EDITORIAL

As We See It

Continued deadlock in the Korean negotiations, which have for some time been apparently bordering on the hopeless so far as reaching any real truce is concerned; further extension of the troubles in Egypt, with definite threat of a very considerable spread of armed conflict there; continued danger of Communist-dominated uprisings in Iran despite what appears on the surface to be almost a surrender on the part of the United States in the matter of aid granted; dramatic demand by Governor Dewey for a Pacific pact on the order of the North Atlantic arrangement; extended discussion of related problems by such men in public life as President Truman, Senator Lehman and the Secretary of State, during the latter part of the week in New York City, where so-called Point Four matters came in for a good deal of attention — these are but a few of the more recent developments in what is sometimes called the international front.

There can be no doubt, indeed it is perfectly obvious, that we live in an era when some sort of ferment is at work almost everywhere. We shall not undertake in this place to search out all the major causes. It would be foolish to suppose that the virus is at work only in so-called colonial areas or in lands where peoples still live under primitive conditions, in poverty or in or less constant danger of starvation. Several of the European countries ordinarily included among the “free peoples” have for a good while been suffering from it, notably Great Britain and France. Certainly it has long been evident enough in this country, which, strangely enough, Continued on page 28

MORE BUSINESS FORECASTS IN THIS ISSUE—Starting on page 2 we present some more opinions on the outlook for Trade, Finance and Industry which could not be accommodated in our ANNUAL REVIEW and OUTLOOK ISSUE of Jan. 17.

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A continuous forum in which, each week, a different group of experts in the investment and advisory field from throughout 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.

ALLEN J. McNEAL
Partner, Price, McNeal & Co., New York City, N.Y.

Consolidated Rock Products Co.

Usually a stock which sells at 25, is often drowned upon by conservative investors and advisory services as being fundamentally bankrupt or illegitimate and something to avoid.

The real reason for the idea that such a stock is selling around 25 is that the figure is a new low which the company has reached in a long Fiscally and perhaps financially stagnant period.

It is the hope of every investor or speculator that some day he can buy the low-priced stock, which will afford him an opportunity to buy a lot of shares at 25, then watch the price bounce up to 50 or more, and thereby make for himself an easy profit on what is in effect a small outlay of cash.

My thought on a low-priced stock, which in my opinion is bound and may have those apparent reasons which every investor is looking for is Consolidated Rock Products Co. Common, currently quoted at $1.45 and offered at $1.30 over-the-counter.

Consolidated Rock Products Co. is the producer and owner of sand, gravel and crushed rock in Southern California, whose products are used in the construction and maintenance of railroads, highways, streets and buildings, as well as irrigation, reclamation and commercial projects.

The company also sells cement and ready mixed concrete and is the building of building materials has become an important new source of income of the company.

Operating the company was a central and mixed concrete and building of building materials has become an important new source of income of the company.

The company owns and operates eight sand and gravel producing plants with a combined hourly capacity of 2,000 tons, 11 distribution centers, 125,000 tons of storage capacity, 38,000 tons and five additional storage bins for hoppers and yard storage.

The company owns about 2,200 acres of land, and rock and sand deposits and controls under lease another 1,200 acres—total reserves are in excess of 450 million tons.

In addition, company owns and operates a 5,717-foot conveyor belt

and 200 motor trucks of automatic self-dumping type.

CAPITALIZATION

[Details provided]

STOCKS

2-5500


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The Outlook For Electric Utilities in 1952

BY THERON W. LOCKE
Public Utility Analyst, Goodbody & Company

In viewing outlook for electric utility industry, Mr. Locke lists as factors affecting their operations and market securities: (1) tax rates and the threat of new legislation, (2) money rates, and (3) behavior of common stock earnings through new financing. Holds utility earnings in current year, assuming no increase in taxes, will be good, with average increase in gross of 10% and part of this raising available for dividends in some utility companies. Looks for some utility stock increases in 1952, and rising market value of their shares, but warns of competitive threat of public power expansion. Foresees higher interest rates and higher operation costs in utility companies, predicts bearish new financing by electric companies.

