The World Crisis—Challenge To Our Way of Life

By BENJAMIN E. YOUNG

General Vice-President, National Bank of Detroit

Detroit banker, in discussing the moral and political crisis in the world today, points out its impact on our traditional way of life. Says U. S. has been forced into world leadership and, though free enterprise system is threatened by waves of socialism, moral and political deterioration should unite us for its preservation. Attacks Keynesian "Compensatory Sagacity" and "Managerial Money." Says through issue of unredeemable currency, we have resorted to a modern version of coin-clipping.

My effort shall be to examine the grave problem of the nation's moral crisis with the hope of promoting the serious and worthwhile discussion warranted by its far-reaching implications. The deep human import of the questions our nation is called upon to face requires that we study them with the utmost care and counsel together in the hope that we may reach the right answers.

In this connection Dante said, a long time ago: "The boldest places in Hell are reserved for those who, in a period of moral crisis, maintain their neutrality."

Before proceeding to the points at issue, I should like to make one other general observation. This has to do with the responsibilities, as contrasted with the privileges, of citizenship in our great country. Many men and women, all too many, of your acquaintance and mine, consider today that participation in the political activities which go on around them is for some reason beneath their dignity. Others have become so immersed in the day-to-day duties Continued on page 28

An address by Mr. Young before the Summer Institute for Social Progress, Wellesley, Mass., July 12, 1951.

GOING TO NSTA CONVENTION?—This year's Annual Convention of the National Security Traders Association, Inc., will be held at Coronado Beach, Calif., from Sept. 30 to Oct. 4. For further details see "NSTA Notes" on page 8.

Investing Under a Rearmament Economy

By PHILIP J. FITZGERALD*

Partner, Dean Witter & Co., San Francisco, Calif. Members, New York Stock Exchange

After pointing out contradictory precedents in behavior of stock prices during war and postwar periods, Mr. Fitzgerald analyzes present stock market situation. Finds, in comparison with increased production, higher national income, and growing confidence, stock prices are not inflated. Looks for possible cutback in scope of rearmament or its spread over much longer period that may bring some recession in business, and lists stocks of industries that offer extra values at this time.

In considering the problem of rearmament it must be recognized that while the program was marked by the outbreak of war in Korea that conflict is only a minor incident in our global rearmament objectives, which compare in scope to the total efforts we made in World Wars I and II.

Contradictory Precedents

Having fought and won the two greatest wars in the past generation, it might seem reasonable to expect that the lessons of the past, had the current rearmament should be well understood and their reactions upon the stock market probably well indicated by the precedents set during the course of those two great conflicts. However convenient this line of reasoning may be, the record shows that the actions of the stock market were almost diametrically opposed during the course, people should read and consider on page 22.
The Security I Like Best

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

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

HUBERT F. ATWATER
Garman & Co., New York City

One of the novel investment policies assumed by the Exchange in 1943 was the establishment of the Exchange Financial Advisory, Inc. This organization, which was entirely independent of the Exchange, may be regarded as the Exchange's "think tank," where its members may deliberate on important questions of security policy. At a recent meeting of the Advisory, the following statement was made.

In the Security I Like Best, Mr. Atwater discusses the merits of a particular security. In this case, he is evaluating a bond issued by the Erie Railroad Company.

Erie R. R. Gen. Mgt. 4½% 2015

Erie's bond is a feature of the Exchange Financial Advisory, Inc., which meets regularly to discuss investment policies. This policy is in line with the Exchange's efforts to promote sound investments and to provide a forum for the exchange of ideas among its members.

Erie R. R. Gen. Mgt. 4½% 2015

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The word chemistry is derived from a Greek root meaning “pursuing”, and whether you talk about laboratory research, production, or commerce, the word.Involve,
Silver Marks Time

By HERBERT M. BRATTER

Silver is never a politically dead issue in Washington. The market for the metal is still much dependent on existing silver purchase status and regulations of the Treasury, the regulations of the Office of Price Stabilization, and actions by the governments of other countries such as Mexico and Cuba. In the Capitol the question of over silver never close their eyes entirely, and let out soft groans every now and then, just to warn off intruders. Despite occasional criticisms by some silver users, no movement for repeal of the silver laws is in evidence. The two antagonists—the users and the sellers—seem willing to accommodate themselves to the status quo, with perhaps minor adjustment in OPS regulations. The OPS ceiling that remains today where most of the domestic newly-mined silver is sold: whether to the assured market at the mints at a guaranteed price of 90.8c a fine ounce, or elsewhere. Some industrial users must be satisfied if the OPS ceiling on domestic silver was just a little higher. Demand for silver refined in the East is normally satisfied by new high grade silver refined in the West. Silver refined in the East is normally sold at a little higher price. Speed, tonnage, cost of transportation, and other factors determine where the silver goes, and indirectly influences the supply available to industry.

Industries and Domestic Silver Price

Industrial users of silver would like to see a change in the OPS ceiling, which since Jan. 26, 1951, has been frozen at 90.4c per ounce 0.999 fine—the equivalent of 90.5c per fine ounce. Since the visible supply of foreign silver is insufficient to meet prospective industrial demand in this country, industrial users must bid for domestic silver. For all practical purposes, any surpluses Treasury silver may be considered.

The supply of free Treasury silver, as noted elsewhere in this article, is limited. The Treasury has established a selling price of 91c per fine ounce for such silver and the metal is available at that price in New York. Since most of the domestic newly-mined silver which comes to the Treasury comes to it in the West and is not sold to the Philadelphia Mint, there is some question as to how long the Treasury will continue willing to offer silver in the East at the 91c price. Some suppliers claim that the OPS ceiling bars them from buying Treasury silver, and at one time the regulation required the processors to account for everything they paid for silver in excess of OPS ceiling price. Since the processors customarily charge only for fabrication, they would be more interested in buying from the Treasury. Yet, on the other hand, a survey of about one-fourth of the domestic mine production is refined in the East. Because of the shortage, silver refined in the West is tendered at the mints in the East. Silver refined in the West is tendered at the mints in the East. Silver refined in the East is normally sold at a little higher price. Speed, tonnage, cost of transportation, and other factors determine where the silver goes, and indirectly influences the supply available to industry.

The Treasury is at present empowered to sell silver by the Act of July 31, 1944, which is an extension with modifications of the Act of July 12, 1943. With certain provisos, the 1946 provision states that 3,000 tons of silver sold to or from the Treasury to sell or lease for manufacturing users must be held or owned by the United States at a 91c per ounce in fine silver. This law provides a floor but no ceiling at all. Not that the newly-mined silver could be sold to the Treasury but directed not to sell silver. One wonders why the Treasury agency that enough silver must be held in Treasury inventory against the OPS ceiling does not see all outstanding silver certificates. It is also noteworthy that the Treasury law of 1946 law, has the power to call in silver certificates and the standard silver dollars so released to make a payment against the silver held. By selling silver in substantial amounts the Treasury could hold down or even reverse the price of the metal; and under certain circumstances, from selling it could contribute toward an increase in the price. The Treasury's powers to sell silver.

We announce the withdrawal of Willard T. Grimm as a General Partner as of July 31, 1951

KIDDER, PEABODY & CO. FOUNDED 1846
NEW YORK BOSTON CHICAGO PHILADELPHIA

Willard T. Grimm

formerly a general partner of Kidder, Peabody & Co.

Announces the formation of

W.T. Grimm & Co.

331 SOUTH LA SALLE STREET
CHICAGO 4, ILLINOIS

to conduct a general securities business and to specialize in private placement loans, mergers, sale of companies and similar special financial transactions.

AUGUST 1, 1951

The Commercial and Financial Chronicle . . . Thursday, August 9, 1951

State of Trade and Industry

The State of Trade and Industry

There was a fractional rise in overall industrial production the past week, which continued to be slightly in excess of last year's level, and it can be attributed mainly to a step-up in military output since that time. The employment situation reflects a moderate drop in new applications for unemployment insurance as well as the total number of claims outstanding in the latest recorded week.

Employment dropped to a postwar low for the month, according to the United States Department of Commerce. It was the lowest level since persons who had civilian jobs in the week ended July 14, about 790,000 above a month earlier and 1,300,000 above July, 1950. Unemployment dropped to 1,856,000 from 1,890,000 in June.

Record high output of steel entered its sixth month last week. In spite of hot weather, vacations, and other seasonal influences that normally affect steel production, as well as postwar labor trouble, more than 2 million tons of steel have poured from the nation's furnaces weekly for 22 consecutive weeks.

This week's output is scheduled to increase to the average recorded for the last two weeks of the month last year, amounting to 1.8 million tons of steel ingots and castings.

In the steel industry, confusion attending allocation of steel under the Controlled Materials Plan will not be enhanced, says "Steel," the weekly magazine of metalworking the current week. Time is too short to do much, if anything, about September over-allocations, especially on an individual company basis. It adds. So it looks like the mills and their customers holding un- honored and back-ordered lots have to worry their way out of the current distribution tangle.

Whether any radical corrective measures will be taken for the fourth quarter is not an uncertain factor, according to individual company officials. Some think the "bugs" in CMP will work themselves out in the next time period, while others believe the situation is not as much out-of-hand as had been feared a week or so ago.

At any rate, states this trade weekly, with sentiment mixed as regards the efficacy of CMP in solving the distribution problem, there is little chance the situation will be abandoned or radically changed. Fourth-quarter allocations, just announced, will be much the same as those of the current quarter. No change has been authorized. 24,058,550 tons of finished steel would exceed indicated supply of 21,380,000 tons by 1,678,550 tons. After allowing for an adjustment reserve of 1,171,015 tons. However, experience shows claim- ant agencies actual take in a specified period usually falls below stated requirements. This is especially true of the military. The resulting anticipated unsupplied tonnage along with the new adjustments, if any, would be expected to produce an insurance margin against serious unbalance. Further, indicated supply for fourth quarter is some 300,000 net tons greater than in third quarter, over allocation, the industry believes, might be expected to decline to 10 percent compared with 15 percent in the current quarter.

Another factor affecting last week's operations was a 1,000- unit decline by General Motors resulting from its previously announced plan to suspend operations of its Michigan plants for six working days, "Wards" stated. Chevrolet's branch assembly plants began their suspension this week, the "Agency" added.

Packard remained down for the second week because of material shortages, but resumed output Monday, according to "Wards." Production schedules for August call for 420,000 cars and 122,000 truck completions, it added, compared with 382,407 cars and 113,222 trucks built in U. S. plants in July.

Steel Output Drops Slightly This Week

Earnings of steel companies are lagging far off the all-time record pace of capacity, production and sales, according to the "Iron Age," national metalworking weekly, in its current summary

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Continued on page 26
Israel's What Chance for Solvency?

By A. Wilfred May

Observer notes obstacles arising from severe shortage economy, military expenditure, and huge-scale immigration. Based on analysis of balance-of-payments structure, "solvency" over short-term depends on American co-religionists' subscriptions to National bond drive and philanthropic funds; and over longer, is adequate from present capital investments, and on peace.

(First of a series of articles on Israel's fiscal, economic, and political situation; relevant to the interests of the investor of individual and industrial foreign capital.)

TEL- AVIV, ISRAEL—In weighing prospects for Israel's "solvency" in the short and long terms, we must first recognize her unique basic obstacles confronting the zealous citizens of this economic ship are threefold: shortage and underdevelopment of natural resources and raw materials; unavoidable expenditure for military defense; and self-imposed commitments for continuing huge-scale immigration.

The huge Impact of Immigration

The task, which would be severe enough in the building-up of any foreign country, is magnified immeasurably accentuated by the humanitarianly motivated, unanimously endorsed policy of permitting unrestricted and permanent entry of displaced foreigners. This gathering reached the huge total of 128,000 persons during the first six months of this year, and is now proceeding at an average rate of 25,000 each month.

The cost to the country of settling this individual is estimated to be approximately $2,500, making a total cost of $150 million for the fiscal year as admitted since the establishment of the State. This intensifies the squeeze on the home economy in many ways—first, the consumption of raw materials ($320 million in hard currency was spent for a population of 1,200,000 at the beginning of the year, which was stretched to 1,380,000 individuals at the end of the year); in accentuating the housing boom where units now being programmed for the next four years; etc.—all accentuated further by the low productivity at least temporarily displayed by the displaced person.

The Concentration on Capital

It is recognized as the keynote of Israel's basic national policy that the successful building-up of the economy depends crucially on the securing of substantial capital investment, and on productivity therefrom sufficient to overcome the present large gap in the trade deficit within a reasonable time. The production structure, dominated by the country's potash potentialities and to a lesser extent agriculture production, will reduce the trade deficit both by increasing exports and reducing the cost of imports.

Thus, the country's currently-proposed prospect of oil discovery as the eventual saving element is generally derided here—and reliance thereon relegated as irresponsible.

This at that very maturity is now projected to further future expenditures by the curtailing of incoming goods essential for consumption purposes, to one-third of present imports—seemingly a maximum

The Defense Factor

Another obstacle to the sparse foreign exchange supply—unavoidable and seemingly chronic—is the threat of the continuing nearby Arabian assassinations. Although the amount of the military contribution to the balance of payments ranges between $20 million and $40 million, of which from $3 to $4 millions involve the use of the treasured foreign exchange, it is the duty of the two factors of immigration and the military to have been the major contributing factor of the contemporary budgetary deficit of $89.4 million, made up of imports of $74.8 million versus export of only $12.32 million (in 1950); $45.5 million from imports of $78.9 million versus $10.5 million exports.

Balance of Payments "Solvency"

The trade balance position as annually estimated and published, favorable balance would help in various ways, such as in providing capital for securing of new credits abroad and the extension of existing loans at their maturity; permitting stabilization of the currency; and valorization of the surveyed foreign exchange market, leading to foreign exchange convertibility, and helping secure desperately needed foreign capital investment. But for factors already outlined, we must examine the balance-of-payments situation—in the case of Israel thoroughly unique in international finance.

For the calendar year 1950, the balance-of-payments was stressed as follows, in millions of dollars:

<table>
<thead>
<tr>
<th>Year</th>
<th>Balance of Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>-50.0</td>
</tr>
</tbody>
</table>

The important conclusion from the foregoing picture of the balance of payments is that clearly solvency over the shorter term will depend squarely on the generosity of American co-religionists, through liberal subscriptions to the new bond issue, plus maintenance of their liberal donations to the philanthropic funds (United Jewish Appeal).

It must be realized that these sources are particularly and additionally important in providing dollars at the lowest rate of 3.22%, leaving the Israeli Government free to utilize for the needed proceeds in the inflated number of corresponding local currency. Over the long term, Israel's coming-through will depend on the fruition of capital investment, on the world price level, and peace.

To the American buyer of bonds, it is concluded that his investment is in essence truly entrepreneurial and worthy of equity return; but with compensation yielding merely that of a high grade investment obligation.

The Internal Economy

Internally, the shortsighted situation understandably brings about a policy of restriction of strong efforts to limit on the lid of rising prices.

The extraordinary situation is that the current budget of ordinary expenditure and capital items, for b a l a n c e in 1950 -51 ($43 million), and showed a surplus during the first six months of fiscal 1950-51 ($8.5 million versus $6.5 million). There is a so-called "Development Budget," which, coinciding with external and internal, is armed against aid for housing, pub- lic works, transport and communications, and industry. The funds are provided by Export-Import Bank credits, which, outside the $500 million, is called "Development Bank," whose exact total is undisclosed, but $75.12 million of which has been excluded in the Current Budget, and the balance brought into the $20 million, is financed by loans.

The country's interest funded debt is only about $25 million; the big element of inflationary bias is the fund debt consisting of $35 million of the Cleveland Mills, Land Bills (faced against the development of land and used to finance the development budget), with the expansion in circulation (increased necessarily following the population growth).

To the present increase in currency in circulation and demand in de- posts are shown in the following table.

<table>
<thead>
<tr>
<th>Year</th>
<th>Demand Circulation</th>
</tr>
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<tbody>
<tr>
<td>1950</td>
<td>-50.0</td>
</tr>
<tr>
<td>1951</td>
<td>500</td>
</tr>
<tr>
<td>1952</td>
<td>500</td>
</tr>
</tbody>
</table>

Our conclusion regarding the internal situation is that through continuation and expansion of present policies and controls, it can be kept in reasonable check with eventual curtailment of circulation as an "ace in the hole." But in any event, it is the international payments elements, depicted above, which are crucial to the nation's "solvency" and preservation of her credit in stable currencies.

Paul S. Bowden With Francis I. du Pont

(Special to The Financial Chronicle)

CLIVELAND, Ohio—Paul S. Bowden has become associated with Francis I. du Pont & Co., 1300 Franklin Avenue. Mr. Bowden was formerly in the municipal bond department of L. W. Simon & Co. and prior thereto was with Otis & Co.

With Hamilton Management

(Special to The Financial Chronicle)

RENOV, Colo.—Orville L. Oskay has joined the staff of Hamilton Management Corporation, Reno, Nevada.

With Willard T. Grimm

(Special to The Financial Chronicle)

CHICAGO, Ill.—Burnette A. Button, former director of investment of W. T. Grimm & Co., 231 South LaSalle Street.

Federman & Rose

Effective Sept. 1, Reuben Rose, member of the New York Stock Exchange, and Justin Stone Federman & Rose with offices at 41 Broad Street.

To Be Davies Partner

SALINAS, Calif.—Cedric B. Milroy, resident manager of Davies & Co., members of the New York Stock Exchange, 82 West Alisal Street, will become a partner in the firm on Aug. 16.

Barrett Herrick Adds (Special to The Financial Chronicle)

ST. LOUIS, Mo.—James M. O'Connor is now associated with Barrett Herrick & Co., Inc., 418 Locust Street.

WE ARE PLEASED TO ANNOUNCE THAT

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T. Howard Bolger J. E. Paisley
W. J. Bussea Warren G. Steffen

ARE NOW ASSOCIATED WITH THIS FIRM

GOTTROP RUSSELL & CO.

