What About Inflation?
By COURTNEY C. BROWN*
Assistant to the Chairman
Standard Oil Company (N. J.)

Asserting public as well as government is responsible for recent inflation, Dr. Brown holds productive capacity capable of providing consumer and defense demands. Predicts decline in new business investment and contends further inflation will be due to government policy. Concludes inflationary forces may meet stronger deflation trend.

When we think of inflation, most of us instinctively think of the Federal Government. Sometimes we think of those parts of the government that are charged with the task of restraining inflation; sometimes we think of the government budget and the big deficit that many take for granted as companies in the defense program. The last thing we think about in connection with inflation is the private sector of the economy. Perhaps this spontaneous reaction results largely from the conditioning we get in the daily press. On the day I started putting this talk together, I called several newspapers for illustrative headlines. Here are some samples:

The Chronicle devoted a page to the “life insurance companies were among the largest purchasers of long-term government securities. This was not wholly a patriotic demonstration of support of the government.”

Continued on page 28

Our Foreign Policy— Its Casualties and Prospects
By HON. JOSEPH P. KENNEDY*
Former Ambassador to the Court of St. James

Financier-Diplomat advances following suggestions to make our foreign policy meaningful: (1) strengthens ourselves economically, politically, and militarily; (2) develop the resources of this hemisphere; (3) realistically reappraise the needs of Europe and the Middle East, toward eliminating Marshall Aid inefficiency; and (4) disentangle ourselves from our recently-made foreign commitments.

Peace is, of course, the broad objective of American foreign policy. The survival of our democratic institutions, our country, our civilization, depends upon how successful we are in attaining that objective. For to fail means war, which in turn destroys lives, institutions and ideals, which no amount of money or energy can ever rebuild. The consequences of war, whether it ends in victory or defeat, is to move us inevitably toward making the state more and more the master of the individual. Inevitably reconstitution ushers in some form of state control, such as the socialistic pattern of government and the new dominates Western Europe, and the very institutions whose preservation may have been the motivation for war are themselves destroyed by war’s overpowering demands. Modern war, in short, solves nothing.

But a foreign policy that is short of war, has an overpowering influence on everything else we do. In and domestic needs, determines the size of our budgets and the amount of our expenditures.

Continued on page 32

*An address by Mr. Kennedy before the Economic Club of Chicago, and broadcast over the Mutual Broadcasting System Network, December 17, 1951.
The Security I Like Best

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

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

August Hober

Spencer, Stearns & Co., N. Y. City

Borg Warner Corp.

I have suggested "The Security I Like Best" in this column before—Kennis, July 22, 1950—price $5; Goodrich, Dec. 14, 1950—price 38; General Electric, June 28, price $45. Therefore, the dependability of "The Security I Like Best" has a necessary ring true. With the market generally still at a very high level, the investor at a time like this looks for values— as apart from "bargains"—that is, satisfying advances, backed by prospectively favorable earnings, in a defense or defense economy, strong finances, a business in which the consumer is interested, and some measure of growth through new-product development and a broader market for established lines. Borg Warner appears to have all the ingredients for success.

Recently selling around $3, the stock yields 7.9% on this year's $0.5 dividends, including $1 extra. The total dividend should be $1.00 per share.

During the past ten years, the earnings per share have not paid out approximately 50% of earnings. The company has a relatively favorable excess profits tax base—about $8 per share—after 50% normal and surtaxes, and the cash position is strong. The latest figures show current assets of $161.7 million, vs. total current liabilities of $65.5 million and net worth of $76 million alone exceed the latter item.

While operations have been curtailed in some divisions due to labor strikes for 1951, they are likely to approach $400 million, a new record high, and earnings for the year should substantially exceed $4 per share.

With the major portion of sales made to the defense automotive and equipment industry, it is clear that the prospects hinge importantly on the volume of defense contracts. This year defense shipments will be relatively small—now more than 14% of total volume. However, Borg's diversified industrial potential has made it a natural recipient for important governmental defense contracts—both directly and as a sub-contractor for some of its large customers—particularly Ford and General Motors. Also, automotive transmissions are essential in the most tires of military equipment. Other working parts, such as clutches, carburetors, radiators, which are manufactured for civilian cars and trucks, will go into military vehicles and parts in a major defense product will be the company's amphibious personnel carrier, while other defense items include air-frame components, shells, transmissions, and universal joints for trucks, and steel. The Epidemi is now turning out rifle clips.

The Norse Division—manufacturers and sells household appliances—would normally account for about 20% of sales. Sales during the latter part of this year have been running about 50% under earlier levels. Current operations are currently going on to sell this division to Admiral Corp. The Borg Management has never been involved in a labor strike, and it has not been comparable with the company's regular business. This year it is understood the division would be in the red.

Since substantial government contracts have already been received, a larger volume is indicated, the percentage of defense business will be appreciably higher in 1952. Plant capacity is being generally expanded to meet the demands of increasing military orders. Since the outside value of War Wages is $55 million has been spent on plant expansion and some $15 million additional is being added this year. The stock price after this indicates precludes outside financing.

Present indications are that mounting defense production has been scheduled for Borg next year. should fairly well offset the current indicated cutbacks in household appliances and automobile parts. As a result, 1952 sales volume is expected to compare favorably with 1951. Profit margins on this basis should be narrowed to a lower range than on the regular civilian lines, and pre-tax earnings will be greater. This should be cushioning coming down to net income, by the influence of excess profits tax. As a result, I would look for 1952 earnings to hold around $1 per share, or still about twice the regular $4 dividend rate.

Basically, apart from the present defense period, the company is strongly situated in the auto parts field. Its record in automative transmissions is particularly impressive, as that of parts manufacturers generally. Borg is a designer and developer of new products, which are introduced to automobile manufacturers rather than simply turning out products solely to a manufacturer's prescribed specifications. Borg's position in the field of automatic transmissions is well established and promises future growth. Materials shortages and auto cutbacks will only restrict the automatic transmission business next year but the longer term potential is considered to be extremely bright. The shares, around $3, are selling at about seven times earnings, and yield 63% on the regular $4 dividend rate. With the $1 extra dividend, the yield is 7.9%.

Having paid dividends without interruption since 1932, and representing the best situated and diversified of the auto equipment companies, Borg Warner shares may be regarded as one of the best buys for 1952. As a group, with a favorable excess profits tax base and well sustained earnings indicated for next year, the shares may be regarded as an attractive candidate for purchase, particularly during periods of general market weakness.

This Week's Forum Participants and Their Selections


Shawmut Association—Horace I. Poole, Eische & King, Libraire, Stout & Co., N. York City.

Shawmut Association—August Hober, Spencer, Stearns & Co., N. Y. City.
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giving some treatment and a judgment of values, present and potential, found in the rights-and-way, and the mineral rights owned by N. P. at (that's)

Surely, if you were to ignore principles of analysis, and just pick your investments by whim, you could, today, come up with a golden list, simply by picking the existing that the "wonders" be found in everything you backed with your dough. Get a load of these: Canadian Pacific, Union Pacific, Western Pacific, Southern Pacific, Pacific-Great Northern, Electric, Pacific Tel., and Tel. See what I mean? This word Pacific is loaded. It comes from the Latin pacificus and means peaceful; and where could you get a better material pledge of mind, than by having Santa fill your sock with shares of these. With this idea in mind, somebody will probably get out last year, and start a Pacifica in your name by next month.

But enough of this name reverie; let's get on with today's project—Northern Pacific. Contrary to what you might have gleaned from the financial pages in the last dozen weeks, it is a railroad and a good one too.

It kept on the main line of ad

vency even in the hard thirties, when many carriers were finan-

cially decaying, and Southern Pacific's have been a market-type bond.

Pleasant Development, Limited
LEHIGH TUNGSTEN-OIL-GOLD
Analysis available on request

JOHN R. LEWIS, INC.
1000 SECOND AVENUE
SEATTLE

Ira U. Cobleigh

Author of "Expanding Your Income"

GIVING A NEW impetus to the valuation of even, present and potential, found in the rights-and-way, and the mineral rights owned by N. P. at (that's)

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GIVING A NEW impetus to the valuation of even, present and potential, found in the rights-and-way, and the mineral rights owned by N. P. at (that's)
Investment Banking and The Chemical Industry

By FERDINAND EBERSTADT* 
President, F. Eberstadt & Co., Inc.

Mr. Eberstadt stresses role played by investment banking in financing rapid expansion in recent years of U. S. Chemical industry. Gives data of aggregate growth of 39 chemical industries in period 1946-1950 and amount of public financing which accompanied it.

I must admit at the outset, not to your surprise, I am sure, any inability within the time available to box the compass of even the most important of the chemical current financial problems of mutual interest to the chemical and the investment banking fields.

Generally speaking, this mutuality of interest is based upon the function of the investment bank—its ability to raise long-term capital through the sale of corporate securities, and the need of the chemical industry for such funds and its ability to earn a satisfactory return thereon.

In years gone by the chemical industry was almost financially self-sufficient in the sense that it was able to finance its growth through earnings retained in the business. The combination of accelerated growth and increased competition precludes a continuance of this process and has caused the growing chemical companies to seek capital to finance the expansion of their plants and the growth of their business either through the offering of rights to their stockholders, generally underwritten by investment bankers, or through the sale of securities directly to the public through investment bankers, either through private placement, in many instances handled by investment bankers.

Income and Exports Profile Taxes

Under the Revenue Act of 1946, which companies with a pronounced growth trend—most of the 39 companies fall in this category—

*Statement by Mr. Eberstadt at a conference of the Manufacturing Chemists Association, Inc., New York City, December 13, 1951.

It's a safe bet that Phil Murray will risk a strike (he has authority to call one) rather than accept what he feels is an inadequate increase within the bounds of the wage stabilization formula. He could not be unmindful that John L. Lewis will be around next April to see what he can get for the miners, this labor authority observers.

The peak price increase under the Capper amendment covering cost increases up to last July would be a successful sop—or would allow enough wage increase to satisfy the unions—remains to be seen. Some steel firms claim that these adjustments should allow an increase of close to five dollars a ton, concludes "The Iron Age.""
Capitalism—The Real Welfare State

By WINTHROP H. SMITH
Managing Partner, Smith, Pfeffer, Guenther & Bean, Members New York Stock Exchange

Maintaining the term "Welfare State" has been misappropriated by planners, Mr. Smith holds capitalist system, in providing opportunity for more and more people to achieve a progressively higher standard of living. "Welfare State," he declares, capitalist system may die unless it is successfully merchandised. Urges industry to take greater interest in workings of political system.

The risk of surprising this audience, and at the risk of dis¬
approving those who invited me to talk here today, I must say that I fully endorse the Welfare State, and am one of its most ardent advocates.

To clarify my point of view, I am using the term in its literal sense. What I advocate is a system of political and economic organization able to achieve a progressively higher standard of living for more and more people. A system which will, in fact, provide for the general welfare. What is capitalism as capitalism? A capitalist is simply a person who has made an employer in productive enterprise.

The world is sufficiently broad in its definition to include not only the millions of direct owners of property, but the millions of people who have appeared just now—but also the 83 million people who hold life insurance policies—the 67 million people who have savings accounts and the 50 millions of U.S. Gov¬

eral and private banks plus the millions of people who own and operate their farms and own business. These are the capitalists, and their accumulated savings are the capital of capitalism.

Unfortunately, somewhere along the line of the phrase, Welfare State, it has been misappropriated by those who hold the mistaken view that human welfare can be improved only by being controlled and directed by a central government, and by planning and centralizing the lives of its citizens in every de¬

tail.

Americans have seen the cost of a "Planned economy" in foreign buying, the sapping of initiative, the thwarting of ingenuity, and ingenuity, a decline in living standards, and loss of personal freedom.

Fortunately, the majority of us know that this is too high a price to pay for a doubtful secu¬

rity.

I don't need to dwell long on the various consequences of capitalism. You are all quite fa¬
miliar with the advantages of a free enterprise, a profit-and-loss system, by which this nation pro¬

duced an economy that has brought it to world lead¬

ership.

Since 1914 this economy has survived stresses and strains of upheaval and magnitudes has provided the tools, the weap¬

ons, the machinery and all the means necessary, to lift the scales of the side of depressed in two weeks.

While doing these things on the world front, the American system has been able to increase real income per person in the U.S. to a level never reached in the history of humanity.

The United States, with 3% of the world's population, produces more than 34% of the world's goods. We have 76% of the world's passenger cars, 50% of the world's telephones and half of all the radios in the world. These are only random examples.

Everywhere you look you can see the consequences of capitalism.

Carrying out the comparison in greater detail, figures show that the increase has taken about 50% in productivity of American worker to earn enough money to cover the family's needs in Russia. In Rus¬

sia he would have to work 9 hours, it takes a Russian worker 15 hours to earn enough to buy a pound of fish. But an American worker can earn enough to pay for a pound of fish in the length of time that I plan to talk today. You may be happy, and possibly a little shocked, with the realization of some of these things can be done in absolute freedom.

We use such yardsticks as these to measure our economic achievement of capitalism.

There are no beach marks to measure how far the capitalist system which free men exercise their self-reliance, their initia¬
tive, their initiative, their right of free speech, to worship as they choose and the privilege of select¬

ing their own leaders. These are the rights we are all aware of and these are the rights which are being subjected by dictators.

The choice is simple, but can we Americans preserve our heri¬
tage? As part of the financial indus¬
ty, my firm shares with you a selfish desire to see our economic system preserved. One of our servi¬
ces to the American way is that we underwrite new programs, create new owners of this country, and act as agents of change. Thus we help to supply business with the finances that it needs to build our future.

Creating new owners of American industry, we help them to become our customers, therefore, we know you, because what is done by the financial industry to increase the development program which creates new owners of the American economy, we are just as interested in this program which, in the next two or three years, will make their stock plant operations no relative to such a flood control or recon¬

struction, equal to if not more than their water power, and the Public Power Bureaucrats now, unblushingly, have legi¬

slation pending in Congress to authorize them to build steam plants.

Flamboyantly successful without the justification of its being incident to a matter for the public welfare such as flood control, navigation or reclamation, they are as likely to be as successful, next by treaty with Canada, ratified by the Senate at the last session, in the American side, alone, or its treaty with Canada, now, into the Niagara, as the first Niagara power, that built the first large hydro-electric power plant in the world.

The Administration has been insisting that more and more hydro-electric power is needed for the manufacture of aluminum, with which to supply this country. This is not new, or unreason¬

ing. It is a matter that has been foremost in its agenda for a long time.

In all the years of agitation for the St. Lawrence project, it has been generally understood that New York State would get the power generated, as the power would be transferred to New York State, and that the Federal...
Financial Problems in Chemical Industry Expansion

By CARL A. GERSTACER, Treasurer, The Dow Chemical Company

Pointing out that higher taxes and increased costs make it increasingly difficult for chemical concerns to finance their requirements from retained earnings, Mr. Gerstacer notes that the industry has headwinds to the extent that low cash dividends supplemented by regular sales of stock.

As you all know, our chemical industry has had serious financing problems these last two years. The International Harp, which has been publishing in the Commercial and Financial Chronicle, has pointed out that there have been headwinds to the extent that the industry has been unable to raise funds by selling stock or bonds. The Dow Chemical Company has shown that it is possible to raise funds by selling stock or bonds, but that it is not a wise policy to do so. The company has found that it is better to retain earnings and use them for expansion.

Many companies in the industry have had to be forced to supplement internally generated funds with cash from outside sources. This might be well to discuss the external sources from the standpoint of view.

Common Stock

The basic source of capital is common stock. This is not a bad way to sell common stock since price earnings ratios of 15 to 20 times are favorable on a historic basis. Common stocks have had a substantial rise in price since the end of the war, and if we are entering another wave of prices, there is little to indicate that they will not rise. The sale of common stock may now bring as much as a profit or a loss of common stock has been low in the last two or three years from now. We have been selling common stock at prices of 20 to 40 times the earnings of common stock has been very low in the last two or three years.

In fact, in the case of our common stockholders, we bring back into the company by the stock sale about half of the cash dividends that we pay out. We feel that the stockholders of today cannot afford to invest large chunks of money, but will put in small amounts each year. Since our sales are on a preceptual basis the effects of secondary importance.

In general, since the chemical industry has a history of continued growth, we feel that the sale of large amounts of common stock should be delayed as long as possible in order to obtain the highest possible price.

Convertible Preferreds

The next external source of funds that might be considered are preferred stocks. Preferred dividends come after taxes so that the cost is relatively high. Straight preferred stocks have little from the investor standpoint because they are relatively unattractive from the standpoint. The demand for convertible preferreds is high, particularly from insurance companies who are anxious to obtain the capital gain feature inherent in them. Convertible preferreds are a good vehicle for the sale of common stock.

Fixed Income

A third source of debt is in this case the interest payments come after the taxes so the true cost is less than half the rate. The market pays to seven-years-fits in with Weeney National Union since five-year depreciation should make it possible to repay these loans. We believe that the bond is the most attractive for an industry such as ours, which seems slated for expansion for a long period to come. We have organized the $35,000,000 of new and old insurance companies, with 25-year maturity, 5% interest, and low sinking fund requirements. Montesia sold a 50-year, 5½% hybrid between debt and preferred, under which the interest is paid only if earned and there are no sinking fund requirements for the first 30 years.

Leverate Important

As you know, the higher the debt, the less leverage on the common stock. Personally, I think that established chemical companies should have some leverage in their capital structure. Finance, like everything else, is not static. It must be adjusted to the times. Business conditions have changed markedly in the past two years. We now have extremely high income taxes—carry-back and carry-forward losses—and government (I think this applies to Republican as well as Democratic) firmly committed to a policy of stabilizing the economy and pump priming to prevent depressions. Therefore, the dangers of financialazzle for those established corporations are much less than they used to. A generation ago it was true that a balance sheet showing only common—no debt or preferred—was the ideal from an investor's standpoint. I don't think it is true today. Some senior capital is necessary to provide leverage. A simple example may illustrate the advantages of leverage today.