For 1952, I expect to see gains of 10% to 20% on the average in many of the electric utility stocks. I don't see those 40% and 50% gains that were seen a couple of years ago. Therefore, you have to give me a little more optimism, but, on the other hand, I think that one is justified in being unduly pessimistic... that those going to old utilities this year—the most important is that taxes may have reached a plateau and may not again be increased sharply. The second factor, the past two or three years, this country has had extremely sharp tax increases and they led to a weakening in the market prices of utility stocks has been to the extent that the increases in taxes would be so great that there might have to be cut. It is only by virtue of the great work done by this industry that Congress is in the United States Congress, the importance of the utility earnings being maintained and utility dividends being maintained, that the special exemption was included in the excess profits tax law allowing electric and gas utility companies to earn 6% on their capitalization.

The telephone companies were given an exemption of 7% and special provisions made for pipelines which had added new capacity, or increased the capacity of their lines, but no allowance to the line of the electric and the gas utility companies.

"An address by Mr. Locke at a meeting of the Canadian Gas and Electric Review, New York, Jan. 22, 1932."
Distilled Waters
By IRA U. COBLEIGH
Author of "Expanding Your Income"

Opportunity is here given to drink in some current facts about the big industry.

The custom of imbibing alcohol-laden potions stems way back to the dawn of recorded history. In the Stone Age, we lack any documentation that Noah managed to get his highbrow mate as well as the Ark, pretty well loaded! Mr. r. The Thirstmaker, perhaps too indolent to build a still, settled for a jug of wine, and the right drinking partner.

Racing towards the 30's, and the aces; to our own early times, one of the earliest endeavors of Dartmouth College, is, I believe, recorded in song as "Five hundred gallons of New England rum." and every school boy has read about the "Whisky Stock, and bond." From 1910-1933 there was an official hull in fire-water production, which some of you may recall! Then there bloomed again, on our business, social and financial scene (and occasionally, on our home) with a nationwide distilling industry.

The new start was paced by a few financially powerful units, and many eager new entries who viewed the industry as a "money maker" for size-expansion. What with consumption of about 7 million gallons for 1843 surged to about 240 million in 1908, nobody could drink it down. But (1922 consumption was about 70 million gallons) and, since the aim was to develop a stock of aged whiskeys, the 1906-end, 370 millions of giggle water was on hand; and the industry was ready to cut out its first price war, in 1937. This had a sobering influence on the overly ambitious industry-wide inventory program. The production rate was slowed down, and by Pearl Harbor we had some 500 million gallons on hand. The 1938 war years were far more significant from the standpoint of consumption than production; the principal distilleries devoting their plants to the alcohol requirements of the military.

The Tax Rate
That brings us up to the post-war period when the liquor shares on the Stock Exchange were market killers, trading feverishly and reaching price levels 20% to 30% above book value. Cane five years of level out, and now, after almost 20 years we appear to be on the cusp of the leading, distilling companies' shares having almost attained an investment status. The one thing that has kept them from reaching that elegant plateau is continued devolution by taxes. Way back in 1934 the Federal tax was a meager $1.10 per gallon. It was $4 in 1944. $6 in 1945 and, as I recall, in 1951 became $10.50. Adding state taxes, to this, there are now many areas where the total tax bite on a single gallon reaches $12. Before each of these new tax hikes there was usually a buying spree. There was a bull market, and we are still feeling the effects of it. Liquor sales, both of the bar and bottle variety, are now millions of dollars more on the market than during the last bull tide. The consumer is feeling the pinch and many consumer advocates are agitating for a tax limit, prices. For example, the Federal tax rise from $9 to $10.50 a g. for 1957, was scheduled for a retail rate of 25 cents for a bottle of liquor. This is too high, and today it is often taxed at a lot of bars. Customers have gotten a bit rebellious, and instead of millions of packs, others have switched to rice wine, the high price, another cash for cash, new tax on "dry" goods; we find ourselves in the common. With 900 million gallons inventory and sales lagging, it seems to have been done, and in our market economy that something is the tax more attractive.

Leading Companies
Well — enough of this back ground. Let's get down to the nuts and bolts. The leading companies have fine balance sheets, a pretty solid record of earnings, and have been generous in dividend distribution. Splendid figures for the following companies in the accompanying tabulation:

This list is given in my own order of preference; and, as space allows, some delineation of the available features of the first two will be projected.

