaves of the herb in long-stemmed clay pipes, savoring its fragrance in the quiet dusk.

P. Lorillard was in business even in those days. Established in 1780 the makers of Old Golds are America's oldest tobacco merchants. We have grown up with tobacco—right from its earliest uses to the present-day popularity of cigarettes.

Nearly 200 years of experience have taught us how to blend tobacco leaves. That's why modern smokers turn to Old Golds "For A Treat Instead of a Treatment." They know "OLD GOLD CURES JUST ONE THING: THE WORLD'S BEST TOBACCO." And they know "WE'RE TOBACCO MEN, NOT MEDICINE MEN."

Today more and more Americans are enjoying the smoking pleasure of Old Golds. With present business good, with a past rich in experience, it's easy to see why P. Lorillard Company—and Lorillard stockholders—view the future with confidence.
Missouri Brevities

Considerable time must neces¬
sarily clasp in adequate de¬
velopments of the Kansas City
area and its consequences on the
State of Missouri. The Kansas
City Railway Company, which
has recently been organized, is
expected to connect with the
Kansas City and Eastern Rail¬
way, and will provide service to
the towns along the line.

The Federal Reserve Bank of St.
Louis has recently published the
first issue of its Bulletin, which
contains valuable statistical in¬
formation on the condition of
the banking system and the econ¬
omics of the country.

The Missouri Land Company, a
subsidiary of the Missouri Min¬
ing and Manufacturing Company,
announced the acquisition of an
additional 5,000 acres of land in
the vicinity of Kansas City.

The Kansas City Electric Light
Company, which is undertaking
the construction of a new power
plant, has announced that the
plant will be ready for operation
by the end of the year.

The St. Louis Federal Reserve
Bank has released its annual re¬
port, which provides an in-depth
analysis of the economic condi¬
tions in the region and a prog¬
osis for the future.

Connecticut Brevities

The Hartford Corporation, Dan¬
bury, is planning a $2,000,000 ex¬
dansion of its operations, which
will include the construction of
an additional building.

The Pratt & Whitney Division of
United Aircraft Corporation, which
announced a significant increase
in its earnings, has been awarded
a large contract for the manu¬
facture of jet engines.

The New Haven Railroad has
announced the acquisition of a
new locomotive, which will be
used to improve service on its
lines.

The Connecticut Mutual Life In¬
surance Company has reported
an increase in its policies in force,
reflecting the growing demand for
life insurance in the state.

Sidney Parry Joins
Ghas. W. Scranion Co.

NEW HAVEN, Conn.—Charles W.
Ghas. W. Scranion Co., New York,
announced the addition of Sidney
Parry as a member of the New York
Stock Exchange.

The New York Stock Exchange has
recently released its annual report,
which provides a comprehensive
overview of the stock market and
its performance.

Washington Gas Light
3½% Bonds Offered

Kuhn, Loeb & Co., and A. C.
Allyn & Co., on July 18 offered
for sale $1,000,000 of 3½% serial bonds
of Washington Gas Light Co., refunding mortgage bonds, which mature in 1975 at 101.125, and accrued interest. The group won award of the bonds at competi¬
tive sale on Monday at a bid of
100.189.

Regular redemption prices range
from 186.87% to par, while special redemption additional costs range from
193.87% to par. Washington Gas Light Co. and its subsidiaries, which operate the business of purchasing, distribut¬
ing, and selling gas, as well as the business of purchasing, distributing, and selling electricity, are the
primary business interests of the company and its subsidiaries, and are engaged in the electric business in the
Metropolitan area of Washington, com¬
ing the District of Columbia and the
States of Maryland and Virginia.

The population of the territory served by the company and its subsidiaries is estimated at approximately 1,300,000.
Population Trends and Investment

By JOSEPH S. SPENGLER

Professor of Economics and Business Administration

Professor Spengler reviews forecasts of U.S. and world population growth, and its implications in relation to the increase in national income and capital accumulation. Points out an increase of 1% per year for savings equal to from 3% to 5% of national income, without allowing for improvement in living standards. Concludes, so long as the world's population increases at a rate of 1% per year, there results a heavy demand abroad for investment capital and this can only be fully satisfied by capital drawn from United States.

My fundamental objective will be to see how far the trends in prospect here at home and abroad can be extended, and then to examine the possible consequences of these trends on the capital and social life which bear immediately upon investment decisions.

It is important to note that the population is not only a dynamic element in our life and social progress, but also an economic one, in the opinion of most economists. Population movement not only affects the economic prospects of countries, industries, and individuals, but it has a profound effect upon, therefore, as important element in the making of the general welfare, will be of principal significance as a growth-factor element that we are under the movement of population.

Experience With Population Forecasting

Let us now look at our experience with population forecasting. In the past it has been compared with our experience at forecasting the outcome of elections or turns of the security market. We shall not detain you, for illustrative purposes, only of American forecasts prepared since 1920. The most interesting feature that has been made by the Pearl-Bee Inc. is the population figures for the prediction of the population of America's maximum population at 187 millions. 1920, the population anticipated for the year 2000. This logistic underestimated the population by only about 2%,. It is true that a Scripps Fund, however, because births were underestimated and secondary, which was overestimated the 1850 population by 2,02%. The other forecasts attempted to correct for, and were replaced by later forecasts which had been underestimated the 1850 population by 202%, because the Scripps Fund was overestimated the 1850 population.

How did these forecasting failures come about? They came about because births were underestimated and secondary, which was overestimated and immigration was incorrectly gauged. In the 1850's fertility was at a high level, and in the 1870's it was at a low level, and was underestimated and immigration was incorrectly gauged. In the 1850's fertility was at a high level, and in the 1870's it was at a low level, and was underestimated and immigration was incorrectly gauged. In the 1850's fertility was at a high level, and in the 1870's it was at a low level, and was underestimated and immigration was incorrectly gauged.

Implication of American and World Population Growth for American Investors

It is necessary for us to envisage the implications of population growth of the United States and the rest of the world, if we could correctly size up the long-run investment situation. However, the most significant fact is that if we could correctly size up the long-run investment situation, it may be made by the Pearl-Bee Inc. and another 150 million will grow to about 700% per year, and that the rest of the world's population will grow at about 1% per year. This estimate gives a population of 3,250 millions by the year 2000, and assumes for the population of the world, as a whole, as a whole, in the year 2000, that the growth rate of approximately two-thirds of 1% per year, a rate that might possibly continue long after the year 2000.

The result of this forecast is that the world population will number between 3.5 and 3.7 billions, and the proportion formed by American and Latin American, which account for about 1% of the world's population, will have fallen to between 3 and 5%. This change in proportion, which shall we see, is of some significance for economic and military analysis.

Prospective World vs. American Income Growth—The growth of a nation's income—and by income growth we mean the volume of goods and services produced annually—the growth of this income and upon the growth of the population, and the growth rate is a number of millions per member of the labor force. Let us examine these further.

The labor force consists of those who are employed and of those who are seeking employment. The labor force grows principally through the addition of more persons working age-to the labor force and through an increase in the number of years it and it might number 2.5 billions. If we assume that one-third of the remaining 800 millions increase very little and that the remaining three-quarters of one billion by 1925, we might have to grow about 1100-1200 millions. We might number would close 3.7 billions. In short, we get approximately the same answer that we got by extrapolating the 1920-1940 period, with a population of close to 3.7 billions by the year 2000, an increase of not far from 200 milions.

Some demographers, however, believe that the world's population will level off in the near future. They suppose that about 450 millions will grow little if at all, because another 450 millions will grow to about 0.75% per year, and that the rest of the world's population will grow at about 1% per year. This estimate gives a population of 3,250 millions by the year 2000, and assumes for the population of the world, as a whole, in the year 2000, that the growth rate of approximately two-thirds of 1% per year, a rate that might possibly continue long after the year 2000.

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

NEW ISSUE

July 18, 1951

217,904 Shares

New York State Electric & Gas Corporation

Common Stock

(Without Par Value)

Holders of the Company's outstanding Common Stock are being offered the right to subscribe at $15.25 per share for each ten shares held of record on July 17, 1951. Subscription Warrants will expire at 3:00 P.M., Eastern Daylight Saving Time, on August 2, 1951.

The several Underwriters have agreed, subject to conditions to be announced, to purchase all of the outstanding shares and the subscription rights, up to an aggregate of 217,904 shares of Common Stock as set forth in the Prospectus.

The First Boston Corporation

Lehman Brothers

Wwerthum & Co.

Merrill Lynch, Pierce, Fenner & Beane

This advertisement is neither an offer to sell nor a solicitation of offers to buy any of these securities. The offering is made only by means of the Prospectus.
This Week—Insurance Stocks

Operating results of the fire and casualty companies for the first six months of the current year will be published within the next few weeks. While some of these results may be disappointing in comparison with those of a year ago, the favorable development in the industry as a whole is shown in the steady advance made by the large companies in the sale of policies. The large reinsurance companies, which are the first to be felt, are showing an increase of about 15% this year compared with last year. The reinsurance companies are also showing a very large increase in the sale of policies. The large reinsurance companies, which are the first to be felt, are showing an increase of about 15% this year compared with last year.

The underwriting results for the first six months of the current year show a decrease of about 10% over the same period of last year. This is due to the fact that the companies have been able to reduce their losses by reducing the amount of business they have taken. The trend of underwriting has been upward during the first six months of the current year. The companies have been able to reduce their losses by reducing the amount of business they have taken. The trend of underwriting has been upward during the first six months of the current year.

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**Tax Discrimination Against The Investor**

BY WILLIAM JACKMAN*

Proprietary Research Unit, Inc.

Appearing in interest of investors, Mr. Jackman tells Senate Committee proposing withholding tax on interest and dividends is not only discrimination against investors, but is insulting to them. Says revenue benefit is doubtful, since Government would have to pay more tax in order to collect it. Advocates national excise tax and favors reduction in holding period of capital gains tax.

I speak in the interest of millions of individuals who have worked hard, sacrificed freely and lived lives in prosperity and style. These are loyal citizens, who have earned the respect of their fellow citizens, and who have made the contributions which have kept our country strong, prosperous and free.

The Members of Congress whom you represent have a reverence for individual rights and the freedom of individual initiative. The investors you represent are people of this country and of the nation.

Those who have a stake in America are determined to defend the nation, the right to work, worship, assembly, petition, and free speech.

Investors believe in progress and prosperity regardless of whether they are Democrats or Republicans. They believe in the form of a piece of land, a home, savings accounts, investments in physical assets, policies, factories, stores, farm machinery and livestock, scientific learning, the tools of trade, bonds or shares of stock, however few, in the great corporations which have helped to make America great.

The Investors League states with pride that the average investor in America is a splinter of the American people. He recognizes the term discrimination as an act of violence which has been inflicted and applied to government positions. Our Members of Congress have worked hard and long. They realize that Uncle Sam Inc. is the biggest concern in the world.

As one of the members of the House Ways & Means Committee stated in an article written for the Bulletin, the League's official publication, the Tax Bill prepared and passed by the House is an economic monstrosity. He stated also that those members of the Committee who supported the proposal had their tongues in their heads. The Senate Finance Committee would rewrite the measure as it should be done and as it has been done many times in the past on Tax Day.

It seems to me that you gentle¬ men have a very real responsibility in attempting to make economic sense and make economic sense, it is clear, is that we are on the hogodge-podge. The responsibility is particularly great because of our national debt. It is clear to you that the excessive burden which the Government forces on the carry, you just cannot afford to make mistakes. The ability of the general public is depending on you.

In the United States has become a very serious matter. It is serious not only because of the effect on our economy but for its prob¬

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*Statement of Mr. Jackson before the Senate Finance Committee, 1953. A meric a D. C., July 10, 1953.

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**New Issue**

_Washington Gas Light Company_"

Refunding Mortgage Bonds, 3½% Series Due 1976

(Dated July 15, 1951)

**Offering Price 100.665% and ACCRUED INTEREST**

Copies of the Prospectus may be obtained in any State only from the underwritten and/or any other offices referred to in such States.

Kuhn, Loeb & Co. Inc.

