The Stock Market is Basically Strong
By V. LEWIS BASSET
Director, Bureau of Economic and Business Research
University of Illinois

Illinois University economist believes stock market is fundamentally in strong position on pressure of idle money seeking investment, together with shift of institutional investors into corporation stocks. Looks for these developments, together with the growth of greater activity by professional speculators, to force market toward higher levels.

The peace talks beginning at the anniversary of the Korean conflict have helped to put securities on the buy gain counter again. At mid-year, the stock market as a whole was back to the level at the beginning of the year, and many stocks had fallen much further. The bearish view is supported by the business adjustment now going forward. Production in many lines had to be cut back in order to prevent inventories from piling up, and in some lines inventories are being liquidated. If these adjustments are continuing, there may be an actual decline in total production, including military, rather than a mere leveling off. The temporary nature of such a decline was pointed out last month.

Pessimistic appraisal of stock values is likely to be just as temporary, the conditions are not those that have characterized stock market declines in the past. Business will continue prosperous and the trend at the end of the year will in all probability be upward. Profits exclusive of inventory revaluation, funds available for dividends, and actual dividend payments will all be well maintained. Investors with funds that cannot be effectively employed elsewhere are likely to find stocks attractive at the present time. Profits are continued on page 16.

*Reprinted with permission from the "Illinois Business Review," published July 27 by the Bureau of Economic and Business Research of the University of Illinois.

Near Term Prospects and Their Policy Implications
By SUMNER H. SLICHER
Lament University Professor, Harvard University

Discussing pressures likely to be made on the economy, Dr. Slicher finds objectives of economic efficiency and economic stability are in conflict. Holds rising incomes may not be as inflationary as expected, provided consumers regard current prices as too high, and therefore save. Advocates tight credit restrictions and reformed price-wage controls. Criticizes straight increase in income taxes, and urges reformation of tax system.

Charles E. Wilson, Director of Defense Mobilization, has recently announced that expenditures for national security will rise from an annual rate of about $35 billion now to an annual rate of about $65 billion a year hence. Spending for defense during the fiscal year 1952-53 may be even greater than $65 billion—according to the Council of Economic Advisers. This rate of spending would mean that outlays on defense alone during the fiscal year 1952-53 would be about 45% greater than all the outlays of the Federal Government in the fiscal year 1927-28 which was the highest total Federal budget in the year 1927-28 would be about twice as large as in the year just past.

In the face of these prospects it is interesting that the present lull in business and the possibility of a cease-fire in Korea have led many businessmen and Congressmen to believe that the danger of inflation is pretty much behind us. This conclusion has led to demands that present direct controls of prices be discontinued or considerably relaxed and that various indirect controls be

Continued on page 22

The COMMERCIAL and FINANCIAL CHRONICLE

Volume 174 Number 5034
New York, N. Y., Thursday, August 2, 1951

Price 40 Cents a Copy

EDITORIAL

As We See It

Late last week in an address in Detroit, the President said:

"In the last war, Detroit proved itself as one of the great production centers of the arsenal of democracy. Its tanks and trucks rumbled ashore on every beachhead from Normandy to Okinawa. From Detroit and other great American cities came such an outpouring of the weapons and equipment of war as had never been seen before in all history.

That miracle of production was made possible by American industry in action. It was made possible by the expert management and skilled workers of America. Free men working together here in Detroit made it possible for free men around the world to win the war."

In referring to the current defense program, the Chief Executive developed his ideas somewhat further as to the origin of the industrial might of the United States. Here is what he said:

"Peace is the purpose of our defense program. Peace is what this great production job is all about."

We have the resources, the morale, the economic strength, to do this job, and we are going to do it.

"We have this great strength because the people and the Government have been working together for the welfare of all Americans. We have this strength because we have been working for equality of opportunity and economic security for all our citizens. We have helped our farmers and our workers to reach higher and higher living standards; we have developed our natural resources."

Continued on page 26

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P R C I N G S I N T H I S I S S U E—Turn to page 31 for pictures taken at the Annual Party of the SECURITY TRADERS ASSOCIATION OF LOS ANGELES at Lake Arrowhead.

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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 industry from all sides of the country participate and give their reasons for favoring a particular security.

(The articles contained in this Forum are not intended to be, nor are they intended to sell the securities discussed.)

HERBERT G. KING
Member New York Stock Exchange
National Distillers Products Corp.

When an investor selects his favorite security, it is usually guided by five well-known yardsticks. The first of these is safety, the second is return on his capital, the third is dividend and hance possibilitv; the fourth is past record of the security and its income, and the fifth is whether it is popular or not in the market.

With these points well in mind, I have no hesitation in choosing National Distillers common stock, selling at 22 on the Big Board. Earnings from operations for the quarter ended June 30 were $2.25, with an earnings per share of 80 cents. This is 37% of the estimated 1961 earnings of $3.75 a share, having an unbroken dividend record since 1953, and culminating a commanding position in the liquor field. It is now expanding into the popular chemical and medical fields and its future growth possibilities are tremendous. Earnings per share of the common economic values are very much in de-mand, the company has the advantage of its investors.

The company’s management, under Mr. Seton Porter, the chairman, has been excellent and the new President, Mr. John H. Bierwirth, former President of the New York Trust Company, has long been recognized as an outstanding leader in the financial community.

It is the company’s aim to have about 50% of its profits come from chemicals. Its $10 million plant in Ashtabula, Ohio, manufactures metallic sodium and chlorine, two products very much in demand. About 50% of the stock of U.S. Industrial Chemicals, which has improved the company’s position in the chemical field, was acquired by the company for the manufacture of grain alcohol. Jointly with Panhandle and Eastern Pipe Line, the company is planning to construct a plant in Florida for the conversion of natural gas into chemical products and it has acquired a 25% interest in the International Mountain Chemical Company which will produce soda ash from large trona deposits in Wyoming.

The company has long been regarded as one of the leaders in its line of business. It has many well-known brands and is the leading producer of bottled in-bond and straight rye and bourbon whisk- kies.

The net income for the past 10 years has been almost $200 million. Half of this went to stockholders in dividends. In 1959, the old issue stock was reclassified in the business sales approached $127 million in the year. Earnings per share in 1961 were 88¢ above the 1959 period, and total dividends per share of $1.90 were paid, though they will be about $5 million. A dividend of $2.25 for 1961 seems likely and a strong indication that this tremendous growth had been accomplished without any outside financing— a feat duplicated by very few concerns of similar size. But just as she was ready to announce reincorporations Mr. Porter looked up and heard the Walrus remonstrating with the others that the company was too big to go on with its employees.

The stock’s past record is favorable, the dividend yield is excellent.
Glamour Stocks

By BRADBURY K. THURLow

Partner, Taft, Zalmour & Co.

Members New York Stock Exchange.

Calling attention to inability of investor to evaluate dynamic effect which pure glamour can exert on price of a stock.

Mr. Thurlow warns market not to go by sentiment, and points out that steel stocks, with higher yields and outlook for several years of capacity business, may cause current so-called "growth stocks" to pass into background.

1... It must be admitted that a coldly logical approach to investment problems (at least over the past few years) has not suffered from at least one serious omission: the inability to evaluate the dynamic effect which pure glamour can exert on price of a stock, Mr. Thurlow warns market not to go by sentiment, and points out that steel stocks, with higher yields and outlook for several years of capacity business, may cause current so-called "growth stocks" to pass into background.

Perhaps those who bought their Electric Bond and Share at 500 or their common stock at 100 are not satisfied with the growth these issues have shown over the past 22 years. They have, to be sure, grown handsomely since 1919, when they could be bought for around 5. Curiously enough, in both of these cases the companies expanded as anticipated—only not quickly.

Those who rush to buy Pfizer or Dow whenever they announce a new cure for heartache will do well to recall the history of other popular growth leaders of the past and consider the fact that their investment is selling at 18 times average earnings to yield around 8% on a price which has tripled in 19 years. They should also recall that under present tax laws it will be difficult to foresee a large increase in earnings for some time. In addition, much time and expense are involved in marketing products after they have been developed on a test-tube basis. One is reminded that in 1929 television was considered an immediate source of income for the radio industry.

I am not going to be foolish enough to predict the imminent collapse of these high-priced stocks with which the public appears to be carrying on a prolonged demonstration, but would call attention to the factors listed above which could easily justify lower prices. What seems most likely at this writing is that the market may go through one of its well-known shifts of sentiment as investors discover that steel stocks (or something of the sort which is now out of favor) can be bought for five times earnings to yield 7% instead of 8% and to hold for several years of capacity business. At that point, the growth stocks of the Wil-Gal The-Wisp of long-term growth at any price. We understand investor's preference for dollars, but change in value rather than price over properties, which change in price as well as value. Dollars are a safer way to invest and keep a little closer to size being dis-counted in the present valuation of their equities. This may take a good many years. In the meantime, those who have profited so handsomely in these wonder drugs and chemicals might do well to exchange them for something more conservative, bearing in mind that, even in this miracle province, "trees don't grow to the sky."
More Fission in Financial Waters

By IRA E. COBLEIGH

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

A continuation of last week's comment on those scintillating market magnets, the splitting stocks.

My concluding phrase in an article in the "Chroniclle" of July 28 was: "share division and the prospect of same will continue to fascinate and animate the Market." And stocks with split privileges may well prove to be socially acceptable among bulls." Well, frankly, I'm how animated, how bullish can you get? On Wednesday, July 25, Merck closed at 98 3/4—up three points. On the 26th, an announcement of a 3-for-1 split of this famous stock, and the shares closed at 103 on Thursday, and 104 1/2 on Friday—up four and three points, sir, splits can "rev up" the stock market.

Another show-case example, Freeport Sulphur closed at 92 1/2 on Wednesday, July 24, on a plan tripling the outstanding number of shares; Freeport's stock was made known—and Friday's closing was 101 1/2—up nine points. Why, why could almost say Freeport Sulphur "matched" the performance of the market?

So in doing a relate this week on split-ups, it appears I'm operating in a highly topical territory. And, frankly, there seems to be no stomach, at least for this financial fission, it now appears highly appropriate to augment the list jotted down last week, of those stocks with division on their mind, if this is done, however, it might be well to pause a moment for a further examination of just why it is that a multiplication of the outstanding number of shares is considered desirable, by so many corporations.

First, remember that there are thousands of investors in the upper echelons of personal income tax brackets, who are making dividends and are not what they're cracked up to be. They're like a growing company, such as a chemical enterprise, which pays out only 35% of its net earnings in cash dividends and reinvesting the rest, building up a sweet earned surplus. This, in due course, upon sale, should be in the share market upward—making possible the maintenance of a high price for capital gain, taxable at 25%, and dividends. The possibilities of this gain are maximized by stock splits, since this device often drives shareholders into bigger, better, and hence, the current investor search for more, less expensive, possibilities.

From the company management viewpoint, longer range thinking is in order. "X" chemical company is expanding. It doesn't want to dilute its earnings, so it can make excellent use of the waupunp for internal expansion, and retain. Earnings are seldom enough for the purpose of a great and efficient enterprise, and it is important to keep the out-of-pocket of offering of shares, perhaps, tomorrow, perhaps, three years from now. For, today, these publicly offered securities must be furnished a "market." The market operations, demand, a number of different sized boards of directors, are to carefully supply the current answer.

General Motors, Gulf Oil, Philco, 3M, Foster & Wheeler, and McDonnell Aviation, all split their shares in the past year, and the only exception was the "lowfifty - the range. The current splits of these stocks, together, indicate market price for new shares around 35. At the present time, I believe over 75% of the volume (number of shares traded) on the N.Y. Stock Exchange is in the stocks selling below fifty. So, its fairly sound to conclude that to get wide investor following, prices of stocks must be available somewhere below the fifty level.

Another point, the Stock Exchange is exhibiting one of its old lot percentage differential of 1/4 for stocks selling at forty and over, leaving the rate at 3/4 for shares below forty. This may well set up fundamental investor preference—below 40, that is.

I suppose in such a financial dilemma is also required, lest the split stocks sell too low. Some directors may well feel that if their company's shares sell at 10, the stock may be tagged as a cat or dog, even though pertinent fundamentals are good. I prove it at least a junior model chiping.

Another bit of evidence should be mentioned, the price differential for popular common stock. The mutual funds are now selling at an annual rate of over $400,000,000 in trust shares to investors, many of whom are unfamiliar with the market. So the mutual boys must know a few more tips on a new security. Well, I took five representative and widely distributed mutual funds and analyzed their present market prices. It works out to 27. So now I read for many lines and find confirming—a fast flash to the some 30 or 40 boards of directors, that it's time to "sell for the public" (and I don't mean of ginger ale) be- cause of a panacea, the real-time stock, ideal price bracket for newly split Peaple Gas & Electric is 3 or 4, a range where between 27 and 40. Are there any questions?

We are now prepared to reverse myself. Last week I said it was silly to predict a split in this firm's stock. But, the holders of stocks, other than any other company in the world, even though selling at 157. But if AT&T has a "growing shareholders" at this price, why, then, by splitting 4-for-1 it might easily attract 500,000 new shareholders to its book of registry. So let's get on with it. Let's carry our argument to its logical conclusion by urging the split of AT&T 4-for-1, as seemed earlier, there is submitted below my reasonableness in giving the same information and between now and next Fourth of July.

Accordingly, we have the following table:

* * * * * * * * * *

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COBRALEP, INC.

The Commercial and Financial Chronicle, Thursday, August 2, 1951

The State of Trade and Industry

Some slight rise in total industrial production for the country at large occurred during the past week, reflecting a gradual acceleration in defense spending which was reported, however, to be considerably higher than the level prevailing in the corresponding week of 1950. Employment figures for the latest recorded week indicate noticeable change in overall claims for unemployment insurance, but it is noted that initial claims continued to rise.

Steel-making operations declined one-half point in the past week, but it is reported, expectations are that production will be pushed to the limit of available facilities right through the remainder of the year, barring necessary repairs to equipment from time to time.

Automotive production held steady the past week, despite interruptions by labor trouble at plants of Hudson and Chrysler, while parts shortages stopped Nash assemblies on Thursday and Friday at that week, "Ward's Automotive Reports" stated. It also pointed that Packard had been down all but one of the past week because of material shortages.

Further losses in production are threatened this week as a result of CIO Auto Workers' wildcats strikes at Chrysler's Dodge main plant and Ford's Monroe, Mich., plant, "Ward's" said. Both plants supply parts for their companies' car and truck assembly lines, the agency explained.

Production the current week will be severely affected by the previously announced GM plan to suspend operations six to eight days to "avoid mass lay-offs that would otherwise be required by government limitations on materials this week," Ward's noted.

Almost all Chevrolet assembly plants will be closed this week as well as the Michigan plants of the Buick, Oldsmobile and Pontiac divisions, the agency said. The Packard suspension will continue through this week, while resumption of operations by Nash is not scheduled until Wednesday, it added.

As a result, passenger car output this week promises to be at its highest figure in more than 18 months, according to this trade authority.

Steel distribution under the Controlled Materials Plan, started only this month, already is in difficulty, says "Steel," the weekly magazine of metalworking. Tonnage certified for September shipment for excess of the limits of mill-set-aside set up by the National Production Authority is far from the point in place and the market may fall right back to a point where even discussion along these lines may seem unreal. However, if stock splits are the children of expanding earnings, increased assets and surplus, a desire for broader share markets, and many new stockholders, then the above highly favorable conditions appear to recommend as logical candid- ates for investment. But you know full well the pitfalls of prophecy, Dewey, a sure thing or investment. And so we conclude this novel by calling to your attention the weight of our opinion along the contour line, as it appears on a large scale. It's open season for spawning shares.

Rockefeller Gas & Elec. Offers Common Stock

The Rockefeller Gas & Electric Company, the largest single common stock of record July 31, 1951, at $32,750,000 in $10,000 shares of common stock (no par value) at $32,750, for a modification of the ratio of one new share for each six shares held. Rights will expire at $32,750,000,000, until Aug. 15, 1951. The offering is underwritten by a syndicate headed by The First Boston Corp. No firm subscription agreements were entered into. The proceeds will be used to help finance construction expenses, to refund a total of $25,750,000 for bonds already outstanding. Next. Under the company's program, approximately $19,000,000 in 7% first mortgage debentures, and the remainder for gas fac-

Continued on page 27

The glitter of the glitter

One line of the "Letter" could be worth several times the annual price of $10; consequently, there are no free samples.

