ESTABLISHED 1839

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 174 Number 5040 New York, N. Y., Thursday, August 23, 1951 Price 40 Cents a Copy

EDITORIAL

As We See It

For a good while past a number of schemes for changing the terms of the Federal banking law of the land have been under discussion in official and political circles. These proposed changes have been designed to give the Federal Reserve authorities greater powers over member banks and other elements in the business community, and to establish by law some system under which it would be possible for the Reserve authorities to limit other forms of credit while keeping bank portfolios open to the Treasury without thereby pumping more money into the economic system.

Not very much has been heard of all these things during the past month or two. For one thing, the Treasury has to date been finding itself in a much more comfortable position than had been expected, thanks to sloth in getting the armament program going and to greater tax collections than had been anticipated. For another, the trend of economic events in recent months has quite unexpectedly turned the official mind from worrying about inflation to wondering if by the time the political campaigns get under way next year there may not possibly be cause for worry about what is popularly known as deflation. Meanwhile the Treasury and the Reserve appear on the surface, at least, to be moving harmoniously along in sharp contrast to the situation which prevailed for some months prior to the switch of Mr. Martin from the Treasury to the Board.

But despite all this, there are indications that there may be a revival of interest in the weeks ahead in the matter of banking law and in general, to questions that have to do with Federal Reserve powers and policies and their relation-

Continued on page 19

Inflation: Our Real Danger

By JAMES E. McCARTHY*

Dean of the College of Foreign and Domestic Commerce, Notre Dame University

Dean McCarthy cites as potent inflationary factors the fact that consumer income is increasing about $20 billion a year and constant rise in wages without compensating gain in productivity. Says price support program has sapped foundation of our agricultural economy, and attacks needless government spending and low moral standards in political life. Warns economic security cannot be attained by playing off one class against another.

Before I say anything at all to you today, I would like to make a few disclaimers, just as a matter of common honesty. I assure you that I have no pat answers to the spate of problems that are plaguing us as individuals and as a nation; therefore, I am both unwilling and unable to speak dogmatically, either politically or economically. I can only speculate. Parenthetically, may I say that I used to look with considerable awe at the solemn seers who are always so positive in their syndicated prognostications of the shape of things to come. But I ceased being awestruck after I had kept a boxscore for awhile and found that they are more often interesting than accurate. I have no crystal ball. I am neither prophet nor pundit, but only a man who is trying as best he can to figure things out and to use a little common sense in the process. It is on this basis that I ask you to accept me. My observations and conclusions, I suspect, are very much like your own because of the background we have in common. We are deeply concerned about the welfare of our country, now and for the future. We have a firm faith in the soundness of its democratic principles of government and in its economic system of free

James E. McCarthy

Continued on page 22

*An address by Dean McCarthy at the annual convention of the National Association of Soft Water Service Operations, Chicago, Ill.

Deflationary Implications In Economic Situation

By THOMAS D. SEARS

Investment Counsel, Santa Barbara, Calif.

Referring to his previous analysis of inflationary and deflationary forces in current economic situation, Mr. Sears, after presenting a statistical summary of such factors as production, consumption and monetary movements, concludes, if surveyed without reference to defense program, there are deflationary rather than inflationary implications in recent developments. Sees no likelihood of shortages in any field arising from proposed level of defense expenditure, and concludes potential inflationary pressures have been over-estimated.

"The Commercial and Financial Chronicle," in its March 22, 1951 issue, published my somewhat detailed study of inflation forces which attempted to appraise their source, intensity and staying power.

The conclusions drawn were stated as follows: "One may say that although inflationary fears and speculations have been dominant in the price movements of commodities, real property and common stocks during the past seven months, and are still a potent force, there is statistical ground for believing that the inflation has been self-induced and that the potential inflation may have been over-estimated. The rise in prices and in industrial activity and sales since last June has been the product not of scarcity but of fears of scarcity. We have produced in the aggregate more than we have consumed, and the surplus has found its way into business warehouses, stockpiles and reserves where it will be available for future consumption.

Thomas D. Sears

"To finance this wave of anticipatory demand, savings have been reduced and borrowing has rocketed, thereby

Continued on page 18

NEW NSTA OFFICERS—Slate of prospective new officers of the National Security Traders Association, Inc., appears on page 8. The Association will hold its Annual Convention at Coronado Beach, Calif., from Sept. 30 to Oct. 4.

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.)

HENRY P. NEWELL
Filor, Bullard & Smyth, N. Y. City
Members, New York Stock Exchange

Giant Yellowknife Gold Mines, Ltd.

The security I like best is Giant Yellowknife Gold Mines Limited. This may seem an unusual selection as the company operates in an industry that for a number of years has been retrogressive, due to rising costs and a fixed price for gold. Despite this present handicap, Giant Yellowknife is displaying dynamic growth and earnings capabilities. The company made a profit in its very first year of production—1948. It has shown sharply increased profits in each succeeding year. It has liquidated in full, bank loans of over $1 million. Costs are actually being reduced and an operating profit of approximately $16 per ton is being shown. This is as good as that of many successful base metal operations, but Giant's profits are based on the known stability of gold, which is never likely to sell below its current price of $35 per ounce and may well sell for much more.


Henry P. Newell

Located on the shores of the Great Slave Lake in Northwest Territories, Giant Yellowknife is aptly named. The huge property covers an area of 1,600 acres and is over three miles in length. As a comparison, it is equal in size to the combined area of the seven famous producing mines in the Kirkland Lake Region. The company reported proven ore reserves of over 3½ million tons, or roughly a 20-year supply at the current rate of operation. These reserves are at shallow depth, easily accessible and of very satisfactory quality. Furthermore, diamond drilling indicates that the ore persists in good quality at much lower levels. So far, only a small portion of the property has been explored and developed. A more up-to-date estimate of reserves will be available in September, but it is known that they have been expanded considerably. It is significant that on numerous occasions ore has been found to be of higher grade than at first estimated on the basis of preliminary drilling. In 1949, ore at the millhead averaged .63 ounces of gold per ton; during the year ending May, 1951, the average was .82 ounces per ton; during June of this year the average was .91 ounces and currently a substantial amount of ore showing over one ounce per ton is reaching the millhead. Especially good results have recently been obtained at the 750-foot level in the area of the C shaft. Here drilling has thus far indicated more than 1,600 feet of important new ore, ranging up to 1.04 ounces of gold per ton across 17½ feet.

Production at Giant Yellowknife began officially on June 1, 1948. For the first four months a net profit of $93,400 was reported before writeoffs. At the end of the first full year of operations, ending May 1, 1949, the net before writeoffs was $1,006,226. The corresponding figure for 1950 was $1,536,259. For the six months ending Feb. 28, 1951, net profits had risen to approximately $1,200,000 before writeoffs. The upward trend continues with the June, 1951, figures the best of any month yet reported.

It is well to remember that these results are being achieved by a new mine whose present mill capacity is limited. By February, 1952, Giant's mill will have been enlarged to 750 tons daily, or nearly twice current capacity. Output will thus be increased accordingly and a further reduction in the already low costs will have been effected. Ultimately it is planned to expand Giant's mill capacity to several thousand tons daily. From the standpoint of comparative operating costs and recovery of gold per ton, the following table is interesting. These figures are based on 1950 results.

	Operating Costs per Oz.	Average Recovery per Ton of Ore Milled
Giant Yellowknife	$19.58	$28.51
Hollinger	30.28	8.75
Dome	27.22	8.59
Lake Shore	23.03	15.43
McIntyre Porcupine	29.19	10.20
Teck-Hughes	31.56	11.12

Interim financial reports indicate that the company is successfully building up its working capital. Dividend action will probably be postponed for another year as liquid reserves are being husbanded for expansion requirements.

Giant's sole capitalization consists of four million shares of common stock authorized and outstanding. Of this amount approximately 54% or about 2,250,000 are owned and are being held by Frobisher and by Yellowknife Bear Mines Limited. Thus the floating supply of stock can be said to be reasonably low. Shares are traded on the New York Curb Exchange where they are selling near 9.

Giant Yellowknife is blessed with both high-grade ore and tonnage in unusual measure. Very substantial growth in both production and earnings seems assured even though the price of gold remains fixed at $35 per ounce. Should the official price of gold be raised to a level fairly close to that which exists in the free gold market, the effect would be favorable in the extreme to Giant's fundamental position. I feel that Giant Yellowknife is destined to take its place among the largest and richest gold producers on this continent.

A. JERVIS O'DONOHOE
President, Lampard, Francis & Company, Limited, Toronto, Canada

Cockshutt Plow Company, Limited (Common Stock)

The common stock of The Cockshutt Plow Co., Ltd., listed on the New York Curb (rather inactive) and the Montreal and Toronto Stock Exchanges, is my favorite security.


A. J. O'Donohoe

It has three sterling qualities—financial strength—good growth possibilities and low price-earnings ratio, actually only 3 or 4 times at the present price of $32.00 (Can.).

The company has long years' experience in the farm implement industry—absolutely fundamental to the world's economy—and a small, compact capitalization.

The Cockshutt Plow Co., 112 years old, is the second largest Canadian-owned farm equipment manufacturer and the eighth largest in the world. It is the smallest of the "large" companies and for that reason has plenty of room to expand and, indeed, has. Cockshutt owns two factories—one at Brantford, Ontario, and one at Smiths Falls, Ontario — and a third, owned by a subsidiary, Brantford Coach and Body Ltd., the largest Canadian manufacturer of truck bodies. Total employees number 3,300 and stockholders about 3,500. None of these shareholdings are large so one is not faced with the recurrent bugbear of blocks of stock overhanging the market. Total volume of shares traded in Canada during 1950 was 241,000.

Annual sales of a complete range of farm equipment run about $50 million (the company does not publish sales figures), which would place volume at about half that of Oliver Corp. 40% of sales are made in the United States, the largest and richest farm implement market in the world, where Cockshutt successfully competes with such giants as International Harvester, Deere and Case. Probably another 40% of output is sold in Canada and the rest scattered throughout the world. This volume, while not large by U. S. standards, is very large by Canadian standards and particularly when imposed on such a small capital base. It represents an improvement of at least 400% over maximum prewar sales which never exceeded $9 million.

This transformation has been brought about by, first, manufacture of self-propelled combines, tractors and other heavy equipment the company never before produced, and, second, successful entry into the U. S. market.

Capitalization of the company is small and simple, consisting only of $4.6 million first mortgage bonds and 427,240 shares of common stock. Cockshutt has spent the last three years putting the strongest kind of underpinning into its financial structure by appropriating large reserves and small dividends. I should think the need for further reserves has now disappeared and I hope the shareholder is about to come into his own!

The following reserves (all tax-paid) have been established:

	Millions	Per Share
Contingent	$2.5	$5.85
Inventory	2.25	5.27
Doubtful debts	.75	1.75

Total $5.5 million, or $12.87 per share.

Published earnings after taxes and the above reserves have been:

1950	1949	1948 (11 mos.)
$4.75	$4.84	$4.82

A remarkable similarity!

Adjusted for (a) about $1 million prior years' taxes paid in 1949 and charged to 1949 profits, thus considerably distorting the earnings picture; (b) transfer to

Continued on page 25

This Week's Forum Participants and Their Selections

We Can Meet Enlarged Demands on Our Resources

By HON. JOHN W. SNYDER*
Secretary of the Treasury

Secretary Snyder reviews nation's increase in industrial capacity since end of war, and stresses rise in individuals' standard of living despite rearmament expenditures. Says we can meet the demands on our resources occasioned by international situation, and points out need of maintaining a balanced budget position in nation's financing. Calls for more savings in building for nation's future.

John W. Snyder

At the end of the war, all of us were looking forward to the postwar period with at least the hope, if not assurance, that we were entering an era of peaceful life in which to try to readjust our economic affairs to a peacetime pattern. Unfortunately, that has not been our experience. In the swift whirl of great events, we have had to devote our attention not only to our own problems of readjustment here in the United States but also to many problems of world-wide import. We have found ourselves, of necessary, in the role of leader of the world in trying to encourage and help other nations in their efforts to reestablish themselves as members of the commonwealth of peaceful people.

Further, these past years have presented a disturbing fact to us. We are faced with strong, undebatable evidence that there is an ideology, opposed to ours, that intends to destroy our hard-earned freedom unless we take positive steps to prevent it.

The Korean situation was an unhappy shock to all of us. The struggle in which we are engaged in Korea is not the defense of the freedom of one small nation; it is the defense of the basic principle of freedom everywhere.

We must never allow ourselves to forget that this instance of armed aggression is only one move in the Communist drive against democratic ideas and ideals. We must be especially cautious that we allow nothing to deter us from our determination to so arm ourselves, both from a military standpoint and an economic standpoint, that we can always maintain a strong position, whether it be at arms or in constructive negotiations. That is the only language the people we are forced to deal with in the present emergency can understand.

In spite of these harassments, we are entitled, nevertheless, to look ahead with confidence. Day by day we are accumulating more of the sinews of military and economic power. So are our friends—the other free nations. The idea of free nations making common cause against the Communist threat is working, and working well. The economic strength of each free part of the world is bolstering the strength of all parts. The resources in which some free countries are rich and others less well supplied are being balanced through mobilization for the strength of all.

Maintaining and nourishing the tremendous productive capacity of America is, of course, our primary responsibility. And let me note here that the production record of the postwar period is a chronicle of unprecedented achievement under a free enterprise system, and a demonstration of the vitality and force of a democracy.

Our Economic Expansion

Our economic expansion since the close of World War II has truly been unparalleled. Private industry has put more than $110 billion into new plant and equipment. Our industrial plant now has an output of a third greater than in the first postwar year. Employment and income have reached successive new records—with civilian employment last month topping 62½ million, and personal income now exceeding an annual rate of $250 billion.

The measure of economic progress which we have made in the postwar period stands out in even sharper light when we compare our present standard of living with that of the prewar years. We all realize that prices have risen sharply since 1939. We all realize that taxes have increased greatly since that time. But how many of us have recognized that incomes—after all taxes and after taking account of changes in prices—have moved ahead even faster?

About two months ago at a luncheon meeting of the Bond Club in Chicago, I made the statement that the average income available per person for spending today will buy 40% more goods and services than the average per capita income in 1939, after adjustment for local, state, and Federal taxes. That statement surprised a great many people, including one of the bankers at the luncheon who wasn't convinced until he had his own statistical staff verify it. A New York State industrialist wrote me a few days ago that a number of people in Rochester had wondered about the 40% figure, but that when his staff

Continued on page 21.

*An address by Secretary Snyder at a dinner meeting of the St. Louis Municipal Dealers Group, St. Louis, Mo., Aug. 20, 1951.

INDEX

THE "CHRONICLE" WILL BE THERE!

Throughout the Annual Convention of the National Security Traders Association, which will be held Sept. 30 to Oct. 4 at Coronado Beach, Calif., the "Chronicle" photographer will be very much in evidence. And the results of his endeavors will be one of the many features in the "Chronicle's" Special Convention Issue.

Published Twice Weekly

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Patent Office

WILLIAM B. DANA COMPANY, Publishers
25 Park Place, New York 7, N. Y.
REctor 2-9570 to 9576

HERBERT D. SEIBERT, Editor & Publisher
WILLIAM DANA SEIBERT, President
WILLIAM D. RIGGS, Business Manager

Thursday, August 23, 1951

Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.).

Other Offices: 135 South La Salle St., Chicago 3, Ill. (Telephone: STate 2-0613); 1 Drapers' Gardens, London, E. C., England, c/o Edwards & Smith.

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 8, 1879.

Subscription Rates

Subscriptions in United States, U. S. Possessions, Territories and Members of Pan-American Union, $45.00 per year; in Dominion of Canada, $48.00 per year. Other Countries, $52.00 per year.

Other Publications

Bank and Quotation Record — Monthly, $30.00 per year. (Foreign postage extra.)

Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

For Whom the Bell Toils

By IRA U. COBLEIGH

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

Stockholders of American Tel. and Tel.—their numbers, and some discussion of advantages to be gained or lost should this Bell-wether of the Exchange ever split its stock.

Rumors, rumors, nothing but rumors! In the board rooms, in financial columns, from the lips of hundreds of customers' brokers, the same two types of buzzes. "Telephone is strong today—a new high looks like another split up" or "Telephone is up, but there's one stock that they'll never split. Earnings and investment demand on a 5.6% basis alone account for the volume and price." Everybody has the answer—yet nobody has the answer!

Ira U. Cobleigh

So let's get out of this gossip gab-fest, and apply a little logic to the question. We start off with a lot of highly impressive known facts. As Americans, and investors, we ought to be pretty proud of A T and T. The largest private enterprise anywhere (almost $11 billion in assets), it operates about 50% of the world's telephones. Its capacity to extend service, research new efficiencies such as dial phones, coaxial cables, and microwave circuits, and to finance all its vast plant expansion by private and institutional investment is one of the golden examples of the essential worthiness of our enterprise system.

Nor in developing its brilliant history of service to customers, has it forgotten the investors. With a perfect record of interest and principal payment on its obligations it has, for 31 years, paid $9 dividends on its common, plus almost as many rights as Dempsey threw, to buy new stock or debentures at favorable prices through the years. These rights have woven an important element of capital gain into the portfolios of subscribing stockholders. So today we view a contented army of a million stockholders (25% of them employees) divided as shown in the accompanying table.

From the data in the table, and from the fact that ATT added 156,000 new stockholders in 1950, much good sense can be found in the management's traditional attitude against any financial fission. That viewpoint sums up like this.

(1) The $9 dividend is one of the most impressive landmarks in American finance. Investors by the thousand are magneted to Telephone shares by their reliance on the persistency of this annual income.

(2) With more than twice as many stockholders as any other corporation, the management can reasonably argue that that fact, alone, is sufficient answer to those who say T is too high priced to lure new buyers. Also, there are thousands of invisible stockholders through steady purchase by mutual, pension and insurance funds.

(3) The $100 par permits ready comparison of earnings and operating statistics from year to year.

(4) For the odd lot buyer of from one to 10 shares (and almost 50% of the stockholders are in that group) the brokerage and odd lot commissions charged the purchaser are less, per dollar invested, than they would be if the shares (after say a four for one split) sold at 40.

(5) There would be great cost to the company if shares were split, for mailing notices, preparing and delivering new shares, adjusting the terms of existing convertible debentures, plus higher transfer and registrar fees; and a vast confusion among the less sophisticated investors.

(6) The stock now enjoys wonderful marketability and broad distribution, so why split it?

(7) Most shareholders are investors, not speculators. Some 50% have held their stock for five or more years. Presumably it would make little difference to them if the stock became a more volatile market performer at a lower price range.

A T & T STOCKHOLDERS AND SHARES HELD BY CLASS OF PERSON AND AMOUNT OF HOLDING
June 15, 1951

Class of Person	Stockholders	Shares Held
Men	249,498	7,796,754
Women	493,621	12,332,091
Joint Accounts of Men and Women	234,400	4,990,903
Others	39,973	5,641,450
Total	1,017,492	30,761,198

Amount of Holding	Stockholders	Shares Held
1— 5 Shares	297,493	923,029
6— 10 Shares	211,389	1,768,500
11— 25 Shares	238,538	4,206,562
26— 99 Shares	208,778	9,820,666
100—999 Shares	60,481	10,098,275
1,000 Shares and Over	913	3,944,166
Total	1,017,492	30,761,198

(8) People buy stocks for earnings and income. Having four pieces of paper instead of one represents no real gain on those counts, and just clutters up one's safe deposit box unnecesarily.

Well these are most of the solid reasons why T should stay as sweet as it is.

For those who, quoting Governor Dewey, say "It's time for a change" these gems of logic appeal:

(1) Of course A T & T has the most stockholders. It should have. It's far and away the corporate colossus of America. Its name and service are built into our way of life. It got a million stockholders just by "doin' what comes naturally." If it split its stock, it could get 2 million!

(2) Seventy per cent of Exchange trading is in stocks below 50. If T sold there, it would pick up thousands of investors who don't go for the 160 altitude.

(3) If the stock were split four for one, it would be more likely to advance, and thus accelerate conversion of some $620 million debentures outstanding. This would be of great help to the company's financing program; and higher market prices never broke a stockholder's heart!

(4) American Telephone & Telegraph lays out for addition to plant around $1 billion a year. To get this money it goes to stockholders. Therefore it needs, at all times, the largest list of solvent stockholders it can properly acquire. Splitting the stock should increase this base for future financing.

(5) Rate increases depend, in final analysis, on public acceptance. How better build a favorable public opinion than by very widespread share holding? Again, popularizing the market price through a split should help build this vital goodwill by expanded ownership.

(6) While it is true that no subsidiary of A T & T has split its stock in recent years, two companies affiliated with the Bell System have split—Southern New England Telephone four for one on May 9, 1949, and Bell Telephone of Canada, Oct. 1, 1948, also four for one. Thus, if any precedent at all can be found for telephone share division, it is on a four for one basis.

(7) If such distinguished and elegant corporate characters as General Motors, du Pont, Allied Chemical and Dye, and Atchison have seen fit to split their shares in the last two years, the idea must have a whale of a lot of merit. It evidently has a marked appeal to many stockholders.

Well there you have it. Nuggets of pure logic on each side of the fence, and you wind up wondering which will prevail. Sort of like the famous "lady or the tiger" routine.

In summary the honored investment status of A T & T common should not be sullied by any siren clamor of the current fashions in finance. Yet the big goal of private enterprise is to sell the system—not to a mere 15,000,000 stockholders but to 50,000,000 if possible. How better fight off the trend toward public ownership and State Socialism, than by maximizing share ownership, using share splitting, if that will attain this vital objective?

Splitting is woven deeply in the web of history. The Roman Empire split into Eastern and Western Zones, Abraham Lincoln split rails, the modern world is split, Communist and non-Communist, and Korea bids fair to be split around the 38th parallel. And what about A T & T? Split or intact it's a great stock, and the Bell (system) toils to make it an even better number all the time!

Forecasts 1953 Deficit Without More Taxes

Report made by Staff Director of the Joint Committee on the Economic Report, of which Sen. Joseph C. O'Mahoney is Chairman, points out, if nation is to continue on pay-as-you-go policy, Congress must face problem of finding additional revenues, which must come from individuals in the $3,000 to $10,000 income brackets.

In a report, dated Aug. 7, issued for the Joint Committee of Congress on the Economic Report by its staff director, Grover W. Ensley, and released for publication on Aug. 13 by Sen. Joseph C. O'Mahoney, Chairman of the Committee, it is predicted that with projected defense programs ahead, unless Congress provides for substantial additional revenues, a Federal budget deficit as much as $12 billion may result in the fiscal year 1953. Concerning the budget situation, the report states:

Sen. J. C. O'Mahoney

"While the budget position of the government for fiscal 1951 as a whole was favorable, the government has been operating at a deficit since April, 1951. It would be short-sighted to ignore the future budget implications of present programs. The peak in military expenditures will come after the peak in obligations. In other words, during this period of build-up in defense preparations, net new obligations for defense expenditures will probably reach their peak toward the end of the fiscal year 1952. Thus, the Defense Department, at the end of fiscal 1952 will have a carry-over of unexpended authorizations for military functions in the form of contract obligations or continuing authorizations of about $58.5 billion, or $18.5 billion more than the estimated expenditures of $40.0 billion in fiscal 1952. Even though new obligational authority for fiscal 1953 is reduced below fiscal 1952 levels, expenditures under present plans would apparently rise in fiscal 1953 to about $55.5 billion for Defense Department military functions. This figure suggests a level of expenditures somewhat higher than the minimum figures recently cited by Budget Bureau officials for Defense Department military functions and military aid combined. On the other hand, it is below the maximum figures for military function of the Defense Department recently suggested by the Assistant Secretary of Defense. In light of this divergence the $55.5 billion figures seem reasonable and realistic.

"In addition, there will probably be about $32 billion of expenditures in fiscal 1953 for stockpiling, atomic energy, foreign military and economic aid, interest on the debt, veterans, and other civil functions of the Federal Government. Thus, in total, the Federal administrative budget may possibly reach a total of about $87 billion in fiscal 1953. Adding expenditures in trust accounts would raise cash payments to the public to practically $90 billion.

"Under present tax laws, and assuming enactment of the House tax bill, tax receipts may run about $75 billion in fiscal 1953, which, together with trust account receipts, may mean about $82 billion in total cash receipts from the public. On this basis, the excess of payments to the public over cash receipts from the public would be about $8 billion, and the Federal administrative budget deficit would be about $12 billion. Obviously, therefore, the budget now being acted upon by Congress, including both appropriations and taxes, implies a substantial deficit in fiscal 1953 if present defense programs are carried through as now planned.

"If the nation is to continue a pay-as-we-go policy, Congress must face the problem of finding substantial additional revenues above those in the House bill. Clearly, most of these would have to come from individuals in the $3,000 to $10,000 income brackets. There seems to be no other source left from which to get the substantial volume of revenue needed to maintain a pay-as-we-go policy. An examination of the effective tax rates under the present law and under the House-passed tax bill confirms the belief that in this middle range of incomes, tax rates could be increased further. The total tax load under such a program would still be equitably shared among income groups."

Join Douglas Hammond

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, Calif. — James B. Hickey and William H. Johnson are now with Douglas A. Hammond, 5327 Lakewood Boulevard.

The State of Trade and Industry

Steel Production
Electric Output
Carloadings
Retail Trade
Commodity Price Index
Food Price Index
Auto Production
Business Failures

There was a slight decline in the over-all level of industrial production for the nation at large the past week, but a comparison with the like week of 1950 reveals little change. In the latest reporting week employment held steady and at a high level, while new claims for unemployment insurance continued to fall off. As in weeks past steel-making operations were again maintained above the 2,000,000-ton mark. In fact, they set a record for the 24th straight week.

Output of goods in the United States in the second quarter jumped to an annual rate of $326 billion from $319 billion in the first quarter and $275 billion in the second period of 1950, reports the United States Department of Commerce. The total for the second quarter represented a record high annual dollar rate. However, civilian demand dropped below first quarter levels, with consumers spending 3% less in the second quarter. All the $7 billion rise between the first and second quarters was accounted for by government buying.

It was disclosed for the first time on Friday last that scarce materials are being released from government stockpiles to meet defense production needs. Defense Mobilizer Wilson revealed that President Truman has authorized the withdrawal of 25,000 tons of copper to help overcome current shortages of the metal in defense industries. About 10,000 tons have already been transferred. A Munitions Board spokesman indicated that similar withdrawals had previously been made from stores of key metals and other vital materials maintained by the government for emergency purposes.

The Interstate Commerce Commission on Aug. 8, last, authorized the railroads to increase freight rates by 9% within the Eastern territory and by 6% within the Southern and Western territories and interterritorially between the three regions.

This latest increase averages 6.6%, and it absorbs and includes the interim increases averaging 2.4% which the Commission approved on March 12, 1951, and which went into effect on April 4.

Steel distribution will be just as tangled in the fourth quarter as it is at present, says "Steel," the weekly magazine of metalworking, the current week. That's the view of industry leaders today as they seek to appraise their position amid the confusion existing in the various product markets. As far as they can determine from their present position, the magazine states, turmoil in distribution will be experienced right into first quarter of next year.

The supply outlook is especially distressing in such major products as plates, structural shapes and bars, the trade weekly asserts. Producers of such items already are practically fully committed for the quarter, and much tonnage still remains to be scheduled in both the A and B classifications under the CMP. Structural fabricators are predicting widespread curtailment in output in the closing weeks of the year unless something is done to assure them steel supplies.

While acute steel supply conditions threaten over coming months, here and there evidence is coming to light indicating rising inventories at some consumers' plants, "Steel" notes. Indications are some consumer durable goods makers have been taking in steel steadily in the face of declining orders for their finished goods. As a result their steel stocks are up, and this is resulting in a trickle of tonnage cancellations to the mills.

Significantly, in this connection, this trade paper points out, there was no stampede of consumer durable manufacturers to file their fourth quarter tonnage requests under the CMP by the Aug. 15 deadline.

Automotive output in the United States turned upward the past week to an estimated 123,066 units from last week's revised figure of 95,060 units, "Ward's Automotive Reports" revealed.

"Ward's" stated that last week's increase, resulting from resumption of production by many General Motors plants, returned output to more normal National Production Authority curtailment levels and to the highest production plateau reached in July.

Labor trouble was at a minimum the past week, the agency stated, with walkouts at Mercury plants at Metuchen, N. J., and St. Louis the only disturbances reported.

Hudson, though back at work, has yet to resume final assemblies, following agreement on Monday of the previous week between the company and its workers, "Ward's" observed. Studebaker reported five-day assemblies, however, after operations last week were held to four days because of labor troubles, the agency added.

Steel Output Scheduled to Decline 1.1 Points This Week

Marked improvement in steel distribution should result from a slight relaxing of controls by National Production Authority permitting steel companies to re-establish historic customer relationships, states "The Iron Age," national metalworking weekly, in its current summary of the steel trade. This had long been a sore point in the industry. Relief may have come just in time to keep the Controlled Materials Plan from tumbling down on some Washington heads, it declares.

Formerly NPA required mills to book CMP orders on a first-come-first-served basis. This not only disrupted longstanding customer relationships, it also had the frustrated customers rushing madly over the country trying to place their orders—and, too often, failing. This was as wasteful as it was confusing. It resulted in excessive delay and freight charges, and further taxed strained transport facilities, the paper adds.

Mills have been notified they may take or reject CMP orders regardless of date received until 15 days before lead time expires.

Continued on page 16

ISRAEL'S POLITICAL DIRECTION —"Is She Going Socialist?"

By A. WILFRED MAY

Observer finds continuation of unorthodox mixed economy and multi-faced economic policies assured as Elections' aftermath. Notes on the one hand collective and cooperative techniques, with widespread labor domination. On the other hand, cites concurrent evidences of free market with eager wooing of private capital investment. Finds labor's constructive assumption of self-restraint when it is in employer position and affiliated with Government responsibilities. Concludes determination of nation's permanent ideological direction must await end of present economic emergency which is forcing "shot-gun honeymoon period" between capitalists and socialists.

(Third and last 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—The results of the recent Parliamentary elections here shed much light on two recurring important questions: first, the possibilities in the world's democracies of the conservative minority "outs" checking entrenched labor-backed majorities devoted to Welfare-ism; and second the ideological direction of Israel's economy.

A. Wilfred May

Electoral Setback to the Socializers

The electoral gains made by the free enterprise-pushing General Zionist Party, reflected in its increase in Parliamentary seats held from 12 to 20, seem to harbor widely significant implications for those in the other world democracies who have been despairing of the possibility of ever turning out of office the entrenched regimes of planners and restoring the free market. Here the socialists' setback may not imply a permanently new political trend, but it at least indicates their vulnerability to sharp reversal through the public's dissatisfactions with the "ins."

Continued Compromise Foreshadowed

The Mapai party of the moderate Socialists, whose leader Ben Gurion, has been proclaiming that free enterprise spells bankruptcy, has maintained a sizable majority-short plurality. But these "Left Wingers" are confronted with large electoral gains by the general Zionist free enterprise party, whose platform is based on curtailment of controls and planning. This anomalous result, foreshadowing continuation of a coalition governing arrangement, makes it certain that the multi-faced directions of the government's domestic policies will go on unabated, and that attempts to define the economy according to orthodox standards will remain fruitless.

The basic "Left-Right" *economic* schism has been accentuated by the loss in strength of the religious parties (Mizrachi, Hapoel Hamizrachi, Poale Agudeth Israel, and Agudeth Israel) in relieving the Prime Minister and his plurality-holding Mapais from making economic concessions to keep them in line.

A Thoroughly Mixed Economy

On the one hand the majority of the nation's land is owned or administered by the state. Of the total of agricultural property 64% is in collective settlements without private ownership and individual incentive; 28% is in cooperatives; and only 8% is privately owned. Of the production of milk, 37% comes from the collectives, 36% from cooperatives, and 27% from private owners. In the case of eggs, 17% comes from collectives, 60% from cooperatives, and only 23% from the private sector.

And the giant labor federation, Histadrut, with a membership exceeding 75% of the country's wage-earners, has far-flung ownership and management throughout industry, including building, banking, transport, and distribution, with monopoly predominance in some. At least 20% of all manufacturing industry is directly owned by Histadrut and the balance of the labor sector.

On the other hand, the ubiquitous roles of this predominantly labor coalition government include vigorous stimulation of many phases of a free market economy. For example, typifying the very intensive efforts being made to encourage investment of domestic and foreign private capital, the Law for the Encouragement of Capital Investments, administered through a so-called Investment Center, is devoted to facilitating the initiation of projects and offers investors a variety of concessions and special privileges in the spheres of taxation, depreciation allowances, capital imports, foreign exchange conversion.

The Nationalization Paradox

Also seemingly paradoxical is the continued abstention of the socialistically-slanted regime from that keynote instrument of socialism, the nationalization of industry. Under the traditional definition of a socialist economy, specifying the state's ownership of the means of production, Israel assuredly is not a socialist state. Only railroads, communications and ports are under state ownership, and were so placed back in the days of the Mandate (the government also has a half-interest in the Israeli Airlines).

But here nationalization is not the test of the prevalence of a free market economy. The non-privately owned portion of the means of production is owned by the workers through the network of federated cooperatives.

And it is important for prospective foreign investors and others to realize that Israel harbors small possibility of doctrinaire nationalization in the future. This conclusion arises on two grounds. In the first place, the government realizes its need for the private capital investor, and the disastrous discouragement to him that would ensue from nationalizing. In the second place, labor's continuing domination over industry is made effective through the workers' 75% inclusion in their federation, Histadrut, plus its ownership functions. Under industry nationalization, on the other hand, its influence would be vulnerable to changes in government policy, whether by order of the electorate or otherwise.

Consistent with this thesis, Histadrut has kept its own health service free and clear of government hands and the pro-free enterprise General Zionist Party has just reiterated as foremost elements of its price for coperation, nationalization of the health and welfare services, and state control of the labor exchanges which are now dominated by Histadrut.

Labor's Self-Restraint

Also growing out of labor's double employer-employee status here is the somewhat surprising self-restraint exercised over worker demands. Excepting in industries requiring special skills and harboring worker shortages, as in building, wage rises have been moderate vis-a-vis the cost-of-living index, particularly if the prices on the widespread black market be realistically taken into account. The workers' living standards remain far below those in England and France. The concessions granted to the workers by Histadrut acting as employer, are merely those which follow the political pressures under which the labor vote is continually placated in all free market democracies. Identification with responsibility for governing seems also demonstrated, as in England, to provide a salutary force toward holding labor in check.

The Nation's Ideological Future

But in weighing the likely course of Israel's political direction, it must be realized that underlying the ideological cross-cur-

Continued on page 25

Place Credit Restraints on Government Lending Agencies!

By ARTHUR W. CRAWFORD*
Member, Tax Foundation Staff

Pointing out Government lending agencies are feeding fires of inflation, Dr. Crawford urges credit restraints laid on private financing should be applied to Federal loan, insurance, and guarantee programs. Cites heavy provisions for veterans, mortgage guarantees, and agricultural lending programs, as well as Export-Import Bank expansion and RFC operations. Concludes, unless restrictive policies are imposed on public lending, program of voluntary credit restraint by private agencies will be wrecked.

Restraint of unnecessary credit expansion urged upon banks, insurance companies, and other private financing institutions by the government as a means of checking inflationary pressures, could be made an even more effective instrument were it applied unequivocally to those government agencies which, through loans, insurance, and guarantees, have been feeding the inflationary fires and continue to do so.


Arthur W. Crawford

The magnitude of the lending, insuring, and guaranteeing programs of the Federal government is not generally realized. The best single measure of these programs is provided by figures on new commitments for loans, insurance, and guarantees revealed in a special analysis of Federal credit programs appearing for the first time in the Federal budget for the fiscal year 1952.

Total new commitments in the programs covered are estimated at $13,340 million for fiscal 1952 as compared with $13,613 million in fiscal 1951, and $11,967 million for fiscal 1950. The 1952 total is only slightly less than 1951 and a substantial increase over 1950. Administrative costs are not included in the analysis' figures.

Included in the 1952 new commitments are $3,493 million of loans and $9,847 million of insurance and guarantees. Actual disbursements of loans are estimated at $2,077 million.

These totals, although large, by no means tell the whole story. The loans are only those so classified in a separate budget analysis on "Investment, Operating, and other Budget Expenditures." For example, all activities of the Commodity Credit Corporation are excluded on the theory that price-support loans (estimated at $1.6 billion for 1952) are non-recourse loans, normally extending only for the duration of the marketing season, and are an intermediate step toward the acquisition of assets in the form of commodities.

This analysis also excludes mixed-ownership corporations and other government agencies operating in whole or in part with private funds. Among the government-sponsored credit agencies which are thus excluded are the Farm Credit Administration (which embraces the Federal Land Banks, the Intermediate Credit Banks, the Banks for Cooperatives, the Production Credit Corporations, and the Production Credit Associations), the Federal Home Loan Banks, the Federal Reserve Banks, and the Federal Deposit Insurance Corporation.

The gross outlay of the CCC for the fiscal year is estimated at $2.2 billion—of which three-fourths is represented by loans. The agencies of the Farm Credit Administration, which finance normal agricultural operations, extended credit to the amount of about $3 billion during fiscal 1950. In the same fiscal year, advances of the Home Loan Banks amounted to upward of $400 million.

*Reprinted with permission from the "Tax Review," published by the Tax Foundation, New York City. Dr. Crawford, a member of the Tax Foundation staff, has been writing on public finance and related subjects for more than 30 years.

Lack of Control by Congress

Credit agencies of the government offer outstanding examples of spending programs over which adequate fiscal control by Congress is lacking. Their functions are carried out under substantive laws which make it difficult and sometimes impossible for the Appropriations Committees to exercise a restraining influence.

These government corporations and other credit agencies are authorized to borrow from so-called Treasury public-debt receipts, which are funds obtained in financing operations rather than from taxation. While initial capital stock of these corporations has been appropriated, no appropriations for current operations are required. These agencies in most instances maintain revolving funds into which are paid receipts from repayments or sales. Net withdrawals from, or repayments to these funds are reflected in budget expenditures.

The only limitations upon net expenditures of these credit agencies or upon insurance or guarantees are maximum amounts specified in substantive law. Usually these statutory limits are sufficiently large to make unnecessary for years at a time any request to Congress for more funds or authority. If such a request is made, it goes to the legislative committees which drafted the substantive laws—rather than to the Appropriations Committees. The legislative committees rarely have any concern for excessively inflationary aspects of a credit program or budget deficits.

How to bring these lending and insuring agencies under more effective budgetary control is a problem which assumes very great importance in the light of the present dangers from inflation and from onerous taxation.

It will be recalled that the President by Executive Order delegated to the Federal Reserve Board his authority under the Defense Production Act of 1950 to encourage private financing institutions to enter into voluntary agreements and programs to restrain credit. With a member of the Board as Chairman, a Voluntary Credit Restraint Committee has been actively at work for a number of months.

It should be the purpose of financing institutions, the Board said in a statement of guiding principles, "to extend credit in such a way as to help maintain and increase the strength of the domestic economy through the restraint of inflationary tendencies and at the same time to help finance the defense program and the essential needs of agriculture, industry, and commerce." It was also asserted to be "most important that loans for non-essential purposes be curtailed in order to release some of the nation's resources for expansion in more vital areas of production." The statement also took cognizance of inflationary lending by Federal agencies, asserting these "should be vigorously dealt with at the proper places."

These lending and insuring agencies were created for avowedly inflationary purposes during periods of low prices and slack business. The mandates in basic laws take little or no account of the desirability of contracting credit when economic activity is reaching boom proportions.

Government Housing Operations

In the forefront of inflationary influences are those government agencies in the housing field. For example, the Federal Housing Administration is authorized at present to insure $19.5 billion of home mortgage loans and $1.25 billion of home improvement loans. Instead of imposing restrictions upon this program, there is proposed in the 1952 budget new legislation to add an additional $3 billion in mortgage insurance authority. New mortgage insurance of the FHA in fiscal 1952 is estimated in the budget in excess of $4 billion—which assumes availability of the proposed new authorization.

New guarantees of mortgages by the Veterans' Administration in 1952 are estimated at almost $4 billion. It is estimated that total insurance and guarantees of the FHA and VA in force on June 30, 1952 will be almost $26 billion, with additional commitments of $2.8 billion, making total obligations of nearly $29 billion.

Direct government loans for housing, principally to public bodies through the Public Housing Administration, are increasing under public-debt authorizations of $1.5 billion in the low-rent public housing program and $1 billion for slum clearance, not including grants which will run to substantial amounts. It is officially estimated that 40% of the present home mortgage debt is insured or guaranteed by Federal agencies. Without the insurance and guarantees the volume of private housing credit undoubtedly would suffer a shrinkage.

The government housing programs, whether in the form of insurance, guarantees or loans, have contributed and continue to contribute to shortages of labor and materials and to increased costs. Inflationary influences remain present to a marked extent, despite some restraint through new controls imposed on housing credit by the Federal Reserve Board under authority of the Defense Production Act.