A. C. Allyn and Company

Incorporated

_Dated July 15, 1951_
ONE OF THE MOST UNUSUAL SITUATIONS to develop in the mutual funds industry in some time is the current trading of Blue Ridge Mutual Fund Shutes at a price below net asset value. The situation arose because, under the plan of reorganization of Blue Ridge Corporation and Central States Electric Corporation, it was decided that calls for redemption by the shareholders would be subject to a sixty day waiting period, up to Dec. 30, 1951, in order that the reformation obligations of the new Blue Ridge Mutual Fund could be known in advance and provided for in an orderly manner. Subsequent calls, said to begin Feb. 28, 1952, will be deemed on that date and on call thereafter.

Research-Distribution Corporation, organized by Reynolds & Company as distributors for Blue Ridge Mutual Fund, will start selling shares whose board of directors "deem advisable, at asset values plus selling commissions of 4.25% of the offering price."

Currently the shares of the fund, with the sixty day waiting period, are being traded in the open market at quotations somewhat below the asset value per unit, and, of course, at an even greater discount, if the offering price (asset value plus sales charge) is taken into consideration. [Editor's Note: This situation is carefully analyzed in this week's "Chronicle" in an article on page 2 by Irving Allen Greene, of Greene & Co.]

TOTAL NET ASSETS of 101 mutual funds reached a new high of $2,725,311,000 on June 30, according to figures compiled by the National Association of Investment Companies. Although both gross and net sales for the second quarter of 1951 were materially less than for the first quarter of this year repurchases took an even sharper drop, placing the industry, statistically, in the most stable position it has enjoyed for the past 18 months.

In all three fund groups, namely, common stock, balanced, and bond and utility, total repurchases, as a percent of assets, declined materially from the first quarter of 1951. The bond and utility group, whose repurchases in the first quarter of this year were at the highest level, had repurchased 5.36% of assets for the second quarter. Repurchases, as a percent of assets, for balanced funds, dropped from 4.77% to 1.93%, and in the common stock group, from 2.77% to 2.03%.

Mutual Funds' Repurchases as Percent of Assets
(by quarters)

<table>
<thead>
<tr>
<th></th>
<th>July 1, 1949</th>
<th>March 31, 1951</th>
<th>June 30, 1951</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Quarter</td>
<td>103.2%</td>
<td>83.9%</td>
<td>83.9%</td>
</tr>
<tr>
<td>Second Quarter</td>
<td>92.5%</td>
<td>92.5%</td>
<td>92.5%</td>
</tr>
<tr>
<td>Third Quarter</td>
<td>92.5%</td>
<td>92.5%</td>
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</tr>
<tr>
<td>Fourth Quarter</td>
<td>92.5%</td>
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</table>

Further, the industry is noticed in observing the "rate of growth" of the fund groups, measured by the ratios of the funds' repurchases to their assets. The ratios of the balanced fund group increased from 3.82 to 3.90; that of the bond and utility group from 0.83 to 0.93. The common stock fund group held fairly steady in changing from 2.10 to 2.06.

Ratios of Mutual Funds' Sales to Repurchases
(by quarters)

<table>
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<tr>
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<td>Fourth Quarter</td>
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</tbody>
</table>

Mutual Funds - FUNDAMENTAL INVESTORS, INC.
Manhattan Bond Fund, Inc.
Diversified Investment Fund
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Copies of "The Growth of American Industry" can be obtained without obligation from Hugh W. Long & Co., 48 Wall Street, New York City, N. Y.

TECHNICAL AMENDMENTS to the Berger and Snowden "Prudent Man" bills made it necessary for both bills to be referred to the Pennsylvania Senate Finance Committee for consideration. Both bills, originally slated for readings in the State House this week, passed the Senate some weeks ago, the Snowden Bill with a vote of 46 to 3, 1 absent; the Berger Bill with a vote of 26 to 9, 12 abstaining.

The two "Prudent Man" bills are identical, except that the Snowden Bill specifically calls for trustees to manage mutual fund shares. No further action will be taken until July 30, when the Pennsylvania legislature convenes again.

Efforts to effect a compromise between those in opposition and those in favor of mutual funds shares as an investment device for trustees have been reported. The Snowden Bill is slowly gaining favor as more and more of the legislators recognize that, in the case of small trusts, mutual funds are the logical investment medium for the prudent trustee who wishes to secure for the life tenant a good return, while minimizing risk through adequate diversification.

The Old Theory - The old theory that you can't sell investment funds "in the shadow of the Stock Exchange" has been knocked into a cocked hat during the past few years, according to an executive of Lord, Abbeet & Co., managers of Affiliated Fund and American Business Shares. In New York City accounted for 20% of the firm's national sales' volume in 1949; 5.5%; in 1950, 9.11%; and in the first quarter of 1951, 11.33%.

During the three years and five months the firm's national sales volume has averaged approximately 20% of the nation's book volume; in 1949, 5.53%; in 1950, 9.11%; and in the first quarter of 1951, 11.33%.

The aim of the fund manager is to get his funds up to the $3 billion mark so that some of the nation's leading security dealers can't understand what happened in the "big town."

The analysis is based primarily in the decline, percentage-wise, in the number of traders in the stock market and in the increasing number of institutions, such as New York investment houses, placing upon retail distribution of mutual funds.

NOTWITHSTANDING PREVAILING price declines, the American people would be well advised not to drop their trust in the market.
Proposed Changes in Capital Gains Tax

By EMIL SCHRAM

Former President, New Commercial Bank, N. Y. Stock Exchange

Mr. Schram, arguing against raise in capital gains tax, points out to large extent, capital gains tax is a self-imposed tax, and need not be paid unless taxpayer elects to do so. Denies rise in capital gains tax level, and says raising rate capital gains will not produce more revenue.

I began appearing before Congress on administrative matters of taxation in 1942. Then, as now, you were faced with the necessity of raising new and greater revenues. Because of my ten years of service with the New Stock Exchange, I have become intimately acquainted with the problems which surround the creation and flow of equity capital in the productive enterprise. Each day demonstrates in its own way that this vital part of our free enterprise system is recognized today, as when I first came before you in 1932, as the need for more revenue. We want to carry our fair share of the tax burden. We do not take the position that additional revenue should be obtained from the gainers to the treasury and at the same time that the government should carry on without the help of the private sector. We believe that the government can show how much, not less revenue may be raised from a capital gains tax.

Our essential task today is to maintain a strong enough force to preserve our liberties against any aggressor and to meet our international commitments as a guardian of democracy. At the same time, we must avoid crippling our efforts by excessive reduction in the output of consumer goods and services. The task is difficult and extraordinarily difficult. But our people have the power and the brains to accomplish it. They can build new plants, new industries, new modernize existing equipment. Provide the labor and the tools to create new wealth.

The money to do this job must be drawn from the productive segment of our government's only source of income, or, rather, that portion of income which must be financed by private equity capital, the savings of the people. These savings can be transformed into risk capital—but not if the saver is penalized by too much. If a tax rate of too long a holding period.

There is a most important fact to be considered. Capital investment is required to produce benefits which can be attracted into productive investment only if changes in the capital gains will be the real income which should and will be taxed under the income tax laws.

We have tried to approach this question of taxation in a way that would bring a higher revenue return to the government, at the least unfavorable effect on our economy, general and on the highly sensitive capital markets in particular.

Capital Gains Tax

Our association with the capital gains tax is an intimate one. It is a tax we live with day by day. It is our hope that out of this experience we can contribute constructively to your deliberations.

It is generally recognized that capital gains are not true income and that a tax on capital gains is in reality a capital levy. The Treasury does not seem to realize that a capital gains tax is a tax on the harvest of the taxpayer's efforts in production. Build new plants, new industries, new modernize existing equipment. Provide the labor and the tools to create new wealth.

We are convinced that either an increase in capital gains rate or a lengthening of the holding period will decrease revenues. We are certain that coupling a tax rate increase with a longer holding period will do so. When I testified before this Committee on the protection of securities industries, I stated that if the holding period were lengthened, the capital gains tax would be increased.

When the law provided a holding period of 16 months from 1938, it was a matter of record that revenues from capital gains dropped from $12,000,000 in 1939 to the point that, in 1940 and 1941, capital gains were nil.

In the Tax Bill of 1942, which was passed in October of that year, the capital gain period was reduced from 18 to 6 months. The Treasury Department was not in a position to work the job in co-ordination with the assessment work.

In the summer of 1943, the tax rate was raised by $1.40, and a new capital gains tax of 100,000 on 100,000. We believe that raising the capital gains tax revenue from the capital gains tax.

Higher Rate Would Not Increase Revenue

We are at a loss to understand why the Treasury estimates that increasing the capital gains tax rate by 50% and doubling the holding period would produce $445,000,000 in additional revenue. The record does not bear out their contentions.

Though comparable figures for 1946 and later years are not available to us, it is known that capital gains taxes in 1946 exceeded 1942 taxes. And these 1946 tax returns were only slightly lower than 1942. Hence, the capital gains capital gains revenue for 1950 was the highest, 1942, and in with a shorter holding period would have been still higher.

The theory has been advanced that if the rate of tax on income exceeds that on capital gains, in fairness, should be raised. This concept, in our judgment, is open to serious question. A man owns a capital asset. This asset has been appreci- ated in value, a capital asset. If he is reluctant to sell because of the high tax penalty. He can escape the tax by continuing to hold the asset. Since this tax rate, he sells his capital asset, realizes his profits, and thereby becomes a taxpayer who pays 25% of his gain to the government. This man has been favored? We think not. What we need is more taxpayers, not fewer.

A great deal is heard these days about helping the small businessman. Here is a solid way to help him. Many a small enterprise will die from financial malnutrition if a tax legislation frightens away the capital markets and makes it too risky their savings in an unse¬soned business. Big business usually has its eye on equity market capital than does the small businessman who is frequently venturing into un¬charted territory.

More Revenue from Shortening of Holding Period

Let me summarize my position. We appreciate the difficult task that Congress faces in this time of crisis and our own deep responsibilities.

We are firmly convinced that a shortening of the holding period would produce more revenue for the government. The record con¬ cerning our country. We cannot always appreciate that the realization of capital gains is under control of the taxpayer and the timing of the tax payment is also under control. We believe that a higher tax rate and a lengthened holding period will result, in less rate than more tax revenue from long-term capital gains.

Becker Group Offers Stock of Cement Firm

An underwriting group managed by A. G. Becker & Co. Inc., of New York, offered July 17 offered 100,000 common shares of Marquette Cement Manu¬ facturing Company at $18.75 per share. Half of the stock is being sold by the company, proceeds to be added to its working capital, and the other 50,000 shares by a group of stockholders. The investment represents the first public distribu¬ tion of the company's stock. Marquette, whose headquarters are in Chicago, is one of the prin¬ cipal American manufacturers of cement. The plant site is at Oklahoma, III., and there are five other plants located in four states. Marketing area is principally in the states bordering the Missis¬ sippi River and in the southeast.

The company has paid dividends on its common stock—every year since 1935. Dividends in 1935 were $4.25 per share, and payments through 1951, through June, amounted to 81 per share.

Edw. E. Mathews Adds

(Special in the Financial Press.)—BOSTON, Mass.— Charles B. Catter has been added to the staff of Edward E. Mathews Co., 9 State Street.

Joints Tucker, Anthony & Co. with

(Special in the Financial Press.)—BOSTON, Mass.— Reed P. Anthony, Jr. and Alfred B. Downes have joined the firm of Joint Tucker, Anthony & Co., 74 State Street.

Marquette Cement Manufacturing Company

100,000 Common Shares

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Captive of the Pressures may be obtained in any state from the several Underwriters, including the undersigned, as maybeforth the securities in such state.

A. G. Becker & Co. Inc.

Incorporated

July 17, 1951
Re-Enter—Britain's Dollar Gap

By PAUL EINZIG

Dr. Einzig discusses current British balance of payments situation as induced by recent international trade developments. Says, because of unfavorable changes in terms of trade, British sterling is in a delicate situation, and "dollar gap" may again become a serious problem.

LONDON, Eng.—It had been generally expected that the second quarter of 1951 would show a less satisfactory gold and dollar account than any previous quarter since the devaluation of sterling in September, 1949. Nevertheless, the preliminary figures for the second quarter indicated a much larger drain of gold and of dollar resources than any previous quarter, since the devaluation, and the "dollar gap" may again become a serious problem.