B. SALTAN GRIFFITH AND COMPANY, INC.

CROWN CORDS, COLUMBUS, OHIO
Promoting Economic and Monetary Stability

By LELAND E. ROBINSON

Vice-President, Economists' National Committee on Monetary Policy, Adjunct Professor of Economics, University of Chicago

Dr. Robinson's recommendations for creating and preserving economic and monetary stability are: (1) balancing of the Federal budget; (2) a tax system that discourages rather than incites saving; (3) abandonment of practice of converting Federal debt into bank reserves; (4) increased industrial productivity accompanied by lower unit costs; and (5) restoration of gold standard and convertible currency.

Whether or not these five recommendations are adopted by Congress, the Federal Reserve System, or some combination thereof, it is believed that the opportunity for progress lies in the hands of the nation's economists, the recognition of which could sharply curtail the dangers that are associated with the present economic situation.

The federal government is a major force in the American national production and employment have less margin, and slack today than at the outset of the last war. However, despite the lower-producing production in 1919-1941, hardly more than half of Federal expenditures were not taken by way of tax revenue.

The present and price-wage stabilization program is doomed unless honest account is taken of the great strain upon American producers capacity which the next two or three years of recovery may impose upon the armaments industry and aid to our allies will involve. At least for this transitional period, sacrifices must be made in living standards, or in any case not at the expense of the improvements in these standards. In any event, such sacrifices are the responsibility of the government.

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A Free Trade Zone in the Philippines

BY FRANCISCO ORTIGAS, JR.

Immediate Past President, Manila Lions Club

Prominent Filipino citizens propose creating a free trade zone in the Philippines in international trade channels and existing banking and other facilities in Manila for aiding foreign trade transactions. Governor of the Federal Reserve Bank of St. Louis, as well as other leading citizens, predicted that if a free trade zone was set up in Manila it could be made the trading center for South China and for many of the products of the East and a warehousing center for world trade. Trade with our neighbors, it was pointed out, is not bad. Trade with our neighboring countries is a demonstration of adequate facilities and some improvement in our trade privileges but without recognizing our revenue safeguards.

Banking Facilities

We are not alone in this country, particularly in the City of Manila, excellent banking facilities. Big banks have branches and accessory facilities such as the Bank of America from New York, New York, c., are doing business in the Philippines. They could provide a lot of assistance to traders in the zone.

Import and Export Controls

From the high protective tariffs with which we are burdened with our stringent customs laws, the import and export trade are handicapped, and more particularly the international commerce. For the past years the imposition of duties and regulations on foreign merchandise has been a hindrance to the growth of our commerce and foreign trade. Many of our businessmen have had to put up with the restrictions and compliances imposed by the authority of the United States and the Philippines. It is true that these duties and regulations are only for the protection of the country.

Bonded Warehouses

Bonded warehouses are public or private. Maximum rates charged are fixed by the collector of the port. The rules–regulations governing entry, storage, and discharge of consignments deposited therein are as complicated and onerous as those found in the United States. A local bonded warehouse is often a bond in double the amount of any other bonded warehouse in the United States or in the Philippines. A local bonded warehouse will have a lease fee of 1 dollar for every 100 pounds of merchandise deposited. In the United States it is called a merchant in the United States is entitled to a like period, otherwise the warehouse will be closed after the completion of the prescribed period, his merchandise shall be sold at auction by the collector. Discharge of bonded goods or merchandise deposited in any public or private bonded warehouse must be levied upon the weight thereat and the goods are then re-exported or sold. (Article XIII–Warehouses and Bonded Warehouses, Section 1302 to 1314, Revised Administrative Code of 1917.)

The attitude of the Public

Before the proposals to create a free trade zone in the Philippines were before the Secretaries of Finance and Commerce, the great majority of merchants and business men in the government took active interest in the proposals. The Secretary of Finance, upon his recommendation, that the establishment in this country would mean additional revenue coming from the customs and that the foreign shipping tonnage is expected to increase. Any charge of big volume of business in the Philippines, the government receiving a certain percentage of the gross revenue from the services. Mr. John Newman is a prominent one of our leading architects, predicted that if a free trade zone was established in Manila it could be made the trading center for South China and for many of the products of the East and a warehousing center for world trade. Trade with our neighbors, it was pointed out, is not bad. Trade with our neighbors is a demonstration of adequate facilities and some improvement in our trade privileges but without recognizing our revenue safeguards.

Referring to your Circular No. 208 dated Feb. 6 in reference to the subject, we wish to express our opinions of the zone to be favorably inclined toward the establishment of a Free Trade Zone in the Philippines. Our reasons for this feeling would be the fact that such a zone would give additional income to the treasury and would enable many important concerns to undertake the handling of commodities which they could handle without large investments. Further, it would attract large investments and would have the effect of attracting large investments and would have the effect of attracting large investments.

We, ourselves, would be interested in the re-exportation of shell wood from the Philippines to Australia and Macao. Also, we understand that it would result in obtaining good quantities of Pearl Shell in Samal.

There are some advantages in having a free zone for foreign trade. The Philippines is a country which is surrounded by the sea and it would mean greater business and may even have other advantages which are more attractive for many steamships to call at Manila instead of elsewhere.

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What About the FHA?

BY MELCHIOR PALYI

Dr. Palyi, in pointing out the rapid growth of consumer and home mortgage credits, holds that there is no need for Federal credit bureaus. S. & L.'s carries a risk of more than $14 billion, against which asset the hardy old Sun. Warns of further inflationary lending and "guarantees."}

It happened in May, 1951, and it should be remembered as a second celestial phenomenon: that branch of the government went into liquidation. It is a m.e.a.n, of course, to mention. Home Owners' Loan Corporation, which has sold its mortgage portfolio of several billions of dollars to private interests and voluntarily closed its own doors. That was the logical thing to do. There is no place in a boom for government institutions, the purpose of which was to provide credit for home owners during a severe crisis. It is the way depression-birth institutions should fall up—on logic alone.

The title certainly does not bear, as a result of the reconstruction Finance Corporation. Why must we have a corporatized RFC when there are ample loanable funds in the banks, insurance companies, etc., and when the capital market is at least as large as the railroads in the days of Harry the fuel users of their jurisdictions. Sometimes, when I think of the noble services which such politicians render us, as fuel users, meat eaters, etc., I just get down and pray they will be preserved—ah, to be.

In 1951, Truman took the bill and at the same time killed his closest friends, Senator Kerr, in the face. He must have some reason on the side to the Senator who had so handsomely contributed to his 1948 campaign because the Senator never expressed hurt. Indeed, when MacArthur returned and gave Truman the bill, the Democratic Senators and Members of the House sat nervously on their hands, Kerr arose unblushingly and unafraid to the defense of the President.

Now, after Federal Power Commissioners had led the propaganda to the columnists about the national gas producers wanting to gouge the consumers and the Kerr bill is vetoed, the Commission turns around. But it is not for it to take jurisdiction over these producers after all.

The leftist columnists are so flabbergasted they don't know where to go. They say Truman is glad, because of his friend Kerr, over the outcome, or that the Presidentians have double crossed him. I think the answer lies largely in Commissioner Harrison P. Wimblerly, a small-town but successful newspaper publisher in Oklahoma. Since he has his membership on the Commission, and it means nothing to him as a job, he has been trying to get it cut of ideological politics and make it the regulatory agency it is supposed to be. Of the same view, apparently, is the former Chairman, Nelson Lee Smith. Quite important is the seeming conversion of former Senator Wallgren, whose radicalism made (sic) a mark on his Senate colleagues that they wouldn't vote to confirm him; now he's a past chairman of the National Security Resources Board. It looks as though he has at last grown up. And amazingly enough, Commissioner Draper, hitherto considered a leftist, voted with the majority in the Phillips Petroleum case, leaving only Dr. Donald Harrison, who was previously a Democrat. Buchanan is likewise without his old buddy Leland Olds, who by way of staying on the government payroll, is making water surveys for the government. It is too much to expect the Commission has definitely left the leftist's ranks but the era of turbulence is over. Meanwhile, you can expect some awful screaming from the leftist propaganda, about the decent members having turned against the common people. As I said, there has already been a lot.

With Paine, Webber Co.
Has an office in the Financial District.

JOHN W. BAIZE
PASADENA, Calif.

MacDonald has become affiliated with Price, Webster, Carr, Brown, and has been associated with R. H. Curtis, 50 North Garfield Avenue. He was previously with Barman, Eichler & Co.

With Paine, Webber Co.

Price 19234% Bonds, Series D

Price $20,000,000

Central Vermont Public Service Corporation

First Mortgage 3½% Bonds, Series G

Dated August 1, 1951

Due August 1, 1981

$20,000,000

Price 102.546% and accrued interest
Knowing the Stock Market
By W. J. B. SMITH†
Partner, Reynolds & Co., Members of the N. Y. S. E.

Lancaster, Pa., representative of prominent brokerage concern, after outlining functions of stock brokers, mentions opportunities for acquiring stake in American industry.

Some people have an idea there is something mysterious about the brokerage business. There's nothing complicated about buying of selling of stocks. It is a way of making a phone call, a matter of fact, the way most of our customers handle the 1 7 1 business with us—by phone.

A broker, like a banker, sells a financial service. A broker, like a banker, sells a financial service. A broker, like a banker, gives this financial service.

(1) Trust you completely.

 improperly paid, or not you should invest at all. You should make that decision before you go in.

(3) Tell you whether the market is up or down.

There are some 13,000,000,000 stockholders who are the real owners of great companies. You can reach them by telephone, General Motors, Standard Oil of New Jersey—and let's take a look at things locally! I don't know how many stockholders the wonderful American Cork hat, but show me a better managed or more progressive organization.

From a talk by Mr. Smith.

Lancaster, Pa., Rotary Club, Lancaster, Pa., July 16, 1951.

†From a talk by Mr. Smith.

A Program for Individual Investment

I should like to throw some words about the advisability of starting a program of stock purchases as soon as possible. The first 25 years of a person's life usually consists of growing up and obtaining an education; the next 35 to 40 years is devoted to earning a living, and making a little income. It is during this period that most accumulating must be done so that a way to live or a way to save on the horizon, you may begin to take a little more time and enjoy some of those things that you have looked forward to and planned for during your busy active years. And just before the end of that period, you are living at your best. There is a whole lot of people's lives at our course.

From 29 to 30, all a girl needs is good looks.

From 29 to 40, needs charm.

From 40 to 50, she needs personality.

But over 50, she needs Cash!

You can achieve many spiritual values and true happiness in life by acquiring stocks in securities which bringing you in a little pleasure and profit, and they say worry kills more men than bullets or dynamite. The only way to assure of investing, time is the most important thing. The longer you give it the easier it is and the bigger it grows.

You may say today, "But when has that not been true? You have understood the marvelous growth of the past fifty years. From great men of the past lamented that man was a mere dog that there is no hope for anything. But it has continued to advance, and more and more is being invested, and it is in the new and in the old. The cost of the purchasing power of the dollar has increased the desirabitity of c o m m o n

stocks, and the sooner one starts a program of investing, the easier and larger the savings becomes. The more important this point is, for sure, plus funds and dividends re-invested continue to grow and produce better and better growth. Supposing you set aside small amounts of money and the reinvestment of your own savings builds up over a period of years. Life insurance and above all of a reserve is a safe. It is not a loss to earning power. $10,000 left out of your present $10,000 at 5%. Dollars can do much more but no one has enough money to be able to work 24 hours a day for you.

The rise in our standard of living, and the increasing power of what those who use your dollars to work through investment, has always gone forward. Over the last 34 years there have occurred the biggest change and in one of which we are now engaged. There have been periods of inflation and deflation, but in spite of all, the people who have invested their money in the products of American industry which today are everywhere and are everywhere are not all as represented, your stocks have built for themselves a real nest and a shield to hard times. It is up to you as individuals to make your start on a program of investing today and perhaps sooner one begins the easier it is.

The stock market today is for investors—there are no more "bulls"—you can't buy on margin today without putting up 75%. No more selling short at less than the last price—SEC and other regulations make it possible to have wires of information. You can get a telephone in your home and have a broker. If you buy intrinsic value of your stocks, you must have good dividends—don't fuss about the daily fluctuations of the stock market. The value of a dollar in the stock market is what you have to work with. I will conclude my talk with some words about the major predictions.

Don't please mark them down; for if you do you'll make a big mistake. What you are paying for your dollar in the stock market is what you have to work with.

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British Price Trends Still Upward

By PAUL EINZIG

Commenting on recent bullish in British buying spree, Dr. Einzig concludes that financing rearmament must continue, yields must be raised, and London is in no position to balance trade as of now.

LONDON, Eng.—For the first time in the year, British experts are unable to make up their minds whether there is a sellers' market or a buyers' market. There was very little room for any doubt until recently when the beginning of the Korean conflict prices have been soaring, and supplies in many lines were being cut back. With yields short were expected to become short in the near future. The public is not aware of the authorities are making in anticipation of rearmament requirements and "intermediate stocks" of war-time manufacturers and retailers were also increasing as fast as this could be accomplished.

During recent weeks, however, retailers reported distinct slackening of consumers' demand in many lines. The prospects of peace and reduction in rearmament lines were making the likelihood of further price increases, and most people are inclined to start covering future requirements until they can see which way the situation will develop. Even purchases for current requirements show signs of declining, partly because many people have already purchased their requirements and partly because the purchasing power of many consumers has not kept pace with the sharp rise in prices.

The strong demand for second-hand goods continues unabated owing to fears that, as a result of raw material shortages, there will be a considerable amount of surplus stock, and it increasingly difficult to sell their supplies of other categories. Unfortunately, this tendency is largely confined to the old city firms, and even secondary necessities are concerned the trend of prices remains upward, and the cost of living continues to increase.

The outlook is one of dis-savings going on, which the charge for demand for necessities in spite of the reduction of the annual power though the rise in prices. Week after week the amount of withdrawn and small savings exceeds that of the purchases made, and this outlook suggests little possibility of encouragement.

The outlook for the future is one of a strong demand for second-hand goods, the majority of the smaller stores continuing to hold their stocks of new goods.

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Willard T. Grimm.

Forms Own Firm

CHICAGO, III. — Willard T. Grimm, a general partner of Kidder, Peabody & Co., has withdrawn from that firm effective May 1, 1951. He has now formed his own company, W. T. Grimm Co., 231 South Dearborn St., Chicago. The company will conduct a general and specialty sales business and specialize in the purchase of private placements, new issues, mergers, sale of companies and special financial transactions. Mr. Grimm is a former member of the office of Kidder, Peabody in 1937 and was made an manager until he became a general partner in the firm. He was graduated in 1924 from Northwestern University's School of Commerce and is a member of the Chicago Bar Association and the American Bar Association.

The First Cleveland

JOINS FIRST CLEVELAND

(Special to The Commercial and Financial Chronicle)

CLEVELAND, Ohio—Robert L. Brooke, has been connected with the First Cleveland Corporation, National Bank and Trust Co., 461 Public Square, a former member of the Executive Committee of the Cleveland Stock Exchange and is now a director of the Investment Bankers Association, and is a director of Robert's Dairy Company, Omaha, and Chefford Manufacturing Co., Fairfield, Ill.

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Pennsylvania Brevities

HARRISBURG—With the signing of the Keartp bill by Gov. Florencen, the Delaware River Port Authority became a reality. Governor directed that New Jersey had previously signed the controversial bill.

The legislation empowers the Authority to construct new bridges and tunnels between the states of Delaware and New Jersey. Among the bridges to be constructed is a $2.3 million harbor crossing at Salem County in New Jersey.

Increased powers of the Authority to develop and improve port facilities extend to Philadelphia and Delaware counties in Pennsylvania and to Camden, Burlington, Atlantic, Cape May, Cumberland, Gloucester, Ocean and Salem counties in New Jersey.

The Port Authority supervises the Delaware River Navigation Commission, which has formerly operated the Philadelphia-Camden Bridge.

Pittsburgh Press

In possible rebuttal to extensive criticism of the site selection, the Philadelphia metropolitan area as becoming a new center for the production of more than 6,500 products ranging from glass eyes to giant turbines and rolling mills, it has great diversification within the various fields, producing over 68 different types of metal products.

We solicit inquiries in

General Manuf. & Planting

A. B. Farquhar

Bearings Co. of America

Riverside Metal

EIBERT H. BLIZZARD & CO.

1421 CHESTNUT STREET

LOUCEL 7-6119

Pennsylvania Water & Power Co.

Common Stock

Free of Penn. Personal Property Tax

This Company’s 1955 annual report makes interesting reading for investors interested in “SPECIAL SITUATIONS” for income and appreciation.

BOENING & CO.

Philadelphia 3, Pa.

Cambridge Bldg. 3s 1953

A. M. Greenfield $1 1954

Lehigh Valley

Talco Inc. Preferred

American Dredging Common

Samuel K. Phillips & Co.