Distillers Corp.-Seagram's, through subsidiaries, produces and merchandises many leading whiskies including such widely advertised brands as Seagram's Crown, Seagram's 3 Crown, George whiskies, Carstairs, Four Roses and Calvert. Total productive capacity per day is roughly 290,000 proof gallons.

As of July 1, 1951, total balance sheet assets were $447 million, with a beautiful net working capital of $396 million and a book value of $31.03 for each of the 8,700,536 shares outstanding. Long term debt was about $128 million. The record shows for 14 years uninterrupted dividend declarations, handsomely covered each year by net earnings; an impressive blow-back of revenue as cash, the annual increase being over $20 million. The stature, the church position, the eminence of the distillers-Seagram recommend this enterprise as a leader in its field, and its common shares as far superior to others, and not lacking possibilities for significant long-term gain. The company is also reported as venturing in outside investments for railroad bonds and it might be good news for a distiller too:

Schehely has been quite a market lever when in the mood, selling at as high as 90 to 95. Most as large as Distillers-Seagram, it offers to the arid palates of America’s Southwest, "Seville," Four Feathers, Golden Wedding, and others. W. Harper’s, Lark, Rye, Cresta Blanca and Rima Wines, some lines of gin and Blatz beer. Also importing Dewar’s Scotch, it is well diversified, and better equipped than most distillers to continue good earnings if public taste veers to lighter alcoholic fare.

Here again we see a solid balanced sheet, in current assets, and fine treatment of stockholders via both cash and stock dividends. In June, 1944, common was split 3-for-2; in March, 1946, 10-for-7, and in August, 1951, 4-for-3; in March, there are 4,301,976 shares of common stock with a market value of $150 million in long-term debt.

While the breath of SII as a producing company hasn’t been stressed, the company has, in recent years, become an important producer of penicillin, etc.; it is a worthwhile investment. Others in this field have seen propped fairly surely and are as one might expect, still in business. Schenelly Industries should expand its operations further in this field. The current dividend on SII common is reasonably rewarding and the company picture, many separate horizons for interesting growth.

Perhaps the controlling reason for my present recommendation is the fact that they did practically nothing in the stock market of 1951. Traditionally volatile as a lark, they have oscillated in almost a day to day basis—"on the spot"—for tobacco; and no competent analysis has been made of the stock as a result. It is on the current common stock market that might prove to be the most rewarding investment for the speculator, and some might benefit from the same fact that few investors are willing to put their money in the market.

SII stock was at $2.00 in January and ended the year at $31.03, for an increase of 166%; while the SII stock market dropped 50.00%.

The market prices are in line with the low for the year of $1.10 and the high for the year of $31.03. The shares have been sold to the high bidder this year, hence the high bid price, $31.03. The shares have been sold for more than $1.10.

The company has a high dividend rate, and is a worthwhile investment for the investor. The company has a high dividend rate, and is a worthwhile investment for the investor.

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THE COMMERICAL AND FINANCIAL CHRONICLE Wednesday, January 31, 1952

The Commodi-tional and Financial Chronicle Thursday, January 31, 1952

The policy of closing on Saturdays during the four summer months only; while 651 members—who produced 42% of non-member common—voted in favor of closing on all Saturdays.

In view of this split opinion the Governors decided, on April 12, 1951, to make no change in the practice of closing on Saturdays during the four summer months only.

Late last month a petition signed by 329 members of the Exchange required the Board of Governors to submit the members for ballotting an amendment to provide that the Exchange not open for business on Saturdays unless the Board of Governors determined that the stock market on that particular Saturday was necessary because of unusual circumstances.

This amendment was rejected by the membership on July 6, 1951; 1,172 votes—the most ever cast by the Exchange membership—were recorded. The amendment, lost by 700 to 371. One ballot was blank.
The State of Trade and Industry

There was practically no change in total industrial production last week when compared with the same period of the previous year. However, it continued to be slightly higher than that of a year ago, but about 10% below that in the first half of last year which was due to the war. Due in large measure to the defense effort, layoffs continued to mount in some sections of the labor market and inadequate demand reduced some work schedules.