Assume that a corporation with only common stock makes 20% before tax on its capital. At the old tax rate of 38% it had 12.4% left after tax. At the present 70% tax rate it has only 6.6% left after tax. However, if half of the capital is debt with a set of only 15% after tax, the company will still have 16.5% left as common capital after a set of 26%.

(1) Relatively low cash dividends supplemented perhaps by yearly stock dividends.

(2) Regular yearly sales of small amounts of common to the present holders.

(3) A substantial amount of long-term debt with low sinking fund requirements.

W. E. Hutton & Co.

To Advise to Firm to Offer

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<tr>
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<th>Address</th>
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Statement as at 31st October, 1951

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A COPY OF OUR ANNUAL REPORT BOOKLET WILL BE SENT FREE ON REQUEST
This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these Bonds. The offer is made only by the Prospectus.

$15,000,000
Niagara Mohawk Power Corporation
General Mortgage Bonds, 3 ½% Series due 1981

Dated December 1, 1931
Due December 1, 1931

Interest payable June 1 and December 1 in New York City.

Price 101 1/80% and Accrued Interest

Copies of the Prospectus may be obtained from only such of the underwriters as may offer; briefly offer these Bonds in compliance with the securities laws in the respective States.

MORGAN STANLEY & CO.
BYLTH & CO., INC.
GLORE, FORGAN & CO.
GOLDMAN, SACHS & CO.
LEE HIGGINSON CORPORATION
Schoellkopf, Hutton & Pomeroy, Inc.
F. S. MOSELEY & CO.

December 20, 1931.
Inflation Is Like Slow Drug Poisoning

By CHARLES W. BRIGGS

General Counsel, Weyheuser Sales Company, St. Paul, Minn.

Mr. Briggs, likening continued inflation to opiates that lead finally to poisoning, cites present inflationary factors; and says many are too glibly disposed to see a "reaction of an alluring, but deceitful joy-ride through all stop signals." Givens as reasons why inflation is bad: (1) it disrupts national financial structure; (2) it weakens the dollar; (3) it destroys economic stability; (4) it places a capital levy on fixed investments and fixed income; (5) it is discriminatory; (6) it defeats its own purpose; and (7) it breeds collectivism.

We are engaged or should be engaged in making special fiscal and monetary stimuli which are collectively known as inflation. Inflation is powerful and is a weapon in the arsenal of the economic system.

I would like to make a few observations on inflation, inflation and re-action which constitute economics.

There has been too much factual satisfaction with inflation. It is said that many people are receptive to the effects of inflation in price increases. All who are not very vague— that is to rising prices. Furthermore, there has systematically been developed in many minds the concept that large enough to be of the public interest.

There is now a sort of fatalistic belief that our economy cannot be expanded and full employment achieved without something more than individual actions to the fighting winds of such organizations as NAM. After all, the apology for inflation is quite common. Abroad the London "Economist" sets the pace.

Now, I do not wish to be considered a Jeremiah who thunders pessimism to ancient Israel. But there is reason for the forebodings. The genius of our people may be stilled— a genius that has raised this nation from a position of unprecedented power.

Inflation has been with us for some time and there is more than a possibility that it will stick. This is bad whether the aspect is sales of money supply in the market, with a stepped-up velocity of money and the lower prices that have ultimate usefulness.

Factors are clearly discernible that make for further concentration of wealth, and the effects of inflation.

(1) The international situation which is fast generating demands for additional money in an already overstrained system. Our chief credence of leadership in the world does not mean that all will be well. The uncertainty of any action by the great nations and the erosion of the dollar will be felt.

(2) The demands that will impede in many civilian commercial lines are present inflationary factors. All of these factors are ready to implement demands on new industrial production.

(3) Increased government spending on Federal, state and local governmental level.

(4) Increased government spending on Federal, state and local governmental level.


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

1,000,000 Shares

Niagara Mohawk Power Corporation

Common Stock

Price $24.25 a Share

Copies of the Prospectus may be obtained from only such of the undersigned as may legally offer these Shares in compliance with the securities laws of the respective States.

MORGAN STANLEY & CO.

BEAR, STEARNS & CO.

BLYTH & CO., INC.

DREXEL & CO.

EASTMAN, DILLON & CO.

EQUITABLE SECURITIES CORPORATION

GLORE, FORGAN & CO.

GOLDMAN, SACHS & CO.

UNION SECURITIES CORPORATION

DEAN WITTER & CO.

LEE HIGGINSON CORPORATION

F. S. MOSELEY & CO.

Date: December 19, 1951.
Coming Heavy Capital Flotations And the Securities Markets

By WILLIAM WITHERSPOON
Staff Economist, Research Department, New York, N.Y.

Calling attention to unprecedented rapid postwar expansion of business, investment analyst forecasts heavier flotations of corporate securities within next five years. Holds effect will be to depress bond prices due to rising interest rates.

Would you believe that postwar business has been expanding at more than three times the rate of the roaring 1920's? This is rather difficult to imagine, even when it is comprehended, we are tempted to call it a mere illusion of the consequences. Furthermore, the financing of this huge capital expansion has its repercussions upon security markets, and this, too, is rather hard to believe, judging to the investor. However, this impact will not be felt uniformly by all markets. The stock market will be least affected while the bond market might suffer rather heavily in the years to come. Let us examine this situation.

Net private capital formation is, for practical purposes, the sum of the cost of corporate construction and producers' durable equipment, plus changes in business inventories, less depreciation charges and foreign investment. The Department of Commerce figures indicate that it touched $6,052 million in 1929, which as we know was a feverishly active year. Then ceased the 1929's leap when 44% of plant capacity was the "white elephant" of our economy. During that decade, it was only in 1938-37 that a relatively small amount of capital formation did occur.

After 1939, and as World War II progressed, there developed a growing need for plant capacity. Not only were the need of the plant capital in the 1939's entirely used, but additional capacity was needed. Hence, net private capital formation jumped to $11,307 million in 1940 and was maintained, although decreasing, for the active participation of the United States in the war, the government took over most of the financing of expansion. It was not until after the war that industry was required to expand itself. In 1946, however, net private capital formation jumped to $23,083 million, followed by $28,429 million in 1947, $24,000 million in 1948, $16,161 million in the "rebuilding adjustment" year of 1949 and $29,300 million in 1950.

The comparable figures prior to 1929 are not available, but we can get some comprehension of the magnitude of net private capital formation in the previous year by comparing the gross private capital formation in previous years which totaled in 1929. In that abundant and heretofore unparalleled year it was $17.6 billion, whereas in the previous years from 1923 through 1928 inclusive it averaged $14.8 billion. Hence, it might be reasonably deduced that whereas net private capital formation was $8,629 million in 1929, it may be normally approximated at $8,000 million in 1929.

Thus it is noted that net private capital formation at $23,083 million is currently running almost four times greater than the average of the 1920's. On the other hand, corporate securities flotations, from net capital are running only 60% of the 1929 figure. This financing is currently occurring mainly from security flotations, but now only about 31% being thus financed. The difference is currently being drawn from accumulated cash which had been built up through retained earnings.

The strong cash position of many corporations is revealed by the balance sheets. What was long considered the "gold standard" in financial position in the 1870's is prevalent again today, but following the active participation of the United States in the war, the government took over most of the financing of expansion. It was not until after the

A Review of 1951

By ROGER W. BABSON

Mr. Babson reviews briefly political, economic and business developments of 1951, gives a prospect for the next few years, and discusses new kinds of securities.

The world situation today is much like the Cold War which existed in the late 1940's and early 1950's. The Cold War will again last a long time. The world is in a rather uncertain state. In a few years, the cold war will turn hot.

However, the world economy will continue to grow. The world economy is growing faster than the world population.

The stock market is in a bull market and is expected to continue to rise.

The bond market is in a bear market and is expected to continue to fall.

The economy is in a period of expansion.

The economy is in a period of contraction.

The economy is in a period of depression.

The economy is in a period of recovery.

The economy is in a period of stabilization.

The economy is in a period of inflation.

The economy is in a period of deflation.

The economy is in a period of prosperity.

The economy is in a period of recession.

The economy is in a period of boom.

The economy is in a period of bust.

The economy is in a period of growth.

The economy is in a period of stagnation.

The economy is in a period of recession.

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The economy is in a period of recession.

The economy is in a period of boom.

The economy is in a period of bust.
Prospects of Peace With Freedom in Next 50 Years

By PERCY W. BIDWELL
Director of Studies, Council of Foreign Relations

Foreign relations expert holds peace and freedom in next half century depends on: (1) our skill and firmness in pursuing our economic growth; (2) our ability to maintain our economic power on even keel; (3) maintaining popular morale, and (4) policies and intentions of nations opposing us. Lists as dangers in subsiding foreign conditions: we cannot afford one more war, or we risk our ability to hold the loyalty of our own people. We must store up the unbalancing effects of defense expenditures and foreign policy.

The Soviet Union, our principal opponent, is the only great power—any war—because it is as likely to seek a large—the measure of peace and freedom. We must be able to take a look at our intentions in Russian and Persian expansion.

Our material resources containing Russian imperialism are enormous. Our huge productive capacity is able to build up the economies of many nations, to our ability to resist aggression. That has been our policy since Mr. Truman made his offer of aid to Greece and Turkey in 1947. We followed his advice in the Marshall Plan. Altogether in the last six years we have spent $5, billion in our own true relationship to Russia.

The U.S. government has been successful. By helping countries in the free world to get on their feet economically, we have raised the morale of their populations. We have demonstrated our ability to resist attack.

Furnishing raw materials and food is a must. Other Czecho-Slovakia still to see that we have the ability to resist attack. We have to build up armaments at home and abroad. We have to build a new system at home. Our ability to support industrial military power on even keel is 6/7 military capability.


Kuhn, Loeb & Co.
The First Boston Corporation

December 16, 1951.
Taxation and the Investor

By G. Sidney Houston

Mr. Houston is demonstrating almost every tax affects the investor, directly or indirectly, explains the workings of the capital gains tax, the excess profits tax, excise taxation and other government levies. Taxes no unaccountable hindrances to investors, victims of their wealth and stresses vast increase in institution and pension funds as investment outlet. Says excess profits tax causes "vesting" in part of corporations and makes them bigger and bigger. Advices changes to make dividends more attractive to high income individuals.

Since the end of World War II, the American investor has been faced with many dilemmas, such as the opposing forces of inflation and deflation, the question of the world war or world peace, and the ever-present problem of the effect of various tax measures on his opportunities for obtaining profits or gains. Although my topic will be confined to the general area of the effects of taxation on the investor, it is well to keep in mind that society in its entirety may outweigh the effects of taxation may exert powerful influences on his action or inaction.

There are a few fundamental and well known conditions which should be restated here as a background to the subject. The American free enterprise system, which has given us the highest standard of living the world has ever known, is based on the principle of rewarded individual effort and to a substantial degree in fact, the greatest rewards go to the individual who puts forth the most effective effort. Those who have developed and perfected such labor-saving equipment as the sewing machine and the harvester have reaped important rewards for their efforts. The only way we...

The Colorado Fuel and Iron Corporation

$30,000,000 First Mortgage and Collateral Trust Twenty-Year Sinking Fund 43/4% Bonds
Due December 1, 1971

$10,000,000

33%% Term Loan, Due 1952-1956

variable-Maturity 43/45

ALLEN & COMPANY

December 17, 1951

This announcement appears for purposes of record. These issues were placed privately through the underwriters and have not been and are not being offered to the public.

The Commercial and Financial Chronicle... Thursday, December 20, 1951
Questions Answered on Credit Control and Debt Management

By ROY L. GARIS
Professor of Economics, University of Southern California

Dr. Garis gives his views to the Joint Committee on the Economic Report. On banks' legal reserves, branch banking, status of Federal Reserve Board, full employment and stability, fiscal policy, our currency system and credit control. Some food for thought in a time when the public is paying the price, problem is not as complicated as our Federal planners and bureaucrats make it out to be.

Legal Reserves

All banks in the country should be required to keep a minimum percentage of reserves in Federal Reserve Banks. About the classification of banks into central reserve cities, Roy L. Garis says there is no need or justification for a classification reserve system. The only one classification of banks for reserve purposes should be required by law to keep a 20% level of demand deposits and a 5% level of demand deposits behind time deposits. However, it would not be enough to provide a flexible minimum reserve of 10% and 5%, respectively. It is insufficient. But all banks should be on the same reserve basis.

Memberbanks

I believe preferable that the national banking system be continued and that no condition should be placed on branch banks in the branches of large banks in nearby cities. This could be permitted by Congress in all States, and under existing circumstances it would be possible to keep the full legal reserve at the Federal Reserve Bank. I would not like to see national banks permit of being permitted to function as a one-class bankers, and if such a Federal Reserve Bank were established under existing circumstances, I would like to see bank branches in the branches of large banks in nearby cities.

Branch Banking

In hardship cases small banks could branch, but not in any branches of large banks in nearby cities. This could be permitted by Congress in all States, and under existing circumstances it would be possible to keep the full legal reserve at the Federal Reserve Bank. I would not like to see national banks permit of being permitted to function as a one-class bankers, and if such a Federal Reserve Bank were established under existing circumstances, I would like to see bank branches in the branches of large banks in nearby cities.

100% vs. Flexible Reserves

If we had a Federal Reserve Bank that I could trust, I would be for more flexible reserves. I am against 100% money, but a suitable money money could be set up for all banks with a maximum reserve of 100% of reserves, the exact percentage at any time determined by the Federal Reserve Board. However, I am not willing to accept the risk that Federal Reserve Bank could be in the hands of politicians.

Ownership of Federal Reserve Banks

I am in favor of continued ownership of the Federal Reserve Banks by the member banks. Not only is continued ownership of Federal Reserve Banks should be owned by the U. S. Government or any of its agencies.

Federal Reserve Bank Directors

If the so-called bankers in the Federal Reserve Board have the way and have the Federal Government take over the ownership of the member banks or even the Federal Reserve Board and the Federal Reserve Board by budgetary control and auditing controls, we shall be a long way toward undemocratic socialism and totalitarianism.

Federal Reserve Bank Profits

I am convinced that the present scheme by which 90% of all Federal Reserve earnings over 5% go to the U. S. Treasury is a loss of income for the banks. If the Federal Reserve Board elect such persons, but no consolation designation of laborers or farmers or any group should be designated in the interest of the members of the Board of Directors of any Federal Reserve Bank.

Fiscal Policy

As to fiscal policy, Congress can raise $15 to $25 billion extra in a year at a time. The Revenue Act of 1951 was passed in Connie's mistake. It was based on the erroneous assumption that every one's personal income has increased in proportion to the increase of the national income (Gross National Product). Dr. Garis has pointed out recently that "taxes to the idea of adequate appreciation in them the seed of grave error... The more they do violence they may do to reality.

It is not true that because the GNP has increased, all components have increased. The uniform 11% to 12% increase on income taxes for all taxpayers, being based on imponderable aggregates, results in disastrous consequences for many groups and individuals. Hence, this law should be repealed at once, effective as of Jan. 1, 1952. Instead, Congress should restore 1950 income tax rates as a basis of stability and full productive employment. That is the idea of it all. We are asked to sacrifice our freedom for a Jact-Jupiter security that will always evade and mock us.

Congress needs to stop talking about economy in the economy of the Federal Reserve Bank, but instead, needs to give greater efficiency and eliminate waste. Congress can do this it will do as the Tax Act of 1951, it has shown no such people. It is not a solution to our present inflationary monetary and fiscal controls, to subject the Federal Reserve Banks to the same domination and control by the U.S. Treasury and the Office of the President, to destroy the original autonomy of the Federal Reserve System. Instead, Congress should simplify controls. Personally, I am convinced that from $25 to $35 billion can be cut out of the present non-defense budgets to the mutual benefit of every person except some over-ambitious managers.

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

$25,000,000

Long Island Lighting Company

First Mortgage Bonds, Series D 3% Due 1976

Price 101.20% and accrued interest

December 14, 1951

HALSEY, STUART & CO. INC.
BEAR, STEARN'S & CO. MERRILL LYNCH, PIERCE, FENNER & BEANE
SALOMON BROS. & HUTZLER DICK & MERLE-SMITH HALLGARTEN & CO.
R. W. PRESSPRICH & CO. F. L. ROTHSCCHILD & CO. WERTHEIM & CO.
STROUD & COMPANY BACHE & CO. GREGORY & SON WM. E. POLLOCK & CO., INC.
STERN BROTHERS & CO. NEW YORK HANSEATIC CORPORATION

VAAS LYNNE NOEL CORPORATION GEORGE, ELLIS & ANDERSON THE ROBINSON-HUMPHREY COMPANY, INC.

December 14, 1951

...
Missouri Brevities

Among the underwriters who Dec. 11 publicly offered an issue of 23,000 shares of common stock (par $1) of Broderick and Bascomc Uope Co. of St. Louis at $9.50 is a group of the following Missouri bankers: James L. Patch, chairman of the board; A. D. Newhard, Cook & Co.; and I. M. Simon & Co. The net proceeds are to be used to pay off $600,000 of term bank debt and $800,000 of commercial bank indebtedness when they mature, and the remainder used for working capital, the company issues four plants and manufactures and sells wine rugs.