Lyons 28-30


Pepco

National Park (N. Y. Phone)

Philadelphia 2-7281

President of Antocar, and Col. William K. Ghormley, Deputy Chief of the Philadelphia Ordinance District, cautiously admitted it to be “multi-million.” It is less significantly reported that the work will not require retooling.

Penna. Water & Power Co.

Stockholders of Pennsylvania Water & Power Co. have approved the readiness of the City of Philadelphia’s charter to designate its utility in framing a new water utility program. The proposed additions to property include a new $6,000,000 plant at Halltown, Penna., a 66,000-kw. generating station at the same locality, along with a 32-mule 260,000 volt transmission line between Safe Harbor Dam and a substation in the city.

The corporate amendments provided for an increase in capitalization from $200,000 to $20,000,000. The dividend rate and redemption value of 78,000 shares of preferred stock to be determined by common stockholders are exempted in respect to preferred shares issued in the future.

Penna. Water & Power Co.

Light Co.

For the 12 months ended June 30, 1951, Penna. Light Co. reports earnings of $2.27 per share on capitalization of $19,454,220, as compared with $2.15 per share in 1950.

For Whom the Bell Tolls

In a report to the Commonwealth Utilities Commission of Pennsylvania, the Superior Court of Pennsylvania, after a review of all the evidence, has ordered "the Commonwealth to do nothing in the Bradfords-Allegheny area if there is a cheaper source of power somewhere."

Production of Pennsylvania crude oil now averages about 1,000,000 barrels per week, and the men believe the drilling rate could be raised by 50 per cent by the end of 1952. It is estimated that one to two tons of steel could be saved for every ton of coal produced in the Bradford-Allegheny area if there is a cheaper source of power somewhere.

The ruling was handed down by the Superior Court in a case filed by the CIO Industrial Union Council and the City of Pittsburgh. The appellants argued that present rates are excessive in view of a recent decision, which ordered utilities to make a 12% profit in 1950. Judge Dean, who wrote the opinion, said "The Commission’s approval of the tariff was in the nature of an administrative act, and once may be substituted for the opinion of the Commission made whether they have produced a dollar profit above that which the Commission allowed.

The company has stated that it will appeal the decision and that it has a statement prepared for stockholders which did not include a statement authorized necessary in a rate hearing.

For nine months ended June 30, 1951, the company’s sales net income of $2.6 million, compared with $2.1 million in the same period a year ago. Shipments have increased about 8%.

Leukus Steel Co.

Sales and earnings of Leukus Steel Co. rose sharply in the nine months ended June 30, 1951, the company reported a net income of $1,500,000, compared with $333,000 in the same period a year ago. Net sales increased to $54,196,000 from $32,500,000.

The company’s patent infringement action against the American Locomotive Co. of Schenectady, N. Y., in which the company is seeking $67,000,000 in damages, has been dismissed by Federal District Court.

Nathan Greenhouse has

joined Goodbody Staff

Nathan Greenhouse has joined the Goodbody Staff in the firm’s Philadelphia office.

Caswell Personnel

With Shillinglaw Co.

CASWELL, 35 W. 42nd St., New York, N. Y., an affiliated member with Shillinglaw, Bolger & Co., has announced the appointment of Percy C. Caswell as associate director of employee relations with Shillinglaw, Bolger & Co., 120 South LaSalle Street, John F. Bolger, President of Shillinglaw, Bolger & Co., said the Caswell appointment will put Shillinglaw, Bolger & Co. in line for Caswell, Benjamins, Berman, Albert Farnell, Elmer W. Hammel and Al 1. Klein.

Caswell Personnel

With Shillinglaw Co.

CHICAGO, III.—Percy C. Caswell has announced the discontinuance of the securities business of Caswell & Co., effective Aug. 1, and the association of C. H. Caswell with Shillinglaw, Bolger & Co., 120 South La Salle Street, John F. Bolger, President of Shillinglaw, Bolger & Co., said the Caswell appointment will put Shillinglaw, Bolger & Co. in line for Caswell, Benjamins, Berman, Albert Farnell, Elmer W. Hammel and Al 1. Klein.

With Wadell & Reed

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—Florence B. Watson has been connected with Wadell & Reed, Inc.

With Hay, Fales

Hay, Fales & Co., 71 Broadway, New York, N. Y., has announced that Derek H. T. Wang has become associated with the firm.

STROUD & COMPANY

Incorporated

PHILADELPHIA 9

ALEXANDER • PITTSBURGH • NEW YORK • SCARBOROUGH • LANCASTER

The Commercial and Financial Chronicle — Thursday, August 2, 1951
Military Spending—A Leverage
For Consumer Buying

By WILLIAM WITHERSPOON

Statistical and Research Department, Newhard, Cook & Co., Member of the New York Stock Exchange.

Market analysts point out contemplated heavy military expenditures acts as a lever upon our economy and guarantees prosperity as measured by dollar volume while it lasts. Says military spending exerts greater inflationary pressure than non-military spending and that, in turn, does not increase productive capacity, especially in productive capacity that is material to national defense.

President Truman said that military spending must be approximately doubled during the next year. This was the keynote of his mid-year economic message and it sets the stage for our economy during the Presidential election year of 1952. If not only keynotes the economy for the next year, it literally guarantees prosperity as measured by the dollar volume of business.

This proposal is politically expedient because the present administration is afraid to cut expenditures as it acts as a lever upon our economy. This leverage factor is vested in the labor market, where the labor is contracted and persons receive pay for the manufacture of goods which he or she as an individual cannot buy. This is to say, personal income will advance during this period of military expansion which in turn will create a growing demand for consumer goods and consequently government spending and capital formation.

The aforesaid explanation alone does not in itself create a substantial advantage, but it clearly does explain the relatively low yield of the stock—about 4½%.

Military spending at the present time, although large, is not as great as in the peak years of World War II when a much larger portion of manufacturing capacity had to be shifted to military output. Furthermore, since that time the overall manufacturing capacity of the country has been expanding very greatly. Hence, we now can "guesstimate" the amount of military spending that will be required by the President pointed out in his economic message.

It is the size of our economy and its dual role of supplying the military and consumer demand that makes the administration policy politically expedient at the present time. If our economy were not as large as it is, so that the manufacture of material cut deep inroads into consumer output, we would not observe much of a political desire to expand the production of guns at the expense of butter.

If the armament program of the government were not in its expanding stage we would probably even now be experiencing a rather vigorous rolling adjustment similar to and possibly of even greater magnitude than that experienced in 1946. We have only to look at the textile industry, which is temporarily undergoing the rigors of the cyclic downturn, to be convinced that with the capital expenditure of industry (market chiefly by military requirements) and direct government spending we would not achieve income taking a hitch in its belt.

Economists across the nation do not appear to be too worried about the outlook for business; even the Council of Economic Advisers has some good things to say for the health of business. Most of the opinions here are, of course, subject to change as of the latest report by the government itself which has been the case in recent months. The new estimate as based upon interpreting developments; taxation; for example, is looked upon by many economists as being, in itself, not a negative factor. However, the tax reduction bill now in Congress is a factor, but it is not clear, but its discussion of the legislative bill would start from the theme of this article.

From the inflationary point of view, military spending has more leverage than capital formation. The latter expands the productive capacity of our nation, while the former exerts an enlarging purchasing power without the expansion of capacity. This reasoning, of course, is the basis for the expansion which may be government sponsored directly or indirectly through accelerated military expenditures, or, if necessary, but government expenditures for those purposes are relatively small. The leverage of military spending is for arms or personnel and this, in turn, does not increase productive capacity, especially in productive capacity that is material to national defense. Hence, purchasing power in this present period is potentially expanded without the corollary expansion in consumer goods.

The leverage that military spending will be greater than normal capital spending and therefore will exert a greater influence upon our economy, President Truman has estimated that the cost of the United States' defense program, now running at an annual rate of $35 billion, will increase to more than $60 billion by the end of 1951, and to nearly $65 billion by 1953. The President said that with the annual rate of $51 billion, being the total of new construction ($23.5 billion) and producer durable equipment ($27.6 billion) during the active first quarter of 1951. The size of military expenditure may, of course, be pared by Congress in the event of "peace" in Korea, but the repeated announcement from Washington is that defense spending will not be shrunked. It is upon this postulate that the CEA has issued its rather optimistic report.

California Tungsten
Stock Offered

Tellier & Co., is offering as a speculation 1,999,000 shares of common stock at a price of 13 cents per share.

Proceeds of the offering will be used by the company for the building and equipping of capital facilities, for the purchase of mining and milling equipment and for working capital.

Chase & Briggs Formed

(Special to The Financial Chronicle)
ELVIRA, Ohio—Leon H. Chase and Russell A. Briggs have formed Chase & Briggs, Inc., 407 East Avenue to engage in the securities business.
Are Stock Prices Forming an Important Top?

By NICHOLAS MODOLOVSKY

White, Weld & Co., Members, New York Stock Exchange

Contending current widely used stock market averages do not reflect true picture of the general market, because they com-
pri se only leading issues, Mr. Modolovsky constructs an indica-
tor consisting of the ratio of an index of secondary stocks to an index of leading stocks. Contendings during periods of im-
portant turning areas from a bull to a bear market, such index is useful in indicating withdrawal of effective buying demand.

Present charts indicate effective demand for stocks has been declining, working against a rise.

Stock market levels, and changes in market trends, are measured by indexes or averages. Among them, the Dow-Jones aver-
ages are the most widely used. All such averages have one fault in common. They show in reality the price fluctuations of only a few leading stocks and not the true picture of the general market.

There are about 1,000 common stocks listed on the New York Stock Exchange; about 650 common stocks are traded on the New York Curb Exchange, and almost countless thousands of issues are traded Over-the-Counter and on the provincial exchanges. The Dow-Jones Industrial Average, on the other hand, comprises 30 leading issues only. It represents a small minority compared to the great mass of the securities issues.

There exist statistical ways by which it is possible to measure that part of the effective demand in the market which is not repre-

ented by the averages. One of such methods consists in compar-
ing the relative action of secondary stocks to that of the leading stocks. Such an index would consist of the ratio of an index of secondary stocks to an index of leading stocks.

The functioning of such an index is based on the simple economic truth that, in periods of business improvement, weaker companies improve relatively more than the stronger companies. Conversely, in periods of deteriora

tion of business, the weaker companies begin to suffer sooner and continue to suffer more than the well established companies. These conditions of relative improvement or deterioration are reflected in changes in the index for the stocks of these secondary companies or of the index in turn, brings about rises or declines in our index.

For this reason, an index of relative demand for secondary and leading stocks, such as above described, can show what is happen-
ing in the general market behind the superficial facade of the averages. During periods of im-
portant turning areas from a bull market to a bear market such an index can render useful service by detecting the withdrawal of effective demand in the general market and the resultant forma-
tion of an air pocket beneath the trend. The market tends to rise if its own weight into the vacuum so created as soon as there is a failure in the buying of the leading stocks. It then becomes apparent that the strength of these stocks had given a false impression of solidity to a market whose heart has been in fact already eaten away.

The accompanying charts illus-
trate the action of an index of effective demand at the time of the formation of the two most important market tops of the re-
cent past—those of 1927 and 1944. Each of them was followed by an extremely drastic fall of stock prices. One of these charts shows also the action of such an index since the beginning of the current year.

It will be observed that while the charts illustrating the years of 1927 and 1944 are complete, that is, embody the entire 12 months, the chart picturing the 1927 market top stops with the last full week of July. This affords an interesting compariso

n of the type used in "BEFORE" and "AFTER" advertising. By covering the sections extending beyond the month of July on the two charts showing the last 12 months and 1927 and 1944 we can confront the action of the last bull market and the market when we can confront the action of the last bull market and the market.

In 1927, when the averages staged a sharp rally in July, which rally continued into August, when the averages rallied the entire ground lost from the March top, the index of effective demand refused to follow. The action of the leading stocks, it thus revealed the internal weakness of the market.

A similar situation developed in January of 1945, when the stock market established a double top in February and in May, while the averages rose by the end of May above the February high. Again the index denied the validity of this rise of the aver-
gages in July, our index in fact had declined practically all the way to its February low. This broke this low shortly thereafter,

while the averages were still hovering in the general area of the top.

In some respects, the picture of 1927 looks, in far, even worse than either in 1937 or 1944. The index of effective demand has been declining consistently for several months, and working against the rise of the averages. Its latest small recovery is weak and comparable to the weak rally of this index in the summer of 1927.

The question may be raised as to the continued validity in the present of relationships that seemed valid in the past. Some well-known new factors have brought about, during the latest bull market, considerably more concentrated buying of "blue chips." Could this recent development have changed the probable outcome of the discrepancies existing in the demand for the different types of stocks? Could the strength of the leaders pull the secondary issues up and even light a bonfire of general speculation celebration? Perhaps, on the other hand, the recent changes in demand merely served to aggravate the significance of the existing distortion. The evidence presented by the chart suggests that already this distant relative weakness of the secondary stocks can be resolved without a general liquidating movement in the stock market. The index foresees that our present "new era" hopes will have to yield to stern realities.

Joins King Merritt

CARTHAGE, Mo.—James L. Morgan is with King Merritt & Co., Inc.

With Waddell & Reed

ST. LOUIS, Mo.—Carl V. Hansen, Jr., is now affiliated with Waddell & Reed, Inc., 406 Olive Street.

COMING EVENTS

In Investment Field

Aug. 22, 1951 (Rockford, Ill.)—Rockford Stock Exchange Dealers Association "Fling Ding" at the Mauh-Nah-Tee-See Country Club.

Aug. 24, 1951 (Denver, Colo.)—Stock Club-Rocky Mountain Group B. A. annual frolic and outing at the Park Hill Country Club.

Sept. 7, 1951 (New York City) Security Traders Association of Exchange Firms Fall Meeting at the Tremont Plaza Hotel.

Sept. 30-Oct. 4, 1951 (Coronado Beach, Calif.)—National Security Traders Association Convention opens at Coronado Beach Hotel.

Oct. 12, 1951 (Dallas, Tex.)—Dallas Bond Club annual Columbian Day outing.

Nov. 22, 1951 (Hollywood Beach, Fla.)—Investment Bankers Association Annual Convention at the Holly-

wood Beach Hotel.

George L. Griffin Is Now With Reynolds

RALIEGH, N. C.—George L. Griffin has become associated with Reynolds & Co., Incorporated. Mr. Griffin who has recently been with Reynolds & Co., & Arnold Associates, Inc., in the past conducted his own investment business in Raleigh.


DETROIT, Mich.—Edward T. Spiker has become associated with Ames, Emerich & Co., Inc., 113 S. Wabash Ave., Chicago. Mr. Spiker was formerly with Waddell & Cummins and prior thereto was for many years with E. & O. D. & Co., Brooklyn, N. Y.

Minneapolis Assoc. Add

MINNEAPOLIS, Minn.—James M. Roche has been added to the staff of Minneapolis Associates, Inc., Rand Tower.

With Blair, Rollins

DETROIT, Mich.—Jacob A. Shomaker is now with Blair, Rollins & Co., Inc., 20 West Gratiot Ave., Penobscot Building. He was previously with Waddell & Reed, Inc.

With Merrill Lynch Co.

ST. PETERSBURG, Fla.—James W. Davis, Jr. has been associated with A. M. Kidder & Co., 620 Bank St., North.

With W. H. Heagerty Co.

ST. PETERSBURG, Fla.—Derek C. Davis has been associated with W. H. Heagerty Co., Florida Theatre Building.
Urges Labor Unions’ Pension Funds Invest in Common Stocks

Paul D. Jackson, of Harbor Carriers Association, tells Internationa1 Longshoremen’s Union members that they should follow policies of insurance companies and mutual investment fund companies.

Addressing a session of the Convention of the International Longshoremen’s Association in New York, Mr. Jackson, an official of the Harbor Carriers Association, said that labor was entering the field of investments, and that in many instances unions are acquiring stocks and bonds. He also urged the unions to coordinate their local funds, as to reduce management costs.

"The current trend throughout the nation, particularly in these days of inflation, high taxes and wage freezes, is to direct principal attention to the development of security for the worker and the elimination of fringe benefits and working conditions, an important approach being that of insurance from the vicissitudes of life caused by death, ill health, and the like," Mr. Jackson noted, adding: "Many of your locals have now in effect welfare and pension funds. A great deal of expert attention has been directed and much money expended toward the drafting of these welfare and pension agreements and toward their administration. The cost of placing these plans in effect and administrating them, particularly where there are many separate and oftentimes small funds covering small groups, is very substantial. A large number of people are finding new fields of employment in the drafting, interpretation and administration of these many plans. Unfortunately, the more separate groups there are and the more plans the greater the money expended on these administrative matters which does not directly benefit the membership. It seems clear to the fact that someday even an equal amount of attention has got to be paid, particularly by international unions having wide-flung local and membership, to the consolidation of administration of all plans in which the international has a direct interest. Until now the apparent has been to get a plan adopted and place it into effect, with costs of administration being a secondary factor of consideration."