In the steel industry the past week steel ingot production rose from 95% to 96% of the new capacity rating, being equivalent to 2,077,640 tons for the week, or 103,376,478 tons a year.

Steel inventories are growing rapidly, "The Iron Age," national metal weekly, distinguishes, in some sections of the industry. On some products consumers' stocks are pushing against permitted inventory limits, while others are still in very short supply. This is the result that few consumers have well-balanced inventories, it notes. It is not uncommon to find a production line shoveling off a part of a scheduled steel item, while incoming shipments of other items threaten to place the firm in inventory violation.

There is no question that consumers are paying more attention to their inventories. A few months ago the tendency was to be secretive; today the inventory position is fairly openly acknowledged, states this trade weekly. "Inventory adjustment" is being used more frequently as the reason for cancellation of orders, or for reductions in quoted prices.

It notes that cold-rolled sheets and strip, straight chrome stainless, mechanical tubing, silicon sheets, carbon tool steel, and so on, are in short supply. With these, widths, wire gauge and hot-topped quality steels are still very tight. Among these, light gauge thickness is in particularly short demand.

Another sign of a more balanced market, this trade paper states, is that consumers are able to place second quarter orders closer to home, eliminating long and costly transit hauls, thus easing the strain on railroad transportation facilities.

"Detroit, historically an area of tightest steel supply, is today on the alert for resale in the market and ship as long as stock permits. No steel mill, however big or small, can compete with the Detroit area. For this, the rolling mills and their distributors are being handled with CMP inventory limits. This results from unexpected cutbacks announced for the second quarter, "The Iron Age" declares.

Profitwise, lower production volume of auto and appliance companies is being at least partly offset by higher steel prices. Formerly it was necessary to resort to expensive conversion deals to get a large part of their cold-rolled sheets. Now they can usually buy all they are permitted to use close to home. In some cases the saving amounts to $1 a ton or more. However, competition is keen, and many manufacturers, copper and aluminum are greater limiting factors than steel. Realizing this, steel consumers are no longer reflecting the procurement urgency of recent months.

In the automotive industry last week United States production declined from 8,759,452 to 8,630,915, or close to 91% under the 1939 period, according to "The Ward's Automotive Reports."

A strike, troubles of getting into production on 1862 models and Packard's plant closing took their toll. "Wards" asked auto makers are producing at an annual rate of 2,563,960, while the yearly rate at this time last year was 6,500,000.

Steel Output Scheduled to Show Further Fractional Gain This Week

A note of caution has been present in the steel market as signs multiply of easing supply conditions in some products, notably the light flat-rolled items and specialties, according to "Steel," the weekly magazine of metalworking. Buying is less frenzied at both mill and warehouse levels and discounting is on the increase. Continued on page 36

Continued Decline In Business Pace Revealed in Survey

Business Survey Committee of National Association of Purchasing Agents, headed by Robert C. Swanton, finds in January there was a continuation and further decline in production and inventories.

A composite opinion of purchasing agents also comprises the National Association of Purchasing Agents Committee, whose chairman, Robert C. Swanton, Director of Purchases, Repeating Arms Co., New Haven, Conn., indicates the slowdown of over-all industrial activity reported in December by January returns in purchasing executives.

"The members surveyed report further reductions in order settings and somewhat lower activity as compared with December, and a significant over-all decline in order bookings and curtailment of production shows the firm are not likely to make up lost ground reported the past four months. New orders in the defense industry have continued to move at a fairly steady rate but we are not seeing an over-all movement of orders, the report continues. Manufacturing is fair to about 5 to 10% below normal. Some firms are quoting orders for the first quarter of the new year, but the majority of them are a little lower than normal and not likely to change significantly in the near future.

Some firms are not likely to make up the ground lost in past months, and the best hope of any significant upturn is again in the defense industry. The figures for defense orders are not likely to change significantly in the near future. The best hope of any significant upturn is again in the defense industry. The figures for defense orders are not likely to change significantly in the near future.