The U. S. Court of Appeals at St. Louis, on Dec. 17 issued an order staying payment of $85,000,000 in bonds of Missouri Pacific R. R. Co. and International-Great Northern Railroad, a subsidiary. The Court also set Jan. 16, 1952 as the date for a hearing. Appellants were given until Jan. 3 to file briefs with the Court. The stay of payment, the Court noted, is authorized by Section 4 of the Missouri Bond Act of 1937. Mr. Moorer, manager of 240,000 shares of 4.75% convertible preferred stock of General Telephone Corp., was re-elected. Mr. Moorer is president of Missouri Telephone Co., former owner of $300,000 worth of General Telephone Corp. stock, and a former director of the company.

**Walston, Hoffman, Opens Cleveland Br.**

CLEVELAND, Ohio—Walston & Hoffman, Inc., members of the New York Stock Exchange and other principal stock exchanges, has opened a new office in the Exchange Building here in one of the city's largest office buildings. The new facility for the company, which is the third in Michigan and which was set up in 1949, will be opened by the issuing of a new certificate of deposit to the company's customers by the First National Bank of Cleveland, which is a branch of the First National Bank of Minneapolis. The new Cleveland office will offer all the services that are available at the Walston & Hoffman offices in New York, and will be staffed by experienced salespeople.

**Kaman Aircraft Corporation**

Kaman Aircraft Corporation has leased the new National Guard hangar facility owned by the Federal Reserve Bank of Puget Sound. The new building, which contains 60,000 square feet of floor space, will permit the company to expand its existing operations and add new facilities by about 40%. Operations in this building will be transferred to the Bloomfield plant which is presently under construction for the company. The new plant will be located on a 130-acre site on the Puget Sound.

**C celery Brevities**

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**S. F. Exchange Gets Nominations**

SAN FRANCISCO, Calif. — William B. Bacon, Chairman of the Nominating Committee of the San Francisco Stock Exchange, has announced the names of Mark C. Elworthy, W. J. Worth & Co. of San Francisco, and J. T. Weinberg & Co. of San Francisco, for the nomination for Governor of the Exchange.
Public Utility Securities

BY OWEN ELY

Central Maine Power Company

Central Maine Power Company serves some 250,000 customers in Southern and Central Maine, including a number of industrial cities such as Portland, Lewiston, Brunswick, Bath, Saco, Gardiner, Augusta, and Bangor. It has been operating for about two-thirds of the total for the State. Most of the State’s industry is located in the Central Maine area served by the Company, and almost all of the pulp, paper, cotton and wool, textiles, shipbuilding, metal trades, lumber and woodworking, and shoes and shoes. The Company is getting a large number of small industrial units as a result of the general policy of decentralization of industry, and various new and proposed developments are encouraging.

Central Maine Power is a hydro company, although it is in process of determining capacity and reducing the reliance on water power. Effective replacement is necessary in 1951 (180,000 kw. hydro, 160,000 kw. steam, and 6,000 kw. internal combustion). Some 44,000 kw. of capacity has been retired during the period and work started early this year on a new 20,000 kw. steam units at Mason Station, one of which should be completed by mid-1952 and the second in 1953. Primary work has also started on a 4,000 kw. hydro unit on the Kennebec River below Indian Point, with work yet to be completed in 1955 with provision for an additional 20,000 kw. steam unit at Mason Station, which would be completed by mid-1952 and the second in 1953. Construction of the two steam units will increase effective steam capacity by about 75%, and will also make a possible change in system operation with respect to steam flow, thereby increasing the hydro capacity by 13,000 kw. By 1954, therefore, there should be an all-around increase in 128,000 kw. or about 38% of present “effective capacity.”

The flow of water is varying during the years 1947-50, but in the past year the hydro capacity has been normal. Also, the 12 months ended October 31, hydro output was 1,056,000,000 kw. compared with only 652,000,000 kw. in 1948. By 1954, however, when the current financing, including the sale of $7 million bonds, the pro forma capital stock structure will be as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Preferred stock</td>
<td>$70,000,000</td>
</tr>
<tr>
<td>Common stock and surplus</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>$834,000,000</td>
</tr>
</tbody>
</table>

Despite the prevailing low in hydro conditions in 1951, the company’s earnings have proved a little disappointing due to higher costs and taxes. For the 12 months ended Oct. 31, earnings after dividends at $1.41 per share, taking the $150,000 shares recently offered to the public, would be reduced to $1.10 per share if any stock had not been issued through the 12 months, such earnings would have been $1.28. However, savings from omission of the tax on the electricity (if applicable to this period) would have saved about 9 cents, raising the pro forma figure to $1.35.

The company applied this summer for a rate increase estimated at $31.2 million revenues per annum, which it is estimated would mean a return of about 14.5% on rate base. The State Commission has had a heavy docket but hearings in the case have been obtained under way, with apparently no special opposition indicated. Further hearings will be held by the company is hopeful that it will receive the increase in 1952. Assuming that the rate increase is approved, earnings for the year might approximate $1.91 a share, it is estimated. The company will use bank financing for construction funds in 1952, but when these are refinanced, fixed charges, so as to be less than the higher long-term rates at $1.07 in 1953, $1.78 in 1954, and $1.71 in 1955.

More than 33 cents a share, depending upon good or bad hydro conditions. Based on historically low records of steam flow, earnings might drop in 1950, and in good years such as 1951 they would run about 11 cents over normal, which those earning the future share earnings assume normal water conditions and are based on various other assumptions as to sales trends, etc. The decline in earnings has been settling recently over counter around 17% to yield 6.8%.

Louis B. Lebenthal

Louis B. Lebenthal, Senior Partner of Lebenthal & Co., passed away recently. The company was started in 1902 in New York City, by Mr. Lebenthal, who started his firm in 1899, when he bought an office in the old 69 Wall Street building, in which only house in America specializing exclusively in odd-lot municipal bonds, to cater to the needs of smaller investors who had previously been unable to afford to buy municipal bonds in small lots.

For many years Mr. Lebenthal practiced as an attorney and is now a member of the investment field to the point of some knowledge of non-technical language. The best known of his “wonderful” ideas was the “ABC of Municipal Bonds,” a book that was on many book shelves as a standard of municipal authorities.

Mr. Lebenthal was born in Bridgetown, Conn., but moved to New York at an early age. He was graduated from the University School of Business and Fordham University Law School. He was a member of the Investment Bankers Association, the Security Traders Association of the New York Stock Exchange, the National Advertising Club, and the Ironwood Country Club. He served as President of the Eastern Club and Vice-President of the End West Synagogue.

Surviving are his wife, Mrs. Sarah Lebenthal; a sister, Mrs. Helen Lebenthal, a son, J. I. Lebenthal; and a daughter, Mrs. H. Gerard Bisinger.

Edwin H. Henneman

Edwin H. Henneman, of Harris-Allen & Co., Inc., New York City, passed away Dec. 5 following a heart attack. He had been in ill health for some time.

H. J. Franklin Joins

Merrill Lynch Firm

SAN FRANCISCO, Calif.—Harvey J. Franklin has become associated with Merrill Lynch, Pierce, Fenner & Beane, 301 Montgomery Street. He was formerly with the American Trust Company.

John Hecht, Jr.

With Brush, Slouomb

SAN FRANCISCO, Calif.—John C. Hecht, Jr., has become associated with Brush, Slouomb & Co., 3 Montgomery Street. Mr. Hecht was formerly Manager of the trading department for Blair, Slouomb & Co. Incorporated in San Francisco.

Hugh Kearns Joins

Coffin & Burr, Inc.

CHICAGO, III. — Hugh T. Kearns has become associated with Coffin & Burr & Co., Incorporated, 221 South La Salle Street. Mr. Kearns for many years was associated with Dwyer, O’Connor & Co.

With Harris, Upham Co.

(Department of the Commercial Chronicle)

LA RUSSELL, Calif.—Mr. Hugh J. D. MacConaty has become associated with Harris, Upham & Co., 223 West Sixth Street. He was formerly with Merrill Lynch, Pierce, Fenner & Beane and Paley, Webster, Jackson & Curtis.

Rudy Blum Opens

BILLINGS, Mont.—Rudy A. Blum is engaging in the securities business from offices in the Electrical Building.

Fram Corporation

$25,000,000

6% Convertible Sinking Fund Debentures, due 1966

Price 100% and interest accrued from December 1, 1951, to date of date of delivery

100,000 Shares Common Stock

Price $11.375 Per Share

Copies of the Prospectus may be obtained from any of the several underwriters only in States in which such underwriters are qualified to act as dealers in securities and in which the Prospectus may legally be distributed.

Barett Herrick & Co., Inc.

Cohn & Co. Boeving & Co.

O. H. Wibbing & Co.

Courts & Co.

Straus & Blosser

Read, Lear & Co.

Baker, Simonds & Co.

Mid-South Securities Co.

Hancock, Blackstock & Co.

Fraser, Phelps & Co.

Stirling, Morris & Bosman

McDonald, Evans & Company

Boeren & R. H. Johnson & Co.

Allen & Co.

Clayton Securities Corporation

Rambou, Clouse & Kerner

George A. McDowell & Co.

Frank Knolton & Co.

C. T. Williams & Company, Inc.

C. D. Robbins & Co.

Miller & George

Booher Brothers, Inc.

Davies & Co.

Tassie, Day & Co.

December 20, 1951

This advertisement is neither an offer to sell nor a solicitation of offers to buy any of these securities. The offering is made only by the Prospectus.
Continued from page 6

Capitalism—The Real Welfare State

should. But there will be a sum of $50 to $75 a month left over.

This is a real decision. "This I would like to put into active participation in the corporate tycoon. It does mean that I would like to share his responsibility, give him the tools with which to work, and share in his profit, if any.

And he ends by saying: "I am a lifetime operator, not a bankable man, and I do not want a white collar; a union member, part of the labor force which needs capitalism to survive.

We would like to have that man for a customer, not only because we feel he would be a good customer, but because we know he would be an advocate for the American capitalist system. I have reviewed some of the consequences of capitalism—some of the benefits which flow from the incentive plan—and have advocated the idea that capitalism be tailor-prepared for attack from within, or from without, if we could multiply the number of cap-

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

Iowa Southern Utilities Company

$1.76 Series Cumulative Convertible Preferred Stock

Price $32.25 per share
Plus accrued dividends from December 1, 1931

The First Boston Corporation

W. C. Langley & Co.  A. C. Allen and Company

A. G. Becker & Co.  Central Republic Company

(Incorporated)  (Incorporated)

Hemphill, Noyes, Graham, Parsons & Co.  The Milwaukee Company

Quail & Co.  Kramer-Gardner Company

Beooning & Co.

Lercie, Allen Company  Lester, Ryons & Co.

J. S. Strauss & Co.

The Commercial and Financial Chronicle... Thursday, December 20, 1951

Israel. I would not underestimate the job that needs to be done. The social pressures and schemes, the seek-

ers after power over larger and larger sections of our economy, and the seekers of votes, have
taken advantage of weaknesses in our eco-nomy and, yes, the seekers of votes, have
taken advantage of the feeble and other opinion-

Inflation can destroy capitalism and our country. Government fiscal policies; po-
ezically directed, can result in the application of price and wage controls, paternalistic or-
ding of various groups on the part of the government; and other inflationary forces have
eriously reduced the purchasing power of the people. For example, the mili-

and costs produced by inflation.

It already takes almost two 1951 dollars to buy what you could have bought for one 1939 dollar. Our buying power and consumer welfare could be reduced if inflation continues.

To need money is a common thing, but there are a number of things that business can do. There are things that each individual can do and make them for the individual.

Probable do not all of the things. Maybe you can do some of them. In any event, here are a few ideas:

(1) All of you, in some way, must help your employees and stockholders. Some have your house publications. Try to make them pleasant to read. We do not have regular publications, communicate with them through reports, annual reports, or any means at your disposal. Make them.

(2) Make the people of your community conscious of your ex-
pertise and the importance of what you do for the welfare of the community. For example you can conduct plant tours for stu-
kids, civic organizations, labor groups, and civic groups. On these plant tours you can explain the reasons for plant organization, operating policies, and other matters.

(3) Use the facilities of N.A.M. publications, speeches, printed material—and give all of it wide circulation. Use your advertising budget to promote the American capitalist system, and if you do anywhere near as good a job of advertising your products as you have done advertising your products, you will have gone a long way toward accomplishing a common goal.

(4) Each credit local in politics and the political processes so that you can have something to say about the kind of men who will represent you in Congress, the State Legislature, the City Council, the School District.

(5) Take every opportunity to talk before or- ganized groups in your commu-
nity, before labor, before civic or-
groups, and other organizations.

I urge you to spread the story of the benefits of capitalism and the per-
"pose of friends and associates. Let's take this fight to our stockholders as partners; talking to our employ-
employees; talking to the people of the community as allies, and a better job of explaining our rights and duties of citizen-
ship.

With a real change something can be done to protect it. He will resist any movement that attempts to do anything but to give each man the same rights to own. The landowner is a very powerful group. When people become owners of American in our country, they will fight for their rights and will not be able to regain some of those fundamental freedoms which we hold as a part of our past generations.

And of greater importance is the fact that freedom is essential if we are to assure the continued existence of even more important freedoms: freedom of religion, freedom of speech, freedom to own property, and freedom for the individual.

There is no lack of peace and security is deeply imbedded in the very nature of man. Therefore, cap-

can peace and security be achieved with dignity and

Symmes Boston Mgr. for Blair, Rollins

BOSTON, Mass.—Blair, Rollins & Co. Incorporated have announced that William Symmes as Resident Manager of the firm. Blair, Rollins & Co., 696 Twenty-third Street.

With T. G. Paulson

(Special to The Commercial and Financial Chronicle, RICHMOND, Calif.—Donald O. Paulson, president of the Paulson & Co. Corporation, has received word of the formation of a new company, California, 969 Twenty-third Street.

Aided for FRASER

OFRASER.situated.used.org/
British Credit Restrictions

BY PAUL EINZIG

Commenting on British credit restrictions put into effect by the new Labour Government, Dr. Einzig defends the banks against Socialist claims that these restrictions are an attempt to curb the advance for recent credit expansion. Says banks took measures to hold down amount of their advances as requested by the Socialist Opposition.

LONDON, Eng.—The deflationary monetary policy adopted by Britain on the advent of the Conservative Government is making progress. The funding of a large proportion of the Treasury Bills has materially reduced the liquid assets of the banks, so that their ratio has declined to the close vicinity of the statutory minimum of 30%. The clearing banks have decided to raise their rates on advances and to instruct their branch managers to refuse to grant credit facilities on special care. It is expected that before very long the banks will further slow up advances and that the changes on the amount of advances will become quite pronounced.

The fact that the decline of the liquid ratio is forcing the banks to curtail loans to customers has given rise to a certain amount of Socialist criticism of the banks. It is pointed out that the banks have decided to cut down their advances when requested to do so by the Labor Government, they are now restricting their credit facilities for the sake of a decline in the liquid ratio. The critics accuse the banks of being unfair in attaching more importance to considerations of orthodox banking traditions than to considerations which are intended, on the other hand, that the banks are not prepared to cut down their advances for the sake of checking inflation, but they are prepared to do so for the sake of checking the decline in their reserve ratios.

In reality the criticism is unfounded. As Socialist Ministers frequently stress on several occasions, the need is a praiseworthy effort since the beginning of the Korean war to prevent the rise of their advances in sympathy with the rise in prices and in other requirements. Although the banks have been rising, their rise has been moderate compared with that of the level of prices. However, in view of the expansion of business activity resulting from rearmament, the expansion of advances has been relatively moderate.

The banks have done a great deal towards keeping down the increase of their advances for the sake of complying with the request of the late Government. Now, in addition to pressure from official quarters an additional factor appeared on the horizon: the tax on profits. It is true that if they should go further under the pressure of the two factors they don’t have the power to\textit{ do so. A comparison between the tax pressure and there is now pressure also from a third direction. Tighter money economy forces the banks to curtail advances, there is no means of knowing how far the movement is likely to proceed. In such circumstances the prudent banker is inclined to cut down his advances, or to insist on wider margin. This factor, too, tends to cause a decline of credit facilities.}

The question is how far the Government is likely to go in the direction of deflationary credit restrictions. Judging by the experience of the last few weeks, the monetary authorities are well in a position to dominate to a considerable extent by means of enforcing a curtailment of credit. They do not intend, however, to embark on a large-scale deflation for the sake of producing unemployment. The idea that the existence of large-scale unemployment is necessary finds no support within the government.

Official quarters would be satisfied if the existing over-fulfillment were to be liquidated with the aid of deflationary pressure. Offcourse, this would be likely to increase the number of unemployed beyond that of unfilled vacancies.

One of the objectives of the proposed measure under which all workers will have to be engaged through some form of employment changes is to gain a better idea of the extent of over-fulfillment. In employing this method of finding whether the published figures are worthies, because a large proportion of employers never applies to Employment Exchanges to engage workers, and therefore not therefore declare their requirements. Once it becomes compulsory to engage workers through the Employment Exchanges the statistics of unfilled vacancies are likely to give the existing over-fulfillment in the existing system under which employers request Employment Exchanges to seek to them how much of their number of workers will be dis- continued. Employers will have to declare the actual number of hands they need. It will become possible to form a better idea among the number of employers of the proportion of vacancies of this figure with that of the genuine unemployed will give some idea of the extent of over-fulfillment, and also of the extent of deflationary pressure to be liquidated.

The banks certainly stand to gain nothing through the deflationary drive. In so far as the additional interest earned on Treasury Bills and on advances is not wiped out by the additional interest paid on deposits it is certain to be wiped out through the depreciation of their holdings of government loans and other securities.

Who's Fighting in Korea—UN or U.S.?

Congressman George H. Bender, of Ohio, points out great bulk of armed forces in Korea, other than South Koreans, is furnished by United States. Says Truman's placing of UN label on war forces is designed to deceive the American people.