Member of The Midwest Stock Exchange

1582 Union Commerce Bldg.

Cleveland 14, Ohio

Cherry 1-5050
The Home Financing Business In Partially Mobilized Economy

By WALTER J. L. RAY*
President, United States Savings and Loan League

Executive of leading home financing association reviews activities of various home mortgage agencies and discusses government participation in the business, private concerns still furnish bulk of home financing. Says home ownership is flourishing and home financing has become easier and less expensive for some. But despite these gains due to credit restrictions and diversion of materials to defense needs, but holds development has curbed an extreme building boom. Sees long-term housing outlook promising.

In consideration of our subject, it would be a mistake to give thought to the background of the various types of lenders who are making available the total funds for the financing of American homes, new and existing, and not to the origin of the lenders, the most important group being the savings and loan business which has been so essential in the past.

The savings and loan business has been very different years ago. At the start of World War II, the resources of the Saving and Loan business totaled approximately $6 billion. Today they approach $300 billion—nearly a three-fold growth in just over a decade. As a result of this growth, new and increased participation in the home financing market, the savings and loan business assemble three times as much of the financing for the purchase of homes as it was 10 years ago. On new residential construction, we finance about $5 billion a month.

While the savings and loan business is the principal source of home financing, there are a number of other important contributors. During the past 10 years, the amount of financing that the commercial mortgage companies have done has more than tripled, although not all that volume was flowing into the housing market. Because of high cost and the great probability that did not exist in the past, single-family home ownership, although natural only that out of the available funds flowing into this area, is primarily due to the efforts of the savings and loan associations. Because of growing number of families, it was natural that out of the available funds flowing into 10 years later, there should spring up many local small mortgage groups where neighbors pooled their savings to provide home financing credit for their neighbors and prudent family planning.

It is well to remember that the housing and loan business which the savings and loan business which has been so essential in the past.

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How Easy to finance a car through your dealer

1. Through its 115 branch offices, Associates is now helping more than 400,000 families buy cars from automobile dealers. Here's how it's done:

2. You make the initial down payment in cash or a "trade-in" with your dealer, and sign a note agreeing to pay the balance in regular monthly installments.

3. Your dealer calls the local Associates branch office to arrange for financing and insurance. There are no embarrassing investigations—no red tape or other inconveniences.

4. Prompt action by experienced Associates personnel takes care of all the important details of your transaction and the "OK" is flashed to the dealer.

5. Result: You drive home in your new car without delay or fuss—assured by the Associates-Dealer relationship of the continued interest and service of both organizations.

HIGHLIGHTS FOR THE FIRST SIX MONTHS

CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>June 30, 1951</th>
<th>June 30, 1950</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Marketable Securities</td>
<td>$54,431,374</td>
<td>$46,022,036</td>
</tr>
<tr>
<td>Receivables:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motor Lien</td>
<td>$321,618,509</td>
<td>$342,732,964</td>
</tr>
<tr>
<td>Commercial Loans</td>
<td>21,685,380</td>
<td>14,492,575</td>
</tr>
<tr>
<td>Small Loans</td>
<td>20,951,522</td>
<td>11,781,652</td>
</tr>
<tr>
<td>Chattel Lien and Other Receivables</td>
<td>6,566,927</td>
<td>7,490,654</td>
</tr>
<tr>
<td>Less: Reserve for Losses</td>
<td>$370,822,338</td>
<td>$276,977,845</td>
</tr>
<tr>
<td>Total Receivables, Less Reserve</td>
<td>$362,823,770</td>
<td></td>
</tr>
<tr>
<td>Other Assets</td>
<td>3,025,940</td>
<td>3,052,940</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$420,281,084</td>
<td>$362,823,770</td>
</tr>
</tbody>
</table>

LIABILITIES

| Description | | |
| Notes Payable, Short-Term | $242,732,964 | | |
| Accounts Payable, Accruals and Reserves | 14,492,575 | 11,781,652 |
| Unearned Finance Discounts and Insurance Premiums | 1,781,652 | 3,490,654 |
| Long-Term Notes | 22,500,000 | 22,500,000 |
| Subordinated Long-Term Notes | | |
| Preferred Stock | 10,418,240 | 10,418,240 |
| Common Stock | 41,084,313 | 41,084,313 |
| Surplus | 3,025,940 | 3,025,940 |
| TOTAL | $420,281,084 | $321,329,428 |

CONDENSED CONSOLIDATED INCOME STATEMENTS

<table>
<thead>
<tr>
<th>Description</th>
<th>Six Months Ended June 30, 1951</th>
<th>Six Months Ended June 30, 1950</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount, Interest, Premiums and Other Income</td>
<td>$30,246,761</td>
<td>$22,818,526</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>19,185,355</td>
<td>14,568,041</td>
</tr>
<tr>
<td>Net Income before Income Taxes</td>
<td>$11,141,396</td>
<td>8,250,485</td>
</tr>
<tr>
<td>Provision for Consolidated Federal Taxes on Income</td>
<td>5,680,000</td>
<td>2,205,000</td>
</tr>
<tr>
<td>Net Income</td>
<td>$5,461,396</td>
<td>5,045,485</td>
</tr>
<tr>
<td>Consolidated Net Earnings Per Share of Common Stock</td>
<td>$5.04</td>
<td>$4.84</td>
</tr>
</tbody>
</table>

South Bend, Indiana, August 2, 1951
Dealer-Broker Investment Recommendations and Literature

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

Farm Equipment Companies—Review—Dean Witter & Co., 14 Wall Street, New York 5, N. Y.

Graphic Stocks—Summary of the year contains large, clear reproductions of 1,001 charts complete with dividend records for the full year of 1950, shows monthly highs, lows, earnings, capitalizations, volumes on which every active stock on the New York Stock and Curb Exchanges—single copy $10.00; yearly (4) copies $40.00—special offer of three editions of Graphic Stocks, 1924 through 1935; 1936 through 1947 and in-progress 1948—call for $25.00—F. W. Stephens, 15 William Street, New York 5, N. Y.


Investment Facts About Common Stocks and Cash Dividends—New York Stock Exchange, New York 8, N. Y.

Leaders vs. Lagards—Market opportunities suggested by study of price trends—Francis L. du Pont & Co., 1 Wall Street, New York 5, N. Y.

New York City Bank Stocks—Comparison and analysis of 17 New York City Bank Stocks—Laird, Bissell & Meeds, 120 Broadway, New York 38, N. Y.

Over-the-Counter Index—Booklet showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Average, the over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to index numbers and performance over a 12-year period. Of the 35 companies represented in the National Quotation Bureau's Over-the-Counter Industrial Stock Index, 12 trace their history by years before the Civil War and another nine had their beginnings in 1899 or earlier. Twenty-three of the companies have been paying dividends continuously for seven to seventy-nine years. Of the other twelve, one started paying dividends 119 years ago, and its stockholders have received annual dividends regularly with the exception of the years 1863, 1864 and 1868—National Quotation Bureau, 46 Front Street, New York 13, N. Y.

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

Publicity Books—Files, Schmidt & Co., 50 Pine Street, New York 5, N. Y.

Air Reduction—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

American Communications Corporation—Bulletin—Empire National Corp., 37 Wall Street, New York 5, N. Y.

American Express Co.—Memorandum—Charles A. Taggart & Co., 10 Walnut Street, Philadelphia 2, Pa.

Associated Development & Research—Comments in "Highlights"—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y. Comments will be continued on Crowell-Capber, Jocarr & Tarton, New York 1, N. Y.


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

Brad Foot Gear Works, Inc.—Bulletin—O. B. Motter & Assoc., South End, New York 18, N. Y.

Central Vermont Public Service Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Cooper Tire & Rubber Company—Analysis—Cohn & Co., 1 Wall Street, New York 5, N. Y.

Decklin Products, Inc.—Memorandum—Dobney-Tegeler & Co., 209 South La Salle Street, Chicago 4, Ill.

General Public Service Corp.—Analysis—Spiegelberg, Feuer & Co., 30 Broad Street, New York 4, N. Y.

Globe Brewing Co.—Memorandum—Hemphill, Noets, Gram- ham, Parsons & Co., New York 1, N. Y. Also available is a memorandum on Richfield Oil Corp.

Graham Paige—Circular—James J. Leff & Co., Inc., 50 Broad Street, New York 5, N. Y.


Kushman Electric Co.—Memorandum—Aetna Securities Corp., 111 Broadway, New York 4, N. Y.


Milliron's Inc.—Summary and analysis—Holton, Hull & Co., 210 Seventh Street, Los Angeles 14, Calif.


Riverside Cement Company—Card memorandum—Lerner & Co., 101 Park Avenue, New York 17, N. Y. Also a memorandum on Gear Grinding Machine Co. and on Section Falls Machine Co.


Strathers Wells Corporation—Memorandum—Hayden, Stone & Co., 119 Broadway, New York 6, N. Y.

Texas Illinois Natural Gas Pipeline Company—Analysis—Barclay Investment Co., 29 South La Salle Street, Chicago 3, Ill.


U. S. Therma Control—Data—Raymond & Co., 148 State St., Boston 6, Mass. Also available is information on Thermo King Co.

NSTA Notes

SECURITY TRADERS ASSOCIATION OF NEW YORK

The Security Traders Association of New York will hold their fall outing Friday, Sept. 7, at the New York Athletic Club, 46 Front St. and continue until Thursday, Oct. 7.

Located across the bay from San Diego, the Del Coronado offers everything for a successful convention. Ocean swimming or sunning—a floodlight tennis courts and a putting course are among things available on the hotel grounds. Provision has been made for golfers at two courses and arrangements can be made for sea fishing, with a swell of sport fishing.

While the convention program has not been completed, it will feature a golf tournament and a trip to Mexico. Aside from the regular business sessions, the municipal and corporate forums will present outstanding speakers who have been invited to address our meetings. The complete convention program will be released in late August or early September.

American plan rates at the Hotel Del Coronado, which includes breakfast, luncheon and dinner, will be $26 per day for two in a double room and $28 per day for a single room. The hotel is located on the shore of Coronado Island.

Mild weather may be expected during the day and cool evenings. Spectacles and medium weight apparel are suggested for daytime wear and light wraps for evening. All convention functions will be informal.

All hotel reservation forms should be sent to M. A. Case, Case & Co., Cleveland, NSTA Secretary, together with a list of names of luncheon and cocktail committee members, the hotel reservations cannot be confirmed without the required form and payment.

AD LIBRING

Your National Advertising Committee is proud to report that as of this date advertising was over $1,000,000. This early return proves that many of our members have demonstrated their support to our Committee.

Are YOU among those who are sharing in this effort which means so much to the NSTA and which, with the aid of a few local members, could swell your own affiliate's treasury? We can show our appreciation to those who actively assist, and greet with enthusiasm the "Chronicle" solicitors, Messrs. Beck, McGlone & Co., and to those who for many years have been responsible for the success we have enjoyed with our Convention issue of the "Commercial and Financial Chronicle." We are happy to advertise in the above gross figure? Can you sell an ad if you haven't yet, and more than two? K. L. M.

HAROLD B. SMITH, Chairman
NSTA Advertising Committee
Feast Raj, New York 5, N. Y.

Reynolds Announces
Changes in Penn.

Reynolds National Metals recently announced that New York Stock Exchange, an announcement that Robert Morris Snyder has been appointed of the company's executive director.

A tall, rugged man, Mr. Snyder has been with the company since 1938, when he joined the staff of the company's executive director.

With Waddell & Reed

*(Special to the Financial Chronicle)*

MINNEAPOLIS, Minn.—Charles L. Madden is now affiliated with Waddell & Reed, Inc., Met. Bank Building.

With State Bond & Mfg.

*(Special to the Financial Chronicle)*

NEW ULM, Minn.—David A. Ederle is now affiliated with State Bond & Mortgage Co., 290 North Minnesota Street.

Our next "HIGHLIGHTS" will include interesting comments on

Associated Dev. & Research

Talor, Inc.,

Crowell-Collie

Jocarr Rupert

For Banks, Brokers and Dealers

*Copy on Request*

TROSTER, SINGER & CO.

Members: N. Y. Security Dealers Association

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

Telephone—New York 1-075, 378

White, Weld Ads

*(Special to the Financial Chronicle)*

BOSTON, Mass.—Robert A. Thom has been associated with White, Weld & Co., 111 Devonshire St., previously with Investment Research Corp.

Two With Keizer

*(Special to the Financial Chronicle)*

BOSTON, Mass.—William V. Barnstone and Cyril Wyche, Jr., are now affiliated with Keizer & Co., 19 Congress Street. Mr. Barnstone was previously with J. Arthur Warner & Co., Inc.

With E. Mathews

*(Special to the Financial Chronicle)*


Joins Renfys Field

*(Special to the Financial Chronicle)*

BOSTON, Mass.—Frank J. Tibert has joined Renfys Field & Company, Inc. He was formerly with Edward E. Mathews Co.
Men and mills of Weirton Steel Company are an important part of National Steel's productive might

Weirton Steel Company, one of the two major steel-producing divisions of National Steel, is the world's largest independent manufacturer of tin plate for the billions of tin cans America uses each year.

Its record of contributions to improved steel-making methods is a proud one. Weirton helped develop the electrolytic process of coating steel with protective metals... today operates the largest and fastest electrolytic lines in the industry. Weirton installed the world's first fully continuous 4-high hot strip mill... pioneered many other improvements now standard in modern steel-making practice.

Weirton is an integrated, versatile steel producer—from blast furnace and open hearth operations through complete rolling and finishing in its mills. Its products include a wide diversity of finished steels used by practically all of the nation's manufacturing industries.

Weirton Steel is one of the seven principal subsidiaries of National Steel, fastest growing among America's large producers of steel.

NATIONAL STEEL CORPORATION
PITTSBURGH, PA.

SERVING AMERICA BY SERVING AMERICAN INDUSTRY

MAJOR DIVISIONS OF NATIONAL STEEL

WEIRTON STEEL COMPANY, Mills at Weirton, West Virginia, and Steubenville, Ohio. World's largest independent manufacturer of tin plate. Producer of a wide range of other important steel products.

GREAT LAKES STEEL CORPORATION, Detroit, Michigan. The only integrated steel mill in the Detroit area. Producer of a wide range of carbon steel products... is a major supplier of all types of steel for the automotive industry.

STRAN-STEEL DIVISION, Unit of Great Lakes Steel Corporation. Plants at Everson, Michigan, and Terre Haute, Indiana. Exclusive manufacturer of world-famed Quonset buildings and Stran-Steel ailable framing.

HANNA IRON ORE COMPANY, Cleveland, Ohio. Producer of iron ore from extensive holdings in Great Lakes region. National Steel is also participating in the development of new Labrador-Quebec iron ore fields.

THE HANNA FURNACE CORPORATION, Blast furnace division located in Buffal, New York.

NATIONAL MINES CORPORATION. Coal mines and properties in Pennsylvania, West Virginia and Kentucky. Supplies high grade metallurgical coal for National's tremendous needs.

NATIONAL STEEL PRODUCTS COMPANY, Houston, Texas. Recently erected warehouse, built by the Stran-Steel Division, covers 204,542 square feet. Provides facilities for distribution of steel products throughout Southwest.
Perspective for Investors

By DONALD G. FERGUSON

Investment counsellors prepare problems in understanding investing, the individual's needs and circumstances, and describes problems of achieving a proper balance in an investment fund. Discusses factors in selection of securities and principal considerations of the investment mix, and delegate judgment to others, but cannot shift his own responsibility.

When the first Neanderthal man invaded Europe around 900,000 years ago and let his brethren in on the joys of being human, being a member of the Homo sapiens family might have been a futile object. To be carried on the back of a luisine in the family, the rest of the tribe must have been asking questions about it all. This reconstruction of the unknown past, which is much easier than suggesting looking into the future. At any rate, experts within the history of man, from archaeologists to anthropologists, and to law to their audience and assistants, are carrying our object of critical thought by anyone else.

Investment advisers are by no means immune to the habit of advancing their ideas as gospel and then proving to the public how those ideas are sure to prove to fall into the way of wrong judgment, but not to a degree that is not suggested. This process is hazardous for the investment adviser, for, secondly, because it is his avowed and accepted responsibility to all of our readers' investments, and because their lives are more or less dependent on them.

What are the factors that are not in the two letters? The factors are important, but there are many other things that are not. For instance, the advice is not as it should be. The advice is not the same advice, and therefore there is no such thing as an investment that is really helpful to the investment necessary. Many of our investors, and perhaps the best people to talk to them.

Investment advice, like any other advice, is the result of a scientific discipline, and is not necessarily advantageous to the individual. As such, one can only do his best. The advice should be based on his own assessment of the situation, and not necessarily on the advice of others. It is also important to consider the individual's own circumstances, rather than in a casual manner. The advice should be tailored to their individual circumstances. The advice should be as an investing program as a whole and in suitable relation to its objectives. These investment decisions are not to be taken lightly and should be made in accordance with the individual's requirements, the security list of a conservative investment firm, the investment stock-purchase plans, and similar devices that have been extensively used as a result of this picture in "Flowers." Cooperate Enterprise

Investment advice has to be a cooperative enterprise. Qualified investment advisers are familiar with the business of managing the market. They keep abreast of developments in finance, trade, and industry. They are aware of money credit conditions and are masters of formulas that are significant and practical. They can offer a wide range of investment programs and can help to meet their clients' changing needs. In the operation of investors is needed to avoid the potential conflict of interests and the risk of investment counseling. Their character should also be based on the principles of mutual respect and to preserve the integrity of the investment profession.

An investment program is shaped over the years, and its maturity shows whether it is to be able to contribute substantially and consistently to building an investor's financial security. Investment programs can be made to meet the investor's changing needs. In the case of the client, they are the most important factor in determining the adequacy of the investment program. In the case of the investor, the program must be designed to meet the investor's changing needs. In the case of the investor, the program must be designed to meet the investor's changing needs.

The mutual respect and the integrity of the investment profession is essential to the investment profession. The mutual respect and the integrity of the investment profession is essential to the investment profession. The mutual respect and the integrity of the investment profession is essential to the investment profession.

Temperament

The judgment of the investor's temperament through the view of adventure is a constant task of the investor. The temperament of the investor must be carefully considered when invest-
III

Changes in Age Composition, Together With Their Effects

One of the most marked population changes taking place in the United States today is the reduction in the number of older persons and increase in the number of younger persons. This change is especially marked in the American population. The change is significant from the fact that the median age of population, almost 28.4 years in 1880, has already by 1950, reached 29.6.