"As time goes on however the costs of individual administration will undoubtedly mount."

"Another and equally important matter has been given little attention by the labor movement up to now, and that is this—In these union welfare and pension funds build up in size all over the country, and undoubtedly they will reach into the billions of dollars before long. How are they to be controlled and invested? One answer of course has been via the insurance. Another has been bank administration with restrictions, and still another has been mutual investment in bonds only. But these solutions, even if they are feasible, can cover only a portion of the tremendous potential involved in the union welfare and pension fund plans."

"If any criticism were to be directed at it at all it is that, it is that, in many instances the pension funds have not been as functional, as income-producing and in management, as the mutual investment fund companies, private trustees and the mutual investment fund companies, it is apparent that neither than relying solely on bank deposits and government bonds, a broad diversified program including selected corporate bonds, preferred and common stocks could substantially increase the return on these welfare and pension funds without sacrificing adequate protection for the members."

"With the welfare and pension funds involved in the potential of insurance, it is only natural that labor unions should follow the example of insurance companies and mutual funds by acquiring stocks and bonds."

Where the money goes...

How General Mills’ sales dollar was divided last year

- Sales $435,947,827
- Earnings $11,520,508
- Dividends $6,483,738

For an illustrated annual report of General Mills, last fiscal year, write . . . Dept. of Public Services, General Mills

Minneapolis, 1, Minnesota
W. EMLEN ROOSEVELT has been elected to the new position of Vice-Chairman of the Board of Directors of Investors Management Company, one of the oldest organizations specializing in mutual fund management. It was established in 1924, supervises the investments of a fundamental investors, Inc., and Investors Management Company, Inc., mutual investment funds with assets in excess of $10 million.

W. Emlen Roosevelt, after graduation from Andover and from Princeton University, became a partner in the 135-year-old Roosevelt & Son. He is the nephew of George E. Roosevelt and represented the sixth generation of the family to be identified with the firm. He withdrew to enter the U. S. Army in 1941 as a private and was discharged with the rank of Lieutenant. Roosevelt is President of The National State Bank of Elizabeth, N. J., and a director of Broadway Improvement Co., Elizabeth Consolidated Gas Co., and Plainfield Union Water Co.

BUDGET PLANS for investment in the shares of mutual funds on convenient monthly or quarterly payment schedules are opening a market hitherto untapped by the nation’s security dealers. A. J. Wilkins, Vice-President of Wellington Fund, states.

Such plans, according to Mr. Wilkins, are making mutual fund shareholders of people who previously were directing their savings into other channels.

The Wellington Fund executive cited the experience of his own fund to make his point. He said that a check with security dealers revealed that one of those who are purchasing Wellington Fund shares on a quarterly or monthly budget plan never had contact with a security dealer before they purchased the common stocks before.

Mr. Wilkins reported that both initial deposits and monthly and quarterly payments by purchasers of Wellington Fund shares on a budget basis are averaging considerably in excess of the minimums.

"Under the Wellington Plan initial deposits are averaging $300—$400 per month; and quarterly deposits $300—in each case more than double minimum requirements," he said.

"The success of these plans," he added, "proves up the fact that there is a large group of people in this country who will buy securities on a budget basis. I do not think the day is far off when budget buying of mutual-fund shares will become as standard and a practice in American family life as the purchase of insurance or the opening of a saving fund. Wellington Fund has just completed a revision of its folder, "Facts and Figures from Wellington Fund." The revised folder, now being distributed to dealers, contains a new chart showing the results of an investment of $10,000 in Wellington Fund at offering price for the 10%-year-period from Jan. 1, 1941, to June 30, 1951. The investment diversification and list of investments of the Fund as of June 30, 1951, are also given in the folder.

DELAWARE FUND of Philadelphia reported an 18% increase in net assets in the first half of 1951, according to its semi-annual report, made public Friday, July 27, 1951. The increase amounted to $3,532,391 and boosted net assets to $18,803,710 on June 30, last, as compared with $15,271,319, at the start of the year.

W. Linton Nelson, President, reported that shareholders of the Fund is holding to its policy of investing in its semi-own stocks and convertible prior securities. He recalled that this policy was adopted at the outbreak of the Korean War in anticipation of the economic effects of replacement, and has been adhered to ever since.

"We believed then," he said, "that such a policy would earn us the greatest income and give us the best chance of future capital profits. It will be continued," he advised shareholders, "until we see more evidence than we have to date that our national will to rearm has been changed."

The report showed that the Fund’s resources on June 30, last, were invested 91.81% in common stocks, 8.32% in preferred stocks, and 1.26% in cash receivables and other assets.

AFFILIATED FUND reports net assets per share of $4.68 on June 30, 1951, compared to net asset value of $4.30 per share on Oct. 31, 1950, the end of its last fiscal year.

ONE OF THE MAJOR problems facing an investor today is the protection of the power of his invested dollars, according to a chart in the booklet states, that the said "safe and sound" places money is safe only to the extent that they pay back "a" dollar plus interest. The important question, however, according to the booklet states, is that you get the dollar you put back in buy in proportion to the one saved.

Comparisons of the purchasing power of dollars on Jan. 1, 1941, and Jan. 1, 1951, are brought out by figures on investments of various types held during that period. Cash, for instance, is represented as declining in purchasing power, from $1,000 to $655; a savings and loan account with interest compounded semi-annually from $1,000 to $871.

Wide diversification is a major factor in investment results, according to the report. Axse Securities Corporation points out, and one of the best ways to obtain diversification is through the purchase of shares in a mutual fund. An investment of $1,000 in shares of Axse-Houghton Fund A, Inc., the bond mutual, purchased 173 shares on Jan. 1, 1941. If all dividends have been reinvested at net asset value, this would have increased to $324.765, June 30, 1951, to 324.765 shares, worth $1,176.20. Thus the $1,000 investment, in purchasing power to $1,705 in 1951.

MASSACHUSETTS LIFE Fund reports total net assets of $13,418,254 on June 30, 1951, compared to $10,872.02 per unit on 124,429 outstanding units. This compares with total net assets of $12,425,708 on June 30 of last year, equal to $105.53 per unit on 117,718 units then outstanding.

During the first six months of 1951 net assets increased from $12,854,614 on Dec. 31, 1950, which amounted to $108.30 on 118,081 units. The net asset figure on June 30, 1951, is after dividends totaling $2.02 per unit for the six months, compared with $1.90 for the first half of 1950.

The Fund is operated as part of a novel type of investment program combining the principles of a trust fund and a mutual investment trust. The plan provides separate trusts for each individual investor, with the Massachusetts Hospital Life Insurance Co. as trustee. The Fund is the investment medium for such trusts.

As of June 30, the portion of the Fund’s assets represented by equities was 52.64%, with 47.36% in the protective-type, 2.56% of the assets are in bonds and checks, and 1.86% was held in short-term Treasury obligations and 28.34% in other bonds, loans and preferred stocks.

The equity portion of the Fund’s portfolio, public utility equities were 14.46% of the total; in indirect real estate were 30.55%; bank, finance and insurance stocks 5.20% and railroads 2.25%.

NEW ENGLAND FUND’s defensive position was strengthened in the first half of 1951, in line with the more conservative investment philosophy of the Trustees before the Korean out¬break. At the meeting of the Board of Directors held at the end of the second quarter, the Trustees fixed short-term Treasury obligations comprised 30.63% of total assets. The Trust has been holding its bonds and preferred stocks, the total of which were 30.9% compared, with 25 months earlier, the last quarter-end before the Korean outbreak.

The Trustees have also in¬creased the size of the common stock portfolio by reducing holdings of several industrial corporations including, for perhaps the first time in N.Y. history, old holdings which were cut back by the sale of some of the major corporate benefits to the other shareholders for capital gains. Proceeds were reinvested in operating public utilities principally in the Southern states and in other securities whose stocks are believed to be more desirable.

The George Putnam Fund of Boston, Inc.

Principal Underwriter

DEWIN STOK< FUND, INC.

INVESTORS DIVERSIFIED SERVICES
 Established 1954 as Investors Syndicate
Norwalk, Connecticut

Principal Underwriter and

INVESTORS DIVERSIFIED SERVICES

INVESTORS STOCK FUND, INC.

Write for complete, impartial information about any publicly offered Mutual Funds, call our toll-free telephone number or write to our address below. We will answer any inquiry, free of charge, about the types of Investment Company products you need to meet the special needs of both institutional and private investors. Address letters to: Kenneth L. Smith, President, Mutual Funds Department.

KIDDER, PEABODY & CO.

Established 1894 as Investors Syndicate

DIVIDEND SHARES

The Commercial and Financial Chronicle — Thursday, August 2, 1951

JOINTS WADDELL & REED

For information about your investment dealer, or

The Commercial and Financial Chronicle — Thursday, August 2, 1951
defensive under present conditions. These portfolio changes resulted in realized capital gains for the year of $231,351, equivalent to 29.4% gain in total net assets.

Disbursements in the form of interest and dividends were $22,312,783, or $1.09 per share, on March 30, 1949, which was a 1.5% gain over the 1948 figure of $1.07 per share.

The $1.09 per share, capital gain and Federal Reserve Bank of St. Louis

The total net assets of United Funds amounted to $603,533,223 as of June 30, 1951.

WILLIAM A. PARKER, President, has announced that the management of both the funds will vote the shares of Tn Johnston Mutual Fund to go to the shareholders at the annual meeting of shareholders.

The Johnston Mutual Fund reports net assets of $1,061,282.46 as of June 30, 1951, a 57% increase over net assets of $767,630.05 as of June 31, 1948.

The net asset value of the funds' shares on June 30, 1951, was $45.90 per share, a 57% increase from $27.50 per share on June 30, 1948.

The portfolio of the funds at the end of June 30, 1951, consisted of 72.3% of the total assets in common stocks with the principal market values being in the retail trade and utilities.

The Los Angeles survey tackled this stock split problem in its August issue by reporting on the stockholders (1) to pick the per share price which they consider most suitable for their needs and (2) to indicate the lowest and the highest prices which they would ordinarily consider suitable for the stock.

The answers to Question 1 vividly show that the most popular level is between $20 and $30, and that the whole range between $5 and $100 is a very favorite one. The answers to Question 2, however, do not necessarily indicate that stockholders do not ordinarily choose stocks priced below $20 per share; it might therefore be best for management to offer a wide range of choices.

On the high side of the market, the responses to Question 2 indicate that the stockholders begin at $20 per share and, with very few exceptions, are not likely to go above $100.

“War or Peace—Balanced Investing is Prudent Investing” is the title of the March issue of Funder's Investment Literature. Sub-headings alone are indicative of the selling success of this excellent Pamphlet. "Rule 1: Prudent investing is more a matter of degree than of direction. "A tested method," a "practical answer," "a competitive investment program," "it adds up to this."

Copies are available without obligation from The Putnam Fund, 50 State Street, Boston, 9, Mass., and Scott Paper, Holdings of Southern Co., Time Inc, and Wisconsin Smelting & Refining Co., New York, N. Y.

OUTSTANDING SHARES of Pioneer Fund crossed the 100,000 mark for the first time in the Fund's history.

CENTURY SHARES Trust has announced the appointment of Vincent C. Johnson and William H. Davies to the board of trustees.

We are pleased to announce the appointment of Wholesale Representatives of Thomas H. Bennett in the City of New York and State of New York.

CLAUD G. THOMAS in Virginia and adjoining States.

DISTRIBUTORS GROUP, INCORPORATED

63 Wall Street, New York 5, N. Y.

Volume 174 Number 0034 . The Commercial and Financial Chronicle

This article covers only part of the material contained in the report of the stockholders. Additional data can be obtained from The Los Angeles Stock Exchange.
Investment

...Continental and rents reserve.

Investment and losses, 1.57 in 1940, 1.42 in 1950, 1.44 now, suggest the possibility of a definite trend of improvement in the next few years. 

...Continental—Fidelity-Phenix—

Underwriting

...Continental and Phenix. These figures are for the entire company and do not include any of the operating results of subsidiary companies.

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**NEWS ABOUT BANKS AND BANKERS**

John E. Bowles and Russell F. Seifert have been appointed as Secretaries of the Chemical Bank & Trust Co., of New York, effective July 1, 1948. Symons, Bowles, and Seifert have been associated with the Bank since 1946. Mr. Bowles is a graduate of the University of U. S. N. A. and has been associated with Commercial, and Mr. Seifert has studied at the University of Washington, since 1948. His degree is in Engineering, and he was graduated from the University of Washington, and has been associated with Commercial Bank since 1946. His degree is in Engineering.

Helen McRae has been appointed as Assistant Banker at the New York State Bank, in the office of the president of the Bank, on the Bank's 100th anniversary. She has been with the Bank since 1946, and has an Master of Science degree in Economics from New York University.

Feit has been appointed as Assistant Manager of the Bank Trust Co., of New York City, effective July 1, 1948. Feit has been with the Bank since 1946, and has an Master of Science degree in Economics from New York University.

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**Even With Reduced Profits, There's Still a Good Year Ahead!**

By HARRY A. BULLIS

Chairman of the Board, General Mills, Inc.

Ascertaining, despite stress of war preparations and obsessions of building of excess productive capacity, that we are not yet facing the industrial executive looks for coming year to be good, but with no boom as much as profit as last year.

When we think of the economic picture of to-day, it is clear that we must be looking far, considering how far we have gone already and in what direction we are going. We are actively in as bad a situation as we seem to people that they don't want to ask, 'Isn't this country in a boom?'

We are in the strongest nation in the world, with the highest standard of living that has ever been achieved by any people. We will agree that we are being under many controls and that there has been too much pushing away at the things that we used to think of as part of our life, but we are fighting to preserve our system. In the midst of all, any progress made toward the reduction of controls and something which should give us hope.

I have been asked the same question and the fear is inflation going higher? Are we headed for disaster and are we not going to get the best of it? I wish I could answer with certainty that we will. I believe that the achievement of controls has been to achieve a reasonable improvement on the budget and taxes, but the achievement of that progress, and something which should give us hope.

Again fundamentally, the American economy is strong and vigorous. In 1956 our gross national product was 7% greater than in 1955, and in a per worker basis, the increase was 5.6%. That is splendid progress—twice the average increase of the past fourteen years.

One thing we perhaps will all agree on is that wage increases have been larger here. In his increase in over a per worker basis, we refer to the effect of the new Study Group. In 1956 there was a 7% increase in wages. In 1957 we would like to see no more than a 5% increase, but we must keep this in mind.

Now what about price and wage controls? We can't have without them. We need direct controls on prices and wages and of the type we do, but we just kidding ourselves when we say that this is going to be a boom year when the underlying factors are not right.

Direct controls are not controls. They are merely an attempt to control prices and price increases. They never actually decrease prices or wages either of which was the meaning of the Rules That We Live By, under which the usury rate is.

They can only be done by the economic process and it is not now in operation in a given situation.

One of the big underlying factors that worked against us was the price of direct controls at this time is the lack of price flexibility and failure of productive restraint and voluntary sacrifices that we lived through the all-out war. Until and unless we have this voluntary restraint, and as long as there is greater spending power and less goods to spend on, inflation will be a threat.

When the trouble started in Korea, the great concern, people demanded controls clear across the country. The controls, however, are complete control of wages and prices. I took a different stand, recognize the need for reduction of controls and general controls.

Actual indirect controls have worked well. They have consisted mainly in the withholding of support of government bonds at par, the taxation of installment contracts, and restrictions embodied in regulations. These indirect controls have been reinforced by heavier taxes and—during the period—can be seen to have increased savings of individuals.

These indirect and general controls plus the price inflation that marked the first three months of 1956 have made Korea. In the past few months, the position of living has been slight and wholesale prices have actually declined.

Will probably not bring American business either as much boom or so much profit as last year, it should be a good year. I believe that the government will meet the full needs of building of productive capacity for our and the same time improve our standards of living and make it possible for us to keep pace with the needs of living and better world, in which private enterprise will remain the greatest company that will prosper greatly.

RECORD BLDG. ACTIVITY

Another construction record was smashed when contracts awarded for the 37 states east of the Mississippi for the first six months of 1956 reached an all-time high of $8,000,166,000. It was stated by F. W. Dodge, construction experts in marketing specialist.

The new record figure for six months is 63% greater than the nearest competition, $4,604,148,000 set during the first half of 1955.

This was despite a drop in June of $1,556,900,000. The June monthly record total of contracts awarded. The June figure was $3,447,200,000, which was believed to have been brought down by the monthly report-mashing-May total. The May total of $4,000,100,000 was brought about a year ago, according to Dodge.