Agricultural lending programs are also an active inflationary influence of very large proportions. The CCC, for instance, has the expressed purpose of "stabilizing, supporting, and protecting farm income and prices." The price-support program contributes to the spiral of inflation. Farm-price goals automatically go up under the parity formula as wages and prices of industrial commodities rise. The latter in turn reflect higher costs of farm products.

Other agricultural lending programs whose operations tend in the same direction include the Rural Electrification Administration and the Farmers' Home Administration. The REA, which boasts that 86% of all farms are now electrified, contributes to shortages of labor and materials, thus enhancing the rise of prices in the industrial field. The Farmers' Home Administration goes so far as to make 40-year loans for purchase and improvement of farms up to 100% of their value. Operations of the Farm Credit Administration, while financed largely outside the budget and performing useful functions, also help sustain the inflationary trend.

Reconstruction Finance Corporation

In a third major area of government lending—for business and industry—impetus continues to be given to inflation under statutory authorizations. A fundamental purpose of the Reconstruction Finance Corporation, for example, is "to assist in promoting maximum employment and production." Its program is inherently inflationary, for its assistance to enterprises having difficulty in obtaining funds from banks is a factor tending to nullify efforts of the latter to curtail credit.

The new Administrator of the RFC has taken commendable steps toward curtailment of loans which might have inflationary effects. A new policy of publication of information regarding loans has been helpful in this connection.

In the international field, the Export-Import Bank, charged with the duty of aiding the financing and facilitating of exports and imports, and two international agencies (the International Bank for Reconstruction and Development, and the International Monetary Fund) have also contributed to an expansion of credit with inflationary effect.

The Appropriations Committees have been given no opportunity to pass upon a recommendation first made in the President's budget message—and reiterated in his special message on foreign aid—for an increase of $1 billion in the authorization of the Export-Import Bank to draw upon Treasury public-debt receipts.

Extent of Government Lending

Some idea of the large amounts involved in authorizations to credit agencies to expend from public-debt receipts can be gained from a tabulation totaling almost $20 billion, which was furnished to the Senate Committee on Expenditures recently by the Treasury Department. The items making up the total represent for the most part maximum authorizations for revolving funds. As much as three-fourths of the total has been paid out or committed. The itemization is significant chiefly as showing the magnitude of sums which have by-passed the appropriation process during recent years. (See table below.)

The Hoover Commission recommended the placing of restrictions on direct loans in non-emergency periods. Indeed, there is abundant evidence of the need for sharp curtailment of lending insuring

Programs of Federal Credit Agencies, Fiscal 1952
(In millions)

	Est. new loan commit. 1952	Est. new guar. and ins.	Total new loans, guar. and ins.	Total credit Author.*	Cumulative commitments	Uncommitted author. end of '52
HOUSING				$39,869	$31,503	$8,366
Veterans' Administration		$3.955	$3.955			
Fed. Nat. Mtge. Assn.	$748		748			
Fed. Housing Admin.		4,198	4,198			
Public Housing Admin.	437		437			
Other	427		427			
AGRICULTURE†				3.739	3,519	220
Rural Elect. Admin.	234		234			
Other	144	77	221			
BUSINESS				5,835	2,754	3,081
Defense production	450	1,500	1,950			
Recon. Fin. Corp.	253	58	311			
Other		34	34			
INTERNATIONAL				11,488	10,743	745
Export-Import Bank	790	25	815			
Other	1		1			
OTHER FUNCTIONS	7		7	532	328	204
Total	$3,493	$9,847	$13,340	$61,463	$48,848	$12,616

Source: Analysis of Federal credit programs, 1952 Budget. Items may not add to totals because of rounding.

*The $61,643 million total of authority for loans, guarantees and insurance includes $55,963 million under existing legislation and $5,500 million under proposed legislation. New commitment totals include existing and proposed legislation.

†Data under agriculture reflect only a small part of the farm credit activities of the government. The official analysis of credit agency programs excludes the Commodity Credit Corporation on the ground that it has to do with acquisition of physical assets. Farm Credit Administration agencies are omitted because they are financed largely outside the budget.

Authorizations to Credit Agencies

	(In millions)
Commodity Credit Corporation	$ 6,750
Federal National Mortgage Association	2,750
Rural Electrification Administration	2,374
Export-Import Bank	2,500
Public Housing Administration	1,500
Economic Cooperation Administration	1,322
Reconstruction Finance Corporation	1,000
General Services Administration (for defense production)	600
Housing for educational institutions	300
Housing and Home Finance Agency (slum clearance)	250
Farmers' Home Administration	178
Veterans' Administration (direct loan program)	150
Tennessee Valley Authority	62
Housing & Home Finance Agency (prefabricated housing)	50
	$19,786

activities. Inflationary influences of housing policies have become increasingly dangerous. Agricultural programs have contributed to the soaring price movement.

Besides modification of inflationary policies written into laws which established these lending and insurance agencies, amendments to provide more adequate fiscal control are becoming increasingly desirable.

For example, presently policies as to lending or insurance for business or housing are determined by the Banking and Currency Committees, and by other committees, including those dealing with veterans; those relating to agriculture by the Agriculture Committees; and those in the international field by the Banking and Currency, Foreign Affairs, and Foreign Relations Committees. The authority of the Appropriations Committees under the Government Corporations Control Act of 1945 to propose limitations on administrative expenses of government corporations falls far short of the fiscal control which should be exercised.

Embodied in the Fulbright bill, applying specifically to the RFC (which has been under consideration by the Senate Banking and Currency Committee) are such methods for bringing the corporations under better budgetary control as were proposed by a Hoover Commission "task" force and the Comptroller General of the United States. A similar plan might be applied to government corporations generally—but other devices must be found to bring mortgage insurance and guarantees by noncorporate agencies under better fiscal control.

The Fulbright bill authorizes appropriations to a revolving fund for the RFC in place of its present authority to borrow from Treasury public-debt receipts. The effect would be to force the Corporation to submit its lending policies for review by the Appropriations Committees whenever it needed to replenish the revolving fund, which could be held at a low level.

In the absence of amendments to substantive laws relating to policies of lending and insuring agencies or providing better fiscal control, some steps can be taken by administrative officers toward the curbing of inflationary tendencies. The new administrator of the RFC, for example, is in a position to restrict business loans under broad discretionary powers previously vested in a board of directors.

Unless ways can be found to enforce the same restrictive policies in public credit as are proposed with respect to private credit, the program of the Voluntary Credit Restraint Committee may be wrecked on the shoals of government inconsistency.

With R. C. O'Donnell

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Lee D. Walker has been added to the staff of R. C. O'Donnell & Company, Penobscot Building, members of the Detroit Stock Exchange. He was formerly with Smith, Hague & Co.

With Renyx Field

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Milton Economos is with Renyx, Field & Company, Inc.

Joins L. B. Gage

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass.—Jesse H. Smith has become associated with L. B. Gage, 1387 Main Street.

From Washington Ahead of the News

By CARLISLE BARGERON

There is something pathetic about the present efforts of Congress to cut the Administration's bill for foreign military and economic aid by six or seven hundred million dollars or by a billion or at least by a dollar and seventy-five cents. As it came from the White House it called for $8.5 billion and I think, some odd cents.

Carlisle Bargeron

In other words, Truman would like to have it thought that he and his assistants had it figured down to the last dollar and cent on the number of loaves of bread we would give the French or the Italians or the rest of them this year; the exact number of rifles and bullets. This is, of course, nonsense and it must have decreased the respect for him of the Senate and House leaders when he called them to the White House and sought to cajole or bully them into the acceptance of the figure which he had submitted. These leaders have served with Truman when he was in the Senate, they know him intimately. It is utterly absurd to think that they are likely to accept him as a changed man. I have talked with some of those leaders who were present at that leadership conference and at least two or three could not resist teasing the President about specific items in the $8.5 billion bill. Just how was this figure arrived at? It is doubtful if the greatest accounting firm in the world could work out any such exact compilation. Eight and one-half billions is a lot of money even when just written on a typewriter.

So it is a rather pathetic picture when we see the legislative branch trying to knock off, as I said, six or seven hundred million or a billion or a dollar and seventy-five cents. In itself, this means nothing.

And if it were not for his political vanity, Truman wouldn't give a tinker's dam. In such a huge budget there is ample water and nobody knows this more than General Marshall and Charlie Wilson and the others who, like errand boys, have gone to the Capitol to express their holy horror that a penny should be eliminated. The world, the free world as it is so wittingly called by the propagandists, won't understand.

But we have come to the point of punch drunkenness in this country where the newspapers would hail a reduction in the $8.5 billion figure of any kind, say a hundred dollars, as a defeat for Truman. But to those global minded editors it would be represented as a heartbreak for our allies in the "free" world who are struggling so hard on the 40-hour week, but with most of their wives still plowing in the fields, and with their free medicine and toupees and dentures; a reduction would just about throw them into the hands of the Communists—a good people they are, too. A reduction in the bill, indeed, will likely set the CIO goons upon the necks of those who voted for it, the misguided isolationists, those who don't know the world has shrunk, those who are living in yesteryear.

So, in this light, the seeming determination of the legislative branch to cut these funds, at least to some extent, means something. It reflects the growing dissatisfaction on the part of the American people against this global leadership nonsense. It is my impression that the dissatisfaction is greater than is being reflected in Congress; that that body is moving far too cautiously, which is indicative of the power which the executive branch has come to wield over it.

This invokes a hopeful thought: In 1939, Roosevelt the Great had spent about $25 billion on relief and to prime the pump. The pump hadn't been primed and there were still some 10 million unemployed. He was hard pressed for ideas with which to wrap more requests for pump priming money. But he finally came up with the idea of a spend-lend bill of $4 billion, as I recall it. The bait was that business was to get some of the "lend" money. Everybody just groaned and assumed that he would get it. But in the Senate, the Harry Byrds and the Tafts went to work on the bill and riddled it to pieces. Then, lo and behold, the House killed the bill outright. That was the end of that phase of New Deal spending; Roosevelt turned his energies immediately to Europe and World War II and our participation became inevitable. I hope that history isn't repeating itself this early.

But when I say the spectacle of Congress trying to reduce the $8.5 billion figure is pathetic, I mean that it shows how much of the control of their government the American people have lost. You would think there would be no trouble about it.

Robert Leyendecker Opens

PELHAM MANOR, N. Y. — Robert E. Leyendecker has opened offices at 1073 Grant Avenue to engage in the securities business.

E. B. Randolph Opens

Edward B. Randolph is engaging in a securities business from offices at 60 East 78th Street, New York City.

Dealer-Broker Investment Recommendations and Literature

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

Advisory Service—Special offer of 10 weeks by airmail for $1.00—George Lindsay, 1638½ North Martel Avenue, Los Angeles 46, Calif.

Airlines—Analysis of three representative stocks (**Eastern Air Lines, Pan American World Airways and Uniter Airlines**)—A. M. Kidder & Co., 17 Wall Street, New York 5, N. Y.

Also available in an analysis of **American Insurance Company of Newark.**

Brazil—Memorandum—Chemical Bank & Trust Co., 165 Broadway, New York 15, N. Y.

Graphic Stocks—January issue contains large, clear reproductions of 1,001 charts complete with dividend records for the full year of 1950, showing monthly highs, lows, earnings, capitalizations, volume on virtually every active stock on the New York Stock and Curb Exchanges—single copy $10.00; yearly (6 revised issues) $50.00—special offer of three editions of Graphic Stocks, 1924 through 1935; 1936 through 1947 and up-to-date current edition, all for $25.00—F. W. Stephens, 15 William Street, New York 5, N. Y.

Industries—Market appraisal—Dean Witter & Co., 14 Wall Street, New York 5, N. Y.

"Information Please!"—Brochure explaining about put-and-call options—Thomas, Haab & Botts, 50 Broadway, New York 4, New York.

Over-the-Counter Index—Booklet showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 12½-year period. Of the 35 companies represented in the National Quotation Bureau's Over-the-Counter Industrial Stock Index, 12 trace their ancestry to years before the Civil War and another nine had their beginnings in 1900 or earlier. Twenty-three of the companies have been paying dividends continuously from 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 1833, 1840 and 1858—National Quotation Bureau, Inc., 46 Front Street, New York 4, New York.

Public Utilities—Discussion of electric utility industry with a list of five selected issues—Frank G. LeCocq, Pacific Northwest Company, Exchange Building, Seattle 4, Wash.

Puts & Calls—Booklet—Filer, Schmidt & Co., 30 Pine Street, New York 5, N. Y.

Steel Stocks—Analysis—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

Unlisted Stocks—Specimen portfolio—National Security Traders Association, Morton A. Cayne, Secretary, Cayne & Co., Union Commerce Building, Cleveland 14, Ohio.

Utilities—New analyses of 17 utilities showing opportunities still available in undervalued stocks—also available are new ratings reports on **15 Electrical Equipment, Radio and Television, 44 Chemical, Drug, Liquor; 37 motion picture and insurance**; and **45 food stocks**—special introductory offer including four weekly editions of ratings and reports with special situations recommendation, supervised account report, two fortnightly letters and four weekly supplements, plus 48-page edition on **Electrical Equipment, Radio** and **Utility Stocks** and **Commentary on New 1951 Taxes**—$5.00—Dept. CF-5, Value Line Survey, 5 East 44th Street, New York 17, N. Y.

* * *

American Locomotive—Bulletin—Bache & Co., 36 Wall Street, New York 5, N. Y.

Also available are brief data on **Union Carbide & Carbon, National Steel** and **Thompson Products.**

Atlantic Refining Co.—Memorandum—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

Also available are memoranda on **Cutler Hammer, Inc.**, and **General Portland Cement Co.**

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

Bowser, Inc.—Analysis—Cruttenden & Co., 209 South La Salle Street, Chicago 4, Ill.

Continued on page 25

NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION

The following nominations for officers of the National Security Traders Association have been made for 1952:

H. Russell Hastings

Phillip J. Clark

Jay L. Quigley

John W. Bunn

Lex Jolley

President—H. Russell Hastings, Crouse & Company, Detroit.

First Vice-President—Phillip J. Clark, Amos C. Sudler & Co., Denver.

Second Vice-President—Jay L. Quigley, Quigley & Co., Inc., Cleveland.

Secretary—John W. Bunn, Stifel, Nicolaus & Company, Incorporated, St. Louis.

Treasurer—Lex Jolley, Johnson, Lane, Space & Co., Inc., Atlanta.

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

The following unopposed slate has been nominated for officers of the Investment Traders Association of Philadelphia:

Wm. J. McCullen

Joseph E. Smith

Chas. L. Wallingford

John R. Hunt

Joseph R. Dorsey

President: William J. McCullen, Hendricks & Eastwood, Inc.

First Vice-President: Joseph E. Smith, Newburger & Co.

Second Vice-President: Charles L. Wallingford, H. M. Byllesby and Company, Incorporated.

Treasurer: John R. Hunt, Stroud & Co., Incorporated.

Secretary: Joseph R. Dorsey, Merrill Lynch, Pierce, Fenner & Beane.

The new officers will be installed September 11th.

Joins George A. McDowell

(Special to THE FINANCIAL CHRONICLE)

MT. CLEMENS, Mich.—John E. Sedan is now with George A. McDowell & Co., 1 North Walnut Street.

MacNaughton-Greenawalt

(Special to THE FINANCIAL CHRONICLE)

GRAND RAPIDS, Mich. — Charles C. Blair is now affiliated with MacNaughton-Greenawalt & Co., Michigan Trust Building, members of the Detroit and Midwest Stock Exchanges.

With Fusz-Schmelzle Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — John A. Wutzler is now connected with Fusz-Schmelzle & Co., Boatmen's Bank Building, members of the Midwest Stock Exchange.

Scherck, Richter Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Leslie B. Meyer has been added to the staff of Scherck, Richter Company, Landreth Building, members of the Midwest Stock Exchange.

Joins Walston, Hoffman

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Harold C. Rambath has joined the staff of Walston, Hoffman & Goodwin, 1014 Eighth Street. He was previously with Schwabacher & Co.

With Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Charles R. Manship is with Waddell & Reed, Inc., 408 Olive Street.

SKIPPER SMITH

HAROLD B. SMITH
Pershing & Co., 120 Broadway, N. Y.
Member New York Stock Exchange

FELLOWS

ARE YOU "KEEPING UP WITH THE LEADERS"

MORE GET-UP-AND-GO NEEDED

On Advertising for the "Chronicle's" N. S. T. A. Convention Supplement

A star performance on your part will hit an all time high and help the treasury of not only the National but also all Regional Associations.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week—Bank Stocks

The news which dominated banking interests including bank stock trading during the past week was the announcement on Monday that the Chase National Bank was negotiating to acquire the banking and trust business of the Bank of the Manhattan Company and the subsequent announcement on Tuesday that because of "legal obstacles" it was necessary to end the negotiations.

Both statements came as a surprise to the financial community. While it was generally known that the Chase Bank was anxious to expand its operations, particularly in the branch banking field, the fact that discussions had progressed far enough to make the Monday announcement and the fact that Bank of Manhattan was involved were the unusual features.

Chase was unsuccessful earlier this year in its efforts to obtain Brooklyn Trust which was acquired by Manufacturers Trust. Since that time there have been rumors of other negotiations by Chase but until the stock of Bank of Manhattan began to show considerable strength at the end of last week, there had been no indication that Manhattan was a candidate for merger or consolidation.

This strength on Friday and the subsequent rise of Manhattan stock on Monday by three points, was possibly one factor which resulted in the premature announcement on Monday evening of the negotiations. As the discusions continued on Tuesday "legal obstacles" arose which resulted in the termination of the negotiations.

The acquisition of Bank of Manhattan by Chase, if it had been accomplished, would have made the Chase the largest bank in point of deposits in New York City, surpassing National City Bank by approximately $800 million.

As of June 30, 1951, Chase had deposits of $4,793 million and Manhattan had $1,129 million, making combined deposits for the two institutions of $5,922 million as compared with deposits of $5,079 for National City at the same date.

Chase would still not have been as large as Bank of America which had deposits of $6,316 million as of June 30.

Another interesting point about such a consolidation is that it would have been the largest transaction of such a nature in the history of American banking and the twelfth in New York City within the past several years.

Although the current negotiations between Chase and Bank of Manhattan have been terminated, they have stimulated interest in bank mergers and consolidations in New York City. As a result it is expected that rumors and discussions of other possible combinations will be prevalent during the coming months. Such news is likely to be one of the important factors in bank stock activity.

The statements of Chase and Manhattan brought considerable activity into the market. Trading for the past month has been dull with a small amount of investment buying and trading accounts absorbing the offerings. Price changes in most instances have been minor.

For example, "Barron's" index of bank stocks was 69.72 on Aug. 16. On July 19 the index was 69.24. Pretty much the same situation has prevailed throughout the year with no clear trend indicated. "Barron's" index of bank stocks stood at 69.88 on Dec. 28, 1950. The range for the year so far has been narrow with a high of 73.73 and a low of 68.10.

While it remains to be seen whether the current activity will stimulate a larger interest in bank shares which will enable them to move upward from the current level, the market activity during the past several days has been encouraging.

Beginning at the end of last week Manhattan began to show strength and made a gain of two points at the close of trading on Friday. On Monday continued strength in the shares was followed by the announcement of the consolidation talks and the stock made a gain for the day of approximately three points.

On Tuesday a further gain of one-quarter point was made by Manhattan. Other bank issues followed the upward trend with Chase, Corn Exchange, Public National, New York Trust and First National showing gains of from one to five points. On Wednesday as a result of the termination of negotiations a reaction in some issues developed with Manhattan losing most of the gain of the last few days.

The action of the past week has been an interesting period for the followers of bank stocks. It has stimulated the imaginations of many people and promises to be an important factor in the bank stock market for some time.

Whether any actual mergers or consolidations develop is difficult to predict as can be seen from the events of the past week. The fact is, however, the economics of banking in New York is favorable for combinations at this time.

With Paine, Webber Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—William W. Hayward has joined the staff of Paine, Webber, Jackson & Curtis, 626 South Spring Street. He was formerly with Schwabacher & Co.

E. F. Hutton Adds

(Special to THE FINANCIAL CHRONICLE)

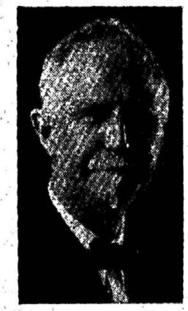
SANTA BARBARA, Calif. — Geo. M. Sidenberg, Jr. has been added to the staff of E. F. Hutton & Company, 934 State Street.

Working Hours

By ROGER W. BABSON

Referring to shortened working hours and closed weekends, Mr. Babson says such policy results in losses to employers, workers and public. Says, if prosperity is to continue, more sales and production are essential. Advocates "incentive pay."

I was asked by a Boston friend to help him find a cottage in Gloucester which he could rent for the summer. On the following Saturday, we visited three real estate offices and all were closed. They were locked and bolted!



Roger W. Babson

Upon inquiring the reason, I learned that, in view of the recent raise in wages and the forty-hour week law, the real estate and insurance offices tried to "make both ends meet" by closing on Saturdays. This resulted in enabling the office clerks to have more time to themselves; but let us look at the result to the other parties involved.

This closing of the real estate office prevented my friend from renting a cottage because he could come down to look at cottages only during a week end. The next two week ends were cold and rainy. This caused him to give up renting any cottage this season. I find this caused a loss of work to several different trades needed to be employed for opening up vacant cottages.

Why Living Costs Are High

Whether our sympathies are with these office employers or the clerks, the fact is that everyone involved loses by such nonsense. The clerks have no more money to take home; the real estate offices lose commissions; the cottage owners lose rents and the merchants lose customers. Higher wages may be deserved; but they should not be followed by shorter or fewer working hours which result in less business and higher prices. Certainly, this inflation balloon is bound to collapse sometime.

The plan of keeping an office or store open fewer hours in order to keep costs down is bad for the nation as a whole. Merchants are the bottleneck of business. The fewer hours an office or store is open, the less it sells; the less it sells, the less it buys from the factories. As retail sales decline, the factories are obliged to lay off employees. This unemployment results in less purchasing power and so the trouble increases. Working fewer hours may easily be a cause of the next business depression.

What Is the Remedy?

If prosperity is to continue more sales and more production are essential. This requires more work by all of us. "Money-wages" mean nothing until we turn them into "goods." What we can get for our weekly pay, in food, clothing and shelter are our real wages. This can be increased only through increased sales and increased production which requires longer hours, better work and more new inventions. **Wageworkers have more goods today because of inventors and laboratories—not due the labor leaders and politicians.**

Shall we destroy Unions? No! Shall we abolish collective bargaining? No! Shall we enact anti-labor legislation? No! Consumers want satisfied labor with the highest real wages possible. But both employers and wageworkers must co-operate to increase sales and production and the quality of the products. This could be brought about by all agreeing on a wage that "the average" is worth and then pay a bonus for good work and more of it. Incentive pay is the consumer's only hope; and the wageworkers make up 80% of the consumers.

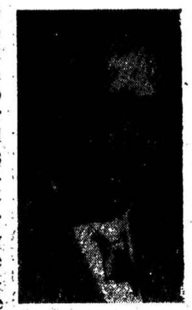
What About Strikes?

The finished costs would go down, causing lower prices to benefit consumers; while both real wages and real profits would increase likewise. But strikes, which are costly to all parties, must also be discouraged. It would greatly help in reducing strikes by inserting a clause in every labor contract that **neither the labor officials nor the company officials could get any pay while a strike is on!** This simple clause would do much to help out us consumers.

Another thought: Returning to my reference to the cottage. The owner of the vacant cottage had some idle money which he had planned to use in building another cottage next door. The fact, however, that he failed to rent his present vacant cottage caused him to give up building the new cottage. This will result in a loss to 27 different industries, from the woodsmen who cut lumber to the electricians, plumbers and painters. Yes, even the City of Gloucester loses one more cottage to tax while the new summer resident would lose a vacation making him more efficient all next year.

Sacco, Boyle With Cruttenden & Co.

CHICAGO, Ill.—Cruttenden & Co., 209 South La Salle Street, members of the New York and Midwest Stock Exchanges, announce that Arthur C. Sacco and Wallace J. Boyle have become associated with them in their trading department. Mr. Sacco was formerly Vice-President of Detmer & Co., with which Mr. Boyle was also associated.



Arthur C. Sacco

John A. Block has also been added to Cruttenden & Co.'s staff.

Dean Witter Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif—Gordon F. Levy has been added to the staff of Dean Witter & Co., 45 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Two With Hamilton

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Gerald H. Flaherty and Othal Milam have become affiliated with Hamilton Management Corp., Boston Bldg.

With L. B. Jackson

(Special to THE FINANCIAL CHRONICLE)

BLOOMINGTON, Ill.—Harry A. Steinfeldt is now with L. B. Jackson & Co. Inc., Livingston Bldg.

With Link, Gorman, Peck

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Albert O. Wieghart is with Link, Gorman, Peck & Co., 208 South La Salle Street, members of the Midwest Stock Exchange.

With Paul Rudolph

SAN FRANCISCO, Calif.—Gene R. Taylor is with Paul C. Rudolph & Co., 127 Montgomery Street.

Inflation Costs More Than Taxes

By HARLEY L. LUTZ

Professor Emeritus of Public Finance, Princeton University
Tax Consultant, National Association of Manufacturers

In support of a pay-as-you-go fiscal policy, Dr. Lutz points out government deficit financing is highly inflationary and the damage done by such a policy, by lowering purchasing power of currency, costs more than public's loss from higher taxes. Gives data illustrating this point.

In one respect it is self-evident that inflation costs more than taxes. There is a long list of nations which have been wrecked by the excesses of inflation. There is no case on record of a nation being wrecked financially and economically by keeping its budget in balance. There are cases in which the weight of unsound taxes has been heavy, notably the French regime before the Revolution. But the tax load on the French peasants was much intensified by "tax farming," and the extravagance of the government was so great that even the tax sacrifices of the people did not suffice to prevent steady deterioration of the currency.

Dr. Harley L. Lutz

Inflation and taxation to support a balanced budget are mutually exclusive opposites. We have no actual case, therefore, in which a nation has tested the relative hardship of these two methods in turn, as ways of financing government during a given period. A demonstration of the relative cost and burden must therefore proceed from certain assumptions on which different projections are made over a future period.

To establish significantly different results, it is necessary to assume (1) a substantial period of deficits, not less than 10 years; and (2) a substantial amount of deficit financing. A deficit in only one or two years, even though sizable, would not be demonstrably ruinous notwithstanding the amount of erosion it would produce in the value of the dollar. It is equally true that a very small deficit, say not to exceed $1 billion in the Federal budget of today, would not be demonstrably ruinous if it endured for 10 years or more. Again there would be a certain erosion of the value of the currency, but the damage would not necesarily be irreparable.

Weak Point of Argument

The weak point in the argument of those who are now advocating deficit financing on the ground that it will be only for a year or so, is that they profess assurance on this point while admitting no certainty at all regarding the future world-wide situation. If it be true that there will be only a peak year or two of extreme spending, it follows that corresponding taxes can be endured for this short period, provided we are wise enough to lay the proper foundations for carrying this load while there is still time to act.

The principal test or measure of the damage done by inflation is the value of the currency. The practical evidence of inflation that most people see, are aware of, and are injured by, is the general rise of prices resulting from the creation of additional purchasing power by artificial means. Any broadly-based index of wholesale or retail prices will show wave-like up and down movements which are produced by the normal variations of supply and demand for the various commodities entering into the index. Ordinarily these swings are not great in relative magnitude, nor are they always in the same direction. A steady, continued rise of prices in general is an indication of an inflationary cause. If the source is a private expansion of credit, there will be self-correcting adjustments which are usually gentle but occasionally violent. If the source is an expansion of credit through government loans, there is no self-correcting device and there may be no cessation of the trend short of complete collapse.

This steady rise of prices in general means an equally steady decline in the value of the standard monetary unit, in our case the dollar. Since the dollar is the standard measure of all values expressed in money terms, its decline in value or purchasing power is not limited to the commodities which are represented in price indexes. Rather, the decline extends to all values measurable in money.

Federal Budget Surpluses

During the period covered by the fiscal years 1920-1930 inclusive there was an unbroken succession of Federal budget surpluses. The government was regularly reducing its debt and from time to time Federal taxes were also reduced. While there was, during this period, some growth of private mortgage debt, and, especially in the late 1920s, a tremendous rise of private bank debt for speculative purposes, there was a remarkable stability of prices, with some decline of the price indexes toward the end of the decade. Table I presents the wholesale price index and the dollar purchasing power index for the years 1920-1930 inclusive.

TABLE I

Wholesale Price Index and Dollar Purchasing Power Index, 1920-1930

Year	Wholesale index (1926=100)	Dollar Purchasing Power index (1935-1939=100)
1920	154.4	69.8
1921	97.6	78.3
1922	96.7	83.5
1923	100.6	82.0
1924	98.1	81.8
1925	103.5	79.7
1926	100.0	79.1
1927	95.4	80.6
1928	96.7	81.6
1929	95.3	81.6
1930	86.4	83.8

The purchasing power index is the reciprocal of the cost of living index. A rise of the index figure indicates, therefore, a rise of dollar buying power, and vice versa. It will be noted that, in general, the purchasing power index moves in the contrary direction of the wholesale price index but without an exact correlation. The significant fact disclosed by this record for the present purpose is the comparative steadiness of the value of the dollar. Prices in the year 1920 were still influenced by the inflation of World War I. Once that influence had been eliminated by the short, sharp recession of 1920-1921, both series move on a fairly even keel to the year 1930, when the depressed conditions following the break of 1929 had begun to leave their impression.

We do not contend here that the sound position of the Federal finances accounted alone for this showing. There were other factors, notably a remarkable development of industrial output and productivity, and a steadiness of costs, as indicated by average weekly earnings in manufacturing. But it can be said that the absence of any basic inflationary contribution through Federal deficit financing was a distinctly favorable factor in the relative stabilization of the currency and of prices that occurred.

From this brief glimpse at a decade of a balanced Federal budget and its corollary condition of no deficit financing, we may proceed to a consideration of what may be expected to happen in the future, first, under the assumption that the budget is kept in balance, and, second, under the assumption that a substantial deficit is to be incurred.

Assumption of a Balanced Budget

In accord with the hypotheses set forth above, we assume a 10-year period, and a budget of $80 billion for each year of this period.

If taxes are levied currently to cover this budget, which would mean no resort to deficit financing, there would be, obviously, no artificial increase of purchasing power through government loans. There would be no further dilution of the value of the currency by increasing the volume of public debt. There would be some variations of the wholesale price index, and of the consumer price index, just as there were during the decade of the 1920s, but these would be moderate and self-corrective, not a general, sweeping trend in one direction.

With no artificial increase in the supply of money and credit and a stabilization of prices within the moderate, normal limits of supply and demand adjustment, there would be also a stabilization of wages. Powerful unions might continue to demand wage increases but their batting average would be low, for employers would not be receiving the large flow of cheap dollars that they get from the sale of their products when more money is being pumped into the economy through credit inflation.

There would be, no doubt, a continuation of the advance in productivity that has characterized the record of American industry for the past 150 years. To the extent that this occurred, it would be possible eventually to provide the necessary tax revenue at even lower rates of tax than would be required at the beginning of the period.

Most important of all, there would be no increase in the danger to which all fixed investments and all fixed incomes are exposed, namely, a further dilution of the dollar. The most serious form of dollar dilution is an increase of the public debt. The increase of private debt, except that for paying personal consumption expenditures in excess of income, is offset by the existence of some form of asset, such as property mortgaged or pledged as security, inventory acquired for manufacturing or training purposes, or, in some cases, the known capacity of the borrower to create income through business operations from which to repay the debt.

The End of the Road

The only asset which government has against its debt is the ability and willingness of the people to pay the taxes necessary to cover interest and redeem principal. As the debt mounts there is normally greater resistance to taxes for principal retirement, and in time this resistance may extend to the taxes for interest. The procedure, as indicated by the course of history, is first, to lighten the debt load by reducing the gold value of the dollar, and second, as a final resort, outright repudiation.

Here is the end of the road that we travel in tolerating continued increase of the Federal debt. The steady cheapening of the dollar as the debt increases is eventually legalized by an act of dollar devaluation. There have been rumors of such an act here, but thus far these have been "scotched." It is likely to happen, though, if we let further substantial debt increase occur, on the ground that realism demands it. This would then be true, because we shall have allowed the dollar to lose some part of the value it now has.

Assumption of an Unbalanced Budget

Again we begin with the assumption that the first year's budget will be $80 billion. In accord with the hypothesis that there must be a significant deficit, we assume revenues of $60 billion and a first year deficit of $20 billion. This accords approximately with the prospect for the fiscal year 1953 under present tax law.

Even with no change in the scope of the government's program, a renewal of deficit financing on a substantial scale would lead to a rising dollar cost for the same goods and services. We have seen this happen in the year since the Korean war began. In this case the inflationary pressure came from expansion of private credit. The cost of a given military program has gone up by several billion dollars because of rising prices.

The rate at which the inflationary impetus would operate to increase prices cannot be foretold in advance. For the present purpose it is assumed that it would be 5% annually, which seems like a modest estimate. The inflation would also tend to increase the dollar amount of revenue produced by a given tax structure. If we assume a 5% annual increase in tax collections, the summary of expenditures and revenues over a 10-year period would be as follows:

TABLE II

Summary of Expenditures, Receipts, and Deficits over 10 years, assuming an initial deficit of $20 billion and a 5% annual Increment of both Expenditures and Receipts resulting from the Inflation

Years	Expenditure	Receipts	Deficit
1	80	60	20
2	84	63	21
3	88.2	66.2	22.0
4	92.6	69.5	23.1
5	97.2	73.0	24.2
6	102.1	76.7	25.4
7	107.2	80.5	26.7
8	112 6	84.5	28.1
9	118.2	88.7	29.5
10	124.1	93.1	31.0

The sum of the deficits for the 10-year period is $251 billion. This is almost equal to the present Federal debt. Some idea of the effect of such an increase on the value of the dollar may be had from the results produced by the debt increase from 1940 to the present. The overall growth of the debt in this time was $213 billion, and there was approximately a 50% depreciation of the dollar. We could expect not less than a comparable degree of further depreciation from another doubling of the debt. This would mean that all values expressed in 1951 dollars would be cut in half. With reference to the 1939 dollar, the depreciation would be around 75%, possibly more.

The effect of this further decline in the value of the dollar upon various important forms of saving and fixed incomes may be illustrated as follows:

(1) Value of life insurance in force, approximately $250 billion. This would shrink to $125 billion in terms of the 1951 dollar, and to $64 billion in terms of the 1939 dollar.

(2) Value of all private debt, approximately $220 billion. This would be cut to $110 billion in terms of the 1951 dollar, and to $54 billion in terms of the 1939 dollar.

(3) Face amount of the Federal debt at the end of 10 years, approximately $610 billion. It would be worth only $305 billion in terms of the 1951 dollar, and only about $153 billion in terms of the 1939 dollar. The annual interest cost on this debt would be at least $20 billion annually. Every 30 years the total cost for interest would about equal the principal of the debt.

(4) Value of all transfer payments (pensions, annuities, workmen's compensation, etc.), is about $12 billion today. Assuming the same dollar total, the purchasing power would be cut to $6 billion in terms of the 1951 dollar, and to $3 billion in terms of the 1939 dollar.

The Trends of History

The foregoing are conspicuous examples of the way in which inflation destroys the value of accumulations which are the fruit of past effort. There is a similar erosion of the fruits of present effort. The history of all great inflations reveals that prices tend to rise faster than wages. Hence not even the select, highly favored group of organized workers could keep up, for prices will have risen to higher levels even during the delay involved in negotiating a new contract or in enforcing a wage increase by a strike. The large group of workers not organized could not possibly hope to keep even. And of course, all who are dependent on fixed incomes would be helpless.

On the other hand, taxation to maintain budget balance does not impair the value of past accumulations. Rather, by preventing further currency depreciation, it tends to sustain that value. It does cut into current income and hence into current capacity to spend or save. But this inroad will last only as long as the large budgets are necessary. And, as has been so often pointed out, the real inroad into living standards is made by government diversion of goods and services, not by the withdrawal of money income by taxation.

The destructiveness of a prolonged, substantial inflation is not fully indicated, even by these projections and estimates. There would be a demoralization that cannot be expressed in any kind of statistical exhibits. Particularly severe would be the effect on saving. The prospect of a steady, certain erosion of the value of insurance, bonds, and other fixed income types of investment would certainly be adverse to thrift. To an even greater degree the people would abandon the doctrine of self-support through thrift and foresight, and thus they would be forced into even greater reliance upon the government than is now the case. With the continued impairment of this basic economic virtue, there would be less capacity, and also less disposition, to resist the trend toward some form of statism. And this would be the final disaster to which inflation surely leads.

Stanley Pelz Installs Quotation Board

Stanley Pelz & Co., 40 Exchange Place, New York City, specialists in "dollar stocks" and special situations, have installed a quotation board in their trading room on which the bid and ask prices are recorded for over 240 over-the-counter issues in which they specialize.

National Distillers Preferred Stk. Offered

Glore, Forgan & Co. and Harriman Ripley & Co., Inc., jointly headed a nationwide investment group which offered on Aug. 21 a new issue of 500,000 shares of National Distillers Products Corp. 4¼% cumulative preferred stock at $100 per share. The stock is convertible prior to Sept. 1, 1961, into common stock of the corporation at the conversion rate of 2.6 shares of common for each share of preferred. The offering was substantially oversubscribed and the books closed.

Of the proceeds from the sale of the stock, $27,000,000 will be applied to the prepayment of the corporation's outstanding short-term bank loans and the balance will be added to the general funds of the corporation, largely to finance its expansion in the chemical field.

National Distillers Products Corp. is engaged in the production and marketing of alcoholic and other beverages. The corporation also produces and markets a broad line of chemicals.

Principal brand names under which the alcoholic beverage products are sold include Old Grand-Dad and Old Taylor bonded bourbon whiskies; Old Overholt and Mount Vernon bonded rye whiskies; PM, Bellows and Mount Vernon blended whiskies; a number of straight whiskies including Century Club and Windsor, and Gilbey's London Dry gin. Wines, vermouths, cordials and carbonated beverages are also produced.

A wholly owned subsidiary, National Distillers Chemical Corp., produces metallic sodium and chlorine for use principally in the manufacture of detergents and tetraethyl lead. U. S. Industrial Chemicals, recently merged into the corporation, manufactures and sells many specialized chemical products including solvents and plasticizers and raw materials for chemical processing. In June this year National Distillers and Panhandle Eastern Pipe Line Co. organized National Petro-Chemicals Corp. to construct and operate plants in Illinois for the extraction of ethane, propane, butane and other hydrocarbons from natural gas and to manufacture ethyl alcohol. ethyl chloride and other products produced from ethane. Earlier this year National Distillers and Food Machinery & Chemical Corp. organized Intermountain Chemical Corp. to produce soda ash.

Net sales of National Distillers and U. S. Industrial Chemicals, combined, for the 12 months ended May 31, 1951 totaled $553,377,270 and net income amounted to $30,690,218. Giving effect to the present financing, funded debt of the corporation will amount to $76,160,000. Capital stock will consist of 500,000 shares of $100 par value cumulative preferred stock and 8,589,439 shares of $5 par value common stock.

Arthur R. Mejia to Be Harris, Upham Partner

SAN FRANCISCO, Cal.—On Sept. 1, Arthur R. Mejia will become a partner in the New York Stock Exchange firm of Harris, Upham & Co., making his headquarters in the firm's San Francisco office, 232 Montgomery Street. Mr. Mejia was formerly a partner in Davis & Mejia.

With French & Crawford

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—William H. Brumbach has joined the staff of French & Crawford, Inc., 22 Marietta Street.

Forecasting the Market

By JOSEPH LEVITAN

Certified Public Accountant reviews theories of stock market forecasting, and contends theories which depend solely on internal action of market are less valid than those based on fundamental and long range factors. Lists forecasting factors in present market, and concludes we will have higher prices for stocks and bonds.

Since money is our medium of exchange and we are all concerned with the value of money, it is but natural to see so many of us interested in and concerned with the "market." We want to see what money can buy, or conversely, to see the value of other things in terms of money.

Joseph Levitan

Since this money relationship is not consistent, for so many winds of fortune or ill-will blow against it to cause it to be unstable and in a state of flux, it is no wonder to find so many of us interested in this phenomenon and intrigued by its intricacies, as well as trying to find our way profitably through its many mazes.

Given this popular and widespread interest on the market and given this constant state of flux and uncertainty as well as the challenging possibilities and opportunities it presents, is it any wonder to see this "Bull Phase in Forecasting" taking on added proportions. To be a little more direct, is it any wonder to find so many of us becoming more and more concerned with our prospective future well-being and with our savings, in this uncertain volatile world of ours. No wonder then, if the market and "forecasting" is becoming ever more popular.