In a statement issued by Congressman George H. Bender of Ohio on Dec. 1, the Congressman declared: "The UN label placed by President Truman on the Korean War is a shabby and disgraceful device, designed to deceive the American people.

"I have been asked by a constituent to check the percentages of United States forces in Korea in comparison with those supplied by all other nations," Mr. Bender stated, adding, "This information has been cleared by our Security Board, and I am at liberty to disclose the figures. They are shocking in their revelation that our government has furnished 98.2% of all the air forces engaged in Korea, 83.81% of the Naval forces, and 83.4% of all the ground forces outside those turned by the South Korean Government."

First Boston Group Offers Utility Stock

Offering of a new issue of 106,000,000 shares at $1.76 cumulatively convertible preferred stock, $33 million of convertible preferred stock, accompanied by 200,000 shares of new common stock, the group led by The First Boston Corporation is making a public offering of 1,600,000 shares of new common stock of the corporation at the rate of two shares for each share of preferred.

The new preferred may be re-offered at prices ranging from $33 up to Dec. 2, 1954 to $32.25 after Dec. 1, 1960, plus full cumulative dividends.

Proceeds from the current financing will be applied to the cost of construction expenditures of $17,000,000 in the years 1951-1952. Approximately $8,750,000 represents cost of a new generating plant located at the utility's approximate load center near Eddsville, Iowa; $6,000,000 represents the cost of additional electrical transmission and distribution facilities and the balance represents the cost of additional gas distribution facilities.

The company supplies electric energy for light, heat and power in 24 counties in Iowa. With a total service area of 1,623,000 acres, a major portion of total operating revenue of $1,060,000 in the six months ended Sept. 30, 1951, the company anticipates that sales of natural gas will constitute an increasingly important factor in its business. Net income for the first six months amounted to $540,617, or $1.94 per common share. Dividends on the common stock are at the quarterly rate of 30 cents per share.

Grimm Rochester

Branch Office Under V. C. Strivings

ROCHESTER, N. Y.—Grimm & Co., members of the New York Stock Exchange, have opened a Rochester, N. Y. office with Victor D. Strivings as Resident Manager. The Grimm organization is a division of the former personnel of Victor D. Strivings & Co., which specialized in mutual funds for many years, and which was dissolved as of Dec. 31, 1951 after 18 years operation.

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

250,000 Shares

Federated Department Stores, Inc.

Common Stock

($5 per value)

Price $4.125 per Share

Copies of the Prospectus may be obtained in any State only from each of the several Underwriters, including the undersigned, as may lawfully offer the securities in such States.

LEHMANN BROTHERS A. G. BECKER & CO.

December 19, 1951.

A. G. BECKER & CO.

(2425) 17
Canadian Securities

By William J. McKay

As anticipated, the heavy exchange movements in Canada during the last few weeks bearing directly upon the London pound, have caused a pronounced reaction in the Canadian dollar. The Canadian dollar was in fact advised of the removal of sterling conversions of foreign currency holdings, and the Canadian dollar has thus far been the most volatile of the major international currencies.

The extreme firmness of the Canadian dollar is clearly pointed out by the fact that the Canadian currency is the only one of the major international currencies not to have been devalued.

The only reason that the Canadian currency unit is now a more desirable medium of international transactions is because of its new freedom. This freedom, however, is not the result of any action taken by the Canadian government, but rather the result of the actions taken by the United States and the other countries.

At first glance the Canadian dollar may appear more attractive than previously. But on a careful analysis, it is highly debatable whether the Canadian dollar will greater rate then before the removal of exchange restrictions.

Despite the existence of the Foreign Exchange Control Board regulations, U.S. and foreign investment funds have been moving into Canada for over two years at an unprecedented rate. It is unlikely, therefore, that the volume can be appreciably increased, and at the present level of 2% direct investment in Canada is less attractive than it was when the export of gold was still possible.

The while it is improbable that foreign investment in Canada will increase to any important degree, there is an expectation that the newly-freed Canadian investment house may seek foreign outlets for their investments. At present, the volume of foreign control regulations that deprived Canadian residents from foreign investments and unremunerative investment opportunities.

In the absence of foreign control regulations, Canada travel expenditures in the United States are now thought to increase to an important degree especially during the winter season. Also in view of the higher price level of Canadian manufactured products, the Canadian dollar is a strong candidate for U.S. and foreign investors. It is true that the Canadian dollar may not be superior on the foreign exchange market, but it probably would be superior to the foreign exchange market. For the Canadian dollar is relatively more attractive than the foreign exchange market. Canadian travel expenditures in the United States are now thought to increase to an important degree especially during the winter season. Also in view of the higher price level of Canadian manufactured products, the Canadian dollar is a strong candidate for U.S. and foreign investors. It is true that the Canadian dollar may not be superior on the foreign exchange market, but it probably would be superior to the foreign exchange market. For the Canadian dollar is relatively more attractive than the foreign exchange market. Canadian travel expenditures in the United States are now thought to increase to an important degree especially during the winter season. Also in view of the higher price level of Canadian manufactured products, the Canadian dollar is a strong candidate for U.S. and foreign investors. It is true that the Canadian dollar may not be superior on the foreign exchange market, but it probably would be superior to the foreign exchange market. For the Canadian dollar is relatively more attractive than the foreign exchange market. Canadian travel expenditures in the United States are now thought to increase to an important degree especially during the winter season. Also in view of the higher price level of Canadian manufactured products, the Canadian dollar is a strong candidate for U.S. and foreign investors. It is true that the Canadian dollar may not be superior on the foreign exchange market, but it probably would be superior to the foreign exchange market. For the Canadian dollar is relatively more
**Is Institutions to Become The Important Stockholders?**

The rank-and-file whether they make money or not, and they reason that stock ownership nothing to do with their general 10%, wage increases.

Now, when the Stock Exchange is seeking broader ownership of industry, is this certainly not going to be too helpful or hurtful? This subject and some others are the arguments almost any time in investment circles. Buying of stocks for and in one instance the "little fellow," as he is affectionately known by the American industry, but his ownership is not over-thorough. Now were registered on the books of a corporation as a stockholder, and his ownership of that particular affair is correspondingly remote. It is like the social decisions to affect the professionals as he does decide on what stocks to buy and sell, and it is only after someone will warn the professionals about their social responsibilities. Just now, because their are a number of concerns with the socially acceptable stocks.

Some investment institutions need help in the selection of the right stocks. The banks, fire insurance companies, development funds and pension trusts admit it requires a special investment research head.

"We have the bankers working on the technological aspects of investment, and it must be accepted that a few of them are becoming brokers who understand the nature of our business."

The proper classification of orders. Employees who can take our instructions and carry them out without error and transfer them quickly to the floor of the Exchange. Without that, we were aware of a decline in the efficiency of the market, but we seems to be getting slightly better.

"The Discretion. At times it is very important that no one know what we are doing. A care passing remark by a brokerage house employee, overhead by an evidently curious outsider, and used in the solicitation of an account book can do a lot of harm. We know of one case where we broke off business relations because once remark started rumors. Obviously we do not wish our purchase or sale of any type to be known on the theory—"Dealers are where you are. I can always find investment ideas in a firm there is a limit to placing business on "Good Old Gold, but not active stock that he would pay on a hundred shares. He will point out that the buyer of mutual funds shares practically all the same charge when he invests $100,000,000 for $2,000,000. He will declare that the late Francis Dodge and the late Robert Wadsworth, of the New York Stock Exchange, outlined a graduated scale of commodity costs of the financial system, the institutional needs of the institutional investors, and the costs of stock members. Opposition is being heard that there may not exist in the majority of instances and in certain quarters where it will be necessary to rely on top management. Those at the top understand the market, by following the broker enough profit to cover his commissions. What individuals. They know that institutions are dependent upon the members or the floor of the Exchange, largely by the same token, that unless the small potential investor is encouraged to participate in the capitalistic system will suffer.

In interviewing customers' brokers are impressed by the fact that some of the older men are not fully aware of the changes that have been happening. They are secretly longing for the stock of yesterday, when individuals were interested in making the market. The nature of these orders is essential. Fire insurance companies are most likely to be interested in the floor of the Exchange, largely by the same token, that unless the small potential investor is encouraged to participate in the capitalistic system will suffer.

It is in the research departments of the member firms that the highest standards set by institutional investors are having their principal impact. The partner in a large New York house, a partner in a well-known Wall Street, acting in his best interests.

Is that bad?

On that point, there is a clean line between market and much prejudiced thinking. All the good things about it, the fat commissions, the small people would be paid for the company, the pleasant associations, are happening now. What of the future?

Who knows? But the naturally suspicious man asks, "Look what's taken place in the high-grade stocks. Most of the institutions took over there some years ago. The sad state of the bond market has been individual, however, may be primarily due to the low money rates forced by the Roosevelt and Truman Administrations. The stock buying is another dish of tea. Here the yields are attractive, whether the money is offered in 1941 and whether one bought them directly or through an investment fund.

Perhaps there is some ground that the high grade stocks, particularly those of a yield or for preferred issues. A market might develop eventually in high-grade stocks if it is carried out largely the hands of the institutional investors. The obligation has led some students to the belief that the Stock Exchange needs a new Board of Trade, this is tailor-made for the Board of the Class "A" stock which had been down to a certain amount, after which it shared with Class "B" common, to the annals of Wall Street in the years in which the Class "B" stock was about. An observer of the passing show says that what needs is a new type of specialist on the floor of the Exchange, a specialist who would be indifferent to the top and have ample capital. He would have the floor of the Exchange ownership and carry on direct negotiations for the transfer of large amounts. We know the changing of the character of the stock market, it is held by some.

Two Wall Waddell & Reed

Caption in the Financial Chronicle.

KANSAS CITY, Mo.—William A. Shaler and Gertrude G. Young, President of the Board of Trustees, and Harry L. Waddell & Reed, Inc., 1012 Baltimore Avenue.

Bond Club of Okla. Elects New Officers

OKLAHOMA CITY, Okla.—At a meeting of the Bond Club of Okla. have become affiliated with following officers were elected for the year, 1959. Mr. Allen Young, Pierce, Fenner & Company, Oklahoma City. President: Oscar L. Johnson, of Edgar Honnold, Oklahoma City. Vice President: Paul Uley of Merrill Lynch, Pierce, Fenner & Dempsie, Oklahoma City. Secretary-Treasurer: Charles B. Stuart of Fidelity National Bank, Oklahoma City. Chairman of the Board: Phil Rhodes of the First National Bank & Trust Co., Oklahoma City. Also, to serve as a Governor of the Investment Bankers Association of Oklahoma, a complete report on the National Convention which was held at St. Louis, and New York, from Oklahoma, Phil C. Beamer, Jr., President, Oklahoma City, Oklahoma City, elected to be the first President of the organization, will serve as a member of the Executive Committee for the next three years.

Two Wall Waddell & Reed

Caption in the Financial Chronicle.

Volume 174 Number 5074 . . . The Commercial and Financial Chronicle

Continued from page 747

**Our Reporter on Governments**

BY JOHN T. CHIPPENDALE, Jr.

The government market continues to display a firm tone on commodities and their derivatives. It is helping, according to advisors, to help quotes move away from recent lows. Venture into commitments in certain of the restricted issues have been reported on the part of traders, and an easier market started to gain on lower line of government securities. This talk has created considerable disorder on the bond circles, and might be more effective, if it might not carry a veiled hint to other holders of Treasury issues to move out of them by these concerns.

**Market Spread Effective**

Federal authorities, according to informed sources, continue to give modest but important protection to the government bond market. The situation is not so bad, for the time being, for the purchasing of securities. The pressure of liquidation is not large, but since the market is so limited and thin, it does not take many offerings of these securities to have an adverse effect upon the trend and tone of these obligations. Nonetheless, the government authorities, and the Federal Reserve Board, have a number of special funds, trust funds, the smaller life insurance companies, and several others, however, are still inclined to do more than moderate volume, as long as there are not sure that prices may not tend to move somewhat lower, later on.

The short market has been under some pressure due to selling by individuals, and the purpose of maintaining reserve positions. However, this tightness is not expected to continue, and a better tone in the riskless and liquid obligations is looked for in the near future.

1952 Eligibles in Demand

The coming eligible tap bonds are being taken in more sizable amounts by investors and in some instances traders are getting bids for a second time, and getting them into positions. The June 1959/62 have been acting better than other nearby years. Due to the fact that the bulk of the buying is still being done in the 2½s due 1962/67. It is reported that quite a few switches are in the making and the results of these, when they are consummated, should have a favorable influence upon these two 1952 eligible obligaitions. To be sure, the supply is not nearly as large as the 1955 eligible, but sellers of these obligations do not appear to be quite as fast about letting them out, as in the recent past.

Although, the market followers do not see the higher income Treasury obligations doing very much in the future, at least not to do much for quotations moving down very much from current trading areas. While it is admitted that the recent lows could be breached by a few thin houses, one of which is not far being established. This, to be sure, would be maintained with other officials, the tip of the iceberg buying in the offering for the longer-term Treasuries to stand on their own and not the 1952s. This market orderly and giving it the needed fluctuating stability, there is no reason why many income-minded investors will be attracted to these obligations. All the same, we have seen, though as great hurry yet, on the part of investors, to be making sizable purchases of these obligations.

Corporate bonds, it is reported—that is the highest rated obligations—have been giving signs of a somewhat improved demand. Some of the this improving down, and while it would seem somewhat significant enough to be noted. Commercial banks—that is the smaller one—have been the principal factors in this development. Pension funds and trust funds have also been making some of these purchases.

Corporate bonds continue to take tax losses in not too large volume, but still enough to be a market force. The September 2½s due 1967/72 is the main issue in which they are operating. Even though this has put pressure on the 1952s, eligible issue, homes are still being found for these bonds, despite the thin market, and without too much effect upon quotations.

Montgomery, Scott to Dempsey-Tegeler Admit Four Partners

PHILADELPHIA, Pa.—Montgomery, Scott & Co., 500 Broad Street, members of the New York Stock Exchange and member of the Stock Exchange, will admit to membership of the firm of Montgomery, Scott & Co., J. M. Tegeler, Jr., Francis J. Sweeney to partnership. Montgomery, Scott, & J. M. Tegeler, Jr. will take over the headquarters in the downtown office of the New York Stock Exchange.
Halsey, Stuart Group Offers Long Island Lighting 3% 1/2% Bonds

Halsey, Stuart & Co. Inc. and associates on Dec. 14 offered $85,000,000 Long Island Lighting Co. first mortgage bonds, series D, 3 1/2% due 1976 at 100.25 and accrued interest. The group won award of the bonds at competitive sale on Dec. 12 on its bid of $100.25, net proceeds from the sale of these bonds will be used to pay off bank loans which were used for temporary financing of 1951 construction, to complete financing of this construction and to furnish about $2,000,000 toward 1952 construction.

Regular redemptions may be made at prices from 101.25% to par while special redemptions prices run from 101.25% to par.

Long Island Lighting Co. operating public utility, engaged principally in the business of producing transmitting distributing and selling electrically and manufactured or reformed natural gas. The company is not in direct competition with any privately or publicly owned electric or gas utility company or agency rendering similar services in the territory served by it. The area served by the company covers approximately 1,500 square miles, wholly within Nassau and Suffolk counties and the Rockaway peninsula in the City of New York. During the 12 months ended August 31, 1951 the company served an average of 330,761 electric customers and 222,653 gas customers.

F. S. Moseley & Co. to Admit W. C. McKinney

F. S. Moseley & Co., members of the New York Stock Exchange, will admit William C. McKinney to partnership on Jan. 1. Mr. McKinney will make his headquarters in the firm's New York office, 14 Wall Street.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following changes:
Transfer of the Exchange membership of J. C. Reily to L. Stanley Kahn will be considered by the Exchange on Dec. 27.
Elizabeth M. Gregory will retire from limited partnership in Bonner & Gregory, Dec. 31.
John T. Snyder, Jr., will withdraw from partnership in Ingalls & Snyder Dec. 31.

C. A. Johnson V.-P. Of Doremus & Co.

Carlton A. Johnson has been elected a Vice-President of Doremus & Co., Ltd., national advertising agency, it was announced by William H. Long, Jr., President.

Prior to joining the San Francisco office of Doremus in 1947, Johnson was Manager of advertising and public relations for Rheem Manufacturing Co.

Four New Partners For Newburger & Co.

PHILADELPHIA, Pa.—Newburger & Co. 1443 Walnut Street, members of the New York and Philadelphia-Baltimore Stock Exchange, will admit Julius W. Rowe to partnership on Jan. 1.

Rowe to Be Partner in Schafar, Long, Co.

Schafar, Long & Monney, 15 Broad Street, New York City, members of the New York Stock Exchange, will admit Julius Rowe to partnership on Jan. 1.

Boston Involsn't Club Elects New Officers

BOSTON, Mass.—At the annual election of the Officers, December 15, the following officers were elected:
President: Thomas Johnson, Eaton & Howard, Inc.
Vice-President: Albert P. Everts, Jr., Pain, Webster, Jackson & Curtis
Treasurer: C. Frederic Edgarson, Hornblower & Weeks
Secretary: David B. Ingram, Tucker, Anthony & Co.
Publicity Chairman: John M. Bleskie, E. Hutton & Co.
Security Traders Association of New York


Leslie Barkley, G. A. Sutro & Co., Inc.; President of STANY congratulating Harry L. Arnold, Goldman, Sachs & Co., elected President for 1952


Bill Baggs, Hill, Thompson & Co., Inc.; Fred Fox, P. F. Fox & Co.; Sam Magid, Hill, Thompson & Co., Inc.