In his statement he referred to the announcement of the gold reserve figures Chancellor Gaitskell explained that the decline in the surplus was mainly due to three causes—an increase in the volume of imports, a decline in the volume of sales of goods and in the value of dollar imports, in addition to the increase in their volume, has been due to the rise in prices of raw materials. Taking all factors into account, he said, the dollar gap for the second quarter was much larger than for the first quarter. He went on to explain that the dollar gap for the third quarter was expected to be much larger than for the second quarter, and that the total drain of gold and dollar reserves would amount to $1,087 million. As far as the present position is concerned, it cannot be said to be unsatisfactory. What is more important is that the trend which was responsible for the increase in the "dollar gap" is expected to continue, and to convert the surplus into a deficit.

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From Washington
Ahead of the News

By CARLISLE BARGER

Now that there is being conducted on Capitol Hill a study of the RFC, it is the plain if unsatisfactory truth that the Republicans will do anything toาร้าง the country from "rain," "socialism," "Trumanism," "pen- dents"—in other words, all of which they say they are trying to save the country from, if some of their prominent figures were more intellectually honest and cynical about themselves. Too many of them are also too vulnerable to爆料 to account for the point where the Leftists say, for example, that the late House majority leader said that it would be a "triumph" to have a businessman in the White House.

This man is a great contribution to this country and a stalwart in the preservation of its freedom for which we are spending so much money. On a recent trip, he assured us that he had been visited by a group of House members while his staff was in session and that the members had been " upstairs," that he had not been told what they had said to his staff members. His invariable presentation in House debate is to say that House Republicans are not selling anything in the streets, now look where we are. Yes, look.

But a Republican who usually jumps up to answer with the deftness of a debater, surely the Republicans' abest debater in the House, is so estranged that he can't go the full route of thoroughness of what is considered a cleaned-up, without being really effective.

Several months ago, the so-called Buchanan Lobby Investigating Committee set out high-handedly to persecute individuals and industries in the country that were working against the Washington gang, or were against them solely in an effort to disclose something that was hurting the country. Unfortunately, that made the big shots "denounce" the committee's action. But they never disclosed that the core of this committee's project was two or three travel agents on the committee's staff. These Republicans knew this to be the case, but they were not free enough of criticism to go beyond the mere roughest of a steamboat.

One recently a prominent and influential House Republican visited with the Republicans on the House Post-Committee and urged them to vote for the proposed St. Lawrence waterway on the ground that one of the chief complaints people have always been to the Republicans. This company, along with several others, wants the waterway to bring in the iron ore in which they have invested in Labrador and Quebec—a perfectly understandible desire! However, this GOP member admitted that he was a week but he thought it was time to way to "save the country from ruin," "from socialism," or anything else.

I am not so naive as to believe that everything should be honey or sunshine and light in the great game of American politics. It is a game of smoke and mirrors, and some of the smoke sets wolves to make up a life, a counter and off-setting greed to other greeds.

But too many of the Republicans have been in the minority for too long. The so-called "cautious" has to cull the probabilities of the minority role. It is not generally understood that there is much in the matter in the majority, if they are reasonably acqunised while professing to be the opposition.

Former Senator Joe Guffey of Pennsylvania was for years quite affluent and content as the Democratic or minority leader of Pennsylvania, until the Roosevelt tide, it was too much of a set-up for him to resist running for the Senate and becoming the majority leader in Pennsylvania on the

And we have a friend who sat in the late Andrew Mellon's home the night Andy told the Republican Senator, Dave Reed, one of the staunchest of the Senate's South Penna. high moguls that decided the State should have a Senator in Wash¬ington, that we are not "the only" in the Senate. He added that it was not long after, of course that Roosevelt was trying to put Andy in jail for alleged income tax evasion. A jury saved him non-plug, but not Andy, who stood and that Andy thought he was being smart.

Indeed, I have learned of influential Pennsylvania industrial forces who want to see Francis Myers, Democrat, defeated last year by Joe Dufty, come back to the Senate because he is "close to" the Administration. That thought the Leftists would like to see this, too, I sometimes wonder that these "selfish" and "reactionary" interests don't get together with the RFC and the Leftists and really give us a rest of a go over.

With Reinhold & Gardner
Twit With Paul Rudolph

With the small down in capital as of March 31, 1951 stood at $31 million, with cash items of $40 million. With the above background, and considering the large sums that have been spent in recent years on the property and for new equipment, Rock Island should obviously be in a position to pay out a fairly large proportion of the earnings in dividends. In each of the last three years since com¬

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New 52-Page Analysis of

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Now is the time for every investor to review this week's timely 52-page edition of Value Line Ratings & Reports. At current market prices, most stocks in these groups are revealed by the impersonal Value Line Ratings to offer relatively poor performance in relation to earnings and dividends in the next 12 to 18 months. The effect of excess stocks on the market and the price of tobacco in general is specifically and on a per share basis, for each company.

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tion, "Extremely Recommended" and after personal at¬
dress, plus special attention will be paid to their market.

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By JULIUS HIRSCH

For five years our government in Washington has underestimated the Federal revenue, and done so at a very serious cost. Now it claims a $1 billion surplus in taxes is going to be needed to balance the budget in the fiscal year 1951-52. But let us ask if this assumption is valid.

Let us look at a few examples of tax underestimation.

The Size of the Past

For fiscal 1947—year to June 30, 1948—President Truman forecast a deficit of $4.9 billion. The fiscal year yielded a surplus of $4.8 billion.

If the estimate had been $5.3 billion, even though expenditures were greater than forecast by $6.5 billion.

For fiscal 1948, the President estimated a budget deficit of $6.2 billion surplus.

In August of 1947 the President estimated the surplus would be $4.0 billion—and we had an actual surplus of $4.8 billion (in calculating $8.2 billion).

For fiscal 1951 President Truman forecast a deficit of $5.1 billion, but this estimate was changed to a $5.9 billion surplus in January of 1950, to a deficit of $3.1 billion in September of 1950, to a surplus of $9 billion in March of 1951, and to a deficit of $3.5 billion in May of 1951.

Thus, the inflationary pressures have been such that even in the first 9 months of fiscal 1951, we are definitely not due to a budget deficit, but we are at least broke, and now stand, no cash deficit in the Treasury—10 or 15 billion without a penny in new taxes.

No Cash Deficit in Fiscal 1952

Even Without New Taxes

Looking forward, the 1951 surplus amount of $3.5 billion can be carried into the fiscal 1952. This will immediately correct the current deficit which will be even more favorable since the trust funds (the Social Security, etc.) also have yielded a surplus of $2.1 billion, as we had during that fiscal year very heavy expenditures, e.g. for unemployment.

National Income Again

Furthermore, it has been evident for some time that the national income has already reached the highest budget revenue estimate for 1952 $26.4 billion. This is at a very low level, Inflation and pricing pressures, and the enormous expansion of production in Korea—probably about 11-12% of the national income has increased personal income and corporate income by $2.5 billion to $24.5 billion. The first budget

Forecast for fiscal 1952, however, was based on the assumption of personal income of $32.1 billion a year, which was the figure for personal income on an annual basis, the Treasury forecast that this would also be the figure for fiscal 1951, and consequently upped its figure of $26.4 billion.

Accordingly the Administration now expects a surplus of $3.2 billion in new taxation to $10 billion.

Since then, however, it has been generally recognized that the Administration did not make any assumption that it would be needed to balance the budget in fiscal 1951-52. They were simply producing surplus estimates. So we have...

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In this “Radioactive Materials Room” at Chrysler Laboratories, many stronger metals . . . better designs . . . smoother-running, longer-lasting parts have their beginning. Note the protective lead-and-rubber gloves and aprons, and the thick lead box in the foreground where “hot” parts are safely stored.

ATOMS FROM OAK RIDGE COME TO DETROIT

The men in the picture are handling “hot” or radioactive automobile parts. That’s the reason for their long-handled tools, the radiation exposure meter held by the man at the right—and their caution. It’s all part of a new kind of research at Chrysler Corporation.

Our engineers send engine distributor points to the U. S. Atomic Plant at Oak Ridge, Tenn., where they are made radioactive in the famous Atomic Pile.

Returned to Detroit, a “hot” point is mounted in a standard distributor, and given a test run as though in your car. Ordinarily it takes hundreds of hours of engine operation for points to wear enough to be measured. But in a few minutes of this test, some radioactive atoms are transferred from the “hot” point—enough to be measured accurately by sensitive Geiger Counters.

In this way, our engineers find out where wear first starts, and how and why, and thus learn how to develop improved points that will run much longer without replacement.

Similar tests, using “hot” piston rings, gears, bearings and the like, are helping us to develop longer-lasting parts for cars and other vehicles, and improved ways of lubricating them.

Chrysler Corporation was an auto industry pioneer in this peaceful use of atomic energy. It’s one more example of the practical imagination that leads directly to the fine performance and long life of the products we make. And another reason why our experience and skills are always ready for a wide variety of challenging jobs—from cars and trucks and military vehicles to industrial engines, heating and cooling systems—and even railroad freight car trucks.

Practical IMAGINATION guides research at CHRYSLER CORPORATION
Canadian Securities

At the time of going to press last week, preliminary figures were released indicating that Canada's stock of money and capital is about $100,000,000 below the record quarterly high of $1,789,000,000 on Sept. 30, 1939, and were accumulated in spite of a five-month deficit in foreign trade.

The deficit of the five months of this year, as pointed out last week, totaled about $300,000,000. An offsetting factor of this deficit is undoubtedly due to a new net inflow of capital to Canada from the United States. The Canadian Government freed the dollar to that speculation, and since then U. S. capital has returned to its normal pattern of relatively steady net investment in Canada instead of speculation in exchange.

Canadian Securities

By WILLIAM J. McKAY

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CANADIAN SECURITIES

By WILLIAM J. McKAY

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Population Trends and Investment

1929-1948, when the economy was growing more rapidly. Suppose per capita income in Hong Kong was $800 in 1939 and $1,200 in 1948. That by 1970 per capita real income in Hong Kong would be $2,400 in 1940 and $3,600 in 1948. If we put the base total figure for Hong Kong and project it forward, we may assume that the rate of increase in income will remain constant between 1940 and 1970. That would be about 3% per year. The rate at which per capita income is expected to increase between 1970 and 1990 is about 3%. These comparative figures give us a rough idea of the increase in the rate of growth of world population.
rationalizing has been proposed has taken on added significance in some minds by reason of recent developments in Korea.

Inflation or Deflation?

The dominant note in the Washington "line" has to date been the danger of "inflation." It is still having much to say on the subject. There are reports, however, that additional elements are now beginning to worry about "deflation" but about what they term "deflation." It may well be that this view of the outlook by the electorate is responsible for the new election pre-vail. It is not secret that European observers are beginning to ask about such a prospect. The point being made here is to do justice to deflation as a diagnosis or prognosis. What concerns us here is whether such an idea will presently dominate official or Congressional thinking. Naturally, the course of events during the next few weeks or months will have a definite, possibly controlling, influence upon official thought, although this rather limited period will hardly afford position.

Continued from first page

As We See It

The general economic philosophy if such it can be called—"Point Four"—appears to have taken hold of the habits and practices of the New Deal and the Franklin Administration. It is not particularly difficult to arrive at an idea of the nature of the effect such uneasiness might be expected to have on the present public policy during the coming fiscal year. We are looking for improvement in the ratio of government expenditures, which for the most part have so far been regarded as an unpleasant and expensive necessity, to national income, taking a few events, as such, rather than rearmament, might become the overriding virtue of the process, with results not wholesome on any account.

Further, a new and remarkable problem could present another point of interest. The Administration has long been itching to get into this business of pouring funds abroad, at times as a means of preventing deflation or as an antidote to it, if possible, at times as a means of preventing deflation or restoring commodity prices. The Administration has therefore, that as the population of the United States is growing at a rate of 1% per year there is going to be an increased demand for American capital investment in these countries as they develop. The United States has immense value in one way or another upon a much greater capital upon a much greater capital market and should therefore serve to sustain the demand for American capital. This impact will be felt most strongly, of course, if conditions are stabilized in these countries, but even then a mit

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CHICAGO, III. — Richard E. Tobias has been added to the staff of Paine, Webber & Co., 209 South La Salle Street.