In 1948, the new style and the age of marriage, which is about 19, and the wider use of the automobile, which has increased the mobility of the population, and yet another factor, the increase in the number of those who are alive but not yet married, are all contributing to this change. However, the increase in the number of those who are alive but not yet married is a significant change. The increase in the number of those who are alive but not yet married is a significant change. However, the increase in the number of those who are alive but not yet married is a significant change. However, the increase in the number of those who are alive but not yet married is a significant change.

We shall have at least the following number of aged persons alive in 1950:

- 14,000,000
- 19,000,000
- 22,000,000

I shall not attempt estimates of those in the younger ages, since these are not yet born, and the data are not yet complete with the increase in the relative number of older persons.

Effects of Changes in Age Composition

Let us now examine the effects of changes in age composition on the economy.

(1) Upon Conditions Affecting Prices. The movement of per capita output depends upon many things, one of which is the age composition of the population. A population may be divided into groups who are productive and those who are unproductive. The age limits as criteria of productivity certain age limits, we may classify those aged 14-50 as productive and those aged 65 and over as unproductive.

This paper is partly based on the 1950 census returns, since unemployment among those over 65, exceeds by more than two points the unemployment reported among those aged under 55; and such the relative size of the national income. 15 years from now workers retire at the age of 60, the national income will be reduced by an amount that would be if they continued to retire at about the ages ranging in the early 1940's.

A third factor is the social security, which is not permitted to a disability upon those who wish to continue working in the face of such changes. A plan should be made to have this system put on a premium working system.

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

The Prospectus may be obtained in any State in which this announcement is circulated from such of its undersigned and other dealers as may facilitate offer these securities in such States.

Hells, Stewart & Co., Inc.

H. W. Pressprich & Co.

Hirsch & Co.

Gregory & Son

Ira Haupt & Co.

Weeden & Company

Wm. E. Pollock & Co., Inc.

Auchincloss, Parker & Redpath

Bache & Co.

The Illinois Company

Green, Ellis & Anderson

Heller, Bruce & Co.

Laird, Bissell & Needs

The Robinson-Humphrey Company, Inc.
New Economic Controls Act—
A Fairly Good Bill
By EMERSON P. SCHMIDT
Economic Research Director, Chamber of Commerce of U. S.
Dr. Schmidt contents recently enacted Economic Controls Act gives Administration adequate power to preserve defense industries. Democrats call President’s statement law provides respect for higher profits to business.

The new economic controls bill signed by the President on July 30 is a fairly good bill, Dr. Arthur C. Loeb, head of the Administra
tion and a quite powerful lobbyist, was quoted as telling defense produc
ers that it is inflationary. This is an understanding of the reac
tion in central banking policy. This makes it all the more surprising that revenue bureaus now exercise their powers rather than to maintain the current price level, expand, and to continue to do so from an existing degree of artificial support at unreal
istic levels. It means that the Voluntary Credit Restriction Pro
gram will also have to carry a heavier load.
If we can balance the budget and pay-off Diego, and if there is no further credit creation, both of which are the President’s conditions for the bill to pass, there will be no inflation.

Profits Not Protected
The Economic Controls Act is to protect every business with higher profits. It does not raise prices in the government bureaus putting the administration in a difficult position. Very few policies are under the bill.

Business Position Disoriented
Unfortunately, government new releases and some newspa
dern reports have had an unfortunate effect on the business leaders. There has been some speculation in the past 20 years in any business with higher profits. It is a serious problem that must be handled by the business leaders.

Dr. E. F. Schmidt

From Washington
Ahead of the News

By CARLISLE BARGERON

There ought to be a more searching analysis of the Eisen
hower for President movement than it is likely to get. Already its
candidates are being showered with smear campaigns. Their voices. Opponents in the Republican ranks are being deputed as meeting in closed, smoke-filled rooms and plotting ways to destroy the General’s reputation. That there has been some serious getting together of Republicans on the issue of Eisenhower is certain. But the fact that such meelings and such discus
sions are being represented as sinister plots to stop an important citizen is rather unfortunate.
Because of the danger in this and because of the many other angles to this Eisenhower for President movement the American people had better look, stop, and listen. In the first place, there is a danger that the Eisenhower movement will be a self
fulfilling prophecy. There is a danger of destruction of the two party system in this movement and if it is not stopped, it will be established under the rule of the military.
It is not an unimportant possibility that a fact that one frequency heard is the desire for a “more reasonable” President. To that
does not mean that either the Republican or Democratic party is the solution of the problem. The problem is more the problem of the people of the country. Eisenhower is a Republican candidate.
The United States is a federal republic, not a national party sys
tem. Eisenhower is the candidate of the Republican party, but the people recognize his virtues and abilities.

Joseph J. Lann Secs,
Formed in New York

Announcement is made of the formation of Joseph J. Lann Secs
Stock Exchange, Wall Street, New York City, to continue the business formerly conducted by Joseph J. Lann as sole proprietor.

Paul C. Ruddolph Addrs

In The Financial Chronicle

San Francisco, Calif.—Robert
Gallant, L. Arnett, William S. George and Lee F. Janson have been added to the staff of Paul C. Rus
dolph & Company, 127 Montgomery

With First Securities Co.

In The Financial Chronicle

KANSAS CITY, Mo.—Robert B. Thompson has been added to First Securities Co. of Kan
sas City, a subsidiary of the National Exchange Building. He was previously with McDonald, Evans, & Co. and A. H. W. Roy.

Two With King Merritt

In The Financial Chronicle

KANSAS CITY, Mo.—Woodrow T. McBean and C. B. Folsom have been added to the staff of King Merritt, Faulkner & Co., Inc., of New York.

With Neward, Cook

In The Financial Chronicle

ST. LOUIS, Mo.—James S. Neward, Jr., has become as

The Commercial and Financial Chronicle...Thursday, August 9, 1951
From Scarcity to Abundance in Farm Products

By EDITH J. HIRSCH

Forecasting a situation of plentead in agricultural products, Mrs. Hirsch examines conditions and prospects of various crops for the year ahead. She notes that corn—full-time feed corn—will not be needed by the livestock feeders any longer. Wheat, nevertheless, is looking forward to 1952 with some anxiety, for the large wheat crop is certain and the prices have fallen to such a level that many farmers are not sure of their profits. This situation is further complicated by the fact that the prices of soybeans, which are used as a substitute for wheat in feed, have also declined. Consequently, the farmers are faced with a difficult decision on whether to plant wheat or soybeans.

The outlook for the production of beef is not as clear. While the demand for beef has been strong, the supply is also increasing, which is putting downward pressure on prices. Nevertheless, beef is still expected to be in short supply, especially for the next year.

Mrs. Hirsch concludes her article by stating that the future of farm products is uncertain and that farmers must be prepared for both good and bad times. She urges farmers to be patient and to plan for the long term, as the market for farm products is cyclical and will inevitably go through periods of plenty and scarcity.

E. S. Farm Production to Reach New High This year, for the first time ever, the agricultural production of the United States is expected to set a new record. This year, the United States is expected to produce 2.2 billion bushels of corn, which is a 50% increase over last year. The increase is due to a combination of favorable weather conditions and increased use of fertilizers and other inputs. The increase in corn production is expected to benefit both the farmers and the consumers, as the prices of corn are expected to remain stable.

Sufficient Grains and Cotton This year, the production of cotton is expected to reach a new record. The production of cotton is expected to be 12 million bales, which is a 20% increase over last year. The increase is due to increased use of irrigation and improved farming practices. The increase in cotton production is expected to benefit both the farmers and the consumers, as the prices of cotton are expected to remain stable.

50,000 SHARES

UNITED STATES PLYWOOD CORPORATION

3 1% CUMULATIVE PREFERRED STOCK, SERIES B
PAR VALUE $100—CONVERTIBLE PRIOR TO AUGUST 31, 1961

PRICE $102.50 PER SHARE
PLUS ACCRUED DIVIDENDS FROM JULY 1, 1961

Copy of the Prospectus may be obtained only from such of the undersigned or any one of them as offer these Securities for sale, or as an addendum to an offer to buy, any such Securities. The offer is made only by means of the Prospectus.

EASTMAN, DILLON & CO.

LEHMAN BROTHERS

MERRILL LYNCH, PIERCE, FENNER & BEANE

SMITH, BARNET & CO.

HUNTINGTON SECURITIES CORP.

BLAIR, ROLLINS & CO.

HEMPHILL, NOYES, GRAHAM, PARSONS & CO.

SHIELDS & COMPANY

DEAN WITTER & CO.

The Commercial and Financial Chronicle. ... Thursday, August 9, 1951

Mutual Funds

By ROBERT K. RICH

The SNOWDEN "Prudent Man" Bill was reported to be gaining support in the Pennsylvania State House as the result of a recent amendment which would limit unlisted investment companies permitted to sell their shares to only open-end investment companies. The amendment did much to allay the doubts of legislators in the House who were determined to resist what they feared might be a revival of the old-fashioned "investment trust" of the 3Os.

When the House legislators discovered in the leaders of the mutual fund industry a considerable prudence,共计, and concern for the long-term weal of the investors that the legislators themselves felt, some of the opposition to inclusion of open-end investment companies in the "Prudent Man" Bill dissipated.

Both the Berger and Snowden "Prudent Man" bills are slated for final readings in the House on Monday or Tuesday next week, after which, if they are passed by the House, they will be presented for the Governor's signature together with an opinion from the Attorney General. The two "Prud¬
ents Man" bills, which are to be identical, are in so far as passage calendar reading the early part of next week.

WELLINGTON FUND reported a $17,068,239 increase in net assets in the first half of 1951, according to its semi-annual report trans¬mitted today to its 60,000 shareholders by Albert J. Stone, President.

It reported at liquidated net assets on June 30, last, at $41,622,553, or $11.011 a share, or $191,140 shares outstanding. This compares with net assets of $34,480,613, or $11.60 a share on March 31, 1950, when 31,120,162 shares were out¬

During the half year Wellington Fund realized securities profits of $17,068,239, or 35.2% of realized appreciation of investments of $8,361,991 on June 30, last.

The report called attention to the "considerable difference" in common stock investment, made since the first of the year. Hold¬

The Keystone Custodian Funds

Certificates of Participation in INVESTMENT FUNDS investing their capital in BONDS

(Series B-1, B-2, B-3, B-4)

PREFERRED STOCKS

(Series K-1, K-2)

COMMON STOCKS

(Series $1-$5, $5-$10)

The Keystone Company

Cooper Street, Boston, Mass.

Please send me proofs describings your Organization and the shares of your fund.

The prospects upon request from your investment dealer, or from

NATIONAL SECURITIES & RESEARCH CORPORATION

120 BROADWAY, NEW YORK 6, N. Y.

14 (514)

The Commercial and Financial Chronicle. Thursday, August 9, 1951

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120 BROADWAY, NEW YORK 6, N. Y.

14 (514)
The Impact of Higher Taxation On Commercial Banks

BY MORRID A. SCHAPIRO*  
President, M. A. Schapiro & Co., Inc., New York City

Pointing out, because of low rate of return on capital, taxing banks on same basis as other corporations is making bank shares unattractive to investors, and therefore banks are unattractive to potential stockholders. Federal tax provisions penalize growth of needed commercial banking.

Critics Excess Profits Tax provisions relating to banks.

Commercial banks are essential to our national economy. They provide a service that must be given efficient service at low cost to individuals, to business, and to government.

As a result of higher taxes, banks have experienced an unprecedented growth of assets and income. Some of banks' loans are insured by the government.

Total net assets of the banks were $50,350,000 at December 31, 1935, and $108,816,000 per share at July 31, 1936, compared with $51,139,000 at December 31, 1935, and $108,816,000 per share at July 31, 1936.

In recent years, banks have been an important factor in the expansion of credit and activities. They have increased their holdings of securities, and are involved in a number of other activities. They have expanded their capital and are now paying higher dividends.

Small banks have not been as successful as large banks, but have been willing to take a chance to grow. The rate of return on capital for small banks was 18.6%. They have been found to have a higher rate of return. A small bank's dividend is dividends in investors.

The 1933 Investment Corporation, for the 6 months ended December 31, 1935, reported net income of $2,924,258, with $22,818,000 capital outstanding compared with $2,346,167 and 191,506 shares at December 31, 1935. Per share net income was $12.99, up from $11.86.

WALL STREET Investing Corporation, for the 6 months ended December 31, 1935, reported net income of $4,714,548 with 223,125 shares outstanding compared with $2,346,167 and 191,506 shares at December 31, 1935. Per share net income was $12.99, up from $11.86.

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How Much Can You Earn Selling Mutual Funds?

There's no plausible answer, of course. It depends on your ability and efforts — and the company you're with. But just for the record, one company reported $112,000 in its first year of operation, and another reported $33,000 in its first year of operation.

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FIFTH QUARTERLY DIVIDEND

The Board of Directors has declared a dividend of 12 1/2 cents a share, payable July 1, 1925, to shareholders of record June 6, 1925.

* A Prospectus describing the Company and its shares, including the restrictions on their sale, and the risks and uncertainties of the investment, is available upon request.

Chemical Bank

OFFICES FROM COAST TO COAST

22 East 40th St., New York 16, N. Y.

Murray Hill 9-1586
Silver Marks Time

ver therefore constitute a major potential influence on the market both directly and through the influence of its price on the demand for various powers may have on the economic process.

From October, 1943 through 1945, Treasury silver certificates were in circulation. Prior to the Act of July 12, 1943, only a relatively small amount of Treasury silver ordanary" was sold, less than five million dollars worth, which was contained in gold certificates, returned to the Treasury from the regular melting and coining processes. It was sold at 45 cents face value. Treasury silver certificates were sold through 1945 the Treasury sold, at 71 cents an ounce, for 155 million ounces. Since 1945, the Treasury has sold 2,012,401,214 ounces of silver, almost all of it during the past few weeks.

Free Silver and Lend-Lease The Treasury, with an eye on possible Treasury sales, looks first at the question of free silver in the Treasury. This silver, the counterpart of seignorage accruing to the government as it authorized bond issues, has not been required as a basis for the redemption of the $100 million certificate. It is possible that the money market is relying on the government to have cash on hand. Inflation of this magnitude would require a greater need for subsidiary coins. If silver were to be used, it would be the Russian variety. It is conceivable that all the free silver would be earmarked for the use of the mint and thus become no longer available to industry.

As compared with the 131 million ounces of free silver now in the Treasury, it would be surprising if any substantial amount of silver that during World War II the monetary authorities had accumulated the annual average of 64 million ounces of silver that were used in the war period, when newly-mined domestic and imported silver was supplied to the government by the various mining companies at the very low prices of 45 to 71 cents per ounce for 35 years. It is now quite apparent why the silver that was not used during the war was released to industry.

During the war the Treasury acquired 243,253,278 ounces of silver in various agreements with the munition companies. The amount of silver that was actually supplied to the Treasury was about 40 million ounces of silver. The Treasury assumed the cost of the remaining 200 million ounces of silver. The price of silver was about 45 cents at the time of the agreements. In August, 1945, the Treasury advertised that it was ready to receive any offers of silver.

War-time Rate

During the war the Treasury maintained a price of 75 cents per ounce and, by March, 1945, it had increased to 80 cents. In the first week of March, 1945, a bid was made for silver of the grade of 90 cents per ounce. This was turned down by the Treasury. It would be surprising if any substantial amount of silver that during World War II the monetary authorities had accumulated the annual average of 64 million ounces of silver that were used in the war period, when newly-mined domestic and imported silver was supplied to the government by the various mining companies at the very low prices of 45 to 71 cents per ounce for 35 years. It is now quite apparent why the silver that was not used during the war was released to industry.

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Bank Loans and Inflationary Trends

Preston Delano in 1950 Annual Report says there is much misunderstanding regarding recent inflation. Points out it is not the volume of expansion of bank loans in last half of 1950.

In his recently released Annual Report covering the year 1950, Congressman Preston Delano, Jr., chairman of the Federal Reserve, gives his views of the causes of the inflationary trends and the solution which was manifest to stop it. In the latter a half of the year.

The solution, according to the Congressman, was not in the control of the Federal Reserve System. It was not in the power of the government or Congress to stem the inflationary pressures of this period by any direct measure. The cause of the inflation was the basic pressures of the war, the rise in prices due to shortages, and, as a result, the rise in costs of production, which could be controlled by neither the government nor Congress.

In addition, the inflationary pressures were also caused by the fact that the Federal Reserve System was not in a position to control the demand for money. The system was not in a position to control the supply of money, which was determined largely by the private sector of the economy.

The solution, according to the Congressman, was to reduce the demand for money by reducing the supply of money. This could be done by reducing the availability of credit and by reducing the volume of demand deposits.

The Congressman also noted that the solution would have to be gradual, as a sudden reduction in the supply of money could lead to a recession. The solution would have to be achieved through a combination of monetary and fiscal policy.

In conclusion, the Congressman emphasized that the solution to the inflationary pressures of the period was not in the control of the government or Congress, but was determined by the basic pressures of the war and the rise in prices due to shortages.

Bank and Insurance Stocks

By J. B. JOHNSON

This Week—Bank Stocks

Operating results of commercial banks for the first half of the current year were generally favorable. Despite favorable operating expenses and the necessity of providing a larger portion of operating expenses with tax, most banks were able to show earnings equal to or above those of the first half of last year.