Too many books and theories in forecasting have been published for me to make any mention of them here. However, seeing so many nuggets of information being brought to our attention, seeing so many economic facts being gathered for us through such great effort, but easily available to us, such significant financial data available for measurement and for comparison it becomes a little difficult to see why we should be constantly as perplexed and confused as to our financial prospects.

The Present Market

Let us take a look at the present state of the market. To imply that it is easy to forecast its course in the face of so many probabilities and uncertainties, of course wouldn't be true. Who can rightfully say that he knows how the millions of people who buy or sell stocks will react to the many events that are likely to occur in the foreseeable future, or that he knows of their current judgment of the facts as they exist now.

No wonder then that we are constantly exposed to an avalanche of theories that purport to lighten our way. No wonder then that some of these theories are so involved that it becomes impossible to follow them. They are so contradictory as to make it possible for the author to come up post-factum with the statement of: I told you so—this part of my theory forecasted this event. Especially intriguing are those theories that depend solely on the "internal action of the market" for their forecasts, disregarding much more than they ought to, the more fundamental and long-range factors that tug at the heart of the economy. These theories soon become prey to their own limitations and weakness. Some of these theories and techniques do have a measure of value, but only as adjuncts, as measuring rods that may help to indicate the relative juxtaposition of forces in the more distant past as against the more recent past, but always an indication of actions in the past. This writer, too, has evolved a system of logic and techniques that help him to measure and analyze current market action in its relation to the past. But to see the fetish which a considerable section of the investing and trading public has made of the so-called "internal market action" while to a great extent leaving aside the more fundamental factors that tug at our economy, one is often reminded of the witticism of one of our present-day comics. While riding in a train he passed a grazing herd of sheep; he said to his companion: "Do you know how many sheep are grazing there?" "No; how many are there?" "There are 337." "How do you know?" "I counted their legs and then divided the total by four."

(Needless to say that certain theories by their very popularity tend to defeat themselevs.)

Very often we do not see the forest for the trees. Especially is this true in the stock market. We usually prefer a complicated theory where a plainer and more elementary one should be applied. This is the rule in science and therefore should also be the rule in the stock market.

Turning away from those technical theories that rely mainly upon measuring market action mostly as an independent phenomenon let us for a moment inquire into those that rely more on the historical precedent in measuring the current market. "The market has now reached 263 D-J, *like 20 years ago;* will it go higher or not . . ." "In very few periods in the past was the market so high," etc., etc. Here again we often find that we are paralyzed by the fear cast by our own shadow. We take fright, we become uncertain and confused. We say the market is high, but how high is "high"? To this writer, it seems the best results to most satisfactory market forecasting is to be able better to understand the more fundamental principles and factors in our present-day economy, to get a birds-eye view as to where we are headed, and after making allowances for any occurrences or accidents that may or may not happen, to set a steady and firm course and to stick to it. Once we are able to grasp the more fundamental factors that actuate us we can readily perceive that they do not change often. Thus our course can be steady and we need not be dismayed and confused. It was through such procedure that the writer was able to make successful forecasts in the past.

Fundamentals as Guide to Action

Concretely, then, what are some of those fundamentals that guide our present and future actions? What are the principles which govern our conduct as a nation? What is the course that this nation has set upon which we can count definitely to affect our economic and financial policies, and which we should use as guideposts to help us set our individual financial course? For no matter whether we are investors or traders we should have a very definite feel as to the course we are treading—is it a bull phase or a bear phase—without being too much disturbed by every ripple in the pool.

These principles and policies as they are interpreted and followed by the administrators of this nation's affairs, in order of their importance, are as follows:

(1) We should be economically and militarily stronger than the USSR.

(2) We should make our allies strong.

(3) We shall be productive to the most of our resources, as far as manpower, facilities and natural resources will allow.

(4) We shall try to maintain stable prices, costs, and value of the dollar, as much as possible—*but not as a primary objective.*

(5) We shall keep taxes high, the cost of money (interest) low, and *wages* at a *level to cause us to have full and efficient production.*

With these goals inflexibly set, what are some of the implications for the stock market? What can be my forecast?

As to items 1, 2, 3, not much can be added, except to say that the chances of a calling-off of the forces that brought forth a building up of strength *vis-a-vis* the USSR is almost nil.

Let us examine some of the implications of the other principles as it affects the market. I think the inflationary implication of statements 4 and 5 will cause stock prices to go higher.

The government, to achieve most efficient production, will not be able to tax everything away. We will have deficits, and many of them. Interest rates will have to be low in order to ease the cost of the national debt.

As for government borrowings, it will happen this time as it happened so many times past—it will borrow a better dollar and repay it with a cheaper one.

The inflationary battle is essentially a tug-of-war between the current need for greater production and the cheapening of the value of past savings. As long as the pressure for current productivity is most paramount, the current inflation, as evidenced by greater costs, higher wages, and therefore higher prices, will always win out over the accumulation of past dollars and savings. This must necessarily be so, in spite of our protestation to the contrary. We cannot enslave our current productive forces at the altar of past savings and values. To put it in other words, we cannot glorify our past productive needs at the expense of our pressing needs for current production.

This lessening of value of the monetary unit has been historically true from the days of the Romans. Its base effects usually become most apparent in times of war, as is so glaringly demonstrated by our last two world wars.

The value of money thus becomes less, and the amount that money is allowed to earn (interest cost) also becomes less. This "dishonest deed" is perpetrated by our government not because it wants to be dishonest, but as the only way out of its dilemma of trying to stimulate and compensate for greater productivity and yet not to become handicapped too much by savings and by the values created by our past needed efforts.

Our continued deficits will create inflationary gaps. This we will attempt to sterilize. But, since it cannot be done 100%, it will spill over in many ways. Given full and continued production, plus Federal deficits, some of the effects will be:

(1) Greater consumer expenditures, especially for the semi-luxury items such as drink and adornment.

(2) Greater amount of savings, voluntary and enforced. This should benefit the mutual funds and investment trusts.

To sum it all up, we can foresee full and continuing production. Our very life as a free nation depends upon it. We will have more inflation and inflationary gaps. Interest rates, the compensation for the use of money, will be low. We will have higher prices for stocks and for bonds.

Ross, Lyon Admits Two New Partners

Ross, Lyon & Co., 120 Broadway, New York City, members of the New York Stock Exchange, will admit Samuel M. Ross and Zachary S. Ross to partnership on Sept. 1. On Aug. 31, Irving Ross will retire from limited partnership in the firm. Mr. Zachary Ross is manager of the firm's over-the-counter securities department.

Railroad Securities

Denver & Rio Grande Western

Judging from management statements regarding the recent freight rate increases granted by the Interstate Commerce Commission, and noting the public apathy toward railroad securities, one would perhaps be justified in the conclusion that there is little hope for any real earnings improvement in the industry. Such a conclusion would hardly stand up, however, when examined in the light of the performances of many individual roads in the current year. One of the outstanding examples of consistent and continuing earnings betterment is to be found in the case of Denver & Rio Grande Western.

Denver & Rio Grande Western has a heavily leveraged capital structure. Thus, common share earnings are prone to fluctuate fairly widely. In the years immediately following the end of World War II the record was not particularly good for a variety of reasons. By 1948, however, common share earnings had rebounded to $16.22, before sinking and other reserve funds. In the following year they dropped to $7.27, largely reflecting the steel strike, spasmodic labor stoppages in the coal fields, and a prolonged strike on the lines of the connecting Missouri Pacific. Last year, without such external interruptions, and stimulated by Korean developments, there was a rebound to $13.45 a share.

While this past earnings performance, and the extent of the fluctuations in per share results, is interesting, a far more important consideration is the trend of earnings in the current year. For the first half of 1951 gross revenues rose approximately 27%. Expenses were held under strict control, highlighted by a cut of nearly five points in the transportation ratio. The overall operating ratio was reduced by more than eight points. Taxes naturally were considerably higher in the 1951 interim. Even with these higher accruals, however, net income before sinking funds reached $3,112,792, or more than three times that reported in the first half of 1950.

After allowing for preferred dividend requirements for the period, common stock earnings amounted to $6.54 a share in the six months through June, 1951. A year earlier only $0.58 a share had been realized. It is obvious that the rate of year-to-year improvement in earnings can not be maintained in the second half of the year. Nevertheless, for this second six months as a whole comparisons are expected to continue favorable. Certainly for the full year the share earnings should top last year's results by a good margin. They should be higher even than the $20.06 earnings of 1943 and second only to the peak of $37.22 indicated in 1942. There are many analysts who feel that the current and prospective earnings performance may induce a more liberal dividend policy—the common is now on a $3.00 annual basis.

There are two major factors that have brought about this pronounced change for the better in the company's basic earnings status. One has been the territorial development and the consequent change in the nature of the business conducted. Of outstanding importance has been the development of a major iron and steel complex in Utah on the company's lines. In turn this has meant the establishment of other industry, users of steel, in the territory. As a source of new traffic this industrialzation has been augmented by population growth throughout the service area and contiguous territory. The traffic picture has been further strengthened to a major degree by the company's expanding participation in the highly lucrative transcontinental freight traffic. It is believed that these favorable developments have not even yet run their full course.

The other major factor in the company's fortunes has been the huge sums spent in the past 10 to 15 years on additions and betterments to the property, one of the most important outlays having been for dieselization of road operations. These property improvements and the new equipment have resulted in a sharp increase in the road's operating efficiency. Indicative of the progress made along these lines, the company's transportation ratio in the prewar year 1941 was more than two points higher than the industry average. Last year it was about three points lower than the Class I average. Moreover, as mentioned above, further improvement in operating efficiency has been a feature of the road's operations in the current year.

Contracts for New Construction at Record High Level

F. W. Dodge Corporation reports contracts awarded through Aug., 1951 in 37 states east of Rockies at over $10 billion.

Construction contracts awarded in the 37 states east of the Rockies for the first seven months of 1951 set a new high for that period with a total of $10,187,939,000, according to F. W. Dodge Corporation, construction news and marketing specialists. This was 23% greater than 1950's total, up to this year the highest seven months on record. The 1950 figure was $8 billion plus.

Meanwhile total construction awards slackened a bit in July compared with June. The July total of $1,379,830,000 was down 2% from the previous month, and down 3% from July, 1950.

For the month of July, nonresidential awards at $536,533,000 were 3% less than June but 10% more than July last year. Residential contracts at $548,144,000 were up 1% over June but down 19% from July 1950. Public and private works and utilities at $295,153,000 were 5% below June but 14% above July a year ago.

Comparing the seven months of this year with last, non-residential contracts were $4,603,178,000 or 65% greater; residential awards at $3,871,871,000 were down 2%; public and private works and utilities at $1,712,890,000 were up 10% over 1950.

Do We Never Learn?

"Since we are no longer able to channel meat into regular normal channels through the slaughter quota system, there are growing indications of maldistribution. This situation, of course, puts a strain on legal prices, and threatens to move the available supply into fewer areas where higher—and illegal—prices may be obtainable."

Michael V. DiSalle

"The institute has been pointing out publicly for months that there has been a substantial diversion of cattle from normal commercial beef plants. The OPS, up until now, has not called attention to this.

"This diversion began almost immediately after OPS imposed controls on beef late last January and became progressively worse beginning in June, when the beef compliance order became effective.

"As serious black markets develop, the meat packing industry, complying with the regulations, will find it increasingly difficult to continue beef operations on anything like a normal scale. That, obviously, will mean less meat in normal distribution and more maldistribution as time goes on."

American Meat Institute.

What a Mess!

Obstacles to Direct Foreign Investment

National Industrial Conference Board reveals 80% of American firms with branches and subsidiaries abroad experience difficulties with import or export quotas, limitation on remittances, control of capital movements, and lack of trained personnel.

Obstacles to direct foreign investment, such as exchange controls, labor problems, retarded economic development of the country, are encountered by nearly 80% of American companies with overseas investments which were surveyed by the National Industrial Conference Board.

The Board's report, which was specifically prepared at the request of President Truman's Committee for Financing Foreign Trade, includes replies from American firms with 1,097 branches and subsidiaries in 98 foreign countries and holding "at least 54%" of the direct foreign investment of all American companies. The report is the second in the "Technical Papers" series prepared by The Conference Board.

In addition to obstacles emanating from foreign countries, another complicating factor, in the opinion of many respondents, are the taxes imposed by the United States on income originating abroad. Elimination or modification of "the present burdensome double taxation" on foreign investments by the United States as a means of fostering direct foreign investment is recommended by many of the executives surveyed.

The Board points out that foreign investments "do not appear to be limited" because of the absence of profit opportunities. About 11% of the respondents said profit prospects were incommensurate with risks abroad.

Import or Export Quotas

Export or import quotas are the most frequently mentioned obstacles to direct investment by American firms. More than half of the respondents cited the existence of quotas as a problem arising in the foreign country in which their currently active investment is located. This is the highest percentage reported for any single obstacle.

Not only is it mentioned more frequently than any other obstacle, but it evidently is widespread geographically. In each of the broad geographic areas export and import quotas are mentioned more frequently than any other problem.

Limitation on Remittance of Profits

The second most important obstacle to direct foreign investment named is the limitations that many countries have placed primarily upon the remittance of earnings, but also on the remittance of other income and expenses payable in dollars. Problems arise in this connection with the remittance of royalties, interest and salary costs and other expenses chargeable to the foreign operation, but payable in dollars. Overall, more than one-third of the respondents with active investments encountered this problem.

This limitation ranks second as an obstacle to foreign investment in all the main world areas except Africa, where it is third in importance. The obstacle assumes greater importance in what might be considered the industrialized countries of the world.

In Europe, nearly 44% of the replies stated that they encountered regulations limiting the remittance of earnings. In Asia, approximately 36% of the companies encountered such regulations. In the other two world areas less mention was made of the problem.

Control of Capital Movements

Next in importance and closely connected with profit remittance limitations are the regulations concerning the movement of capital into or out of the country. Somewhat more than a fourth of the replies to the questionnaire complain of the existence of these regulations.

Considerable disparity is evident about the existence and severity of these regulations among the different sectors of the world. In Europe, 34% of the companies reported regulations on capital movements, but in Africa only 17% mentioned it. In Africa it ranked seventh. In both Asia and Latin America at least one-fourth of the companies encountered such regulations.

Burden of Social Security Legislation

Fourth in importance are the burdens imposed upon business by the existence of various types of social insurance. Overall, about 19% of the replies reported that this was a factor of importance.

One world area—Latin America—stands out above the others in this respect. More than 28% of the replies mentioned social security legislation. As a matter of fact, it is the third most frequently mentioned problem of companies operating in Latin America. Of the other three world areas, Africa reports the second highest, but only 13.4%. Only about 11% of the replies from the two remaining sectors complained of the existence of the social insurance laws.

Lack of Trained Native Personnel

Another labor problem, that of being unable to find a sufficient quantity of trained native personnel, ranks fifth in importance as a deterrent to foreign investment. Of all the replies received, 18% reported this shortage.

A great difference is evident in the experience of investors in Africa as compared with Europe. Only 3.5% of the investors in Europe reported this problem, but 42% of the investors in Africa did so. In Africa, it ranked as the second most important problem, but in Europe it was tenth.

Retarded Economic Development

Obstacles which revolve around the retarded economic development of the country are the next in importance. Some of the various facets of the group include: lack of adequate roads, railroads, harbors, or storage facilities; inadequacy of housing, recreational and shopping facilities for employees, and inadequate power facilities.

Other Problems

Other problems and obstacles to direct foreign investment include: multiple exchange rates, restrictions on importation of personnel from the home country, lack of stable governments and the emergence of nationalization programs.

Summary of Recommendations

In addition to recommending changes in the United States tax laws to increase attractiveness of foreign investments, respondents also proposed: encouragement of a "more favorable investment climate"; guarantees of earnings convertibility, for return of original investments; guarantees against expropriation and nationalization; the elimination of discrimination and general encouragement of world trade.

"Obstacles to Direct Foreign Investment" was undertaken by The Conference Board at the request of The President's Committee for Financing Foreign Trade. The committee was requested by the President to explore means of increasing the flow of private investments to overseas areas, especially to underdeveloped countries.

The report, the second in the Board's series of "Technical Papers," was prepared by J. Frank Gaston, of the Board's Division of Business Economics, with the assistance of other staff members.

Hutchins & Co. Is Formed in New York

Hutchins & Co. has been formed with offices at 11 Wall Street, New York City to engage in the securities business. Partners are Hurd Hutchins and Vincent M. Brown. Mr. Brown was formerly manager of the trading department for W. A. S. Wheeler & Co.

Earl Putnam With W. C. Langley & Co.

W. C. Langley & Co. announce that Earl B. Putnam has become associated with them as their Philadelphia representative.

Deposits of Savings Banks at New High

Deposits in the nation's 529 mutual savings banks increased $57,000,000 during July, bringing them to a new all-time high of $20,457,000,000 at the close of the month, according to Carl G. Freese, President of the National Association of Mutual Savings banks and President and Treasurer, Connecticut Savings Bank of New Haven, Conn. The gain contrasts with a loss of $44,000,000 in July, 1950 and marks the third consecutive month this year in which deposit increases have surpassed those for the corresponding month last year.


Carl G. Freese

Deposits were 17% greater in July, 1951 than in July, 1950 whereas withdrawals were 3% less. For the fourth consecutive month, amounts deposited exceeded those of the same month in 1950, while withdrawals were less in both June and July, 1951.

In commenting on the report, Mr. Freese said: "The substantial gains in savings in these thrift institutions, amounting to $349,000,000 during the last four months, are an indication that the public scramble for goods is subsiding and that a sounder, more balanced economy is developing. If this trend continues, it can have a salutary effect on price levels and provide a strong curb to disruptive inflationary forces."

Portfolio policy of the mutual savings banks during July reflects the changing conditions in the investment markets. Funds received from depositors were supplemented by drawing upon cash for $37,000,000 as well as by reducing U. S. governments by $61,000,000 and this total was placed in (1) mortgage loans and (2) corporate and municipal securities, which rose $145,000,000 and $29,000,000 respectively. The gain in mortgage holdings was the smallest since March and the reduction in U. S. governments the smallest since January.

Kernan Heads Junior Republic Campaign

Francis Kernan, partner in the investment banking firm of White, Weld & Co., has accepted Chairmanship of the $350,000 fund-raising campaign for the George "Junior Republic," which will be launched in September, it was announced by Donald S. Stralem, Chairman of the Board of Directors.

Mr. Kernan, who was a Lieutenant-Commander of destroyer escorts in the Atlantic for three and a half years during World War II, said the appeal will be of special interest to businessmen. "The continuing revelations of subversives in key government and industry posts, and of crime syndicates that cover the United States like a caul, have all patriots beating their heads against the wall in frustration because there is little that a good citizen can do about them between elections except be a good citizen. The situation points up the fact that the future of our nation will be in the hands of today's school boys and girls, and that it is important right now to bring them up according to the highest principles of home, church and state so that they will not learn to accept as normal the lack of integrity in government that prevails today. The program of the George 'Junior Republic' has special significance at this time because it was specifically designed to teach good citizenship by first hand experience in government, to teach the preservation of traditional American freedoms and rights, to inculcate respect for the free enterprise system and to promote Godly thinking. Our campaign will thus provide an unusual opportunity for direct action to help make the United States the kind of nation we want it to be. I consider my participation a civic and patriotic duty."

The "Junior Republic," located at Freeville, N. Y., is a non-sectarian self-governing youth community of 550 acres with a population of about 125 teen-age boys and girls from all parts of the nation. It is the only co-educational project of its kind, and is world famous as the birthplace of youth self government idea in 1895, when it was founded. Other features of the unique program, which was designed to help teenagers correct anti-social aspects of their characters, are a system of vocational exploration among various trades, payment for all work and for attending school, and payment for room and board out of earnings. The Republic has its own special monetary system which is used exclusively within its boundaries, and has its own legal system complete with judge, attorney general and lawyers. A president and cabinet officers who govern this "smallest Republic in the world," are elected annually. Laws are enacted in a monthly Town Meeting.

Halsey, Stuart Offers M-K-T Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. is offering to the public $1,500,000 Missouri - Kansas - Texas Equipment Trust, Second Series 1951, 2¾% equipment trust certificates, maturing semi-annually, March 15, 1952 to Sept. 15, 1966 inclusive. The certificates are priced to yield from 2.25% to 3.05%, according to maturity. The offering is subject to authorization of the Interstate Commerce Commission.

The certificates, which are unconditionally guaranteed as to principal and dividends by endorsement by Missouri-Kansas-Texas RR. Co. are to be secured by new railroad equipment to cost approximately $1,890,278. The equipment will consist of 13 Diesel-electric road-switching locomotives.

With Renyx, Field Co.

(Special to The Financial Chronicle)

DENVER, Colo.—John M. Doroshenko, Chester C. Heitsch, and Mrs. Helen Pfefferle have joined the staff of Renyx, Field and Company, 1563 Washington Street.

Irving Green Opens

ROCKAWAY BEACH, N. Y.—Irving Green is engaging in a securities business from offices at 173 Beach 79th Street.

Mutual Funds

By ROBERT R. RICH

PENSION FUNDS, charitable, religious, educational and other such corporations and foundations will be permitted to buy shares of the Income Foundation Fund at one-half the regular acquisition cost, without regard to size of purchase, Mrs. R. H. Axe, chairman of the board of trustees of the fund, announced Tuesday, effective date for the change.

"This Axe innovation makes Income Foundation Fund the first and only mutual investment fund granting special concession to non-profit institutions," Mrs. Axe stated.

"The practical effect of this move is to bring down the cost of acquisition of the Fund's shares to non-profit institutions. Many of these institutions have refused to buy mutual funds because they considered the acquisition cost too high."

In addition, Mrs. Axe stated that the customary reduction in commissions, which vary with the size of the purchase, will also be applied to aggregate amounts of purchases made by any investor in several lots from the same investment dealer, during a period of not exceeding 12 months, provided the investor submits a written statement of intention to make purchases aggregating a defined amount of not less than $25,000.

On investments up to $24,999, the normal sales cost is 8½%; to the privileged group it is reduced to 4¼%. From $25,000 to $49,999, they pay only 3% instead of the usual 6%; from $50,000 to $99,999 the cost is only 2%, or half the regular 4% rate. At $100,000 the special rate drops to 1%, at $250,000 the cost is ½% and at $500,000 the cost is only ¼%.

The change in the sales charge structure required an exemption, under the Investment Company Act of 1940, by the Securities and Exchange Commission.

THE BERGER "Prudent Man" Bill passed the Pennsylvania State House a week ago Monday with a one-vote margin of 106 out of a needed 105, and is presently in the Attorney General's office for an opinion before being presented to the Governor for his signature.

The Snowden Bill, identical to the Berger Bill except that the former specifically permits trustee investment in open-end investment companies without senior capital or bank loans, lacked 10 of the 105 votes necessary for passage in House. However, the Snowden Bill is scheduled for reconsideration when the Pennsylvania State Legislature reconvenes on Sept. 17. This last session of the State Legislature was the longest since 1799.

Both bills earlier passed the Pennsylvania State Senate.

PART OF THE record production of paper and paperboard has been going into inventories and indications are that "the present rate of production will decline, with consumption holding up substantially until such time as the statistical position of the industry has been corrected," according to a review of "The Paper Industry," issued by the investment firm of Calvin Bullock.

However, the adverse affect on the industry's earnings from a lower production "would be less than might normally be expected since a shareholder under present excess profits taxes 'loses' only 23 cents of every dollar that earnings are reduced, with the government absorbing the loss of 77 cents of earnings subject to excess profits taxes," the study said. Moreover, the industry can be expected to achieve certain economies in operating costs not available when production is at or in excess of rated capacity, the review noted. Such economies include maintenance and repair savings and, for mills which are non-integrated, savings resulting from a smaller dependence on high-cost purchased pulpwood.

Net sales of 19 publicly held paper and paperboard companies increased 280% between 1940 and 1950 and net income increased 310%, according to the analysis. Simultaneously the industry "made large strides in strengthening its working capital position and capital structure." Because of the broad financial improvement the industry has achieved in the last decade, together with its successful introduction of new products, securities of paper companies may be expected to attain a wider public acceptance than at any time in the past, the firm said.

KEYSTONE Custodian Funds is of the opinion that the long, 10-year downtrend in bond and preferred stock yields may be broken.

In a letter to the shareholders of its K1 Income Preferred Stock Fund, the investment company said that since the increase in money rates this past spring, new bond and preferred offerings have been at higher rates, which would appear to mark the end of many years of declining yields for investors in these types of securities.

THE PROPOSED dividend tax withholding bill now before Congress will affect the tax problems of American securities investors in three ways, according to the current issue of "The Stock Fund Investor," quarterly publication for the 9,600 shareholders of Investors Stock Fund, mutual fund affiliate of Investors Diversified Services.

The tax bill, a proposal to require corporations to withhold 20% of all dividends paid and turn the funds into the U. S. Treasury as taxes, will: "(1) further complicate your tax return; (2) allow the government to have possession of your money until such time as you can claim refunds due you; (3) increase the expenses of the companies in which you own shares, including Investors Stock Fund," shareholders were told.

The bill makes no attempt to relate the tax to what the individual investor-taxpayer actually pays in taxes, but lumps all stockholders into a single "20% class" for withholding purposes.

FRANK L. VALENTA, President of Natural Resources Fund, announced that the net assets of the Fund totaled $1,576,000 on Aug. 7 compared with $1,308,165 on May 31 last, $665,605 on Nov. 30, 1950 and $109,500 on Feb. 23, 1950 when the shares were first made available generally to the public. Mr. Valenta added that the outstanding shares of the fund were now held by more than 1,100 investors in 23 states.

Natural Resources Fund presently has investments in 76 companies operating in a dozen different natural resource fields.

Natural Resources Fund shares, Mr. Valenta continued, are growing in popularity because of the appeal of ownership of securities in companies owning their own basic materials. He pointed out that natural resource shares appear well suited to meet the investment requirements of those wishing hedge against inflation.

TELEVISION - ELECTRONICS Fund was cleared by the Netherlands Bank for listing on the Amsterdam Stock Exchange, Chester D. Tripp, President of the Fund, stated.

Mr. Tripp remarked that "Dutch financiers for some time have been interested in the promising investment possibilities in the future of electronics and have concluded that the mutual fund approach is particularly sound and practical for this dynamic growth industry. They have been studying Television-Electronics Fund, Inc., closely."

AMERICAN BUSINESS SHARES, Inc., reports net assets on July 31, 1951, end of the third quarter of its fiscal year, of $4.07 per share compared with $3.95 per share on July 31, 1950.

COMMONWEALTH International Corp. Ltd. has been honored by the "Financial World" of New York for the third successive year with a "Highest Merit Award" for the excellence of its annual report to shareholders.

This Mutual Investment Fund is the only one in Canada ever to receive such recognition. In all, some 5,000 annual reports from companies in practically every field of business were studied by the judges.

The official citation declared that the Fund's 1950 financial statement to its shareholders "was judged as among the most modern from the standpoint of content, typography and format."

D. MOREAU BARRINGER termed the railroad freight rate increase "another bubble in the continuously boiling pot of inflation," in his weekly report to directors. The increase will add "a specific and measurable cost" to practically every article of consumption or of capital investment, he said, and the effect of this will be that the costs mostly will be paid by the consumer while railroad earning power specifically will be somewhat helped.

As far as railroad stockholders are concerned, the mutual fund executive noted that the increase will be added to a level of earnings that are pretty satisfactory. He expressed the opinion that 1951 earnings of the western roads particularly will make a very satisfactory comparison with the high level of 1950.

Mr. Barringer observed that it is the outlook for continued business volume and a price level more subject to rises than declines, that is supporting the present level of stock prices. "Nothing," he added, "in this past week's news seems to threaten a reversal of these conditions."

Delaware Fund has more than $1,165,000 of its net assets in railroad stocks.

NET ASSETS of Eaton & Howard Stock Fund on July 31, 1951, were at a new high of $10,008,947. The $10,000,000 mark is regarded as important since some states require a fund be that size, among other qualifications, before approving the purchase of Fund shares by certain fiduciaries.

Net assets of Eaton & Howard Balanced Fund were $73,536,301 on July 31, compared with $62,923,792 on Dec 31, 1950.

THE INVESTMENT portfolio of the Dreyfus Fund as of July 31, 1951 showed an increase in common stock investments since the last published report on June 13, 1951 of approximately 6% of the Fund's assets. If there were to be included, in the common stock section, the Fund's holdings of Phillips Petroleum bonds, which are in the process of conversion to common stock, the total common stock position would be approximately 73%, up about 8%.

Public Utilities continue to be the largest holding representing about 11% of the Fund's investments.

NET ASSET value of Stein Roe & Farnham Fund, Inc., now surpasses $4,000,000, Harry H. Hagey, Jr., President, announced. The fund, which was organized with $105,000 of original capital, will be two years old Aug. 25.

Indirect Controls Adequate for Stabilization!

At annual meeting of General Mills, Inc., Chairman Harry A. Bullis tells stockholders it appears unnecessary to place reliance on direct wage and price controls. Says nothing but full scale war should be permitted to curtail our freedom.

In his customary talk to shareholders, Harry A. Bullis, Chairman of the Board, at the annual meeting of General Mills, Inc., held in Wilmington, Del., on Aug. 21, expressed optimism for the future, and contended that, in absence of all-out, full-scale war, there will be no need to employ direct wage and price controls, which "curtail our freedom."

Harry A. Bullis

"Our economy is in a sound position," Mr. Bullis stated. "There has been a great deal of expansion in private industry during the past year, and that expansion has given a sound start to our expanded program for military production. We now have a broad base of private industrial expansion to support the increase in production of war goods that will be needed during the coming year. The strength and power of our United States economy is illustrated by the fact that during the last nine months capital formation—goods made today for use tomorrow including the building of new factories and machinery—has been carried on at the astounding high rate of $90 billion per year. Approximately one-third of the total was in consumer durable goods, the production of which gives us our present civilian strength. Another third was in producers' durable goods, and the remaining third consisted of all construction, plus the increase in inventories. Measured in this way, our gross capital formation has been at a rate of approximately 30% of total gross national production, which is now more than $300 billion per year. Capital formation in the United States, as is true for our total steel production, now accounts for approximately one-half of the world's total.

Significance of Price Trends

"The rise in price level which accompanied this industrial expansion probably has not been excessive in view of what has been accomplished. However, we must not overlook the fact that our citizens will have to pay the full price of the huge war production program in which we are engaged. None of the productive effort which goes into military equipment can have a part in raising our standard of living.

"During the period from June, 1950 to March, 1951 wholesale prices rose about 18%, and the cost of living increased approximately 8%. We shall have to accept those price increases and consider them as part of the cost of rearmament.

"Recently there has been a decline in the general level of wholesale prices, and in some cases future contracts in food and textile markets are selling at discounts under today's spot prices. Consequently, if a truce in Korea is arranged and a peace is ultimately concluded, and if Congress works out a satisfactory tax bill, there is a strong likelihood that the pressure of government spending can be held down so that prices will not rise any further. If this can be done, it will be a remarkable achievement when we consider the huge increase in rearmament expenditures.

Controls—Direct and Indirect

"I am convinced that the general credit controls have helped to stabilize prices while leaving the flexibility which is essential to the functioning of our economy. A year ago factories were pressed for production, inventories were high, and prices were rising. Today those inventories are going into consumption, and the effect is somewhat deflationary. Undoubtedly it was a good thing to accumulate a supply of consumer goods before starting to produce war goods at a high rate.

"The general controls which have been established appear to be operating very well, and they should be continued as long as necessary. These general and indirect controls have consisted mainly in the withdrawal of Federal Reserve support of government bonds at par, and in the moderate credit restrictions embodied in regulations X and W. The effect of these controls has been reinforced by heavier taxes and—during the past four months—by increased savings of individuals. I believe these general and indirect controls will serve us well in the period ahead and will make it unnecessary to place much reliance on direct wage and price controls.

Looking Ahead

"It is not possible to predict the future, but surely this is not a time to be discouraged; rather it is the time to take account of our strength and let its power be known. Unfortunately we still live in a 'power world' and not in a world which is peacefully ordered. By keeping our industry and our incentives free, we are showing that free men can do the best job. It is important that we continue to emphasize the advantages of a free economy in which free men, free labor, and free enterprise can continue to produce. Nothing short of full-scale all-out war should be permitted to curtail our freedom."

Bache Establishes Municipal Bond Dept.

Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange, announce the opening on Sept. 4 of a Municipal Bond Department as a further step in the firm's policy of expanding its facilities.

Darnall Wallace, with a background of 30 years' experience in the municipal bond business, the last 10 of which he has spent as a Vice-President of Coffin & Burr, Inc., will be manager of the new department. Associated with him will be Robert E. Brindley.

Bache states in its announcement that the firm expects to be active as a member of groups bidding for representative new issues of municipal bonds and to be in effective position to execute buy and sell orders in the general municipal bond market.

With Hill Richards

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Jack Cooper has become associated with Hill Richards & Co., 1 Montgomery Street. Mr. Cooper was previously in the trading department of Walston, Hoffman & Goodwin.

With Hannaford & Talbot

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Henry E. Gundling has become affiliated with Hannaford & Talbot, 519 California Street.

Beware of Deflation!

Dr. F. A. Pearson, Cornell University agricultural economist, advises "hold your fire" to anyone who shoots at inflation as cause of country's economic troubles.

Addressing leading New York bankers attending the Agricultural Seminar at Cornell University, Ithaca, N. Y., on Aug. 13, Dr. F. A. Pearson of the Department of Agricultural Economics, warned real threat to the nation is not inflation, but deflation, and declared that those who aim at inflation as the cause of the country's ills should "hold their fire."

"Inflation is good for farmers, bankers, manufacturers and wholesalers and so on," Dr. Pearson asserted. "When these basic producers are prosperous," he said, "other groups need have no fears as they will be cared for.

"Everyone thinks he fears inflation and must shoot the beast, and if for appearance you think you should play the role of a St. George, take plenty of pot shots. It is always wise, however, never to hit a vital spot."

To any would-be St. George who goes after deflation, Dr. Pearson encourages him with a "be sure you hit the dragon in a vital spot on the first shot."

Dr. Pearson contended that most of the American people missed seeing the extravaganza he calls "The Greatest Show on Earth," the combination of rising prices and rising building during the past five years.

"This combination has brought prosperity to town and country and it's a combination that only put in an appearance five times during the last 150 years.

"Some people are never satisfied, though, with what they have, whether it was the inflation of the past five years or the recent 15%-20% deflation which has spread more gloom than we are ready to admit." The economist doesn't go along with the crowd that think they want lower prices for the articles they buy. He said, "When everyone gets what he thinks he wants—low prices—then everyone gets what he does not want—hard times and depression."

As a business barometer these days he recommends truck drivers, and says there is great confusion among them and the professional economists concerning the state of business. The latter is likely to make an overall appraisal whereas the former appraises only the state of his particular business.

He reported a recent round-up of Wall Street economists that revealed eight thought business was better, eight thought it worse and one was on the fence. Two truck drivers found it as "fine" and "lousy."

He explained the apparent confusion among the informed as due to the fact that we have active business surrounded by mild depression. "There is no general depression. There are many private recessions, however, surrounding the highly concentrated defense spending which has not trickled down to innumerable industries and is not likely to," Dr. Pearson concluded.

Holt-Collins Add

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—William V. Murphy has joined the staff of Holt & Collins, Russ Building, members of the San Francisco and Los Angeles Stock Exchanges.

The Russian Peace Offensive

By PAUL EINZIG

Dr. Einzig, referring to Russian President Shvernik's letter to President Truman, says it may be a mistake to assume it is mere propaganda, since it may be move to create a business slump in U. S. and other democratic countries, through cessation of rearmament expenditure. Holds it dangerous to rely on increased civilian demand to offset lowered military outlays.

LONDON, Eng.—It is as yet impossible to form an opinion whether President Shvernik's letter to President Truman marks the beginning of a new policy on the part of Soviet Russia, aiming at a relaxation of the international political tension. It would be a mistake to assume, as many people on both sides of the Atlantic are inclined to do, that it is just another propaganda gesture and that Moscow has not the least intention to agree to any arrangement that could conceivably be acceptable to the Western Powers. Quite possibly the Kremlin may this time really mean business, not because of any genuine change of heart, but for considerations of expediency, for the sake of preparing the way for a slump in the United States, Britain and other democratic countries. Such a slump might easily result from a sudden cessation of rearmament and stockpiling, not only because of the fall in unproductive demand for raw materials and manufactures, but also through the psychological effect of the turn of the tide.

Dr. Paul Einzig

In spite of recent falls in raw material prices, their level remains abnormally high. It undoubtedly discounts further abnormal demand for national defense requirements. This means that, should that demand be checked through some international agreement for a limitation of armaments, there would be every likelihood of a fall—the extent of which would far exceed the proportions justified by the actual fall of the demand.

Hundreds of millions of consumers all over the world would welcome such a slump as it would bring them long-awaited relief in the form of a cessation of the rise in the cost of living, or even an actual fall. Most of them would soon discover, however, that an exaggerated deflation is even worse than the relatively moderate inflation experienced during recent years. Quite possibly the deflation, unless checked effectively, might assume disastrous proportions, and would create troubled conditions suitable for bloodless Communist infiltration.

Even so, it would be difficult for the Western statesmen to reject any apparently genuine peace offer. Notwithstanding the risk that the new Russian policy might achieve its aim by creating an exaggerated slump, the democratic Governments have no choice but to accept terms which, on the face of them, appear to be acceptable. Their rejection would be politically difficult if not impossible. What they are entitled to is to insist on tangible safeguards on the genuine character of the peace policy, instead of accepting a mere scrap of paper. For instance the restoration of the full political and economic independence of the Satellite States of Central and Eastern Europe should be made an indispensable condition of an arms limitation agreement.

N. Y. Curb Golf Tourney Sept. 25

John J. Mann, Board Chairman of the New York Curb Exchange, has announced that the eleventh annual Curb members' golf tournament and dinner would be held on Tuesday, Sept. 25, 1951, at the Sunningdale Country Club, Scarsdale, N. Y.

The non-retirable Curb Exchange Golf Trophy, won last year by Hank Hagen, will again be placed in competition.

Leonard C. Greene, Chairman of the committee in charge of arrangements, announced that the President's trophy and the Chairman of the Board's trophy would be awarded to member low gross and low net winners respectively. Other prizes will be presented to guest winners.

Members of Mr. Greene's committee include Jack Kassel, John H. McDermott, Joseph A. McGarry, A. Philip Megna, Joseph Petta, Francis J. Purcell, Robert F. Shelare and Francis X. Gaudino of the Exchange staff.

Canadian Securities

By WILLIAM J. McKAY

The exchange position of the Canadian dollar in relation to U. S. currency gives every indication of further improvement because of recent developments. The Canadian Bureau of Statistics has reported that Canada's exports to the United States in the first six months of 1951 passed the billion-dollar mark for the first time in history.

Canadian shipments in the six months jumped $200,000,000 to a new high of $1,117,700,000—63.7 per cent of Canada's exports.

Shipments to all countries rose to $1,740,200,000 — a $300,000,000 jump over $1,430,600,000 in the corresponding period a year ago.

Part of this increase can be ascribed to price climbs and part to expanded volume. Earlier reports had indicated, however, that Canada was buying from the world a lot more than she was selling and that the gap between exports and imports in the six-month period may run to about $340,000,000.

The Bureau of Statistics report shows, however, that domestic exports maintained its pace, increasing to $312,500,000, up $23,000,000 from last year's $289,200,000.

Shipments to the U. S. rose to $190,000,000 from $179,300,000, but exports to Britain slipped slightly to $51,300,000 from $52,800,000. Shipments to Latin-American countries also were down to $11,200,000 from $13,900,000, but Europe, outside of Britain, doubled its purchases to $32,200,000 from $16,200,000.

The six-month export picture with Britain was not encouraging. Though prices had increased sharply, the value of Canada's shipments to Britain totalled $253,500,000 up only slightly from last year's figure.

Shipments to the 20 Latin-American countries climbed to $79,748,000 from $60,825,000 — about nine times higher than the 1938 figure of $9,153,000.

Canada's principal export — newsprint—rose to $47,000,000 in June from $39,200,000, bringing the six-month total to $248,500,000 from $235,400,000. Woodpulp, another big export commodity, climbed to $32,400,000 in June from $18,100,000, boosting the six-month total to $163,360,000 from $91,900,000.

A favorable factor in the world trade situation of Canada this year is the prospect of bumper grain crops. A recent report issued by the Bureau of Statistics states that "Prospects for the Western wheat crop continue to be generally favorable despite localized hail damage in Alberta and Saskatchewan and low moisture reserves in southern sections of Manitoba and Saskatchewan. The lateness of the season, however, is causing some concern over the possibility of frost damage to late-seeded crops."