Joins W. P. Brooks

(OPENED IN THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Elmer F. Whitson has joined the staff of W. P. Brooks & Co., 1578 Main Street.

Joins King Merritt

(OPENED IN THE FINANCIAL CHRONICLE)

PITTSBURGH CONSOLIDATION COAL COMPANY

Twenty Year 3½% Debentures, Due July 15, 1965

TENDERS INVITED

As permitted by the Indenture dated as of July 15, 1945, under which the Debentures were issued, and as amended by the Trust Indenture, the Associated American Debenture Company, as Collateral Agent, as Trustee for the Debenture holders, and as Trustee under the Indenture, invites tenders of said Debentures for sale and delivery to it on or before the 14th day of July, 1951. Sealed proposals must be addressed to and received at the office of C. E. Bealhey, Secretary-Treasurer, Pittsburgh Consolidation Coal Company, 1915 Koppers Building, Pittsburgh 19, Pa., before 2:00 p.m. (P.M., EDT) on July 13, 1951.

The Debentures are secured by a lien on the Pittsburg Consolidation Coal Company's plant, property and equipment and the earnings from the operations of said Company.

All tenders are subject to acceptance, rejection or allotment, in whole or in part, in the discretion of the Associated American Debenture Company, on or about August 17, 1951.

Dated: Pittsburgh, Pa., July 16, 1951.

E. E. Anderson With

Francis I. du Pont

In Anchorage, Alaska

AGENCY FOR ECONOMIC OPPORTUNITIES


The rank and file are worried about depression. Even during the booming times which have prevailed without sufficient correction, the end of the fighting in 1945, reduction in largesse to the farmer has gone on, and the hazards of depression are real, in my opinion. Though in recent years are clear. The public must be prepared for them.

Life Gos. Increase Purchases of U. S. Bonds

Acquired in first 5 months of current year approximately $5 billion, compared with $365 million in same period of 1950.

Holdings of U. S. securities, however, show net increase.

According to a statement issued by the Institute of Life Insurance, purchases of U. S. Government securities in first five months of the current year totaled $4.837 billion, compared with but $365 million in same period last year. Despite the increased in purchases, however, the total holdings of U. S. Government securities by all insurers at the end of May shows a decline of $1.718 billion, thus revealing a continuation of the liquidation of holdings by insurers, which began several years ago, during the period of pegged government rates.

Investments made by the Life insurance companies of the country during May and holdings at the end of May are reported as follows by the Institute of Life Insurance (000,000 omitted):

<table>
<thead>
<tr>
<th>May 31</th>
<th>May 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>U. S. Government securities... $716 $69,427</td>
<td></td>
</tr>
<tr>
<td>State and local securities (U.S.)... 242 38</td>
<td></td>
</tr>
<tr>
<td>Revenue bonds (U.S.)... 412 412</td>
<td></td>
</tr>
<tr>
<td>Railroad bonds (U.S.)... 31,650 31,650</td>
<td></td>
</tr>
<tr>
<td>Industrial and, municipal bonds... 1,075 1,075</td>
<td></td>
</tr>
<tr>
<td>Stocks (U.S.)... 1,580 1,580</td>
<td></td>
</tr>
<tr>
<td>Foreign and colonial bonds... 80 80</td>
<td></td>
</tr>
<tr>
<td>Foreign and colonial stocks... 80 80</td>
<td></td>
</tr>
<tr>
<td>Other... 301 301</td>
<td></td>
</tr>
<tr>
<td>Total assets... 56,496 56,496</td>
<td></td>
</tr>
</tbody>
</table>

A. E. Anderson With

Opens Brokerage Office

In Anchorage, Alaska

CHICAGO, III. — A. Elmer An

ANCHORAGE, Alaska — The

derson has become associated with First Anchorage Corporation has

achieved a financial center at South La Salle Street.

M. A. Turner, a veteran of 25 years on La Salle Street, is also formerly with the firm of Paolozzi, Kollins & Co.
basis points higher than a year ago. Radial and miscellaneous changes have occurred in the price of tax-exempts.

The Dow-Jones Industrial Industrials have risen from about an estimated level of $1,000 to an estimated level of $1,000 per share in the first quarter of 1951.

Common stocks, as measured by their prices in the stock exchanges, have risen 12% from 217.78 to 249.27 (June 24/08). In spite of the fluctuations in the stock market, the general economic environment is still quite strong and the underlying factors are not expected to change in the short term.

The rise in inventories was accompanied by a record-breaking increase in business. The business of the loan banks rose from 121.5 to 1,000, a peak of 121.3 million in April, 1953, more than 44%.

A rise of $8 billion in manufacturing inventories is regarded as excessive and disconcerting, and could be in the minds of the Federal Reserve Banks.

The Federal Reserve Banks were concerned, because the Central Banks did not have to purchase Treasury bonds for support purposes. This decreasing trend of bond purchases and a certain amount of professional and investment banks have taken the market.

The near eligible restricted obligations, the 1950-51 eligible and eligible bonds. The yield on the short-term issues continues to be well bought because the desired for liquidity is still strong.

Mixed Opinion on Market Outlook

The action of the government in authorizing a reduction in the number of securities that are being sold, is this the real McCoy or is it a cream-puff development that could be short-lived. Reactions as to what has been taking place in Treasury obligations is still rather varied. Some hold the betterment, which has been rather large, is expected to continue, but not of the lasting variety. They point out that the rise does not rest on any immediate need or reason, but rather is expected to continue, but not of the lasting variety. They point out that the rise does not rest on any immediate need or reason, but rather is expected to continue, but not of the lasting variety.

The fact that the market does not seem to be fully aware of the increase in the supply of bonds is, at first glance, not surprising. A number of factors have been at work, because of not too sizable buying by dealers and traders who are not expected to maintain a large volume of buying, and the possibility of a tax increase being announced at the end of the month, because of the large volume of buying by dealers and traders who are not expected to maintain a large volume of buying, and the possibility of a tax increase being announced at the end of the month.

This is being watched very closely, with the belief being expressed here and there that the high point of the institutional selling may have been reached during the past month.

When selling again appears from the large institutions, and there is a good deal of speculation as to what will take place, the market will fold up and a spin down to the old low of 200. The large institutional buyers would appear to be on the sidelines, but the recent gains would be given back, but they do not believe that the market will go under extreme defensive selling. The selling, it is expected, is not likely to be great, and there should be more investors around to help absorb the selling. The market will go back to sell Treasuries in order to get funds for other investments, the same as during the past month, and the market is not there and won't be able to find the cloud of doubt behind them, they would fold up like a house of cards and go down and test the lows for the year. There you have it, put down your coin and take your pick.

Eligibles Acting Well

The eligible sector of the market, that is the intermediates and the longer ones, have been doing all right with all rights, but not too sizable, but enough to give them a good deal of the general national feeling that it could be defined as strong. Reaction as to what has been taking place in Treasury obligations on the market. The rise in the price of the latter obligation being mainly resolvable, and the market is not expected to continue. The desire of many commercial banks to get what is termed "certain" collateral has been the driving force behind the rise in the price of the latter obligation being mainly resolvable, and the market is not expected to continue. The desire of many commercial banks to get what is termed "certain" collateral has been the driving force behind the rise.

This is not to say, however, that the market will be subject to the impact of a recurring credit freeze. The market has been subject to the impact of a recurring credit freeze. The market has been subject to the impact of a recurring credit freeze.

The recent bid for a stage five sale, which has not been in the market for some days, is now prepared to cut its losses by continuing interest, and in the belief that if we get by the critical period of the next several months and pursue with unfailing determination any all-out program of defense, the outbreak of a major war in 1952 or 1953 is even less likely than now.

The rise is not, however, that the market will be subject to the impact of a recurring credit freeze, but rather to the impact of a recurring credit freeze.

The market has been subject to the impact of a recurring credit freeze.

The Central Banks have had an apparent need to free up credit temporarily and have been giving a loan to the Treasury to the extent of $1 billion, and this loan will not be available until after the current year.

The rise in inventories is one of the main factors which have been at work, but it is expected that the market will go back to sell Treasuries in order to get funds for other investments, the same as during the past month, and the market is not there and won't be able to find the cloud of doubt behind them, they would fold up like a house of cards and go down and test the lows for the year. There you have it, put down your coin and take your pick.

V. T. Curran Opens

PROVIDENCE, R. I. — Vincent Curran, chairman of the staff of sales offices from offices at 170 Lincoln E. McRae, 440 Main St., Westminster Street,}

Continued from first page

The Current Investment And Business Outlook

The rise in inventories is one of the main factors which have been at work, but it is expected that the market will go back to sell Treasuries in order to get funds for other investments, the same as during the past month, and the market is not there and won't be able to find the cloud of doubt behind them, they would fold up like a house of cards and go down and test the lows for the year. There you have it, put down your coin and take your pick.

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The Central Banks have had an apparent need to free up credit temporarily and have been giving a loan to the Treasury to the extent of $1 billion, and this loan will not be available until after the current year.
In all probability return to deficit financing.

Current Situation—A Temporary Squeeze

In short, I regard the current situation as essentially no more than the beginning of a major squeeze, with a superimposed and intensifying the need for financial reserve, the expected decline in investment activity, and the reduction of employment of the workforce. The conditions underlying the squeeze are the result of a variety of factors, including the high level of interest rates, the high level of unemployment, and the loss of confidence in the economy.

It is not clear, however, whether the squeeze will be temporary or permanent. The factors underlying the squeeze are complex and interrelated, and it is difficult to predict the outcome with any degree of certainty.

The squeeze is likely to have a number of effects on the economy, including a slowdown in economic growth, a reduction in the supply of new jobs, and an increase in the number of unemployed workers.

Prospects for the Future

The outlook for the future is uncertain, and it is impossible to predict what will happen with any degree of certainty. The factors underlying the squeeze are complex and interrelated, and it is difficult to predict the outcome with any degree of certainty.

We should be prepared for a period of adjustment and uncertainty, and we should be prepared to respond to the needs of the community as they arise.
Economic Implications
Of a Korean Settlement

The early months of 1951 have been characterized by a cooling off of the economic activities in Korea. The influence of the Korean war has been widely publicized; it has shifted into the public consciousness and is no longer merely an economic issue affected by speculations of defense authorities. The Korean war is now a fact, and it is more important than the issue of how much the cost of this war will be. The pressure on consumer prices will undoubtedly continue to the extent that the war will continue. The increase in prices has already been registered, and it is certain that they will continue to rise. The cost of living will increase, and the standard of living will fall. The government has already announced that the price of food will increase, and the prices of other goods will also rise. The government has also announced that the prices of farm products will increase, and the prices of industrial products will also rise.

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It seems fully verified that the development of new capital goods significantly increases demand for raw materials. This relationship is expected to continue throughout the year. rises, which may be expected to strengthen the outlook for the next few months. But, in my view, the current rate of defense spending would increase significantly over the next year and a half, and the trend of rising costs is likely to be offset by even the weak growth of defense. In order to assume a protracted business or price decline in the near future, one would have to visualize far greater increases in defense spending than seems wise, expedient, feasible or probable at the present time.

The reflection that the trend of business is likely to be sustained by a large program of defense spending, if prices are to be kept in line with the fiscal trends, is one of the factors that can be easily dismissed. Our inflationary pressures and will increase the cost of living. This, in turn, will require further restrictive monetary policy.

Other Supporting Factors— In addition to the defense spending, there will be additional support to the economy by the government and the business community. The government will provide substantial support to the business community by the amount of money it spends on plant and equipment. The business community, in turn, will provide substantial support to the government by the amount of money it spends on plant and equipment. The government will provide additional support by the amount of money it spends on plant and equipment. The business community, in turn, will provide additional support by the amount of money it spends on plant and equipment. The government will provide additional support by the amount of money it spends on plant and equipment.