Ben Lichtenstein, B. S. Lichtenstein & Co., with Edna Chipak, Margie Nisman, and Katherine Schnepf of the “Antlers”
Annual Election Meeting at the "Antlers"


Held Friday, December 7, 1951


J. Jay Schwartz, Burke & Company; Ted Plowden, J. Arthur Warner & Co., Incorporated

George V. Leone, Leone & Pollock; Cy Murphy, John C. Legg & Company; Ernest Rahn, Peake, Welcher, Jackson & Curtis, Wilson Krieman, Geyer & Co., Incorporated


Peter Barnek; Elbridge Smith, Stryker & Brown; Sam S. Nollman, New York Householders Corporation; Edward R. O'Kane, John J. O'Kane, Jr. & Co.
Attended by 350 Members
The Security I Like Best

fee in the form of interest and a promise of repayment.

New vs. Old Trust
The selection of a trustee for trust money is an important
process. It is a matter of choosing an established trust versus
a new entity. A new trust may be a better fit due to its history and study of past results.

A voluntary trust was set up by trust agreement in 1928 by the National Savings Bank of St. Louis. It was not an established trust of which parts or shares can often be acquired.

That the National Savings Bank of St. Louis knows how to handle its own money is attested to by the fact that it has paid a dividend on its savings stock every year since 1856. During this pe-
time the United States has been through all types of inflation and many periods of inflation and dep-

375 $749. This amounted to $122.24 per share of Shawmut Association stock. Other holdings on Sept. 30, 1951 include 5,274 shares of U. S. Government Treasury Bills and $2,174,514 of tax-exempt bonds. The last maturity being April 1, 1952. The analysts place a market value of $232 per share of Shawmut stock.

Shawmut also held 10 public utility bonds, with a total market value of $1,790,688, and 958 preferred stocks at value of $215,456 per share on the stock of Shawmut Association. The bonds held are: Trust in Shawmut of $125,000, the 7% mortgage bonds of $1,000,000, 1935, 4.25% and 5% bonds of Shawmut as of Sept. 30, 1951, and the 6% bonds of Shawmut as of Sept. 30, 1951, both amounting to $29.21 per share.

However, it should be noted that Shawmut Association has maintained its dividend and interest levels on the stocks of the banks for which it acts as trustee.

Dividends and interest on securities other than bank stocks made up about 55% of income for the first quarter of 1951—the income total amounting to $2,174,514 of tax-exempt bonds received, Shawmut gains $96,100 due to a change in the capitalization of the bank stock bonds. The bonds are divided among the individual bank stock owners. The company's present steam-electric power generating station has an estimated total generating capacity of 1,940,660 kw. The hydro-electric power plants have a combined estimated capacity of 760,000 kw.

The company's electric facilities are interconnected by a high-
voltage transmission system, which connects with the system of the New York Power Fund, Gen-
eral Electric Co., and the Consolidated Edison Co. of New York, and which distributes the generated power to the consumers of New York City. The distribution of the power is in 2,000 kw. units, which are available to the users at a low cost. The company's steam-electric power generating station has an estimated total generating capacity of 1,940,660 kw. The hydro-electric power plants have a combined estimated capacity of 760,000 kw.

For the 12 months ended Oct. 31, 1951, the company reported a net income of $171,090,000 and balance appli-
cable to common $1,622,000, or $1.65 per share.

Firm to Be Foster Bros., Weber & Co.

TOLEDO, Ohio—Ford R. Weber, 34, a Cleveland banker, has been elected a director in Foster Bros., Young & Co., 410 Madison Avenue, members of the National Bourse and Midwest Stock Exchanges, and the firm's name is being changed to Foster Bros., Weber & Co. Herbert E. Young is retiring from partnership as of Dec. 31. Young has been connected with the firm for 65 years.

Shtar to Be Partner in Green, Ellis Firm

John B. Shtar will be ad-
mitted to partnership in Green, Ellis & Co., April 1, 1952, with the New York City members of the New York Stock Exchange, on the 29th and 30th. Shtar has been with the firm for some time.
NEWS ABOUT BANKS
AND BANKERS

The savings banks of Brooklyn are building a community promo-
tional movement. A campaign is being launched which will
stamp commemorating the Battle of Brooklyn 200 years ago.
On Dec. 10, the day the stamp first went on sale, the savings banks in
Brooklyn made a report to the school children in the public and par-
school system throughout the city, a two-page folder outlining the
importance of savings and the benefits of saving by the stamp.
Copies of the folder are also being distributed at the 49 branches of
the banks. "First-day covers," which are envelopes with the new stamp
attached and both canceled with a "first-day of issue" cancellation,
are being mailed to banks to members of stamp clubs, to bank
employees, to community and to selected mail-
ists. The savings banks are offering that the value of the stamp as a col-
lector's item is insured.

Adam C. Muller has been elected a Trustee of the Kings
County Savings Bank of Brooklyn, N.Y., announced on
Dec. 13 by Walter J. Carlino, Presi-
dent of the bank, it is learned from
the Brooklyn "Evene" which also
said in part:

"Mr. Muller, a graduate of Yale and an Army Major in
World War II, is a director of the Brooklyn and County
Chambers of Commerce.

Through the sale of $50,000 of new stock to the Lafayette National Bank of East Hampton,
Mass., was announced on
Nov. 19 from $50,000 in the stock,
thereby increasing the capital of the
bank, the press accounts in the Providence "Journal" that he was a member of the board of directors of the.
Mr. Muller, who was 78 years of
age, was a former President of the
Brooklyn "Evene" of Dec. 11.

According to the New York Times, Mr. Muller was elected Vise-Presi-
dent of the National Bank of
Albany, of which his grandfather, John Muller was initiated.

"On the merging of that bank and the National Bank of
Albany in 1879, he became Vice-President of the Irving Trust
Company. In 1928, he was elected President of the South
Brooklyn Savings Bank.

After 27 years as President he became Chairman of the Board of
Directors of the Union & New Haven Trust Co.

Mr. Mead was a past Presi-
dent of the New York State
Bankers Association and has served
countless times on the Executive
Committee of the New York State
Association of Savings Bankers, the
Executive Committee of the National Society of Savings Bank,
as Secretary of the Citizens
Corporation."
No Possibility of Major Depression: Nadler

In pamphlet issued by the Hannover Bank, economist also contends "that country is not headed for permanent and continued inflation." Says swings in business cycle will not be as wide as in past, will amount to nothing short of depression.

According to Dr. Marcus Nadler, consulting economist to the Hannover Bank, University, a major depression will not take place in the future. 

The market area, which has been in decline since the 1930's, will continue to decline in the future, but the extent of the decline is not as great as it was during the earlier years.

In reaching his conclusions, Dr. Nadler said that the current depression is temporary. He continued that while the depression program and the large capital expenditures by corpora-
tions are not as extensive as in the past, they still have a large effect on the economy.

The danger of a severe depression is not as great as during the early 1930's. The "stock market crash" of 1929 was a major cause of the depression. The current depression is not as severe because the economy is not as dependent on the stock market as it was during the 1920's.

The economist also said that the current depression is not as severe because the government has taken steps to prevent a repeat of the 1929 crash. The government has increased spending on infrastructure and social programs to stimulate the economy. This has helped to prevent a repeat of the 1929 crash and has helped to prevent the economy from slipping into a deep depression.

In conclusion, Dr. Nadler said that the current depression is temporary and that the economy will eventually recover. He said that the government should continue its efforts to stimulate the economy and that the business cycle will eventually return to normal.
What About Inflation?

We are settling down to the doubtful comfort of an opinion about which we feel pretty certain, some other people are also pretty certain, and the rest of us turn our noses. For example, on the day after Thanksgiving there appears to be another one of those cases where the conspicuous corpses would add definition to my popular expectations.

The topic is, of course, the future. Before about today. I do not expect to be able to provide you with a satisfactory answer. I can, I think, present to you some of the factors influencing the market and help you reach your own conclusions.

Business analysis is an art; it is not a science, and one of the main reasons is that we no longer have the Judith-squint-eye method in interpreting business. In recent times this has been the case, for example, with the recent trend in bank credit, which is at a high but still not as high as the seasonal peak. The trend is not yet a normal one, and it seems likely that it will continue into the next quarter or two.

However, the recent trend in the business cycle is not the only factor influencing the market. Other factors, such as government policies, are also important.

For example, the government is expected to increase its spending in the next fiscal year. This increase will put upward pressure on interest rates, and this will further dampen the economy.

In addition, there are some other factors that might affect inflation in the future. For instance, the recent increased activity in the housing market may lead to higher costs of living. Also, the recent increase in oil prices could lead to higher transportation costs.

The Federal Reserve Board has been closely watching these developments and is expected to act if necessary to control inflation. However, their actions may not be immediate, and this could lead to uncertainty in the market.

In conclusion, it is difficult to predict the future course of the market. However, we can expect the government to play a major role in influencing the direction of interest rates and inflation.

What do you think will happen in the future?
Many railroad analysts speak of the power of the so-called 'fairly sharp rebound of St. Louis and New York stock exchange' to come. St. Louis stock exchange has the stock markets of the world in downward trend, and the value of its stocks is in the hands of the United States. It is expected to increase to about $3.50 by the end of next year. The fact of the matter is that stock prices, as indicated by the Bureau of Labor Statistics' Index of near early 900 items, have shown a tendency to improve for the last 50 years and now stand about 3.2% below the level. The latter improvement of the Federal Reserve Bank has been based on the trend of rising or falling during the year, and now is at about the same level as that of the year before.

Of course that means that there is no way out of the dollar shortage, because the total credit of the economy has declined, while production and the defense effort has expanded.

Something of the same type of speculation leads to a plausible expectation for another 6 months or so. It is that the program to convert the dollar to the pound at the beginning of the year has been a success, and that early December the dollar may be at $4.50. This is based on a comparison of the dollar exchange rates with those of the pound.

N.Y. Investment Ass'n Elects Officers

At the annual meeting of the New York Stock Exchange held on Dec. 18, Harry A. Rothe & Co., was elected President for 1952. Others elected were: Vice-Presi dent, J ulian K. Roosevelt of D & K Securities, Inc.; Secretary, B aldwin D. Do yer & Co.; Treasurer, Lorrin C. D' As son & Co. Also, Chairman, Publications and Publicity, Edmund C. Lynch, Jr., Miles Lynch, Pierce, Fenner & Beane; Chairman, Membership, C. Welles Lipp, Jr., of First of Michigan Corp.; Chairman, Entertainment Committee, John A. Van Balle of Goldman, Sachs & Co.; Chairman, Nominations Committee, Homer W. Avery, of New York Stock Exchange; and Chairman, Special Committee, Clifford G. Ewen of Spencer Trask & Co.

Kling & Co., NYSE Firm, To Be Formed in NYC

A new partnership of Kling & Co. will be formed on Jan. 1, 1952. Offices will be at 32 Broadway, New York 6, N. Y. The company will hold membership in the New York Stock Exchange, and will be Seymour Kling, Edward A. Kerbs, Charles L. Woody, Jr., and Joseph C. Horn, with some other partners, and Louis A. Reilly, limited partner. Mr. Kling is a well-known figure in the United States Government securities and State and municipal securities. Mr. Woody has been active as an individual bond broker.

Mabon & Co. to Admit Wirth to Partnership

Mabon & Co., 115 Broadway, New York City, members of the New York Stock Exchange, will admit Homer Wirth to partnership in the firm, for which he has been the manager of the firm's preferred stock department.

Walston, Hoffman to Admit Many Partners

Walston, Hoffman & Goodwill, members of the New York Stock Exchange and other exchanges, will on Jan. 1, admit to partnership Milton A. Stix, of Union Bank, New York; Bernard A. Harriman, Harry P. Horrigan, Edward G. McHenry, member of the New York Stock Exchange; John A. Meyer, George H. Simpson, Jr., Thomas J. Tasso and Fred W. Young. Jr. Mr. Harrigan has been a partner in Frank C. Mabon & Co., New York City. Mr. McHenry has been active as an individual floor broker. The others have been associated with the firm for some time.

Dominick & Dominick to Admit A. Rockefeller Jr.

Dominick & Dominick, 1 Wall Street, New York City, members of the New York Stock Exchange, will admit Avery Rockefeller, Jr. to partnership on Jan. 1.

Specialists in RAILROAD SECURITIES

Selected Situations at all Times

W.B. Pizzi & Co.

25 Broad Street New York 4, N. T.

Telephone: Boulting Green

The above chart illustrates the steady climb in average living costs and average market prices of leading American corporate and industrial common stocks during the past 31 years. Despite the depreciation of the 1930s when average securities prices fell to an all-time low, the average trend of both living costs (obtained line) and securities market prices (dotted line) has been steadily upward, and the two, as a whole, have moved upward together since 1931.

**Embarrassed by Success**

**Boston Trust Votes to Give**

**Shareholders Portfolio Holding**

**SHERATON COMMON TO BE DISTRIBUTED**

3% of Total Assets in Hotel Chain Stock Booms to 15%; Special Factors Complicate Investment Trust of Boston Decision

**TAX RATING AULINGED**

**BY BENTON G. CARR**

One of the most incredible portfolio stories in the mutual funds field lies behind a Nov. 29 decision by the trustees of the Investment Trust of Builders Corporation of America—a distribution only being held up pending a favorable Federal Tax Bureaucracy decision today holds approximately 15% of the Sheraton stock for each 100 shares of the Trust outstanding.

The Trust bought 38,000 shares of the common stock of Sheraton for $22,802, or less than 60¢ a share, compared with the approximate market value today of $31 per share.

Although the total investment in Sheraton common, at the time it was purchased, amounted to less than 2% of the Trust's total assets, the value of this small holding, like Toplay, grew and grew, and grew, and today the current market value represents approximately 13% of total assets of the Trust.

This success became embarrassing when various state securities commissioners pointed to Sheraton's growth as an example of the way common holdings can be made to do a part of your investment trust.

Despite the fact that the Treasury Department's Regulation Q and the Investment Corporation Act of 1940 in part define an investment company as one whose holdings in any corporation does not exceed 5% of its total assets, the Investment Trust of Boston, in its 1950 report to the Massachusetts securities commissioner, declared that the current portfoilio holding should not exceed 5%.

The Investment Trust of Boston, faced with the wisdom of reducing its 5% Sheraton holding to 3% of portfolio value, chose to divide the excess to shareholders, rather than sell them in the market, for two reasons:

First, the trustees believe that Sheraton's stock, as the owners of a break-up value of over $135, has a long way to go in growth and investment, and since the shareholders are really the owners of these Sheraton shares, their main interest is in keeping them selling.

Second, the Investment Trust of Boston wished to avoid possible criticism that might result from selling Sheraton, because the Trust's principal officers, in other capacities, are actively buying the stock.

E. Robert Henderson and Robert M. Moore, trustees of the Investment Trust of Boston, are also the controlling officers of Sheraton Corporation as Vice-President and Treasurer. And, as is well known, Sheraton is taking today in New York City, buying back its own stock.

The company has purchased $4,000,000 of its own common and 49,000 shares of its own convertible preferred stock. In May, 1949, there were 99,100 shares of convertible preferred outstanding, and on November 13, Sheraton had retired all but 15,000 of these shares.

The brothers Henderson, alone, or as a group, own 3,750,000 shares. Robert L. Moore, through World Financial Corporation, which the three own an 80% interest, are through these organizations also actively acquiring Sheraton stock.

E. Robert Henderson, who recently purchased the Book- Cadillac Hotel in Detroit for $3,000,000, is now building a $10,000,000 hotel to build, owns and operates through its various subsidiaries a chain of approximately 30 hotels and several large office buildings. The company reported, at the fiscal year ended April 30, that it had earned the best year in its history with consolidated net earnings of $4,910,256 compared with $3,627,389 for the previous year. Earnings applicable to each share of common stock amounted to $3.23 for 1951 compared with $2.29 in 1950.

Cash dividends during the year amounted to 46¢ a share compared with 49 cents the year before.

Aggregate value of Sheraton's assets is in excess of $20 million and the net asset value per share, according to the Securities and Exchange Commission, has increased from $65.28 a year ago to $75.49 as of April 30.

The only known precedent in which a mutual fund distributed a share of an industry was a few years ago when Consolidated In¬

vestors Trust, faced with a similar problem, distributed shares of United Merchants and Manufacturers.
Mutual Funds

reduction of net and wasteful public and private spending.

TEXAS FUND reports that less than 5% of the shares it has sold to date have been redeemed. A peak in the Fund's activity was reached during the year, with total sales of $472,000, and the Fund recently passed the 50,000 mark after 28 months of public operation.

A 15.5% INCREASE in total net assets for the year, Dec. 11, was recorded by Growth Companies, Inc., on an interim report made Dec. 14.

Mutual Fund Notes

Individual sales of Wellington Public Funds, Inc., were the largest for any single day in its history. On that day the sales were $31,781, the individual sales for Wellington for a total of 31,032 shares at $170.39, according to W. L. Morgan & Co., distributor. The day's sales were the third largest for any single day.

National Securities & Research Corporation has mailed to shareholders a per share breakdown of 1951 distributions on each of the 10 National Securities Series.

This tabulation shows the cents per share of distribution treated as true income and the portion which is to be treated as capital gains. The latter are subject to the maximum Federal Income Tax of 25% and are treated as capital gains, even though the capital gains and losses section of the tax return is not a long-term capital gain.

Directors of Selected American Shares declared a distribution of 7% of the par value, which is based on the year-to-date gains on the sale of portfolio securities, and a dividend of 12 1/2 cents a share from investment

The profit distribution is payable in stock unless a shareholder elects otherwise.

Both distributions are payable Dec. 27, 1951, to Selected American Shareholders of record Dec. 15, 1951, Edward P. Rubin, fund manager.

Upon payment of these latest distributions, the salesmen will have paid their shareholders in 1951, 64 cents a share in income and 24 cents a share from real net realized securities. Since the fund was established in 1943, it has paid out 72 cents a share from investment in- comes and 15 cents a share from realized profits.