Residential Class Shows Squeeze

Six of the first six months of the current building program are residential, nonresidential, and industrial. For the first six months of 1951 total was still high enough to show the biggest record, $3,235,000,000. So 1951 was a year ago, according to Dodge.

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LOS ANGELES, Cal.—John G. Jordan has been added to the staff of Sutro & Co., 210 West Seventh Street.

However, one-family owner-occup-

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dury dwellings at $604 million were less than 1% behind last year; 1%, or $90 million, was spent on nonresidential building. Only 1%, or $1,630 million, was spent on nonresidential building last year. This year’s total was up 1% over last year’s $1,631 million.

The residential total for the first six months, $2,250,727,000, is 2% more than the corresponding 1950 figure.

Non-Residential Awards Up

With new manufacturing build-

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dury dwellings at $604 million were less than 1% behind last year; 1%, or $90 million, was spent on nonresidential building. Only 1%, or $1,630 million, was spent on nonresidential building last year. This year’s total was up 1% over last year’s $1,631 million.

The residential total for the first six months, $2,250,727,000, is 2% more than the corresponding 1950 figure.

Non-Residential Awards Up

With new manufacturing build-

Sutro & Co. Add Staff

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Corporate Working Capital at New Peak

The net working capital of U.S. corporations reached a new record level of $77.8 billion at the end of March, 1951, according to the latest quarterly estimates made public by the Securities and Exchange Commission. This was $2.0 billion higher than the total at the end of 1950, largely reflecting expansion of inventories and receivables in excess of increases in payables, taxes, and other current liabilities.

In addition to the $2.0 billion increase in working capital of U.S. corporations in the first quarter of 1951, corporations invested about $4.6 billion in plant and equipment during the quarter. To finance this $6.6 billion expansion, corporations secured $1.6 billion, or about one-quarter, from external sources. Long-term borrowing amounted to about $1.2 billion, while net new stock issued added $400 million. Internal sources—depreciation accruals and undistributed profits—provided the remaining $5.0 billion for corporate capital expansion in the first quarter.

We are making liquidity, as measured by the ratio of cash and U.S. Government securities to current liabilities, continued the decline begun a year ago. At the end of March, 1951, corporate holdings of $10.8 billion more than the amount carried a year previously. A $5 billion increase was recorded in the fourth quarter of 1950.

Notes and accounts receivable increased $3.0 billion in the first quarter to a total of $51.0 billion. Cash and bank deposits declined $600 million to a level of $92.5 billion, while U.S. Government security holdings increased about $800 million to total $20.4 billion at the end of the quarter. Other current assets at the end of quarter were $29.0 million more than at the end of 1950.

With King Merritt Co.

SERVING INDUSTRY, AGRICULTURE AND PUBLIC HEALTH

“A glass of water, please”

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

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

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

MATHIESON CHEMICAL CORPORATION, MATHIESON BUILDING, BALTIMORE 3, MD.
Salesman's Corner

DUTTON

Answer, Please

(Article 3)

At the end of 1949 there were eighty million life insurance policies in force in the United States. On the face of it this would seem to have been an impressive figure. But when you compare policies owned more than two policies in ten people. In the ten years since the start of World War II in Europe, U. S. families have nearly doubled the amount of life insurance in force—from $111.7 billion at the end of 1939 to $214.4 billion at year-end 1949.

Contrasted to the eighty million life insurance policies in force in 1949 there are an estimated sixty million people, who own nothing in this country. This adds up to 13 per cent of the people who own all life insurance investments for every one who owns stocks. Why is it that life insurance policies are held by most people as good property and stocks are not? Is it such a superior investment? Why? What is the function of Federal supervision of the in-le-
vestment securities business under the Securities Act and Section 17? Are people who do not have confidence in stocks as an investment usually claimed by spokesmen for the Securities and Exchange Commission? Or are they placed upon the securities business—where are the customers?

Mansfield

At the close of the year 1949 there were 190,000 agency men and agents engaged in this business in the United States. How many people are engaged in self-employed life insurance? About twenty thousand, thirty, or forty thousand and that is about the same number. But do you know how many people are employed in your town selling life insurance—you are also aware of the vast and greater number who are not?

What do you think people go into the life insurance business to be salesmen than those who enter the securities business? Doesn't this take a lot more personal, and such things as investments and selling it as a profession? Who is it that after all, that does what selling or investing in a "real" life insurance business? I don't mean the order takers who sell the institutions; I mean the good corporate bank. I am not referring to those who sit at desks and wait for orders for seasoned, listed stocks to come in to them. Who sells the new issues and raises the capital and venture money for industry—the little that is being raised? It is the commission salesman for the major stock and smaller retail firms throughout the country. It has always been there that these salesmen and they and the ones who have the most discouragement, the hardest job to make the longest trips, do the most ring, and the ones who get the least cooperation from everyone.

Prompt Wire Service

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J. L. Budington joins Coburn & Middlebrook

SPRINGFIELD, Mass.—Justin L. Budington has become asso-
ciate in Coburn & Middlebrook, Inc., Mr. Budington for many years has been in the in-
vestment business under the name of J. L. Budington & Co.

Railroad Securities

Chicago & North Western

While railroad stocks as a whole have been acting somewhat better of late, since the efforts of the periodic rallies have in general not carried far enough, the market is still lagging behind the industrial section of the list. The North Western has developed only in those situations where some special publicity has caught the public fancy. Thus, for some time there has been an unusual per-
fessor, refrains from giving even reasonable hopes that substantial earnings will accrue from oil operations on the North Western. For details and other material see the prospectus?

Frederick Vogel

Chicago & North Western is one of the few highly leveraged railroad stocks in the market. The road went through a series of spectacular bankruptcies and emerged from the last one in long-term debt capital structure. As of the end of last year senior capitalization consisted of 24,000,000 shares of $25 par value common stock. Obviating any speculative premium in this stock. The market has been very choppy as a result of the road's earnings. There is no question that the road is not only in the capitalization. There is also considerable question as to whether or not the earnings are going to show any increase in the near future.

Frederick W. Vogel has become associated with Frederick W. Vogel & Co., at 10 Broadway, New York City, where he will specialize in the sale of securities and insurance. Before joining the firm he was formerly head of Vogel & Co., Inc.

N.A.S.D. Issues

Over-Counter Handbook

WASHINGTON, D.C.—National Asso-
ciation of Securities Dealers, Inc., announces publication of a handbook, dealing with ethical customs, trading practices and professional language of the over-
counter stock market. NASD is the self-regulating organiza-
tion of the securities busi-
ness. The association says the trade has not before had a reference book of the kind just published.

Major chapters cover "trading ethics", "the 'buying circle'," and "selling tricks and

The handbook was prepared by the Unlisted Trading Committee of the Association of which Jesse A. Santors, Dallas, is chairman. Other members are Paul Devlin of Chicago, Carl Stahler of New York, and Harry L. Nelson, Chicago, B. Win-
potive, of Philadephia, New York, was one of the specialists in the field who contributed to the preparation of the handbook.

Specialists in

Railroad Securities

Selected Situations at all Times

[Blank]

B&W Paper Co. Inc.

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For FRASER

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The Commercial and Financial Chronicle... Thursday, August 2, 1951

20 (472)
Security Traders Association of Los Angeles
Annual Party at Lake Arrowhead


Jack Alexander, Pacific Co. of Calif.; Tom Espy, Dempsey-Tegeler & Co.

Bill Zimmerman, Bingham, Walter & Murray; Scott Stout, Morgan & Co.


Bill Walker, Connal, Bruce & Co.; Bill Wright, Lester & Co.; Graham Young, Westen & Co.
Canada's Industrial Growth - Their Policy Implications

An important factor in this connection is that Canada has the eleventh most rapidly growing traditionally widely-distributed water-power resources in the world, which are concentrated in the eastern and western parts of the country. The Maritime area, a federal water-power system, and the fast-flowing rivers in the West have been of great importance to the development of the hydro-electric power industry since 1900. Canada has remained a large consumer of hydro-electric power, which has been essential to the development of the pulp and paper industry. Some of the eastern mountains and rivers provide plentiful power resources for British Columbia southern major forest and mineral areas — and limited areas within the Prairies. These three Prairie Provinces also have quite substantial reserves of undeveloped water-power plants in the West, but the plains area lacks hydro-power resources. The rivers of the older Maritime Provinces have been used for smaller power developments, and the power resources of the Maritime Provinces have been largely exploited and are already heavily used in industry. This led to an expansion of other industrial operations facilities in the post-war years.

For this year, a spring snowmelt of 770,000 horsepower has been brought into operation, over two-thirds of it at the big D.C. Joachim plant on the Ottawa River. Meanwhile, as it was observed that the original plants could not keep pace with the rapid growth of the country, the expansion program for new factories and the additional capital was $600 million to be used in the Niagara area, which alone accounted for about a quarter of the country's industrial use of hydro-power. The plants will be used about a sixth, and Russia will be higher on the list than Canada.

**CANADIAN BONDS**

**Government**

**Provincial**

**Municipal**

**Canadian Stocks**

A.E. Ames & Co. Incorporated

Two Wall Street

New York 3, N. Y.

**Canadian Securities**

by William J. McKay

Last week we covered the story of the recent rapid expansion of the Canadian paper and pulp industry. Along with this development, the Dominion's future economic development is also linked with the growth of the hydro-electric power industry. According to current estimates of the Bank of Nova Scotia, it would be difficult to overstate the role of hydro-electric power as a source of energy which is of greater economic significance than it has to Canada. Hydro-electric power has been of particular importance to this country because of the lack of coal deposits in the industrialized urban centers and close to most of the great pulp and paper manufacturing centers which, along with wheat, were to be Canada's major contribution to the world's rapidly growing needs for raw materials in the last quarter century. Canada is a land of lakes and rivers, and falls and rapids which offer excellent sites for the development of hydro-electric power are found in almost every part of the country except the arctic areas of the west. Canada became the first country in the world to develop hydro-electric power, and this development reflects the economic and industrial development of Canada.

Canada, despite its vast undeveloped resources, is surpassed in production of electricity from water power only by the United States. The development of the western area of her vast population in vast areas of Canada, on a per capita basis, has a hydro-electric development available only by that of Norway. This is because the hydro-electric power industry is particularly heavy. Although current construction of hydro-electric facilities is available for the post-war period, even in 1937, when Canada's industrial status was much lower than it is at present, the necessary energy was used for industrial purposes in this country than in such highly-industrialized and economically-powerful countries as Japan, Britain, France, or some of the other European countries except Germany and Russia. In 1935, the United States was the nation which alone accounted for about a quarter of the world's industrial use of hydro-power. The plants were used about a sixth, and Russia was higher on the list than Canada.

Bennett, Thomas, With Distributors Group

Distributors Group, Inc. has announced that Thomas H. Bennett and Claude G. Thomas are now associated in the wholesale distribution of Group Secu-

**With David Skagg**

Skagg (oped in Ten Firms)

SAN FRANCISCO, Calif. — 

With David, Skagg, Co., 111 Sutter Street, members of the San Fran-

San Francisco, Calif.

Elmer W. Judge Opens

SAN FRANCISCO, Calif. — 

Elmer W. Judge is engaging in the securities business from offices at 949 Fillmore Street.
The general conclusion of this analysis of consumer behavior is that raising personal incomes during the period of full employment and prosperity, and maintaining a high level of consumer expenditures, is an effective way to promote economic growth. However, the increase in consumer spending should be balanced with increased production to avoid inflationary pressures. The government should monitor consumer spending closely to ensure that it is aligned with productive capacity and to prevent any potential inflationary tendencies. The Federal Reserve Bank of St. Louis should consider these factors when formulating monetary policy to maintain a stable and prosperous economy.

In summary, the analysis of consumer behavior during the period of full employment and prosperity indicates that increased consumer spending can be a significant driver of economic growth. However, it is essential to ensure that this spending is balanced with increased production to avoid inflationary pressures. The government and financial institutions should monitor consumer spending closely to maintain a stable and prosperous economy. The Federal Reserve Bank of St. Louis should consider these factors when formulating monetary policy to support economic growth.
for personal incomes to outrun the supply of money. About two-thirds of personal incomes rose last year. But there is a problem of the gap between personal incomes and the supply of money. The rate of increase in the present session of Congress is about one-third of the rate expected in the depression. The problem of the gap between personal incomes and the supply of money is one of the rates of the fiscal year of 1952-53. Tax increases may be necessary in reducing personal incomes and the supply of money. However, interest rates should not be that of some in the first quarter. The high rate of saving in the second quarter of this year indicates that individuals can produce more than the increase by a high rate. Consequently, the Treasury plans to start a bond selling campaign shortly after Labor Day. Such a campaign is long overdue. But the government should try to help. If the government thereby can help, the government will be the best-paid employer of public funds. It would be plainly undesirable, from the standpoint of rate, to risk the weaknesses of the government for those persons who have already shown the greatest ability and efficiency.

The Committee for Economic Development has proposed that the yield of the income tax be increased by a uniform tax of 4% or 5% on incomes over present levels. By raising the rates of the present $10,000 income tax, it would be the best-paid employer of public funds. It would be plain desirable, from the standpoint of income, to reduce the weaknesses of the government for those persons who have already shown the greatest ability and efficiency.

The March-May, 1952, meeting of the Board of Governors of the Federal Reserve System, was attended by some 400 persons, including representatives of the banks of the country. The Board's study of the problem of the gap between personal incomes and the supply of money is one of the rates of the fiscal year of 1952-53. Tax increases may be necessary in reducing personal incomes and the supply of money. However, interest rates should not be that of some in the first quarter. The high rate of saving in the second quarter of this year indicates that individuals can produce more than the increase by a high rate. Consequently, the Treasury plans to start a bond selling campaign shortly after Labor Day. Such a campaign is long overdue. But the government should try to help. If the government thereby can help, the government will be the best-paid employer of public funds. It would be plainly undesirable, from the standpoint of income, to reduce the weaknesses of the government for those persons who have already shown the greatest ability and efficiency.

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manufacturing industries. And in an industry where training new workers is very costly this has undoubtedly had a tendency over, since 1929 the company's payroll has been reduced by 15%, or $9,000,000, or 28%.

"He's no bother us," said the Duchess who had come in a little earlier. "I never could abide figures."

"I'm not finished with figures just yet," said the King. "The stock is selling at only about 11 times estimated earnings. Our dividend earnings are well below the average of the industry where we operate."

Next came the Dormouse, who said "Knave!" and went to bed. If the security which would make him rich very quickly, and that he would, he would not do this.

"But I have just thought that I might produce evidence that Eastman Kodak was an excellent record, but for that very reason you would feel it was almost the perfect security because it had recently appreciated." And to this the King, who was a little out of breath, said: "I didn't say there was nothing better; I said there was nothing quite like it."

"Out with her head," cried the Queen.

Alice began to protest but suddenly every one had disappeared and all she could hear was the wind rushing through to his appointment humming over and over again.

Seymour West

Seymour, Virginia

G Công tinued from page 2

The Security I Like Best

of intangible development costs and losses exceeded $40 million, it might have been taken at around $110 million. This would be equal to approximately 25% of the market value of the company's common stock outstanding at the end of the year and almost 15 times the low. In only 3 of the past 22 years have the shares been available at less than 11 times earnings.

"Write that down," said the King to the Jury, for this time a great crowd had assembled and Alice was her final Court. Justice.

"And the worst witness?" said the King.

"The short sell," said the Hatter, who quickly declared that Eastman Kodak would be the best security because it had recently appreciated.

"But I have just thought that I might produce evidence that Eastman Kodak was an excellent record, but for that very reason you would feel it was almost the perfect security because it had recently appreciated."

"I didn't say there was nothing better; I said there was nothing quite like it."

"Out with her head," cried the Queen.

Alice began to protest but suddenly every one had disappeared and all she could hear was the wind rushing through.
There's no point in splitting hairs. If a genuine peace is obtained, it might put a lid on our econo-
omy, today based almost entirely on cannon, will get hit in the head. If you can make any deal with the Japanese, it's not really dependent on either a continuation of a war or a cessation of hostilities. In my opinion the amusement stocks, picture and television issues, might go up. But I'm just thinking they are not going up. I'm just gaggging at the double talk.

So, because I'm dependent on unknown forces who in turn seem to be running around in rings, I prefer to deal with the stories that are not dependent on either a continuation of a war or a cessation of hostilities. In my opinion the amusement stocks, picture and television issues, might go up. But I'm just thinking they are not going up. I'm just gaggging at the double talk.

In the meantime I feel that any dalliance from here on out is a prelude to a sharp advance later next fall. What will happen then after that I'll let them see for themselves. The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.