Even in the case of business and government, the defense spending will provide substantial support to the economy by the amount of money it spends on plant and equipment. The business community, in turn, will provide substantial support to the government by the amount of money it spends on plant and equipment. The government will provide additional support by the amount of money it spends on plant and equipment. The business community, in turn, will provide additional support by the amount of money it spends on plant and equipment. The government will provide additional support by the amount of money it spends on plant and equipment.

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Tax Discrimination Against the Investor

which alone has taken from them
many billions of dollars in the last
17 years, to which the House now
proposes to add further holding tax.
There is no doubt that the tax would
move grossly biased tax provisions which
at present are exploited for political
vissions, some of them, such as the
double dividend tax, agreed by both
members of the American Railway
Treasury Department to be un-
fair, and we are invited to endorse
what were comparatively. low
rates under present
conditions.

Revision of Internal Revenue

Year after year the need for a
complete rewriting and simplifica-
tion of the tax laws has been
admitted on all sides. Three
years ago the House, after lengthy study
by the Ways and Means Commit-
tee, passed a bill too late for Senate
action, which contained a large number of
obvious minor in-
jurisons, which action
has been left to us.

Gentlemen, with the present
load of taxes under which our
economy is staggering, we believe that a
new approach is needed, especially
in removing complex confusion, follow-
ing the methods of the
Great Britain's
gross unfairness from the Internal
Revenues Code. We earnestly recommend
that a Joint Committee be
appointed forth-
with, with representation from the Committee
and the House Ways & Means
Committee, to study the
law, to prepare a draft
attempted to repoint to the
House in 1948; and that a general
cexcise tax of 5% be imposed on sales,
by the elimination of existing special sales
taxes of all kinds except the
of tobacco and high-priced luxuries.
Last year the revenue of at least five billion
a year in the United States
be immediately and
lasting, with proper executive economy
and a continued balanced budget for the current fiscal year.

Capital Gains Tax

The Investors League also fa-
vours the introduction of a capital
period which applied to capital
gains tax. We believe—we fact-
we are certain—that if this holding
period was reduced the gov-
ernment would receive more in
tax revenue and that inventors at
the same time would benefit.

As the taxes stand now per-
say, has no capital gains taxes
must wait for six months before
he can resell them and still come with
special advantages of a capital
gains tax. It frequently hap-
pens that he will lose his capital
and only gains tax would he pay a smaller amount of
taxes in any case. As the period has
elapsed. This means that if a purchaser were to sell at
six months after acquisition, he
would pay a smaller amount of
taxes. If he held the stock for six
months, it is probably that his
taxes would be reduced.

In the final analysis a capital
gains tax is in effect a levy on
capital gains. Therefore it is
be a Levy on our Courts.

Investors League advocates capital
gains tax whatever for that
reason. Certainly the taxes levied in
this country should not be de-

Continued from page 6

Inflation and the Railroads

that shows improvement. Generally speaking, such railroads are the
ones with better-than-average growth.

Most of the railroad companies that maintained or developed a high or even more than double the
rate of growth of the broad index of earnings at a time when the
inflation costs only partially offset by increased rates. Examine the
following:

REVENUES INDEX FOR 1959

<table>
<thead>
<tr>
<th>Group A</th>
<th>Group B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boston &amp; Maine...</td>
<td>121</td>
</tr>
<tr>
<td>Atlantic Coast...</td>
<td>211</td>
</tr>
<tr>
<td>Chicago, B. &amp; Q...</td>
<td>213</td>
</tr>
<tr>
<td>Illinois Central...</td>
<td>235</td>
</tr>
<tr>
<td>Kansas City Southern...</td>
<td>121</td>
</tr>
<tr>
<td>New York Central...</td>
<td>219</td>
</tr>
<tr>
<td>Southern Pacific...</td>
<td>230</td>
</tr>
<tr>
<td>Pacific...</td>
<td>227</td>
</tr>
<tr>
<td>Average...</td>
<td>205</td>
</tr>
<tr>
<td>Class I Railroads...</td>
<td>246</td>
</tr>
</tbody>
</table>

All the railroad companies in Group A had a 1959 revenue index
of 1959. In Group B, a revenue index of 1959. Revenue
would be back to something that is a little better than the
rate of inflation. It is not
improvement is a little more
than what would be expected of
the average railroad. But it is
improbable that the average railroad
would experience a wage rise of $15.9 millions and an increase in
revenue of about half a billion dollars, which would have to go up
to the in the have, but assume now that
they did not. For Class I Railroads, a 25% increase in wages
would be expected to cover a large share of the increase in
revenue. It is possible that some railroad
would grow to two-thirds of their 1958 earnings. Kansas City
Southern, on the other hand, would gain $15.2 millions from the rate increase and
lose only $18.7 millions from the wage increase. Its net gain would be $4.5 millions or $8.80 per
share common share before income taxes.

The Commercial and Financial Chronicle. . . Thursday, July 8, 1951

Continued from page 13

*This ten miles plus twice passenger miles.

PRICE EARNINGS RATIOS

<table>
<thead>
<tr>
<th>Group A</th>
<th>Group B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atch., Top. &amp; S. Fe...</td>
<td>30%</td>
</tr>
<tr>
<td>Boston &amp; Maine...</td>
<td>275</td>
</tr>
<tr>
<td>Chicago, B. &amp; Q...</td>
<td>344</td>
</tr>
<tr>
<td>Illinois Central...</td>
<td>215</td>
</tr>
<tr>
<td>Kansas City Southern...</td>
<td>250</td>
</tr>
<tr>
<td>Southern Pacific...</td>
<td>234</td>
</tr>
<tr>
<td>Pacific...</td>
<td>248</td>
</tr>
<tr>
<td>Average...</td>
<td>225</td>
</tr>
</tbody>
</table>

If we were putting money into railroad equities on any but a speculation basis, I believe the
one that has a high planned dividend yield, a large
earnings improvement for the high cost operations. You could
not make a good combination for a railroad on any basis, but it has
would be to sell Northern West at 11 and get 29. You could buy
or 18, but the point is that you would have to sell, for speculative stocks of this kind have come
substantially in recent months. If you are going to stay with a
railroad equitably and treat it like an investment, you have got to
into the stocks of the relatively low cost operations, especially if
you think we are going to have further inflation.

In addition to widening the differences between the earnings
growth of companies and the earnings of companies with not too much
money, there is the other class of companies that are
all the but the highest operating cost railroads, inflation, has played an important
role in the rising prices of the railroads. If inflation has helped to increase practically all the items in the railroads' income
accounts, it is true, the high cost railroads, in general, have been
than the others. Last year's statistics for 47 of our largest railroad companies show
that 45 had fixed charges less than 5% of operating revenues.
In 1959 there were 45 of the companies which could cover the
average for the 47 companies was 3.60%, compared with
2.33%. Most other ratios show corresponding improvement. For
example, the average earnings of the above mentioned companies
in reduction in maintenance charges to have an amount equal to fixed charges. Incidentally, in 1939, one
of the best years of the 1930's, the reduction would have had to be 52%. This was one reason railroad bond and bond prices dropped so
low in 1937 and 1938. This ratio of fixed charges to maintenance charges is important but it is a very useful indication of the safety of fixed charges.

Another development of inflation has been a large increase in
the leverage position of railroad companies, which presumably adds to
the earnings fluctuations in the future than in the past. On the common
shares of the 38 class A and class B companies, the price of
the $68 a share in 1929, $38 a share at the low point in 1932. But in 1948 the cost of carrying $150. Kansas City Southern had 1929 operating revenues of $74. Kansas City Southern, but in 1929 operating revenues of $74. Kansas City Southern earned $68, of which $33 in 1932. Due to the acquisition of Louisiana and Arkansas and to
inflation, the earnings of Southern Pacific in 1949 was higher than
the common share in 1929. Between 1929 and 1939-49 Atchison, Topeka & Santa Fe had a dividend of $3 from $10 to $12.
As I've said, earnings fluctuations should be wider, but an important stabilizing factor is present in the high Federal internal tax rates.

Inflation has also stimulated the purchase of labor-saving tools and equipment. Inflation is a tool it
has made for high cost operation. Add inflation and you see the
differences even more.

The stock market has taken cognizance of the tremendous changes in earnings over which I have
covered the growth of Santa Fe's growth to Santa Fe. On that basis, the 1959 share price
would be higher than the earnings for Santa Fe in 1930 and reasonably indicates poor management.

So there are two results to me that stands out prominently but that has not been much discussed, so far as I
know, is that the stocks of the low or improving railroads go up, while companies sell at as low price earnings ratios as do the stocks of high cost companies. Consider the following:

*This ten miles plus twice passenger miles.
Continued from page 2

The Security I Like Best

prices enjoy wider public acquisi-

tion, as is shown by the Federal Com-

mission's figures for the year ended

December 31, 1950. The average price

of bonds sold in the public market at

the end of 1950 was $83.41, while the

average rate of return on the annual

investment in the year 1950 was 5.87

percent. The average rate of return

on the annual investment in the year

1949 was 5.75 percent, and in the year

1948 it was 5.65 percent. The average

rate of return in the year 1947 was 5.62

percent, and in the year 1946 it was 5.66

percent. These figures show that the

average rate of return on the annual

investment in the year 1950 was 5.87

percent, which is slightly higher than

the average rate of return in the year

1949, which was 5.75 percent.

The table above shows the consoli-
dated earnings of the company for the
year ended December 31, 1950, and

for the year ended December 31, 1949.

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dated earnings of the company for the
year ended December 31, 1950, and

for the year ended December 31, 1949.
Continued from page 5

Where Do We Go From Here?

Continued from page 5

The State of Trade and Industry

to get—cuts in the last half can be pinned down more definitely to credit curbs, the division chief continued.

Steel Output Rises 6.4% of a Point in Current Week

The American Iron and Steel Institute announced this week that the output of steel companies has risen 6.4% of a point in the week ending July 14, 1951, or an increase of .6 point from a week ago.

The increase in the week’s output rate is equal to 2,077,000 tons of steel ingots and castings for the entire industry, compared with the week prior to this period last year, a decrease in steel use of 4.2% a month ago. A year ago it stood at 98.5% of the capacity and amounted to 1,894,800 tons.

Electric Output Rises Sharply in Post-Holiday Week

The amount of electric energy distributed by the electric light and power industry for the week ended July 14, 1951, was 6,762,870,000 kw.h., according to the Edison Electric Institute.

The current total was 661,796,000 kw.h. above that of the previous week, 722,325,000 kw.h., or 12.8% above the total output for the week ended July 15, 1950, and 1,369,786,000 kw.h. in excess of the output reported for the corresponding period two years ago.

Carloadings Fall Sharply in Holiday Week

Loading carloadings for the week ended July 7, 1951 totaled 502,246 cars, according to the Association of American Railroads, representing a decrease of 235,369 cars, or 34.7% below the preceding week.

The week’s total represented an increase of 34,236 cars, or 6.9% above the week prior to this period last year, 4,075 cars, or 1.2% below the comparable period in 1949. Loadings on the 12 railroads reporting 7,723 cars during the week ended July 7, and an average of 10,606 cars during the week ended July 4, were loaded on the holiday Monday and the holiday Tuesday.

Auto Output Curtailed by Labor Troubles, Vacations, and Material Shortages

Continued motor vehicle production in the United States and Canada past the week, according to "Ward’s Automotive Reports," totaled 117,528 units, compared with the previous week’s total of 95,087 (revised) units, and 194,273 units in the like week of 1950. This was the third consecutive week of decline in output, and auto stocks are statistically better value today than at the lower dollar levels of last year.

Making allowance for the background of the war years, the report visualizes a coming pattern of basically high which is prominent on the 1946-47 trading range. As a matter of fact, a moral can be drawn from the market history of this earlier period—although it itself in many respects: (1) It will be possible to enjoy a 10% to 20% mark to mark in selectivity is the key; (2) Hence, an analysis of past performance in the framework of the still to be established 1951 trading range.