Another problem is the lack of sufficient storage space for the bumper crop. More than 156,000,000 bushels of last year's grain crop was still in the country elevators and Lakehead terminals as the last crop year ended July 31, compared with 62,000,000 the previous year.

Included was 75 per cent of the "visible carryover" of 162,000,000 bushels from last year's wheat crop. Most of it is slow-moving, low-grade wheat unsuitable for milling.

Officials say prairie farmers will have more grain this fall than they can deliver to country elevators and until the transportation situation is clarified there will be "relatively low delivery quotas."

While the visible, wheat carryover is the highest since the war, a grain official said Canada has been able to store considerably more in the past. Wartime peak, when overseas outlets were blocked, was 440,000,000 bushels in 1941. Highest in peacetime was the mid - depression 200,000,000 bushels.

Great Britain has already agreed to purchase more than $200,000,000 worth of Canadian wheat in the new crop year beginning Aug. 1.

This will amount to about 113,000,000 bushels—18,000,000 in the form of flour—and there is consideration of boosting this to 122,300,000 bushels on Sept. 30.

The Price to be paid for the 113,000,000 bushels will be that prevailing under the 42-nation International Wheat Agreement. The ceiling is $1.80 (U. S.) a bushel for No. 1 Northern, or about $1.90 a bushel in Canadian funds.

On that basis Britain will spend about $214,700,000 for Canadian wheat and may spend even more if she decides to take the additional 9,300,000 bushels.

Holds Politics Now Control Mtge. Field

Miles L. Colean, housing economist, says Korean War marked end of period in which economic development was of supreme influence in decisions affecting housing credit.

Addressing a meeting on Aug. 17 of the Graduate School of Savings and Loan, at Indiana University, Bloomington, Ind., sponsored by the American Savings and Loan Institute, Miles L. Colean, noted housing economist of Washington, D. C., contended that political decisions have become of equal importance as economic developments in influencing the home mortgage market.

Miles L. Colean

He contended that political decisions affecting home credit made after the start of the Korean War marked the end of the period in which economic developments were the supreme factor affecting the mortgage field. This happened he said, when the government "reinstituted all types of controls present during World War II and, for the first time, imposed direct controls on conventional mortgage credit."

"The direct controls on construction, building materials, and credit represented the farthest extent to date of the substitution of official judgment for the judgment of the market as to what may be built, how it may be built, and how it may be financed," he maintained. "The only thing lacking is a complete 'programming' in non-defense areas."

Mr. Colean said the most recent expansion of government influence occurred last spring with "the discovery of a new method of broad control of the supply of mortgage money brought about by a change in the Federal Reserve's policy of supporting government bond prices at par or better."

"The change curtailed the supply of mortgage funds from banks and insurance companies," he explained. He foresaw the possibility of "similar actions" as the source of further government influence on mortgage lending and building activity "as long as the public debt remains in such proportions as it is."

Today's mortgage lenders, unlike lenders of other years, must be "politically alert" and must acquaint themselves with "a growing volume of legislation and regulation," Colean said.

These necessities, the speaker added, threaten to divert the lender's attention from "the business of making sound loans" to preoccupation with making "advantageous interpretations of governmental rules."

Relating the history of governmental activity in the home mortgage market, Mr. Colean said that the "vested interests" responsible for it had transformed mortgage credit into "an engine of inflation" which has gathered speed in recent years. He mentioned the Federal Housing Administration program, the Veterans Administration loan program and the Farmers Home Administration program as instances of "specialized use of credit" by the government to court selected groups in the market.

Theodore L. Bailey Joins McDonald Co.

CLEVELAND, Ohio—Theodore L. Bailey, a veteran in the investment banking business in Cleveland, has become associated with McDonald & Co., Union Commerce Building, members of the New York and Midwest Stock Exchanges, where he will continue to specialize in the underwriting of new issues of securities as well as in advertising and public relations.

Except for three years as a reporter for the Cleveland newspapers, Mr. Bailey's entire business career has been with Otis & Co. He is a director of John Meck Industries, Inc., television manufacturer of Plymouth, Ind., which owns the controlling interest in Scott Radio Laboratories, Inc., of Chicago.

With Grant Brownell

(Special to THE FINANCIAL CHRONICLE)

DAYTON, Ohio — Lucien H. Ahlers has become affiliated with Grant Brownell & Co., Winters Bank Building, members of the Midwest Stock Exchange.

Continued from page 5

The State of Trade and Industry

During the final 15 days orders will be booked on first-come-first-served basis.

For some, the fourth quarter tangle looks hopeless, the "Iron Age" points out. One large consumer tried to place an order with his regular supplier for 37 different carbon and alloy steel items. He had fourth quarter certified CMP checks for all, although they didn't specify which steel bank.

The mill, which is known to have conscientiously applied the first-come-first-served regulation, could not furnish a single item during the fourth quarter. Item by item it listed its first open CMP schedules. Openings ranged from January through March.

The customer wasn't interested in extended booking. Since quarterly quotas aren't cumulative, he'd lose tonnage in the long run. Besides, he needs the steel in the fourth quarter, this trade authority continues.

Cold drawn bar producers are due to get more semi-finished steel. A new order allows them 110% of shipments they received during the first six months of 1951 or first nine months of 1950, whichever is larger. Most are expected to choose this year as their base because DO's, added to their regular mill quotas, made their receipts larger.

Some steel people believe NPA will also grant warehouses more steel. In Washington favorable discussion has centered on permitting them to receive 100% of their base period shipments. Also under discussion, this trade journal observes, was the possibility of allowing them to replace their inventory each month as it is used up. This would permit them to go over the 100% limitation.

Manufacturers of consumer durables, including autos, will keep making civilian products, although they may have to cut back production still further. When fourth quarter tickets are issued they will be validated to reflect steel already received.

The American Iron and Steel Institute announced this week that the operating rate of steel companies having 93% of the steel-making capacity for the entire industry will be 100.4% of capacity for the week beginning Aug. 20, 1951, or a decrease of 1.1 points from a week ago.

The current week will be the twenty-fifth wherein production exceeded 2,000,000 tons.

This week's operating rate is equivalent to 2,007,000 tons of steel ingots and castings for the entire industry, compared to 101.5%, or 2,029,000 tons a week ago, and 101.4%, or 2,027,000 tons a month ago. A year ago it stood at 90.6% of the old capacity and amounted to 1,747,400 tons.

Electric Output Surpasses Record Level for 1951

The amount of electric energy distributed by the electric light and power industry for the week ended Aug. 18, 1951, was estimated at 7,164,469,000 kwh., according to the Edison Electric Institute.

Output in the latest reporting week surpassed the record level of 7,099,385,000 kwh. on Feb. 3 for the current year.

The current total was 94,579,000 kwh. above that of the preceding week; 794,639,000 kwh., or 12.5% above the total output for the week ended Aug. 19, 1950, and 1,585,669,000 kwh. in excess of the output reported for the corresponding period two years ago.

Carloadings Show Further Slight Recession for Week

Loading of revenue freight for the week ended Aug. 11, 1951, totaled 809,354 cars, according to the Association of American Railroads, representing a decrease of 4,012 cars, or 0.5% below the preceding week.

The week's total represented a decrease of 38,354 cars, or 4.5% below the corresponding week in 1950, but an increase of 81,325 cars, or 11.2% above the comparable period of 1949.

Auto Output Turns Sharply Upward the Past Week

Combined motor vehicle production in the United States and Canada the past week, according to "Ward's Automotive Reports," totaled 129,541 units, compared with the previous week's total of 97,351 (revised) units, and 190,879 units in the like week of 1950.

For the United States alone, total output advanced to 123,066 units from last week's revised total of 95,060 units. In the like week of last year output totaled 183,368 units. Canadian output in the week totaled 6,475 units compared with 2,291 units a week ago and 7,511 units in the corresponding 1950 week.

Total output for the current week was made up of 95,507 cars and 27,559 trucks built in the United States and a total of 4,435 cars and 2,040 trucks built in Canada. In the previous week, Canadian output totaled 1,674 cars and 617 trucks against 5,347 cars and 2,164 trucks in the like 1950 week.

Business Failures Edge Upward

Commercial and industrial failures rose to 158 in the week ended Aug. 16 from 149 in the preceding week, Dun & Bradstreet, Inc., reports. Despite this increase, casualties were below the 186 and 193 which occurred in the comparable weeks of 1950 and 1949 and continued to be down considerably, 38%, from the prewar total of 253 in 1939.

Manufacturing, wholesaling, and commercial service accounted for the week's increase, with failures in these lines up to 27, 19 and 17, respectively. In contrast, retail casualties dipped 2 to 74 and construction 2 to 21. Mortality was less than a year ago in manufacturing, retailing and construction, but exceeded the 1950 level in wholesale trade and service.

Six of the nine major geographic regions reported an increase in failures during the week. Declines occurred in the Middle Atlantic, West North Central and South Atlantic States. More businesses succumbed than last year in the Middle Atlantic and Pacific States, while a decline from the 1950 level prevailed in six areas. The most noticeable drops from a year ago occurred in the East North Central and South Atlantic States.

Wholesale Food Price Index Turns Slightly Lower

After moving upward for three weeks, the wholesale food price index, compiled by Dun & Bradstreet, Inc., registered a mild decline last week to $6.94 on Aug. 14, from $6.95 a week earlier.

Compared with last year's figure of $6.53, the current index still shows a rise of 6.3%.

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

Wholesale Commodity Price Reflects Steadiness in Latest Week

Moving in a narrow range, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., showed little change during the past week. The index closed at 300.79 on Aug. 14, comparing with 300.80 a week earlier, and with 278.80 on the like date a year ago.

Leading grain markets were mostly steady to higher in the week. The continued uptrend in wheat was largely influenced by the long drawn-out peace talks in Korea and a smaller-than-expected government estimate on this year's crop. The Aug. 1 report of the Department of Agriculture indicated a total prospective wheat crop of 998,000,000 bushels. This was about 72,000,000 bushels less than last month's forecast, and the first estimate to drop below a billion bushels in eight years. Corn show independent strength, aided by increasing demand by processors and feed manufacturers. Trade volume in futures on the Chicago Board of Trade showed little change from last week but was lighter than a year ago.

Domestic flour business continued spotty. Large bakers continued aloof but a sizable volume of sales to independent bakers was reported early in the week. Cocoa was strong but turned weak in late dealings due to a lack of manufacturer interest.

Raw sugar was again under pressure and prices declined to new lows for the current move.

Refined sugar continued to weaken and showed a drop of 25 cents a hundred pounds from the recent high of $8.75. Firmer lard prices reflected buying stimulated by the expectation of good export business and announcement of a government cottonseed support program.

Domestic cotton prices were irregular last week. Fluctuations were narrow with the spot quotations off slightly while futures finished the period moderately higher. Demand was stimulated to a large extent by the government's announcement of the elimination of export quotas and unfavorable crop advices from central and southern Texas. The first government forecast of the 1951 cotton crop issued last Wednesday, had little effect marketwise as it was about in line with general trade expectations.

The crop as forecast at 17,266,000 bales, is the largest since 1937 and the third largest on record.

It represents an increase of 72.5% over last year's crop of 10,012,000 bales, and of 43.5% above the 10-year average (1940-1949) of 12,030,000 bales.

Spot market activity rose somewhat as the new crop movement increased. Total sales in the ten spot markets were reported at 73,600 bales last week, compared with 46,800 the previous week, and 354,900 in the corresponding week a year ago.

Business in the Boston raw wool market was dull following the flurry of activity the week before. Some better grade wools destined for military use sold in fair volume at sharply reduced prices from a few weeks ago. Trading in western producing states remained at a low level.

Trade Volume Lifted Moderately by Promotional Sales

The consumer response to promotional sales of Fall merchandise was very favorable; retail dollar volume rose moderately in the period ended on Wednesday of last week. While current sales volume continued to compare unfavorably with that in the corresponding 1950 period when there was considerabe war-scare buying, the margin of decrease was somewhat less than in preceding weeks. The decline in consumer buying from a year ago was most evident in television and major appliance volume, states Dun & Bradstreet, Inc., in its current summary of trade.

Retail volume in apparel expanded the past week with back-to-school sportswear, Fall dresses, and the less expensive costume jewelry attracting favorable attention. Inexpensive Summer dresses, skirts, and rayon suits sold well. August coat and fur sales attracted favorable attention in some areas.

The consumer demand for home furnishings remained slow last week and volume was well below the year-ago level. Floor coverings, major electrical appliances, and furniture attracted slight attention. While volume in mattresses was below the corresponding 1950 level at many stores for the first time in some months, the demand for sheets, pillowcases, and other linens increased slightly.

Total retail volume in the period ended on Wednesday of last week was estimated to be from 4 to 8% below a year ago. Regional estimates varied from the levels of a year ago by the following percentages:

New England and East —2 to —6; Middle West —5 to —9; Northwest and Pacific —7 to —11; Southwest —8 to —12.

There was a slight decline in wholesale trade in the week with dollar volume moderately below the very high level of a year ago. The number of buyers attending the major wholesale centers was about 7% below last week's level, and 32% below that in the corresponding 1950 week. Some retailers were markedly hesitant in increasing their orders with price consciousness particularly prevalent among buyers.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended Aug. 11, 1951, decreased 8% from the like period of last year. A decline of 14% (revised) was recorded in the previous week from that of a year ago, and a decrease of 17% is shown for the four weeks ended Aug. 11, 1951. For the year to date department store sales registered an advance of 5%.

A comparison of retail trade volume in New York for last week with that of a year ago was more favorable, due to the tapering off of scare buying in the latter period which was brought on by the Korean War.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended Aug. 11, 1951, declined 9% from the like period of last year. In the preceding week a decrease of 13% was registered under the similar week of 1950. For the four weeks ended Aug. 11, 1951, a decrease of 13% was recorded below that of a year ago, and for the year to date volume advanced 8% from the like period of last year.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government market has made considerable progress since the dark, doubtful and uncertain days of May and June which, by the way, were not so long ago. Short-term rates have advanced, which is to the liking of those that are interested in the liquidity side of the picture. On the other hand, the intermediate- and longer-term obligations have shown the ability to get off their backs and return to levels that make owners of these securities feel as though there is still something to this idea of holding the higher income Treasuries through thick and thin. Those that bought these securities when they had no friends aside from Federal should not be having unpleasant experiences at this time.

Volume and activity have expanded somewhat and while the supply continues on the restricted side, there have nonetheless been modestly increased sales by certain of the larger non-bank owners of government bonds. Federal, it is believed, also put out some of these bonds. These slightly increased offers, however, have been absorbed without any apparent effect upon the trend of quotations. This is looked upon as a favorable development. The whole ineligible list has been in good demand with the bank 2½% of 1967/72 the leader in that group.

Brakes Applied on Bill Issues

At least temporarily the government has stopped raising funds through the sale of Treasury bills. New offerings have been tailored to take care of maturing issues, with no new funds being raised by means of the short-term route. The money markets have been tight and the continued offering of $200,000,000 additional of Treasury bills kept it from easing. Rates for the shortest Treasury obligation advanced to a new high of 1.66% a short time ago, and this evidently was not to the liking of the Treasury. Accordingly, in order not to have the short-term rate go any higher the Treasury has gone back to the old method of meeting only the amount of the maturing issue as it comes due. Corporations which have been the largest and principal buyers of the Treasury bills that were being offered, have no important amount of funds, according to reports, that could be currently put into this security. This may have had some bearing upon the decision of the Treasury not to raise new money through the sale of $200,000,000 additional each week of Treasury bills.

Long Bank Eligible Issue Surprises

Despite the tight money market and the attractiveness of short-term yields the intermediate- and longer-term maturities have been making a creditable showing, to say the least. With the creeping and at times hard to explain betterment in prices of the longer maturities which took place on not too much volume, there developed a skepticism which it seems would not be easily shaken. To be sure, there is still a not unimportant number of these skeptics around but their ranks appear to be thinning with each favorable performance of the market.

It appears as though the action of the longest bank eligible issue is a good illustration of what happens to those that were so sure that the advance in this issue would be halted at the par level. Beyond any question of doubt, when the September 1967/72s got around 100, there were bonds for sale, but the amount that was offered there was not nearly as large as had been expected. The old saying that selling dries up when prices are on the advance applied in this case. Orders to liquidate at 100 were pulled if possible and if only part of the bonds up for sale could be cancelled, they definitely were. Those that had sold them at higher prices and had bought back only a part of their holdings at lower levels tried to fill in these positions as best they could before they broke away too far from the par area. There has been, it seems, a great change in psychology as far as the 2½% due Sept. 15, 1967/72 is concerned since it went above the 100 level.

Buyers of the longest bank issue have not changed a great deal; they still are, in the main, the smaller deposit banks from out-of-town districts. These institutions are finding savings deposits which are an important part of their resources increasing and earnings must be made on these funds. They are now inclined, according to reports, to put these investable monies into the longest eligible 2½s. Channels that were previously so attractive to them do not appear to offer or hold the same appeal at this time. Some of these funds also have been going into the partials with the last two issues of the 2¾s evidently the favorites at this time.

Restricteds Acting Well

The restricted obligations continue to be under accumulation, with the buyers evidently feeling surer of their footing as time goes along. It is not, however, a wide broad market yet, but it will eventually develop along these lines if the present psychology continues to catch on, and some more bonds are made available for sale. If larger amounts of securities should appear and they are absorbed as many now believe they could be, this should make for a much better trading market. There is more evidence that larger bites are being taken out of the restricted bonds by pension funds than has been the case recently. They are still the principal buyers of these securities, but some competition has been appearing from small life insurance companies, fire and casualty companies and charitable institutions. Public funds were not as aggressive in their acquisitions, although some purchases were being made. There has been considerable switching and swopping going on, which has tended to make the market in the ineligibles more active. There is no particular pattern discernible in these exchanges because some of them go from the shorts into the longs and vice-versa.

COMING EVENTS

In Investment Field

Aug. 23, 1951 (Rockford, Ill.)
Rockford Securities Dealers Association "Fling Ding" at the Mauh-Nah-Tee-See Country Club.

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

Sept. 7, 1951 (New York City)
Security Traders Association of New York outing at the New York Athletic Club

Sept. 20, 1951 (Omaha, Neb.)
Nebraska - Iowa Investment Bankers Annual Frolic at Omaha Country Club. Cocktail party September 19 at Blackstone Hotel, Omaha.

Sept. 24-26, 1951 (Cincinnati, Ohio)
Association of Stock Exchange Firms Fall Meeting at the Terrace-Plaza Hotel.

Sept. 25, 1951 (New York City)
New York Curb Exchange golf tournament and dinner at the Sunningdale Country Club, Scarsdale, N. Y.

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

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

Nov. 16, 1951 (New York City)
New York Security Dealers Association 26th annual dinner at the Waldorf-Astoria Hotel.

Nov. 25-30, 1951 (Hollywood Beach, Fla.)
Investment Bankers Association Annual Convention at the Hollywood Beach Hotel.

Joins Collin, Norton

(Special to THE FINANCIAL CHRONICLE)

TOLEDO, Ohio—Mrs. Gladys H. Watkins has become associated with Collin, Norton & Co., 506 Madison Avenue, members of the New York and Midwest Stock Exchanges. Mrs. Watkins was previously with Otis & Co.

Continued from first page

Deflationary Implications In Economic Situation

creating a charge against future income. Such a charge will reduce the size of expendable personal funds in the future and serve to diminish demand. Should inflationary psychology cool, the materials and goods purchased on borrowed funds for inventory will be burdensome.

"In the aggregate, the government has not contributed materially to this increased demand. Its expenditures have not risen measurably and, on balance, it has not been a borrower. Whatever increase has come in money supply has been the direct result of the rise in bank loans. Furthermore, barring all-out war, there is good prospect that the Treasury's net borrowing throughout the rearmament period may not be large. If the Federal budget on a cash basis comes within $3 to $4 billion of balance and the deficits are financed from non-bank sources, there need be no significant increase in the money supply. In short, the inflation gap which has been generally viewed with apprehension as a future development, has actually been with us for a number of months and may not grow appreciably wider. The 13% increase in industrial production, which has occurred since last June in response to anticipatory buying, is almost as large as the 16% bite which rearmament is expected to take from our industrial production by the fourth quarter of this year."

Statistical Summary of Current Situation

A statistical table was presented with the March 1 study in support of these conclusions. This table has been brought up to date and is presented below for the purpose of re-appraising the economic outlook in the light of developments since that date.

In the interest of simplicity, the present discussion of events and trends will be confined to three main headings:

(1) Production.

(2) Consumption

(3) Monetary Factors.

The interplay of the forces of supply of goods, demand for goods and the supply of money determines the trends of prices and of living costs. The study of inflations, past and present, is written in terms of price and living standards and, in judging the stresses which may exist in any given period, the price curves give indication of their intensity and direction.

Production: Reference to the table "Trends in National Economy" reveals the fact that since June 1, 1950, immediately preceding the Korean War, total industrial production in the United States, as measured on a unit basis by the Federal Reserve Board, has risen by 14.4%. The rise since our March study has been about 1%. In the field of durable goods, the FRB Index shows a rise of 20.3%, of which a little more than 4% has come since March 1. In non-durable goods, the rise from June, 1950 has amounted to 7.7% and the present level of output is no higher than in March of this year. The output of minerals (coal, oil, iron ore, copper, lead, etc.) has risen 13.1% since pre-Korea and the present level shows no measurable gain since March 1 of this year. The indices of farm production do not lend themselves readily to analysis because of the seasonal factor and because the measurements are mostly on a dollar rather than a volume basis. Indications are, however, that farm production is at least as high now as a year ago and the cash receipts from it are running about 14% higher.

Consumption: What has happened to what was produced? Most of the answer lies in sales and inventory figures. Since June 1, 1950, Department of Commerce figures record a 23.2% increase in dollar sales by manufacturers, whereas, on March 1, the increase had been measured at 17%. During the same period, wholesalers' sales rose 16.5% but there has been no increase since March 1. At the retail level, the Department of Commerce figures show sales from all retail establishments reaching a peak on about Feb. 1 of this year, some 17.5% above the levels of June, 1950, and then receding to a figure, on June 1, 1951, only 6.5% higher than 12 months earlier. The FRB Index of department store sales tells much the same story, with a peak on Feb. 1 some 21.6% above the June, 1950 figure and a subsequent decline to a June, 1951 level only 2.4% above June, 1950. Since retail prices are now about 11% higher than a year ago, it is apparent that, on a volume basis, after adjustment for the price rise, the sales at retail level on June 1 were actually 4% less than they were pre-Korea. Currently, the comparison is much more unfavorable, for a year ago, in July and August, the public was avidly buying everything in sight out of fear of shortages. For the closing weeks of July, 1951, the FRB reports dollar sales of department stores 22% under a year ago and this situation is likely to continue for a number of months. Reports from the trade suggest that clearance sales in the retail field have not proved any great stimulant in the moving of goods. The public seems to be rather well supplied with what it needs for the time being.

If manufacturers have continued to produce and sell upon an expanding basis and the consumer is buying less, there must have been an accumulation of unsold merchandise. The Department of Commerce figures prove this to be the case. They are as follows:

	June 1, 1950	Feb. 1, 1951	June 1, 1951	% Change
Manufacturers' Inventories	*$29,507	*$35,278	*$38,780	+31.4
Wholesalers' Inventories	7,263	8,613	9,394	+29.3
Retailers' Inventories	14,416	17,422	19,114	+32.6
Total	$51,186	$61,313	$67,288	+31.5

*Millions of dollars.

The $16 billion increase in total inventories represents a very large part, but not all, of the goods produced and not consumed during the period. It does not include whatever materials have been accumulated by the government stockpiles in the interest of defense nor does it include that which the individual consumer has bought, and stored away, beyond his current requirements. Such purchases drop out of the statistical columns once made but, in each case, the amounts involved must be substantial. In any event, the inventories in sight are now equal to 47% of the current annual rate of personal consumption expenditures for goods. The accumulation during the past year equals 11.2% of such expenditures. These are very substantial sums and would ordinarily be viewed with great alarm. Such surpluses would call for cutbacks in production and the liquidation of accumulated merchandise with consequent deflationary results.

What has been the effect of these developments in the field of prices? The trends have not been uniform but have followed the lines suggested in our March paper. Spot prices of sensitive raw commodities rose sharply (36%) from June, 1950 until Feb. 1, 1951. They have subsequently declined steadily, erasing approximately one-half of this rise. Wholesale prices attained a peak in March, 1951, about 17% above the level of June, 1950, and, since that date, have dropped about 3%. Retail prices are now at their peak, some 11.5% above a year ago, but the increase has slowed definitely in recent months. In all probability, the retail index does not yet reflect cut prices for merchandise which have put in their appearance in summer clearance sales. It must be remembered that the foregoing price indices are composites. Prices of individual commodities have followed widely divergent trends and some have given no ground whatever.

Money Factors: In March, we drew attention to the fact that during the post-Korean period there had been only a 4.4% increase in the money supply and that this small rise had resulted entirely from loan expansion. During the period, the Federal Government had operated with a small budget surplus and had not resorted to deficit financing. Since March, the money supply of the country has declined slightly and the government closed its fiscal year, on June 30, with a $3½ billion cash budgetary surplus. The monetary factors, therefore, have not been operating in an inflationary direction. In fact, quite the contrary.

Deflationary Implications

The present economic situation, then, if surveyed without reference to the defense program, is one charged with deflationary, not inflationary, implications. The points of weakness, evident in March, have, almost without exception, been accentuated in spring and summer. Industrial output has continued at capacity, sales have declined at wholesale and retail levels; inventories have piled up at a truly startling rate and are now considered burdensome. The consumer is well supplied and, indeed, may be overbought. Commercial loans have levelled out but stand at a total $1 billion higher than in March. There has been a token reduction in consumer loans and credit, but the figure remains fantastically high and will be a drag upon consumer income for many months to come. Banks and credit associations report that debt payment is slow. Mortgage credit expansion has slowed down but the total is substantially higher than in March when it was considered excessive. New orders have slackened and, in many industries, the downtrend in new orders has been in progress for a number of months. Unfilled orders remain generally high but are, of course, subject in part to cancellation or reduction. Commodity prices are relatively weak. In short, if our rearmament program were not in the process of rapid buildup, one might say rather confidently that the stage is completely set for a major deflationary change in the course of business activity. All of the flags signaling a deteriorating economic situation are flying. The reappearance of inflationary pressures and, indeed, the continuation of business activity at a high rate, will depend basically upon two factors: first, industrial expenditures for plant expansion, and second, government expenditures for armament, including Atlantic Pact commitments.

Impact of Defense Program on Economy

Reference to the statistical record of the past few years, as it concerns production, consumption and price, leads to a few conclusions which may be helpful in estimating the possible impact of the defense program upon our economy. If one can calculate what represents a normal rate of consumer buying, as distinct from buying to fill accumulated needs or buying in anticipation of future shortages, one would be able to measure these requirements against existing and prospective industrial capacity and ascertain what portion of our facilities will be available in the overall to devote to defense production without placing strain on the economy. The figures cited above strongly suggest that, by early 1950, a large part of the accumulated consumer needs built up during the war years had been satisfied, and the great bulk of the postwar plant expansion had been completed. The principal exceptions were in housing and in household equipment, and in automobiles, where the boom was being prolonged by easy credit. Merchandise and goods of all types were in free supply. Inventories were of a normal size and the cost of living index had been virtually stationary for a year. The government was operating on a balanced budget and the supply of money had undergone no important change for three years. The consumption level at that period may be taken as representing a fairly normal situation. A condition of balance existed.

We have seen that the post-Korean boom was largely the product of a business and consumer buying spree in anticipation of a shortage of goods or a rise in prices or both. Government defense spending has expanded modestly but its procurement, other than for stockpile, did not rise significantly during the period. Obviously, the increase in industrial output during the June, 1950 to June, 1951 period represented surplus over and above ordinary consumer and industrial requirement. Measured in dollars, the surplus produced was valued about as follows:

Excess personal expenditures for goods	$16,000,000,000
Increase in inventories	16,000,000,000
Increase in defense expenditures (exclusive of pay and subsistence)	*7,000,000,000
Increase in plant construction (estimated materials only)	4,000,000,000
Total	$43,000,000,000

*Estimated.

The increase of $43 billion over the ordinary expenditures level, pre-Korea, probably constitutes a reasonably good rough measure of the dollar value of our present excess productive capacity under forced draft. If this dollar figure is adjusted for a 15% price rise during the period, it indicates that productive facilities during the period supported an increase in industrial output amounting to about 13.5%, without undue strain. This, however, is not a full measure either of our present productive capacity or of the capacity six months or a year hence. It will be remembered that the first objective of our defense program was that of creating new facilities for future production in a huge volume. The program is proceeding at great speed and new plants, or additions to old ones, are coming into use constantly. It is estimated that, by the second quarter of 1952, productive capacity in the aggregate will permit an output valued at $15 billion per year above the present level. The goals in steel, aluminum, chemical, alloys and power capacity are well known and sufficiently high to create a good deal of additional leeway for full re-armament on top of a normal production for consumer use.

How Much Inflation?

How does this surplus capacity, existing and prospective, compare with the size of the projected armament effort? Herein lies part of the answer to the question of "How much inflation?". At the present time, Federal expenditures for defense are running at an annual rate of $36 billion but, according to the Department of Commerce, only about half of this sum represents expenditures for military hard goods. The other half goes into pay and subsistence, engineering costs, etc. The annual rate of expenditures is set to step up to about $45 billion during the fourth quarter of this year and to reach a level of $58 billion by the spring of 1952. By that time, over two-thirds of this sum will be going into procurement of military equipment. Coincidentally, half the expenditures by industry and government for plant expansion will be tapering off, thus lessening the draft upon critical metals and releasing more for actual armament production. Expenditures for plant expansion have run from a level of about $18 billion per year, prevailing a year ago, to the present annual rate of over $25 billion and are expected to peak at a figure of $26.5 billion during the winter months. The extent of decline, thenceforth, is difficult to estimate but an annual rate $5 billion less is a reasonable expectancy by next spring or summer. Beyond this, the mandatory restrictions on credit and building activity have already cut heavily into demand from this source and the use of materials in residential and non-industrial or non-military construction by the fourth quarter will do well to be more than half the present

Trends in National Economy

	June 1, 1950	Feb. 1, 1951	Aug. 1, '51 or Latest	% Increase
Gross National Product (billions of $)	275	303.7	*325	+20.0
FRB Industrial Production Index	195	220	223	+14.4
FRB Industrial Durable Goods Index	231	268	278	+20.3
FRB Industrial Non-Durable Goods Index	181	195	196	+ 7.7
FRB Mineral Production Index	145	164	165	+13.1
Manufacturers Sales (millions of $)	18,649	21,809	22,975	+23.2
Wholesalers Sales (millions of $)	5,599	6,585	6,527	+16.0
FRB Department Store Sales Index	296	360	303	+ 2.4
Retail Sales Adj. (millions of $)	11,327	13,307	12,065	+ 6.5
Manufacturers' New Orders (millions of $)	19,097	23,515	23,747	+25.3
All Inventories (millions of $)	51,186	59,119	67,288	+31.4
Money Supply (millions of $)—				
Currency plus Deposits	172,400	179,900	178,500	
Commercial Loans (101 banks)	13,359	18.120	19,120	
Mortgage Credit (101 banks)	4,595	5,280	5.476	
Instalment Credit	11,667	13,478	12,913	
†Treasury Cash Receipts & Expenditures—				
Receipts (millions of $)	‡21,551	§16.412	¶25,580	
Expenditures (millions of $)	‡21,865	§16,101	¶19,601	
Commodity Prices—				
Spot Commodity (Moody)	390.9	533.5	467.5	
Farm Product, 1910-14 = 100	247	286	305	
Wholesale, 1926 = 100	155.9	182.2	179.8	
Retail, 1935-39 = 100	185.5	198.4	206.8	
Cost of Living Index—				
BLS Consumers Prices	170 2	178.4	185.4	
Dow Jones Industrial Stock Average	223.46	255.10	259.89	
Dow Jones Rail Average	54.72	88.65	81.25	

All figures not otherwise indicated are from U. S. Department of Commerce Survey of Current Business.

*Estimated. †Source: Federal Reserve Bulletin. ‡6 months through June, 1950. §5 months through November, 1950. ¶5 months through May, 1951.

figure. Declines in automobile sales have already brought the weekly rate of auto production to a figure 25% under that of February and March. Similar or larger drops have come in the output of durable household goods of nearly all types. Further cuts of a mandatory nature will become effective in the autumn months, again releasing more steel and copper and other critical items for the defense effort.

No Likelihood of Shortages

From the foregoing, it is quite apparent that a defense and aid expenditure of $58 billion per year can be fitted into our present productive setup without occasioning acute shortage in any particular field. If this be true and the military procurement program does not go much beyond this figure, there should not be much of an inflationary gap unless the public again becomes frightened. The present attitude does not suggest such a development at any early date.

In estimating the probabilities for further inflation, one must, of course, take into account the probability that the money supply of the country may again be permanently expanded as a result of deficit financing. From a budgetary standpoint, there again appears a good chance that the fiscal year 1951-1952 will not close with a deficit. The existing tax laws, plus the one which is now in process in Congress, will come very close to covering the $68.4 billion expenditure budget for all purposes. It must be conceded, however, that this figure represents almost a maximum which can be extracted from the economy along the present tax route, and at the present price level. Should defense expenditures run measurably beyond a $60 billion figure, there will be renewed danger of deficit financing, which will have a bearing both upon the rate of personal income on a current basis and the money supply-production ratio for the future.

Summary

In summary, with respect to the economic outlook, one can draw a few conclusions:

(1) That for over a year, production has been running in excess of consumption even though the latter has been at a record rate.

(2) That the high level of loans and inventories would ordinarily call for a period of liquidation to bring the economy into a more balanced position.

(3) That the rapid build-up in defense production will prevent any such development.

(4) That if defense production proceeds as scheduled there will be a relatively high rate of business activity next winter and spring.

(5) That the great and rapid growth of our capacity to produce will make it possible to fit the defense program, as now planned, into our economy without creating acute shortages or bringing about a noteworthy increase in living costs.

(6) That the 1951-1952 budget of Federal expenditures will be approximately covered on a cash basis and there will be no significant expansion in total money supply, but that further sharp rises in spending would probably call for some deficit financing unless new sources of revenue are opened up.

(7) That the potential inflationary pressures have been overestimated.

(8) That there is a long range threat that our capacity to produce may outstrip our capacity to consume.

To date, the performance of the stock market has indicated that investors, in the aggregate, do not share these views. The advance of the Dow Jones Industrial Average since last March has not been great and the Rail Average is actually lower, but, in some industrial groups, there have been spectacular gains. This has occurred in the face of mounting evidence of the erosive effect of higher taxes and increased operating costs. For the first half of this year, corporate earnings were well below the fourth quarter of 1950; the second quarter results were less good than the first and this trend will continue. This year will show few, if any, inventory profits whereas last year such profits are estimated at 10% or more of the total. Actually, there will be some inventory losses as a result of price declines which have already occurred. Profit margins are lower all around, partly because of more competitive markets and partly because of rising labor costs and price controls. Business with government is also conducted at lower than ordinary margins. Finally, we have not seen the end of tax increases.

Undoubtedly, the majority of investors remain inflation-minded. And, as suggested in our March paper, there is doubtless a tendency to consider high profit and high dividends as a very pleasant accessory to the process. The fact is that the trends in evidence are not working quite in that direction. Pre-tax earnings' growth is now largely dependent upon the defense effort, and the net increase in return to the investor is being nullified by an even more rapid growth in taxes. Some of the stocks which have led the market in recent months now sell at levels affording a yield less than that available in government bonds. A shift in market leadership seems inevitable, and the best investment values now seem to be in some of the neglected defensive groups. Manifestly, there are risks involved in expansion of stock holdings at this time and the risks seem to outweigh the opportunities for profit. Reserve buying power should be conserved awaiting developments.

Continued from first page

As We See It

ship to Fair Deal objectives and, in particular, to the needs of the Treasury. It has appeared recently that the Treasury was finding the rates it has been obliged to pay for new money somewhat onerous notwithstanding that judged by ordinary standards it is still able to borrow at exceedingly low rates. It may be that the authorities are really quite convinced that rearmament outlays—no matter what happens in Korea—will be very heavy during the remainder of this fiscal year, and that the Treasury will be in need of borrowing substantial sums of money. They may, too, believe their own warnings about a revival of inflationary tendencies in the autumn.

Forthcoming Hearings

But whatever the cause, there is even now some revival of interest in the Congressional hearings which are scheduled to thresh over all this old straw beginning next January. Of course, it is highly improbable that anything of consequence, except in a purely political sense, will come of these sessions. Senator Douglas is a member of the group which will conduct the hearings, and it is only a relatively few months since a committee of the upper house under the leadership of the Senator published voluminous and elaborate testimony and, in some resepects, a very remarkable summary of the conclusions of the committee—remarkable, that is, among such documents for its coherence, its directness and in general for its technical workmanship.

If there were good reason to hope that forthcoming sessions would expose the weaknesses of the so-called Douglas report, and hence relieve the nation of the danger that some of the more insidious of its doctrines would be accepted and become more than ever part and parcel of the political mores of the people, thoughtful ctizens would vigorously welcome the opportunity presented. We are afraid, however, that the likelihood is much greater that the same type of fallacy will permeate any conclusions which the new hearings may bring forth, and those fallacies are basic and very dangerous.

Senator Douglas was easily the dominating figure in the Senate committee (or, strictly speaking, subcommittee) which delved at such length into this subject a year or two ago. The Senator is universally recognized as an upright and upstanding gentleman, who has what he regards as the good of the country fully at heart. Compared with many of the time-serving politicians by whom he is surrounded in Washington, he towers like a mountain in a desert. His imposing academic record, and his remarkable service in the Marines during World War II command the respect of all. But—and how we wish there were no "but" in this case—the Senator in his intellectual and academic career always interested himself in fields but remotely related to the subject to which his committee devoted its attention, and was from the first more or less of a rebel against all that had been accepted as good and true.

The "Labor Economist"

In this case this "labor economist" issued a disquisition on monetary theory which has very dangerous implications. These implications go to the very root of our economic thinking and to the very heart of our economic system. The report obviously implies complete acceptance of the managed economy idea, and it explicitly states that money management is the most effective tool with which to give effect to any system of managed economy—a tool which must be employed regularly and vigorously without hesitation or intermission. The fact that the committee's report sensibly takes the position that the Reserve authorities must not remain prisoners of the Secretary of the Treasury, has at times distracted attention from the circumstance that the committee was only choosing one rather than another agency through which to manage money and hence the economy in general.

It would be a good thing if the public would bear this and related facts in mind not only when it undertakes to appraise the work of the committee scheduled to begin operations early next year, but at all times when these questions of Treasury versus Reserve come to the fore, and indeed when basic alterations in the banking law of the country are under consideration. In recent years all, or virtually all, changes or proposed changes in such legislation have rested on the assumption that arbitrary management of the monetary system for the purpose of controlling the economy in general is a good thing. Beginning with that premise, it is hardly strange that weird conclusions are often reached.

Getting Down to Fundamentals

At some point in all this there ought to be an opportunity to raise the fundamental question as to whether arbitrary management of money and credit is desirable in the premises. Such an opportunity should be seized to demolish the managed money notion, which comes down in direct descent from John Law, once for all. Once the idea that money and bank credit are to be regarded as but a facility or a service which industry may employ to render itself more effective, rather than an instrument for the purpose of controlling and directing the economy from some central office where politicians sit enthroned—once this concept generally prevails we may be able to make some real headway in restoring sound monetary and credit conditions.

An Uneven Performance

"That is a staggering fact [that the deficit over a three-year period would equal the cost of foreign aid] because it means your give-away program in the three years will come directly out of the pockets of the taxpayers, and a deficit is inevitable unless taxes are imposed which in themselves will greatly slow down and retard the economy.

J. W. Fulbright

Walter F. George

"The weight of those taxes would so reduce the income of the taxpayers that your receipts would not be increased, certainly not in the proportion of your increase in rates.

"Wholly aside from the merits or demerits of foreign military and economic aid programs, we are face to face with a time when we must consider our own financial conditions."—Senator Walter F. George.

"The military men say they have to have a certain amount to do the job of military assistance. How can we debate with them on that? We have to take their word for it. About all we can do is make some small cuts on the assumption that they may have asked originally for more than they needed, expecting Congress to reduce the amount."—Senator J. William Fulbright.

With all respect to the able Senators, this does not seem to us to be what the citizen has a right to expect of members of "the greatest deliberative body in the world."

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Announcement on Aug. 20 that conversations were in progress looking toward the possible acquisition by the **Chase National Bank of New York** of the banking business of the **Bank of the Manhattan Co. of New York** was followed on the next day by advices by J. Stewart Baker, Chairman of the Bank of Manhattan, that the negotiations had terminated because of "legal obstacles." The Aug. 20 announcement read as follows:

"Winthrop W. Aldrich, Chairman of the Chase National Bank, and J. Stewart Baker, Chairman of the Bank of the Manhattan Co., stated today that conversations are being held regarding the possibility of the acquisition by the Chase National Bank of the commercial banking and trust business and the branch system of the Bank of the Manhattan Co."