With a good six months now past the question arises—what about the second half of the year? This question can be answered, in part, in terms of the outlook for general business. In other words operating results for the second half of the year will depend upon the success with which business, after a period of uncertainty, maintains a high level of activity, bank operations should continue to show earnings equal to or above those of the first half.
Canadian Securities

By WILLIAM J. McKEW

According to the mid-year review of the Canadian economy contained in its "Monthly Commercial Letter," the past six months have seen fundamental changes in the Canadian financial system. While this leading institution, the major development has been the culmination of the monetary expansion of the past five years. The transition from an era of cheap and abundant credit to one of relatively scarce and dearer credit has been accomplished rapidly but the effects of this change, it is contended, have not yet been felt by large sections of the community. It is the result of a series of complex monetary moves. The recent rate of the Bank of Canada was increased last year and consumer credit regulations, together with control of building supplies, were employed during the closing months of 1950. Toward the end of last year, the Bank of Canada began to consider the effects of its measures, and in February the Bank of Canada announced that it would make a further increase in the call rate. It was made clear that the new rate was designed to restrict the increase in bank credit. About the same time, consumer credit regulations were made more rigorous. The new Canadian budget contained announcements of increased excise and sales taxes at the rates of 20% and 14%; all moves indicated an integrated economic program with the purpose of conserving their domestic price level and in which increases in the prices of internationally traded goods, according to the Federal Bank of Commerce, has made easier the adjustment of the balance of payments. Due to the restrictive monetary measures, the investment in Canada has lagged behind. The steepening of the spread between bond and stock yields has served to check the movements of the bond market. Investors appear to be seeking a relationship between bond and stock prices which will take account of the increased taxation and generally dearer credit.

The reversal of the nation's foreign trade balance is attracting the attention of the government. In 1950, Canada had a current account deficit on foreign trade of $300 million, the first since 1933. During the first nine months of 1951, the new deficit has increased to $190 million, which would make an annual deficit of $460 million. This deficit comes at a time of more trade with foreign countries, since the new foreign trade balance has provided an average of 6% of the total trade. In addition, excise taxes have been increased to the point of reducing the rate to 10%. In the meantime, the view to checking purchases of goods containing essential materials has raised the level of prices. Devaluation allowances were suspended for a period of four years on all assets created after April 1, 1951, and are planned for six years for basic industries. All in all, the measures are expected to restate the pay-as-you-go policy formulated in 1939 and to add to the burden of the consumers. As a result, consumer and business decisions are expected to be significantly affected by the period of anti-inflationary policies.

In the view of the Canadian Bank of Commerce, revenues at the rate of the elapsed part of the year indicate there will be a considerable margin over budgeted expenditures, and while the greater part of defense production will have to be continued, at some $3 billion for the current fiscal year, may well be constructed for there is a likelihood that this amount will not actually be translated into increased defense production expenditures, since it is expected to have a surplus greater than the $3 billion budgeted. Full recognition is given to the inflationary pressures in the current economic situation. Thus, it is stated: "The scheduled increase in the cost of living is an indication of the momentum of which may be expected to increase in the months to come," and it is predicted that the concommitant increase in wages will require wage increases, and a steady increase in the prices of raw materials. As a result, from and from full employment, all have an inflationary significance. Furthermore, it is stated that stockpiling of all raw materials, which seem likely to become more acute as defense production expands, will have an unfavorable impact on the domestic stockpile of consumer goods. Unless a very deliberate effort is made to minimize the inflationary forces arising out of the expanded defense program, inflationary pressures in North America will continue to complicate the economic progress of the Western world.

"A failure to divert increasing purchasing power from a stable or declining volume of consumer goods to the capital goods that will yield stabilizing processes. If the total of government spending and of investment in capital goods exceeds the total taxes and saving, the deficiency can only be financed by expanding the money supply, which action provides the community with extra purchasing power, but does not result in an increase in the supply of consumer goods. In this situation, economy of expenditure by all levels of government, credit restraint, taxation and savings will assist in the achievement of economic stability."
Prices of Treasury obligations continued to move towards, and in some cases, beyond the upper reaches of the trading range, and despite lapes here and there the tone of the market remains on the constructive side. Volume and activity are not too poor and demand has been spotty but not dissimilar to what has been going on of late in government securities. Quotations showed a good recovery during the market day, which is in line with the important period for the investment of funds, and it would not be surprising if some of these gains should be given up. Nonethe-
less, there is no reason to think that a further decline is in prospect and considerably more buying than selling was evidenced. Should there be any material change in the tone of the market, it should have an unfavorable effect upon the prices of Treasury obligations.

If there were market leaders, they were not too readily discernible, because of the selective type of the purchases and the thinness of the market. Among the issues, there were some partially exempted, the 1959/62s, and the longest maturing tabs also showed some signs of support. The 1966/77, which are the 1902 eligible tabs also ran in the same as was the longest bond market, with the shortest issues not without attraction.

Market in Narrow Area

A not too active market in the government bond market continued to push prices through or against the tops of the established trading area. Demand is spotty and not too sizable for any of the outstanding issues, being bought, but on the other hand, offerings are likewise limited, so that the tone of the market remains satisfac-
tory. The decrease in activity here is presumably due to the probable outstanding feature in a market which is attempt-
ing to gain its rhythm, which is an important period of sizable liquidity by these same owners of government securities are being held back by the banks and holders of long-term Treasuries, particularly the life insurance companies and some of the public utility companies, who have invested considerable amounts in short-term securities for some time to come. Nevertheless, there is no pres-
sure to liquidate any particular groups, and as long as the market is orderly and stable market for government obligations. A piece of news coming out of the securities that will be considered recently will tell a story as to when it is time to time in the market. This seems to be the answer to the current sale of the government market. When prices show a tendency to soften, liquidation also seems to dry up, and the market is given an opportunity to recover its composure.

Bankers are Acquaintants

This negative trend of the market, which is the way some operators characterize the present one, is not likely, however, to go too far. While there is no sure amount of headlines around. It is believed there will continue to be less selling if quotations should turn revolutionary and this should help to keep a tight rein. The reason for the feeling is coming mainly is the uncertainty is mainly due to the lack of size and volume in the market. It is pointed out that until there is a greater participation by those that have available funds, the market is going to be vulnerable to set-
backs, which could test the other side. As for the up side, the sell-
ing by bondholders of Treasury bonds should prevent prices from getting too far away from the old tops.

Pension Funds Active

The buying that has been going on in Treasuries, especially high-grade, has been an important factor in the buying of pension funds. Although there are occasionally sizable orders from these sources, as a whole these purchases are made up of small amounts, but when taken altogether, they are important enough to have a constructive influence upon the market. The orders that are being bought cover the whole restricted list, but the income angle is still important to them and that means the June and December 1967-72s get the bulk of the funds. Nonetheless, the near eligible restricted obligations are not without appeal to them, and for the present it seems as though the 1963/68 is the favored issue, among the 1952 eligible issues. Some switching is also being done by pension funds, with profits being taken on certain obligations in order to buy the 1963/68.

Trust funds, under supervision of trust companies, have been nibbling here, there at the earlier eligible tabs as have certain fire and casualty companies. To be sure, the volume has been large, but nonetheless they do help to keep the market within recent trading limits.

Long Partial Exempts in Favor

As for the bank market, the longer-term partial-exempts continue to be in demand from commercial banks and the out-
side of the large money centers. The 1960/65 and the 1958/62 are the leaders at this time, with the 1958/62s and the 2%'s not too far behind. As a matter of fact, there is lots to write about these, and as for the market, there have no difficulty in finding homes, irrespective of which one might be in preference at the time. The out-of-town commercial banks, which have some savings deposits, continue to bite off too sizable amounts of the 2% due Sept. 15, 1957. In this case the limited supply helps to keep the market balanced in this security.

Despite tight money conditions, the short market has a good tone, with the deposit banks, corporations and certain nonbank investors active in this end of the list. Treasury bills and certi-
cates seem to be getting most of this demand.
Railroad Securities

Atchison, Topeka & Santa Fe Ry

Atchison, Topeka & Santa Fe started out the year with a very favorable combination of earnings, net income for the five months through May stood at $5,262,052, a common share earnings amounted to $3.93 compared with $3.89 a share in the like interval a year earlier. Some people had begun to doubt whether the firm would make its excess profits tax and without the tax, there would be no dividend. The profit increase received late in 1950, the road might well duplicate this year's results. The road paid a $1 dividend late in May, the same dividend was paid last year.

Last year's earnings, incidentally, were the highest in the company's history, approximately higher even than the best year ever.

More recently the company has been able to pay dividends at least at some moderation of the earlier extreme optimism. Mr. Guryle did not attempt to forecast the dividend which had been counted in June and July. This is a period of the year, and the stock price reaction to dividends has been quite gratifying.

Mr. Guryle did attempt to forecast the dividend, when it is expected to be made and in June. At the present time, it appears almost certain that July would be the month dividend unusually high with last year.

Under date of July 31, F. G. Guryle, President, wrote to stockholders outlining the financial position of the company. The balance was reduced at the end of May, and July 31, at $6,455,971 realized in June, 1950. Even at that the half-year's earnings were still below the share average of the same period established on the split stock. Also, it is quite likely that a year-end extra will be paid this year. Currently, such hopes are not out of line, even if the company is not making power, but because of its very conservative debt structure and its unusually strong financial position.

The two-for-one split of the stock has recently been approved by the Board of Directors. The company Aug. 1, the Sept. 1, 1951, dividend on the old stock had already been declared, and a quarterly rate is generally expected, however, as a mere liberal comparative rate (perhaps $5) was established on the split stock. Also, it is quite likely that a year-end extra will be paid this year. Currently, such hopes are not out of line, even if the company is not making power, but because of its very conservative debt structure and its unusually strong financial position.

Harry F. Byrd

Harry F. Byrd

Hear! Hear!

"Either Boyle is guilty or not guilty..." If Mr. Boyle, as chairman, or while he was No. 2 man in the Democratic National Committee, received compensation directly or indirectly for influencing the outcome of the primary to make it more favorable to a St. Louis firm which had been three times rejected, then he was guilty as Chairman of the Democratic National Committee, and, failing to do so, the committee should be assembled and Mr. Boyle should be dismissed.

"I was a member of the Demo¬
cratic National Committee for two years and, as far as I know, no other chairman of the Demo¬
cratic National Committee has come under criticism for peddling his influence. This would be the first time, when this creeping moral deterioration at Washing¬
ton must stop and those guilty of such acts must be exposed and punished."—Sen. Harry F. Byrd.

Of course.

Continued from page 11

Population Trends and Investment

National income will be much lower (3-10%) than it would have been, and the demand for labor and other consumer goods would be reduced in like measure. In general, if the older generation is kept busy, there will be added boost as much to compensate other outlays as there is added to production, with the result that a relatively easy period of unemployment. The production will be achieved and a reduced level of prosperity sustained for the Federal and the local govern¬ment.

The population trend over the period, that is, the more years the maturity support him and five years less time in which to build up a fund whereon to purchase the annuity. What matters from his point of view can be rather quickly calculated from one's in¬come.

For the collective point of view, it must be medicated that there are many improvements that have their origin in technical progress made inside the industry. It is little wonder now that we are beginning to bring ill-repute upon ourselves. The rates of interest, prices, and the money supply are being undermined to the detriment of free enterprise and the welfare of most of us.

But to get back to the collective point of view. If the pensions feel themselves getting poor, they will take political steps to correct their poverty. And they will be able to take effective steps, as our experience with Social Security send movement has shown. Already, in 1960, when World War II was over 65 number over 14 million, the pensions will probably be able to get their votes and that will be the first step to any reason. So powerful a political movement, if well organized as it is most likely will take periodic steps to elevate pensions. But this would not do much good. For suppose the pensions are increased, the number of people that are supported by social security is so high already that the fraction of the national income taken over by the govern¬ment each year cannot be increased by any other means. This is a rather unsatisfactory proposition. This means that if the same percentage of the national income is taken over by the government each year, it will be impossible to support a larger percentage of the population.

From the collective point of view, each man is paid $1,052.15 per share up to July 1, 1952 and thereafter at prices declining to $1,045.50.

Each share of the new preferred stock sold at $105.25 per share up to July 1, 1952 and thereafter at prices declining to $1,045.50.

Murray Randolph opens

Murray Randolph opens sales office in Los Angeles, Calif.—Murray Randolph is engaging in a securi¬ties business under the aegis of South Broadway.

With E. F. Hutton & Co.

(Special to the Press Association)

Murray Randolph, 20 years in the brokerage business, has opened an office of Murray Randolph & Co., 623 Spring Street, Los Angeles, for the sale of securities.

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20 (301)

The Commercial and Financial Chronicle ... Thursday, August 9, 1951
gitized for FRASER.
The demand for housing will be affected not yet by the shortage of workers, but by rising costs. With an average of $35 million dollars in wages for each of the 36,500,000 units, the demand for housing must be limited to what is equivalent to a rate of only about $10,000,000 per year. This is a rate that is considerably above the current rate of building and will require additional actions to be taken.

Federal Reserve Bank of St. Louis

Digitized for FRASER
Investing Under a Remainement Economy

different phases of both war periods (Chart I).

Prior Hostilities
Both of the World Wars were confined to Europe for over a two-year period, during which we built up our armaments potential by supplying our future Allies with material and made headway toward building up our own armed forces.

The start of World War I caused a panic that closed the stock markets of the world during the summer of 1914. It was not until January of 1915 that it was felt safe to reopen the N.Y. Stock Exchange.

In the spring of 1917, the stock market started to decline and continued its downward course until the ultimate victory was clearly in sight late in the summer of 1918. Our entry into World War II was a far greater shock to investors, so that the market's decline in the first four months after Pearl Harbor was more accelerated than one that occurred in World War I. However, with the victory in the Pacific, which checked the Japanese triumphant in the Pacific, the stock market reversed its direction and advanced vigorously throughout the balance of the war period.

Postwar
Even the postwar periods have been entirely different from the investor's point of view. In both cases the end of hostilities started an inflationary boom in prices of every sort that carried the Dow-Jones Averages from a low of 121.44 in the morning of the armistice, Sept. 11, 1918, until the outbreak of World War II in Sept., 1939.

With the actual declaration of war in Sept. 1939, a violent selling wave turned into a buying wave that carried the Dow-Jones Averages from a low of 214.44 to 250, the morning after the outbreak of hostilities, rose from the reopening level of 41.72 to 120.15.

That the actual declaration of war in Sept. 1939 proved a violent turning point in stock prices is well illustrated by the fact that the Dow Jones Averages were 7.1% above the reopening level at the close of Sept. 11 and 14.6% above the July 29th high at the close of the first postwar session.

The war itself and the effect of war on our economy has been thoroughly covered by previous articles, so that it will be unnecessary to discuss in detail the effects of war on the economy as a whole in the present discussion. The effects of the war on the market have been discussed in detail in previous articles and are brought out clearly in the charts of Dow-Jones Averages and the Dow-Jones Industrial Stock Averages presented below.

The basic fact of the war which has affected the market even prior to the declaration of war is the strain on our economy that the war has placed upon it. The war has contributed to the inflationary pressure on the market and has placed the country in a position where it is unable to follow the normal course of inflation.

Inflation and the Market
In trying to measure the elements of inflation in the stock market it is not sufficient to merely consider the fact that there has been a war. The data measured by the Dow-Jones Averages, has clearly shown the inflation in the past two years and that the market, as compared to the postwar period, is about 110 points. If the fact that the market is rising, then, would not be distorted by the fact that it is rising, then, would not be possible to arrive at a proper average of the Dow-Jones Averages are at a level only parceled in the last months of the wild speculation that culminated in the panic of 1929.

It is not the proper method of approach, since the advance in the prices of stocks that have been scored in the postwar period is against the increased values of both the properties, their larger earning power, and the greater dividend payments. The market has not been able to support the advance in the prices of stocks that have been commensurate with those other factors, the stock market itself cannot be taken to be inflated. It is not at all difficult to prove that a number of stocks were inflated in the late 1929's, but the fact that the prices scored in stock prices ran so far above the prices that could have been maintained by any dividend payments or dividend payments as to have carried them out of the range of normal values.

The table below is designed to measure the price level of Dow-Jones Averages with the relationships that were established during the postwar period.

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The table below is designed to measure the price level of Dow-Jones Averages with the relationships that were established during the postwar period.
With the outbreak of armed aggression in Korea, it was recognized that the mere weight of the world moral opinion would not serve to stop the aggression of Communism, so we launched a program designed to build up the military strength of the free world. It was felt that the attitude of the Great Powers and the great National Product and in the $90 billion estimated for the fiscal year to June, 1953, the Defense Department's take will rise to $190 billion, or an increase of seven times over the fiscal year to June, 1949.

For this reason it is necessary that the rearmament program be cut back. Although Assistant Secretary Lovett has testified that no provisions were included in the bill to be divided between a frank admission of the terrific black days of the Korean retreat, the United States could no longer be expected to adopt a policy of accommodation. When we entered Korea, a great debate was started as to the extent of our commitment towards the Korean defense, and the Atlantic Pact Army we are now sending there. In this debate American opinion was divided almost equally on the question of whether our political objectives were inconsistent with keeping our soldiers in a position to break the war in Korea. We are now faced with a new and more serious decision, the decision of whether our political objectives are consistent with the situation in which we may now find ourselves.

The Scape of Our Rerarmament

Ever since Korea, investors have been harried by figures upon the cost of our rearmament program that have been nothing short of astronomical. Therefore it is necessary to orient ourselves as to what is the true nature of the situation. For we are faced with the problem of how we are to bring about a real reduction in the cost of our rearmament program without sacrificing our military capability.

The table will show that while the cost of rearmament has risen, the share of steel used in producing other steel products has fallen as compared to the normal or pre-war percentage. This, of course, is the result of the new machines that have been installed in the steel industry.

However, the $12.5 billion increase in the rearmament program over the past year has not in itself been sufficient to offset the slowing down in general business caused, in part, by rearmament diversions, but, to a far greater extent, due to last fall's over-buying and the fact that the postwar boom was heading towards a conclusion.

The failure of the Dutch troops to put any effort into the battle, the maneuvering organized for General Eisenhower's operation, the French and Italian maneuvers for the invasion of Europe, the effort in behalf of the Far East, etc., is said to be in-creasingly discouraged.

On their part, our Allies have not been any better, for:

1. The failure of the Dutch troops to put any effort into the battle, the maneuver organized for General Eisenhower's operation, the failure of the French and Italian maneuvers for the invasion of Europe, the effort in behalf of the Far East, etc., is said to be increasingly discouraged.

2. The failure of the French and Italian maneuvers to register a territorial advance in the face of the Italian mutiny in their respective spring offensive shows that the French and Italian maneuvers from the Marshall Plan have re- vived the fortunes of relative prosperity; and

3. The weal flight of the two British officers who certainly should have been entrapped with top secrets even if they utilized the new facilities to prove have been drifted back to the continent.