One side will point to the remarkable rise of the rails as having confirmed the old ad-

tion of the industrials, disregarding the break of last March, and ergo: It's a bull market.

The other side will point to the violation of old resistance points and demonstrate that the subsequent rally was just technical, and that their side it's ergo: a bear market.

It's half a dozen of one or six of the other. In the end it all depends on what side you're on.

I now come to the point where I, too, should come forward with an idea about this bear bull business. The biggest trouble I have is that I don't have any idea worth half-credence. There have been too many times when I thought I had an idea of what was going to happen, but when I looked up in a bear market and vice versa. To look at averages and come to a conclusion that there is simply no way to determine whether the stocks are going to go up or down in the future is poor satisfaction. So it goes.

My chief objection to calling this either a bull or bear market lies in the fact that I can't name a single person in the hands of our foreign policy makers. When I left for the West Coast a peace was imminent in Korea. Now, a month later, it is just as "imminent." Doubts have arisen as to whether or not a peace will be declared.

Continued from first page

As We See It

 sources for everybody's benefit. And because the welfare of the people has been our first concern, our industry and business have grown and expanded tremendously. That is the record. That is the record that stands before the world as the strongest of the free nations. That is why we have the opportunity to lead mankind to peace.

Obviously, these are the words of a politician who is ever so careful to circumvent all the facts that must upon all occasions bolster his position with the great mass of voters of the country. The temptation to dismiss them as merely the stock in trade of the politician must, however, be vigorously resisted, and for compelling reasons. If it were not already and at once clear that such is the case, the President leaves no room for doubt when he began to draw subtle implications from what he says is the source of our present industrial power. Let the Chief Executive again speak for himself:

"There are a lot of people in this country, however, who are trying to make our country safe for themselves. We want us to see ourselves not as we really are, but as they see us through their own dark glasses of fear and lack of faith. They say we cannot do the job we have set out to do. "Those people tell us we can't afford to build up our defenses because it will cost too much. They say we will go bankrupt if we carry our program. They say we will ruin our economy.

"Of course, all these howls about bankruptcy are old stuff. We have heard them time and time again. Those who are saying we cannot afford our peace program and that it would lead to bankruptcy, are the same people who have been saying all along that we couldn't afford to do anything for the American people here at home.

"They said we couldn't afford Social Security and unemployment insurance. They couldn't afford aid to agriculture. They said they couldn't afford TVA, and the Grand Coulee Dam and rural electrification.

"They say, today, that we can't afford housing for low-income families and veterans and defense workers. "They say we can't afford dams and reservoirs to produce electric power for defense and to prevent flood disasters. They say we can't afford the St. Lawrence Seaway to open the Great Lakes to the ocean shipping and to lend the country to the steel mills in the Middle West. There never was a project in the history of the country more badly needed than the St. Lawrence Seaway. "You may say what you please, but in my opinion the Seaway is a great need of the country. It means economic stagnation and depression and ruin. It means suffering and loss for thousands of families.

"But I say to you that people can trust their Government. This Government is working for the people in foreign affairs just as it has always worked for the people in domestic affairs. Our foreign policy and our defense effort are guided by great public leaders, and will protect the welfare of the American people, now and in the future. That's what your Government has been doing here at home. That's what we are doing now in every move we make, not only at home, but all over the world.

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Clearly, if one is to take the analysis presented in Detroit at face value, our present industrial strength is largely if not solely the outgrowth of the New Deal and the Fair Deal. Spokesmen for the Roosevelt and the Truman regimes have in the past repeatedly told us how previous Administrations, far from contributing to our economic might, had laid a great and needless burden upon our economic growth and development—indeed, as they have so often shouted, brought the country to the verge of bankruptcy.

The Record

But what of the record? The Roosevelt Administration took office in 1933. President Roosevelt spoke glowingly of the record of American industry during World War I. It is true that the steel companies and the height of that outpouring of war goods, the New Deal had been at the helm only a decade. It is hardly credible on the surface that it could in such a length of time even say the following: "Although the industries of the United States are not as strong as they were before the war, the effect of the matter is that from the year of the New Deal inauguration to the last prewar year, 1938, the industrial capacity of the United States, so far as one may judge from available statistics, increased but little. In dollar value, the capital investment in manufacturing rose slightly from 1933 to 1939, but not nearly so much as prices. But the latter year, it was still far below the level of 1929.

Steel capacity was only slightly higher in 1939 than it had been in 1933, and production was far behind 1929. About the same sort of picture is obtained in other fields where data are available in a form rendering such comparisons feasible. Certain recovery from the low point of 1933 is found in production, but for the most part output is still below prewar levels. What can be said is that in manufacturing alone, as can be brought together about industrial capacity tells the same unimpressive story about developments during the halcyon days of high industrial might of President Roosevelt and the outbreak of World War II. That development of both production and capacity was enormously greater during the last 1920's is so obvious that there can scarcely be any argument on the point.

But it seems a little foolish to labor the point. The basic causes of our industrial might are in the main outlined far too clear and unmistakable to permit of serious differences of view. That it is to be attributed in any degree at all to the fol-de-rol of the Roosevelt and Truman Administrations is a wholly untenable notion. If it so happened that large increases in capacity occurred during these years, it is obviously a result of world conditions, chiefly a World War in which we served, and had to serve, individually, if not democratically, at least of the forces fighting Fascism.

It would appear almost banal to say, Roosevelt and Truman to the contrary notwithstanding, that our industrial greatness is owed to the contributions of resources of stores within our borders, and second to the fact that individuals were left free and indeed encouraged (during all but the most recent of the years of our history) to use their own energy and ingenuity in making use of these resources for the joint benefit of their countrymen and themselves. It is a fact too long and too long as their activities did not infringe upon the equal right of their neighbors to do likewise.

This combination attracted, stimulated and developed the Carnegie's, the Rockefeller's, the Fords, the du Ponts, the Harrimans, the Vandberlits, and all the rest, whose energy and genius (despite human frailties) are largely responsible for our position in the industrial world today.
**Stockholder Preferences**

ments at least do not discriminate against them. This pattern would account for the relative demand and price levels for the various classes of stock.

The matter of regularity or dividend, Question IV finds stockholders divided as to the degree between preference for a regular rate of dividend and their adoption of a management system. Stockholders in companies which had recently used the repurchase system were not very different in their methods when it was small majority. Large holders inclined to lower yields and smaller ones toward a regular-plussubsidiary dividend system. They were not always well pleased with the practices of the owners of the company also favored a lower rate of dividend.

Rights Are Popular

Rights are popular with all classes of stockholders large and small. Of the investors' company or one per share only in our questionnaires expressed sound understanding of business finance and a desire to cooperate with the corporation. We therefore also mention that many of the stockholders recognized the management bonus and stock purchase plans were also noted as being a good thing by the bitter remarks objected to management bonuses when stockholders believe the company has dividends or earnings, but were not so satisfied with them when the owners of the business also favored a lower rate of dividend.

**Listed Markets Preferred**

The last item in the table, Question VI, provides statistics on the kind of market stockholders prefer. An emphasis of 67% of the repurchasing stockholders voted for a stock exchange market. Experienced securities men will not be surprised at the overwhelming preference for listed markets; stockholders are generally not aware of the usefulness of the regional stock exchange market. Large and insurance companies, the bankstalkers' list, are not to prefer for a listed market; the majority of them, when asked, did not mention to them, and most of them are not as subject to a favor as a whole of holders of unlisted companies. There is consequently no preference for listing. But few stockholders expressed a preference for either a corporate or a stock market. If they did not vote definitely on one of those lines, they broad-mindedly accepted either type so long as it was a good market. With a stock exchange man, this is also the case. His gamble is not so large that he anticipates whether the kind of market that stockholders are in the first choice, but have indicated that either kind of market is acceptable in its proper place.

With Dempsey-Tegeler

(Refers to the Financial Chronicle)

C. O'Reary has been added to the staff of the National Bank of Commerce, 497 North Eighth Street, members of流转与 West Michigan and Midland Stock Exchange, and the Urbandale Stock Exchange. The addition with the Mississippi Valley Trust Co. for thirty years.

**Table: Steel Output Scheduled to Rise Slightly This Week**

<table>
<thead>
<tr>
<th>Company</th>
<th>Steel Output (thousand tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albert Theis</td>
<td>120</td>
</tr>
<tr>
<td>Walter &amp; Sons</td>
<td>150</td>
</tr>
<tr>
<td>North Fourth Street</td>
<td>200</td>
</tr>
</tbody>
</table>

**Table: Joins Albert Theis**

<table>
<thead>
<tr>
<th>Table</th>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albert Theis</td>
<td>ST. LOUIS, MO. - Sidney W. Ring has joined the staff of Albert Theis &amp; Sons, Inc. 304 North Fourth Street, members of the Mid-West Stock Exchange.</td>
<td></td>
</tr>
</tbody>
</table>

**Table: Joins Cooley Staff**

<table>
<thead>
<tr>
<th>Company</th>
<th>Steel Output (thousand tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooley Staff</td>
<td>120</td>
</tr>
</tbody>
</table>

**Table: Joins with First Boston Corp.**

<table>
<thead>
<tr>
<th>Table</th>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Boston Corp.</td>
<td>120</td>
<td></td>
</tr>
</tbody>
</table>

**Table: Two With G. W. Walker**

<table>
<thead>
<tr>
<th>Company</th>
<th>Steel Output (thousand tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walker &amp; Co.</td>
<td>120</td>
</tr>
</tbody>
</table>

**Table: New Haven**

<table>
<thead>
<tr>
<th>Table</th>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Haven</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Table: Continuation**

<table>
<thead>
<tr>
<th>Table</th>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooley Staff</td>
<td>120</td>
<td></td>
</tr>
</tbody>
</table>

**Summary:**

The steel industry is expected to see a slight increase in steel output this week. The total steel output is expected to be around 2,500,000 tons, with some companies reporting increases in production. This is seen as a positive sign for the industry, which has been facing challenges due to the ongoing trade war and global economic uncertainties. Companies are expected to continue investing in new technologies and improving efficiency to meet the growing demand for steel products. The steel industry remains an important part of the US economy, with significant contributions to employment and trade balances.
The State of Trade and Industry

a month ago. A year ago it stood at 95.5% of the old capacity and amounted to 3,195,060 barrels.

Electric Output Rises to Highest Level Since Week

The amount of electric energy distributed by the electric light and power utilities in the United States increased during the week ended July 23, 1951, to an estimated 7,050,261,000 kwh., according to the Edison Electric Institute.

The current reading in the latest reporting week was at its highest level since the week ended Feb. 3, 1951, when it stood at 7,099,385,000 kwh.

The current total was 30,687,000 kwh., above that of the previous week, 31,163,000 kwh., or 12.2% above the total output for the comparable period of 1949.

The nation's total represented a decrease of 25,506 kwh., or 3.1% below the corresponding week in 1950, but an increase of 30,854 kwh., or 1% above the comparable period of 1949.

Carloadings Advance Modestly in Last Week

Loading of revenue freight for the week ended July 21, 1951, totaled 359,570 cars, according to the United States Railroad Administration, representing an increase of 25,116 cars, or 3.2% above the preceding week.

The week's total was 33,201 cars, or 1% below the corresponding week in 1950, and in the like week of last year 185,528. Canadian output in the week was 523,613 cars, and 8,451 cars below the comparable 1950 period.

Total output for the current week was made up of 93,364 cars, and 29,943,600 kwh., which was 1.5% above the total of 7,760,000 kwh., with 4,940,000 cars built in Canada. In the previous week, Canadian total output was 5,061 cars and 7,402 trucks against 4,700 cars and 1,600 trucks in the like week of 1950.

Business Failures Move Sharply Upward

Comprehensive monthly business failures rose to 184 in the week ended July 26, from 133 in the preceding week, Dun & Bradstreet Inc. reported on Monday afternoon. The index compared in the comparable weeks of 1950 and 1949, but continued 35% below the prewar total of 291 in the similar week of 1939.

The increase took place largely among failures involving liabilities of $5,000 or more, which rose to 149 from 99, and exceeded the 123 occurring in this group a year ago.

Food Price Index Makes First Advance in Eleven Weeks

The wholesale food price index, compiled by Dun & Bradstreet Inc., dropped a new eight-month low, closing at 302.76 on July 24, from 304.28 a week ago, and 302.72 on the like date last year.

Grain futures, as a rule, worked moderately lower in less active trading on the Chicago Board of Trade the past week.

Wholesale Commodity Price Index Sets Eight-Month High

The downward course in the general commodity price level continued last week. The daily wholesale commodity price index, compiled by Dun & Bradstreet Inc., dropped to a new eight-month low, closing at 292.76 on July 24, from 294.28 a week ago, and 294.22 on the like date last year.

Grain futures, as a rule, worked moderately lower in less active trading on the Chicago Board of Trade the past week.

A Free Trade Zone in Philippines

A free port is most effectively protected by giving it a port location for entrepôt or re-export -export trade and by a zone free from internal transhipment points. Free zones are found in Europe and Africa, and certain American and Asiatic nations may ultimately be destined for the trade within a port of manila, is not a nation, but a collection of many important areas of transit. This latter fact as may not now be foreseen. It is at the present time in need of that publicity.

Arguments Against Free Zones

The following are the objections to the institution of a foreign trade zone in the Philippines:

1. Land was somewhat firmer although trade volume was small and considerable below the level of a year ago. Live hog prices were slightly higher as the year closed. Cattle were somewhat easier during the last three weeks.

2. The trend in cotton prices a week ago was again downward with the market closing at a lower level. This represented a drop of more than 7% in a little more than two years, from the $2.05 closing of last week.

3. The decline continued to be influenced by the overall favorable crop outlook, lagging demand for cotton textiles, reports of an increase in production of rubber in Southeast Asia, and the resumption of Korean peace negotiations.

4. Sales in the spot market last week were reported at only 27,000 bales as compared with 39,006 bales in the corresponding week of 1950.

5. The Bureau of Census reported consumption of cotton at the rate of 33,179 bales in July during the 1949, 1950, and 1951 periods.

6. Foreign failures involving liabilities of $5,000 or more, which rose to 149 from 99, and exceeded the 123 occurring in this group a year ago.

7. The increase took place largely among failures involving liabilities of $5,000 or more, which rose to 149 from 99, and exceeded the 123 occurring in this group a year ago.

8. The week's total was 33,201 cars, or 1% below the comparable period of 1950.

9. Total output for the current week was made up of 93,364 cars, and 29,943,600 kwh., which was 1.5% above the total of 7,760,000 kwh., with 4,940,000 cars built in Canada. In the previous week, Canadian total output was 5,061 cars and 7,402 trucks against 4,700 cars and 1,600 trucks in the like week of 1950.

10. Business failures move sharply upward. Comprehensim monthly business failures rose to 184 in the week ended July 26, from 133 in the preceding week, Dun & Bradstreet Inc. reported on Monday afternoon. The index compared in the comparable weeks of 1950 and 1949, but continued 35% below the prewar total of 291 in the similar week of 1939.

11. The increase took place largely among failures involving liabilities of $5,000 or more, which rose to 149 from 99, and exceeded the 123 occurring in this group a year ago.

12. The week's total was 33,201 cars, or 1% below the comparable period of 1950, and in the like week of last year 185,528. Canadian output in the week totaled 523,613 cars, and 8,451 cars below the comparable 1950 period.

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15. The increase took place largely among failures involving liabilities of $5,000 or more, which rose to 149 from 99, and exceeded the 123 occurring in this group a year ago.
The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

### Indications of Current Business Activity

#### AMERICAN IRON AND STEEL INSTITUTE:

<table>
<thead>
<tr>
<th>Latest Week</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>101.8</td>
<td>101.4</td>
<td>100.8</td>
<td>98.6</td>
</tr>
</tbody>
</table>

Equivalent to:

<table>
<thead>
<tr>
<th>Latest Week</th>
<th>Previous Month</th>
<th>Month Ago</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>9,329,000</td>
<td>9,303,000</td>
<td>9,295,000</td>
<td>9,237,000</td>
</tr>
</tbody>
</table>

#### AMERICAN PETROLEUM INSTITUTE:

- Crude oil and condensate output—daily average (thousands of barrels): 61,560,000 barrels.
- Crude runs to refineries—daily average (thousands of barrels): 61,560,000 barrels.
- Crude production (thousands of barrels): 61,560,000 barrels.
- Crude output (thousands of barrels): 61,560,000 barrels.
- Crude imports (thousands of barrels): 61,560,000 barrels.
- Commercial stocks of refined products (thousands of barrels): 61,560,000 barrels.
- Stocks of refined products at tank terminals, in transit and in pipeline lines (thousands of barrels): 61,560,000 barrels.
- Stocks of refined products at refineries (thousands of barrels): 61,560,000 barrels.
- Commercial stocks of gasoline (thousands of barrels): 61,560,000 barrels.
- Commercial stocks of diesel oil (thousands of barrels): 61,560,000 barrels.