In its issue of Aug. 21 the New York "Journal of Commerce" had the following to say in part prior to the announcement of the ending of the negotiations:

"The careful wording of the statement hinted that the ancient Manhattan Co., after sale of its banking business, might continue in some other business permitted by its broad charter issued in 1799.

"The Manhattan Co. was formed to provide New York with its first piped water system and its entry into the banking business was coincident with the waterworks system, under a clause of the old charter that permitted the organization to employ its 'moneyed capital' in other ways.

"If the Chase negotiations are consummated it would bring to the bank, assets which on June 30 were $1,243,432,590 and deposits of $1,129,098,332. Since the Chase on June 30 had resources of $5,227,895,685 and deposits of $4,793,337,782, the consolidation on the basis of those figures would mean combined resources of $6,471,328,275 and combined deposits of $5,922,436,114."

* * *

Marvin W. Williams, Vice-President and Treasurer of the **Bank of the Manhattan Company of New York** died on Aug. 19 at his summer farm in Ashville, Mass. Mr. Williams was 57 years old, was born in Arnprior, Canada, and started his banking career in the Bank of Nova Scotia. In World War I, he joined the Canadian Expeditionary Forces as a commissioned officer, and was on active service in France and Belgium until the end of the war, rising to the rank of Captain. He received the Military Cross, being decorated personally by King George V in Buckingham Palace. Soon after his return, Mr. Williams joined the International Acceptance Bank of which for some years he was Comptroller. In 1932, upon the merger of the International Acceptance Bank with the Bank of the Manhattan Company, he was elected Treasurer of the latter institution. In 1942, he was elected Vice-President as well as Treasurer. At the time of his death, he was Treasurer of the Explorers Club and a member of the Amateur Astronomers Association.

* * *

Irving Trust Company of New York has announced the following promotions: Frederick W. Baker, to Assistant Vice-President; Mr. Baker asssists in handling the company's business in southwestern states; George A. Borger, to Assistant Vice-President; Mr. Borger supervises deposit operations at Irving's main office; Frank E. Conant, to Assistant Vice-President; Mr. Conant is with Irving's Empire State branch office; Haldan E. Connor, to Assistant Vice-President; Mr. Connor is with the company's 21st Street branch office; William F. Graff, to Assistant Vice-President; Mr. Graff is with Irving's International Banking division; Edwin A. Schoenborn, to Assistant Vice-President; Mr. Schoenborn is at main office; Charles B. Brush, Jr., to Assistant Secretary; Mr. Brush is with Irving's branch office administration division; Kenneth P. Heavey, to Assistant Secretary; Mr. Heavey is attached to Irving's 51st Street branch office; Stephen P. Pendias and Clarence E. Wilkinson, both to Assistant Secretary; both are with the International Banking division.

* * *

Irving Trust Co. of New York has announced the election of Ford H. Jones as an Assistant Secretary of the company. He has joined Irving's Personal Trust Division.

* * *

The announcement by Arthur S. Kleeman, President of **Colonial Trust Co. of New York**, that Michael M. Mora, Director of **World Trade Development of International House in New Orleans**, had joined the trust company as a Vice-President, is said to mark a new and significant extension of the role played by international banks in expediting world trade. At International House, Mr. Mora was associated for over five years, and it is stated that close cooperation between International House and Colonial Trust will be an important element in the new work which Mr. Mora is undertaking. Liaison work between International House and Colonial will also, it is indicated, receive effective, on-the-spot aid from V. Gordon Isaacson, New Orleans correspondent for the banking house, whose offices are located in the International House Building. Mr. Mora will assume his new post in New York in the middle of September.

* * *

The Newark "Evening News" of Aug. 15 reported that H. F. Bonnel, Vice-President of the **Peoples National Bank & Trust Co. of Irvington, N. J.**, announced on that day that outstanding warrants to subscribe to a new issue of common capital stock would expire the following day. The advices from which we quote further said:

"Bank shareholders voted July 19 to increase capital and surplus to $300,000 each from $250,000 each through the sale of 500 additional shares, with $100 par value, at $200 per share. Outstanding warrants entitle shareholders to subscribe to one new share for each five old shares held."

* * *

Otto Billo, Chairman of the Board of Managers of the **Bloomfield Savings Bank of Bloomfield, N. J.**, died on Aug. 13. He was 73 years of age. Stating that Mr. Billo was born in New York City and was a graduate of the College of the City of New York in 1897 with a Bachelor of Science degree, the Newark "Evening News" had the following to say regarding his career:

"He started his career with the old West Side Bank, and then continued in trust departments of the North American Trust Co., Trust Company of America and Equitable Trust Co. of New York. From 1912 to 1942 he was senior partner of the Wall Street investment firm, Billo & Hinrichs, which liquidated after the death of Herbert C. Hinrichs, junior partner.

"Mr. Billo was connected with the Bloomfield Savings Bank, formerly Bloomfield Savings Institution, since 1924 as a Manager, Vice-President and Trust Officer. In 1945, he was named to the newly created post of Chairman of the Board. For many years he was director of the Essex County Building & Loan Association and continued in that position with its successor, the First Savings & Loan Association.

* * *

Five Assistant Trust Officers were elected by the **Union National Bank of Pittsburgh, Pa.**, on Aug. 9, according to the Pittsburgh "Post-Gazette," which reports that two of them, Andrew W. Forsyth, Jr., and David E. Gile, are attorneys becoming affiliated with the bank. Both, it is stated, graduated from the University of Pittsburgh Law School in 1949 and have been engaged in private practice. The "Post-Gazette" added:

"Emerson Stilley, with 25 years of service at the bank, was promoted from Trust Secretary. H. Mason Reed, also with 25 years of service, and George K. Leitch, with 16 years of service, were promoted from Assistant Secretaries."

* * *

Increasing business between the United States and Mexico, particularly between Texas and that country, is said to have prompted the **Republic National Bank of Dallas, Texas,** to appoint a special representative in Mexico City. John B. Glenn, a former resident of this country and a banker of many years' experience, will represent Republic National in Mexico with offices at Isabel la Catolica No. 45, in Mexico City. He will work closely with Mexican banks having business in Texas and the United States and will also render service to customers and friends of the bank during business or traveling on pleasure in that country. Mr. Glenn is President of the John B. Glenn, S.A., and the Mexican Chamber of Commerce and holds directorships in the New York Board of Trade and Inter-American Commercial Arbitration Commission. He is also a member of the Executive Committee, Pan American Society.

* * *

Maurice J. Driscoll has been appointed Assistant Manager of the East Oakland Office of the **Anglo California National Bank of San Francisco** at 35th Avenue and East Fourteenth Street, it was announced on Aug. 15 by Allard A. Calkins, President. Mr. Driscoll has been in the banking field since 1928 where he originally became associated with the First National Bank of Kalispell, Montana. He rose to the position of Cashier in that organization and moved West in 1950 to join the staff of Anglo bank's Head Office as a member of the credit department. As Assistant Manager of Anglo Bank's East Oakland Office, he succeeds John R. Wilson who was recently promoted to Assistant Vice-President and Manager of the bank's new Fruitridge office at 5693 Stockton Boulevard in Sacramento.

* * *

Barclays Bank (Dominion, Colonial and Overseas) announce that Frederic Seebohm has been appointed a director of the bank.

With Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Cal. — John Gurney is now affiliated with Waddell & Reed, Inc., 8943 Wilshire Boulevard.

Securities Salesman's Corner

By JOHN DUTTON

Selling "Good Will"

There are many different ways of building a business—but all of them rest upon the same foundation—customer confidence. Sometimes I think that the men who do the least amount of actual selling make the most money in the end. I am going to tell you about one of those fellows who sells in such a "low pressure," soft, and easy going way, that you hardly know he is selling. In fact, at times he seems to duck away from orders. He has been doing this for years in a city of about thirty-five thousand people. Yet, he has one of the most productive and loyal groups of customers that you could find anywhere. He never needs business and he acts that way. As a result people give him orders and some of them are mighty big ones. It is sort of a wait till you get around to it attitude that he has adopted—when you are ready I'll be there. And they come to him.

Planting a Seed

Here is the way he did it on one case. He had a friend who was making a lot of money. This man started to buy stocks and eventually became an amateur speculator. He would tell this dealer about a certain stock, ask him questions, and then he would hear no more about it. This went on for several years, and while our dealer friend listened to the speculator's stories, he found out that his competitor down the street got most of the orders. This didn't make any difference in his attitude, and he continued to listen to the talk of the various "good buys" his speculator friend was discussing. One day, he found an opportunity to plant a seed and he did it in this way. He said, "John, you've been doing pretty well. We are old friends and I'd like to make a suggestion to you, do you mind?" Then he went on to tell him that speculating was all right, in fact he knew his prospect was having a lot of fun out of it, but he suggested that he ought to take about ten to fifteen thousand dollars each year and put it into some conservative investments, such as a balanced Mutual Fund. Then he explained a bit about them and wound up by giving the sage bit of advice, that a backlog of good investments always made a cushion for speculations. After the solid stuff was built up he thought that his friend might even speculate with more abandon than before. He didn't press the point. Several months went by. They would meet occasionally, and as before the talk finally turned to the last hundred of this or that stock which had been bought.

But one day the seed that had been planted started to sprout. Our dealer friend was sitting in his office and his prospect came in to see him. He explained that he was sick and tired of buying and selling, and giving most of the profit out in taxes and commissions, while the losses were all his to carry. He said, "I've just sold 200 General Motors at 49 that I bought at 53. Here, take the money and buy me one of those Mutual Funds you were talking about several months ago. I'll leave it to you. Pick out the one I should have and send me the bill. I think I'll take your advice."

This is a true story. Human nature is strange indeed. Here was a man who was not doing nearly so well at speculation as our dealer friend thought he was doing. Yet, he judged right. He knew his man. If he had tried to force a program of investment—if he had preached—if he had been hard boiled he might never have made the sale. He did know however, that **most amateur speculators talk bigger than they do.** They are also people who act upon impulse. He planted the seed and waited for his prospect's impluses to force the action. When an amateur stock gambler gets sore at himself he usually heeds another's advice. Until then he knows it all—or thinks that he does.

You keep good will by knowing your people—treating them right—never forcing the issue—finding ways to give them advice and help without talking down to them—taking fair markups — selling sound securities—never promising too much and **by being patient.**

Lester, Ryons & Co. to Be Formed on Coast

LOS ANGELES, Cal.—Effective Sept. 1, the New York Stock Exchange firm of Lester, Ryons & Co. will be formed with offices at 621 South Spring Street. Partners of the new firm, which is a coalition of Lester & Co. and the Pacific Company of California, are B. P. Lester, who will hold the firm's Exchange membership; Joseph L. Ryons, Kenneth M. Payne, A. W. Shepherd, Paul Goldschmidt, Verdon C. Smith, Lloyd C. Young, Howard G. Hall, A. M. Ackerman, H. F. Beale, Mark Davids, W. T. Dinsmore, Jr., N. O. Norsworthy, B. H. Princell, William L. Wright, William S. Allen, George A. Brown, Marvin R. Kuppinger, George O. Koch, Paul W. Masters, Ernest Swift, Andrew E. Weber, Gordon B. Carey, Robert C. Davidson, Payson D. Marshall, Douglas E. C. Moore, Gordon A. Pratt, Lewis S. Snyder, J. Rowlett Williams, general partners, and Robert H. Parsons, Alexander King, James E. Rheim, F. H. Rohr, Jr., and Jean R. Ferris, limited partners.

Floyd D. Cerf Group Sells Ludman Stock

Floyd D. Cerf, Jr. Co., Inc. recently headed a nationwide group of 34 investment bankers which made public offering of 250,000 shares of common stock of the Ludman Corp., a Florida corporation, priced at $3.75 per share. All of these shares have been sold. Proceeds from the financing are to be used principally for the company's expanding business.

The Ludman Corporation is a leading national manufacturer of a patented aluminum awning-type window marketed under their own trade name, "Auto-Lok," as well as glass and aluminum jalousies, jalousie doors and other products. The company's aluminum windows account for about 65 per cent of total sales.

Company's principal plant is in Opa-Locka, Fla., a suburb of Miami. Ludman Steel Co., 90% of whose capital stock is owned by the Ludman Corp., has its plant in Miami.

Company's net sales for the year ended Jan. 31, 1951, were $3,822,170, with net income after all charges and taxes of $248,961.

For the first quarter of the fiscal year ended April 30, 1951, sales were $1,292,958 with net earnings, after estimated taxes, of $137,111.

Continued from page 3

We Can Meet Enlarged Demands on Our Resources

investigated the matter, they also came up with the same result. Now I see that the United States Chamber of Commerce, in an August release, confirms this same interesting fact. Here is a dramatic illustration of how real income has risen in a free enterprise economy during a single decade.

And we have substantiating evidence that this increase in our national income has been spread broadly among the families of the nation—thereby greatly enlarging the market for the products of American agriculture and industry and the possibilities for profitable business operations. Since the end of the war alone, five million new homes have been constructed in the United States. This has been an important step in raising the housing standards of our people. This betterment of the way of life of millions of persons extends to many other fields. Consider recreation and education. Many more persons each year are able, because of their increased incomes, to enjoy vacations hitherto only dreamed of. The records of the National Park Service, for example, show that the number of visitors to all national park recreation areas last year was more than double the number who enjoyed these facilities in 1939. Today many more persons are able to benefit by the advantages of a higher education. Enrollment in institutions of higher learning—exclusive of persons taking advantage of GI educational benefits—is up one-fourth over prewar enrollment. Our higher standard of living shows up in the actual quantity figures of the food we consume and the sales records of the goods we buy. It is reflected in the increase of almost one-fifth in the consumption of meat per person; in the rise in per capita consumption of eggs and poultry, of fluid milk, and fresh, canned, and frozen vegetables. It is evident in the growing numbers of American families who are able to afford automobiles, refrigerators, radios and television sets, washing machines and clothes dryers, and a host of other new consumer goods which our industries have produced in increasing volume during the postwar period.

And, in addition to being able to buy more actual goods and services than at any time in the past, there is a notable improvement in the quality of the products which we buy and the services at our command. The growing and diversified industries of St. Louis provide excellent examples of what I am talking about. The shoes from St. Louis factories and the fashions of dress manufacturers and fur fabricators, the products of stove foundries and electrical equipment plants, the processing and packaging of food products, all show the results of improved techniques, of finer workmanship, of superior materials, of greater emphasis upon functional styling. These improvements are clearly evident in the products of this city.

We Can Meet Demands on Our Resources

The evidences of the truly remarkable industrial achievements of this period and the growing economic strength of individual American families give us confidence that we can meet the enlarged demands upon our economic resources to provide the defense needs which Communist aggression has forced upon us. Already we have accomplished notable increases in production for mobilization purposes, while at the same time maintaining civilian production at high levels. But the full impact of the defense program has not yet been felt. Defense costs are scheduled to increase to annual rate of nearly $65 billion by the middle of 1952—almost double the present rate. Measured by costs and demands upon our economy, this is a vast program, but with wise policies we can support this effort and at the same time keep our economy sound and growing.

All of us have been acutely aware of the strong inflationary pressures which have threatened our economic stability during the past year and which, if left unchecked, might weaken our productive machinery to such an extent as to interfere seriously with the output of vital defense goods. Fortunately, the upward sweep of prices has encountered some resistance in recent months. But we must not conclude from this development that the end of inflationary dangers has come. Indeed, I am certain that every one here fully understands that the planned accelerated expansion of military output in the months ahead will, of necessity, produce new inflationary pressures.

Must Maintain Balanced Budget

The first and most important single requisite in assuring the maintenance of a stable economy to support our productive power under these circumstances is to maintain a balanced budget situation. What is required is an adequate revenue program—one which will enable us to pay, to the greatest extent possible, for our defense bills as they come in, without resorting to deficit borrowing. To put our defense expenditures on this basis, it is necessary that we have additional revenues this year. Failure to keep our finances on a pay-as-we-go basis is certain to weaken the financial position of the Government. It is certain to impair the ability of our economy to function with maximum effectiveness during this critical period in the life of our nation.

A balanced budget will not by itself, however, do the whole job of assuring the maintenance of sound economic conditions in the country. We need, in addition, a broad anti-inflationary program which will act as a direct check on specific inflationary pressures. This program requires that we effect the necessary restraints and controls.

Another program high on the list of effective anti-inflationary measures is a nationwide savings program directed especially toward individual saving. To accomplish this important objective, the Treasury is going to inaugurate on Labor Day, at Grand Rapids, Michigan, a new Defense Bond Drive.

There are many things that each one of us can do to help to keep inflationary pressures under control. Most are little things, but in the aggregate they add up to something big. We can refrain from unnecessary buying of goods or services of the kind that give rise to inflationary pressures on the price level. We can regularly put away an extra portion of our income — put it into savings of some type.

People were urged to save during World War II. And they did. They built up record holdings of liquid assets — savings accounts, checking accounts, cash, and holdings of Government securities to a total amount approximating $200 billion.

These wartime savings put into the hands of the people of the country a purchasing power potenial which encouraged them to go out during the postwar period and buy goods and services which they might not otherwise have felt they could afford to buy. They felt that they could spend their current incomes freely because they had a large reserve of savings. This has been an important factor in the unprecedented prosperity which the country has enjoyed since the end of the war.

Consumer purchases in the postwar period in the aggregate were made out of current income. The total volume of liquid asset holdings never fell off—it has held steady at a level of around $200 billion. The dollar amount of savings bonds outstanding has, in fact, increased by $9 billion since the end of World War II financing—$4 billion in "E" bonds alone.

There has been considerable talk—and even some worry—in recent months because there has been some cashing of savings bonds in connection with the rush to purchase consumer goods following the outbreak in Korea. Actually, the total dollar value of "E" bonds in the hands of individuals has remained practically unchanged. I think we should keep in mind, too, that such talk of liquidation overlooks the reasons why people bought savings bonds in the first place. They bought them so that they would have the money to use for some future need, pleasure or emergency. For some people that time came after the outbreak of hostilities in Korea. They had been putting off buying an automobile, or a refrigerator, or a washing machine. After Korea, some remembered the shortages of the last war and rushed to buy goods they had been wanting. But, now, this type of buying has died down; and we must try to keep it under control so that we do not have another inflationary upsurge of prices.

Every individual must realize that the dollars saved today are building power for the nation—not only economic power to back up our great defense effort, but a reservoir of purchasing power for the future stability and prosperity of our nation when the present emergency is over.

Must Build for Future

For, despite the present worries and problems which beset us, we must not forget that we must constantly build for the future. It is in that perspective that America has always advanced. It has been the desire and hope for a better future that has given us as individuals the courage and fortitude to adjust to the emergencies of the present, and to meet the common need to protect the nation's security.

It is part and parcel of the American ideal — the belief that we are building for an ever better future, and a peaceful and a prosperous world where freedom and human progress are the rightful heritage of all mankind.

Public Utility Securities

By OWEN ELY

Niagara Mohawk Power Corp.

Niagara Mohawk Power has recently issued two interesting publications. One of these—"Niagara Mohawk—The People and the Land It Serves," is a beautiful brochure with some 40 pages of artistic photographs and maps and an explanatory story. It is the type of educational booklet which might well be used by public schools to give their students some idea of how a public utility operates, the varied industries of New York State, etc. The other booklet is for the use of analysts, a "Financial and Statistical Review" dated June 30, 1951. It contains some 28 pages of tables and text, including various financial ratios.

Niagara Mohawk Power Corporation is one of the largest completely-integrated electric operating companies, and also has extensive natural gas distribution plus manufactured gas facilities. It provides electric service to a large part of the New York State area from the Niagara Frontier to the Hudson River Valley, and from the northern border to the foothills of the Catskill Mountains on the southeast, and the Pennsylvania border on the southwest. This region covers some 21,000 square miles. Some of the larger cities served include Albany, Buffalo, Amsterdam, Rome, Schenectady, Syracuse, Troy and Utica.

The diversity and extent of manufacturing and other facilities in the territory account for the relatively high stability of the company's business. Employment in the area is traditionally steady and the labor supply is exceptionally good. Altogether Niagara Mohawk Power provides electric service to a population of 2,850,000 in 36 of New York State's 62 counties. Its two Canadian subsidiaries provide electric service to a population of about 30,000 in small sections of Ontario. Gas service is supplied to a population of 1,120,000 in 17 counties in the eastern, central and northern sections of the state, which area also receives electric service from the company.

About 370,000 of the 746,000 residential electric customers are concentrated in and around the three largest cities of Buffalo, Syracuse and Albany. The number of residential customers has increased by an average of 19,000 per year for the last five years, and in the past 12 months the number increased over 23,000. The 63,000 farm customers represent an increase of about 5,000 in five years. The average annual usage of electricity by residential and farm customers is 2,053 kwh. compared with about 1,920 for the national average. (Back in 1930 the System's residential and farm customers averaged only 639 kwh. per year.)

Since the company's hydro capacity has remained almost unchanged since 1946 (there was an increase of about 8,000 kw. this year), the rapid growth in output has been taken care of through construction of new steam stations which now have a capacity 40% larger than in 1946. Purchased power declined in 1950-51. In the 12 months ended June 30, 1951, 46% of output was hydro, 42% steam and 12% purchased.

The company's capital structure is as follows (as of June 30, 1951):

	Amount (000)	% of Total
Lond-Term Debt:		
Mortgage Bonds	$235,138	49.87%
Notes Payable to Banks	15,750	3.34
Liability Relating to Reservoirs	2,522	.53
	$253,410	53.74%
Preferred Stocks (incl. Premium)	$80,081	16.98%
Class A and Common Stocks	$95,810	20.32%
Pain-in Surplus	12,551	2.66
Earned Surplus	29,674	6.30
Total Common Stock Equity	$138,035	29.28%
Total Capitalization	$471,526	100.00%

The earnings record in recent years is as follows:

	Revenues (Mill.)	Net Income (Mill.)	Share Earnings
12 Months Ended June 30, 1951	$164	$19.7	$1.93
Calendar Year 1950	152	19.9	1.96
Calendar Year 1949	139	19.7	1.94
Calendar Year 1948	138	17.1	1.59
Calendar Year 1947	128	19.0	1.85
Calendar Year 1946	117	19.8	1.96

The company recently received a long-pending rate increase of about $2.5 million which, after allowing for Federal income taxes at a 50% rate, would amount to $1.125,000 or about 12c a share per annum. Assuming that the Federal income tax rate should be 50% applicable to the second half of 1951, it is estimated that 1951 calendar year earnings may approximate $2 a share.

The stock is currently selling around 23½ and pays $1.40 to yield about 6%.

William Hatcher With Wyllie & Thornhill

CHARLOTTESVILLE, Va. — William M. Hatcher has become associated with Wyllie and Thornhill, National Bank Building. Mr. Hatcher was formerly with Smith, Barney & Co. in New York.

Two With Bateman, Eichler

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Eleanor M. Bauer, Clarice Booth and Elsie H. Christensen have been added to the staff of Bateman, Eichler & Co., 453 So. Spring St., members of the Los Angeles Stock Exchange.

J. W. Chandler With W. L. Lyons & Co.

(Special to The Financial Chronicle)

LOUISVILLE, Ky. — James W. Chandler has become associated with W. L. Lyons & Co., 235 South 5th Street, members of the New York and Midwest Stock Exchanges. Mr. Chandler for the past 25 years has been with Stein Bros. & Boyce.

W. A. S. Wheeler Now With Neergaard, Miller

William A. S. Wheeler has become associated with Neergaard, Miller & Co., 44 Wall Street, members of the New York Stock Exchange. Mr. Wheeler has been proprietor of W. A. S. Wheeler & Co.

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

If you're a follower of the Dow Theory you know the industrials made a new high last week; the rails did not. You know the Industrials, in reaching 266.17, last Friday, made their highest level in 11 years and if you're long of stocks you're probably quite cheerful about things.

* * *

Of course the Rails have to be wormy. They're still some ten points away from duplicating the action of the Industrials. The latter condition has given rise to two theories, or beliefs, or whatever they're called. The first is a widespread opinion that the rails will have to go up for the somewhat naive reason "that they're due." The second is a mite soberer, but kind of warped. "The rails will go up because the industrials wouldn't go up and make a new high by themselves unless there was something stewing."

* * *

At this juncture I wish I had a worthwhile opinion to throw into the current hassle. All I can tell you is that there's signs of isolated strength in the rails as well as in the industrials. But for the life of me I can't see what all this will mean to the Dow Averages. So because I can't foretell the future, I'll go along with stocks and what they seem to point to, rather than to averages that everybody's watching but in which nobody has more than an academic interest.

* * *

Everybody knows that Telephone's strong and it is a lovely blue chip. Still, outside of institutional and the so-called widow buying, who do you know who's long of it? The stocks the majority are interested in are those selling under 40, maybe even under 25. From time to time I've given you such stocks. Some have turned out okay; some have not. But none of these caused you any sleepless nights.

* * *

I don't have any new stocks to add at this time. I prefer not to suggest new buying when everybody else is on the bandwagon. In fact, despite the optimistic forecasts, it seems to me that the market is kind of getting ready to retreat from its present high levels. This doesn't mean a reaction will start right away, though it's possible. But it does mean that it is desirable to defer any new buying for the time being.

* * *

It's better to wait until some of the present enthusiasm has run its course. If you have to pay more for them it may be cheaper in the long run.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

With Livingston, Williams

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Patrick A. O'Malley has become associated with Livingston, Williams & Co., Inc., Hanna Building. Mr. O'Malley was previously with Gottron, Russell & Co., Saunders, Stiver & Co. and Francis I. du Pont & Co.

With Prescott & Co.

CLEVELAND, Ohio—Walter R. Hughes is now affiliated with Prescott & Co., National City Bank Building, members of the New York and Midwest Stock Exchanges.

With Blyth & Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore.—Elwin Miller has joined the staff of Blyth & Co., Inc., Pacific Building.

With Cons. Investments

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Robert W. Wilson is with Consolidated Investments, Inc., Russ Building.

First California Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Edward J. Fitzpatrick is with First California Company, 300 Montgomery Street.

Continued from first page

Inflation Is Our Real Danger

enterprise and individual initiative. With this faith goes a belief in the American people and an abiding conviction that despite our faults we have the capacity and the courage, the prudence and the wisdom, to cope intelligently—and in the long run successfully—with any and all enemies of our heritage of liberty.

This is not to say that we are of the stuff that heroes are made of, or that in times of national danger our reactions are immediately and automatically noble and unselfish. They are not. The plain truth is that some of us have not known how to think or act. We are human, and being human we are puzzled. We are understandably confused as we try to discover some logical pattern in the welter of conflicting circumstances under which we must live. And certainly our gropings to understand are not getting much help from some of the men whom, for better or worse, we—or at least the majority of us—elected to public office. I think I read the public mind aright when I say there is a growing conviction that much of the confusion is of their making and that many of them are now as baffled by their handiwork as we are.

You and I are living in an age that is politically and economically abnormal. It is abnormal economically because the productive capacity of the United States is being called upon to do double duty. American industry is busy turning out the materials of war. Simultaneously, it is continuing to meet most of the demands for civilian goods. The question is, how long can our economic structure carry the double burden without buckling under it? The danger here does not lie primarily in putting American industry and industrialists to a severe and prolonged test, because on the basis of their record, in World War II and subsequently, they have the ingenuity and potential capacity to set new records only to break them. The real danger lies in the increase of national purchasing power beyond the ability of industry to satisfy it, which is quite a different thing. As the gap between purchasing power and available goods becomes wider, prices rise until serious inflation becomes a very real threat.

How real is the threat? Eric Johnston, Economic Stabilizer, has said that the dollar is even now worth about 50 cents in terms of its 1939 value, and that the long-range prospect is for a 30- or 40-cent dollar. Charles Wilson is equally gloomy in his prediction of "The Disaster of Runaway Inflation" unless the Administration controls program is set up.

Just now consumer income is increasing at the rate of about $20 billion a year. The production of consumer goods is not increasing; on the contrary it is expected to decline during the next 12 months. Industrial wages are increasing faster than industrial output per man. Nor is the trend of prices abroad reassuring. European prices—and remember that the European defense program is scarcely under way—are already on a much higher level than prices in the United States, a differential which will be reflected in what we will have to pay for the materials we import. These are some of the forces that are driving prices upward and unless steps are taken to curb them—either the Administration's controls program or a workable alternative—prices will spiral upward until they disappear in the heavens like the boy in the Indian rope trick.

What will happen if they do spiral in that fashion? In the words of the National City Bank of New York, "the final and crowning evil of every period of inflation is the deflation which in history has always followed." This, by the way, is a bit of economic cause and effect well recognized by Marxist dogma. It is what the Communists have in mind, what they hope for, when they speak of the "Inevitable" depression which will cause America's downfall.

It is, of course, completely naive to assume that the cessation of hostilities in Korea will materially affect the forces of inflation. Peace in Korea will not mean peace everywhere. Much as we would like to, we cannot return to a peacetime economy in the foreseeable future. Ours must continue to be a garrison state because the Communist threat remains and is as deadly as ever. It may flare up into open warfare, or it may continue as a crisis, in General Ridgeway's words, beyond "the life of anyone now living." The outcome of the war in Korea—and any engagement that results in 75,000 casualities is a war, not a police action—will change the problem only slightly in degree and not at all in kind. We will still be faced with two necessities: First, of strengthening our defenses and those of our Allies; and, secondly, of preparing for total war in the event of an all-out conflict.

This is where we stand now: We fear runaway inflation, but we are not doing very much about it. President Truman has called for the imposition of price and production controls, with wage controls presumably to come later. If Congress has not been completely deaf to his suggestion, it has made them largely ineffective by its temporizing and more or less passive resistance. Meanwhile, the average citizen, watching the cleavage between the executive and legislative branches of his government from afar, seems to feel that the controversy is somewhat beyond his economic depth. If he takes sides, he is more likely than not to line up with Congress. Why? His remote reason is that he has a dislike of "controls" and all that they imply. His immediate reason is that he wants to avoid the squeeze that will be put on his own personal welfare (as he sees it) and his own personal income. There are, it must be admitted, certain shortsighted individuals who do not object to price and production controls, but who balk at the wage controls which would hit them most directly. Their economic reasoning is rudimentary, but their instinct of self-interest is highly developed indeed.

Let us leave aside for a moment the merit of controls or their lack of merit, and note, just briefly, the nature of the arguments marshalled against them by a certain type of opponent, whose approach is not objective, but subjective. They do not ask, "are controls good or bad for the country?" but "are controls good or bad for me? How will they affect my business or my income?" When the obvious answer is that the individual will be called on to make some sacrifices, he decided that he wants no part of controls. Well, that is an attitude that any one of us can understand. But it is an approach that we cannot condone as a basis for decisions on public affairs. This country was not founded by men who subordinated the public interest and the promotion of the general welfare to private interests. This is only one side light on the controls controversy. Another is the attitude of Congress, which during the past several months has been piously wondering about the wisdom of another transfer of power from the legislative to the executive branch of the government. It may be that this is a healthy sign. If so, I could wish that it had come sooner, before Congress began surrendering the prerogatives and responsibilities which the wise framers of the constitution allotted to it under the system of checks-and-balances.

If the subject of controls is touchy, the subject of taxes is explosive. Out of the controversy, however, emerge a few fundamentals on which there is almost unanimous agreement. The first is that national security is expensive and that, willy-nilly, Americans are going to have to dig deeper and deeper into their pockets to foot the bill. The second is that non-military expenditures can be substantially reduced without curtailing any needful activity of government. Furthermore, I do not think it is any secret that the government has not been unduly frugal, and its explanation for the need of higher taxes would come with better grace if it could demonstrate that it has kept its financial house in good order.

On various occasions in the past I have developed the thesis that in the area of legitimate expenditures the taxpayer has not been getting his money's worth, because of appalling waste. A corollary thesis is that there are large areas of governmental expenses that are indefensible on any moral ground because they are not on any ground proper to government. Much of the money that is being taken from us in taxes is actually being used for purposes that will first weaken and then destroy the substance of American government while retaining the hollow mockery of its empty forms. The average taxpayer resents not only the amount of money he has to pay in taxes, but also the dictatorial attitude that the levying of taxes and the arbitrary spending of tax revenues is a perquisite of office.

It is unfortunate that the taxpayer should feel this way, and doubly unfortunate that he should have ample justification. Only the hardiest propagandist can undertake a defense of the Administration's fiscal record, which ranges from bad budgetary guesses to flagrant diversion of the taxpayers' money in the interests of keeping the bad guessers in office.

In a discussion such as this it is easy to yield to the temptation of making the national Administration a deep-dyed, conniving villain, and of giving the citizen all of the virtues of the hero in one of the old 10-20-30 melodramas. There is a comfortable contrast between the villain who can do no good and the hero who is incapable of evil; but as I have said the heroic mantle ill becomes many of us because of our willingness to subordinate public interest to private interest. It is too easy to still the voice of conscience in anticipation of profit.

It is a disturbing phenomenon which suggests that any inventory of our national assets and liabilities is far from complete if it does not give careful consideration to the integrity or lack of integrity of the public, and the integrity or lack of integrity of men in public office.

One of the most appalling signs of the times is that Senator Fulbright—and many thoughtful men agree with him—should find it necessary to call for the establishment of a special commission of leading citizens to study "the moral standards of government" and to suggest means of improving the conduct of those who hold public office.

Just how far afield have we got as a result of the constant substitution of policy for principle? There was a time when the Government needed no written code or ethics, but this is no longer true. There was a time when such a suggestion would have been greeted by a wave of indignation, but not today. The Kefauver Committee not only turned the light of publicity into the dark nooks and crannies of the underworld, but also revealed the extent to which its ramifications extended into high places in Government. Close on the heels of its unsavory disclosures came hearings before a Senate Subcommittee at which Comptroller General Lindsay C. Warren testified that during the war "shockingly low moral standards were exhibited by those concerned with war contracts, both in government and in business." We have come a long way indeed from the days of the forthright Grover Cleveland, for whom a public office was a public trust, or from the days of Grant, who, when evidence of corruption was placed before him, said, "Let no guilty man escape."

These and other disclosures, like the selling of influence in the Reconstruction Finance Corporation and the despicable sale of Federal jobs in Mississippi, are indications of low moral standards of conduct on the part of our public officials, but they are an even graver indictment of a public which failed to rise in indignation when they were made.

In order to understand why the public remained complacent, it is necessary to go back a few years to a significant change in the philosophy of American government. During the early 1930s, government began to shift its emphasis from *promoting* the general welfare to *providing* the general welfare. In his study, *"The case against the Welfare State,"* Senator Karl Mundt of South Dakota points out that "Precisely in the degree that Government in this country shifts its emphasis and its efforts from the job of promoting to the job of providing the general welfare, the United States shifts from a State operating on the principle of private enterprise and individual initiative to one operating on the principle of the Welfare State."

What has this to do with complacency? Just this. A *sine qua non* of the new philosophy is that certain groups should have special consideration, including a financial bonus. This was a welcome development indeed to those who were favored beneficiaries of government largess which, after all, is nothing more or less than money taken from the pockets of all of us through taxes, and, in the case of the farm price-support program, the higher prices paid for foodstuffs.

The members of the favored groups—whether they be farmers, laborers, or businessmen—decide that there is a Santa Claus after all. They give up their independence in return for a subsidy. Who are they to criticize the standards of conduct of those who aim it in their direction. All they ask is that it be kept coming. At first they may be grateful. Later they become demanding, and a force that the politicians must reckon with. About this time we note the development of pressure groups who use collective strength to gain their ends, and the vicious circle is complete. Pressure groups that are selfish are also fatuous. They are selfish because their attitude is, "I am going to get mine while the getting is good." They are fatuous because they think that somebody else is paying the bills. They seem to think that by some miracle it is possible to take more out of an economy than is put into it. Eventually, a kind of working agreement is arrived at: An exchange of financial security for the recipient of the subsidy for job security for the politician.

It is a neat trick. Let us see how it has worked with regard to the farm price-support program, which is one of the oldest and most notable subsidies. It is true that the price-support program has sapped the foundations of our agricultural economy; true that farmers have been producing more than the American capacity to consume; true that the Government has sold potatoes for less than the cost of the bags they come in; true that it is one of the most potent inflationary threats. Then why is it continued? It is continued because if aid to the farmer were withdrawn and farm prices were permitted to settle to their normal level, the political repercussions would blast many of the men now in office right off the public payroll, a prospect which the bureaucrats do not relish. Much as the bureaucrat loves his fellowman, his first love is his job.

With this background in mind, it is somewhat easier to understand the dilemma Congress faces in its attempts to evolve workable controls and an adequate and equitable tax bill. It is easy to sympathize with Charles E. Wilson when he says "I cannot work effectively with the hand-cuffs that pressure groups are forging for me now."

And what about a lot of the rest of us? For a long time we were willing to duck responsibility. A lot of us said, "Let somebody else pay; somebody else—not me. Let George do it." The sooner we realize that everybody's name is George, the sooner we will begin an intelligent attack on the problems, foreign and domestic, that have caused these middle years of the 20th Century to be variously called "The Age of Fear," "The Age of Anxiety," and "The Age of Confusion." Right now it is the duty of Congress to raise the money for National Defense and to enact tax legislation. It is the duty of every American who has been shirking to begin bearing his share of the burden.

Now you may ask, "What about me? I belong to no pressure group. I try to pull my weight, and all I ask is an even break, politically and economically. Am I going to get it?"

Frankly, I think you are. The current crisis has made all of us more realistic than we have been previously. We know what we face at home and abroad, and that our salvation lies in our own hands and heads and nowhere else. We have sought security where there was no security, security at the expense of others. Now, after a period of trial and error, we know that economic security and higher standards cannot be attained by playing off one class of the people against another. Nor, as Dr. Edwin G. Nourse says, can they "be conferred by union contracts or social legislation. Security must be created by skillful, conscientious and persistent work, and by equitable payments."

And we know now — and we fortunately learned before it is too late—that there is no political security in a government which tacitly ignores the everlasting truth that it is man's agent for the protection of his unalienable rights. There is no political security in a government which does not, or cannot, distinguish between rights and privileges. There is no political security for the individuals whose well-being depends upon a subsidy granted or withheld at the vagary of a bureaucratic will. We will have taken a great stride forward when all men realize that government can give us nothing—because it has nothing to give. All it can do is redistribute, and in that direction lies Marxism. We will have taken a second giant step when all men realize that we do not have rights because we have government. We have government because we have rights. Government has only those "just powers" which it derives "from the consent of the governed." I mention these principles at the risk of having you think that I am emphasizing the obvious unnecessarily. But the very point at issue is that these simple principles, which you and I accept as fundamental in man's relationship to his government, are neither generally understood nor generally accepted. We seem to have lost sight of them as we pursued the chimera of a political economy in which, regardless of the kind of race one runs, everybody wins and everybody gets a prize.

As we right ourselves politically —and faint as they are—there are a few signs that we are going to— we will gradually right ourselves economically. I do not mean by that that we will have an undreamed of prosperity, but I do very definitely mean that by eliminating improper political influences we can insure a sounder economy than we have known for the past two decades at least.

The immediate economic outlook, of course, is one of our most immediate concerns. I have said that I am neither prophet nor pundit. Nevertheless, it is difficult to resist a little speculation. The great majority of economic observers agree that prices and industrial activity will rise during the next six months. On the long range forecast they are divided in their opinion, and I think you will find that the line of division is interesting. On the one hand, the economists who represent industry, banks, and investment firms predict that business will decline. On the other hand, government and labor union economists predict that business will continue on the upward swing, and inflation along with it. In other words, you pay your money and you take your choice.

Naturally, these forecasts must be weighted by what thanspires in Korea. In the event that hostilities cease, war production, which is now expected to reach its peak some eight or ten months hence, will be slowed down somewhat, and the peak will be delayed until well into 1953. In that event, we may expect such administration spokesmen as Eric Johnston and Charles Wilson to warn against what is already being called, "The Psychological Letdown."

There is another possibility that affects the economic future. What if, as has been suggested, "The Korean truce could be more than a truce?" That is a possibility. After all, we Americans are finding out that defense is expensive. Is it within the realm of probability that the Soviet leaders are discovering that offense is even more expensive. Korea might be a military turning point. We know from experience the rapidity with which the Communists can change ideological fronts. If it is a turning point, the United States will presumably change the pace of its defense schedule, and consumption for armament would slacken off. Consumer goods would be more plentiful. What consumer demand will be remains to be seen. At any rate, it will give us the answer to the government's official forecast on inflation.

I wish that there were some neat way of summing up, but there is not. It is only in fiction that a story comes to a neat conclusion with no loose ends. In actual life, there are too many unpredictables and imponderables to permit anything so tidy. The story goes on and on, and we who are in the midst of it, lacking the perspective of time usually can see nothing but the loose ends.