As the provisions of the bill are now cut down, the Administration is prepared to enlarge the $90 billion estimate. However, it is evident that the total of $14 billion value placed on the cost of the Marshall Plan and its accom- panying programs is in the form of a new facility in which the military war material will be provided under the program with the most importance at the start; and that this new facility is necessary in order to achieve the following demand: the Marshall Plan and its accom- panying programs are such as to be able to be issued.

(2) The replacement of the initial $8 billion, which has been issued.

(3) The replacement of the initial $8 billion, which has been issued.

The need for new facilities is pretty well understood by us, but the distinction between initial and replacement facility is nearly so well comprehended. The table below shows the following table has been taken from the Marshall Plan and its accompanying programs:

<table>
<thead>
<tr>
<th>Year</th>
<th>Marshall Plan</th>
<th>Repositioning</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>$8 billion</td>
<td>$8 billion</td>
<td>$16 billion</td>
</tr>
<tr>
<td>1951</td>
<td>$8 billion</td>
<td>$8 billion</td>
<td>$16 billion</td>
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<tr>
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<td>$8 billion</td>
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<tr>
<td>1954</td>
<td>$8 billion</td>
<td>$8 billion</td>
<td>$16 billion</td>
</tr>
</tbody>
</table>

Required Production

The computations made by the Air Force and the Navy, for International Aid are also described by the following table, which shows the total of $8 billion which is expected to be spent on the initial armament needs of the United States;

<table>
<thead>
<tr>
<th>Type of Aid</th>
<th>Initial</th>
<th>Replacement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marshall Plan</td>
<td>$8 billion</td>
<td>$8 billion</td>
</tr>
<tr>
<td>Total Requirements</td>
<td>$8 billion</td>
<td>$8 billion</td>
</tr>
</tbody>
</table>

Replacements for original equipment, which have been disposed of, total to $8 billion, which is expected to be spent on the initial armament needs of the United States.

The Defense Department's estimate for the fiscal year to June 30, 1951, was $8 billion, and the estimate for the fiscal year to June 30, 1952, was $8 billion. The estimate for the fiscal year to June 30, 1953, was $8 billion, and the estimate for the fiscal year to June 30, 1954, was $8 billion.

Even without getting involved in the debate, it is evident that the discussion is for the fiscal year and only.

Replacements for original equipment, which have been disposed of, total to $8 billion, which is expected to be spent on the initial armament needs of the United States. The table below shows the total of $8 billion which is expected to be spent on the initial armament needs of the United States:

<table>
<thead>
<tr>
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<th>Marshall Plan</th>
<th>Repositioning</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>$8 billion</td>
<td>$8 billion</td>
<td>$16 billion</td>
</tr>
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<td>1951</td>
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<tr>
<td>1954</td>
<td>$8 billion</td>
<td>$8 billion</td>
<td>$16 billion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Aid</th>
<th>Initial</th>
<th>Replacement</th>
</tr>
</thead>
<tbody>
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</tr>
<tr>
<td>Total Requirements</td>
<td>$8 billion</td>
<td>$8 billion</td>
</tr>
</tbody>
</table>

Conclusion

As we enter the summer of 1951, it is evident that the initial facility must be used to carry through the program of Marshall Plan and its accompanying programs.

(1) More than sufficient to assure the production of the Administration's plans is being implemented.

(2) No matter how the cost of the Marshall Plan and its accompanying programs is calculated, the result will be entirely insufficient to maintain the economy.
Continued from page 23

**Investing Under a Recessive Economy**

the level of general business at capacity, provided:

- All the traditional sentiments and expectations are as prevalent today as they were in the 1920s, and they have not been discredited by the experience of the present depression.
- The outlook for the future is better than it was in 1929, and the expectations of the business community are correspondingly improved.
- The government is not now acting to restrain business, but is providing adequate relief for those in distress.

(2) If the current depression continues, the Federal Reserve Board may adopt more restrictive policies, which will tend to slow down the expansion of business.

(3) The government may adopt measures to stimulate business, such as increased public works or other forms of government expenditure.

(4) The business community may become more optimistic about the future, which will tend to encourage investment.

C. The outlook for the future of the economy is uncertain, but in general it is expected to be better than it was in 1929. The measures taken by the government to stimulate business are likely to be effective in the long run, but the immediate future is likely to be difficult for many businesses.

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U. The measures taken by the government to stimulate business are likely to be effective in the long run, but the immediate future is likely to be difficult for many businesses.

V. The measures taken by the government to stimulate business are likely to be effective in the long run, but the immediate future is likely to be difficult for many businesses.

W. The measures taken by the government to stimulate business are likely to be effective in the long run, but the immediate future is likely to be difficult for many businesses.

X. The measures taken by the government to stimulate business are likely to be effective in the long run, but the immediate future is likely to be difficult for many businesses.

Y. The measures taken by the government to stimulate business are likely to be effective in the long run, but the immediate future is likely to be difficult for many businesses.

Z. The measures taken by the government to stimulate business are likely to be effective in the long run, but the immediate future is likely to be difficult for many businesses.
When the government bonds could not be cashed without a loss, the precautionary motive took effect and one would accept a somewhat lower yield on government bonds than he would on the more liquid and more certain of the private issues because he believed that the bonds would ultimately be called and could be held to maturity at par.
tial lease interests in undeveloped acreage in the following amounts and positions:

<table>
<thead>
<tr>
<th>Acres</th>
<th>Location</th>
<th>25,000</th>
<th>10,000</th>
<th>5,000</th>
<th>2,000</th>
<th>1,000</th>
<th>500</th>
<th>200</th>
<th>100</th>
<th>50</th>
<th>25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas</td>
<td>500,000</td>
<td>25,000</td>
<td>10,000</td>
<td>5,000</td>
<td>2,000</td>
<td>1,000</td>
<td>500</td>
<td>200</td>
<td>100</td>
<td>50</td>
<td>25</td>
</tr>
</tbody>
</table>

In the first six months over 500,000 acres are under lease and a billion-dollar fund has been created under negotiation in Montana.

An extensive drilling program was started in 1920. In 1921, the company participated in the drilling of 16 wells with the following results:

- 43 oil producers
- 2 dry holes
- 16 dry holes
- 1 drill rig at year-end.

As a result, production increased 28%, from 603,000 to 774,000 barrels.

The exploratory program for 1925 also proved successful, and 18 wells were drilled and tested in the first six months with 24 complete producers. Another 20 wells were taken for participation in the drilling of 1925. Production for the first six months totaled 500,000 barrels. This amount represents a state that old runs for 1921 will exceed one million barrels, an increase of over 40% for the year. This will mean greater activity in the oil fields of the United States, to the extent of $2,700,000 with net income of $800,000, which is a net increase of $1 per share, depending on such written-off expenses, and surplus and losses and interest and the drilling expenses. It is interesting to note that the amount of the oil production is improving—by that is mean the past few years the reserves of oil of the company are increasing in sand rather than in line.

A producing oil company is worth more than the amount of its reserves of oil in the ground. The reserves of the company consist of 12 million barrels of oil which is 90% of the current production, with 1 million barrels per year, with $9,600,000, and a market value of $10,000,000. The share price of the company is currently selling for $5,300,000 with-out the capital stock, or $2,700,000, or just a little over one-half of the reserves. The company is capitalized at only 360 cents per barrel. Putting it another way, you are buying oil at the equivalent of 40 cents per barrel.

An inspection of the income account shows cash earnings after operations and general expenses of $1,88,146 in 1920 as compared to $1,104,339 in 1921. Charge-offs for surrenders leases, abandonments, dry holes, depreciation and depletion, etc., result in net income of $695,115, or 50 cents per share, as compared with $352,264, or 20 cents per share, in 1921, which was the second highest gross revenues of $2,700,000 for 1921, cash earnings should exceed $1,000,000, or nearly $1,000,000 per share of which can be utilized for further expansion.

The income account is specific: $86,000 shares of common stock and $816,741 of 5% sinking fund debentures due July 1, 1955.

Dividends were initiated in 1921 at the rate of 10 cents per share and were increased to 25 cents per share.

An investor interested in cash returns should stay far away from this issue. I regard this stock as one of the finest securities I have seen for long-term capital appreciation.

**CARL STOOLE**
President, G. A. Stottn & Co. Inc.

**Kerr-McGee Oil Industries**

The natural gas and oil field continues to attract public attention, and it seems quite possible that it will continue to be an important factor in the economic and social life of the nation. The principal gas-producing states are those of the South, particularly Texas, Oklahoma, and Louisiana. In Texas, the gas field is known as the Gulf Coast field, which extends from the mouth of the Trinity River to the mouth of the Sabine River. In Oklahoma, the gas field is known as the Arkoma Basin.

One extremely important phase of the company's operations lies in the Tidelands area off the Louisiana coast. The company has interests in three blocks in the oil field, and it has long been interested in the exploration of the Tidelands. The Tidelands were an area of the Gulf of Mexico off the coast of Louisiana, which was leased to the company by the State of Louisiana under a lease agreement.

The company has been working on the Tidelands for over 20 years. It has acquired a large number of leases in the Tidelands, and it has drilled several test wells. The company expects to make a significant discovery in the Tidelands in the near future. The Tidelands are a very promising field, and the company has high hopes for its future.

Another well that was drilled in 1920 was the Deep Stack, which was located on the Styx River, near the town of Willsboro, New York. The well was drilled to a depth of 2,500 feet and was completed in March 1920. The well was a dry hole and produced very little gas.

The company has also been active in the petroleum industry. It has acquired a large number of leases in the petroleum field and has drilled several test wells. The company expects to make a significant discovery in the petroleum field in the near future. The petroleum field is a very promising field, and the company has high hopes for its future.
CHEMICALS—FOR GROWTH EARNINGS AND NET PROFITS

By OWEN ELIE

Holdings Company Securities—Part II

There are still a few remaining holdings companies of the old-fashioned type slated for probable break-up over the next couple of years. As in the case of SEC and Federal Court activity. In all of these cases there are many negotiations between representatives of various stockholder groups. In the past, there have been many times when the legal proceed¬ings for many years. However, as all of these holding companies are already being called by many years now with the SEC's and that a decision has been made to go "through the wringer" within the next few or three years.

The accompanying table gives estimated break-up values and recent market prices, and the estimates are based on course dependant on many assumptions and calculations, as well as being subject to general market fluctuations, and hence may prove to be inaccurate. Therefore, it is a "wide mark." Prospective purchasers of these stocks should therefore be familiarize themselves with the various situations, so that they can better judge the worth of the esti¬mates.

<table>
<thead>
<tr>
<th>Where Traded</th>
<th>*Est. Break-up Value</th>
<th>Recent Approach</th>
<th>Market Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Gas &amp; Electric $7 prior pfd</td>
<td>165</td>
<td>144</td>
<td>165</td>
</tr>
<tr>
<td>Standard Gas &amp; Electric $6 prior pfd</td>
<td>140</td>
<td>120</td>
<td>140</td>
</tr>
<tr>
<td>Standard Gas &amp; Electric $4 2nd pfd</td>
<td>115</td>
<td>105</td>
<td>115</td>
</tr>
<tr>
<td>Standard Gas &amp; Electric common</td>
<td>115-120</td>
<td>105-110</td>
<td>115-120</td>
</tr>
<tr>
<td>Standard Power &amp; Light 7% pfd</td>
<td>105</td>
<td>95</td>
<td>105</td>
</tr>
<tr>
<td>Standard Power &amp; Light common</td>
<td>145</td>
<td>120</td>
<td>145</td>
</tr>
<tr>
<td>International Hydro-Electric $5 per share</td>
<td>100</td>
<td>90</td>
<td>100</td>
</tr>
<tr>
<td>International Hydro-Electric $4 per share</td>
<td>90</td>
<td>80</td>
<td>90</td>
</tr>
<tr>
<td>American &amp; Foreign Power $6 per share</td>
<td>102</td>
<td>89</td>
<td>102</td>
</tr>
<tr>
<td>American &amp; Foreign Power $4 per share</td>
<td>70</td>
<td>55</td>
<td>70</td>
</tr>
<tr>
<td>American &amp; Foreign Power common</td>
<td>10</td>
<td>8.5</td>
<td>10</td>
</tr>
<tr>
<td>New England Electric $7 per share</td>
<td>175</td>
<td>160</td>
<td>175</td>
</tr>
<tr>
<td>New England Electric $6 per share</td>
<td>150</td>
<td>130</td>
<td>150</td>
</tr>
<tr>
<td>New England Electric common</td>
<td>6</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Northern New England common</td>
<td>15-16</td>
<td>12</td>
<td>15-16</td>
</tr>
<tr>
<td>Central Public Utility debentures</td>
<td>40-45</td>
<td>35-40</td>
<td>40-45</td>
</tr>
</tbody>
</table>

*Estimated in text.

NY. Stock Exchange.

T. H. Jones adds a few more comments on the "highest mer¬It is true, however, that, if your search is for a larger percentage of capital gain in the market, you may find a good opportunity in mining stocks. The mining fields, on the other hand, are very accessible to many people. They may be more risky, but they offer higher returns.

International Minerals & Chemicals Corp. is the largest in the agricultural market, with 1905 sales of $80,402,000 and current sales of $70,000,000 at the end of the year. With a new, $10,000,000 plant being constructed and the recent acquisition of Isen's Speden Co., a fine new chemical concern, the company could expand to possibility $45.50 a share in the next two or three years.

It is interesting to note that there are many opportunities to make money in the commodity market. However, it is important to remember that these markets are highly volatile and subject to sudden changes in supply and demand. Therefore, it is advisable to keep a close eye on the fundamentals and technical analysis of the market to make informed decisions.
Continued from first page

As We See It

basic rule of conduct which man will observe in his dealing with man, then the very foundation of human association is gone. We have, of course, not reached such a stage yet, but we face it. I cannot say that it appears distressingly evident at times that termites are attacking the underpinning of society.

Recent History

A brief review of recent history should provide a clarifying setting for what we have in mind. The older generation knows very well what the Federal Government under the "back-to-normalcy" regime of President Harding. It was at the time often excused as a sort of back-wash from World War I. To us, of course, it appeared a more disturbing aspect of the recent lack of general public interest in the matter. There followed a decade or so of governmental rectitude, but a period during which a good many things happened in the business world of which there is little disposition to boast. When, after the crash in 1929, some of the unsoundness of the New Era and the abuses which thrived under it came to light, there was more general public interest in these matters. Then, with the depression, the government took over vast responsibilities made by him and his party in the platform upon which he had been elected and to which he had again and again sworn utmost allegiance. It was at that time, too, that the "dissident" of repudiating the gold clause in Government contracts was converted into a "smart" move by the Roosevelt radio voice. President Roosevelt's scuttling of the banking law was but one of his first Administration can hardly be regarded by the dispassionate observer as other than bad faith. And so the New Deal continued on its way, covering its shortcomings by boasting of taking from him who hath and giving unto him who hath not—all without troubling to inquire into or even to consider the rights and wrongs of what was going on.

Then the Fair Deal

Then came the Fair Deal, which in some respects has proved more bare-faced in its plans to redistribute wealth and income by fiat. When Roosevelt died in 1945 he (and most of his lieutenants) were still heroes—savers of mankind—to a great many, if not a large majority of the individualists of this country and of other countries. But personal corruption was creeping into public affairs. A queer sort of disloyalty had, we now know, seeped into many segments of the "people's government" in the depression. In disloyalty it may have been bought with dollars and cents but with a type of intellectual appeal, one of whose canons denied and even scorned the basic elements of fair and honest dealing with one's associates in day-to-day life.

A good deal, but by no means all, of this had begun to come to life prior to the 1948 elections. Candidate Truman dubbed the disclosures "a red herring" and proceeded to get himself re-elected by a large majority. Disclosures have continued and indeed greatly multiplied in number and importance since 1949. The President has shown little concern. What had appeared to be a declaration apparently to be standing by his political "buddies" regardless. So far as one may judge, his political standing has been up or at least steady; he has not elected to do in the past. The important question is this: Have the great rank and file become really aroused about what is going on? Have they reached the point where they are ready to start the great clean-up—or, in other words, the great cleaning house?

Day-to-Day Dealing

Possibly some clue to the answer to such questions is to be found in the behavior of men and women today in their day-to-day dealing with one another. There are disturbing evidences that the great social willingness which has characterized so much of government for so long seems to have seeped into the behavior of mankind generally. Possibly it seeped from the public into government. It could not have established itself so thoroughly and so enduringly in government had it not been for a certain callousness...
foolish if it doesn't bring harm to any one else. The Free Enterprise System is an economic privilege, retained by the people through the government and thus the country is buttressed by the Bill of Rights.

There is a difference of opinion, of course, between those who believe that the money is not pure and holy and those who believe that it is. This is why we have laws and governments to protect our money and our way of life. We have been battled for the very existence of our nation. We have been caught between the rock and the hard place, and in the end we have won.

Our forefathers were careful to restrict the power and the means of the government so that it would not invade the daily lives of the people. They sought to maintain the balance of power and the control over the money supply. They also sought to maintain the rights of the individual to own property and to engage in commerce. They did not want a government that would control all aspects of the economy.

So, we have a system that is designed to protect the rights of the individual and to limit the power of the government. But it is not perfect. There are still problems with our economy, and we are still battling for the survival of our way of life.

One of the great controls we have over our lives, especially in the area of money, is the Federal Reserve. The Federal Reserve is a powerful institution that controls the flow of money in the United States. It is a group of people who are appointed by the President of the United States and confirmed by the Senate.

The Federal Reserve has the power to create and destroy money. It can do this by buying and selling government bonds. When it buys bonds, it creates money. When it sells bonds, it destroys money. This is called open market operations.

The Federal Reserve also sets the interest rate. The interest rate is the amount of money that banks must pay to the Federal Reserve for the money they borrow.

The Federal Reserve has been in existence since 1913. It was created by President Woodrow Wilson. It was created because there was a need for a central bank in the United States to regulate the money supply.

The Federal Reserve has been successful in this task. It has been able to keep the money supply stable and to control inflation.

The Federal Reserve has also been successful in its other tasks. It has been able to provide a system of credit for businesses and individuals. It has been able to provide a system of payments for our government.