James H. Ort, President of Gas Industries, Inc., announced that the company has declared a quarterly dividend of 25 cents a share, payable Dec. 21 to stockholders of record Dec. 7.

Shares of the fund outstanding have risen to a new high of 797,747, in the hands of about 3,900 shareholders. Total net assets are $13,870,663, and net asset value per share $20.03.

Investments in the portfolio include 8,000 shares Tennessee Gas Transmission Co., 14,000 shares Peninsular Pipe Line Corp., and 13,000 shares United Gas Pipe Line Co.

Shareholders of Broadstreet In- vesting, National Investors, and the Dresher Fund will now be able to have their required income dividends automatically re- paid to them as soon as the plan is announced by Broadstreet Realty Services, Inc., manager of the fund.

The plan will function primarily through dealers. Authorizations for the automatic payments will be effective only if the first dividend is $3.00 or more per share, to be known for Broad Street Investing and National Investors.

Since Sept. 30, Growth Com- panies, Inc., has made changes in its portfolio:

New purchases of pineapple Mining & Mfg., Chas. Pfizer, Luxor Plastics & Chemical and Ultrasonics Corp.


Eliminations of Elliot Oil Co., American Natural Gas, Grayson-Robinson and Golden Million Mines.

The portfolio now has the following number of the preferred stock of 47 companies.

Lower Sales Charge, effective Nov. 25, was announced by Gas Industries Fund.

The sales charge on “single transaction” between 7% to 6% on “single transactions” between $25,000 and $50,000, and from 6% to 5% on sales be- tween $50,000 and $100,000.

The definition of “single transaction” was changed so that it now includes an investor’s purchases within 12 months, pro- vided the buyer states his intention to the contrary, and more than $25,000 in one year.

REGISTRATIONS

American Securities Fund, Los Angeles, on Dec. 3, filed a registration statement with the Securities & Exchange Commission, covering 250,000 shares of capital stock, which may be marketed through American Funds Distributors.

New England Fund on Nov. 20, filed a registration statement with the Securities & Exchange Commission covering 50,000 shares of capital stock, which may be offered through registered dealers.

Mutual Shares Corporation, on Dec. 3, filed a registration state- ment with the Securities & Exchange Commission covering 50- 000 shares of common stock to be offered at market without under- writing.

As We See It

The Federal Reserve banks themselves have a stake in the life insurance companies and the wartime lack of other investment outlets, as well as government's obligations, made most of these purchases a pleasant result that is not the whole story. The Reserve banks have been more than inventors, buying these bonds, since they could have been sold. —a yield which would greatly reduce if not eliminate the temptation to hand bonds to the Reserve banks in postwar years.

At other points, too, Mr. Sproul appears to have gotten vital facts. It was not only insurance companies which were selling governments through these postwar years. Member banks of Mr. Sproul’s own Federal Reserve system sold $3.4 billion between the end of the war and the end of September, 1951—several times the amount disposed of by insurance companies. The Reserve banks, of course, bought on balance. Why did the Open Market Committee do all this buying? Well, to quote Mr. Sproul, because of the fact of “the very real interest” it not al ways come to come to clearing the amount of long term government securities which you have to the country, to themselves, to or any one else to help the Treasury, and the Reserve banks hold the price of government at a figure that has had a part in making the whole position of government securities inflationary. No, that is inherently absurd.

Short vs. Long-Term Yields

And what is this that Mr. Sproul is saying about short- term obligations at long-term yields? On the record, Mr. Sproul does not know that normally the shorter term rate is the higher, and that the peculiarity of recent years is that the contrary is true at the moment is due to nothing other than the inadequacy in the financial structure which the Reserve System itself has been largely instrumental in creating? And, precisely, how is the sale of governments by insurance companies inflationary?

There may be said of the existing situation in the government securities market, and whatever the part of the life insurance companies in creating it, hardly lies in the mouth of the Federal Reserve authorities to criticize. They are the group, which, yielding to the Treasury and the New Dealish ideas, are all too willing for the woe of the days.

And, now, turn to these sentences:

1. Mr. Sproul appears to have gotten vital facts.
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Our Foreign Policy: Its Casualties and Prospects

of our taxes. Tax reform, even the correction of tax scandals, is a political necessity. The tremendous drain of the billions demanded for an effective and different foreign policy. That policy, and nothing else, determines the amount of such control. It is our responsibility for inflation, for the consequences of it may result in even higher prices—a process which might well bring down the government whose end no one can foresee. That political necessity rests a far and dire expense for social services. It will determine whether we can or cannot afford to time to afford them on our present scale or on any satisfactory basis. Indeed foreign policy pertains all trade, all commerce, all cultural exchanges.

Russians Have Invaded Western Europe

Our foreign policy since 1945 is that the key to the future is the control of the great powers. It is easy to see that the threat of expansion on the part of Germany and the Orient of Greece and Turkey, the Marshall Plan, and the Suez War are all ascribed to that cause. Russian tactics have, however, never been more effective in raising the democratic states of the Western world against our government and its doctrines. If we measure the success of our foreign policy we must consider of its checking of that tactic, we are supreme. For, today, without firing a single shot, the Russians have invaded a territory of a single soldier, the Russians have invaded most of Western Europe. The line of time expenditures beyond what could have been foreseen, the occupied German territories, the loss of more than 400,000,000 Chinese, and Korea in the last five months on the ground of American homes. Certainly, we are in finishing the battle of today off that way in which we were in 1945.

Just a year ago, at Charlotteville, I laid before you a report of conditions with regard to our foreign policy. Since then, and before that, as is well known, the Great Game has been started into play. Our resources in the pursuit of a dynamic style, which, worthily we may hope, will be a form of peace. I said then that, instead of the fascists and our troops throughout Europe, the chief episode for us was the first of our own destiny and its possible elimination, that we, as a nation, are within our capabilities we could, together with those who were ready for that, to help to keep in line the forces of evil.

Our Fatigue Policies

These suggestions, however, have not been successful. The Korean War becomes more ghastly, worse, more expensive as the months follow the next. International commitments which then had been thought to be finished, that we could, be, are moving toward New Zealand and the dominions, of which there is no more talk in India. Indo-China, China, America, military aid, and American military capacity support France's desperate effort to keep her old colonial empire intact. To the Soviet and on the Persian Gulf, we may soon become enmeshed by the actions of the British. The Arab world, whose friendship had been ours, has now joined those states where we or Western Europe are less than useful. The chief control support us. Burma, Malaya, Iran, Egypt, are all essential to the control of the rest of Asia, America is no longer effective in influencing by self-determination or as a recognized ally for us or her imperial allies.

Drastic Deterioration

In Europe, deterioration character- ised by the lack of an avowed objective of our planners to build-up European forces capable of resisting the threat of Russia's armies. It was their objective also to keep us in that situation and even the project of a new military organization from being, in the terms of its checking of that tactic, we are supreme. For, today, without firing a single shot, the Russians have invaded a territory of a single soldier, the Russians have invaded most of Western Europe. The line of time expenditures beyond what could have been foreseen, the occupied German territories, the loss of more than 400,000,000 Chinese, and Korea in the last five months on the ground of American homes. Certainly, we are in finishing the battle of today off that way in which we were in 1945.

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her territory but in her military might. We have expanded our territory at the expense of our military might.

Four Suggestions

I come, therefore, to suggestions that 17 nations can make a foreign-policy meaningful and make for our security as well as for the security of other nations of the world. There are at least four of these.

First: We must make certain of the economic, political and military strength of our country. If America collapses, the democracies of Europe and in the Far East cannot create a Marshall Plan for us. Youth must be certain that this country is capable of doing the hard work and not see itself destined to become a victim of the weakness of others or of its own wanton expenditures of money in the name of taxation. Similarly, the savings of our great middle class should be protected from being destroyed by depreciating their value in the ruble.

Second: We must have the resources of this hemisphere. We have put billions, way of lend-lease, into the training of the enemy and into the development of the resources of the Far East. But they have not been put in Iran, in Burma, in Malaya. They can too easily be imperiled. Some, like Burma, will again be invaded. Others, like Burmese tin and Malayan tin, will never be reliable in danger. As against these billions, we have put only tiny thousands into the defensible and accessible resources of our neighbors to the South of us. We have had the opportunity of the opportunity, and the tin of Bolivia lie closer to us than to the United States. We have had the opportunity of the tin of Sumatra. It is all too plain home-sense to shorten as much as possible the American participation in self-sufficiency, rather than to expand it.

Third: We must make a realistic transition to Europe or the Middle East or any other region for that matter, and seek to form a bloc with them about us. What we have done has been done too late on our second economic stability in Europe—maturity essential to the creation of a policy of our own. There is much our European allies can do, and it is up to us to persuade them to do for themselves, and to do for us.

Fourth: We must seek to disentangle ourselves from the far-flung responsibilities of Europe. It is no longer possible for the President and the Councils of Europe to make war without doing it for a forum to exchange ideas and which is not a European government; it cannot reconcile the democracy has reconciled, the government. That is the issue that must face us here. Of course, as present spokesmen say they do not care their policy on the United Nations is simply to protect the United Nations, because the United States is a part of it. But they can not do it without including the United States.

Europe, for without that friendly continent we can not do anything productive, it means nothing to us. The commonwealth of their great military strength, we have given away our予以, and we should find out why this is so, before we continue down the road to our further. And they are extensions. Now. Any man in the Far East or who has been to Europe, is certain that Europe does not conceive of America as a military power, and the United States as its ally. Europe, in a flight and thus tries the very oarsmen of the war that we are fighting, and with the help of God, we will wind it up against these oarsmen, and old, to live not for today but for tomorrow, to build and an ever-abounding life.

Federated Department Stores Stores Stock Offered

Offering of 250,000 shares of stock by the Federated Depart- ments Stores, Inc., was accepted by the Securities and Exchange Commission yesterday by a nation-wide group of financial experts. Leham Brothers and A. G. Lehmn Brothers, Inc., will handle the initial price of $4.12 per share.

Federated operates nine major department stores, and has a store-geographical advantage that is not a bit different from that of the large department stores. There are no other operating stores that in the same channel. These ultra high frequencies are different from the ordinary broadcast frequencies in that certain drawbacks as compared with the present VHF frequencies is that the ultra high frequencies are only 100 to 200 megacycles in the VHF to 470 and 600 megacycles. In terms of other words, much higher frequencies. For this reason, you will probably fall on the same calls, and it is hardly likely that you will find it in the hands of this stock. Nor can you, in any case, with the present VHF channels.

The FCC issued some time ago a tentative allocation for TV channels. As far as both the UHF and VHF channels are concerned, the FCC is not particularly satisfied with the scheme that the Commission came up with. There are, I think, no market states that four networks could compete. Many of the larger cities were quite close to the west coast. The engineering and research department spends very little time in going over and trying to find the maximum utilization of the available channels.

Just to give you an idea of the type of work that we have, and the problem that we have proposed the FCC scheme, they would propose the four or more VHF channels in 52 cities with a population of 73 million, a percentage of about 49% of the total population. But in the other words, the scheme that we are proposing will allow 26 million people to get the same channel as to those that provided by the F.C.C. or a Commission.

It is pretty obvious that there is a definite conflict in doing that, and I think that is just that the scheme eventually main- tain the same number of points. If there is an exception in the fact that there is an exception in the fact that those that would be desired to determine it and going for it the time being.

The Electronic System

The electronic system that RCA has developed is the RCA Telecasting System, is coming along reasonably well. The tests that are being made for the system are being done by a committee known as the National Telecasting System Committee. The work of the National Television Systems Committee (NTSC) has suggested improvements in the electronic system as proposed by RCA, in order to make a composite standard which the industry can accept and be sure of being worked out com- pletely.

The color question is an excellent one to solve. The approach to try and do it mechanically is not the one that Columbia tried, and many drawbacks. Not one is on the use.
Last week’s market wasn’t much different from the previous week’s. After the Dow Industrials gained some 11 points from their extreme lows of the previous week, the index has climbed back to near the 60 mark. The rails acted about the same way as the industrials, though the points gained and retired were smaller. The relative movement, however, was about the same.

There isn’t much to be gleaned from such stock market action. From the looks of things, nothing much more gained from the coming of the action. Times and stocks are the same, the returns on accounts to establish tax losses will shortly make their appearance. What their effect will be is something I can only guess at.

About mid-November, when the averages were scraping what is now in retrospect, the lows of the present movement, I suggested re-entry on the long side with stress laid on the lower priced shares of

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**Tomorrow’s Markets**

by WALTER WHITE

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**Status and Progress of Television Industry**

**by WALTER WHITE**

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About mid-November, when the averages were scraping what is now in retrospect, the lows of the present movement, I suggested re-entry on the long side with stress laid on the lower priced shares of
ness, which, in the past, has been very profitable, has not been particularly profitable in the last year. The reason for this is that many other manufacturers, having completed the switch to color television, where there is no profit in selling the receivers, and we have had to reduce our inventory, and to keep parts in hand, so that we would deliver receivers on a firming of prices, and whereas we used to deliver from a receiver division for a number of months in the summertime, the receipt of no business has helped us to get to a point where it is somewhere near the brink of bankruptcy.

What we did this year, in order to keep going, in fact, was to deliver receivers as if we were in a liquidation as we saw it in 1932, or next year, is that we went out and put a real effort to get government business into the house. We are very uncertain as to how much material they are going to let us have for commercial use, and we figured that it was a good insurance policy, if we take the amount of government business.

We have had to make deliveries on a very firm basis, in getting orders into the house, I think principally because of the fact that we figure we can probably make the largest engineering staff we ever had in our business this year. We have not, at the present time, taken about 68 million out of this division, and we have a lot of excess capacity that would be manufactured from now until the end of the year. So, if we don't get a commercial business, we will have to reduce that division for a year. Thus with our commercial business, along with government work, which we know we have, 1952 will be considerably above our sales in 1951.

We have budgeted the production for next year. We have got it a very steep profit on it. Now, we know that is subject to discussion at any time if the receiver division, which is a very essential division, should not operate, but we always have a reasonably good showing, and I think that we are going to have 1952, and with the sales considerably above them, we have had in any other year.

The DuMont Laboratories

The DuMont Laboratories has announced that the television receiver division has completed a tube division, a transmitter division, and we have completed a 16 color television transmitter and then a network. The network division is about one-third completed for three television stations. In the past—when I say the past, I mean from July 1, 1950, to the present time—sections of divisions were not manufatured from now until the end of the year. We have had a good showing in the commercial business which will drop to normal 1951 level, so it will be a little better than the year this year. Thus with our commercial business, along with government work, which we know we have, 1952 will be considerably above our sales in 1951.

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The State of Trade and Industry

The American Iron and Steel Institute announced this week that steel-making capacity for the entire industry will be 104.9% of total steel output at the beginning of the year. The Institute of Steel and Castings is estimated to be 100,000 tons in 1950, which is 14% over 1949. There is a need for an additional 17,000,000 tons in 1951, which is 15% above the comparable period of 1949, when loadings were reduced by a third during the week in the coal mining industry.

Combined Auto Output Rises Slightly in Latest Week

Motor vehicle production in the United States in the past week, according to "ward's Automotive Reports," advanced to 112,289 units, compared with 111,931 units in the previous week, and 96,936 units in the week of October 19, 1950.

Over-all production in the United States last week was about 2% lower than the previous week, and about 33% under the like week of last year.

Carloadings Dip 5.9% Below Preceding Week

In the preceding week, the total carloadings, which were 1,101, 191, totaled 773,220 cars, according to the Association of American Railroads, representing a decrease of 45,206 cars, or 5.9% below the previous week. The week's total represented an increase of 6,025 cars, or 6.9% above the corresponding week of 1950, and a rise of 104,053 cars, or 15.7% above the comparable period of 1949, when loadings were reduced by a third during the week in the coal mining industry.

Business Failures Move Slightly Upward

Commercial and industrial failures rose a little in the week ended Dec. 13 to 143 from 136 in the preceding week. Despite this increase in the total, which occurred in the comparable weeks of 1950 and 1949, continuing at the present rate, the failure ratio remains 3.9% down from the level of 1949.

Food Sales Move Upward

All food store sales in the week ended Dec. 13 rose from 11,997,000,000 tons in the comparable week, which occurred in the comparable weeks of 1950 and 1949, continued at the present rate, the failure ratio remains 3.9% down from the level of 1949.

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

### Indications of Current Business Activity

#### AMERICAN IRON AND STEEL INSTITUTE
- Indicated by (copper) (percent of capacity)...
  - Dec. 8...
  - Dec. 9...

#### AMERICAN PETROLEUM INSTITUTE
- Number of automobiles—daily average (thousands)...-
  - Dec. 2...
  - Dec. 3...
  - Dec. 4...

#### COAL OUTPUT (U.S. BUREAU OF MINES)
- Bituminous and lignite (tonnes)...-
  - Dec. 2...
  - Dec. 3...
  - Dec. 4...

#### DEPARTMENT STORE SALES INDEX: FEDERAL RESERVE SYSTEM
- Average (1939-1941)...-
  - Dec. 8...
  - Dec. 9...

#### EDISON ELECTRIC INSTITUTE
- Electric output (in 1,000 kw)...-
  - Dec. 8...
  - Dec. 9...

#### FAIRFIELD PUBLICATIONS RETAIL PRICE INDEX (1913-1960)
- As of December 1...

#### NATIONAL PAPERBOARD ASSOCIATION
- Orders received (ton)...-
  - Dec. 8...
  - Dec. 9...

#### OIL, PAINT AND DRUG REPORTER PRICE INDEX—1913-1946 AVERAGE...
- Dec. 8...

#### STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF GODDARD, BLACK, AND SONS, INC., GROWTH OF THE S. E. Stock Exchange—Securities Exchange Commission
- Odd-lot sales by brokers (volume—percent)...-
  - Dec. 8...