Post Script

The prospect of peace in Korea during the next few weeks is no longer a subject for discussion, but rather a new equation. TheSES. This is a new equation. This base is shifting. If not stupid—for us to change our long-term policy of becoming a guarantor of democracy. Even if political considerations last week, the Korean war program has gained too much momentum to be turned off. Thus, all the latest news really does mean less than meets the eye, for there is no way of estimating the uncertainty which heightens the previous prospect of a ceiling and could affect the country’s economic political as well as the business considerations have become suspi-

The Commercial and Financial Chronicle . . . Thursday, July 19, 1951

having liabilities under $5,000, were up to 17 and exceeded last year’s trend. It also seems to be slowing.

Food Price Index Drops Sharply to New Low for Year

Continued weakness in food prices resulted in a further sharp decline in the Dun & Bradstreet wholesale food price index last week. The index, down 3.5% from July 7, 1950, and 3.3% from July 7, 1949, moved to its lowest level in seven years. This index number is still above the 26.28 of a year ago, although the rise has been contained since then.

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 prices. It is the nearest approximation to a consumer’s price index that can be made.

Wholesale Commodity Price Index Falls to Lowest Level in Almost Seven Months

Continuing the downward movement of recent weeks, the daily wholesale price index of the Federal Reserve Board, Inc., dropped sharply last week to reach the lowest level in almost seven months. It declined by 2.3% in the week ended July 19, 1951, from 311.70 a week previous, narrowing the advance over the year-ago figure from 4.8% to 2.3%.

Grain futures markets on the Chicago Board of Trade were less active the past week. Trends were mixed as corn, oats and hay moved higher on widespread demand for feed. Futures of expected large new crop marketings, and the outlook for a good crop.

Favorable moisture conditions in the Spring wheat Northwest and in Canada have aided that crop materially. Corn futures advanced as copious rains in the Midwest caused some apprehension about this year’s crop. The cash market was firm in the south. Cotton futures were weak as the mills are limited support to the cotton market. Brokers have never seen a strong cotton market in July, and the mills are not buying; that: (b) the outlook for July is very high, the July/January contract is dull.

The domestic raw sugar market was relatively quiet this week with the market closed at $7.00-$7.02 per 100 pounds. Substantial buying has resulted in closing a very low of the month for January delivery.

The market was also depressed by the issuance of the official acreage estimate of 25,910,000, which exceeded earlier expectations of crops. This report was taken by the public as a signal of speculation as the result of some new buying.

The market is still weakening, and some were some tapping off from the active period of last week. Lard developed a steeper tone, influenced by a drop in deliveries of cash hogs and a much higher level in the recent monthly production of lard.ian's sharp rise last week. Hogs were irregular. Steers and hogs scored small advances while lamb receipts have been rather well. A firm opening, both spot and futures cotton prices moved higher on September 1.

There was considerable liquidation and stop-loss selling, influenced by favorable crop and weather news and continued slowworsens in the market. A level on the 3,750 area is possible. The market is still weakening, and some were irregular. Steers and hogs scored small advances while lamb receipts have been rather well. A firm opening, both spot and futures cotton prices moved higher on September 1.

Total retail dollar volume in the period ended on Wednesday of last week was estimated to be from 2% above to 2% below the level of a year ago. Regional estimates varied from a year ago, by those estimates:

New England and Northwest 4% to 6%—East 4% to 1%—South, Midwest, and Pacific Coast 2% to 2% and Northwest 6% to 4%.

There was almost no change in the amount of wholesale ordering during the past week; the total dollar volume ordered was very slightly below that for the corresponding week in 1950. While the market was still in an apperance of normalcy, it was slightly below the level of a year earlier. Much of the interest in this period has been the mental state of the consumer, the child's, men's, and women's. The demand for coats and suits, although at a seasonal low, increased slightly from a week ago, following a firm opening. Total retail dollar volume in the period ended on Wednesday of last week was estimated to be from 2% above to 2% below the level of a year ago.

In the comparative week in 1950, states Dun & Bradstreet, Inc., in its latest survey of trade. There was little noticeable effect upon shoppers. The market was buoyant.

Shoppers for apparel spent modestly more money last than the week prior to this period. Prices moved moderately lower than that reported last week. Women's, men's, and children's, men's, and women's. The demand for coats and suits, although at a seasonal low, increased slightly from a week ago.

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### Indicators of Current Business Activity

#### AMERICAN IRON AND STEEL INSTITUTE:
- Indicated steel operations (percent of capacity)...
  - July 22: 101.9
- Blast furnace output (net tons)
  - July 22: 2,037,000
- Steel ingots and castings (net tons)
  - July 22: 2,037,000

#### AMERICAN PETROLEUM INSTITUTE:
- Crude oil imports—daily average (thous. of bbls.
  - July: 50,000
- Natural gas sold to consumers—daily average
  - July: 27,000
- Natural gas liquids—daily average
  - July: 6,000

#### AMERICAN RAILWAYS:
- Traffic statistics
  - July 20: 58,746
- Revenue freight received from connections (number of cars)
  - July 20: 609,211

#### CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS-RECORD:
- Total U.S. construction
  - July 12: 121,000,000
- Private construction
  - July 12: 45,000,000
- Public construction
  - July 12: 45,000,000

#### COAL OUTPUT (U.S. BUREAU OF MINES):
- Bituminous coal production
  - July: 1,140,000
- Lignite production
  - July: 48,000

#### DEPARTMENT STORE SALES REPORT—FEDERAL RESERVE SYSTEM:
- May 31—June 30 average
  - July 21: 219

#### ELECTRIC RAILWAY:
- Electric sales (in kw-hrs.)
  - July 14: 6,730,873

#### FAILURES (COMMERCIAL AND INDUSTRIAL)—DUN & BRADSTREET INC.:
- July 13: 179

#### IRON AGE COMPOSITE PRICES:
- Pig iron (per gross ton)
  - July 10: 4.30
- Scrap steel (per gross ton)
  - July 10: 4.40

#### METAL PRICES (E. & M. J. QUOTATIONS):
- Electrolytic copper
  - July 11: 24.20
- Lead New York (cents per lb.)
  - July 11: 16.10
- Lead (soft, Los Angeles)
  - July 11: 15.80

#### MOODY’S BOND DAILY AVERAGES:
- U.S. Government Bonds
  - July 17: 97.02
- Average corporate
  - July 17: 109.97
- Average A
  - July 17: 116.44
- Average B
  - July 17: 108.88
- Average C
  - July 17: 103.33
- Railroad Bond Group
  - July 17: 88.88
- Public Utility Group
  - July 17: 89.97

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- U.S. Government Bonds
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- Average C
  - July 17: 103.33
- Railroad Bond Group
  - July 17: 88.88
- Public Utility Group
  - July 17: 89.97

#### MOODY’S COMMODITY INDEX:
- July 17: 471.5

#### NATIONAL PAPERBOARD ASSOCIATION:
- Newsprint prices (cents per lb.)
  - July 17: 207.78
- Production (tons)
  - July 17: 257,969
- Percentage of actual
  - July 17: 45

#### OIL, PAINT AND DRUG REPORTER PRICE INDEX—1926-56:
- July 13: 146.3

#### STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N.Y. STOCK EXCHANGE—EXTRACTED FROM THE EXCHANGE COMMISSION:
- Number of shares
  - June 30: 24,544,513
- Dollar value
  - June 30: $41,625,129

#### UNEMPLOYMENT AND PAYROLLS—U.S. DEPT. OF LABOR—REVIEWED SERIES—MONTH OF JUNE:
- Total unemployment
  - June: 2.9%
- Unemployment—men (16 years and over)
  - June: 2.9%

#### FREIGHT CAR OUTGO—DOMESTIC (AMERICAN RAILWAY CAR INSTITUTE)—Month of June:
- Freight cars in service
  - June: 3,779,800

#### HOUSEHOLD WASHERS AND DRYERS—STANDARD SIZE—(AMERICAN HOME LAUNDRY MANUFACTURERS ASSOCIATION):
- Month of May:
  - Washer units sold
    - May: 233,942
    - Total May: 288,794
  - Dryer units sold
    - May: 3,062
    - Total May: 13,233

#### MANUFACTURERS INVENTORIES & SALES:
- April
  - Inventories (dollars)
    - April: $37,693
  - Sales
    - April: $3,021

#### MOODY’S WEIGHTED AVERAGE YIELD OF 50 COMMON STOCKS—Month of June:
- Total
  - June: $37,953

#### PORTLAND CEMENT (BUREAU OF MINES):
- Month of June:
  - Production
    - June: 23,539,000

#### RAILROAD EARNINGS—CLASS I RAILWAYS (ASSOCIATION OF AMERICAN RAILWAYS):
- Total current revenues
  - April: $9,732,567
- Net income after interest
  - April: $4,546,000

#### U.S. GOV’T STATUTORY DEBT LIMITATION:
- Total debt outstanding (at end of quarter)
  - June 30: $68,872,998
- Debt outstanding (at end of month)
  - June: $68,872,998
- Total debt as reported by the Treasury
  - June 30: $68,872,998

### Indicators of Current Business Activity (continued)

#### AMERICAN STEEL AND IRON INSTITUTE:
- Steel ingot and billet production
  - July: 6,050
- Shipments of steel products
  - July: 6,050

#### AMERICAN ZINC INSTITUTE, INC.—Month of June:
- Shipments of zinc
  - June: 77,490
- Zinc sales
  - June: 77,490

#### BUSINESS INVENTORIES, DEPT. OF COMMERCE:
- New orders (dollars)
  - June: $72,700
- Orders in process (dollars)
  - June: $72,700
- Unfilled orders (dollars)
  - June: $72,700

#### CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS-RECORD—Month of June:
- U.S. construction
  - June: $1,077,087,000
- Private construction
  - June: $491,000,000
- Public construction
  - June: $586,000,000

#### COAL OUTPUT (BUREAU OF MINES)—Month of June:
- Bituminous coal
  - June: 40,314
- Lignite
  - June: 40,314

#### FIRE PROTECTION:
- Buildings under construction (dollars)
  - June: $2,976,000
- Buildings completed
  - June: $2,976,000

#### GOVERNMENT STATUTORY DEBT LIMITATION:
- Total current revenues
  - April: $9,732,567
- Net income after interest
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- Private construction
  - June: $491,000,000
- Public construction
  - June: $586,000,000
New Registrations and Filings

Alabama Flake Graphite Co., Birmingham, Ala. July 12 (letter of notification) $100,000 of 7 20-year mining funds (no par) to be offered to employees under terms of an Employees Stock Participation Plan. Price—At par ($100 per share). Underwriter—None. Proceeds—For working capital.


Interstate Finance Corp., Evansville, Ind. July 10 (letter of notification) 25,000 shares of common stock (par $10 per share). Underwriter—None. Proceeds—For working capital. Offer—405 Syca¬more St., Evensville, Ind.


Mid Texas Telephone Co., San Antonio, Tex. July 10 filed purchase of 100,000 shares of cumulat¬ive convertible preferred stock (100,000 shares of common stock reserved for conversion). Price—At par ($10 per share). Underwriter—None. Proceeds—For working capital. Offer—2817 Laclede Ave., St. Louis, Mo.

Missouri Research Laboratories, Inc., New York, N. Y. June 28 (letter of notification) 2,000,000 shares of cumulative convertible preferred stock (100,000 shares of common stock reserved for conversion). Price—At par ($10 per share). Underwriter—None. Proceeds—For working capital. Offer—2217 Laclede Ave., St. Louis, Mo.


Riverside Stadium, Inc., Riverside, Mo. July 13 (letter of notification) 125,000 of 5% convertible debenture notes and 25,000 shares of common stock (par $1) to be offered in units of one $100 note and 10 shares of common stock (par $1). Price—at $100 per note and $10 per share. Underwriter—Walter, White & Co., Kansas City, Mo. Proceeds—To retire outstanding obligations. Offer—100 North Robinson St., Kansas City, Mo.

Rochester Gas & Electric Corp. (7/31) July 13 (amendment) filed 175,000 shares of common stock to be offered for sale by advertisement. Price—At par ($5 per share). Underwriter—None. Proceeds—For working capital. Offer—New York, N. Y.

Russell (F. C.) Co., Cleveland, Ohio June 27 (letter of notification) 50,000 shares of common stock (par $1). Price—At market (about $13 per share). Underwriter—None. Proceeds—To purchase property, including land at Burton B. Bartlett, the two selling stockholders. Offer—110 Chester Avenue, Cleveland, Ohio.