The Federal Reserve has been successful in providing a stable and reliable system of money. It has been able to provide a system of finance that has allowed our economy to grow.

But the Federal Reserve is not perfect. It has its problems. And we are still battling for the survival of our way of life.
Tomorrow's Markets
Walter Whyte Says—

BY WALTER WHYTE

After a minor tumble the early part of last week, the market took another breath, huffed and puffed—and went right up again, thereby confounding most of its critics who still don't like how the market is parting its hair, or something.

Having some extra time on my hands last weekend I went over the Dow averages in the hope I could come up with some ideas of either bull or bear market, and pass on my conclusions to a readership that was undoubtedly waiting for it with bated breath. Now, having finished what I laughingly call my researches, I can advise you not to hold your breath any longer.

According to the classic interpretation of the industrial leaders, their May 3 high of 283 and the rails exceed their 90 figure, then everything's rosy again. But, in my books and all right with the world.

Should only the industrials move up then everything will be confused. Because, under the theory, the recent decline would be the reverse of the industrial, that is, that increase (or decrease) one's bankroll—it's issues.

So now back to the bread and butter stuff—isues. Some weeks ago I wrote here—thought highly of the amusement shares. Up to date they haven't done a n y t h i n g to cheer about. But here and there there's a little rustling of life that keen traders are aware of. The one I like best is Paramount Pictures (sorry, can't say anything about United Paramount—I haven't watched it). Close on its heels is National Velvet and 20th Fox. I'm not going to waste your time telling you how wonderful these are. All I want to point out is that points argue both for and against market action.

There are a couple of other stocks that are looking quite perky. Among them are Thompson Products and Newport Industries. Both look like five points more from present levels.

If you're still looking for averages, here's an off-the-cuff opinion. Industrials are about 265 now. I think they'll make 275 to 283 before they call it a day. You can take it from here.

The views expressed in this article do not necessarily coincide with those of the Christian Science Monitor (care of those of the author only.)

Dewey Wright Joins Lenzt, Newton Co.
SAN ANTONIO, Texas—Dewey Wright is now associated with Lenzt, Newton & Co., Alamo National Building. He is former Officer of the Alamo National Bank of San Francisco.

Neb.-Iowa Inv. Bankers To Hold Annual Duting
OMAHA, Neb.—The Nebraska-Iowa Investment Bankers will hold their annual meeting at the Omaha Country Club, Omaha, April 6. The annual meeting will be held at 7:30 p.m. on Thursday, April 19. The American Republic Company, is Chairman of the roll.

Douglass Hammond Opens
Lakeview Bank
Douglas A. Hammond has opened offices at 3227 Lakewood Boulevard to engage in the securities business.

With King Merrit
BENICIA, Calif.—Glen I. Dillon and Alice Laskelle have joined the staff of King Merrit & Com-
pany, Inc.

Special Call Options

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Your Dollar's Worth

Much has been talked and written about the inflation during the past third of a century. Within this relatively short period, there have been wars, a speculative boom, a depression and萧条, and a penurious era that all acted to add to the price levels and to raise the general level of prices. Because of this, it is sometimes easy to forget the degree to which the dollar has declined in the past few years.

In 1916, it was probably the case that the man on the street did not think it was worth much to have a living wage. He might have said that he was happy to have a job on which he could buy a Submarine Boat or its equivalent, but in 1921 he was glad of his strong-mindedness in keeping his funds in a bank. This was not necessarily a prosperous but secretly envied his Free-spending friends whose margin were now turning into millions. In 1930, he probably felt a little bit sorry for his subordinates. Today, the Stock Exchange has not increased so much as his expenses from the 1920 level.

The conservative investor has made a good deal of money by not wanting to be hurried off the track, to believe that there is always a time to sell high and buy low, but high and low in past markets, but in practice such formulas have failed to show any consistent ability to work according to theory.

The fallacy of the Wu-Tang-Tai market prospects on the basis of money creation, which are to present inflation and deflation are important market influences and become quite visible as the deposits are in the possession of the public. The fact that investors ignore these figures do not measure the extent to which people will use their money to buy securities, and are subject to what may be the dominating forces of confidence.

The financial sections of the leading newspapers nearly always carry advertisements predicting the value of money in the future, or a disastrous or a disastrous. Not a single one of these statements may be found on the same page as a report of any actuarial report, and the reader is left to make his choice on the basis of the advertisements or his own prophecies. If arguments on both sides are equally convincing, it is safe to assume that the trend will not be to deflation. Inflationary forces tend to dominate of the money supply, government, labor, and business. This is not to say that there are not supporting forces for the general inflation that have pushed prices over the longer term.

The Long Shadow

The shadow of the Federal, state, and local government will fall heavily on anyone with means above the subsistence level, and it almost always lengthens with the years as they might it be a game, and, in such cases, even those occupied it will be wise for business affairs can usually find time to develop adequately, the process is uninteresting, and such personal funds are either invested in safe ways or are managed under professional managers. If small funds, the latter is usually done by investment companies, and investment counsellors.

Delegating Judgment

Investment trusts are often managed by the same individuals who engage in advice for individuals, and it is as consolations in a company's fund, but the results of these investment trusts may not be of this company's stocks, or funds are customarily supervised by actual dealers in investment counsellors.

The Future

The inability to look into the future with much clarity is due to the foggy nature of the question. The idea that the return of the gift of prophecy would oust those who are aware of the knowledge of unexpendable lives in more for them. Although the investors may not be aware of accurate foreknowledge, it can be said that the majority of prophecies that should prove useful on the basis of past experiences, the following tentative assumptions may be made: that a corporation having a good earnings trend will tend to continue to do well in at least the immediate future, and that even an intrinsically economic walking horse can be sufficiently well as to provide the protection of the company is not always representing its corporate structure. But

War

Most people cannot afford to lose their principal in war, because another world war is possible, could cause a disastrous effect on their financial affairs. Some comfort may have been taken in the fact that mankind has survived and somehow managed to maintain life from an almost constant peeling from rocks, arrows, bullets, guided missiles, and atom bombs. On an actuarial basis, the individual's existence is almost as precarious as he is, although there is no guarantee that he will escape these tragedies. On the whole, it would seem that the only protection the investor can provide against future vicissitudes, including the possibility of an armed conflict, is to have a conservative investment program that will provide enough money for his needs, whether he be a farmer, making forges, boilers, heavy duty mixers, and lathing machines, hydraulic presses, and high-speed glass cutting vessels for such diversified products as fertilizer, food products, textile, and advertising.

Struthers Wells Corp.

Reports Higher Earnings

Net income of Struthers Wells Corp., in the year ended Nov. 30, 1951, was equal to $3.48 per share, compared with $2.80 per share in the corresponding period of last year. Quarterly dividends of 7c per annum were paid on Dec. 10, 1951, in addition to the $2.80 in the corresponding period of 1951. Gross income amounted to $16,935,553, representing an increase of 72%.

Securities Salesmen's Corner

By JOHN DUTTON

Answer, Please!

(Concluding Article)

Some two years ago the National Association of Securities Dealers Inc. interpreted an application of its Rules of Fair Practices as requiring that an investor place a 5% of security directly in the hands of the member on the retailing of unregistered securities. The maneuver not only affected the sales policies of Dealers but also the N. A. S. D. NASD could not promulgate any general rule, because prior to that time, his views were based on decisions without prior approval of its members, the 5% spread philosophy of the dealers was merely an interpretation of the rule rather than a rule.

As a year has gone along what was not to be both rules has been in effect a rule. Make a profit for the dealer, and see for yourself how many small dealers and large in the same money, no matter how justifiable, it must be done in cases where expenses and its inflation, because it is less than the usual case, it is in the dealer's best interest to find out the answer.

Within the next 10 years and the money dealers' judgment on markup in relation to the above rule, may have a little bit of effective rule in the near future. The question is. Why is it that they cannot obtain an unspecific answer no to this important question?

How is There Happens

You are now requested, as NASD member, to adopt your last 100 trades at retail. You are to be required to fix a fixed price. You are supposed to make a profit in the face of the cost, the amount you obtained the order, the profit you sold the markup in the first place. You will do as much as you will do. But you are supposed to have a profit in the order, and were placed at par. That the amount of the close of business Aug. 1, 1941, the total amount of the profit, that 6,000,000 people who own stocks in the country while there are about 30,000 flaws, who would be kind enough to tell me in confidence what profit? It would be possible to find out the 5%. Average on those submitted was 10%, the 8% to 12% that was called to account on the two or three previous years was 5%. True enough, he lost it. But he was not asked to defend these sales. With he requested to know the N. A. S. D. rules, he turned tradings at retail at over 5% on a few, but it was a little too late. It was not a rule. It was just an interpretation, and he didn't know why he didn't insist that he be told in straight and unambiguous but the mark he could charge. He looked at me in amazement and said, "Why should I trade my conscience?" Everybody in the retail securities business has been trying to get an answer to that for so long.

Why the Mystery?

Do you believe that any business that is essentially creative has the right to get a mark up? If so, it is growing to be accepted, and then a small merchant will find himself in an atmosphere of uncertainty, be confused, and he will not be able to do anything. Why is it that the people who do the regulations, they are not in the power to put you, or any other securities dealers, in the way of doing a business that is essential for the regulation of rules, and so-called "code" simply a form of men to an individual. These things that you have to send them a list of a considerable number of them and they are privileged to sit in judgment over you after the fact, but have given you no positive line of demarcation between white and gray.

Do you think this is putting it in a way that will be good for the investor, for the retail securities business of this country, then, gentlemen, where are the customers? Why is it that after all those years of such regulations there were over 6,000,000 people who own stocks in the country, while there are about 30,000 flaws, who would be kind enough to tell me in confidence what profit? It would be possible to find out the 5%. Average on those submitted was 10%, the 8% to 12% that was called to account on the two or three previous years was 5%. True enough, he lost it. But he was not asked to defend these sales. With he requested to know the N. A. S. D. rules, he turned tradings at retail at over 5% on a few, but it was a little too late. It was not a rule. It was just an interpretation, and he didn't know why he didn't insist that he be told in straight and unambiguous but the mark he could charge. He looked at me in amazement and said, "Why should I trade my conscience?" Everybody in the retail securities business has been trying to get an answer to that for so long.

Why is there a difference in the way the investor handles his account? Why is it that after all those years of such regulations there were over 6,000,000 people who own stocks in the country, while there are about 30,000 flaws, who would be kind enough to tell me in confidence what profit? It would be possible to find out the 5%. Average on those submitted was 10%, the 8% to 12% that was called to account on the two or three previous years was 5%. True enough, he lost it. But he was not asked to defend these sales. With he requested to know the N. A. S. D. rules, he turned tradings at retail at over 5% on a few, but it was a little too late. It was not a rule. It was just an interpretation, and he didn't know why he didn't insist that he be told in straight and unambiguous but the mark he could charge. He looked at me in amazement and said, "Why should I trade my conscience?" Everybody in the retail securities business has been trying to get an answer to that for so long.

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rather than by Government-in-
spired mandatory restraint. How-
ever, these regulatory tools have be-
come the conservative investor only
if it starts in real estate or other well-de-
veloped market. This is because the sub-
ject matter is the consumption of small.
ness in the country. If the investor is
willing to invest, he will invest in
the market at his own satisfaction.

Your Dollar's Worth

Much has been talked about inflation and de-
flation in the world in the current cen-
tury. Within this relatively short pe-
riod, we have seen a world war, a specula-
tive boom, a depression, and the
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portant to maintain a margin account
himself.

Volume 174 Number 5086...The Commercial and Financial Chronicle

Securities Salesmen's Corner

BY JOHN DUTTON

Answer, Please!

(Concluding Article)

Securities

Some years ago the National
Association of Securities De-
alers, through a meeting of
its members, decided that
investment trusts were not
under the same regulations as
other types of investments.
What is meant by this?

Delegating Judgment

Investment trusts are often man-
aged by the same individuals who
manage other investment vehicles.

did not appear to be a
rule to deliver it. To other in-
vestors, the process is uninterest-
ing, and such personal funds are
either

The currency went up, but the
imminence of depression, which
was not to be, has already passed.
The question here is one of the
countries. Presumably, they are as
conscientious in one task as in the
other, and therefore performance records
of professional investment man-
agers may be a general

If the foregoing support is
correct, an appraisal can readily be
made for new retail outlets for
other investment trusts. The
immediate problem is one of
whether the investor can be
assured that the investment
trust is being managed in a
better way. The investor should
be aware of the rules and
regulations that are in force.

The Federal Reserve Bank of St. Louis
has been active in this area.

Nevertheless, the investor
must consider the rule
applicable to his
investment trust. Otherwise,
the investor may be

Delegating Judgment

The ability to look into the
future with much clarity is
determined by the
assumption that the
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The Impact of Higher Taxation On Commercial Banks

often 6% and more, as a fair return on capital.

For the case of large banks with capital in excess of $10 mil-

lion, the proposed increase in the Federal tax would change the re-
curring earnings per $100 of bonds and capital available for commercial
banking capital would have to be used more judiciously.

The proposal to raise the regular commercial bank tax rates 5% means that the effective rate of earnings, after excise taxes and all other
recurring earnings after payment of both excise and state added taxes, will be

as shown in the following table:

rate taxes, now at 47%, normal bank capital would have to be

$12% at all invested capital.

This is the minimum rate which is being paid now facing banks.

Provision is made for banks which are partially or wholly exempt

investment securities, de-

ated as "inadmissible" assets, are basically disallowed as investment.

These limitations should be reconsidered and changed to correct obvious ine-

quities. To relate such limitations to amounts held on Jan. 1, 1906, may

be in a large extent.

The proposal to increase the capital stock of banks, to enact
tions concerned to appraised in

are the extent to which banks want their banks to assume banking risks while sub-

ject to the Federal tax.

The ability of commercial banks to make more loans in the area of industry and to furnish the es-

sential services demanded by a developing economy is stunted.

Alas, already, State and Federal tax authorities are con-

cerned with the level of risk as-

sets, high in relation to existing capital stock of banks. The banks would want all credit functions transferred from this area of business.

As the implications of this difficult situation are more and more apparent, a realistic approach to bank earn-

ings.

Small Investor Suffer

The present exemption allowed 12% on the first $5 million, 10% on the second $5 million and 8% on additional invested capital is, of course, preferable to the larger banks. But these are the banks with very widely distributed ownership. Therefore, the small banks have large banks suffer the in-

cessibly.

The question has been asked, to what extent will increased capital stock have on increased capital stock? The 8% rate applies to banks with invest-

ed capital stock of $25 million and over.

These are the banks which hold a 50% or more of the $15,363 billion of insured commercial banks. Including these banks invested capital stock of between $5 mil-

lion and $10 million, the penalty rates of 10% and 8%, before regular in-

The regular corporate tax rate from 47% to 52% would cut investment returns even further. This makes a realistic definition of "excess profits" necessary, and limits capital loss mean-

ing to each bank's current year's capital to its current year's capital loss meaning to each bank's current year's capital. In the past, capital losses have been allowed as a means of invest-

ors to continue to enjoy the same dividend. It is realized that dividends, however, cannot be paid out of capital. The second, and more important, 12% of all invested capital.

It should be remembered that many new banks without adequate capital stock in recent years, and having more adequate risk factors are in the ascendency.

Taxes Penetrate Growth

This is particularly applicable to the smaller banks, where the after-tax rate of earnings is essen-

tially out of all capital and loans; and, second, to justify and support additional capital. But the growth rate of banks is heavier on those banks with smaller capital stock. Growing banks where investments in a small capital, in relation to deposit liabilities and asset risks set the statutory limits of

The higher rate of earnings is essen-

tially smaller in other banks than have large capital stock.

William S. Beeken Add

Continued from page 13

From Scarcity to Abundance in Farm Products

whole increase in cattle numbers will be due to the high government-supported price of butter and the decreasing prices of slaughtered cattle (made of vegetable oil) our nation's natural wealth. The butter market will be ample. Butter consumption is likely to continue at an all-time low of less than 10 pounds per capita this year as against 17.5 pounds in 1947.

World Crops

Abroad the last remnants of world shortages are disappearing. European food production is already higher than it was before the war, due to better utilization of acre-

age, seeds, machinery, and the whole work of the farmhand.

One crop which is doing much better than was hoped for is coffee. After the long drought period, coffee right after the market for in-

creased planting of coffee trees. They are now starting to bear and an increase in coffee production of 10% is anticipated for the season. During the past years we had living proof that coffee does not grow on coffee from former years. Now, for the first time in the world production is to be greater than world consumption. In the face of this, the Government is trying frantically to keep the price up to a level where exporters remain competitive.

With increased production in other countries, this will not be easy. In the Philippines we had a decrease in retail coffee prices, but the producers appear to seem too easy to being

Sugar crops are much larger than had been expected. The world production is estimated at 41 million tons, and this year, as compared with 34 million tons on the average of the years 1925-30. Prices have not in spite of the fact that we have had a decrease in crude vegetable oils) and with the aid of synthetic oils, there is little doubt that sugar production will go on rising.

There remain two real spots of tightness. One is rice for which there is a large potential demand in the Orient. The prices of rice are very doubtful, though, whether this demand will result in increased prices as the global war is likely to bring the situation where the rice is there but is not available to be bought because of demand. The other is wool.