#### TRADE MARK TRANSFERS IN GREAT BRITAIN
- Data for the month of November...

#### UNITED STATES EXPORTS AND IMPORTS—REVIEW OF 1960—MONTH OF OCTOBER (CONTINUED)
- Goods (in millions of dollars)
  - Dec. 8...
  - Dec. 9...

#### Whaleship WHALE OIL DISTRIBUTION
- Number of whaleships...
  - Dec. 8...
  - Dec. 9...

#### BUNKER COTTON CONSTRUCTION — ENGINEERING NEWS
- Total V. S. construction...
  - Dec. 8...

#### DUPONT CHEMICALS (AND) DRUG... STAFF... DEPARTMENT
- Dec. 8...

#### Employment and Earnings—E. U. DEP. OF LABOR
- Manufacturing...
  - Dec. 8...
  - Dec. 9...

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- Manufacturing...
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- Odd-lot sales by brokers (volume—percent)...-
  - Dec. 8...
Securities Now in Registration

EXELON CO., Boston, Mass.
Nov. 21 (letter of notification) 12,638 shares of common stock (no par), being offered on November 28 at a rate of one share for each 10 shares held, for the account of Underwriter—Exelon Co., Boston, Mass.

For working capital. Office—State St., Boston, Mass.

FAULSTAFF BREWING CORP., St. Louis, Mo.
Dec. 10 (letter of notification) 6,000 shares of common stock (par $1). Price—At market (approximately $1.20 per share). Underwriter—None. Price—For underwriting expenses.

For working capital. Office—905-33rd Street, Seattle, Wash.

FLORIDA POWER CORP. (1/15-16)
Aug. 29 (letter of notification) 1,150,000 shares of convertible preferred stock (par $100). Price—To be supplied by amendment. Underwriter—None. Price—For underwriting expenses.

For construction program. Office—333 South Market St., Springfield, Mo.


CONCENTRATE COOPERATIVE (Fla.)
Nov. 13 (amendment) filed 452 shares of class A common stock (par $1); 5,706 shares of par $5 preferred stock (par $100); 5,797 shares of 4% revolving fund class C stock (par $100); 1,950 shares of 7% revolving fund class C stock (par $25); 4,000 shares of 4% revolving fund class D stock (par $25). Of the 5,760 shares of class A common stock, 7,706 shares of par $5 preferred stock, 1,950 shares of 4% revolving fund stock (par $100), and 4,000 shares of 4% revolving fund stock (par $25) will be sold to officers, employees, and members.

Proceeds—For the purpose of adding advances and working capital. Offering—Date not set.

GRAND UNION, Inc., New York
Aug. 7 filed 40,000 shares of common stock (par $10) to be issued pursuant to an "employees' restricted stock plan." Proceeds—To be supplied by amendment. Underwriter—None. Proceeds—For general corporate purposes.

GUARDIAN MUTUAL FUND, Inc., New York


HELLO 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 of par $1 to be offered in units of one share of preferred and one share of common stock. Price—$42 per share (for preferred and $3 for common). Underwriter—None. Proceeds—For development and promotion expenses.

HEX FOODS, Inc., Kansas City, Mo.
Aug. 13 (letter of notification) 89,000 shares of 6% cumulative preferred stock (par $100) and 404,000 shares of common stock (par $1) to be offered at a rate of one share of preferred and one share of common stock (par $1) to be offered in units of one share of preferred and one share of common stock. Price—$42 for preferred and $3 for common. Underwriter—None. Proceeds—For further expansion and plant and equipment. Offering—Cessation of distribution.

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"I INDICATES ADDITIONS SINCE PREVIOUS ISSUE"

EXELON CO., Boston, Mass.
Nov. 21 (letter of notification) 12,638 shares of common stock (no par), being offered to stockholders of record on November 28 at a rate of one share for each 10 shares held.

Price—$1.05 per share. Underwriter—Exelon Co., Boston, Mass.

For working capital. Office—60 State St., Boston, Mass.

FAULSTAFF BREWING CORP., St. Louis, Mo.
Dec. 10 (letter of notification) 6,000 shares of common stock (par $1). Price—At market (approximately $1.20 per share). Underwriter—None, but A. P. Crawford and H. B. Mcgeer with Mr. C. L. Bolte, underwriters, for the account of Faulstaff Brewing Corp., St. Louis, Mo.

For working capital. Office—905-33rd Street, Seattle, Wash.

FLORIDA POWER CORP. (1/15-16)
Aug. 29 (letter of notification) 1,150,000 shares of convertible preferred stock (par $100). Price—To be supplied by amendment. Underwriter—Peabody, New York, and Mellyna L. Pierse, Fenner & Beane, both of New York.

Proceeds—For construction program.


CONCENTRATE COOPERATIVE (Fla.)
Nov. 13 (amendment) filed 452 shares of class A common stock (par $1); 5,706 shares of par $5 preferred stock (par $100); 5,797 shares of 4% revolving fund class C stock (par $100); 1,950 shares of 7% revolving fund class C stock (par $25); 4,000 shares of 4% revolving fund class D stock (par $25). Of the 5,760 shares of class A common stock, 7,706 shares of par $5 preferred stock, 1,950 shares of 4% revolving fund stock (par $100), and 4,000 shares of 4% revolving fund stock (par $25) will be sold to officers, employees, and members.

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GRAND UNION, Inc., New York
Aug. 7 filed 40,000 shares of common stock (par $10) to be issued pursuant to an "employees' restricted stock plan." Proceeds—To be supplied by amendment. Underwriter—None. Proceeds—For general corporate purposes.

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Continued from page 37

Natural Motor Bearing Co., Inc.

Seventy. For plant improvements and general corporate purposes. Office—412 W. 29th St., Kansas City, Mo.

Hoover Co., No. Canton, O.

Oct. 22 (letter of notification) 4,000 shares of common stock at $10.50 per share. Proceeds—For working capital. Office—107 W. 25th St., Chicago, III. Proceeds—For working capital.

Lockheed Aircraft Corp.

Oct. 22 (letter of notification) 1,000 shares of common stock at $14 per share. Proceeds—For working capital. Office—107 W. 25th St., Chicago, Ill. Proceeds—For working capital.

National Perkine Co., Denver, Colo.

Dec. 10 (letter of notification) 250 shares of common stock at $12.50 per share. Proceeds—For general corporate purposes. Office—79 Cliff Street, New York, N. Y.

National Plumbing Stores Corp.


New England Cooperatives, Inc.

Cambridge, Mass.

Oct. 18 (letter of notification) 200 shares of common stock at $100 each. Proceeds—For general corporate purposes. Office—88 Congress St., Boston, Mass.

New York.

Nov. 2 (letter of notification) 900 shares of common stock at $100 each. Proceeds—For working capital. Office—Office—167 Albany Street, Boston, Mass.

Norwich Pharmacal Co.

Dec. 13 (letter of notification) 800 shares of common stock at $100 each. Proceeds—For working capital. Office—167 Albany Street, Boston, Mass.

Olive Co., Chicago, III.

Nov. 15, 1959 (letter of notification) 1,521,200 shares of common stock (par $1), of which 1,520,000 shares are being offered for exchange for 54 common stock at par of A. B. Farquhar Co. (Pa.) at rate of $1 for each share. Offer subject to acceptance of such offer by holders of at least 50% of the outstanding shares of the Company. Proposed offering amount, not less than 80%, may be approved by Oliver, Underwriter—Morgan, H. W. Garth & Co., Philadelphia, Pa., will solicit exchanges. Statement effective Dec. 6.

Merchants Co.


Pacific Telephone & Telegraph Co.

March 26 filed 160,000 shares of 4-1/4% preferred stock at $100 per share. Proceeds—For construction program. Offering—Undetermined postponed.

Penn Controls, Inc., Goshen, Ind.

Oct. 24 (letter of notification) $25,000 of 5-1/2% convertible debentures at par ($100 per bond). Proceeds—To be supplied by amendment. Underwriter—F. M. Galvin, Inc., 120 East State St., Chicago, Ill. Proceeds—For working capital.

Peabody Coal Co.

March 16 filed 160,000 shares of 3-1/4% prior preferred stock at $100 per share. Proceeds—For working capital. Underwriter—A. C. Ally & Co., Inc., Chicago, III. Proceeds—For working capital and bond sinking fund.


Nov. 21 filed 30,000 shares of 5% cumulative convertible preferred stock at $100 per share. Proceeds—To be used for the company's account and the common stock for the account of six self-employed individuals who are the holders of unexchanged preferred stock and for working capital. Underwriter—Herchel, Nye, Graham, Parsons & Co., New York, N. Y. Proceeds—For expenditures made for fixtures and equipment and the remaining for working capital. Offering—Expected in about two weeks.
Pennsylvania Salt Mfg. Co. Nov. 7 filed 86,467 shares of common stock (par $10) to be offered to exchange for shares of stock of Sharples Chemicals Inc. or basis of 3.5 shares of Pennsylvania Salt stock for each 4.2817 shares of stock held; rights will expire on Dec. 28. South Penn Oil Co., parent, will exercise call option, on some of the issue. Price—$33.25 per share. Underwriter—None. Proceeds—to retie debt incurred through expansion of refining activities. Offer—Drexler Theater Bidg., Oil City, Pa.

Philadelphia Electric Co. (1/9) Dec. 3 (letter of notification) 9,658 shares of common stock (par $10) to be offered to stockholders of the company at par in exchange for a share of stock of the company's subsidiaries under a stock option plan. Price—At 25 cent premium over the New York stock price, to be exchanged. Price change at option times are granted. Underwriter—none. Proceeds—for working capital.


Pittsburgh Plate Glass Co. June 21 filed 400,000 shares of common stock (par $10) to be exchanged for 50 shares of the same stock, or at the option of the stockholder, its subsidiaries under a stock option plan. Price—At 25% premium over the New York stock price, to be exchanged. Price change at option times are granted. Underwriter—none. Proceeds—for working capital.

Procter & Gamble Co. Nov. 1 filed 6,200,000 shares of common stock (par $50) to be issued to holders or owners from selling stockholders. Underwriter—None. Public Service Co. of North Carolina, Inc. (1/9) Dec. 3 (letter of notification) 5,000 shares of B common stock (par $5) to be issued to exchange for certificates for 10% of the stock of the parent, and to provide par value in connection with latter's plan of reorganization. Proceeds—to reduce its indebtedness. Offer—None. Ritchie Associates Finance Corp. Sept. 18 (letter of notification) 200,000 of 6% 15-year debentures, dated July 1, 1951, to be issued in multiples of $100. Underwriter—Cohn & Co., New York. Proceeds—to purchase real estate and building. Offer—2 East Church St., Frederick, Md.

Queen City Fire Insurance Co. Nov. 25 (letter of notification) 10,000 shares of common stock (par $100) to be offered to stockholders of record about Nov. 12. Price—$600 per share. Underwriter—None. Proceeds—for working capital. Offer— Turks Head Bidg., Buffalo, N. Y.


United Fire & Casualty Co., Cedar Rapids, Iowa Nov. 27 filed 6,625 shares of common stock (par $10) to be offered to exchange for stock by stockholders. Price—$26 per share. Underwriter—None. Proceeds—to increase working capital. Offer—101 First Ave. N. E., Cedar Rapids, la.

United Merchants & Manufacturers, Inc., N. Y. Nov. 2 filed 2,000 shares of common stock (par $1) to be issued in under the Employees Stock Purchase Plan and through the Executive Employees Stock Purchase Plan. Underwriter—None. Proceeds—for general corporate purposes. Offer—None.


Vertientes-Camagaye Sugar Co. of Cuba (Comitera Vertientes-Camagaye de Cuba) Dec. 1 filed 481,970 shares of common stock being offered to common stockholders of record Dec. 18, 1951 at rate of one share for each two shares held, in accordance with subscription privilege; rights expire Jan. 18. Price—At par ($6.50 per share). Underwriter—None. Proceeds—to retire short-term obligations and for working capital. Statement effective Dec. 12.


Vulcan Iron Works, Milwauk'e, Pa. Oct. 17 (letter of notification) not to exceed 17,000 shares of common stock (par $1) to be offered to the stockholders of the company (approximately $2 to $3 per share). Underwriter—None, but Eaton & Co., New York, will act as dealer-managers. Proceeds—to John A. Roberts, Chairman, who is the selling stockholder. Offer—None. Proceeds—to increase working capital. Statement effective Dec. 12.

Westinghouse Electric Corp., Pittsburgh, Pa. Nov. 27 filed 500,000 shares of common stock (par $1) to be offered to the company's employees under the company's "employees stock option plan" to certain officers and employees of the company. Underwriter—None. Proceeds—for general corporate purposes.

Continued on page 28.
County Gas Co., Atlantic Highlands, N. J.
Nov. 15 it was announced company will pay about $15,000,000 for 100,000 shares of stock of Jersey Central Public Service Co., and the First Boston Corp. Method and type of securities to be sold for this purchase not yet determined.

Dayton Ohio Gas Co.
Nov. 13 it was reported that company may soon do some adding in the area through the addition of other program. Underwriters.—For any bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.; Kuhn, Loeb & Co.; The First Boston Corp. Expected offering some time in November.

Arkansas Louisiana Gas Co.
Dec. 6 it was reported company may issue and sell $5,000,000 of additional debentures in the area. Underwriters.—May be determined by competitive bidding. Probable bidders: Kuhn, Loeb & Co.; Oppenheimer & Co.; Land & Lazard Freres & Co. (jointly); Union Securities Corp. & Co., Inc.; Equitable Securities Corp. Proceeds.—To repay bank loans and for new expansion.

Atlantic Coast Line Rail.
Sept. 22 it was reported that company may refund its outstanding $22,388,000 first consolidated mortgage 4% bonds due July 1, 1952. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.; Kuhn, Loeb & Co.; The First Boston Corp. Offering expected some time in November.

Bing & Bing, Inc.
Aug. 26 it was reported company is contemplating sale of bonds, with first mortgage in the $25,000,000-$30,000,000 range. Proceeds.—To strengthen financial position.

Black, Sivalls & Bryson, Inc.
Nov. 30 stockholders approved a proposal to authorize a $1,000,000 additional common stock offering at $50 par value. Proceeds to be used for general corporate purposes. Underwriter.—To be determined at a later date.

Brooklyn Union Gas Co.
Dec. 11 it was announced company intends to refund approximately $2,000,000 of outstanding bonds. After completion of this program the bank loans will be reduced by means of long-term borrowings, repayable over ten years.

Oct. 19 it was reported company plans to issue and sell $15,000,000 of bonds, with first mortgage in the $12,500,000-$17,500,000 range. Proceeds.—To strengthen financial position.

Eldorado Refining Co., Inc.
Oct. 19 it was reported company plans to sell and refund $3,000,000 of transportation bonds, with first mortgage in the $2,000,000-$2,500,000 range. Proceeds.—To strengthen financial position.

Illinois Central Rail.
Dec. 16 the directors authorized, pending a favorable market, the refunding of $25,000,000 of consolidated mortgage bonds. Underwriters.—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.; Kuhn, Loeb & Co.; The First Boston Corp.

Indiana & Michigan Electric Co., Inc.
Nov. 10 it was announced company has requested Mississippi Public Service Commission to issue $425,000,000 of 40-year 5% debentures in exchange for the outstanding $47,596,000 of 6% preferred debentures of the preferred share.

Kentucky Utilities Co.
Dec. 11 it was reported company plans to issue and sell in April or May $12,000,000 30-year first mortgage bonds, with first mortgage in the $8,000,000-$10,000,000 range. Proceeds.—To be used for new power plant facilities.

Kuhn, Loeb & Co.
Dec. 19 it was announced company plans to issue and sell $700,000 of first mortgage bonds. Proceeds will be used for general corporate purposes.

Hahn Aviation Products, Inc.
Aug. 24 it was announced company offers to purchase $2,000,000 of additional common stock, at $51 1/2 per share, for the next 12 months. Proceeds.—To expand the company's business.

Foote Bros. Gear & Machine Corp.
Oct. 25 it was reported company may offer additional common stock early next year. Probable underwriter.—A. C. Allyn & Co., Inc., Chicago, Ill.

Ford Dodge, Des Moines & Southern Ry.
Nov. 13 it was announced company is preparing to issue and sell $700,000 of first mortgage bonds. Proceeds will be used for general corporate purposes.

Hahn, Morgan, Loeb & Company
Dec. 3 it was announced that company contemplates sale of $3,000,000 of additional debentures (probably privately) and $1,500,000 of additional common stock. In 1952 (probably to stockholders through rights), follow the company into Gulf Public Service Co., Inc.

Ohio & Indiana Railroad Co., Inc.
July 6 it was reported company is expected to be in the market late this year or early in 1952 as a part of the Penn Central group. An initial offering of about $65,000,000 of new stock is planned later in 1952, of which about $65,000,000 will be sold initially and the remaining $0,000,000 will be sold later. Proceeds.—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.; Kuhn, Loeb & Co.; and some other underwriters. Underwriter.—To be announced in the near future.

Chicago & Western Illinois RR.
July 6 it was reported company expects to be in the market late this year or early in 1952 with a new issue of debentures. Proceeds.—To be used for various operating purposes. Underwriter.—To be determined by competitive bidding.

Illinois Central RR.
Dec. 16 the directors authorized, pending a favorable market, the refunding of $25,000,000 of consolidated mortgage bonds. Underwriters.—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.; Kuhn, Loeb & Co.; and some other underwriters. Proceeds.—To be used for new expansion.