Father Wilfred Parsons of **America**, has suggested that the historian of 50 years hence will write: "The beginning of summer, 1951, found the American people in an unprecedentedly paradoxical frame of mind—it was a curious spectacle of a country powerful as never before, yet hovering in perilous uncertainty."

I wonder if the key to the paradoxical frame of mind—the uncertainties and the contradictions —may not lie in the possibility that Americans do not know their true worth and strength. I wonder if we have been selling ourselves short. Can the defeatism that we sometimes sense be laid to a failure to realize our strength?

To bring this thought closer to home, I confess that I have been guilty of drawing a somewhat gloomy picture here today.

Now no one who has arrived at the age of reason can deny the seriousness of world conditions or the gravity of our domestic problems. But only the wilfully pessimistic can deny that our assets far surpass our liabilities;

First, thanks to free enterprise and individual initiative, we enjoy a standard of living such as no other people in the world has ever known. We have an industrial productivity unmatched by any other nation in the world. The average American makes and owns more than 10 times as much of the world's goods as the average non-American. We have brought luxuries into the category of common necessities.

But far more important than this is the magnificent political tradition which has been handed down to us by the Founding Fathers, those wise men who knew so well whence our liberties come. If we in our time have treated that tradition rather shabbily, we did not do so through malice. Quite the contrary, our freedoms were so much a part of us we took them for granted. We did not realize how dearly bought they were. Now that they are in danger, we not only realize their value, but our own dereliction. We will never again prize them so lightly. Now we know their worth. We are again an alert people on guard against the Satanic philosophy which teaches that the rights of man come from the State.

We may say with Henry W. Grady: "Exalt the citizen. As the State is the unit of the government, he is the unit of the State. Teach him that his home is his castle, and his sovereignty rests beneath his hat. Make him self-respecting, self-reliant, and responsible. Let him lean on the State for nothing that his own arm can do, and on the government for nothing that his State can do. Let him cultivate independence to the point of sacrifice, and learn that humble things with unbartered liberty are better than splendors bought with its price. Let him neither surrender his individuality to government nor merge it with the mob.

"Let him ever stand upright and fearless, a freeman born of freemen, sturdy in his own strength, dowering his family in the sweat of his brow, loving to his State, loyal to his republic, earnest in his allegiance wherever it rests, but building his altar in the midst of his household gods and shrining in his own heart the utmost temple of its liberty."

Joins Marache Sims

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Loren L. Noble has joined the staff of Marache Sims & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Noble was previously with Samuel B. Franklin & Co.

Predicts Decline in Home Financing

Milton T. MacDonald, President of Mortgage Bankers Association of America, says goal of 1952 in home building cannot possibly be reached if present restrictions remain in effect.

Mortgage lending and home building which, so far this year, have been operating largely on commitments carried over from 1950, will come face to face with the realities of government credit subs early this fall, according to Milton T. MacDonald, President of the Mortgage Bankers Association of America. In anticipation that the major problems resulting from the defense effort within these industries are yet to come, and will appear before the end of the year, a substantial portion of the Association's 38th annual convention in San Francisco, Sept. 11 to 14, will be given over to how they can be met.

Officials from the principal government agencies controlling the decisions, as well as officers of various private enterprise groups, will address the forum, including Raymond M. Foley, Administrator of the Housing and Home Finance Agency; Franklin D. Richards Commissioner of the Federal Housing Administration; T. B King, Director of the loan guaranty section of the Veterans Administration; W. A. Clarke, Consultant to the Office of Real Estate Credit of the Federal Reserve System administering Regulation X; and W. P. Atkinson, President of the National Association of Home Builders.

In his statement, Mr. MacDonald admitted that the first half of 1950 has been considerably better, building-wise, than had been generally anticipated, and, by and large, the government and private industry have been successful in fighting the inflationary rise through the restrictions set up a year ago. But, he contended, the next two months will be important because the decline in home building and financing is gaining momentum.

"It is not the intention of the government to kill building — it would create the most serious employment problem possible if it did. What was sought was a cut back to 800,000 or 850,000 starts for this year, and it now seems that it has been done. The goal for 1952 is the same but it cannot possibly be reached if all present restrictions remain in effect," Mr. MacDonald declared.

The principal inequity at the moment, according to Mr. MacDonald is the blight put upon the normal flow of mortgage credit by the government's freeze on FHA and VA interest rates while permitting a general rise in the cost of all other credit, as has been done with the Federal Reserve withdrawal of support from the government bond market.

The Association, he added, is scheduling this national forum of discussion at its San Francisco convention in an effort to explore the problems which will be coming to the front in the following 18 months and to offer suggestions for the ways to meet them.

With Waddell & Reed

(Special to The Financial Chronicle)

ALLEN PARK, Mich.—Eugene J. Nagy is with Waddell & Reed, Inc.

Landry, Alexander Adds

(Special to The Financial Chronicle)

NEW ORLEANS, La.—William H. Brown is now associated with Landry, Alexander & Co., Marine Building, members of the New Orleans Stock Exchange.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Aug. 26	100.4	101.5	101.4	90.6
Equivalent to—					
Steel ingots and castings (net tons)	Aug. 26	2,007,000	2,029,000	2,027,000	1,747,400
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output — daily average (bbls. of 42 gallons each)	Aug. 11	6,231,250	6,200,750	6,171,200	5,674,750
Crude runs to stills—daily average (bbls.)	Aug. 11	¶6,592,000	6,488,000	6,561,000	6,044,000
Gasoline output (bbls.)	Aug. 11	22,135,000	21,446,000	21,985,000	20,305,000
Kerosene output (bbls.)	Aug. 11	2,353,000	2,425,000	2,362,000	2,121,000
Distillate fuel oil output (bbls.)	Aug. 11	8,906,000	8,762,000	8,695,000	7,687,000
Residual fuel oil output (bbls.)	Aug. 11	8,598,000	9,020,000	9,033,000	7,787,000
Stocks at refineries, at bulk terminals, in transit and in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Aug. 11	118,186,000	119,616,000	124,157,000	108,518,000
Kerosene (bbls.) at	Aug. 11	28,611,000	27,677,000	25,863,000	23,628,000
Distillate fuel oil (bbls.) at	Aug. 11	81,692,000	*79,080,000	72,306,000	63,053,000
Residual fuel oil (bbls.) at	Aug. 11	46,792,000	*45,305,000	43,239,000	41,810,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Aug. 11	809,354	813,366	779,454	847,703
Revenue freight received from connections (number of cars)	Aug. 11	666,540	672,010	552,529	704,392
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Aug. 16	$214,929,000	$216,941,000	$361,082,000	$250,145,000
Private construction	Aug. 16	117,291,000	78,299,000	128,380,000	169,697,000
Public construction	Aug. 16	97,638,000	138,642,000	232,702,000	80,448,000
State and municipal	Aug. 16	58,596,000	89,860,000	117,129,000	77,665,000
Federal	Aug. 16	39,042,000	48,782,000	115,573,000	2,783,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Aug. 11	10,175,000	10,005,000	8,440,000	10,900,000
Pennsylvania anthracite (tons)	Aug. 11	703,000	737,000	693,000	955,000
Beehive coke (tons)	Aug. 11	142,000	*144,700	119,300	152,700
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1935-39 AVERAGE = 100	Aug. 11	251	*254	233	273
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Aug. 18	7,164,469	7,069,890	6,974,574	6,369,830
FAILURES (COMMERCIAL AND INDUSTRIAL)—DUN & BRADSTREET, INC.	Aug. 16	158	149	133	185
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Aug. 14	4.131c	4.131c	4.131c	3.837c
Pig iron (per gross ton)	Aug. 14	$52.69	$52.69	$52.69	$46.61
Scrap steel (per gross ton)	Aug. 14	$43.00	$43.00	$43.00	$40.25
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Aug. 15	24.200c	24.200c	24.200c	23.200c
Export refinery at	Aug. 15	27.425c	27.425c	27.425c	22.425c
Straits tin (New York) at	Aug. 15	103.000c	103.000c	106.000c	106.000c
Lead (New York) at	Aug. 15	17.000c	17.000c	17.000c	12.000c
Lead (St. Louis) at	Aug. 15	16.800c	16.800c	16.800c	11.800c
Zinc (East St. Louis) at	Aug. 15	17.500c	17.500c	17.500c	15.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Aug. 21	98.73	98.59	97.75	102.15
Average corporate	Aug. 21	111.07	110.83	110.15	116.02
Aaa	Aug. 21	115.82	115.63	114.46	120.84
Aa	Aug. 21	114.85	114.66	113.50	119.61
A	Aug. 21	109.97	109.97	109.06	115.63
Baa	Aug. 21	104.14	104.14	103.80	108.88
Railroad Group	Aug. 21	107.62	107.62	106.56	111.62
Public Utilities Group	Aug. 21	110.70	110.70	109.97	117.00
Industrials Group	Aug. 21	114.85	114.66	113.39	119.82
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Aug. 21	2.58	2.59	2.65	2.34
Average corporate	Aug. 21	3.11	3.12	3.16	2.85
Aaa	Aug. 21	2.86	2.87	2.93	2.61
Aa	Aug. 21	2.91	2.92	2.98	2.67
A	Aug. 21	3.17	3.17	3.22	2.87
Baa	Aug. 21	3.50	3.50	3.52	3.23
Railroad Group	Aug. 21	3.30	3.30	3.36	3.03
Public Utilities Group	Aug. 21	3.13	3.13	3.17	2.80
Industrials Group	Aug. 21	2.91	2.92	2.96	2.66
MOODY'S COMMODITY INDEX	Aug. 21	457.7	464.5	468.9	459.7
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Aug. 11	166,587	354,939	189,525	237,995
Production (tons)	Aug. 11	223,293	223,232	200,938	224,414
Percentage of activity	Aug. 11	94	94	83	99
Unfilled orders (tons) at end of period	Aug. 11	607,643	664,707	638,352	646,656
OIL, PAINT AND DRUG REPORTER PRICE INDEX — 1926-36 AVERAGE = 100	Aug. 17	143.0	143.0	143.1	129.3
STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE—SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—					
Number of orders	Aug. 4	33,813	31,587	25,832	28,880
Number of shares	Aug. 4	980,026	942,476	712,560	864,172
Dollar value	Aug. 4	$45,228,327	$43,139,534	$30,988,450	$36,852,830
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Aug. 4	29,250	28,232	19,021	25,366
Customers' short sales	Aug. 4	502	664	426	191
Customers' other sales	Aug. 4	28,748	27,568	18,595	25,175
Number of shares—Total sales	Aug. 4	815,218	794,676	507,078	727,097
Customers' short sales	Aug. 4	14,911	20,521	14,001	7,395
Customers' other sales	Aug. 4	800,307	774,155	493,077	719,702
Dollar value	Aug. 4	$35,722,885	$34,535,137	$20,388,426	$27,193,488
Round-lot sales by dealers—					
Number of shares—Total sales	Aug. 4	217,160	202,270	106,520	201,610
Short sales	Aug. 4	------	------	------	------
Other sales	Aug. 4	217,160	202,270	106,520	201,610
Round-lot purchases by dealers—					
Number of shares	Aug. 4	381,510	384,530	334,450	341,650
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—1926 = 100:					
All commodities	Aug. 14	177.4	177.8	178.7	165.8
Farm products	Aug. 14	190.9	192.0	191.5	175.3
Grains	Aug. 14	181.1	178.8	180.0	167.4
Livestock	Aug. 14	263.8	266.6	261.6	239.1
Foods	Aug. 14	187.4	188.7	186.4	173.9
Meats	Aug. 14	278.1	278.6	275.0	255.1
All commodities other than farm and foods	Aug. 14	166.4	*166.3	168.0	155.3
Textile products	Aug. 14	169.2	*169.6	176.5	149.0
Fuel and lighting materials	Aug. 14	137.8	137.7	137.7	134.2
Metals and metal products	Aug. 14	188.1	188.1	188.2	174.4
Building materials	Aug. 14	223.6	223.6	224.2	214.6
Lumber	Aug. 14	348.1	348.1	349.8	‡
Chemicals and allied products	Aug. 14	139.9	140.0	139.1	122.3

*Revised. ‡Not available. ¶Includes 583,000 barrels of foreign crude runs.

	Latest Month	Previous Month	Year Ago
CONSUMER PRICE INDEX FOR MODERATE INCOME FAMILIES IN LARGE CITIES—1935-1939=100—Adjusted as of June 15:			
All items	185.2	185.4	170.2
All foods	226.9	227.4	203.1
Cereals and bakery products	188.4	188.2	169.8
Meats	273.1	272.4	246.7
Dairy products	203.9	203.5	177.8
Eggs	201.2	198.4	143.4
Fruits and vegetables	219.9	221.6	209.3
Beverages	345.2	345.3	296.5
Fats and oils	175.2	176.7	140.1
Sugar and sweets	186.1	185.4	174.3
Clothing	204.0	204.0	184.6
Rent	135.7	135.4	130.9
Fuel, electricity and refrigerators	143.6	143.6	139.1
Gas and electricity	97.1	97.3	96.7
Other fuels	202.8	202.4	189.0
Ice	156.0	156.0	147.0
House furnishings	212.5	212.6	184.8
Miscellaneous	164.8	165.0	154.6
CROP PRODUCTION — CROP REPORTING BOARD U. S. DEPARTMENT OF AGRICULTURE — As of Aug. 1 (in thousands):			
Corn, all (bushels)	3,206,992	3,295,143	3,131,009
Wheat, all (bushels)	998,286	1,070,132	1,026,755
Winter (bushels)	650,738	706,749	750,666
All spring (bushels)	347,548	363,383	276,089
Durum (bushels)	36,870	40,906	36,064
Other spring (bushels)	310,678	322,477	240,025
Oats (bushels)	1,393,323	1,367,967	1,465,134
Barley (bushels)	255,131	262,590	301,009
Rye (bushels)	25,138	25,643	22,977
Buckwheat (bushels)	4,053	------	4,749
Flaxseed (bushels)	35,525	37,961	39,263
Rice, (100 pound bags)	43,109	42,334	37,971
Sorghum grain (bushels)	157,848	------	237,456
Cotton (bales)	17,266	------	10,012
Hay, all (tons)	113,249	112,927	106,819
Hay, wild (tons)	13,441	13,356	12,509
Hay, alfalfa (tons)	45,365	45,614	41,029
Hay, clover and timothy (tons)	31,336	31,397	29,636
Hay, lespedeza (tons)	7,288	7,293	7,598
Beans, dry edible (100 pound bags)	16,234	16,194	16,843
Peas, dry field (100 pound bags)	3,729	3,555	2,979
Soybeans for beans (bushels)	270,064	------	287,010
Peanuts (pounds)	1,826,580	------	2,019,295
Potatoes (bushels)	351,186	356,043	439,500
Sweetpotatoes (bushels)	38,458	39,854	58,729
Tobacco (pounds)	2,249,280	2,302,963	2,032,450
Sugarcane for sugar and seed (tons)	6,390	6,243	6,932
Sugar beets (tons)	10,160	9,970	13,497
Broomcorn (tons)	39	------	26
Hops (pounds)	60,323	59,925	58,336
Apples, commercial crop (bushels)	121,338	121,916	123,126
Peaches (bushels)	67,772	67,128	53,485
Pears (bushels)	31,697	31,997	31,140
Grapes (tons)	3,245	3,271	2,707
Cherries (12 States) (tons)	232	231	242
Apricots (3 States) (tons)	176	170	215
Pecans (pounds)	128,100	------	125,622
LIFE INSURANCE—BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of May:			
Death benefits	$149,159,000	$146,005,000	$137,941,000
Matured endowments	43,178,000	43,726,000	41,298,000
Disability payments	8,846,000	8,831,000	8,440,000
Annuity payments	23,573,000	21,715,000	21,466,000
Surrender values	60,249,000	58,309,000	59,356,000
Policy dividends	53,330,000	57,811,000	45,139,000
Total	$338,335,000	$336,397,000	$313,640,000
MANUFACTURERS' INVENTORIES & SALES (DEPT. OF COMMERCE) NEW SERIES—Month of May (millions of dollars):			
Inventories:			
Durable	$18,422	*$17,664	$13,883
Nondurable	20,358	*20,123	15,624
Total	$38,780	*$37,787	$29,507
Sales	23,733	*22,389	19,309
NEW YORK STOCK EXCHANGE—As of July 31 (000's omitted):			
Member firms carrying margin accounts—			
Total of customers' net debt balances	$1,265,897	$1,276,527	$1,208,326
Credit extended to customers	43,054	37,926	103,143
Cash on hand and in banks in U. S.	378,300	364,806	348,050
Total of customers' free credit balances	825,187	838,029	712,050
Market value of listed shares	104,609,862	97,920,279	82,000,115
Market value of listed bonds	98,457,150	97,817,684	125,209,399
Member borrowings on U. S. Govt. issues	87,693	56,187	222,849
Member borrowings on other collateral	705,114	691,228	713,650
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of May:			
Net railway operating income	$74,936,576	$70,594,571	$67,072,549
Other income	15,420,737	16,911,739	16,736,997
Total income	90,357,313	87,506,310	83,809,546
Miscellaneous deductions from income	3,684,107	4,413,151	4,095,288
Income available for fixed charges	86,673,206	83,093,159	79,714,258
Income after fixed charges	52,391,675	47,770,633	42,530,745
Other deductions	3,166,298	3,085,679	3,121,401
Net income	49,225,377	44,684,954	39,409,344
Depreciation (way & structures & equip.)	36,492,608	36,963,597	35,552,043
Amortization of defense projects	4,315,389	3,661,613	1,369,037
Federal income taxes	48,373,380	39,824,763	31,473,587
Dividend appropriations:			
On common stock	23,161,650	6,021,951	25,795,150
On preferred stock	8,442,500	573,927	7,372,741
Ratio of income to fixed charges	2.53	2.35	2.14
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of July:			
Net sales	------	------	------
Net purchases	$236,300	$3,494,700	$8,170,800
U. S. GOVT. STATUTORY DEBT LIMITATION—As of July 31 (000's omitted):			
Total face amount that may be outstanding at any time	$275,000,000	$275,000,000	$275,000,000
Outstanding—			
Total gross public debt	255,656,634	255,221,976	257,540,746
Guaranteed obligations not owned by the Treasury	28,313	29,227	16,130
Total gross public debt and guaranteed obligations	$255,684,947	$255,251,203	$257,556,877
Deduct—Other outstanding public debt obligations not subject to debt limitation	678,301	684,574	721,275
Grand total outstanding	$255,006,646	$254,566,629	$256,835,601
Balance face amount of obligations, issuable under above authority	19,993,353	20,433,370	18,164,398

*Revised figure.

Continued from page 2

The Security I Like Best

reserves; (c) deferred income receivable (profits) shown in the 1950 statement (during 1950 Cockshutt ceased to record profits on sales to dealers until payment was actually received, handing themselves a severe but non-recurring financial jolt), tax-paid earnings for the last three years were as follows:

1950	1949	1948 (11 mos.)
$9.26	$9.54	$6.93

1951 is proving to be another good year for the Cockshutt company—particularly in the export field. The crop outlook on the Canadian Prairies is excellent and already a shortage of implements in the West is forecast. It is always difficult to predict earnings but a projection of Cockshutt's published half-yearly earnings by comparison with 1950 suggests profits after taxes this year of $10-$12 per share.

Backing up these earnings is the following working capital per share (ex-debt and reserves) at year-end 1950:

Cash	$11.49
Receivables	15.36
Inventories	31.49
	$58.34
Less:	
All current liabilities	11.43
	$46.91

This position improved another $1.50 per share by April 30, 1951.

Cockshutt's manufacturing facilities are completely up-to-date and plant, carried at net, $6.1 million, after a depreciation reserve of $15.2 million, is understood to be worth about $20 million, subject only to the $4.6 million mortgage. The main plant at Brantford covers 45 acres and the company serves Canada from Atlantic to Pacific through 1,200 agents and 18 branches and warehouses. Cockshutt farm equipment is distributed in most civilized countries of the world and also, perhaps, some uncivilized.

The Canadian Government has considerably simplified life for the farmer and, in the process, for the implement companies, by making the purchase of farm equipment relatively painless through the Farm Improvement Loan Act. Farmers may borrow two-thirds of the cost of an implement from any bank on easy terms and 10% of over-all loans are guaranteed by the Federal Government. Volume of implements financed in 1950 under this arrangement totaled $58 million. Since the inception of the Act (8 years ago) losses have been held to a remarkable minimum, representing only .0115% of the total advanced. This Act has put an end to the era of slow and costly collection of farmers' notes and Cockshutt holds but a negligible amount of this type of paper in its receivables today.

In this present dizzy world, consideration of a heavy industry company must include possibilities of defense work. In the recent war Cockshutt manufactured aircraft parts, munitions, truck bodies, hydraulic pumps, etc. The company was successful in the production of war material and is said to rank well up with the government as a supplier. No tremendous volume of defense work has yet been placed in Canada but Cockshutt has already received a contract to make jet engine components at its Brantford plant. Tooling up and a plant extension have already been nearly completed and an additional working force of 300 will be employed in this phase of operations.

Cockshutt will also operate on a straight management basis a government-owned plant at Renfrew, Ontario, to make the fuel combustion unit for the British "Orenda" jet engine. Neither of these projects should interfere with normal production of farm equipment.

Apart from market considerations forces generated within the company itself should ultimately make Cockshutt Plow common stock considerably more valuable. Special situations usually require excessive imagination, e.g., earnings forecast but not yet realized, expansion projected but not yet accomplished. This is not so with Cockshutt — earnings have been realized and expansion has been accomplished. An ultra-conservative financial program has kept step with the expansion, good engineering has developed new products and, while continuing to do so apace, good management has developed new markets. From the shareholder's viewpoint all this can add up to only one thing—"For them (as "Time" would put it) a profitable future!"

JOHN P. SATTERFIELD

Partner, Hoppin Bros. & Co., N. Y.
Members, N. Y. Stock Exchange

Plymouth Oil Company

Considering the outlook for the oil industry, and the prospects for the companies engaged in this industry, I have selected Plymouth Oil Company common (new) stock as "The Security I Like Best."

John P. Satterfield

Plymouth, directly and through subsidiaries, is a producer and marketer of crude oil, casinghead gas and natural gas. It also operates gas processing plants. Activities are located chiefly in the Big Lake field, Reagan County, West Texas, and in San Patricio and Calhoun Counties (Texas Gulf Coast). San Patricio now is the most important source of Plymouth's production. In June, this year, the company brought in its first well in the Pembrook field, Upton County, Texas. This well flowed 162 barrels of oil in the first 24 hours from a depth of 6,952 feet. Plymouth owns 640 acres at this well location. Then, on July 5, a second well was brought in which flowed 300 barrels of oil per day. A third well producing at the rate of 175 barrels of oil per day was brought in around July 16. The company continues an active drilling campaign so that reserves and production potentials probably have been increased importantly. The prospects for continued high demand for petroleum products seem well assured, which implies that Plymouth's sales should improve substantially. The company's oil reserves are estimated to equal 175 barrels per common share.

While Plymouth relatively is a small unit in the oil industry, its growth importance may be measured by the steady increase, during the last ten years, in gross operating income (sales) which rose from $5,401,642 in 1941 to $72,948,162 at the end of 1950. Current estimates are being made which indicate that the gross operating income for 1951 will exceed $100,000,000. These estimates are based upon a statement by Plymouth's President, Walter S. Hallanan, to the effect that the company this year is producing oil at the annual rate of 8,000,000 barrels as compared with some 6,000,000 barrels produced in 1950. A substantial increase in 1951 earnings before taxes now appears to be a reasonable expectation, although heavier taxes may restrict the gain in net income available for the common stock. Nevertheless a good probability exists that earnings per new common share, after all charges, may equal in the neighborhood of $4.50 to $4.75 for 1951 as compared with the (adjusted) $3.51 per share reported last year. Dividends on the new common are expected to total $1.60 to $1.75 plus 2% in stock per share for the current year. For the first six months of this year earnings were equal to $2.03 per share as compared with $1.51 for the like period of 1950.

Capitalization of Plymouth consists of some $14,500,000 funded debt and 2,418,966 shares of $5 par capital stock. The company's net worth is around $33.1 million.

Plymouth's common stock has always sold on a moderate price-earnings ratio, and the annual range rarely ever exceeded 15 points except for the year 1948 when the range between the high and low amounted to 37¾ points. Allowing for the possibility of $4.50 per share earnings this year, and dividend payments of $1.60 plus 2% in stock, the current price of 32 for these shares does not appear fully to discount Plymouth's prospects. It seems to me that the common stock of this excellently managed oil company, over a period of time, should perform very well marketwise.

Continued from page 5

ISRAEL

rents is the nation's immediate emergency situation of all-pervading shortages. In today's setting of desperate lack of things of all kinds and consequent rigid austerity, reflected in the curtailment of incoming goods going to consumers to one-third of total imports, not even the most ardent free enterprisers can seriously and sincerely advocate complete abolition of controls. Herman Hollander, a Mizrachi leader who is director-general of the Ministry of Trade and Industry, a businessman who was formerly a member of the New York Commodity Exchange, last week vigorously reiterated the thought that "No matter what kind of a government rules Israel, a continuation of controls will be necessary."

Too Hungry to Socialize

Conversely, even the most rabid doctrinaire socialist — conforming to the Marxist principle that capitalism is a prerequisite to socialism—realizes the need for wooing private capital. Conclusions as to the ideological direction which the ruling officials, as Minister of Labor Golda Myerson, a former self-described doctrinaire Socialist, might follow if their hands were not tied and whether their obeisance to private capitalism merely constitutes lip service during an emergency, are academic. For during this period of emergency the country is too hungry, as well as too busy, to engage in the luxury of socializing activities.

Revelation of the country's permanent ideological direction must await freedom of choice which can be afforded only with the ending of the emergency status. Meanwhile there will be years of a "shot-gun honeymoon" period during which the economy will remain partly capitalist, syndicalist, socialist, cooperative and collectivist; and the government's policies will be "played by ear."

Continued from page 8

Dealer-Broker Investment Recommendations and Literature

Canadian Pacific—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Central Hudson Gas & Electric—Memorandum—Josephthal & Co., 120 Broadway, New York 5, N. Y.

Central Public Utility 5½s of 1952—Progress report—New York Hanseatic Corp., 120 Broadway, New York 5, N. Y.

Central Public Utility—Analysis—C. E. Unterberg & Co., 61 Broadway, New York 6, N. Y.

Central & South West Corp.—Analysis—Sincere and Co., 231 South La Salle Street, Chicago 4, Ill.

Central Soya Co.—Memorandum—Goldman, Sachs & Co., 30 Pine Street, New York 5, N. Y.

Chicago Daily News—Memorandum—Swift, Henke & Co., 135 South La Salle Street, Chicago 3, Ill.

City of Chicago and Major Governments of Cook County—Brochure—The Northern Trust Company, 50 South La Salle Street, Chicago 90, Ill.

Doeskin Products, Inc.—Analysis—Republic Investment Company, Inc., 231 South La Salle Street, Chicago 4, Ill.

Graham Paige—Circular—James J. Leff & Co., Inc., 50 Broad Street, New York 4, N. Y.

Kansas City Fire & Marine Insurance Co.—Memorandum—Barret, Fitch & Co., 1004 Baltimore Ave., Kansas City 6, Mo.

Minnesota and Ontario Paper Company—Analysis—Dayton & Gernon, 105 South La Salle Street, Chicago 3, Ill.

Moore-McCormack Lines — Memorandum — Smith, Barney & Co., 14 Wall Street, New York 5, N. Y. Also available are memoranda on **Smith, Kline & French Laboratories** and **Southern Indiana Gas & Electric Co.**

National Distillers Products—Brief analysis—Faroll & Company, 209 South La Salle Street, Chicago 4, Ill. Also available are data on the **Sunray Oil Co.**

New Jersey Zinc—Brief analysis in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. In the same issue is a suggested portfolio for a $25,000 investment to provide both safety and income.

Northern New England Company—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Petroleum Heat & Power Company — Analysis—Scherck, Richter Company, 320 North Fourth Street, St. Louis 2, Mo.

Riverside Cement Company — Card memorandum — **Lerner & Co., 10 Post Office Square, Boston 9, Mass. Also available is a memorandum on Gear Grinding Machine Co. and on Seneca Falls Machine Co.**

Seneca Oil Company—Analysis—Genesee Valley Securities Co., Powers Building, Rochester 14, N. Y.

Sperry Corporation—Brief analysis—Stanley, Heller & Co., 30 Pine Street, New York 5, N. Y.

Sterling Oil of Oklahoma, Inc.—Progress report—J. May & Co., 32 Broadway, New York 4, N. Y.

Struthers Wells Corp.—Analysis—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

Suburban Propane Gas Corp.—Analysis—Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y.

Talon, Inc.—Data in current issue of "Highlights"—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

In the same issue are data on **Jacob Ruppert** and **Crowell-Collier.**

Thew Shovel Company—Bulletin—Gartley & Associates, Inc., 68 William Street, New York 5, N. Y.

Also available is a bulletin on **Pfeiffer Brewing Co.**

Title Insurance and Trust Company—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

Trane Company—Analysis—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis.

Also available is an analysis of **National City Bank of New York.**

United States Steel—Circular—Wm. M. Rosenbaum & Co., 285 Madison Avenue, New York 17, N. Y.

U. S. Thermo Control—Data—Raymond & Co., 148 State St., Boston 9, Mass. Also available is information on **Thermo King Ry.**

Walt Disney Productions—Analysis—Butler, Moser & Co., 44 Wall Street, New York 5, N. Y.

With Dean Witter & Co.

(Special to THE FINANCIAL CHRONICLE)

RENO, Nev.—Stanley R. Geminiani is now associated with Dean Witter & Co., Mapes Hotel. Mr. Geminiani was previously proprietor of Umber & Co.

With First Secs. Corp.

(Special to THE FINANCIAL CHRONICLE)

WILSON, N. C.—Melvin P. Hawkins is representing First Securities Corporation from offices at 1301 West Gold Street.

Securities Now in Registration

★ REVISIONS THIS WEEK
• INDICATES ADDITIONS

New Registrations and Filings

Acro Manufacturing Co., Columbus, Ohio
Aug. 14 (letter of notification) 40,716 shares of common stock (par 25 cents), to be offered to present stockholders at rate of four-fifths of a share for each share held (unsubscribed shares to be sold to public). **Price**—$7 per share to stockholders and $8 per share to public. **Underwriter**—None. **Proceeds**—For plant improvements and expansion and for working capital. **Office**—2040 East Main Street, Columbus, Ohio.

Aegis Casualty Insurance Co., Denver, Colo.
Aug. 17 (letter of notification) 50,000 shares of common stock (par $1). **Price**—$2 per share. **Underwriter**—None. **Proceeds**—To qualify company to do business as casualty company in Colorado. **Office**—201 E & C Building, 17th and Curtis Sts., Denver, Colo.

American Box Board Co. (9/11-12)
Aug. 21 filed $5,000,000 first (closed) mortgage sinking fund 4¾% bonds due 1961 ($300,000 of which will be offered to directors, officers and salaried employees of the company). **Price**—To be supplied by amendment. **Underwriter**—Paine, Webber, Jackson & Curtis, New York. **Proceeds**—To finance a second paperboard machine and related equipment at the Manistee, Mich., plant.

American Investment Co. of Illinois, St. Louis, Mo. (9/7)
Aug. 16 filed 167,105 shares of $1.25 cumulative convertible preference stock, series A (par $25), to be offered in exchange for common stock of Domestic Finance Corp., Chicago, Ill., the offer to expire on Sept. 25. **Exchange Rate**—To be supplied by amendment. **Dealer-Managers**—Kidder, Peabody & Co., New York, and Alex. Brown & Sons., Baltimore, Md.

Arizona Cheese & Cattle Co., Phoenix, Ariz.
Aug. 14 (letter of notification) $50,000 of 5% convertible 20-year debentures (in denominations of $500 each); 10,000 shares of 6% cumulative convertible preference stock (par $10); and 14,900 shares of common stock (par $10). **Price**—For all three securities, at par. **Underwriter**—None, but sales will be handled by John P. Zuest (Secretary-Treasurer). **Proceeds**—For purchase of land, buildings, equipment and livestock and for working capital. **Office** — 312 W. Lynwood Street, Phoenix, Ariz.

Austin Finance Co., Chicago, Ill.
Aug. 13 (letter of notification) 60 judgment notes of $500 each. **Underwriter**—None. **Proceeds**—To finance accounts receivable of retail credit businesses. **Office**—77 W. Washington Street, Chicago, Ill.

Brilhart Plastics Corp., Mineola, N. Y.
Aug. 15 (letter of notification) 80,000 shares of common stock (par 5 cents). **Price**—75 cents per share. **Underwriter**—Warren W. York & Co., Inc., Allentown, Pa. **Proceeds**—To National Mutual Assurance Co., the selling stockholder.

City Title Insurance Co. (8/24)
Aug. 16 (letter of notification) 16,000 shares of common stock (par $2.50) to be offered to stockholders of record Aug. 20 on basis of one share for each 5¼ shares held; rights expire on Sept. 14. **Price**—$5 per share. **Underwriter**—Chilson, Newberry & Co., Inc., Kingston, N. Y. **Proceeds**—For general corporate purposes.

Clinton (Mich.) Machine Co.
Aug. 16 (letter of notification) 100,000 shares of common stock (par $1). **Price**—At the market (estimated at $2.75 per share, but not more than $3 per share). **Underwriter**—None. **Proceeds**—For working capital, including payment of accounts payable and purchase of inventory.

Commonwealth Investment Co., San Francisco, Calif.
Aug. 20 filed 2,500,000 shares of capital stock (par $1). **Price**—At market. **Distributor**—North American Securities Co., San Francisco, Calif. **Proceeds**—For investment.

Dutch Flat Mines, Inc., Winnemucca, Nev.
Aug. 16 (letter of notification) 625,000 shares of capital stock. **Price**—Of 125,000 shares, 15 cents per share; of 250,000 shares at 25 cents per share; and of 250,000 shares, 40 cents per share. **Underwriter** — None, but Robert N. Coope, Salt Lake City, Utah, will act as agent. **Proceeds**—For prospecting and development, buildings and equipment, and for working capital. **Office**—1127 Bridge St., Winnemucca, Nev.

Elkhorn Consolidated, Inc., Helena, Mont.
Aug. 15 (letter of notification) 200,000 shares of capital stock. **Price**—At par (25 cents per share). **Underwriter**—None. **Proceeds**—For developing mining property. **Office**—5 Penwell Block, Helena, Mont.

Glen Roger Credit, Inc., Washington, D. C.
Aug. 16 (letter of notification) 600,000 shares of 30-cent dividend class A stock (par $1). **Price**—$5 per share. **Underwriter** — John C. Kahn Co., Washington, D. C. **Proceeds**—For working capital. **Office**—1108 16th St., N. W., Washington, D. C.

Globe Trading, Inc., Inglewood, Calif.
Aug. 14 (letter of notification) 100,000 shares of capital stock. **Price**—$1 per share. **Underwriter**—Not yet selected. **Proceeds**—For working capital. **Office**—324 So. Hindry Avenue, Inglewood, Calif.

Gould-National Batteries, Inc., St. Paul, Minn.
Aug. 17 filed 65,000 shares of cumulative preferred stock (par $50-convertible on or before Dec. 31, 1966). **Price**—To be supplied by amendment (expected at $52.50 per share). **Underwriter**—Glore, Forgan & Co., New York. **Proceeds**—To finance expansion program and for working capital.

Hancock Oil Co. of California
Aug. 14 (letter of notification) 176 shares of class A common stock (no par). **Price**—At the market (estimated at about $225 per share). **Underwriter**—None, but will be sold through Akin-Lambert Co., Los Angeles, Calif. **Proceeds**—To be paid to holders of fractional share certificates issued in connection with stock dividend payment. **Office**—2828 Juniper Ave., Long Beach, Calif.

Jeannette Glass Co., Jeannette, Pa. (8/27)
Aug. 17 (letter of notification) 30,000 shares of common stock (par $1) to be offered to employees who are not officers and directors. **Price**—$3 per share. **Underwriter**—None. **Proceeds**—For working capital. **Office**—Chambers Avenue, Jeannette, Pa.

Mutual Dealers Wholesale, Inc., St. Paul, Minn.
Aug. 13 (letter of notification) $30,000 of 4% series A membership debentures due Oct. 1, 1970. **Underwriter**—None. **Proceeds**—To retire preferred stock and for working capital.

Nevada Mortgage & Investment Co., Las Vegas, Nev.
Aug. 16 (letter of notification) 60,000 shares of common stock and 240,000 shares of 6% preferred stock. **Price**—At par ($1 per share). **Underwriter**—None. Offering will be made through officers. **Proceeds**—For expenses incident to organization, and for development and operation of business. **Office**—114 No. 3rd St., Las Vegas, Nev.

New Elkhorn Queen, Inc., Boulder, Mont.
Aug. 9 (letter of notification) 200,000 shares of common stock. **Price**—15 cents per share. **Underwriter**—None, but Francis Wickham, President, will handle sales. **Proceeds**—For equipment and buildings to house employees.

Norris Oil Co., Bakersfield, Calif.
Aug. 10 (letter of notification) 500 shares of capital stock (par $1). **Price**—$4.75 per share. **Underwriter**—Walston, Hoffman & Goodwin, Bakersfield, Calif. **Proceeds**—To Arthur W. Scott, Secretary, who is the selling stockholder.

Rob Roy Mining Co., Wallace, Ida.
Aug. 13 (letter of notification) 250,000 shares of capital stock. **Price**—12½ cents per share. **Underwriter**—None, but sales will be handled by Lawrence Richard Shaver (Secretary and Treasurer), Route No. 1, Spokane, Wash.; Ward Joseph Walker (Vice-President), 3303 W. Rosamond Street, Spokane, Wash.; and probable brokers in Idaho or Washington. **Proceeds**—For equipment and machinery and exploratory surface prospecting. **Office**—647 Peyton Building, Spokane, Wash.

Robins (S. R.), Miami, Fla.
Aug. 10 (letter of notification) 1,000 shares of 7% preferred stock (to be cumulative from and after two years from date of issue) of a Puerto Rican corporation to be formed. **Price**—At par ($100 per share). **Underwriter**—None. **Proceeds**—For land, construction of hydroponic troughs and equipment, and for working capital. **Office**—1027 du Pont Building, Miami, Fla. **Business**—Hydroponic farming.

Rohr Aircraft Corp., Chula Vista, Calif.
Aug. 10 (letter of notification) 8,000 shares of capital stock (par $1). **Price**—At market (estimated at $12.50 per share). **Underwriter**—Lester & Co., Los Angeles, Calif. **Proceeds**—To Fred H. and Shirley B. Rohr and J. E. and Esther D. Rheim, who are the selling stockholders.

Schenley Industries, Inc., N. Y.
Aug. 17 (letter of notification) 2,935 shares of common stock (par $1.40). **Price**—$33.75 per share. **Underwriter**—None, but Wagner, Stott & Co., New York, will act as broker. **Proceeds**—To Lewis S. Rosenstiel, Chairman, who is the selling stockholder. **Office**—350 Fifth Ave., New York 1, N. Y.

Sevigny's Candy, Inc., Hanover, Mass.
Aug. 17 (letter of notification) $50,000 of 10-year 8% convertible debentures, series A, due Aug. 15, 1961 (to be issued in denominations of $50 each) at par; and 2,000 shares of common stock (no par) to be reserved for conversion of debentures on basis of two shares for each $50 of debentures. **Price**—Of debentures, at par. **Underwriter**—None. **Proceeds**—For general corporate purposes, including purchase of material and maintenance of inventory.

Sioux Mining & Milling Co., Las Vegas, Nev.
Aug. 10 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Underwriter**—None. **Proceeds**—For exploration and development of mining claims near Searchlight, Nev. **Office**—130 S. 4th Street (P. O. Box 1529), Las Vegas, Nev.

Skiatron Electronics & Television Corp. (8/28)
Aug. 20 (letter of notification) 1,000 shares of common stock (par 10 cents). **Price**—At market (about $2.50 per share). **Underwriter**—L. Johnson & Co., New York. **Proceeds**—To Kurt Widder, Treasurer, the selling stockholder.

Small Investors Real Estate Plan, Inc.
Aug. 15 (letter of notification) 100 units of certificates of "mutual" ownership. **Price**—$1,450 per unit. **Underwriter**—None. **Proceeds**—To acquire a parcel of real estate. **Office**—157 West 42nd Street, New York 18, N. Y.

Southern Colorado Power Co.
Aug. 9 (letter of notification) 30,970 shares of common stock (no par), being offered to common stockholders of record Aug. 16 at rate of one share for each 22 shares held, with an oversubscription privilege; rights expire on Aug. 30. **Price**—$9 per share. **Underwriter**—None, but company will compensate NASD members who assist stockholders in exercise of warrants. **Proceeds**—To retire bank loans or reimburse the company's treasury for expenditures for plant additions and improvements.