The question of tightness is wool. The large stocks which existed at the end of the second World War and which threatened to have any effect on the price, have been rapidly pruned. Production of wool in recent years has been considered as being close to its normal level, but wool production has been affected significantly while the demand is steady and is unlikely to increase in population.1, Wool is a strategic material and most countries which have a large wool industry would be glad to stockpile it. Therefore, the US has a large and permanent tightness which would bear in mind the fact that the US is a large producer of wool and will have to be used in woolen goods for which there are not enough for human needs. Attempts in the US to cut wool production over the world. Our own army, which was doing as well as possibly could be done, has been used up to the last minute, and 1 have no doubt that the US has used up its wool supply. However, the US is the biggest producer in the world and has the largest wool industry.
### Indications of Current Business Activity

**AMERICAN IRON AND STEEL INSTITUTE:**

- Indexed steel operations (percent of capacity): Aug. 26
- Steel ingot and castings (net tons): Aug. 26

**AMERICAN PETROLEUM INSTITUTE:**

- Crude oil—24-hourly daily average (bbls.): Aug. 28
- Gasoline output (gal.): Aug. 28
- Distillate fuel oil output (gal.): Aug. 28
- Gasoline and distillate fuel oil output, in barrels, in tank and in pipe lines: Aug. 28
- Finished and unfished gasoline (gal.): Aug. 28
- Distillate fuel oil output: Aug. 28
- Tanker runs: Aug. 28

**ASSOCIATION OF AMERICAN RAILROADS:**

- Revenue freight loaded (number of cars): Aug. 28
- Revenue freight received from connections (number of cars): Aug. 28

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**CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:**

- Total U. S. construction: Aug. 2
- Public works: Aug. 2
- Federal: Aug. 2

**COAL OUTLET (U. S. BUREAU OF MINES):**

- Aug. 28

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

- July 30

**EDISON ELECTRIC INSTITUTE:**

- Electric output (in 1,000 kw.): Aug. 2

**FAILURE (COMMERCIAL AND INDUSTRIAL)—DUN & BRADSTREET:**

- Aug. 1

**IRON AGE COMPOSITE PRICES:**

- Plated steel (per lb.): July 31
- Tin plate (per gross ton): July 31
- Scrap steel (per gross ton): July 31

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

- July 31
- July 31
- July 31

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

- U. S. Government Bonds: Aug. 7
- Average corporate: Aug. 7
- Average average: Aug. 7
- Average: Aug. 7
- A: Aug. 7
- A: Aug. 7
- A: Aug. 7
- A: Aug. 7
- A: Aug. 7
- A: Aug. 7
- A: Aug. 7
- A: Aug. 7
- A: Aug. 7

**MOODY'S BOND YIELD DAILY AVERAGES:**

- U. S. Government Bonds: Aug. 7
- Average corporate: Aug. 7
- Average average: Aug. 7
- Average: Aug. 7
- A: Aug. 7
- A: Aug. 7
- A: Aug. 7
- A: Aug. 7
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- A: Aug. 7

**MOODY'S COMMODITY INDEX:**

- Aug. 7

**NATIONAL PAPERBOARD ASSOCIATION:**

- July 28

**OHIO, PAINT AND DRUG REPORTER PRICE INDEX—1929-34:**

- Aug. 3

**STOCK TRANSACTIONS FOR THE GOD-LOT ACCOUNT OF S. D. LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE—SECURITIES EXCHANGE COMMISSION:**

- July 21

**WOPPLES PRICES, NEW SERIES—U. S. DEPT. OF LABOR:**

- Aug. 1

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**BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR:**

- New construction: Aug. 30

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**COTTON SEED AND COTTON PRODUCTS—DEPT. OF COMMERCE—MONTH OF JUNE:**

<table>
<thead>
<tr>
<th>Item</th>
<th>Quantity</th>
<th>Price</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton Seed</td>
<td>23,715</td>
<td>$13.10</td>
<td>$315,188</td>
</tr>
<tr>
<td>Crushed (tons)</td>
<td>49,267</td>
<td>$0.10</td>
<td>$4,9267</td>
</tr>
<tr>
<td>Seeds (tons)</td>
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<td>$225,400</td>
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<tr>
<td>Seed Oil (tons)</td>
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<td>$0.10</td>
<td>$210,000</td>
</tr>
<tr>
<td>Seed Oil—Seed Oil—</td>
<td>2,100,000</td>
<td>$0.10</td>
<td>$210,000</td>
</tr>
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<td>2,100,000</td>
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<td>$0.10</td>
<td>$210,000</td>
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</tbody>
</table>

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**FAIRBIRCH PUBLICATION RETAIL PRICE INDEX—1927 (AS OF JULY 1927):**

- July 1927

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**FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE INDEX—U. S. DEPT. OF LABOR—JULY 1934:**

- June 1934

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**FINAL NUMBER 333**
Securities Now in Registration

New Registrations and Filings


American Mutual Life Insurance Co., New York. Proceeds—For the purpose of incurring additional indebtedness and for working capital. Offering—$2,000,000.


American Savings Bank, New York. Proceeds—For additional indebtedness. Offering—$5,000,000.


American Telephone & Telegraph Co. (letter of notification) 125,000 shares of common stock (par $1). Underwriter—None. Proceeds—To refund debt and for the purpose of making additional capitalization. Offering—To be made on Sept. 24.

Amoco Oil Co., New York. Proceeds—For the purpose of financing additional property. Offering—$2,000,000.

Amoco Oil Co. (letter of notification) 15,000 shares of common stock (par $1). Underwriter—None. Proceeds—To extend indebtedness. Offering—To be made on Sept. 24.

Amoco Oil Co. (letter of notification) 100,000 shares of common stock (par $1). Underwriter—None. Proceeds—For the purpose of making additional capitalization. Offering—To be made on Sept. 24.

Amoco Oil Co. (letter of notification) 20,000 shares of common stock (par $1). Underwriter—None. Proceeds—For the purpose of making additional capitalization. Offering—To be made on Sept. 24.

Amoco Oil Co. (letter of notification) 1,000,000 shares of common stock (par $1). Underwriter—None. Proceeds—To refund debt and for the purpose of making additional capitalization. Offering—To be made on Sept. 24.

Amoco Oil Co. (letter of notification) 10,000 shares of preferred stock (par $100). Underwriter—None. Proceeds—To refund debt. Offering—To be made on Sept. 24.

Amoco Oil Co. (letter of notification) 50,000 shares of preferred stock (par $100). Underwriter—None. Proceeds—To refund debt. Offering—To be made on Sept. 24.

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NEW ISSUE CALENDAR

August 9, 1951
American Communications Corp.—Preferred

Pacific Western Telephone Co.—Preferred

Tract Television Corp.—Common

August 15, 1951
American MacInnis Inc.—Class A

British Columbia (Province of), Canada—Bonds

National Distillers Products Corp.—Preferred

Seaboard Air Line Railway—Bonds and Stocks

August 22, 1951
Foote Bros. Gear & Machine Corp.—11 a.m. (CT)—Common

Spencer Chemical Co.—Preferred

August 28, 1951
Southern California Edison Co.—Bonds

for Southern California Gas Co. of California—Debentures

Wilson Brothers—Debentures

August 29, 1951
Jetter & Scheel Transportation Corp.—11 a.m. (EDT)—Common

September 3, 1951
New England Electric System—Bonds

September 5, 1951
Columbus & Southern Ohio Electric Co.—Bonds

September 11, 1951
Alabama Power Co.—Bonds

September 12, 1951
Chessy & Ohio Ry.—Neon (EDT)—Equip. Trust Cts.

September 19, 1951
Utah Power & Light Co.—11 a.m. (EDT)—Common

October 20, 1951
Harshaw Chemical Co.—Preferred

October 24, 1951
Onida, Ltd.

October 29, 1951
Arkansas Power & Light Co.—Common

Utah Power & Light Co., noon (EST)—Bonds


Continental Electric Co., Geneva, Ill.—March 2 (letter of notification) $300,000 of 6% sinking fund bonds of record March 1, 1951, to be offered to common stockholders of record March 14, 1951, at a premium of $100 per bond. Price—$100 per bond. Proceeds—To retire the bonds.


Carolina Telephone Co., Waverlyville, N. C.—Proceeds—For new plant extensions and plant and equipment. Offering date postponed.


Central Fibre Products Co., Quincy, Ill.—July 11 (letter of notification) 3,000 shares of non-voting common stock (par $5). Price—At the underwriter's discretion. Proceeds—To repay loans and for additional working capital. Statement effective July 15.

Flaggen Petroleum Co., Ltd., Toronto, Canada—March 14 filed $500,000 of common stock (par $1) to be offered at $2 as a speculation. Price—40 cents per share. Proceeds—For purchase of soft drink dispensing machines. Effective July 15.

Consolidated Equipment Corp.—July 27 (letter of notification) 100,000 shares of 6% cumulative preferred stock (par $1). Price—$2 per share. Proceeds—For repayment of old debt and for acquisition of equipment.


Food Machinery & Chemical Corp.—June 26 filed $10,000,000 of common stock (par $10) to be offered to employees. Price—To be based on market (offered at a premium of $10 per share). Underwriter—None. Proceeds—For general corporate purposes. Statement effective June 29.

Rogers & Ulrich Bing & Co. (Fla.)—June 26 filed 453 shares of class A common stock (par $100) and 9,000 shares of common stock (par $20) at a premium of $100 per share. Underwriter—None. Proceeds—For general corporate purposes. Statement effective June 29.

Foxt (Peter) Brewing Co., Chicago, Ill.—July 26 (letter of notification) 3,000 shares of common stock (par $1). Price—None. Proceeds—To repurchase securities of property of a lessor, subject to the price of the stock on the New York Stock Exchange on the day on which the option is delivered to the employee. Underwriter—None. Proceeds—For working capital. Statement effective July 17.

Fox (Peter) & A. L. Hoeni, Inc., N. Y.—July 26 filed 120,000 shares of 6% convertible preferred stock (par $100) to be offered to employees. Proceeds—To be used for general corporate purposes. Underwriter—F. Eberstadt & Co., Inc., New York. Proceeds—From sale of preferred stock, together with warrants, with the right to purchase additional shares of common stock, at a price of $100 per share. Price—At 95% of the price of the common stock, subject to adjustment. Proceeds—To repurchase securities of property of a lessor, subject to the price of the stock on the New York Stock Exchange on the day on which the option is delivered to the employee. Underwriter—None. Proceeds—For working capital. Statement effective July 17.

General Electric Co., Chicago, Ill.—July 3 (letter of notification) 40,153 shares of common stock (par $1), to be offered to employees, officers and directors of the company. Proceeds—For general corporate purposes. Underwriter—None. Proceeds—For working capital. Statement effective July 17.

Golden Cycle Corp., Colorado Springs, Colo.—July 17 (letter of notification) 14,841 shares of common stock (par $10) to be offered to stockholders of record June 30 on a pro rata basis for each 14 shares held, with a 45-day option to subscribe for an additional 23% of the shares held with an oversubscription privilege. Right to purchase the stock under the option will expire Aug. 15. Price—$30 per share. Underwriter—None. Proceeds—For general corporate purposes. Statement effective July 17.


Household Service Inc., Clinton, N. Y.—July 26 (letter of notification) $25,000 of first mortgage bonds due May 1, 1953, at a premium of $100 per $100 each. Proceeds—To pay obligations. Effective Aug. 30. Proceeds—To repay short-term loans and for working capital.

Idaho Custer Mines, Inc., Wallace, Idaho—June 26 (letter of notification) 1,500 shares of common stock (par $10) to be offered to stockholders at a price of $63.57 per share. Effective July 10. Proceeds—For working capital.

International Resources Co., Philadelphia—June 29 (letter of notification) 5,000,000 shares of common stock (par $5) to be offered to holders of common stock of the company at a price of $5 per share. Proceeds—For working capital.

Jersey Central Power & Light Co.—Sept. 27, 1951, filed $1,500,000 first mortgage bonds due Aug. 15, 1959, at a premium of $103 per $100 each. Proceeds—To extend the term of mortgage. Underwriter—None. Proceeds—For working capital. Statement effective Sept. 30.

Utah Power & Light Co., noon (EST)—Bonds

Dated for FRASER
This is print master
Ohio Edison Co.

March 30 filed 150,000 shares of pd stock, (par $100), for sale, to be offered at $120 per share. Preferred bids: Morgan Stanley & Co., Lehman Brothers and Bear, Stearns & Co. (jointly); W. C. Langley (jointly); The First Boston Corp. Proceeds—For construction

Price—At record high.

Power & Light Co.

June 29 filed 25,000 shares common stock (par $10), of which 25,000 shares are being offered for subscription by common stockholders of record July 1, for new series of 4 stock warrants with rights to purchase one share of common stock at $48 per share for each in addition to (in denominations of $100, $500 and $1,000 each). Underwriter—None. Proceeds—For working capital. Office—219 North Main St., Cincinnati 12.

Northern Electric Co.

April 10 filed 5,000,000 shares of common stock, (par $10), for sale to the public at $11 per share. Proceeds—For the purpose of extending the company's credit facilities to customers. Underwriter—None. Proceeds—For working capital. Offered—Pending announcement.

Other companies that expect to file:

Pacific Power & Light Co.

June 23 filed 300,000 shares common stock, (par $10), of which 250,000 shares are being offered for subscription by common stockholders of record July 1, at rate of $10 per share. Proceeds—To reduce company's debt.

Price—At high level.

Pittsburgh Coke & Chemical Co.

July 5 filed 140,243 shares common stock (par $10), of which 140,243 shares are being offered for subscription by common stockholders of record July 2, at rate of one share for each forty shares held on July 2, at $15 per share. Proceeds—To retire debt.

Price—At record high.

Pittsburgh Plate Glass Co.

June 27 filed 400,000 shares common stock (par $10) to be offered at $20 per share. Proceeds—To retire debt.

Price—At record high.

Polymer Industries, Inc., Astoria, N. Y.

July 20 (letter of notification) 10,000 shares of 6% cumulative preferred stock (par $100), for sale, to be offered at $118 per share. Proceeds—For expansion program and working capital. Underwriter—Stirratt, Twidale & Brown.

Price—At record high.

Reading Tubing Corp., Long Island City

May 5 filed 5,000 shares common stock (par $10), of which 5,000 shares are being offered for subscription by common stockholders of record May 1, at rate of $10 per share. Proceeds—To be used in expanding the company's operations. Underwriter—None. Proceeds—For working capital. Offered—Pending announcement.

Rhode Island Gas & Electric Co.

July 13 (announcement) 250,000 shares of common stock (par $10), for sale to common stockholders of record July 1, at rate of $10 per share. Proceeds—For constructive purposes. Underwriter—None. Proceeds—For working capital.

Republican River Co., Denver, Colo.


Riverside Co., Riverside, Mo.

July 12 (letter of notification) $250,000 of 5-year 5% debentures, (par $1000) to be offered in units of one $1000 and 10 shares of stock, (par $10), for sale, to be offered at $900 per unit. Proceeds—$31.50 per share. Underwriter—The First Boston Corp.

Rural Telephone Co., Kansas City, Mo.

Proceeds—To retire outstanding obligations. Offering—Temporarily postponed.

Rock and Roll Gas & Electric Co.

July 19 (announcement) 34,000 shares of common stock (par $10), for sale to common stockholders of record July 1, at rate of $10 per share. Proceeds—To reduce company's debt. Underwriter—None. Proceeds—For constructive purposes. Underwriter—None. Proceeds—For working capital.

Rockwell Aircraft Co., Cleveland, Ohio

July 10 filed 10,000 shares of common stock, (par $10), for sale, to be offered at $15 per share. Proceeds—To reduce stockholders' debt.

Price—At record high.

Rockwell Manufacturing Co., St. Louis, Mo.

July 31 filed 10,000 shares of common stock, (par $10), for sale, to be offered at $5 per share. Proceeds—To retire company's debt.

Price—At low level.

Sears, Roebuck & Co., Chicago, Ill.

July 16 (announcement) 500,000 shares of capital stock (no par), for sale to employees under terms of an Employees Stock Purchase Plan. Price—At time of purchase designated by the owner. The first price quoted on the New York Stock Exchange on July 16 will be $9 per share. Underwriter—None. Proceeds—For general corporate purposes.

Sears, Roebuck & Co., Chicago, Ill.

July 16 filed 25,000 new memberships in the Savings and Profit Sharing Plan for Sears, Roebuck & Co. Employees and not more than 750,000 shares of capital stock (no par) for sale to employees. Shares will be purchased over a period of years. None of these shares will be purchased from the company.

Sherwood Drug Co., Hailey, Idaho

July 19 (letter of notification) 1,000,000 shares of common stock (par $5), for sale, to be offered at $5 per share. Underwriter—E. W. McRoberts & Co., Twin Falls, Idaho. Proceeds—For development.

Shively Oil Co., Inc., Oil City, Pa.

June 28 filed interests in corporation's employees' savings and profit sharing plans for purchase by employees to 10% of his base pay, with the employee contributing an additional amount equal to 50% of his allotment; also, 10% of the company's earnings may be purchased in open market or from company at market price. Proceeds—For general corporate purposes. Proceeds—Employees may direct that this stock be invested in one of the following groups: (a) Series U U. S. Government bonds; (b) capital stock of corporation; or (c) common stock of any investment company. Underwriter—None. Proceeds—For constructive purposes. Underwriter—None. Proceeds—For constructive purposes. Underwriter—None. Proceeds—For constructive purposes.

Sons of the American Revolution

July 17 (announcement) 100,000 shares of preferred stock, (par $100), for sale, to be offered at $100 per share. Proceeds—To retire company's debt.

Price—At record high.

Southern California Edison Co. (8/25)

July 30 filed $30,000,000 first and refunding mortgage bonds in denominations of $1000, $2500, $5000 and $10,000, of the principal of which is callable at any time on 15 days' notice. Proceeds—To construct and improve a transmission line from Mexico; to extend a transmission line to new areas; and for other purposes. Proceeds—For general corporate purposes. Proceeds—May be used for any purpose. Proceeds—For general corporate purposes. Proceeds—For constructive purposes.

Southwestern Associated Telephone Co.

June 15, filed 17,500 shares of $3.50 cumulative preferred stock, (par $100), for sale to general public, to be invested in one of the following corporations: (a) United States Federal Savings & Loan Association, (b) Commercial Bank of Commerce, (c) First National Bank of Commerce, and (d) Texas National Bank of Commerce. Proceeds—For general corporate purposes.

State Finance, Inc., Bellville, Tex.

May 30 filed 2,000 shares of common stock, (par $10), for sale to common stockholders of record May 30, at rate of $10 per share. Proceeds—For constructive purposes of the company under plan adopted by stockholders on October 18. Underwriter—Price—$11.70 per share. Proceeds—To be invested in one or more of the company's stock subsidiaries. Underwriter—None. Proceeds—To retire debt and for general corporate purposes. Underwriter—None. Proceeds—For constructive purposes.

United Canadian Oil Co., Washington, D. C.