#### ASSOCIATION OF AMERICAN RAILROADS:

- Number of locomotives operating—round-lot (thousands of units): 804,000.
- Revenue freight received from connections (number of units): 720,000,000.

#### CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-

- Total U.S. construction: $2,475,000,000.
- Private construction: $2,475,000,000.
- State and municipal: $2,475,000,000.

#### COAL OUTPUT (U. S. BUREAU OF MINES):

- Bituminous coal and lignite—daily average (thousands of tons): 107,300,000 tons.
- Bituminous coal and lignite—weekly average (thousands of tons): 107,300,000 tons.
- Residual coke (tons): 149,500,000.

#### DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM:

- Total index: 100.

#### IRON AGE COMPOSITE PRICES:

- Prices (cents per pound for various products): 1.43, 2.35, 3.35.

#### METAL PRICES (E. & M. J. QUOTATIONS):

- Copper (cents per pound): 65.75.

#### MOODY'S BOND PRICES DAILY AVERAGES:

- U. S. Government Bonds: 97.73.
- Industrial bonds: 113.08.
- Railroads: 114.66.
- States: 118.32.
- Other public utility bonds: 118.32.
- Preferred stocks (basis): 114.71.

#### MOODY'S BOND RATES OF YIELD DAILY AVERAGES:

- U. S. Government Bonds: 3.45.
- Industrial bonds: 4.08.
- Railroads: 4.22.
- States: 4.22.

#### MOODY'S COMMODITY INDEX:

- Total index: 618.0.

#### NATIONAL PAPERBOARD ASSOCIATION:

- Sales (thousands of barrels): 25,225,000 barrels.

#### STOCK TRANSACTIONS FOR THE GOOD-LOT ACCOUNT OF ORDER-\n
- Dealers and specialists on the N. Y. Stock Exchange—Securities Exchange Commission:
  - Number of shares traded: 1,995,000 shares.
  - Dollar value: $2,375,000,000.

#### OIL PRICE AND DRUG REPORTER PRICE INDEX—1926-66

- Average: 147.2.

#### WHOLESALE PRICES, NEW SERIES—U. S. DEPT. OF LABOR:

- All commodities: 178.0.
- Agricultural products: 178.0.
- Food: 181.5.
- Food products: 181.5.
- Foodstuffs: 181.5.
- meats and meat products: 181.5.
- Dairy products: 181.5.
- Frozen foods: 181.5.
- Frozen dairy products: 181.5.
- Frozen meat products: 181.5.
- All other commodities: 178.0.
- General: 178.0.
- Civic: 178.0.
- Livestock: 178.0.
- Livestock products: 178.0.
- Cotton: 178.0.
- Coal: 178.0.
- Oil: 178.0.
- Coke: 178.0.
- Steel scrap: 178.0.
- Jewelry: 178.0.
- Textiles: 178.0.
- Chemicals and allied products: 181.5.
- Miscellaneous: 181.5.

#### BUILDING PERMIT VALUATION—DUN & BRADSTREET INC—N. Y. CITY:

- New England:
  - Middle Atlantic: $27,020,000.
  - New England: $27,020,000.
  - Middle Atlantic: $27,020,000.

#### BUSINESS FAILURES—DUN & BRADSTREET INC—N. Y. CITY:

- Number of failures: 129.
- Total liquidations: $18,072,000.

#### CONSUMER PRICE INDEX FOR MODERATE INCOME FAMILIES:

- Average 1926—1928—Adjusted as of May 13:
  - All food: 127.4.
  - Cereals and bakery products: 127.4.
  - Dairy products: 127.4.
  - Fruits and vegetables: 127.4.
  - Meats and meat products: 127.4.
  - Oils and fats: 127.4.
  - Sugar and allied products: 127.4.
  - Tobacco: 127.4.
  - Textiles: 127.4.
  - Miscellaneous: 127.4.

#### COTTON AND LINENS—DEPT. OF COMMERCE:

- Week ending June 28:
  - Sales: 1,759,000 bales.
  - Shipment: 1,759,000 bales.

#### COTTON SPINNING (DEPT. OF COMMERCE):

- Week ending June 28:
  - Sales: 1,759,000 bales.
  - Shipment: 1,759,000 bales.

#### REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION:

- Month of May (averages):
  - Savings and loan associations: $2,640,000,000.
  - Federal Savings and Loan Associations: $2,640,000,000.

#### SELECTED-ITEMS OF U. S. CENSUS BUREAU:

- Retail prices:
  - Average: 1926—1928:
    - Food: 129.4.
    - Clothing: 129.4.
    - Other: 129.4.
    - Total: 129.4.

#### TREASURY MARKET TRANSACTIONS IN BONDS:

- Week ending June 28:
  - Sales: 1,759,000 bales.
  - Shipment: 1,759,000 bales.

#### UNITED STATES COMMODITY AND FOREIGN COMMODITY MARKET:

- Week ending June 28:
  - Sales: 1,759,000 bales.
  - Shipment: 1,759,000 bales.

#### TREASURY MARKET TRANSACTIONS IN BONDS:

- Week ending June 28:
  - Sales: 1,759,000 bales.
  - Shipment: 1,759,000 bales.
Securities Now in Registration

New Registrations and Filing

All American Casualty Co., Chicago, Ill. July 25 filed for 25,000 shares of common stock (par $1). Price—$3 per share. Underwriter—None. Proceeds—To increase capital and surplus.


Beatty & Ryan, Inc., Salt Lake City, Utah July 22 filed for 10,000 shares of common stock. Price—At par ($1 per share). Underwriter—None. Proceeds—To finance working capital.


British Columbia (Province of),Canada (8/16) July 25 filing of 10,000 shares of common stock. Price—At $2 per share. Underwriter—None. Proceeds—For organizational expenses.


Financial Credit Corp., New York (8/3) July 27 (letter of notification) $250,000 of financial investment certificates to be sold at $100 each. Proceeds—For working capital.

Fleming Co., Inc., Toledo, Kansas July 24 filing of 20,000 shares of cumulative preferred stock (par $100) and 15,000 shares of common stock (par $10). Price—To be determined after Aug. 15. Underwriters are expected to be announced.

Goldoni, Inc, July 25 filing of 5,000 shares of common stock (no par). Proceeds—At $5 per share. Underwriter—None. Proceeds—To be held in trust for stockholders.


Los Angeles Drug Co., Calif. July 25 filing of 30,000 shares of common stock (par $1) and 2,700 shares of preferred stock (par $25). Price—At $1 per share. Underwriter—None. Proceeds—To be sold underwriting firms.


McKinley Realty & Construction Co., Inc., (8/4) July 24 filing of 2,000 shares of common stock (par $10). Price—$1 per share. Underwriter—None. Proceeds—To be held in trust for stockholders.

Mills Management, Inc., Wallace, Idaho July 24 filing of 10,000 shares of common stock. Price—$0.10 per share. Underwriter—None. Proceeds—To be held in trust for stockholders.


Mutual Telephone Co., Honolulu, Hawaii July 27 filing 150,000 shares of common stock (no par) to be offered by the preferred shareholders, to be held in trust for stockholders. Price—To be sold by underwriters. Underwriter—None. Proceeds—To be held in trust for stockholders.


New York, Boston, Pittsburgh, Chicago, Philadelphia, and Cincinnati, Ohio. Proceeds—To increase capital and surplus.


Procter & Gamble Co., Cincinnati, Ohio Proceeds—To liquidate current operating obligations and to finance inventory. Underwriter—C. D. Crocker & Co., Los Angeles, Calif.

Western Stores Inc., Los Angeles, Calif. (8/12) July 25 (letter of notification) 15,000 shares of 6% convertible cumulative preferred stock (par $100) and 24,000 shares of common stock (par $5 each). Price—$80 per share for both preferred and two shares of common stock. Price—$10 per share. Underwriter—D. M. Keith & Oris, New York. Proceeds—For acquisition of new merchandising and manufacturing properties.

Polymer Industries Inc., Astoria, N. Y. (8/7) July 20 (letter of notification) 10,000 shares of 6% cumulative convertible preferred stock (par $100) and one share of common stock (par $1 each) to be offered in units of one share of preferred stock and one share of common stock. Price—At par. Underwriter—None. Proceeds—To sell underwriting firms.

Safeway Stores, Inc., New York July 24 (letter of notification) 2,000 shares of common stock. Price—At par ($25 per share). Proceeds—To be held in trust for the stockholder.

Southern California Edison Co. July 24 filing of 18,000,000 shares of cumulative mortgage bonds, series D, due 1978. Underwriter—To be determined. Proceeds—To finance construction of power plants and purchase equipment.

Stearns & Daughters Co., Bldg., Salt Lake City, Utah July 22 filing of 1,000,000 shares of common stock, par $5. Proceeds—To sell underwriting firms.

Snoose Mining Co., Malloy, Idaho July 25 filing of 10,000 shares of common stock. Price—At par ($25 per share). Proceeds—To be held in trust for the stockholder.


United Canadian Oil Corp., Washington, D. C. July 31 filing of 1,000,000 shares of common stock. Price—$1 per share. Underwriter—None. Proceeds—For exploration and drilling activities.


Workers Finance Co. of North Bergen, N. J. (8/6) July 25 (letter of notification) 1,000,000 shares of common stock. Proceeds—At par ($1 per share). Underwriter—None. Proceeds—For development of tungsten deposits in New Jersey.

Previous Registrations and Filings

Alabama Flake Graphite Co., Birmingham, Ala. June 3 filing of 100,000 shares of common stock. Proceeds—At par ($100 per share). Underwriter—None. Proceeds—To refinancing a sinking fund bonds dated Jan. 15, 1949 and due Jan. 15,
June 26 (letter of notification) 1,500 shares of common stock (par $1) now offered to holders of common stock of Hotel Wil¬

dal. Proceeds—For expansion program. Bid, only 26,500, to B. E. Halliday, Stuart & Co., Inc., which was returned unopened. Offer-

ing expires on April 11. The bid was opened March 14.

International Restraint Co., Phila., Pa. June 27 (letter of notification) 6,000 shares of 5% cumulative preferred stock (par $100) to be sold to employees. Proceeds—For general corporation purposes. Bid, only 3,500, to B. E. Halliday, Stuart & Co., Inc., which was returned unopened. Offering expires on July 10.


Central Fibre Products Co., Quincy, Ill. May 18 (letter of notification) 200,000 shares of common stock (par $10) to be offered as a "speculation." Price—$10 per share. Proceeds—For working capital. Offering—Postponed indefinitely.

Coke City of Oklahoma, Okla. May 18 (letter of notification) 200,000 shares of common stock (par $10) to be offered as a "speculation." Price—$10 per share. Proceeds—For working capital. Offering—Postponed indefinitely.

Gold-Cycle Co., Los Angeles. April 1 (letter of notification) 3,000,000 shares of common stock (par $1) to be offered to employees. Proceeds—For expansion. Bid, only 1,000, to Union Securities Corp. and Salomon Bros. & Hutton (jointly), which was returned unopened. Offering expires on March 14. Amendment—On May 8 SEC granted an ex¬

Continued on page 32
Continued from page 31

Lehman Corp.
July 14 filed 3,168 shares of capital stock (par $1), being offered to stockholders of record July 20 at rate of one share for each seven shares held. Upon exercise of subscription privilege, rights to expire on Aug. 3. Price—$50 per share. Underwriter—Floyd A. Allen & Co., Los Angeles, Calif. Proceeds—For working capital. Offering—Estimated statement effective July 20.

Love Chemical Co., Los Angeles, Calif.
July 21 filed 5,000 shares of capital stock (par $100) held by the company for purposes of capital stock and (no par) to be offered in units of one share of preferred and 15 shares of common stock, to be used for general corporate purposes. Underwriter—None. Proceeds—For working capital. Offering—Announced statement effective July 20.

Mercantile Acceptance Corp. of California
May 10 (letter of notification) 4,861 shares of first preferred stock (par $100) and 40,000 shares of common stock (no par) to be offered by subscription privilege; rights to expire on Aug. 3. Price—$65 per share. Underwriter—None. Proceeds—For working capital. Offering—Announced statement effective July 20.

Morgan Guaranty Trust Co.

Philadelphia Suburban Transportation Co.

Pittsburgh Coke & Chemical Co.
July 8 filed 140,243 shares of common stock (no par) held by the company for purposes of capital stock and (par $5) to be offered at rate of one share for each four shares held on July 15. Price—$30 per share. Underwriter—None. Proceeds—For construction program. Statement effective July 13. Offering—Effective through lapse of time; amendment necessary.

Pittsburgh Plate Glass Co.
June 27 filed 45,000 shares of common stock (par $10) held by the company for purposes of capital stock and (no par) to be offered at rate of one share for each four shares held on July 15. Price—$50 per share. Underwriter—None. Proceeds—For working capital. Offering—Effective statement July 23.

Pittsburgh Steel Co.
June 26 filed 12,669 shares of first series 5% preferred stock (par $100) held by the company for purposes of capital stock and (par $10) to be offered at rate of one share for each four shares held on July 15. Price—$20 per share. Underwriter—None. Proceeds—For working capital. Offering—Effective statement July 23.

Reading Tube Co., Long Island City
June 5 filed $1,829,256 of 20-year 6% stock fund debenture stock (par $100) for purposes of capital stock and (par $50) to be offered in exchange for 400,000 shares of common stock held by the company for purposes of capital stock and (par $1). Price—$75 per share. Underwriter—None. Proceeds—For construction program. Offering—Effective statement July 23.

Realty Co., Denver, Colo.
July 7 filed 2,000 shares of capital stock (par $150) held by the company for purposes of capital stock and (par $100) to be offered at rate of one share for each two shares held on July 15. Price—$250 per share. Underwriter—None. Proceeds—To acquire timber and a peeler plant operation. Offering—Effective statement July 23.

Reid & Co., Portland, Ore.
June 14 (letter of notification) 78 shares of common stock held by the company for purposes of capital stock and (no par) to be offered at rate of one share for each two shares held on July 15. Price—$125 per share. Underwriter—None. Proceeds—To acquire timber and a peeler plant operation. Offering—Effective statement July 23.

Southwestern Associated Telephone Co.
May 9 (letter of notification) 2,500 shares of common stock (par $10) held by the company for purposes of capital stock and (no par) to be offered at rate of one share for each four shares held on July 15. Price—$30 per share. Underwriter—None. Proceeds—For working capital. Offering—Effective statement July 23.
May 22 Charles Y. Freeman, Chairman, announced that the company had decided to issue for the period ending June 1953 a 5½% convertible debenture in the amount of $75,000,000. This is the first known issue of such debentures by a bank in the United States, and it is expected that the proceeds from the sale of the debentures will be used for general corporate purposes.

Commonwealth Edison Co.

May 23 company announced the decision to issue a 5% convertible debenture in the amount of $100,000,000. The debentures are expected to be sold to the public in the first half of 1953. This is the first known issue of convertible debentures by a public utility in the United States.

Federal Reserve Bank of St. Louis

May 23 it was announced company may soon file a letter of intent to sell $50,000,000 of its convertible debentures. The debentures are expected to be sold to the public in the second quarter of 1953. This is the first known issue of convertible debentures by a public utility in the United States.

Florida Power & Light Co.

May 24 Murray F. Gill, Chairman of the board, announced the company's present construction program. The company plans to build a new generating station in the Miami area, and to add capacity to its existing units. The company expects to sell the new station by the end of 1953.

Georgia Power Co.

May 24 company announced the decision to issue a 5% convertible debenture in the amount of $100,000,000. The debentures are expected to be sold to the public in the first half of 1953. This is the first known issue of convertible debentures by a public utility in the United States.

Harris & Co.

May 24 it was announced company expects to sell $50,000,000 of its convertible debentures. The debentures are expected to be sold to the public in the second quarter of 1953. This is the first known issue of convertible debentures by a public utility in the United States.

Kingsway & Co.

May 24 it was announced company expects to sell $50,000,000 of its convertible debentures. The debentures are expected to be sold to the public in the second quarter of 1953. This is the first known issue of convertible debentures by a public utility in the United States.

Liberty Broadcasting System, Dallas, Texas

June 1 it was announced company expects to sell $50,000,000 of its convertible debentures. The debentures are expected to be sold to the public in the second quarter of 1953. This is the first known issue of convertible debentures by a public utility in the United States.

New England Gas & Electric Ass'n (9-3-8)

July 19 association applied to the SEC for authority to issue $50,000,000 of its convertible debentures. The debentures are expected to be sold to the public in the second quarter of 1953. This is the first known issue of convertible debentures by a public utility in the United States.