Transgulf Corp., Houston, Tex.
Aug. 13 (letter of notification) 66,000 shares of capital stock (par 10 cents). **Price**—$1 per share. **Underwriter**—S. B. Cantor Co., New York. **Proceeds**—To Dudley P. South, Sr., the selling stockholder.

Vacuum Melt, Inc., Greenville, Pa. (9/15)
Aug. 20 (letter of notification) 25,181 shares of common stock. **Price**—At par ($5 per share). **Underwriter**—None. **Proceeds**—For working capital. **Office**—Camp Reynolds, P. O. Box 71, Greenville, Pa.

Vanadium-Alloys Steel Co.
Aug. 15 (letter of notification) 3,774 shares of capital stock (no par) to be offered to employees. **Price**—$26 per share. **Underwriter**—None. **Proceeds**—For working capital. **Office**—Latrobe, Pa.

Washington School of Cooking, Inc.
Aug. 14 (letter of notification) 328 shares of common stock (no par). **Price**—$15 per share. **Underwriter**—None, but sales will be made through Harry E. Ewing, Secretary of company, 1701 16th St., N. W., Washington, D. C. **Proceeds**—To pay outstanding accounts, for renovations and for new equipment. **Office**—1711 Eye St., N. W., Washington, D. C.

Whiteface Ranch Corp., New York
Aug. 13 (letter of notification) 1,500 shares of capital stock. **Price**—At par ($100 per share). **Underwriter**—Cohu & Co., New York. **Proceeds** — For purchase of equipment, supplies and land and for working capital. **Address**—c/o C. J. Sutherland, 52 Wall Street, New York. **Offering**—Made on Aug. 20.

Previous Registrations and Filings

Alabama Flake Graphite Co., Birmingham, Ala.
July 12 (letter of notification) $100,000 of 7% 20-year sinking fund bonds dated Jan. 15, 1949 and due Jan. 15, 1969 (in denominations of $1,000 each). **Price**—At par. **Underwriter**—Odess, Martin & Herzberg, Inc., Birmingham, Ala. **Proceeds**—For plant expansion. **Office**—420 Comer Bldg., Birmingham, Ala.

Alabama Power Co. (9/11)
Aug. 10 filed $15,000,000 of first mortgage bonds due 1981. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Blyth & Co., Inc.; Harriman Ripley & Co., Inc.; Shields & Co. and Salomon Bros. & Hutler (jointly); Drexel & Co.; Union Securities Corp. and Equitable Securities Corp. (jointly); Kidder, Peabody & Co.; The First Boston Corp.; Lehman Brothers. **Proceeds**—For expansion program. **Bids**—Expected to be opened at 11 a.m. (EDT) on Sept. 11 at 20 Pine Street, New York, N. Y.

★ **Alaska Telephone Corp., Juneau, Alaska**
July 18 (letter of notification) $300,000 of 6% 20-year convertible debentures and 75,000 shares of common stock (par $1 per share) to be reserved for conversion of debentures. **Price**—At 100%. **Underwriter**—Tellier & Co., New York. **Proceeds**—For expansion and modernization needs and working capital. **Offering**—Expected after Labor Day.

All American Casualty Co., Chicago, Ill.
July 26 filed 1,000,000 shares of common stock (par $1). **Price**—$3 per share. **Underwriter**—May be M. A. Kern, President. **Proceeds**—To increase capital and surplus.

American Bosch Corp., Springfield, Mass.
May 17 filed 98,000 shares of common stock (par $2). **Price**—At the market (approximately $15 per share). **Underwriter**—None. **Proceeds**—To Allen & Co. (owner of 198,000 shares, or 15.1% of outstanding shares). Statement effective July 3.

American Brake Shoe Co.
June 29 filed 50,000 shares of common stock (no par) to be offered to certain officers and key employees through a stock purchase plan. **Price**—To be not greater than the market price on the date of the offering, or no less than 85% of such price. **Underwriter**—None. **Proceeds**—To be added to general funds.

American Mucinum, Inc.,
July 17 (letter of notification) 1,000,000 shares of class A stock. **Price**—At par (15 cents per share). **Underwriter**—To be supplied by amendment. **Proceeds**—For operating expenses. **Office**—27 West 72nd Street, New York 23, N. Y.

American Trailer Co., Inc., Washington, D. C.
July 26 (letter of notification) $120,000 of 5½% first mortgage bonds, due Aug. 1, 1961. **Price**—At 100½% and accrued interest (in units of $1,000 each). **Underwriter**—Mackall & Co., Washington, D. C. **Proceeds**—To pay off present indebtedness and for additional working capital. **Office**—4030 Wisconsin Avenue, N. W., Washington, D. C.

Arden Farms Co., Los Angeles, Calif.
June 11 filed 55,000 shares of $3 cumulative and participating preferred stock (no par) of which 54,444 shares are first being offered to preferred stockholders of record July 6 at rate of one share for each 4½ shares held with rights to expire on Sept. 24; unsubscribed shares to be offered publicly. **Price**—$45 per share. **Underwriter**—None. **Proceeds**—To repay bank loans. Statement effective July 6.

Bigelow-Sanford Carpet Co., Inc.
May 16, filed 100,000 shares of 4½% cumulative preferred stock, series of 1951 (par $100), of which 39,604½ shares are issuable to holders of 26,403 shares of 6% preferred stock on the basis of 1½ shares for each preferred share held. Public offering of the additional 60,000 shares of new preferred stock has been deferred due to present market conditions. **Underwriters**—Harriman Ripley & Co., Inc.; Kidder, Peabody & Co., and F. S. Moseley & Co. **Proceeds**—For general corporate purposes.

Blair (Neb.) Telephone Co.
July 18 (letter of notification) $175,000 of first mortgage 4% bonds, series A, due 1971. **Price**—101 and accrued interest. **Underwriter** — Wachob-Bender Corp., Omaha, Neb. **Proceeds**—To retire first mortgage (closed) 3½% bonds and to convert to dial operation.

Burlington Mills Corp.
March 5 filed 300,000 shares of convertible preference stock (par $100). **Price**—To be supplied by amendment. **Underwriter**—Kidder, Peabody & Co., New York. **Proceeds**—For additions and improvements to plant and equipment. Offering date postponed.

Carolina Mountain Telephone Co., Weaverville, North Carolina
July 13 (letter of notification) 100,000 shares of capital stock (par $1) being offered to stockholders on basis of one share for each two shares held on July 23; with rights expiring on Aug. 24. **Price**—$2.15 per share. **Underwriter**—Interstate Securities Corp., Charlotte, N. C., and four others. **Proceeds**—To retire loans.

Central Eureka Mining Co. (8/24)
Aug. 7 filed 300,000 shares of capital stock to be offered to stockholders of record Aug. 24 on basis of one share for each two shares held, with an oversubscription privilege; rights expire on Sept. 28. **Price**—At par ($1 per share.) **Underwriter** — None. **Proceeds** — For development program.

Central Pharmacal Co., Seymour, Ind.
Aug. 7 (letter of notification) 8,020 shares of 5% cumulative preferred stock. **Price**—At par ($20 per share). **Underwriter** — None. **Proceeds** — For working capital. **Office**—120-128 East Third Street, Seymour, Ind.

Colonial Acceptance Corp., Chicago, Ill.
Aug. 10 (letter of notification) 10,000 shares of class A common stock, first series (par $1). **Price**—At market (estimated at about $4.50 per share). **Underwriter**—Straus & Blosser, and probably others. **Proceeds** — To David J. Gradman, President, who is the selling stockholder.

Columbus & Southern Ohio Electric Co. (9/5)
Aug. 8 filed $12,000,000 of first mortgage bonds, due 1981. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Dillon, Read & Co. Inc.; Salomon Bros. & Hutzler; Lehman Brothers; White, Weld & Co.; Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Union Securities Corp. and Glore, Forgan & Co. (jointly). **Proceeds**—To repay bank loans and for construction purposes. **Bids**—To be opened at 11:30 a.m. (EDT) on Sept. 5 at City Bank Farmers Trust Co., 22 William Street, New York, N. Y.

Consolidated Equipment Corp.
July 10 (letter of notification) 300,000 shares of 6% cumulative preferred stock. **Price** — At par ($1 per share). **Underwriter**—None. **Proceeds**—For purchase of soft drink dispensing machines. **Office**—105½ East Pike Peak Avenue, Colorado Springs, Colo.

Continental Car-Nar-Var Corp., Brazil, Ind.
March 5 (letter of notification) 150,000 shares of common (voting) stock (par $1). **Price**—$2 per share. **Underwriters**—Sills, Fairman & Harris, Inc., Chicago, and Gearhart, Kinnard & Otis, Inc., New York. **Proceeds**—For working capital and general corporate purposes. Temporarily deferred.

Continental Electric Co., Geneva, Ill.
March 2 (letter of notification) $300,000 of 6% sinking fund debentures due Dec. 1, 1975 (to be issued in units of $100, $500 and $1,000 each). **Price**—91% of principal amount. **Underwriter**—Boettcher & Co., Chicago, Ill. **Proceeds**—To retire indebtedness and for working capital. **Offering**—Postponed indefinitely.

Cornucopia Gold Mines
May 14 (letter of notification) 229,800 shares of common stock (par five cents) being offered for subscription by stockholders of record June 30, 1951, on a one-for-five basis, with an oversubscription privilege; rights to expire on Oct. 1. **Price**—30 cents per share. **Underwriter**—None. **Proceeds**—For working capital. **Office**—824 Old National Bank Bldg., Spokane, Wash.

NEW ISSUE CALENDAR

August 24, 1951
Central Eureka Mining Co. — Common
City Title Insurance Co. — Common

August 27, 1951
Jeannette Glass Co. — Common
Spencer Chemical Co. — Preferred

August 28, 1951
Roper (Geo. D.) Corp. — Common
Skiatron Electronics & Television Corp. — Common
Southern California Edison Co. 8.30 a.m. (PDT) — Bonds
Wilson Brothers — Debentures

August 29, 1951
Jetter & Scheerer Products, Inc. 11 a.m. (EDT) — Common

September 5, 1951
Columbus & Southern Ohio Electric Co. 11:30 a.m. (EDT) — Bonds

September 6, 1951
Southern Pacific Co. — Equip. Trust Ctfs.
Texas & Pacific Ry. — Equip. Trust Ctfs.

September 7, 1951
American Investment Co. of Illinois — Preference

September 11, 1951
Alabama Power Co. 11 a.m. (EDT) — Bonds
American Box Board Co. — Bonds
Tennessee Gas Transmission Co. — Bonds

September 12, 1951
Chesapeake & Ohio Ry. Noon (EDT) — Equip. Trust Ctfs.

September 15, 1951
Vacuum Melt Co. — Common

September 18, 1951
Chicago, Rock Island & Pacific Ry. — Eq. Trust Ctfs.
International Refineries, Inc. — Debs. & Stock
New England Gas & Electric Association 11:30 a.m. (EDT) — Bonds
Pennsylvania Power & Light Co. — Common

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

September 20, 1951
Harshaw Chemical Co. — Preferred

September 25, 1951
Southern Counties Gas Co. of California — Bonds

September 26, 1951
Marine Midland Corp. — Preferred

October 9, 1951
Arkansas Power & Light Co. — Bonds
Pennsylvania Electric Co. — Common

October 29, 1951
Utah Power & Light Co., noon (EST) — Bonds

November 9, 1951
Pacific Telephone & Telegraph Co. — Debs. & Stock

Deardorf Oil Corp., Oklahoma City, Okla.
May 18 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—70 cents per share. **Underwriter**—None. **Proceeds**—To pay obligations. **Office**—219 Fidelity Bldg., Oklahoma City, Okla. **Offering**—Temporarily postponed "because of market conditions."

Drayson-Hanson, Inc., Los Angeles, Calif.
June 4 (letter of notification) 50,000 shares of common stock (par 40 cents). **Price**—$1.20 per share. **Underwriter**—Edgerton, Wykoff & Co., Los Angeles, Calif. **Proceeds**—To purchase real property and plant.

★ **Dumont Electric Corp.**
Aug. 10 (letter of notification) 40,000 shares of cumulative convertible preferred stock (par $1) being offered to common stockholders of record Aug. 17 at rate of one preferred share for each 10 common shares held; rights to expire Sept. 5. **Price**—$4.75 to stockholders and $5 per share to public. **Underwriter**—Aetna Securities Corp., New York. **Proceeds**—For expansion and for development of new products.

Eastern Caramba Bottling Corp.
Aug. 7 (letter of notification) 250,000 shares of common stock, of which 75,000 shares are to be issued to three officers (25,000 shares each) and an initial public offering will be made of 15,000 shares. **Price**—$1 per share. **Underwriter**—None. **Proceeds**—For general corporate purposes. **Office**—615 Adams St., Hoboken, N. J.

Equipment Finance Corp., Charlotte, N. C.
Aug. 6 (letter of notification) 2,774 shares of common stock. **Price**—At par ($100 per share). **Underwriter**—None. **Proceeds**—For operating capital. **Office**—1026 So. Boulevard, Charlotte, N. C.

Financial Credit Corp., New York
July 27 (letter of notification) $250,000 of Financial investment bonds. **Price**—At par (in units of $50, $250, $500 and $1,000 each). **Underwriter**—None. **Proceeds**—To pay obligations, for expansion and working capital. **Office**—60 East 42nd Street, New York 17, N. Y.

★ **Fleming Co., Inc., Topeka, Kansas**
Aug. 14 (amendment) filed 2,000 shares of 5% cumulative preferred stock (par $100) and 9,000 shares of common stock (par $25), of which 3,000 shares of common stock are to be offered for a period of 10 days to common stockholders, officers and employees and 2,000 shares of preferred and 6,000 shares of common publicly together with any of the unsubscribed 3,000 common shares. The underwriters have an option to purchase the preferred at $100 per share and the common at $36 per share. **Price**—On exercise of rights, $36 per share for common, and to public at $103 per share for the preferred and $37.50 per share for the common stock. **Underwriters**—Beecroft, Cole & Co., Inc.; The Columbian Securities Corp.; Seltsam-Hanni & Co., Inc. and Estes & Co., all of Topeka, Kan. **Proceeds**—For working capital.

Food Machinery & Chemical Corp.
June 13 filed 100,000 shares of common stock (par $10) to be offered to employees. **Price**—To be based on market on New York Stock Exchange (about $34.50 per share). **Underwriter**—None. **Proceeds**—For general corporate purposes. Statement effective June 29.

Fosgate Citrus Concentrate Cooperative (Fla.)
June 29 filed 453 shares of class A common stock (par $100); 5,706 shares of 5% class B preferred stock (par $100), cumulative beginning three years from July 10, 1950; 8,000 shares of 4% revolving fund class C stock (par $100); 2,000 shares of 4% revolving fund class C stock (par $50); and 4,000 shares of 4% revolving fund class C stock (par $25). **Price**—At par. **Underwriters**—None. **Proceeds**—To construct and equip frozen concentrate plant at Forest City, Fla.

Fox (Peter) Brewing Co., Chicago, Ill.
July 24 (letter of notification) 5,000 shares of common stock (par $1.25). **Price**—$7.75 per share. **Underwriter**—Thomson & McKinnon, Chicago, Ill. **Proceeds**—To Frank G. Fox, the selling stockholder. **Office**—2626 W. Monroe St., Chicago, Ill.

Fruehauf Trailer Co., Detroit, Mich.
June 15 filed 115,000 shares of common stock (par $1), to be "offered to certain employees pursuant to stock option plans." **Price**—At 85% or 95% of the highest sale 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.

Fuller (D. B.) & Co., Inc., N. Y.
July 26 filed 120,000 shares of 6% cumulative convertible preferred stock (par $15) and 73,598 shares of common stock (par $1). Latter to be reserved for conversion of $5 par 6% cumulative convertible first preferred stock to be called for redemption, with unconverted common shares to be sold to underwriters. **Price**—To be supplied by amendment. **Underwriter**—F. Eberstadt & Co., Inc., New York. **Proceeds**—From sale of preferred stock together with other funds, will be used to repay $2,000,000 outstanding 4% notes due March 16, 1954, and to redeem 36,799 shares of outstanding preferred stock at $5.50 per share. **Meeting**—Stockholders will vote at an adjourned meeting Sept. 7 on the proposed financing program. **Offering**—Not expected until after Labor Day.

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

Grand Union Co., New York
Aug. 7 filed 64,000 shares of common stock (par $10) to be issued pursuant to an "employees' restricted stock option plan." **Price** — To be supplied by amendment. **Underwriter**—None. **Proceeds**—For general corporate purposes. **Office**—50 Church St., New York.

Hartford Special Machinery Corp.
July 24 (letter of notification) 5,000 shares of common stock being offered for subscription by stockholders of record July 23, on the basis of one new share for each five shares held; right to expire on Aug. 28. **Price**—At par ($20 per share). **Underwriter**—None. **Proceeds**—For additional working capital. **Office**—287 Homestead Avenue, Hartford, Conn.

Helio Aircraft Corp., Norwood, Mass.
July 31 (letter of notification) 7,750 shares of non-cumulative preferred stock (par $1) and 7,750 shares of common stock (par $1) to be offered in units of one share of preferred and one share of common stock. **Price**—$25 per unit ($20 for preferred and $5 for common). **Underwriter**—None. **Proceeds**—For development and promotion expenses. **Office**—Boston Metropolitan Airport, Norwood, Mass.

Hex Foods, Inc., Kansas City, Mo.
Aug. 1 (letter of notification) 89 shares of 6% cumulative preferred stock (par $100) and 424 shares of common stock (no par). **Price**—For preferred, at par; and for common, at $20 per share. **Underwriter** — Prugh, Combest & Land, Inc., Kansas City, Mo., will act as dealer. **Proceeds**—For plant improvements and general corporate purposes. **Office**—412 W. 39th St., Kansas City, Mo.

Hilton Hotels Corp., Chicago, Ill.
March 30 filed 153,252 shares of common stock (par $5) now offered to holders of common stock of Hotel Waldorf-Astoria Corp. in exchange for their holdings of such stock on a share-for-share basis; offer expires on Aug. 27. **Dealer-Manager**—Carl M. Loeb, Rhoades & Co., New York.

Continued on page 28

Continued from page 27

Keever Starch Co., Columbus, Ohio
Aug. 1 (letter of notification) 50,400 shares of common stock. **Price** — At par ($5 per share). **Underwriter**—None. **Proceeds**—To finance inventories and to purchase capital equipment. **Office**—538 E. Town St., Columbus, Ohio.

Kingsburg Cotton Oil Co., Kingsburg, Calif.
Aug. 8 (letter of notification) 5,000 shares of common stock (par $1). **Price**—At market "between $4.12½ and $4.25 per share." **Underwriter**—The Brcy Co., San Francisco, Calif. **Proceeds**—To Leonard A. Gregory and Willie R. Gregory, two selling stockholders.

Los Angeles Drug Co. (Calif.)
July 23 filed $500,000 of 15-year 5% sinking fund debenutres dated Oct. 1, 1951 and due Oct. 1, 1966, and 40,000 shares of capital stock (no par), to be offered first to present stockholders (debentures to be offered are to be subject to prior issuance to shareholders in payment of a dividend in aggregate amount of $300,000). **Price**—Of debentures, at par (in denominations of $100 each) and of the stock, $10 per share. **Underwriter**—None. **Proceeds** — To increase working capital and to finance expanded merchandise inventory.

Loven Chemical of California
June 15 (letter of notification) 86,250 shares of capital stock. **Price**—At par ($1 per share). **Underwriter**—Floyd A. Allen & Co., Los Angeles, Calif. **Proceeds**—For working capital. **Office**—244 So. Pine St., Newhall, Calif.

★ **Lowell Adams Factors Corp.**
Aug. 9 (letter of notification) 126,300 shares of common stock (par 10 cents) being offered to common and preferred stockholders of record Aug. 15 and to certain holders of company's short-term paper; rights expire Aug. 31. **Price**—$2 per share to aforementioned holders and $2.37½ per share to public. **Underwriters** — Louis L. Rogers Co. and Graham, Ross & Co., Inc., New York. **Proceeds**—For working capital.

Lytton's, Henry C. Lytton & Co., Chicago, Ill.
July 24 (letter of notification) 3,000 shares of common stock (par $1). **Price**—$6.87 per share. **Underwriter**—Straus & Blosser, Chicago, Ill. **Proceeds**—To Martin S. Goldring, a director, who is the selling stockholder. **Office**—235 So. State St., Chicago, Ill.

McBee Co., Athens, Ohio
Aug. 3 (letter of notification) 2,500 shares of 5% first preferred stock. **Price**—At par ($100 per share). **Underwriter**—Roy E. Hawk & Co., Athens, O. **Proceeds**—For working capital.

Mercantile Acceptance Corp. of California
May 18 (letter of notification) 4,881 shares of first preferred stock. **Price**—At par ($20 per share). **Underwriter**—Guardian Securities Corp. **Proceeds**—For general corporate purposes.

Mullan Metals, Inc., Wallace, Idaho
Aug. 6 (letter of notification) 300,000 shares of assessable capital stock (par 10 cents). **Price**—15 cents per share. **Underwriters**—Pennaluna & Co., Wallace, Idaho, and R. L. Emacio & Co., Inc., Spokane, Wash. **Proceeds**—For development of mining property.

Mutual Products Co., Minneapolis, Minn.
Aug. 8 (letter of notification) $200,000 of five-year 8% registered debentures. **Price**—At par (in denominations of $100 and multiples thereof). **Underwriter** — None. **Proceeds**—For additions to property and for working capital. **Office**—509 N. Fourth Street, Minneapolis, Minn.

★ **Mutual Telephone Co. (Hawaii) (9/24-28)**
July 27 filed 150,000 shares of common stock (par $10) to be offered for subscription by common stockholders on a one-for-five basis, with a 14-day standby; and to employees. **Price**—To be supplied by amendment (expected at $10 per share). **Underwriter**—Kidder, Peabody & Co., New York. **Proceeds**—To pay outstanding bills and for construction program. **Offering**—Expected week of Sept. 24.

New England Gas & Electric Ass'n (9/18)
Aug. 6 filed $6,115,000 of 20-year sinking fund collateral trust bonds, series C, due 1971. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co. **Proceeds**—To purchase additional common stocks of five subsidiaries. **Bids**—To be received up to 11:30 a.m. (EDT) on Sept. 18 at 10 Temple St., Cambridge, Mass.

Newman Associates, Inc. (name to be changed to Sheeld, Inc.), Dallas, Tex.
July 30 (letter of notification) 10,000 shares of preferred stock (no par) and 50,000 shares of common stock (par two cents) to be offered in units of one preferred and five common shares. This includes 33,000 common shares for account of Hal C. Newman, President of the company. **Price**—$10.10 per unit. **Underwriter**—Southwestern Securities Co., Dallas, Tex. **Proceeds**—To purchase assets of Sterling Industries, Inc., to retire bank loans and pay accounts payable, and for working capital. **Office**—1400 Marilla St., Dallas, Tex.

Old Colony Finance Corp., Mt. Rainier, Md.
June 1 (letter of notification) $250,000 of 6% subordinated debentures with stock purchase warrants attached. The latter will entitle holders thereof to purchase one share of common stock at $4 per share for each $100 of debentures owned. **Price**—At par (in denominations of $100, $500 and $1,000 each). **Underwriter**—None. **Proceeds**—For working capital. **Office**—3219 Rhode Island Avenue, Mt. Rainier, Md.

Pan American Milling Co., Las Vegas, Nev.
Jan. 24 filed 200,000 shares of common stock. **Price**—At Par ($1 per share). **Underwriter**—None. **Proceeds**—To purchase machinery and equipment, to construct a mill in Mexico and for general corporate purposes. Statement effective June 26 through lapse of time; amendment necessary.

Peabody Coal Co.
March 26 filed 160,000 shares of 5½% prior preferred stock (par $25). **Price**—To be supplied by amendment. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill. **Proceeds**—For construction program. **Offering**—Indefinitely postponed.

Philadelphia Suburban Transportation Co.
June 11 (letter of notification) $300,000 of 4½% convertible debentures of 1967 (each $100 principal amount convertible into three shares of common stock). **Price**—At par. **Underwriter**—None. **Proceeds**—For working capital. **Office**—69th Street Terminal, Upper Darby, Pennsylvania.

Pittsburgh Plate Glass Co.
June 27 filed 450,000 shares of common stock (par $10) to be offered to certain employees of the company and its subsidiaries under a stock option plan. **Price**—At 85% of the market price on the New York Stock Exchange at time options are granted. **Underwriter**—None. **Proceeds**—For working capital.

Polymer Industries, Inc., Astoria, N. Y.
July 30 (letter of notification) 10,000 shares of 6% cumulative preferred stock (par $5) and 20,000 shares of common stock (par one cent) to be offered in units of one share of preferred and two shares of common to preferred stockholders of record July 27 on the basis of two units for each five shares held; rights will expire on Sept. 1. **Price**—$5.02 per unit. **Underwriter**—None. **Proceeds**—For expansion program and working capital.

★ **Reading Tube Corp., Long Island City**
June 5 filed $1,859,256 of 20-year 6% sinking fund debentures due July 1, 1971, and 66,402 shares of class B stock (par 10 cents) being offered in exchange for 265,608 shares of outstanding class A cumulative and participating stock (par $6.25) on the basis of $7 principal amount of debentures and one-fourth of a share of class B stock for each class A share held; offer extended to expire on Sept. 5. **Dealer-Manager**—Aetna Securities Corp., New York. Statement effective June 29. Plan declared effective on Aug. 14.

Riverside Stadium, Inc., Riverside, Mo.
July 12 (letter of notification) $250,000 of 15-year 5% debenture notes and 25,000 shares of common stock (par $1) to be offered in units of one $100 note and 10 shares of stock. **Price**—$100 per unit. **Underwriter**—Wahler, White & Co., Kansas City, Mo. **Proceeds**—To retire outstanding obligations. **Offering** — Temporarily postponed.

★ **Roper (Geo. D.) Corp. (8/28)**
Aug. 8 (letter of notification) 4,000 shares of common stock (par $5). **Price** — $24.75 per share. **Distributor** — Merrill Lynch, Pierce, Fenner & Beane, Chicago, Ill. **Proceeds**—To Grace Y. Roper, the selling stockholder. **Office**—340 Blackhawk Park, Rockford, Ill.

Sanders Associates, Inc., Waltham, Mass.
Aug. 2 (letter of notification) 60,000 shares of class A common stock. **Price**—$5 per share. **Underwriter**—None. **Proceeds**—For purchase and/or rental of operating facilities such as electronic test equipment, machine tools, and office equipment and for working capital to enable the taking and completing of prime government and sub-contracts pertaining to guided missiles, electronics, and related fields. **Office**—135 Bacon St., Waltham, Mass.

Sheeld, Inc., Dallas, Tex.
See Newman Associates, Inc. above.

★ **Slick Airways, Inc., Burbank, Calif.**
Aug. 14 filed 147,301 shares of common stock to be offered for sale as follows: 87,906 shares to holders of presently outstanding Employee Option Warrants and 59,395 shares to holders of Stockholders Option Warrants. **Price**—At par ($10 per share). **Underwriter**—None. **Proceeds**—To purchase new equipment and for other corporate purposes.

Snoose Mining Co., Hailey, Idaho
July 19 (letter of notification) 1,000,000 shares of common stock. **Price**—At par (25 cents per share). **Underwriter**—E. W. McRoberts & Co., Twin Falls, Ida. **Proceeds**—For development of mine.

Snyder Chemical Corp., Bethel, Conn.
Aug. 8 (letter of notification) 7,625 shares of common stock (par one cent). **Price**—$4.50 per share. **Underwriter**—Coburn & Middlebrook, Hartford, Conn. **Proceeds**—To Francis H. Snyder, President, who is the selling stockholder.

South State Uranium Mines Ltd. (Canada)
April 9 filed by amendment 384,000 shares of capital stock. **Price** — At par ($1 per share). **Underwriter-Optionee**—Robert Irwin Martin of Toronto. **Proceeds**—For commissions, exploration and development expenses and working capital.

★ **Southern California Edison Co. (8/28)**
July 30 filed $30,000,000 first and refunding mortgage bonds, series D, due 1976. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp. and Harris, Hall & Co., Inc. (jointly); Kuhn, Loeb & Co. **Proceeds**—For construction program. **Bids**—To be received up to 8:30 a.m. (PDT) on Aug. 28 at company's office in Los Angeles, Calif. Statement effective Aug. 15.

Southwestern Associated Telephone Co.
June 15, filed 17,500 shares of $5.50 cumulative preferred stock (no par). **Price**—To be supplied by amendment. **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York, and Rauscher, Pierce & Co., Inc., Dallas, Texas. **Proceeds**—To retire $1,500,000 of bank loans and the balance added to general corporate funds. **Offering** — Postponed.

Spencer Chemical Co., Kansas City, Mo. (8/27)
Aug. 3 filed 125,000 shares of cumulative convertible second preferred stock (par $50) to be offered to common stockholders in ratio of one share of preferred for each eight common shares held about Aug. 27, with rights expiring about Sept. 11. **Price**—To be supplied by amendment. **Underwriters** — Morgan Stanley & Co. and Glore, Forgan & Co., New York. **Proceeds**—From sale of stock, together with $5,100,000 from institutional investors, will be used to pay part of cost of construction of new chemical works.

★ **Tennessee Gas Transmission Co. (9/11)**
Aug. 10 filed $45,000,000 of first mortgage pipe line bonds due 1971. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp. and White, Weld & Co. (jointly). **Proceeds**—To retire short-term notes and for expansion program.

Texas Southeastern Gas Co., Bellville, Tex.
May 16 (letter of notification) 19,434 shares of common stock to be offered to common stockholders through transferable warrants. **Price** — At par ($5 per share). **Underwriter**—None. **Proceeds**—For working capital.

Trad Television Corp.
Aug. 7 (letter of notification) 2,000,000 shares of common stock being offered for subscription by common stockholders of record Aug. 9 in ratio of eight shares for each nine shares held, with an oversubscription privilege; rights expire Aug. 27. **Price** — 10 cents per share. **Underwriter** — None. **Proceeds** — For working capital, etc. **Office**—1001 First Avenue, Asbury Park, N. J.

Transgulf Corp., Houston, Texas
Aug. 6 (letter of notification) 10,000 shares of capital stock (par 10 cents). **Price**—$1 per share. **Underwriter**—S. B. Cantor Co., New York. **Proceeds**—To Dudley P. South, Sr., the selling stockholder.

United Canadian Oil Corp., Washington, D. C.
July 31 filed 1,000,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Underwriter**—None. **Proceeds**—For exploration and drilling activities.

United States Gasket Co.
July 25 (letter of notification) $100,000 to $200,000 of 4% or 6% convertible preferred stock, or a mortgage loan of that amount. **Underwriter**—None. **Proceeds**—To erect new plants, and purchase equipment. **Office**—602 North 10th Street, Camden, N. J.

Utah Power & Light Co. (9/19)
Aug. 9 filed 175,000 shares of common stock (no par). **Underwriters**—To be determined by competitive bidding. Probable bidders: Blyth & Co. Inc.; W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Union Securities Corp. and Smith, Barney & Co. (jointly); Lehman Bros. and Bear, Stearns & Co. (jointly); Kidder, Peabody & Co., and Merrill Lynch, Pierce Fenner & Beane (jointly). **Proceeds**—To repay bank loans and to provide additional construction funds. **Bids**—To be opened at 11 a.m. (EDT) on Sept. 19.

Utah Power & Light Co. (10/29)
Aug. 9 filed $9,000,000 first mortgage bonds, due Oct. 1, 1981. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Lehman Brothers, and Bear, Stearns & Co. (jointly); White, Weld & Co.; Salomon Bros. & Hutzler; First Boston Corp., and Blyth & Co., Inc. (jointly); Union Securities Corp., and Smith, Barney & Co. (jointly). **Proceeds**—To repay bank loans and for construction program. **Bids**—To be received up to noon (EST) on Oct. 29.

Van Lake Uranium Mining Co., Van Dyke, Mich.
June 7 filed 100,000 shares of common stock. **Price**—At par ($1 per share). **Underwriter**—Titus Miller & Co., Detroit, Mich. **Proceeds** — For exploration and drilling of mining claims. **Office**—23660 Van Dyke Avenue, Van Dyke, Mich. **Offering**—Expected soon.

Viking Plywood & Lumber Corp., Seattle, Wash.
July 9 (letter of notification) 37,500 shares of common stock (no par), to be sold in minimum units of 125 shares to present officers, directors and stockholders. **Price**—$20 per share. **Underwriter**—None. **Proceeds**—To permit acquisition of 50% of capital stock of Snellstrom Lumber Co., Eugene, Ore. **Office**—1411 Fourth Avenue Building, Seattle, Wash.

Western Reserve Life Insurance Co.
June 12 (letter of notification) 10,000 shares of common stock (par $10) to be offered for subscription by present stockholders at rate of one share for each two shares held. **Price**—$20 per share. **Underwriter**—None. **Proceeds**—For financing expansion program. **Office**—1108 Lavaca Street, Austin, Tex.

Wilson Brothers, Chicago, Ill. (8/28)
Aug. 3 filed $2,200,000 of 5% sinking fund debentures due Aug. 1, 1966, with non-detachable common share purchase warrants for the purchase of 154,000 shares of common stock. **Price**—To be supplied by amendment. **Underwriter**—Blair, Rollins & Co., Inc., New York. **Proceeds**—To pay off outstanding indebtedness and for other corporate purposes.

Prospective Offerings

American President Lines, Ltd.
May 27, Charles Sawyer, Secretary of Commerce, proposed the public sale to the highest bidder of the stock of this company now held by the Department of Commerce. The proceeds would be placed in escrow until the Courts decide whether the stock rightfully belongs to the Government or to the Dollar interests.

Arkansas Power & Light Co. (10/9)
July 16 it was announced that company plans issuance and sale of $8,000,000 additional first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Stone & Webster Securities Corp. (jointly); Equitable Securities Corp. and Central Republic Co. (jointly); Union Securities Corp.; The First Boston Corp.; White, Weld & Co. **Proceeds**—For construction program, estimated to cost about $20,000,000 in 1951. **Bids**—Expected to be opened about Oct. 9.

Arkansas Western Gas Co.
July 10 stockholders approved issuance of $1,350,000 first mortgage bonds and increased authorized common stock from 300,000 to 500,000 shares (of which 289,706 shares are outstanding). Bonds will probably be sold privately, and proceeds used to redeem $420,000 of 3¾% debentures and retire $197,500 bank loans, with the balance for construction program. No common stock financing is contemplated at present.

Associated Telephone Co., Ltd. (Calif.)
July 3 it was announced that tentative plans call for the sale later this year of $8,000,000 additional first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp. (jointly); Kuhn, Loeb & Co. and Salomon Bros. & Hutzler (jointly); White, Weld & Co., Kidder, Peabody & Co. and Shuman, Agnew & Co. (jointly); Harris, Hall & Co., Inc. and Equitable Securities Corp. (jointly). **Proceeds** — For construction program.

Beaunit Mills, Inc.
June 26 stockholders approved issuance and sale of 100,000 shares of $5 cumulative preferred stock (no par). **Underwriters**—Probably White, Weld & Co. and Kidder, Peabody & Co. **Proceeds**—From sale of stock, together with $15,000,000 from bank loans and $3,000,000 from other sources, to be used to finance construction of a rayon tire yarn plant at Coosa Pines, Ala., and for working capital. **Offering**—May be made privately.

★ **Canadian Atlantic Oil Co., Ltd.**
Aug. 7, it was reported company expects to file in the near future a registration statement with the SEC covering approximately 1,150,000 shares of common stock (par $2), following merger, which will be voted upon Sept. 4, into Atlantic Oil Co., Ltd. (a subsidiary of Pacific Petroleums, Ltd.), of Princess Petroleums, Ltd. (an affiliate of Pacific Petroleums) and Allied Oil Producers, Ltd., the consolidated company to change its name to Canadian Atlantic Oil Co., Ltd. **Underwriter**—Reynolds & Co., New York.

Carolina Natural Gas Corp., Charlotte, N. C.
Feb. 20 a fourth amended application was filed with the SEC for authority to build a natural gas pipeline system to serve certain areas in North and South Carolina. Estimated cost of the proposed facilities is $3,595,295, to be financed by the sale of first mortgage bonds and the issuance of junior securities. Underwriters may include R. S. Dickson & Co., Charlotte, N. C.

● **Central Illinois Light Co.**
Aug. 10, it was reported company plans to issue and sell about $7,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Morgan Stanley & Co.; Kuhn, Loeb & Co.; Union Securities Corp.; Equitable Securities Corp.; Harriman Ripley & Co., Inc. **Proceeds**—For new construction and to repay bank loans. **Offering**—Expected in September.

★ **Central & South West Corp.**
Aug. 13 it was reported company plans to issue and sell about 500,000 shares of common stock (par $5). **Underwriters**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; Smith, Barney & Co.; Harriman Ripley & Co., Inc. (jointly); Lehman Brothers and Lazard Freres & Co. (jointly); The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Kuhn, Loeb & Co.; Carl M. Loeb, Rhoades & Co.; Ladenburg, Thalmann & Co. and Wertheim & Co. (jointly). **Proceeds**—To be used to assist subsidiaries to finance a part of their construction programs. **Registration**—Expected about Sept. 10. **Bids**—To be opened early in October.

★ **Central Telephone Co., Chicago, Ill.**
Aug. 14 company announced it plans to offer early in September to holders of its common stock (other than Central Electric & Gas Co.) an additional 26,000 shares of common stock, with an over subscription privilege. **Price**—About $10.25 or $10.50 per share. **Underwriter**—None, but participating dealers in securities will be compensated.

Central Vermont Public Service Corp.
Aug. 1 it was announced that the company expects to obtain before the end of 1952 additional permanent financing, including equity financing. It is estimated that about $3,400,000 will be required to take care of additional construction expenditures to the end of next year.

Chesapeake & Ohio Ry. (9/12)
Bids will be received up to noon (EDT) on Sept. 12 for the purchase by the company of $6,300,000 of equipment trust certificates to mature semi-annually over 15 years. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Chicago District Pipeline Co.
May 22 it was announced that this company (a subsidiary of Peoples Gas Light & Coke Co.) may find it necessary to construct a 30-inch pipeline from Volo, Ill., to near Mt. Prospect, Ill., at a cost estimated at approximately $1,650,000. The amount and character of the financing are not now known. Bond financing in March, 1950, was placed privately.

● **Chicago, Rock Island & Pacific Ry. (9/18)**
Bids are expected to be received by the company on Sept. 18 for the purchase from it of an issue of about $5,500,000 equipment trust certificates to mature semi-annually over a period of 15 years. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Chicago & Western Indiana RR.
June 2 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 $65,000,000 will be sold initially. **Price**—Not less than par. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Lee Higginson Corp.; Harris, Hall & Co. (Inc.); Drexel & Co.; Kuhn, Loeb & Co. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co., Inc.; First Boston Corp.; Lehman Brothers; Paine, Webber, Jackson & Curtis; Kidder, Peabody & Co. **Proceeds**—To refund $49,988,000 of 4% non-callable consolidated first mortgage bonds due July 1, 1952, and to redeem $13,747,000 first and refunding mortgage 4¼% bonds, series D, due Sept. 1, 1962. The remainder will go towards property improvements, etc.

● **Colorado Fuel & Iron Corp.**
Aug. 15, it was reported that company plans erection of a $30,000,000 mill at Pueblo, Colo., which may be financed partly by private placement and partly by public offering. Traditional underwriter: Allen & Co., New York.

Colorado Interstate Gas Co.
June 18 it was reported that the holdings of the Union Securities Corp. group of stock of Colorado Interstate (531,250 shares) will probably be sold publicly in August or September.

Commonwealth Edison Co.
May 22 Charles Y. Freeman, Chairman, announced that the company's scheduled construction program for the 1951-54 period calls for the expenditure of about $450,000,000, of which it is estimated that $200,000,000 will be provided out of cash resources at the end of 1950. This means that additional capital of about $250,000,000 will be required through 1954. Neither the timing nor the nature of this new financing have yet been determined. Probable bidders for bonds or debentures: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Glore, Forgan & Co.; Morgan Stanley & Co.

Cone Mills Corp., Greensboro, N. C.
Aug. 7 it was reported that preparations are going forward for the marketing of from 400,000 to 500,000 shares of outstanding common stock. **Underwriter** — May be Morgan Stanley & Co., New York. **Proceeds**—To go to selling stockholders.

Consolidated Edison Co. of New York, Inc.
March 23 company applied to New York P. S. Commission for authority to issue and sell $25,000,000 of first and refunding mortgage bonds, series H, due May 1, 1981 (in addition to $40,000,000 series G bonds filed with the SEC on March 30). **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly). **Proceeds** — To redeem a like amount of Westchester Lighting Co. 3½% general mortgage bonds due 1967. **Offering**—Postponed.