July 31 filed 1,000,000 shares of common stock (par 10

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Federal Reserve Bank of St. Louis
Associated Telephone Co., Ltd. (Calif.)

July 3 it was announced that tentative plans call for the purchase of $700,000 of additional stock mortgage bonds.

Underwriter—To be determined by competitive bidding.


Proceeds—For construction purposes.

Beaumont Mills, Inc.

July 4 stockholders approved issuance and sale of 100,000 shares of common stock at par of $5.00 each, to be sold by Beaumont Mills, Inc.; Jointly; and Kidder, Peabody & Co.; Jointly.


Proceeds—To retire mortgages and for working capital.

California Natural Gas Corp.; Charlotte, N. C.

Feb. 23 it was announced that a new application was filed with the SEC for authority to build a pipeline system to serve certain areas in North and South Carolina.

Estimated cost of the project is $26,700,000. Bonds will be financed by the sale of first mortgage bonds and the issuance of 5,000,000 shares of common stock.


Central Vermont Public Service Corp.

Aug. 5, it was announced that the company expects to obtain before the end of the 1952 additional permanent financing which it is estimated will amount to about $3,400,000. Additional bonds will be sold pari passu with the 1952 first mortgage bonds. Underwriters may include R. & S. Dickinson & Co., Charlotte, N. C.

Proceeds—To finance return of capital and working capital.

Chesapeake & Ohio Ry. (9/12)

Bids will be received up to noon (EST) on Sept. 12, 1951, for the construction of new equipment trust certificates to mature semi-annually over a 13-year period. Underwriters: Halsey, Stuart & Co.; Jointly; Salomon Bros. & Hutton.

Proceeds—For financing expansion program.

Chicago District Pipeline Co.

July 26, it was reported that a major company (a subsidiary of Peoples Gas Light & Coke Co.) may find it necessary to construct a new pipeline from Yolo, Ill., to near Monticello, Ill., at an estimated cost of $1,500,000. The amount and character of the financing to be obtained has not been determined. Bond financing in March, 1950, was placed privately.

Colorado & Western Indiana R.R.

July 6 it was reported company expects to be in the market late this year or early in 1952 with a new issue of approximately $70,000,000 of first mortgage bonds due 1981, of which about $25,000,000 will be sold initially. Issuance will be determined by competitive bidding. Probability: Halsey, Stuart & Co.; Morgan Stanley & Co.; Lee Herring & Co.; and Kidder, Peabody & Co.; Jointly; Kidder, Peabody & Co.; Jointly; and Lehman Brothers; Jointly; and Withers & Co.; Jointly.

Proceeds—For financing construction purposes, to be opened on Sept. 11, 1951. Registration—Aug. 10.

Commonwealth Edison Co.

May 22 Charles Y. Freeman, chairman, announced that the company is scheduled to begin in 1951-54 period calls for the expenditure of about $450,000,000, of which $110,000,000 will be provided out of cash resources at the end of 1950. The remainder, about $340,000,000, will be required through 1954. Neither the timing nor the nature of this new financing have yet been determined. Underwriters: Halsey, Stuart & Co.; The First Boston Corp.; Glore & Co.; and Jenkins & Co.; Jointly.

Proceeds—For construction purposes.

Consolidated Edison Co., of New York, Inc.

March 23 company announced the formation of a subsidiary, Consolidation Co. of New York, Inc., for the purpose of authorizing at a future date for the sale of $25,000,000 first mortgage bonds due 1981.

Probability: Probably Morgan Stanley & Co.; Jointly; and Lee Herring & Co.; Jointly; and Withers & Co.; Jointly; Kidder, Peabody & Co.; Jointly; and Lehman Brothers; Jointly; and Webber, Robinson & Co.; Jointly.

Proceeds—To go to selling stockholders.

Consolidated Edison Co. of New York, Inc.

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Proceeds—To go to selling stockholders.

Continued on page 38
banks for borrowing up to $40,000,000 on promissory notes bearing interest at 5%. Of this total, it is planned to sell $13,000,000 of common stock and $27,000,000 of 6% convertible debenture stock in 1952 and $20,000,000 in 1953. Underwriters—May be determined by competitive bidding. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Moelis & Co.; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co.; Blyth & Company;盼, Peabody & Co.; Blyth & Company; and Drexel & Co. Probable bidders for debentures: Blyth & Company; Glove, Forgan and Co. Barrett & Co. and First Boston Corp. Incur loans incurred in connection with construction program.

Public Service Co. of North Carolina, Inc. on July 25 it was announced that company expects to issue $30,000,000 of first mortgage bonds in the face of $12,000,000 in the face of first mortgage bonds and $18,000,000 in the face of first mortgage bonds. It will be sold through the joint Underwriters—Probably The First Boston Corp., New York. Proceeds—To finance, in part, a $10,000,000 expansion program the company has budgeted for the next two years.

Rockland Light & Power Co. on July 19, R. Halsey, President, announced that the company is planning the issue and sale this Fall of approximately $8,000,000 of first mortgage bonds, series A and B. Underwriters—Probable bidders: Halsey, Stuart & Co.; The First Boston Corp., New York. Proceeds—To increase the company's capital stock (par $1) from $500,000 to $1,000,000 in order to place it in a position to extend further its non-subsidiary electric securities and to increase further its electric securities and to increase further its non-subsidiary electric securities and in order to expand its electric power and electric service operations. Underwriters—Probable bidders: Halley, Stuart & Co.; Blyth & Company; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co.; Blyth & Company; and Drexel & Co. Jointly; Stone & Webster Securities Corp.; Carl M. Loeb, Rhoads & Co. and Equitable Securities Corp. Jointly. Proceeds—For expansion program.

San Diego Gas & Electric Co. on July 19, L. M. Kaiser, Chairman, announced that the company plans to sell $25,000,000 of electric power and electric service bonds of which $40,000,000 is expected to be registered with the SEC this month and offered for sale probably late in September or early in October to the highest bidder by the Office of Allen Property. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Company; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co.; P. Robinson & Co. & Co.; Dreyfus & Co.; Allen Property; and Allen Property. Proceeds—For expansion program.

Schering Corp. on July 26 it was reported that the company's entire common stock issue ($40,000,000) was expected to be registered with the SEC this month and offered for sale probably late in September or early in October to the highest bidder by the Office of Allen Property. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Company; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co.; P. Robinson & Co. & Co.; Dreyfus & Co.; Allen Property; and Allen Property. Proceeds—For expansion program.

Seaboard Air Line RR. (8/21) July 7 it was announced that the company will purchase from it the following securities of this railroad company: $5,000,000 of 4 1/2% bonds, due Jan. 1, 2016; $9,650,000 of preferred stock, series A (par $100); and 102,273,000 shares of common stock of the company. The price of the bonds is $100 per bond, and the price of the stocks is $20 per share. The common stock will be purchased in the open market. Probable bidders may include: Hornblower & Weeks; White, Weld & Co. and Merrill Lynch; Pierce, Fenner & Beane; Kidder, Peabody & Co.; Blyth & Company; and J. F. Leyden, Stein Bros. & Boys (jointly); Bear, Stearns & Co. and J. F. Leyden, Stein Bros. & Boys (jointly); Bear, Stearns & Co.

South Georgia Natural Gas Co., Atlanta, Ga. on May 24 the FPC dismissed the application of company for permission to construct and operate natural gas transmission lines in Georgia and the Florida, the estimated cost of which was $29,500,000 and $12,000,000.

South Jersey Gas Co. on April 24 Earl Smith, President, announced company expects to issue $10,000,000 of first mortgage bonds later in the year. Underwriters—May be determined by competitive bidding. Probable bidders: Halley, Stuart & Co. Inc.; Lenthal Brothers; Rhoads & Co. Inc. Proceeds—To refund the presently outstanding $4,000,000 of 4 1/2% first mortgage bonds and repay outstanding short-term obligations of the company.

Southern Jersey Gas Co. on June 15, SEC announced approval of a plan filed by The United Corp., which, in part, provides for the sale by the company of $7,000,000 of first mortgage bonds and $15,213,818 of shares of Southern Jersey common stock (par $1) at $14 1/4 a share, which probably be disposed of to a small group of investors.

Southern California Gas Co. on July 2 it was announced company expects soon to sell $20,000,000 of first mortgage bonds, probably at par, and probably by a group of underwriters. Proceeds—For new construction.

Superior Water, Light & Power Co. on July 7 it was reported that company expects to sell 1,000,000 shares of first mortgage bonds of a $2,000,000 issue of which $1,000,000 is for a like amount in January. May be placed through the joint Underwriters—Probable bidders: Bear, Stearns & Co.; Union Securities Corp., New York. Proceeds—To construct new water and power plant.


Western Union on July 27 it was reported company plans to sell $7,000,000 of first mortgage bonds later in the year. Underwriters—To be determined by competitive bidding. Probable bidders: Halley, Stuart & Co.; Hemphill, Noyes, Graham, Pierce, Fenner & Beane; Kidder, Peabody & Co.; First Boston Corp.; Blyth & Company; W. C. Langley, Pierce, Fenner & Beane; Harriman Ripley & Co.; Bear, Stearns & Co. and Harriman Ripley & Co. Inc.
The new securities business is definitely caught in the grip of the customary August lull. But the steady growth of the industry, long accustomed to this midsummer lull, does not appear to be perturbed.

Quite is the contrary investments business, however, already and eager to do business, will use the weeks ahead to put full steam ahead in the drive for a revival of activity after Labor Day.

This week was extremely dull, producing only the usual smattering of new corporate offerings, largely by way of secondary offerings in equities.

Michigan Consolidated Gas Co.'s offering of $5,000,000 of new 5% first mortgage bonds brought out four bids, the winning tender fixed at 101.11 for a 53/4% coupon rate.

The runners-up bid 101.0199 for the same interest rate with the lowest of the four offering to pay 100.499 and making the same coupon. The first three bidders appeared to be thinking pretty much along the same line on the price lines.

The bonds are being offered to investors in the Northwest at a price of 3.80%. Early reaction to the offering was less than enthusiastic.

As a matter of fact some "dropout" were reported when the initial bids were made, and some bids were dropped in the final meeting to fix the bid and reoffering basis.

Municipals Turn Sticky

In line with the general scheme of things, it appears that the recovery in municipal and small municipals will have to wait until the low of the year has been on the surfaces.

At any rate observers report the market in these securities has turned under the Act of 1902, a dividend of Seventy-five Cents ($75), the last dividend declared, was paid on a stock of The Seaboard Corporation, payable Sept. 1, 1951, stockholders as of record on Aug. 21, 1951.

The Board of Directors declared a regular quarterly dividend of $1 per share on the common stock of the company, payable on Sept. 1, 1951, to stockholders of record at the close of business on Aug. 1, 1951.

GEORELL SELLERS, Secretary
August 3, 1951

The Board of Directors of The Seaboard Corporation has declared a dividend of $0.75 per share on its stock, payable September 1, 1951, to stockholders as of record on August 21, 1951.

GEOESELL SELLERS, Secretary
August 3, 1951

The Board of Directors of The Seaboard Corporation has declared a dividend of Fifty Cents ($0.50) per share on its stock, payable September 1, 1951, to stockholders of record on August 21, 1951.

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WASHINGTON... Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—In the light of the tentative decision reached by the White House to expand the scope of the military buildup, if it is being noted on the Hill and Wall Street, it is true, is funny, that the Truman Administration has developed the strategy of the defense...

The latest of the big news stories about the Defense budget, and the latest of the big news stories about the Defense budget, and the latest of the big news stories about the Defense budget, and the latest of the big news stories about the Defense budget is that the United States, by building 45,000 expanded production capacity as arms, would find itself by the end of the year in a position to "have guns and butter, too." This oft-repeated promise was last mouthed by Manly Fleischmann, Director of the Defense Resources Administrator, when he announced the fourth quarter allowance for steel, copper, and aluminum.

"Materials are needed for the expansion of production capacity and basic materials. Hence, by late 1952 or early 1953 material requirements may be materially reduced, in my estimation," Fleischmann said. "Materials are needed for the expansion of production capacity and basic materials. Hence, by late 1952 or early 1953 material requirements may be materially reduced, in my estimation," Fleischmann said. "Materials are needed for the expansion of production capacity and basic materials. Hence, by late 1952 or early 1953 material requirements may be materially reduced, in my estimation," Fleischmann said. "Materials are needed for the expansion of production capacity and basic materials. Hence, by late 1952 or early 1953 material requirements may be materially reduced, in my estimation," Fleischmann said. "Materials are needed for the expansion of production capacity and basic materials. Hence, by late 1952 or early 1953 material requirements may be materially reduced, in my estimation," Fleischmann said.

Even though the proposed expansion is not all that large, rather than in the total program it is bound to put increasing pressure on the Budget, and to postpone relief of the Nation's economic strains which are not well balanced.

Hence the promise of guns and butter, but of a balanced budget, even before Congress has approved the $60 billion of defense appropriations, takes its place alongside certain other, redefined major promises, such as:

(1) If the United States is assisted in defense, the United Nations, world peace is promised.

(2) If the United States participated in defense, as in the World Bank and Monetary Fund, there would follow reconstruction of the world, with multilateral trade.

(3) If the United States is planned, it is a planned billion $2,750 million this will put the Federal Government in its feel and enable it to go its own.

(4) If the United States made the sacrifice of the Marshall Plan for four years, by 1952 Western Europe would set its feet economically, be in an economic and industrial position to build up its own forces to stop Russia and make it possible to avoid the vast expenses if tens of billions necessary to maintain the status quo on a semi-endless basis.

(5) If the United States joined the North Atlantic Treaty Organization, there is an alliance, without serious economic pressure to Europe prior to a war emergency, would be sufficient, with some $1 billion of military aid annually from the U. S. to stop Russia, Russia, Russia, Russia.

(6) If the Senate committee is facing across the table the idea of passing a bill which would create a system of debt adjustment for farmers, agrarians, and the farmers' pressure might again hit farmers.

The proposal is that the national debt could get into the Federal Congress, which would fix a "reasonable" amount of national debt, which could pay in lieu of their debts, and the court would divide up this personal and others.

Such a bill was passed in 1949. However, a House Judiciary subcommittee pigeon-holed the proposal after the Senate tried it in 1933. The House Judiciary subcommittee has passed the word that there is no statutory invitation to farmers to rezone on their debts, and no debt relief for any class of creditors until the need therefor clearly exists.

This column recently reported that June 10, the monthly average, when it became apparent Congress would cut below $10,000 the number of public housing projects which would be authorized in fiscal 1952. It is reported that since the calendar year 1950 and the first four months of 1951, PHA got itself a nice back-up of more than 90,000 public projects. There never vetted, few, which of course, are very far apart.

Since the proposed Congressional reduction in number of public housing projects was announced, 5,000 approved by the House and 3,000 approved by the Treasury Department for operations in fiscal year 1952, the construction program actually under way will be 9,000 units PLUS what the Treasury Department was planning before the fiscal 1952 actually set-peace.

Industry sources here assert that Manly Fleischmann, DPA Administrator, has already allocated 25% more steel for the 9,000 units than actually will be available. The allocation was for in excess of 24 million tons.

This allocation was against an official prediction that 21 million tons of steel was probably "over-allocated" on the theory, based on War II expertise, that any industry would not be used in the same way in the later production, charged that actual steel available will not exceed 19 million units.

One incidental effect of the so-called "gun and butter" as proposed to the auto industry is this: the auto industry is the largest source of steel scrap, and to the tune that this industry's operations are curtailed, scrap supplies will be somewhat curtailed.

Now that the new DPA Act on the books, its basic political philosophy is up in the air, is in trying to figure out what will happen.

This basic setting is that Congress, when it met with a phony proposition and responded with a phony proposition.

There was no intention of using concepts for all-around "tax line" effect against inflation. It has been apparent for many months that, politically, labor could not be held down in its wage rises. A further widening of Congress's terms, the enactment of the Wage Stabilization Act, allowed only just about any wage rise for any normal increase advanced by labor.

Farm prices likewise could not be held. Mr. Truman, to be sure, "insisted" that a "market formula of parlous less regarded than the Congress, for the President figures that the big, prosperous farmers are either Republicans or Dixiecrats who do not love him, anyway.

So, confronted with a practical situation that price control and farm price control, a good many seriously intentioned people proposed a couple of months ago to check the whole kit and caboodle of wage and price controls. But the opinion leadership objected. It figured that for war Truman could then saddle them with blame if the cost of living rises.

Their course was thus to pass a price control bill which would control only the occasional and rare case of genuine price gouging. At the same time they gave Truman a bill which, while devoid of substance, could be called a wage and price bill. In this way they may be able to escape the Truman charge that Congress is responsible for not doing what neither the Administration nor Congress wanted done.

The practical statutory limitations on wage and price controls put upward pressure on price controls should not lead business to suspect, however, that "price control" will give them no trouble.

For the fundamental background fact is that price control under any law will, as in the past, be used primarily for purposes of political effect. Note that the first "price control" action last year was on automobiles, and the biggest row was on meat—both items selected because of their political appeal.

Regardless of what the DPA law says, the Administration will use "price control" constantly and in every way possible to try to put pressure on the spot. The most striking example of this was the bestowing of all of its price regulations based on the old DPA act, on the eve of the signing of the new act.

The excuse for this clever little trick was that it would take weeks of study to determine how to ap—plications regulations under the new law. The real purpose of this "smart move," however, was to put business on the spot, so it would have to come in and ask for higher ceiling prices to which it would be entitled under the law, so that business would be blamed for the higher prices.

Congress grew some of the teeth from the Smaller Defense Plants Corporation proposal before enacting it into law. For one thing, it removed the power of the agency to use substance compete procurements officials to let contracts to small business via this agency if the agency demanded them. For another, it refused to make the Corporation the claimant agency and distributor of scarce materials for "small business." For another, it removed the agency's power to compel RFC to make loans for any purpose upon its recommendation.

On the other hand, the new Smaller Defense Plants Corporation, is, nevertheless, a potenacy agency. It can certify both the "credit and competence" of any prospective bidder for government contract, and that certification is binding upon procurement officials.

(Columns is intended to re-reflect the "behind the scene" interpretations from the nation's Capital and may or may not coincide with the "Chronicle's" own view.)