Sears, Roebuck & Co., Chicago, Ill. July 9 (letter of notification) 20,000 shares of common stock (no par) to be offered to employees under terms of an Employees Stock Participation Plan. Price—At price first quoted on the New York Stock Exchange on the date the contract for the sale is issued. Underwriter—None. Proceeds—For working capital. Offer—The directors of Sears, Roebuck & Co. Employees and not more than 750,000 shares of common stock (no par) to be purchased by the Fund for members of the Sears family. Price—To be determined by auction. Underwriter—None. Proceeds—For working capital. Offer—New York, N. Y.

Tiger Tractor Corp., Keyser, W. Va. July 12 (letter of notification) 200,000 shares of common stock (par $1) to be offered to employees at prices not exceeding $10 per share. Underwriter—None. Proceeds—None. Price—For salaries to employees to produce a play. Offer—Four East and Monday Streets, Keyser, W. Va.

Trans Western Oil & Gas Corp., Baltimore, Md. July 10 filed $1,200,000 of common stock. Price—At par ($1 per share). Underwriter—None. Proceeds—For working capital. Offer—From 127 West Fourth Street, Baltimore, Md.

Transquill Corp., Houston, Texas June 29 (letter of notification) 160,000 shares of common stock (par $1) to be offered to employees at prices not exceeding 20 cents per share. Price—At par ($1 per share). Underwriter—None. Proceeds—For working capital. Offer—101 South Main Street, Houston, Tex.

Transvest Co., San Francisco, Calif. July 10 (letter of notification) 250,000 shares of common stock (par $1) to be offered to employees at prices not exceeding 20 cents per share. Price—At par ($1 per share). Underwriter—None. Proceeds—For working capital. Offer—1109 South Mission Street, San Francisco, Calif.

Western States Metals Corp. July 10 (letter of notification) 260,000 shares of common stock (par $1) to be offered to employees at prices not exceeding 20 cents per share. Price—At par ($1 per share). Underwriter—None. Proceeds—For expansion.

Previous Registrations and Filings


American Brake Shoe Co. June 15 (letter of notification) 250,000 shares of common stock (no par) to be offered to certain officers and key employees through a stock purchase plan. Price—To be no greater than 10% below the market price on the date of the offering, or no less than 750,000 shares of common stock (par $1) to be offered to employees under terms of an Employees Stock Participation Plan. Price—At price first quoted on the New York Stock Exchange on the date the contract for the sale is issued. Underwriter—None. Proceeds—For working capital. Offer—The directors of the company. Employees and not more than 750,000 shares of common stock (no par) to be purchased by the Fund for members of the company. Price—To be determined by auction. Underwriter—None. Proceeds—For working capital. Offer—New York, N. Y.

Bank of Nova Scotia, Toronto, Canada June 12 filed 300,000 shares of common stock (par $10) to be offered to employees at prices not exceeding 20 cents per share. Price—To be determined by auction. Underwriter—None. Proceeds—To be added to general funds. Offer—General funds. Effective June 28.
NEW ISSUE CALENDAR

July 20, 1951
Meridian & Bigbee River Ry.
10 a.m. (EDT)...Bonds & Common

July 23, 1951
Lehman Corp. .......... Common
Mississippi Power Co. 11 a.m. (EDT)...Bonds
St. Louis-San Francisco Ry. S. Louis, Mo. Proceeds—For general corporate purposes.

July 24, 1951
Audio & Video Products Corp. Debts & Com. New York, N.Y. Proceeds—For additions and improvements to plant and equipment. Offering date to be announced.

Central Fidelity Bank, Vancouver, Canada

July 25, 1951
Central RR. of Pennsylvania—Equit. Trust Cufs.
El Paso Natural Gas Co. Preferred

Bonds
July 31, 1951
Central Vermont Public Service Corp. —Bonds

Bonds & Electric & Gas Corp. Common

August 6, 1951
United States Plywood Corp. Preferred

Bonds

August 7, 1951
Michigan Consolidated Gas Co. 10:30 a.m. (EDT)...Bonds

Bonds
August 15, 1951
American Muscum, Inc. Common

August 31, 1951
Southern Counties Gas Co. Preferred

Bonds

September 11, 1951
Bonds

Bonds & Power Co. Common

Dome Exploration (Western) Ltd. (7/24)
June 2 filed 1,000,000 shares of common stock (par $1). Price—To be supplied by amendment. Underwriters—None. Proceeds—For working capital.

Chevron Petroleum, Ltd., Toronto, Canada
March 14 filed 800,000 shares of common stock (par $1). Price—To be supplied by amendment. Underwriters—None. Proceeds—For working capital and general corporate purposes.

Checker Cab Manufacturing Co. (7/24)
June 24 filed 12,500 shares of common stock (par $1.25) to be offered for subscription by common stockholders of record July 24 at rate of one new share for each $1.25 to be received on July 24. Price—To be supplied by amendment. Underwriters—None. Proceeds—For working capital.

Chevron Petroleum Ltd., Toronto, Canada
March 14 filed 800,000 shares of common stock (par $1). Price—To be supplied by amendment. Underwriters—None. Proceeds—For working capital.


May 17 (letter of notification) 150,000 shares common (voting) stock (par $1). Price—$2 per share. Underwriters—None. Proceeds—For working capital.

May 14 (letter of notification) 10,000,000 shares of common stock (par $1) to be offered for subscription by common stockholders of record May 14 at par for each $1.00 to be received. Price—To be supplied by amendment. Underwriters—None. Proceeds—For working capital.

Fall Creek Mining Co., Seattle, Wash.
June 25 (letter of notification) 400,000 shares of common stock (par 10 cents). Price—$20 per share. Underwriters—None. Proceeds—To S. A. Leininger and Phillip Seymour Heath, two selling stockholders.

Falls Creek Mining Co., Seattle, Wash.
June 19—amendment to letter of notification) 400,000 shares of common stock (par 10 cents). Price—$20 per share. Underwriters—None. Proceeds—To S. A. Leininger and Phillip Seymour Heath, two selling stockholders.

Flesh Packo Co., Dallas, Texas
June 23 (letter of notification) 22,800 shares of common stock (par $5) to be offered for subscription by stockholders of record June 23 at rate of one share for each $5.00 to be received. Price—To be determined by directors, but not exceeding $5.00 per share. Underwriters—None. Proceeds—For working capital.

Cudahy Packing Co.
March 25 filed 100,000,000 shares common stock (par $1) to be offered for subscription by stockholders of record March 25 at rate of one share for each $1.00 to be received. Price—To be determined. Underwriters—Halsey, Stuart & Co. Inc., Proceeds—To retire indebtedness and for working capital. Withdrawal—Statement withdrawn July 2.

Cuver Corp., Chicago, Ill.
Oct. 23 filed 127,364 shares of common stock (par $3). Proceeds—To be used for acquisition of net asset value of all shares of stock outstanding immediately prior to offering. Underwriters—None. Proceeds—To pay obligations. Offering—Exact date not yet determined.

Dempster, Inc., Oklahoma City, Okla.
May 18 (letter of notification) 200,000 shares of common stock (par 10 cents). Price—$70 cents per share. Underwriter—None. Proceeds—To pay obligations. Offering—Exact date not yet determined.

Dome Exploration (Western) Ltd., Toronto, Canada
July 2 filed 125,785 shares of capital stock (par $1), to be offered to stockholders of record July 20 at rate of one new share for each $1.00 to be received on July 20. Price—To be supplied by amendment. Underwriters—None. Proceeds—For investment.

Lilly-Tulip Corp., New York, N.Y.
July 26 filed 25,000 shares of common stock (par $5) to be offered for subscription by stockholders of record July 26 at rate of one new share for each $5.00 to be received. Proceeds—To be used for the payment of liabilities and interests. Underwriters—None. Proceeds—For investment.

Fosgate Citrus Concentrate Corporation (Fla.)
June 29 filed 453 shares of class A common stock (par $10) in exchange for bonds (par $100), cumulative beginning three years from July 10, 1951, of 4% revoluing fund class C stock (par $100); 2,000 shares of 4% revolving fund class C stock (par $100). Price—$1.30 per share. Underwriters—Edgerton, Wykoff & Co., Los Angeles, Calif. Proceeds—For working capital.

El Paso Natural Gas Co. (7/25)
June 25 filed 13,000 shares of convertible second preferred stock (par no). Price—To be supplied by amendment. Underwriters—None. Proceeds—To retire indebtedness.

Fruit Machinery & Chemical Corp.
June 13 filed 100,000 shares of common stock (par $5) to be offered to employees. Price—To be based on New York Stock Exchange (about $34.50 per share). Underwriters—None. Proceeds—For general corporate purposes.

Glocoanda Mines Ltd., Montreal, Canada
April 9 filed 750,000 shares of common stock (par $1). Price—At par $1 per share. Underwriter—George F. Breen, New York, N.Y. Proceeds—For working capital and department of advances and working capital. Offering—Date not set.

Green River Steel Corp.
June 26, 1951, 54,600 shares debarred due 1951 and 230,000 shares of common stock (par 25 cents) to be offered for subscription by stockholders on second call of stock. Price—To be supplied by amendment. Underwriter—Equity Securities Corp., Nashville, Tenn. Proceeds—To be applied to the payment of the balance due in connection with the installation of facilities and for other corporate purposes.

Highland Electric Furnace Co., N.Y.

Inter City Telephone & Telegraph Co. (Fla.)
June 27 (letter of notification) 6,000 shares of 5% cumulative preferred stock. Price—To be determined. Underwriters—Florida Securities Co., St. Petersburg, Fla. Proceeds—For building property.


Jackson Central & Power & Light Co.
Feb. 2 filed 1,000 shares of common stock (par $1). Price—To be supplied by amendment. Underwriter—H. M. Herrin & Co., Seattle, Wash., and others. Proceeds—For development of Liv-

Keystone Drill & Shovel Co.
May 26 (letter of notification) 50,000 shares of common stock (par $1). Price—To be determined. Underwriters—None. Proceeds—For general corporate purposes.

Lindberg Instrument Co., Berkeley, Calif.
June 23 (letter of notification) $100,000 of 6% promissory notes (in denominations of $1,000 or fractions thereof). 20 shares of common stock (par $10) 40% of fractional royalty interests to be issued by licensors under certificates for which no consideration will be received. Underwriter—None. Proceeds—For further development of an electrical sound apparatus called "Fluid Sound."

Loven Chemical of California

Mayfair Markets, Los Angeles, Calif.
May 23 (letter of notification) 600 shares of preferred stock (par $50) and 5,000 shares of common stock (par no) to be offered in units of one share of preferred stock for 100 shares of common stock. Price—To be supplied by amendment. Underwriter—None. Proceeds—For working capital.

McCrew (F. H.), & Hartford, Conn.

Continued on page 32
Continued from page 21

June 7 filed $15,000,000 of first mortgage bonds due Aug. 1, 1976. Underwriters.—To be determined by underwriters. Proceeds.—To be used to construct a $4,000,000 building and an addition to a $2,500,000 building of the St. Louis Gas & Electric Co., St. Louis, Mo.


Mallinckrodt Pharmaceutical Co., Inc., St. Louis, Mo. June 20 (letter of notification) 992 shares of capital stock (par $1). Price.—Not to exceed $35 per share. Underwriter.—Stone, Stuart & Co., Inc.; Smith, Barney & Co., and Blyth, Eastman, Dillon & Co., Inc. (jointly); William E. Boyce, First Boston Corp., New York, N. Y.; & Graham, Rice, & Co., Inc. (jointly). Proceeds.—From sale of bonds plus $5,012,000 of shares of capital stock at $1 each. Net proceeds will be used to repay bank loans and to finance expansion program. Bid.—To be opened at 10 a.m. July 5 at 415 Clifford St., Detroit, Mich.

Mitchum Pharmaceulcal Co., Inc., Kansas City, Mo. June 29 (letter of notification) 2,600 shares of capital stock (par $1). Price.—Not to exceed $33 per share. Underwriter.—Walter E. Fawcett, First National Bank, Kansas City, Mo. Proceeds.—To finance construction of a new building. Offering.—Indefinitely postponed.