Continental Can Co., Inc.
Aug. 7 it was reported that the company may offer a combination of securities later this year. **Probable Underwriter**—Goldman, Sachs & Co., New York.

Delaware River Development Corp. (N. J.)
June 20 FPC decided to issue a one-year preliminary permit to the corporation for investigation of the proposed development of a hydroelectric project on the Delaware River in New Jersey, Pennsylvania and New York, estimated to cost $47,000,000. Early last year, it was announced that the proposed project would be financed through the issuance of $28,200,000 of bonds, $14,100,000 of preferred stock, $4,700,000 of convertible common stock and 100,000 shares of no par value common stock.

Denver & Rio Grande Western RR.
April 12, Wilson McCarthy, President, stated that due to prevailing market conditions, the company has postponed to an undetermined date the taking of bids for the purchase of $40,000,000 first mortgage bonds to be dated May 1, 1951, and to mature on May 1, 1981. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Kuhn, Loeb & Co. and Bear, Stearns & Co. (jointly). **Proceeds** — Together with treasury funds, to redeem on June 1, 1951, $35,062,200 oustanding first mortgage 3%-4% bonds, series A, and $8,666,900 of Denver & Salt Lake income mortgage 3%-4% bonds, both due Jan. 1, 1993.

★ **Derby Gas & Electric Corp.**
July 16 corporation received SEC authority to issue and sell $900,000 of debentures to mature July 1, 1957 (placed privately with an institution) but reserved jurisdiction over the proposed issuance of approximately 12,500 additional shares of common stock (latter to be offered to public pursuant to a negotiated transaction). To be selected through competitive negotiation. Probable bidders: Allen & Co.; Union Securities Corp.; Smith Ramsay & Co.; Hincks Bros. and Paine, Webber, Jackson & Curtis (jointly). **Proceeds**—To be applied toward 1951 construction program. **Offering**—Expected late in September.

East Tennessee Natural Gas Co.
July 17 company filed an amended application in connection with a proposal to extend its natural gas transmission system to several Tennessee communities and industrise at an estimated cost of approximately $5,200,000 to be financed by the issuance and sale of first mortgage pipe line bonds. Latter may be placed privately. Traditional underwriter: White, Weld & Co., New York.

El Paso Natural Gas Co.
Aug. 10, it was announced that stockholders will vote Sept. 18 on increasing the first preferred stock from 100,000 to 300,000 shares, the second preferred stock from 200,000 to 300,000 shares and the common stock from 3,800,000 to 5,000,00 shares; also to authorize an increase in the aggregate principal amount of bonds issuable under the company's indenture of mortgage, dated June 1, 1946, from $157,00,000 to $300,000,000. **Traditional Underwriter**—White, Weld & Co., New York.

Harshaw Chemical Co. (9/20)
July 27 it was reported that the company plans to issue and sell $4,000,000 of cumulative convertible preferred stock. **Underwriter**—McDonald & Co., Cleveland, O. **Offering**—Expected about Sept. 20.

● **Hathaway (C. F.) Co., Waterville, Me.**
Aug. 18, it was stated that the company plans to issue and sell 12,000 additional shares of 5.8% preferred stock (par $25), which will carry warrants entitling the holders thereof to purchase 1½ shares of common stock. Stockholders will be asked to increase the authorized number of shares of preferred stock from 20,000 to 40,000. **Price**—To be named later. **Proceeds**—For working capital.

Idaho Power Co.
July 23 company applied to FPC for authority to issue $15,000,000 of additional first mortgage bonds, due 1981. Will probably be placed privately. If competitive, probable bidders may include Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Lazard Freres and The First Boston Corp. (jointly); Equitable Securities Corp.; Kidder, Peabody & Co.; Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Harriman Ripley & Co., Inc. Proceeds will be used for additions and improvements to the company's properties. **Offering**—Expected on and after Sept. 1.

Illinois Bell Telephone Co.
June 27 W. V. Kahler, President, announced that this company (approximately 99.31% owned by American Telephone & Telegraph Co.) plans issuance and sale, sometime before the end of the year, of 682,454 additional shares of capital stock to its stockholders. **Underwriter**—None. **Proceeds**—To repay short-term loans and for new construction.

● **International Bank for Reconstruction and Development ("World Bank")**
Aug. 21 it was reported that new financing of about $100,000,000 long-term bonds is expected early in September. **Underwriters**—First National Bank of Chicago and Halsey, Stuart & Co. Inc., (jointly) and others.

★ **International Refineries, Inc. (9/18)**
Aug. 14, it was announced company will finance the construction of a $7,000,000 oil refinery near the cities of Duluth, Minn., and Superior, Wis., by the public sale of securities, which is expected to include an issue of $3,000,000 10- or 12-year debentures and 750,000 shares of common stock in units—probably to consist of about $20 principal amount of debentures and five shares of stock at $25 per unit (in addition to the private placement of an issue of $4,000,000 first mortgage bonds). **Underwriters**—Eastman, Dillon & Co., New York, and Southwest Co., Dallas Texas. **Proceeds**—For construction costs and working capital. **Offering** — Expected around the middle of September, with registration with SEC in a few days. **Office**—Minneapolis, Minn.

Jetter & Scheerer Products, Inc., N. Y. (8/29)
Bids will be received at the Office of Alien Property, Department of Commerce, 120 Broadway, New York 5, N. Y., up to 11 a.m. (EDT) on Aug. 29 for the purchase from The Attorney General of the United States of 200 shares of common stock (par $100), which constitutes 100% of the issued and outstanding capital stock.

Kansas City Power & Light Co.
June 12, Harry B. Munsell, President, announced company hopes to issue and sell within the next two years $12,000,000 of bonds, $10,000,000 of additional preferred stock and $8,000,000 of additional common stock to finance its construction program for 1951-1952. Stockholders voted July 11 to increase the authorized preferred stock from 200,000 to 350,000 shares and the authorized indebtedness by $12,000,000. Probable bidders for preferred stock: Glore, Forgan & Co. and W. C. Langley & Co. (jointly); Smith, Barney & Co.; The First Boston Corp.; White Weld & Co., Shields & Co. and Central Republic Co. (jointly); Harriman Ripley & Co., Inc.; Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Beane (jointly); Union Securities Corp. and Stern Bros. & Co. (jointly). Probable bidders for common stock; Lehman Brothers; Glore, Forgan & Co.; Harriman Ripley Co., Inc. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co.; Shields & Co. and Central Republic Co. (jointly); Glore, Forgan & Co.; Smith, Barney & Co.; Kuhn, Loeb & Co.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly); The First Boston Corp.; Equitable Securities Corp.; Harriman Ripley & Co., Inc.

Continued on page 30

Continued from page 29

Kansas Gas & Electric Co.

May 24 Murray F. Gill, Chairman of the board, announced that the company's present construction program calls for expenditures of more than $8,000,000 in 1951. To finance part of the expansion program, company may sell $5,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly). There is a possibility that company may also decide to refund its outstanding $16,000,000 first mortgage 3⅜% bonds due 1970 (held by a group of insurance companies) and $5,000,000 first mortgage 3⅛% bonds due 1978.

Liberty Broadcasting System, Dallas, Texas

July 18, Barton R. McClendon, Chairman, announced company expects in a few weeks to raise about $3,000,000, probably through the sale of additional common stock. It has not been decided whether the financing will be done privately or publicly.

Long Island Lighting Co.

June 25 it was reported that the company's next step in its financing program may include the sale of approximately $15,000,000 of preferred stock. Probable bidders may include Blyth & Co., Inc.

● Marine Midland Corp., Buffalo, N. Y. (9/26)

Aug. 16 it was announced company plans to offer to its stockholders the right to subscribe to 223,352 shares of new cumulative convertible preferred stock (par $50) on a basis of one share of preferred for each 25 shares of common stock held on or about Sept. 26; rights to expire Oct. 16. **Price**—To be supplied by amendment. **Underwriters**—The First Boston Corp.; Union Securities Corp. and Granbery, Marache & Co. of New York; and Schoellkopf, Hutton & Pomeroy, Inc. of Buffalo, N. Y. **Proceeds**—To permit acquisition of an additional bank or banks to expand the capital funds of one or more of the constituent banks, and for general corporate purposes. **Meeting**—Stockholders will vote Sept. 20 on approving the proposed financing. **Registration**—Expected about Sept. 7.

McKesson & Robbins, Inc.

May 24 it was announced stockholders will vote Oct. 23 on a proposal to increase authorized common stock by 500,000 shares to 2,500,000 shares in order to provide for a probable offering of additional stock to common stockholders. Probable underwriter: Goldman, Sachs & Co., New York. Proceeds will be added to working capital.

● Mengel Co.

Aug. 10, Alvan A. Voit, President, stated that the company plans to spend from $15,000,000 to $20,000,000 for expansion, but that plans for financing have not yet been completed. Traditional underwriter—F. S. Moseley & Co.

★ Merck & Co., Inc.

Aug. 17, George W. Merck, Chairman, announced stockholders will on Sept. 10 vote on approving a new issue of 275,000 shares of convertible second preferred stock (no par), of which it is planned to offer 244,500 shares for subscription by common stockholders at rate of one share for each 30 shares of common stock to be held after the proposed three-for-one split-up. **Price**—To be supplied later. **Underwriters**—Goldman, Sachs & Co. and Lehman Borthers, both of New York. **Proceeds**—For capital investments and working capital.

● National Container Corp.

Aug. 13 it was reported that company is understood to be planning the registration in about a week of $20,000,000 first mortgage bonds and $13,000,000 of convertible preferred stock. **Underwriters**—For bonds: Halsey, Stuart & Co. Inc. and Van Alstyne Noel Corp. (jointly). For preferred—Van Alstyne Noel Corp.

Ohio Power Co.

May 15 it was stated that this company, a subsidiary of American Gas & Electric Co., will need $36,000,000, perhaps more, which it expects to raise some months hence through the sale of new securities. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.; Glore, Forgan & Co., White, Weld & Co. and Union Securities Corp. (jointly). Proceeds will be used for construction program.

Pacific Power & Light Co.

June 29 it was announced company plans issuance and sale of $15,000,000 of mortgage bonds in the early part of 1952. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blair, Rollins & Co. Inc. and Carl M. Loeb, Rhoades & Co. (jointly); Lehman Brothers; W. C. Langley & Co. and The First Boston Corp. (jointly); Union Securities Corp.; Kidder, Peabody & Co.; Blyth and Co., Inc., White, Weld & Co. and Harris, Hall & Co., Inc. (jointly).

● Pacific Telephone & Telegraph Co. (11/9)

Aug. 15 it was announced company plans to issue and sell $30,000,000 of 30-year debentures and 633,274 additional shares of common stock at par ($100 per share) to present stockholders at rate of one new share for each nine shares held. Probable bidders for debentures: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Lehman Brothers and Union Securities Corp. (jointly); White, Weld & Co. Proceeds will be used to repay bank loans and for expansion program.

★ Parkersburg Rig & Reel Co.

Aug. 1 A. Sidney Knowles, Chairman and President, announced that the directors have approved in principle a plan to offer a modest amount (not exceeding $300,000) of common stock for subscription by common stockholders. This may involve the issuance of 24,700 additional shares on a one-for-eight basis. There are presently outstanding 197,600 shares of $1 par value. **Probable Underwriter**—H. M. Byllesby & Co., Chicago, Ill. **Proceeds**—For working capital.

★ Pennsylvania Electric Co. (10/9)

Aug. 16 company filed with SEC a proposal to issue and sell $5,000,000 of additional first mortgage bonds and 30,000 additional shares of cumulative preferred stock (par $100), together with 165,000 additional shares of common stock (latter issue to be sold to Associated Electric Co. for an aggregate of $3,300,000). **Underwriters**—For bonds and preferred stock to be determined by competitive bidding. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane; Union Securities Corp.; White, Weld & Co. (jointly); Equitable Securities Corp.; The First Boston Corp.; Kuhn, Loeb & Co.; Lehman Brothers and Drexel & Co. (jointly); Harriman Ripley & Co., Inc.; A. C. Allyn & Co., Inc.; Shields & Co. and R. W. Pressprich & Co. (jointly). Probable bidders for preferred stock: W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Smith, Barney & Co.; Kidder, Peabody & Co.; Harriman, Ripley & Co., Inc. **Proceeds**—To repay bank loans and to reimburse the treasury for capital expenditures already made or to be made. Construction expenditures for the last half of 1951 are estimated at $10,000,000. **Bids**—Tentatively expected to be opened on Oct. 9.

● Pennsylvania Power & Light Co. (9/18)

Aug. 18, Charles E. Oakes, President, announced that the company plans to offer additional shares of common stock (no par) for subscription by common stockholders of record on or about Sept. 18 at rate of one share for each seven shares held; rights to expire on or about Oct. 3 (a total of 3,794,954 common shares were outstanding as of June 30, 1951). Unsubscribed shares are to be offered to employees. **Price**—To be announced later. **Proceeds** — To finance, in part, construction program (estimated to total $12,700,000 during remainder of 1951).

Pennsylvania Water & Power Co.

July 25, stockholders approved issuance of 78,507 shares of cumulative preferred stock (par $100). Proceeds will be used for expansion program.

Aug. 7, it was reported company may issue and sell $8,000,000 to $10,000,000 of first mortgage bonds. Probable bidders may include: Halsey, Stuart & Co. Inc.; Lehman Brothers; White, Weld & Co. Proceeds will be used for expansion program. Financing not considered imminent.

Public Service Co. of Indiana, Inc.

June 25 it was reported that company may do some permanent financing "when market conditions permit." Earlier this year arrangements were made with eight banks for borrowing up to $40,000,000 on promissory notes bearing interest at 2½%. Of this total, it is planned to use $13,000,000 in 1951, $14,000,000 in 1952 and $13,000,000 in 1953. **Underwriters**—May be determined by competitive bidding. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly); Blyth & Co., Inc.; The First Boston Corp.; Glore, Forgan & Co.; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Harriman Ripley & Co. Inc. Probable Bidders for preferred stock: Blyth & Co., Inc.; Glore, Forgan & Co.; Harriman Ripley & Co. Inc. **Proceeds**—To retire bank loans incurred in connection with construction program.

Public Service Co. of North Carolina, Inc.

July 12 it was announced company plans to issue and sell several million dollars of first mortgage bonds in the Fall. In July last year, $1,200,000 of bonds were placed privately with two institutional investors.

Rochester Gas & Electric Corp.

Aug. 1 it was announced that company expects to issue $5,000,000 additional first mortgage bonds and additional debt securities or preferred or common stocks, bank borrowings, or some combination thereof, in connection with its construction program. The method of obtaining such additional cash requirement has not been determined. Previous bond financing was done privately.

Rochester Telephone Corp.

July 18, it was reported that the company expects to raise money through the sale of some preferred stock later this year. **Underwriter**—Probably The First Boston Corp., New York. **Proceeds**—To finance, in part, a $10,000,000 construction program the company has budgeted for the next two years.

Rockland Light & Power Co.

July 19, Rockwell C. Tenney, President, announced that the company is planning the issue and sale this Fall of approximately $6,000,000 of first mortgage bonds, series D. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co., Inc.; Kidder, Peabody & Co.; Union Securities Corp. and White, Weld & Co. (jointly); Lehman Brothers and A. C. Allyn & Co. (jointly); Stone & Webster Securities Corp.; Carl M. Loeb, Rhoades & Co. and Equitable Securities Corp. (jointly). **Proceeds**—For expansion program.

Ryan Aeronautical Co., San Diego, Calif.

Aug. 4 it was announced company plans to increase its authorized capital stock (par $1) from 500,000 to 1,000,000 shares in order to place it in a position to do appropriate financing of some form of its own securities if and when advantageous to the company. The new financing may take the form of a general offering for sale to the public or granting of rights to stockholders; or the reservation for conversion of long-term indebtedness which could be issued with provision for convertibility into common stock. The company presently has outstanding 439,193 shares of capital stock, of which 45,350 shares are held by the wholly owned subsidiary, Ryan School of Aeronautics.

Schering Corp.

July 26 it was reported that the company's entire common stock issue (440,000 shares) 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 Alien Property. Probable bidders: A. G. Becker & Co. (Inc.), Union Securities Corp. and Ladenburg, Thalmann & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co.; F. Eberstadt & Co.; Allen & Co.; new company formed by United States & International Securities Corp., Dillon, Read & Co.; F. S. Moseley & Co.; Riter & Co.

South Jersey Gas Co.

April 24 Earl Smith, President, announced company plans a bond issue of more than $8,000,000 by fall of this year. **Underwriters**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Blyth & Co., Inc. **Proceeds**—To refund the presently outstanding $4,000,000 of 4⅛% first mortgage bonds and repay outstanding short-term bank notes which are due before the end of the year.

Southern California Gas Co.

April 4, the company indicated it would this year be in the market with $18,000,000 of senior securities. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; Inc.; White, Weld & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and Harris, Hall & Co. (Inc.) (jointly). **Offering**—Expected in the Fall.

★ Southern Counties Gas Co. of California (9/25)

July 2 it was announced company expects soon to file a registration statement with the SEC covering approximately $12,000,000 of first mortgage bonds, due 1981 (probably as 3¼s). **Underwriters** — The last bond financing was handled by Blyth & Co., Harriman Ripley & Co. Inc. and Dean Witter & Co. in April, 1948. **Proceeds**—To be used for expansion of gas transmission and distribution system. **Bids**—Expected Sept. 25.

Southern Natural Gas Co.

July 31 it was announced company has filed an application with FPC for permission to construct additional facilities to cost an estimated $13,641,000, of which approximately $9,187,000 is expected to be spent in 1951.

● Southern Pacific Co. (9/6)

Bids will be received by the company at 165 Broadway, New York, N. Y., up to noon (EDT) on Sept. 6 for the purchase from it of $10,920,000 equipment trust certificates, series GG, to mature in 15 equal annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Southern Union Gas Co.

May 23 C. H. Zachry, President, announced that company plans the issuance of $5,000,000 new first mortgage bonds within the next 60 to 90 days. **Traditional Underwriter**—Blair, Rollins & Co., Inc. **Proceeds**—For new construction.

● Texas & Pacific Ry. (9/6)

Bids will be received and opened on Sept. 6 for the purchase from the company of $2,900,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; R. W. Pressprich & Co.; Harris, Hall & Co. (Inc.).

Ultrasonic Corp., Cambridge, Mass.

Aug. 15, stockholders were scheduled to vote on increasing authorized common stock from 200,000 to 400,000 shares. Early registration is expected with offering likely next month. **Probable Underwriter**—Emanuel, Deetjen & Co., New York. Proceeds will be used in connection with acquisition of S. A. Woods Machine Co., Boston, Mass.

Virginia Electric & Power Co.

May 1 the company announced that it is contemplated that there will be additional financing to an amount approximating $20,000,000, incident to the 1951 construction program, and that further financing will be required in 1952. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Stone & Webster Securities Corp.; Union Securities Corp.; White, Weld & Co. Expected this fall.

West Texas Utilities Co.

July 26 it was announced company plans to sell $7,000,000 of first mortgage bonds late this Fall. **Underwriters** —To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Hemphill, Noyes, Graham, Parsons & Co. and Drexel & Co. (jointly); The First Boston Corp.; Kidder, Peabody & Co.; W. C. Langley & Co.; Union Securities Corp.; Equitable Securities Corp.; Harriman Ripley & Co.; Lehman Brothers; Glore, Forgan & Co.; Merrill Lynch, Pierce, Fenner & Beane. **Proceeds**—For new construction.

Our Reporter's Report

With the new issue market virtually at a standstill the underwriting fraternity spent the greater part of this week doing little more than hoping for a period of stability in the seasoned list.

Such a development, it was observed, would provide the greatest assurance of a pick-up in the volume of new business after the approaching summer-end holiday.

The theory behind this thinking is that if the market develops a measurable degree of constancy it might serve to encourage people with slumbering financing programs to breath new life into a number of these postponed projects.

Two Issues Next Week

The tail-end summer monotony will be broken next week by the opening of bids for two new public utility bond issues. The Southern California Edison Co. is slated to consider bids, on Tuesday, for its $30,000,000 of first and refunding bonds, due in 25 years.

Four groups will be seeking this big piece of business which will put the company in funds to provide for its extensive new construction program.

After Labor Day

The post-holiday week does not hold too much promise at the moment although two small deals are in the works for that period. It probably will be the middle of September before things really develop in the new issue field, judging from present prospects.

Columbus & Southern Ohio Electric Co. on Sept. 5 will put $12,000,000 of new 30-year first mortgage bonds on the market with four banking groups ready to submit bids. Proceeds will bolster general funds and repay part of bank loans incurred to finance construction.

But on Sept. 18, the New England Gas & Electric will open bids for $6,115,000 of sinking fund collateral trust bonds, with a 20-year maturity. Four groups will be bidding for this issue.

The company will use the funds to purchase common stock of certain subsidiaries which, in turn, will apply the money to liquidation of bank loans incurred in financing construction.

Convertible Preferreds

Three companies have convertible preferred stock issues in preparation for marketing. Bankers will do a "standby" operation for Spencer Chemical Co. which will offer to stockholders, around Aug. 27, 125,000 shares of cumulative preferred, $50 par, at the rate of one preferred for each eight common held.

Gould-National Batteries, Inc., has registered 65,000 shares of cumulative preferred, convertible into common, which will be offered when the period of hibernation is completed.

And Merck & Co., Inc., shareholders will vote, Sept. 10, on a proposal to authorize 275,000 shares of new convertible second preferred stock of which 244,500 shares will be offered to common holders in the ratio of one share for each 30 common held after a proposed three-for-one split.

FINANCIAL NOTICE

The United States Leather Company

27 Spruce Street, New York

August 14, 1951

To the Holders of Class A Convertible Preferred Stock:

You are hereby notified that the Company will redeem all of its Class A Convertible Preferred Stock outstanding on the books of the Company on October 2, 1951 (redemption date), by the payment in cash for each share of such stock to be so redeemed of an amount consisting of Fifty Dollars ($50.00). All rights of the holders of such stock as stockholders of the Company, except the right to receive the redemption price upon surrender of the certificates for the stock so redeemed, shall cease and terminate from and after the redemption date, or prior thereto, if and when the Company shall deposit the redemption price for all such stock to be redeemed with Bankers Trust Company pursuant to the provisions of the Certificate of Incorporation of the Company.

The right of holders of the Class A Stock called for redemption to convert their shares into Common Stock shall not cease and terminate until the close of business on September 17, 1951 which is the fifteenth day prior to the redemption date. The transfer books will not be closed with respect to the transfer of the Class A Stock from August 14, 1951 through September 17, 1951, inclusive. The transfer books with respect to the transfer of Class A Stock will be finally closed at the close of business on September 17, 1951.

You may present your stock for redemption at **Bankers Trust Company, 46 Wall Street, New York, N. Y.,** on October 2, 1951, and thereafter, subject to the provisions of the Company's Certificate of Incorporation and New Jersey law.

By order of the Board of Directors,
I. M. STICKLER, *Clerk*

DIVIDEND NOTICES

ADVANCE ALUMINUM CASTINGS CORP.

Chicago, Illinois

The Board of Directors has declared a regular quarterly dividend of 12½ cents per share on the common stock of the corporation, payable September 15, 1951, to stockholders of record at the close of business on September 1, 1951.

ROY W. WILSON
President

BRIGGS & STRATTON CORPORATION

DIVIDEND

The Board of Directors has declared a quarterly dividend of twenty-five cents (25c) per share and an extra dividend of thirty-five cents (35c) per share, less 2.80 per cent Wisconsin privilege dividend tax, on the capital stock (without par value) of the Corporation, payable September 15, 1951, to stockholders of record August 31, 1951.

L. G. REGNER, Secretary.

August 21, 1951.

Bayuk Cigars Inc.

A dividend of twenty cents (20c) per share on the Common Stock of this Corporation was declared payable Sept. 14, 1951 to stockholders of record Aug. 30, 1951. Checks will be mailed.

John A. Snyder
TREASURER

Philadelphia, Pa.
Aug. 17, 1951

PHILLIES
America's No 1 cigar

DIVIDEND NOTICES

SOUTHERN PACIFIC COMPANY
DIVIDEND NO. 135

A QUARTERLY DIVIDEND of One Dollar and Twenty-five Cents ($1.25) per share on the Common Stock of this Company has been declared payable at the Treasurer's Office, No. 165 Broadway, New York 6, N. Y., on Monday, September 17, 1951, to stockholders of record at three o'clock P. M., on Monday, August 27, 1951. The stock transfer books will not be closed for the payment of this dividend.

J. A. SIMPSON, Treasurer.

New York, N. Y., August 16, 1951.

E.I. DU PONT DE NEMOURS & COMPANY

DU PONT
REG. U. S. PAT. OFF.

Wilmington, Delaware, *August 20, 1951*

The Board of Directors has declared this day regular quarterly dividends of $1.12½ a share on the Preferred Stock — $4.50 Series and 87½¢ a share on the Preferred Stock—$3.50 Series, both payable October 25, 1951, to stockholders of record at the close of business on October 10, 1951; also 85¢ a share on the Common Stock as the third interim dividend for 1951, payable September 14, 1951, to stockholders of record at the close of business on August 27, 1951.

L. DU P. COPELAND, *Secretary*

AMERICAN Cyanamid COMPANY

PREFERRED DIVIDEND

The Board of Directors of American Cyanamid Company today declared a quarterly dividend of eighty-seven and one-half cents (87½¢) per share on the outstanding shares of the Company's 3½% Cumulative Preferred Stock, Series A and Series B, payable October 1, 1951, to the holders of such stock of record at the close of business September 4, 1951.

COMMON DIVIDEND

The Board of Directors of American Cyanamid Company today declared a quarterly dividend of one dollar ($1.00) per share on the outstanding shares of the Common Stock of the Company, payable September 28, 1951, to the holders of such stock of record at the close of business September 4, 1951.

R. S. KYLE, *Secretary*

New York, August 21, 1951

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED

At a meeting of Directors held August 14, 1951 in London it was decided to pay on September 29, 1951 Interim Dividend of One Shilling for each One Pound of Ordinary Stock for the year ending September 30, 1951 on the issued Ordinary Stock of the Company, free of United Kingdom Income Tax.

Also decided to pay on the same day half-yearly dividend of 2½% (less tax) on issued 5% Preference Stock.

Coupon No. 211 must be used for dividend on the Ordinary Stock and Coupon No. 96 must be used for dividend on the 5% Preference Stock. All transfers received in London on or before August 28, 1951 will be in time for payment of dividends to transferees.

Also decided to pay on October 31, 1951 half-yearly dividend of 3% (less tax) on the 6% Preference Stock. All transfers received in London on or before October 5, 1951 will be in time for payment of dividends to transferees.

Stockholders who may be entitled by virtue of Article XIII(1) of the Double Taxation Treaty between the United States and the United Kingdom, to a tax credit under Section 131 of the United States Internal Revenue Code can by application to Guaranty Trust Company of New York obtain certificates giving particulars of rates of United Kingdom Income Tax appropriate to all the above mentioned dividends.

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED

August 14, 1951

DIVIDEND NOTICES

The Garlock Packing Company

August 15, 1951

COMMON DIVIDEND No. 301

At a meeting of the Board of Directors, held this day, a quarterly dividend of 25¢ per share was declared on the common stock of the Company, payable September 29, 1951, to stockholders of record at the close of business September 14, 1951.

H. B. PIERCE, *Secretary*

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company have declared quarterly dividend No. 146 of fifty cents (50¢) per share on the common stock payable October 15, 1951, to stockholders of record at the close of business on September 15, 1951.

GERARD J. EGER, Secretary

INTERNATIONAL SALT COMPANY

DIVIDEND NO. 149

A dividend of FIFTY CENTS a share has been declared on the capital stock of this Company, payable October 1, 1951, to stockholders of record at the close of business on September 14, 1951. The stock transfer books of the Company will not be closed.

HERVEY J. OSBORN
Exec. Vice Pres. & Sec'y.

KENNECOTT COPPER CORPORATION

120 Broadway, New York 5, N. Y.

August 17, 1951

A cash distribution of One Dollar and Twenty-five Cents ($1.25) a share has today been declared by Kennecott Copper Corporation, payable on September 29, 1951, to stockholders of record at the close of business on August 31, 1951.

ROBERT C. SULLIVAN, *Secretary*

Newmont Mining Corporation

Dividend No. 92

On August 21, 1951, a dividend of One Dollar ($1.00) per share was declared on the Capital Stock of Newmont Mining Corporation, payable September 14, 1951 to stockholders of record at the close of business August 31, 1951.

GUS MRKVICKA, *Treasurer*

New York, N. Y., August 21, 1951.

CONSOL

The Board of Directors of

PITTSBURGH CONSOLIDATION COAL COMPANY

at a meeting held today, declared a quarterly dividend of 75 cents per share on the Common Stock of the Company, payable on September 12, 1951, to shareholders of record at the close of business on August 30, 1951. Checks will be mailed.

CHARLES E. BEACHLEY,
Secretary-Treasurer

August 20, 1951.

The Singer Manufacturing Company

The Board of Directors has declared a quarterly dividend of sixty cents per share payable on September 14, 1951 to stockholders of record at the close of business on August 24, 1951.

D. H. ALEXANDER, Secretary.

August 15, 1951.

DIVIDEND NOTICES

Edison

Southern California Edison Company

DIVIDENDS

ORIGINAL PREFERRED STOCK DIVIDEND NO. 169

CUMULATIVE PREFERRED STOCK 4.32% SERIES DIVIDEND NO. 18

The Board of Directors has authorized the payment of the following quarterly dividends:

50 cents per share on Original Preferred Stock;

27 cents per share on Cumulative Preferred Stock, 4.32% Series.

The above dividends are payable September 30, 1951, to stockholders of record September 5, 1951. *Checks will be mailed from the Company's office in Los Angeles, September 30, 1951.*

P. C. HALE, *Treasurer*

August 17, 1951

INTERSTATE POWER COMPANY

INTERSTATE POWER COMPANY

DUBUQUE, IOWA

PREFERRED DIVIDEND

A quarterly dividend of 58.75 cents per share has been declared on the 4.70% Preferred Stock ($50 Par Value), payable October 1, 1951, to stockholders of record at the close of business September 20, 1951. The transfer books will not be closed.

COMMON DIVIDEND

A dividend of 15 cents per share has been declared on the Common Stock, payable September 20, 1951, to stockholders of record at the close of business September 4, 1951. The transfer books will not be closed.

OSCAR SOLBERG,
Treasurer

August 21, 1951

TEXAS UTILITIES COMPANY

DIVIDEND NOTICE

The Board of Directors today declared a dividend of 42 cents per share on the Common Stock of the Company, payable October 1, 1951 to stockholders of record at the close of business August 31, 1951.

RICHARD BULLWINKLE
Secretary

August 17, 1951

UNITED GAS CORPORATION

SHREVEPORT, LOUISIANA

Dividend Notice

The Board of Directors has this date declared a dividend of twenty-five cents (25¢) per share on the Common Stock of the Corporation, payable October 1, 1951, to stockholders of record at the close of business on September 10, 1951.

J. H. MIRACLE

August 20, 1951 *Secretary*

Washington . . . And You

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

WASHINGTON, D. C. — Since only a comparatively few issues like the Defense Production Act ever get to the surface of news from this capital city, it is seldom appreciated what a great proportion of this capital's energy is expended in drives by agencies to wrest power, to wrest it by act of Congress or by Executive order, to wrest powers from the people, or to swipe powers and functions from other agencies. Or, the drives for power are to maintain the operation of many allegedly temporary acts which seldom turn out to be temporary in fact.

One of the more interesting of these drives, in this case to maintain an existing power, is the sugar control act.

In 1934 the great surplus of sugar was a pain to all. Cuba was economically prostrate, and the cane and beet sugar producers were getting little incomes. All over the world the excess supply of sugar in relation to market demand was a headache. Stabilization plans had been tried and failed.

Then with Roosevelt came the Jones-Costigan Sugar Act of 1934. This act and its successors divide up the continental U. S. sugar market among producers who sell to that market. The continental cane and beet sugar producers, for instance, are allowed to supply (if they can) 54 per cent of U. S. continental consumption. Other statutorily fixed percentages of the market are provided for Cuba, off-shore U. S. areas, the Philippines, and other foreign producers.

These then become quotas for whole broad segments of the industry. The continental beet growers may market only so many tons, the cane producers so many tons, Cuba so many tons, and so on.

This scheme is enforced, if necessary, by means of marketing quotas. If there is a large carry-over of sugar, the Department of Agriculture may tell each mill how many tons of beets it may buy (and hence chew up) and each refiner how many tons during the year it may sell (and hence refine) of refined sugar.

Each farmer can be given what amounts to a marketing quota, called a "proportionate share" for him of the total beet or cane marketing quota. Sugar is taxed 0.50 cents a pound, raw value, 0.53 cents a pound, refined. This builds up a kitty. Out of this kitty a grower is paid a subsidy of 80 cents per 100 pounds he produces (or 30 cents per 100 pounds if a big plantation producing 30,000 tons or more a year).

Each farmer gets his payment which is, as it is called, a "conditional payment." He must pay minimum wages prescribed by the Department of Agriculture to the help he hires. He must employ no child labor. If there are marketing quotas in force, he loses his payment if he sells more than his marketing quota.

The statutorily fixed percentages are of the total estimated U. S. consumption. Within some limits, the Secretary of Agriculture may raise and lower the "estimated consumption." By this process he automatically raises and lowers the absolute supply of sugar which may be sold, but practically at the same time alters the business volume of every mill and refiner or the legal right of any and all producers to sell.

Thus sugar becomes probably the most completely government controlled major commodity in the U. S. The control is in degree comparable with such state controls as the British Socialists exercise in such commodities as meat.

Originally the great sugar producing areas fought and scratched and lobbied against one another as each successive temporary" extension of the Jones-Costigan act was about to expire. They fought one another basically because, until the last few years, they never became reconciled to abandonment of the free enterprise principle that they should be allowed to produce all they could and sell all they could. So long as there was an overall limit to production and marketing, each area's only hope of expanding was to take it from some one else.

Now all is changed. Chairman Harold D. Cooley (D., N. Car.) reported to the House, that in seven days of hearing on the latest extension, not one witness appeared against the program.

Perhaps the Department of Agriculture has administered the program, relatively speaking, with wisdom. It is claimed that while the prices of all foods rose 143 per cent from 1933 to 1950, the price of sugar rose only 84 per cent. On the other hand, the receipts of growers, domestic cane and beet, for instance, expanded on a greater percentage basis, or from $133 millions in 1933 to $432 millions in 1950. The stock market affords ample evidence that refiners are doing well. The Department, whilst allowing much higher returns on sugar to growers, has nevertheless kept the rise of sugar prices (by repeatedly enlarging the supply) from rising with the general farm price level.

Debate on the latest extension bill passed by the House, to continue the act from 1952 to 1956, consisted mostly of praise of the program. The domestic production, particularly of beets, has dropped back because the relatively lower price of sugar has made it less profitable than substitute crops. But these growers are not crying.

So there is a complete blanket of government regimented "stability" over the sugar business. Everybody gets a profit, and everybody sounds as happy as an Englishman reconciled to his regimentation, even if practically there can be no newcomers in the sugar refining business or no area no matter how efficient can expand beyond its "proportionate share."

* * *

An illustration of a badly-battered little bureaucracy that has not only hung on for years after it was discredited but in a long uphill fight has won its way back is the Farmers Home Administration of the Department of Agriculture.

This agricultural-FHA is literally the bureaucratic descendant of Rex Tugwell's "Resettlement Administration." RA's attempts to set up model cooperative communities, without exception flops, got it almost hooted out of existence, and for years reduced it to keeping a staff alive doling out only $25 to $50 millions—mere pocket change in these times.

Yet in 1946 FHA—which RA came to be by a series of reorganizations got itself—power to "insure" loans to farmers made by banks for purchase of farms. The idea was to help tenants to become "owners" via 40-year loans. The Farm-FHA was required by law to insure loans exclusively for tenants who wanted to buy.

In a little-noticed action the House has adopted, without a single change, a Senate bill to broaden this "FHA." It is a complicated story, but the restrictions against going into a general farm mortgage lending business were substantially reduced and it is altogether reasonable to expect that in the course of two to four years, remaining restrictions will be vitiated.

This "FHA" insures a 40-year loan. However, since no bank is heartily enthusiastic about a 3 per cent, 40 year loan, even if insured, "FHA" enters into a firm contract with the original lender to take back the loan after 7 years.

This bit of hocus pocus enables the partisans to sell Congress the idea government money is not being loaned whilst building up a growing back-log of heavy disbursements that eventually will descend upon the Treasury, like Social Security and so much else of both the "New" and "Fair Deals."

Furthermore, this same bill authorized "FHA" to raise to $7,000 from $3,500, the limit on the amount of direct government money which can be loaned to farmers, and the maximum line of credit to one borrower of $10,000, if there is more than one loan. These loans may be made for any intermediate term production purpose, and the same legislation authorized the waiver of repayments for the first two years of a loan, whilst limiting the maximum term to 7 years.

In this case the "FHA" legislation, despite its significance getting practically no newspaper attention, not only puts the government more firmly into the private financing of mortgages and production, but also puts the "FHA" more directly into competition with the Federal Land banks, Intermediate Credit banks, and Production Credit associations, and on more advantageous terms than the latter three groups. All three are part of the Farm Credit Administration, a part of the Department of Agriculture as well.

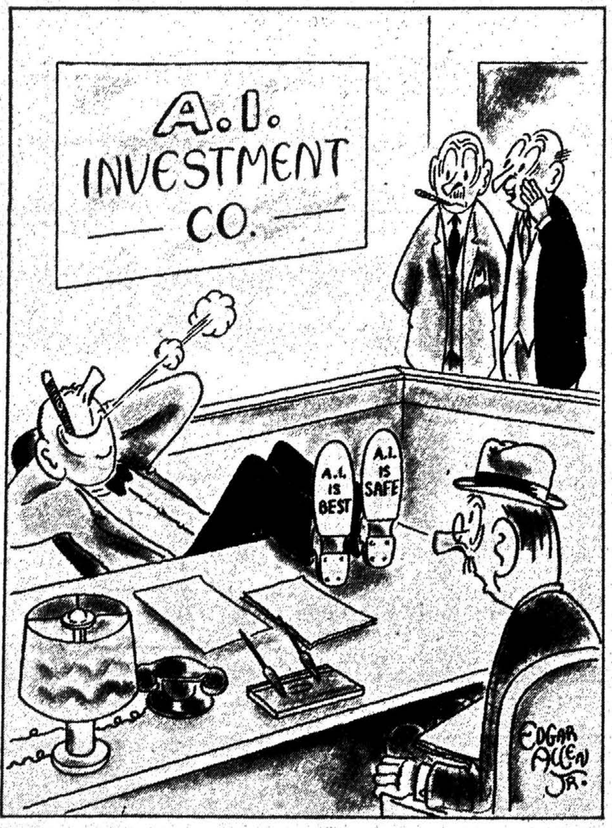
* * *

In the attention given to paring down the Administration's powers to control prices, as part of the new Defense Production Act, comparatively little attention was given to the refusal of Congress to expand vastly and broadly other bureaucratic extensions of powers proposed by the President.

Thus Congress stripped the President of proposed broad powers to condemn and take over private property, to secretly authorize particular companies to stockpile and "hoard" scarce materials, to establish government owned corporations at will, to make unlimited totals of defense loans, to establish a federal system of licensing all business, to control credit used on the commodity exchanges, to pay subsidies on domestic farm commodities, and to exercise several other if less significant powers.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

BUSINESS BUZZ



"I figured as long as he's in that position most of the time, we might as well get a plug out of it!"

Business Man's Bookshelf

Dollar, War Finance and Your Picket—Major L. L. B. Angas—Major L. L. B. Angas, Inc., 570 Lexington Avenue, New York, N. Y.—paper—$5.00.

Obstacles to Direct Foreign Investment—Report prepared for the President's Committee for Financing Foreign Trade—National Industrial Conference Board, Inc., 247 Park Avenue, New York 17, N. Y.—paper.

Utilities — New analyses of 17 utilities showing opportunities **still** available in undervalued stocks —also available are new ratings reports on **15 Electric Equipment, Radio and Television; 44 Chemical, Drug, Liquor; 37 Motion Picture and Insurance;** and **45 Food Stocks**—special introductory offer including four weekly editions of ratings and reports with special situations recommendation, supervised account report, two fortnightly letters and four weekly supplements, plus 48-page edition on Electrical Equipment, Radio and Utility Stocks and Commentary on New 1951 Taxes—$5.00 —Dept. CF-5, Value Line Survey, 5 East 44th Street, New York 17, New York.

Two With E. E. Mathews

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Robert S. Calese and Mary C. Cook are now with Edward E. Mathews Co., 53 State Street.

Wesley T. Bonn

Wesley T. Bonn, head of W. T. Bonn & Co., New York City, passed away at the age of 52.