Northwest Plastics, Inc., St. Paul, Minn.

July 15 company announced the decision to issue a 5% convertible debenture in the amount of $100,000,000. The debentures are expected to be sold to the public in the first half of 1953. This is the first known issue of convertible debentures by a public utility in the United States.

Ohio Power Co.

May 15 it was stated that this company, a subsidiary of American Gas & Electric Co., will need $50,000,000, perhaps more, which it expects to raise some months hence through the sale of new securities. Probable bidders for bonds: Balsey, Stuart & Co.; Morgan & Co.; White, Weld & Co. and Union Securities Corp. (jointly). Proceeds will be used for construction program.
South Georgia Natural Gas Co., Atlanta, Ga.
May 24 the FPC dismissed the application of company to construct 575 miles of natural gas pipeline to supply income is due within 20 years. The estimated cost of which bonds, priced at $1,000,000, and $10,000,000.

South Jersey Gas Co.
April 24 C. H. Zachary, President, announced company plans a bond issue of $9,000,000 of first mortgage bonds and sell outstanding short-term bond notes.

South Jersey Gas Co.
June 15, SEC announced approval of a plan filed by The United Corp., which, in part, provides for the sale of $5,000,000 of 4% first mortgage bonds.

Southern California Gas Co.
April 4, the company indicated it would raise $5,000,000 of preferred stock. Bids—Halsey, Stuart & Co.; White, Weld & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane, Harris, Hall & Co. (junct.)—Offering—Expected in the Fall.

Southern Counties Gas Co. of California (8/31).
July 2 it was announced company expects to sell $1,000,000 additional bonds this month or next and another bond issue for a like amount in January. May be placed privately.

Southwest Utilities Co.
July 27 it was announced company expects to sell $7,000,000 of first mortgage bonds late this Fall. Underwriters—To be determined by company. Proceeds—To repay bank loans and to proceed with expansion program. Bids—To be received up to noon (EST) on Oct. 25.

Southwest Utilities Co.
July 25 it was reported company plans to register with SEC on Aug. 8 an issue of $10,000,000 of preferred stock, and for an amount of $20,000,000 of additional bonds.

Southern Water, Light, and Power Co.
July 7 it was reported company expects to sell $1,000,000 additional bonds this month or next and another bond issue for a like amount in January. May be placed privately.

Superior Transmission Co.
July 27, it was announced company plans to sell $45,000,000 of first mortgage bonds.

Superior Transmission Co.
May 23 C. H. Zachary, President, announced that company plans the issuance of $5,000,000 of first mortgage bonds through the efforts of Underwriter—Blair, Rollins & Co., Inc. Proceeds—For new construction.

Superior Transmission Co.
July 7, it was reported company plans to sell $1,000,000 additional bonds this month or next and another bond issue for a like amount in January. May be placed privately.

Tennessee Pool & Electric Co.
July 7, it was reported company plans to sell $1,000,000 additional bonds this month or next and another bond issue for a like amount in January. May be placed privately.

Tennessee Pool & Electric Co.
July 27, it was announced company plans to sell $3,000,000 of additional bonds through the efforts of Underwriter—Blair, Rollins & Co., Inc. Proceeds—For new construction.

Texas Electric & Gas Co.
July 7, it was reported company plans to sell $7,000,000 of first mortgage bonds late this Fall. Underwriters—To be determined by company. Proceeds—To repay bank loans and to proceed with expansion program. Bids—To be received up to noon (EST) on Oct. 25.

Texas Utilities Co.
July 27 it was reported company plans to sell $7,000,000 of first mortgage bonds late this Fall. Underwriters—To be determined by company. Proceeds—To repay bank loans and to proceed with expansion program. Bids—To be received up to noon (EST) on Oct. 25.

Virginia Electric & Power Co.
May 1 the company announced that it is contemplated that there will be additional financing to an amount approximating $30,000,000, for the purpose of financing the expansion program, and that further financing will be required in 1952. Probable bids for bonds: Halsey, Stuart & Inc.; Salomon Brothers & Hultzen; Stone & Webster Securities Co.; Equitable Securities Corp.; White, Weld & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane.

West Texas Utilities Co.
July 27 it was reported company plans to sell $7,000,000 of first mortgage bonds. Underwriters—To be determined by company. Proceeds—To repay bank loans and to proceed with expansion program. Bids—To be received up to noon (EST) on Oct. 25.

Centrall Vt. P.S. Bonds
Halsey, Stuart & Co. Inc. is offering the sale of $10,000,000 Central Vermont Public Service Corp. first mortgage 3% bonds, series C, maturing Aug. 15, 1951 at 102.24% and accrued interest. Award of the bonds was made last Tuesday on a bid of 101.275. Proceeds of sales of these bonds, will be applied to reduce short-term borrowings incurred for the payment of the Vermont Public Service Corp.'s construction requirements, as well as for other purposes, including the payment of other corporate purposes, including the payment of other corporate purposes. Proceeds of the company for the last eight months of 1951 and for 1952 will be expended, based on present costs and assumptions, to the amount of $2,124,000 and $2,100,000, respectively.

Central Vermont Public Service Corp. is engaged in the generation and purchase of electric energy and its transmission, distribution and sale for light, power, heat and other non-electrical purposes. The company serves about 46,150 customers in Middlebury, Randolph, Rutland, Stowe, Bennington, Brattleboro, St. Albans, Winooski and other towns and villages in Vermont, Territory served by the company increased to an estimated population of 158,000.
furred stock to provide funds for several corproate purposes. Bank- 
er already are preparing to un-
derwrite this one, which will be handled by negotiation.

Also National Distillers con-
templates issuance of $50,000,000 of 
cumulative convertible pre-
defined preferred stock to provide 
for refinancing $17,000,000 of bank 
loans and allow for additional 
working capital. This too will be 
agreed to and negotiated.

So much for this aggre-
tion. The general feeling 
does not especially pleased 
with the wobbly tenden-
cies noted in that direction.

But this may just be a 
start to view the government's 
action as being more of an 
experiment, and we should 
get ready to test the old laws 
again.

S uch interpretation of the 
Treasury list's behavior served to temper the optimism that had been 
generated by the recent en-
couraging trend in the private 
corporate market where prices 
have recovered rather substantially from the lows touched back in the spring.

Top corporates have come back to levels where a new range 
with a basis around 3.85% has 
been established. Most are 
now trading at 3.90% or more 
when prices were on the bottom. It 
seems that the 3.75% basis 
level has held good since late
March.

Finally, and high-grade corporates, rated just under the top strata, have been hitting new high prices, 
marking for an average yield of around 
3.55% against the 3.50% a few months ago.

Until the Treasury list began to show signs of renewed strength
there had been a disposition to regard the corporate market as working out a new and perhaps solid base. But now the tendency is to keep a close eye on the government list before arriving at final conclusions.

Municipals in Demand

As taxes rise higher and 
higher, people with sizable 
finances appear to be finding secu-
cities carrying valuable exemp-
tions more and more attractive.

At any rate the municipal 
market is in a healthy trend 
which must be a real aid to those who wish to avoid state 
bond inventories only a little 
while back when the tide was running out rapidly.

British Columbia Issue

The next substantial new offer-
ings are the British Columbia's 
$25,000,000 of 3% 30-year 
bonds put in registration with the SEC 
this week.

Already screened and approved by the Investment Bankers Credit 
Control Committee, this issue is 
expected to come to market 
around Aug. 14 and will be 
ofered both in the United States 
and Canada.

We are again in line with 
Southern California Edison Co. 
which has inaugurated sales of an extra 
$100,000,000 in first and refunding 
bonds and certificates.

It has applied to the California 
Public Utilities Commission for 
authorization to resume the issue 
and is preparing a registra-
tion to be filed with the Securities 
and Exchange Commission.

Merchants & Co. stock- 
holders were invited to a 
propose to authorize $25,000,000 of new 
corporate debt.

SITUATION WANTED

Businesses of applying approximately 
twelve years financial experience, to "ex-
clusive concern with one or more 
Research, or Statistical department, of 
Merchant & Co. If interested, please 
Select Service Classification: 
4C or any part of business. 

Applications to: Secretary. 
commercial & Financial Chronicle, 20 
Park Place, New York 7, N. Y.

DIVIDEND NOTICES

The Finkrote Company, Inc.
At the meeting of the Board of Directors of The Finkrote Company, Inc., held last Tuesday, the following dividends were declared:
A quarterly dividend of $1.00 per share on the convertible preferred stock, payable September 14, 1951, to stockholders of record as of close of business September 6, 1951.
A quarterly dividend of 50% of $5.00 per share has been declared on the common stock, payable September 14, 1951, to stockholders of record as of close of business September 6, 1951.

F. S. CONNETT, 
Secretary.
August 1, 1951.

DIVIDEND NOTICES

HARBISON-WALKER 
REFRIGERATORY COMPANY
The Board of Directors of HARBISON-WALKER REFRIGERATORY COMPANY has declared a quarterly dividend of 50% of $5.00 per share on its common stock payable, September 14, 1951, to stockholders of record as of close of business August 27, 1951.

E. F. HARDING BUCKEN, Jr., 
Assistant Secretary.
August 9, 1951.

DIVIDEND NOTICES

Texas Gulf Sulphur Company
The Board of Directors of Texas Gulf Sulphur Company has declared a dividend of 50% of $5.00 per share on and an additional dividend of 50% of $5.00 per share on its common stock payable, September 14, 1951, to stockholders of record as of close of business August 27, 1951.

E. L. MONTER, Secretary.
August 9, 1951.

TECHNICAL OIL FIELD SERVICES

DIVIDEND NOTICE

The Board of Directors of Analomad Inc., a Maryland corporation has declared a quarterly dividend of 50% of $5.00 per share on its common stock payable September 10, 1951, to stockholders of record as of close of business August 22, 1951.

E. L. MONTER, Secretary.
August 22, 1951.

LOVELADWAM FACTORS CORPORATION
The Board of Directors of Lovell Admalyzed Factors Corporation, a New York corporation has declared a quarterly dividend of 50% of $5.00 per share on its common stock payable September 10, 1951, to stockholders of record as of close of business August 22, 1951.

E. L. MONTER, Secretary.
August 22, 1951.

IOWA SOUTHERN UTILITIES CORPORATION

DIVIDEND NOTICE

The Board of Directors has declared a quarterly dividend of 50% of $5.00 per share on its common stock payable September 10, 1951, to stockholders of record as of close of business September 6, 1951.

E. L. MONTER, Secretary.
August 31, 1951.

THE FLINTKOTE COMPANY
A quarterly dividend of $1.00 per share on its convertible preferred stock, payable September 14, 1951, to stockholders of record as of close of business August 31, 1951.

S. H. KLEEM / President 
August 1, 1951.

Hooker Electrochemical Company
$4.25 Cumulative Preferred Stock Dividend
The Board of Directors of Hooker Electrochemical Company has declared a quarterly dividend of $1.00 per share on its 5% Cumulative Preferred Stock, payable September 14, 1951 to stockholders of record as of close of business September 6, 1951.

A. HULSHOFF WILCOX, Jr. / President 
August 1, 1951.

SEABOARD FINANCE CORPORATION
COMMON'S STOCK DIVIDEND
The Board of Directors of Seaboard Finance Corporation has declared a quarterly dividend of 45 cents a share on Common Stock payable Oct. 15, 1951 to stockholders of record Sept. 20, 1951.

S. H. KLEEM / President 
August 1, 1951.
WASHINGTON, D. C.—With a view to evaluating its outlook on the prospects for business and inflation, it may be taken for grant¬ed that by October or sooner, the President will have increased the defense build¬up goal.

This was the subject which in his Mid-Year Economic Report just be¬ing issued was under con¬sideration.

Furthermore, the decision to boost the military build-up is more likely to be ratified by Congress, due to the very prospect that the higher target will be for a vastly expanded air power.

The background of the Mid-Year announcement is this: The likely view, not satisfied, in view of the large commitments with which the U. S. has undertaken to stop Russia, with the volume of domestic military preparedness settled upon, a budget has been announced in the budget message of last January.

On the other hand, the military were "held" up by the administration like that there must be a "bal¬anced" economy, in other words, a build-up which would fall short of deprivings the domestic econ¬omy of basic consumer necessities or result in rationing of consumer goods.

However, the domestic economy has come through with far fewer shortages and strikes, generally ex¬pected. Hence the target of the production can be boosted somewhat without risking a undue strain on domestic sup¬plies.

That the build-up will be in the form of aircraft procurement and one of the things which is really surprising.

Ever since Russia has been the chief bull of the Administration, herefore insisted upon the "bal¬anced" military and business, this meant that the Air Forces should not be the new normal, the parallel or proportionate increases in the ground and sea forces. The President has assumed the lead by Congress by refusing to spend money appropriated for the Air Force, in order to maintain this proportion.

There is currently waging an under¬cover dispute of major propor¬tions as to whether the Air Force target should be raised to 150 groups from 100 groups. 

Mr. Truman, it is reported re¬liably, has in mind the possibility of a mid-year expansion, if perhaps not all the way to 150 groups. There will be NO overall increase in the mili¬tary manpower or a military or personnel in uniform. This will be increases in the En¬gineered personnel in the Air Force as aircraft are delivered—not for many months

Meanwhile the drive will be pressed on to get deliveries of all military items for the U. S. and foreign forces. Mr. Truman, it is said, will countenance no hold-up in deliveries for the pur¬pose of stockpiling, as the other designs—that is to say, he will opposse any general trend of this character.

Time-wise, the program to boost the target for the Air Force to at least 150 groups will not be presented as an actual legislative project until the 1952 session of Congress. The decision will be made in October or early November.

On the next year be asked to vote it. Meanwhile the application of pressures for deliv¬eries under existing contracts will take care of the situation.

This decision, incidentally, will have some political effects salu¬tary to the Truman administration, in that is NO build-up. The Air Forces must now demonstrate, to the Truman administration, that the military target, Truman prob¬ably will have got but little distance.

On the other hand, the great mass of the military build-up will stop so long as the country and Congress can be presumed to go along.

The military feel that if Mr. Truman is to play to the population of the world what Super-Mouse of the movies does for the mice population, they are far from the quantity of weapons they need.

Only as recently as Friday morning Fleischmann, D.PA. Administrator, was announcing fourth quarter ma¬terials allocations, generated the "party line" under that the end of 1953 or early 1954, there would be enough materials for the domestic econ¬omy as well as enough to support the military build-up.

This becomes obvious as soon as the President announces the decision which the Mid-Year Economic Report was the har¬binger.

Basic idea of Bulletin No. 6 of the National Voluntary Credit Restraint Committee is that insti¬tutions which make loans on which securities are collateral, shall treat both listed and unlisted securities alike for purposes of VCR.

VCR concerns itself, not with collateral and loan margins as such, but with the purpose for which the loans are made. The idea of VCR is to discourage the making of loans for speculative or other anti-inflationary purposes, whether secured by gilt-edged se¬curities or by cats and dogs.

Regulations T and U of the Fed¬eral Reserve Board, under the authority of the SEC Act, on the other hand, are concerned with marginals and collateral. These reg¬ulations permit the making of loans for purchase and carrying of securities only to 50% of the value of the collateral. T and U apply, however, only to listed se¬curities. There are no minimum margin requirements, in Federal Reserve Board on the Purchase and carrying of unlisted securities as such.

Bulletin No. 6 was issued be¬cause some institutions were inter¬preting earlier VCR Commit¬tee pronouncements as indicating that no matter how good, unlisted securities were to be frowned upon under the VCR program.

Now loans for which securities are offered as collateral are supposed to be scrutinized by the lender in terms of the purpose of the loan, regardless of whether the collateral consists of listed or unlisted se¬curities.

So, for example, if a person were to put up securities as collateral, securities owned by the borrower outright, to finance a speculative transaction, VCR would discourage lenders from making this loan.

Presumably also loans for "pur¬chase and carrying" securities, listed OR unlisted, would be scrutinized and perhaps denied if the actual purpose were speculative and the loan was not primarily for purchase and carrying securities, in fact.

Bulletin No. 6 will have an indi¬rect effect, however, to the ex¬tent lenders follow it closely, of moving toward requiring 75% margins for unlisted as well as listed securities. This is true, even though this is not its express purpose.

Direction No. 1 of Bulletin No. 6 for the guidance of borrowers notes that under Regulations U and T loans are presumed to be for the purpose of purchasing and carrying listed securities, and further that:

"It is recommended, therefore, that all loans on securities for purchasing or carrying UNLISTED securities be presumed to be for a proper purpose if the amount of the credit extended is no greater than permitted in the case of listed securities by Regulations U or T."

In other words, whenever "purchase and carrying loan" ap¬}