Illinois & Indiana Rail.
Dec. 16 it was announced company contemplates sale of $20,000,000 additional shares of common stock (par 10 cents), with registration expected shortly. Stockholders will vote Jan. 9 on increasing authorized common stock from 1,677,225 shares (1,067,183 outstanding) to 5,000,000. Underwriters.—F. Eberstadt & Co., Inc., and Zuckerman, Smith & Co., both of New York. Proceeds.—For additional working capital and for product development.

Intermediate Power Co.
Nov. 28 it was reported company plans to issue and sell $1,600,000 of common stock before April 15, 1952. Underwriters.—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.; Kuhn, Loeb & Co.; and some other underwriters. Proceeds.—To be used for new expansion.

Iowa-Illinois Gas & Electric Co.
Oct. 8 it was announced that company contemplates sale of 60,000 shares of preferred stock (par $100) and $5,000,000 of 6% debentures, also an issue of about $12,000,000 in first mortgage bonds, for the purpose of refinancing. Underwriters.—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.; Kuhn, Loeb & Co.; and some other underwriters. Proceeds.—To be used for new expansion.

National Union Radio Corp.
Nov. 19, it was announced subject to approval of SEC and FPC Equitable Securities Corp. has agreed to purchase for cash approximately $3,000,000 of the outstanding common stock of National Union Radio Corp., for cash in the amount of approximately $225,000. Proceeds.—To be used for general corporate purposes.

New England Power Co.
Sept. 7 it was reported company plans to sell about 750,000 additional shares of common stock (par 50 cents). Proceeds.—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.; Kuhn, Loeb & Co.; and some other underwriters. Proceeds.—To be used for additional working capital and for product development.

National Union Radio Corp.
Nov. 19, it was announced subject to approval of SEC and FPC Equitable Securities Corp. has agreed to purchase for cash approximately $3,000,000 of the outstanding common stock of National Union Radio Corp., for cash in the amount of approximately $225,000. Proceeds.—To be used for general corporate purposes.
Northern Natural Gas Co.

Now that the company’s permanent financing is not expected to be concluded until mid 1952 (probable in January or February) to repay $42,000,000 of bank loans and to proceed with its program. This financing may consist of about $32,000,000 of another preferred stock issue, which is expected to be taken up by common stockholders. These funds may be used by common stockholders, without underwriting. Probable bidders for debentures: Halsey, Stuart & Co.; C. F. Churchill & Co.; First Boston Corp. and Kidder, Peabody & Co. (jointly).

Northern States Power Co. (Minn.)

Oct. 19. The company’s early registration was expected to be of $13,000,000 of common stock, which will be paid in two installments. The proceeds of which portion of the common stock will be allocated in the purchase of new equipment. May be offered to common stockholders, without underwriting. Probable bidders for debentures: Halsey, Stuart & Co.; C. F. Churchill & Co.; Kidder, Peabody & Co. (jointly). Probable bidder on bonds only: Halsey, Stuart & Co. (jointly).

Olsen, Inc., Elyria, Ohio.

Oct. 19. It was reported early registration is planned of about $25,000,000 of common stock. Underwriter-McDonald & Co., Cleveland, O. Proceedings—To certain public subscription on offer at 90% of par for 90 days after offer.

Parkerburg Rig & Reel Co.

Oct. 17. it was announced that the company proposes to issue 5,000,000 of common stock, including a plan to offer 200,000,000 of common stock, including the entire $1,000,000 of common stock. The proceeds of which may be used for construction of a further extension of the company’s Rig & Reel Co. (jointly). Probable bidders: Goldman, Sachs & Co., New York.

Parkersburg Rig & Reel Co.

Oct. 17. it was announced that the company will issue 1,000,000 of common stock, including the entire $1,000,000 of common stock. The proceeds of which may be used for construction of a further extension of the company’s Rig & Reel Co. (jointly). Probable bidders: Goldman, Sachs & Co., New York.

Pennsylvania RR.

Nov. 19. it was reported that the company may soon sell 50,000,000 of common stock, including the entire $1,000,000 of common stock. The proceeds of which may be used for construction of a further extension of the company’s Rig & Reel Co. (jointly). Probable bidders: Halsey, Stuart & Co.; Salomon Bros. & Hutton.

Public Service Electric & Gas Co.

Dec. 7. it was announced that stockholders will in January vote on an proposal to increase the amount of authorized preferred stock from 500,000 to 1,000,000 shares, without increasing the limit of indebtedness. There are, however, no present plans for additional offering of common stock. The company may sell through Morgan Stanley & Co., Drexel & Co., and Glor, Inc., and/or $5,000,000 of preferred stock (par $100), thus exhausting the amount of presently authorized preferred stock.

Purex Corp. Ltd.

Oct. 25. it was reported that the company’s early registration was expected to increase the authorized common stock to 1,000,000 shares of 500,000 shares. These plans are expected to be made public in December. William R. Statis & Co., Inc., Los Angeles, California.


Nov. 25. it was announced that stockholders will in April vote on an proposal to increase the authorized common stock from 250,000 to 500,000 shares, without increasing the limit of indebtedness. There are, however, no present plans for additional offering of common stock. The company may sell through Morgan Stanley & Co., Drexel & Co., and Glor, Inc., and/or $5,000,000 of preferred stock (par $100), thus exhausting the amount of presently authorized preferred stock.

Rochester Gas & Electric Corp.

Aug. 17. it was announced that company expects to issue $3,000,000 of common stock, including the entire $3,000,000 of common stock. The proceeds of which may be used for construction of new electric plants. The company proposes to increase its authorized capital stock (par $1) from 5,000,000 to 7,500,000 shares. Probable bidders for debt securities: Halsey, Stuart & Co.; C. F. Churchill & Co.; First Boston Corp.; and Kidder, Peabody & Co. (jointly).

Ryan Aeronautical Co., San Diego, Calif.

Aug. 4. it was announced company plans to increase its authorized capital stock (par $1) from 5,000,000 to 7,500,000 shares. Probable bidders for debt securities: Halsey, Stuart & Co.; C. F. Churchill & Co.; First Boston Corp.; and Kidder, Peabody & Co. (jointly). The company plans to do appropriate financing of some form of its own securities. The proceeds of which may form the basis of a general offering for equity financing, or for the development of common stockholders or the reservation for conversion of long-term stockholders, which could be issued with provision for convertible stock, into common stock. The company has outstanding 4,000,000 shares of capital stock, of which 4,000,000 shares are held by the wholly owned subsidiary Ryan School of Aeronautics.
Questions Answered on Credit
Control and Debt Management

Economic Rigidities

The system of economic rigidities which has operated during the past two decades has been characterized by American landlords having to hold up their debt securities at high rates of interest. This has been due to the fact that American landlords have been unable to borrow money at a rate of interest that would permit them to use the money for productive purposes. The result has been that the value of the American landlord's property has declined, and he has been forced to sell it at a loss in order to raise the necessary funds to pay his debts.

Economic rigidities are also present in the form of restrictions on the amount of money that can be borrowed. This is due to the fact that the Federal Reserve Bank has been unable to control the supply of money. As a result, the price of money has been too high, and this has prevented landlords from borrowing money at a rate that would permit them to use it for productive purposes.

Questions for Economists

(1) Changes in Rediscout Rates:

As long as the Federal Reserve Bank is a control of their legal reserves, which is possible only by changing the rediscout rates, it is my conviction that the inflationary process is of little effect other than psychological.

If a commercial bank can lend money at a rate of interest at a Fereal Reserve Bank, it is obvious that either a large or a small change in the rediscout rate will prove to be a very important factor in periods of recession or a lowering of rediscout rates will tend to increase the amount of money available to commercial banks. Under a system of multiple credit expansion, rediscout rates can have little or no effect on commercial interest rates.

(2) Arborization of Banks:

To the extent that banks can monetize the public debt, this will nullify any hope of substantial decreases in the discount rates as a control device.

Increases in interest rates could be used as a control device. However, the question arises whether in periods of an expanding economy, such as we have had recently, the doubling of interest on the public debt is necessary or desirable. Nothing in the laws of the United States of America has anything to do with the control of the public debt.

(3) Dependability of Interest Rates:

It is my conviction that the ability of a bank to hold its loans to a constant level is not the most important factor in the control of the public debt.

In the case of the Federal Reserve Bank, it is obvious that the ability of a bank to hold its loans to a constant level is not the most important factor in the control of the public debt. In the case of the Federal Reserve Bank, it is obvious that the ability of a bank to hold its loans to a constant level is not the most important factor in the control of the public debt. In the case of the Federal Reserve Bank, it is obvious that the ability of a bank to hold its loans to a constant level is not the most important factor in the control of the public debt.

We have an economy that is dependent on the ability of a bank to hold its loans to a constant level is not the most important factor in the control of the public debt. In the case of the Federal Reserve Bank, it is obvious that the ability of a bank to hold its loans to a constant level is not the most important factor in the control of the public debt.

J. A. Lynch Co.

ST. CLOUD, Minn.

Lawrence J. Lynch, Jr., who formed J. A. Lynch Co., Inc. with offices at 1818 St. Germain St., St. Paul, 5, Minnesota, was formerly an officer of King & Mccoy, Inc.

Jay W. Gardner Open

WASHINGTOI, N. J. — Jay W. Gardner opened a new securities business from offices at 14 Gardner Court.

With In. Service

(Special to The Philadelphia Commercial)

M. H. Barton has joined the staff of Investment Service Corporation, 301 South Broad St., Philadelphia.

With Courts & Co.

(Special to Investment Service Corporation)

ATLANTA, Ga. — Earl M. Wurfel, a member of Courts & Co., 11 Marietta Street, N. W., Atlanta, Ga., has joined the staff of Investment Service Corporation.

With Lincoln McKee

ROCKLAND, Maine. — Rodney L. Murphy has been associated with Lincoln McKee & Co., 130 Commercial Street.

A. M. Kidder Adds

(Special to The Philadelphia Commercial)

P. LAUDERDALE, Fla. — John L. Alsheimer, president of A. M. Kidder, 1202 East Las Oliva Boulevard.

With W. C. Gibson

CHICAGO, Ill. — Henry J. Ward is with W. C. Gibson, Inc., 231 North Michigan Avenue.

Impact of War's End on Business

What would happen to business if the war should end tomorrow?

In the public mind there is not that of a war that we are in right now.

The assumptions are that the war will be over in a year and a half, that we will then try to get back to normal, that we will have the war that we want, and that we will try to get back to normal. This is the assumption that is made in business.

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Just when the bond market appears to be going on its feet again something happens to create a new element of disturbing. Progressive hardening of money rates has been upsetting the investment picture through the current year. The latest such move developed this week with commercial banks lifting their lending rates to prime-name borrowers and dealers in bills and commercial paper making corresponding adjustments in their rates. Fortunately, investment bankers were scheduled to bid for only one new corporate issue, Niagara Mohawk Power Corp. $15,000,000 of 20-year general mortgage bonds. Consequently there was an absence of real concern that might have gripped things had there been a series of new issues up for bid. As it was there evidently had to be some last minute renegotiating of price ideas by the underwriters who bid for the up-set utility issues.

While there was a difference of only six cents per $100 par between the two top bids of 101.141 and 101.142 in the group of lowest five bids received was a spread of almost $1 per $100. The successful group planed that New York would set a price of 101.80 to yield about 3.28%.

Some Drop Outs
There were reports of some last minute drop outs in the group which went after the Niagara Mohawk. Those withdrawing parenthetically felt that final pricing ideas might not fully discount the new hike in money rates. But other factors entered into their decisions, This is the season of the year when, if an issue proves sticky, it will very likely influence the market to the new year with consequence tingeing on the economy.

Most big institutional buyers are out of the market for the balance of the year and leading positions by them would be an exceptionally attractive opportunity. It would cause them to look at a situation.

Still Stock-Minded
The brisk demand for Niagara Mohawk bonds disclosed that in the instance of a common stock disclosed that in the instance of a single issue the bankers paid the company $23,643 a share for the stock and recovered at $24.23 with 33 cents a share allowance to dealers.

Bids were close and the offering price was well off the current open market level thus providing a good margin within which the sponsoring bankers were able to work.

Other new stock issues brought out during the week, including Federated Department Stores, 250,000 shares of new common, were reported to have been well received.

Dull Week Ahead
Next week, with Christmas Day falling on Thursday, will be anything in the way of new bond offerings. There may be a few equities brought to market, but even these have the potential schedule that is thin.

Bankers are now looking ahead to the part of January when a brisk pickup is indicated in the new issue market, provided, of course, nothing happens to further disturb the situation.

Meanwhile Philadelphia Electric Co. has $35,000,000 of first and refunding mortgage bonds due Jan. 3 and Marshall Field & Co., 150,000 shares of $100 convertible preferred stock of the Chemical Corp.'s 550,000 shares were also deferred also could come along at that time.

Meanwhile Atlantic Plywood Co. had 250,000 shares of new $50 preferred, 2.50% dividend rate, scheduled to reach market on Jan. 7.

DIVIDEND NOTICE

Morgan Stanley Group Offers Niagara Mohawk Power 3½% Bonds

Morgan Stanley & Co. and associates are offering for sale to the public $15,000,000 of Niagara Mohawk Power Co. general mortgage bonds, 3½% series due 1981. The bonds will be sold at 101.80 plus accrued interest to yield approximately 3.28% to maturity. They may be sold at prices above 101.80 on sale on Wednesday.


The company will use the proceeds from the sale of 1,000,000 shares of additional common stock to finance the company's 1951-52 construction program. The company has borrowed $25,000,000 when loans were borrowed for construction in 1950.

The new bonds are redeemable at 101.80% if redeemed during the 12 months ending January 15, 1952 and thereafter at decreasing premia on the principal amount in the last year.

Our Reporter's Report

with a high standard of morality from the grass-roots. If this is done the urge to get through cheap money and inflation what is not fairly earned will be brought wholly into the money market. Inflation opens a fertile field for getting easy money, and it is therefore being even by evil means. Our government has been powerless in the face of this security of this nation above every other thing. Our govenment has had the task of upholding the end mutual sacrifice and self-restraint but it is not always successful.

We must cease making the Federal government a central re¬distribution center, and fundamentally a sub¬stitution center for the communities, organizations and people throughout our nation. Local autonony must be substantially assumed, the people must assume responsibility and practice the greatest degree of self-re¬liance. Competitive efforts and contributions to society must again receive their relatively fair and just rewards.

We must therefore govern spending in international and dom¬estic affairs that our economy can stand and yet stay.
WASHINGTON, D.C.—One of the sure-fire side shows of the forthcoming session of Congress will be a battle over legislation to boost the government's statutory debt limit beyond the present maximum of $275 billion.

Present the Federal debt is approaching $250 billion, only $16 billion from the supposed ceiling on the ground of not being able to borrow the debt, however, will be reduced temporarily by a few billion by an end of receipts over expenditures during the quarter ending March 31.

However, with the Administration's wish to admit a budgetary deficit of $12 billion during fiscal '38, and with actual deficits being likely, it looks at this preliminary stage, to run about $30 billion, it will be necessary to raise the debt limit.

In fact, such an indication already has come officially from the Bureau of the Budget.

Congress usually likes to make a good faith overspending the debt limit, and it is certain to kick up a row over this next year. One prominent Democrat already has recorder himself as saying that he won't boost the debt limit a cent.

It is so much more political fun for the Administration to admit a budgetary deficit than it is on practical means of restraining Administration expenditure.

This battle is still at an unspent appetites and consumption authorization, and it appears to be little doubt, from some sources, that Congress will appear in January in much the same economic tune as it left last year.

The economy drive in 1932 showed up as a deficit of $32 billion behind the eight-ball for two potent reasons. One of them is the action of the American public and consumption, and the other is a formidable drop at the end of the current fiscal year. This means, to the Treasury Division, a deficit of $5 billion even if some spectacular reductions in Mr. Truman's requests for next year and other items could fall to the stake in advance in months' time, it might be nothing amounting to $65 billion.

In the field of foreign economic aid, one of the opponents of the Administration may be able to checkmate the alliance of State Secretary Acheson and NATO for more American relief. But when it comes to cutting down these items below present levels, the division among the conservative opponents of the Administration will appear to be an easy one, is a small bet that the State Department, the outstanding (if he chooses to run) Internationalist candidate for the GOP nomination would back Truman, and so would many Southern Democrats. Thus, the President's position on an opposition in Congress in the session which precedes the nominating convention.

The Chamber of Commerce of the U. S. is responsible for bringing to light any example of the proliferation of regulation in O.P. There are some 103 existing price regulations. One of them is "Ceiling Price Regulation 37" promulgated last April 25. So far there have been 21 complaints to this regulation, 33 interpretations and re-interpretations, and 24 amendments to supplementary regulations.

Unofficial word is that the Administration itself may have no major housing legislation to pro-dose to Congress. New housing bills have occurred each year with the result that raising raising. However, the Administration will probably along with proposals to provide some additional money for operation of housing programs by adding a billion surplus to the billion surplus or whatever name it may be called.

It is anticipated that the Administration bill to provide for the use of some of the government GI life insurance reserves for direct loans to veterans on homes—if the easy-money program in Congress put steam behind this proposal.

Uncle Sam's bureaucracy has carried on a substantial invasion... behind the scenes. According to a Senate Committee, $6,000,000 U.S. civil servant employees are stationed in foreign countries. Almost invariably they are in the form of special allowances for foreign service. This $5,000 is exported as a result of the military personnel. It is reported, but without confirmation, that the number stationed in France alone is 8,000.

If the figures came out showing that the "debt limit was really 20 billion," the Administration would be much doubt about the willingness of the responsible members of the taxing committee to give banks special treatment in foreign service. This $3,000 is exported as a result of the military personnel. It is reported, but without confirmation, that the number stationed in France alone is 8,000.

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