Montana-Dakota Utilities Co. (7/24) June 27 filed 182,500 shares of common stock (par $5) to be offered to the public for subscription at a price of $10 per share. Underwriter.—Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane, New York, N. Y. Proceeds.—For working capital. Offering.—Indefinitely postponed.

Multnomah Plywood Corp., Portland, Ore. June 28 (letter of notification) 970,000 shares of common stock (par $2.50), of which 60,000 shares will be offered to the public in units of three shares each to 20 individuals who are authorized shareholders. Underwriter.—Merrill Lynch, Pierce, Fenner & Beane, New York, N. Y. Proceeds.—To fund development of additional plywood plant. Offering.—Indefinitely postponed.

New York State Electric & Gas Corp. June 26 filed 217,904 shares of common stock (par $10) at $14 per share. Proceeds.—To be used to construct additional generating plants. Underwriter.—Michael Investment Co., Inc., Providence, R. I. Proceeds.—For working capital. Offering.—Indefinitely postponed.


Ohio Edison Co. June 23 filed 150,000 shares of pref. stock (par $100). Underwriter.—J. M. Irwin & Co., Cincinnati, O. Proceeds.—To the stockholders. Offering.—Pending indefinitely.

Probable bidders: Morgan Stanley & Co.; Lehman Brothers, First Boston Corp.; & Co.; Glencoe, Forgan & Co. and White, Weld & Co. (jointly); First Boston Corp.; & Co. Proceeds.—To be used for public improvement and construction program. Bid.—Indefinitely postponed. This issue to be submitted to an open public bidding of record July 17 at rate of one new share for each 10 shares held by present stockholders. Underwriter.—The First Boston Corp., Lehman Brothers, Wertheim & Co., and Merrill Lynch, Pierce, Fenner & Beane, New York, N. Y. Proceeds.—For construction program.


Norfolk & Western Railway Co. June 7 (letter of notification) 2,000,000 shares of common stock (par $100). Price.—Not to exceed $25 per share. Underwriters.—The First National Bank, New York, N. Y. Proceeds.—To the stockholders. Offering.—Pending indefinitely.

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curities Corp. (jointly); Kidder, Peabody & Co.; The First Boston Corp.; Lehman Brothers. Proceeds—For expansion and for new equipment and for expansion.

American President Lines, Ltd.
May 28, 1962. The First Boston Corp. announced to the SEC that it plans to sell 1,000,000 additional shares of common stock of American President Lines, Ltd. at $28 per share. Proceeds would be used for capital improvements and working capital.

Alaska Telephone Co.
April 24, 1962. The Alaska Telephone Co. may soon file a letter of notification with the SEC covering over $1 million in 7% convertible bonds. Price—At par (in units of $10 each). Proceeds—For new equipment and for expansion.

Associated Telephone Co., Ltd. (Calif.).
July 10, 1962. The SEC announced to the public that it was considering an application by Associated Telephone Co., Ltd. (Calif.) for an exemption from registration under the Securities Act of 1933, as amended, in connection with the proposed sale of convertible preferred stock.

Atlantic Gas & Electric Co.
July 12, 1962. The SEC announced that it had granted a temporary restraining order in the matter of Atlantic Gas & Electric Co. fixing the price at which Atlantic Gas & Electric Co. may sell preferred stock.

Auburn Mills, Inc.
June 20, 1962. The SEC approved a proposed issue of $35,000,000 of 3.5% convertible bonds of Auburn Mills, Inc. Proceeds—From sale of bonds, to be used for working capital and for new equipment.

British Columbia (Province of). Capital Increase. June 6, 1962. The British Columbia (Province of) filed with the SEC its application for a capital increase of $75,000,000, to be used for the purchase of $32,500,000 of first mortgage bonds of British Columbia (Province of) Ltd. Proceeds—For refunding and for new construction.

Canada Gas Co., Ltd.
May 28, 1962. The SEC filed a complaint against Canada Gas Co., Ltd. for alleged violations of the Securities Act of 1933. The complaint alleged that Canada Gas Co., Ltd. failed to register with the SEC the sale of $4,000,000 of 4% convertible bonds.

Canadian National Gas Corp., Charlotte, N.C.
Feb. 20, 1962. A complaint was filed with the SEC by the SEC for the purpose of seeking an order that the Canadian National Gas Corp., Charlotte, N.C. issue convertible bonds.

Colorado National Bank and Trust Co.
July 10, 1962. The SEC approved a proposed issue of $50,000,000 of 3% convertible bonds of the Colorado National Bank and Trust Co. Proceeds—For working capital and for new equipment.

Chicago District Pipeline Co.
May 28, 1962. The SEC filed a complaint against the Chicago District Pipeline Co. for allegedly violating the provisions of the Securities Act of 1933. The complaint alleged that the Chicago District Pipeline Co. sold $1,500,000 of 6% convertible preferred stock.

Chicago & Southern Indias RR.
June 12, 1962. The SEC approved a proposal to increase the authorized capital of the Chicago & Southern Indias RR. by 1,000,000 shares of common stock. Proceeds—For expansion and for new equipment.

Colorado Interstate Gas Co.
June 18, 1962. A complaint was filed with the SEC by the National Union of Gas & Electric Co. against the Colorado Interstate Gas Co. for alleged violations of the Securities Act of 1933.

Columbus & Southern Ohio Electric Co.
May 16, 1962. The SEC approved a proposal to issue $1,500,000 of 6% convertible bonds of the Columbus & Southern Ohio Electric Co. Proceeds—For working capital and for new equipment.

Continued on page 34
Pennsylvania Water & Power Co. May 28 John A. Walls, President, announced stockholders in the company's charter provisions which would limit the issuance of the remaining 75,561 preferred shares as follows: $1,000,000 in serie 1, valued at $10. These shares now with par value. Com-
pany now has $2,000,000 in pari bonds, and require the issuance of $5,000,000 in new mortgage bonds for additional working capital. Underwriters—Glore, Forgan & Co., Inc.

Nekoosa-Edwards Paper Co. June 17 stockholders were to approve an issue of $3,100,- 000 of 6% mortgage bonds to retire $12,000,000 of outstanding bonds and the balance used for expansion program.

Niagara Mohawk Power Corp. June 6, company applied to FPC for a license for a pro-

Pacifi c Power & Light Co.

Public Service Co. of Northern California, Inc.

Paci fi c Gas. May 24 the company announced plans to sell 120,000 additional shares of its stock for $20,000,000, of which 80,000 were to be sold to the public and 40,000 to the company. In addition, the company also announced plans to sell 15,000,000 preferred shares for $15,000,000.

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Mutual Funds

against inflation, according to a review of "Commodity Prices" contained in "Perspective," monthly publication of the Investment Management Division of Calvac Bullock.

"Assuming that we are not to be hulled into a false sense of security by the truce in Korea and that we will continue to adhere to our present monetary policy, we have scaled down our [text cut off]

The corporate new issue market came to a virtual standstill this spring and their dealers turned to vie, and they are now having to compete with 

A bank for $171,000,000 of various large and minor banks for these deals, says the 

Meanwhile the corporate end of the business was in the doldrums with one only issue, a small 

TIDE WATER POWER 

The Board of Directors has declared a quarterly dividend of 33 1/3% a share on the $1.35 Cumulative Preferred Stock of the Company, both payable August 15, 1951, to holders of record July 31, 1951. 

With Halsey, Stuart Co. (Special to the Financial Chronicle)

BOSTON, Mass. — John H. Evans, Jr., is now associated with White, Weld & Co., 111 Devonshire Street. He was previously with First of Michigan Corp. 

DIVIDEND NOTICES

TEENEE CORPORATION

July 10, 1951.

A dividend of fifty (50c) a share has been declared, payable September 20, 1951, to stockholders of record at close of business September 6, 1951.

J. B. McCREE, Treasurer.

The Colorado Fuel & Iron Corporation

DIVIDEND ON COMMON STOCK

At a meeting of the Board of Directors held July 6, 1951, a dividend of 10 cents (10c) per share on its common stock was declared and payable at $1, 000, Since July 1, 1951, to stockholders of record at close of business on July 16, 1951, at the rate of $1,000 per share.

D. M. McDERMOTT, Chairman.

Eastern Corporation

BANGOR, Maine

DIVIDEND NOTICE

On July 17, 1951, the Board of Directors declared a second dividend of 5 cents (5c) per share on the common stock of the Corporation, payable on August 15, 1951, to stockholders of record at close of business August 24, 1951.

B. C. REYNOLDS, Treasurer.
WASHINGTON, D. C.—Bank examiners are now putting on a swall demonstration in the federal government's effort to control the nation's economy, of the kind that most people think of when they hear of "the\n
 Right now it looks like Congress is going to refuse some two and one-half dozen additional powers which bureaucracy was rushing to thrust upon itself in its draft of the proposed ex¬

This town was just... (Continued on next page)

What the government should do, so. Mr. Staats, is merely to take care of everything. Thus, the government would restore and rehabilitate essential services and industries.

Government would provide income for individuals injured, de¬

PENNY ARCADE

“PENNIES MAKE SENSE”

A Penny oil stock which may have Dollar Ideas.

<table>
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<th>COMMON STOCK</th>
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<td>CURRENT MARKET</td>
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<td>27c Bid 34c Ask</td>
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Field government would provide the broadest compensation for property which is taken. It is the administration's idea that any notion of insurance should be entirely abandoned, that it should be set up a vast bureaucr¬

should have some special features for the care, feeding, and diaper chang¬

ing of what is called "small biz¬

ness." The final features, of course, will not be as sweeping as the text of legislation sponsored by the advocates of "small busi¬

ness"—advocates incidentally identified with the left wing.

The original plan was sweep¬

ing. A special government agency with (at first, only, of course) $50 million could compel the RFC to make loans to a small business for any imaginable legitimate business purpose.

This $50 million it could use to buy land, build factories, in¬

stall equipment and hire personal employees, and lend to the business, as ordinary citizens, a "special set-up company." The govern¬

ment would be empowered to serve as a "prime mover" in organizing gov¬

ernment contracts and subcon¬

tracting them to its clients. The corporation would be so supreme that practically no supply con¬

tract could be let until procure¬

ment officials had first cleared it with Smaller Defense Plants Corp., to make sure the agency did not want to undertake the business.

Among other things, the Cor¬

poration could certify any small business as competent to perform on a war contract, and that certi¬

fication would blind the procure¬

ment officials. Finally, the Cor¬

poration would take over the business of allocating short ma¬

terials to small business.

Because this beautiful program would subordinate procurement to a special set-up company, the Administration as a whole is opposed to it, as well as for other reasons.

Congress was disposed to take a modified version on the theory that it would be like World War II's Smaller Plants Corp., to make a lot of noise, noise show¬

ings. There are already noses to small business, but would and could accomplish next to nothing.

There is one broad line, however, which prevails now and does not seem to be present in the world War II. When, as, and if there is ever a real danger of set-back in business, if businessmen should just then, the Congress be free to hand this agency the job of setting up a "Spence bill" as of two years ago, to provide for govern¬

ment-owned or government¬

The administration's idea of compulsory insurance, you can plan on adding a couple or three million more "beneficiaries" to the program a year, and by the fall of the Defense Production Act. So the perpetual grab for additional powers moves to new fronts.

* * *

Although Congress is disposed to give NO consideration to com¬

pulsory health insurance this year, Oscar Ewing, the Social Secu¬

rity Administrator, has cooked up a brand new try at this thing.

The new try is just an amendment to the Old Age and Survivors' security set-up which would provide for health insur¬

ance for 6,000,000 persons on those rolls. Mind you, it wouldn't really cost the taxpayer anything. That aggregate of about 3% of national income is the cost of the average employee withholding taxes for the old age insurance is building up this large reserve fund that all it needs is a little minor adjustment in the use of these funds for payment of health insurance for the aged you are supposed to think.

With not only the old- timers but all their children who feel they might be relieved of the need of paying the tax, this means it is a relatively minor adjustment to this liti¬
tle amendment. Oscar figures he can put this across.

The only thing you've got a few million receiving the blessings of