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Commodity Prices

The trend of industrial material prices in January, according to the survey, "shows an indication of recovery. The continuation of the industrial recovery has had a marked influence on industrial and producer prices for most materials. Although the recovery is not yet significant, the trend is definitely toward higher prices.

Inventories

Inventories are reported sharply down again this month. Many industries have been forced to cut production and prices in order to maintain profitability. Some have resorted to layoffs, while others have been forced to cut back on production. Continued on page 36

Observations...

By A. WILFRED MAYS

Hot and Cold War on the Economic Front

On the home economic scene as well as on the international political front, there's a Cold War situation that is as hybrid as it is unique.

Already, in what may be only the early stage of many years of "Unusual Truce," the American business man finds the military taking 50% of all available copper and aluminum despite the authorities' rigid screen of the defense industry in the past. Tightening has been inspired by the military needs to overcome the disastrous effects of further curbings of employment in the defense industry being earnestly pursued by the Defense Production Authority. Engaged in the most prodigious producing, turning his mathematical brilliance and subordinately on the aims, maneuverings, and personal fiddles of Roosevelt, F.D.R., by Nelson, Marshall, Stimson, and others, the past three to four years. Despite this, a supply of metals sufficient for military production and something over, machine tool shortages have been holding up the armament flow. And competing, our crazy-smart picture, is the usual rampant complaint over "incredible bureaucratic bungling."

Examination of this economic melange's back-drop, namely the nation's economic mobilization during the Second World War, can be both intriguing and constructive, particularly from the perspective of the intervening decade. And it has been made so in a new volume from the Havemeyer Foundation, the definitive work of Eliot Janeway ("The Struggle for Survival," by Eliot Janeway, 382 pp. New Haven, Yale University Press, $35). This is the story of the hot-war time's production victory contained in the last six new "Chronicles of America" volumes distributed by Yale. It is written by the Havemeyer Foundation, an organization who served in the Washington mobilization specialist for "Time" and "Fortune." Despite its foreboding sub-title, "A Chronicle of Economic Mobilization in Time of War," Janeway, it makes truly exciting reading.

This item partly from the overall "Only Yesterday" appeal for anyone who has lived at adult age through these days, partly from the obvious absorption and confusion over Mr. Roosevelt's personality.

An Exciting "Economies Inside" Story

Outstandingly able to write an "economies inside" story, Mr. Janeway makes truly exciting the Washington bureaucrats' feuding and the extract from steel and aluminum, the immense factories, the millions of dollars, the secretaries, the economic history of the United States in a word's eyes, Janeway's, made him safe.

Forestall had been a Catholic but had left the Church. This on both sides of his family. He was a second generation Dutchess County Democrat, which made him seem intriguing. Forestall, on his part through those days, partly from the author's obvious absorption and confusion over Mr. Roosevelt's personality.

Roosevelt Paradoxes

In his paradoxical reaction to FDR, Mr. Janeway seems to reveal his own personality as even more widely split than was his boss. A war time analyst of the political, economic, and military elements, Roosevelt was invidious, untruthful, a wheeler, promises, and that he was the world's worst administrator. With the lovers he agrees that the late President was that man with Lincolnesque stature, the most effective politician of a...
MORE BUSINESS FORECASTS

The following are some more of the opinions on the business outlook for the present year which, for various reasons, could not be printed in the JANUARY REVIEW ISSUE and OUTLOOK ISSUE of Thursday, Jan. 17.

Remaining unpublished statements will be given in next week's issue.—Editor.

ROBERT O. ANDERSON
President, Malco Refineries, Inc.

I find myself viewing the advent of 1952 with some-what greater concern for our nation's future than I have in the past. The world situation today is too close for comfort. We are now living in the shadow of what was predicted in the latter part of the past decade has entered into an international period of great uncertainty. It is no longer our responsibility to solve the problems of a purely domestic nature. All of us must try to foresee foreign trends if we are to correctly answer our problems here at home.

Frankly, I view 1952 with considerable caution for several reasons. The oil industry, while operating at the highest levels in history, is also operating with a great deal of distress. The proven reserves of oil may well prove insufficient. One cannot overemphasize the fact that oil is a commodity item, and therefore, subject to speculative influences. In order to maintain a steady supply and demand any significant increase in oil prices would be a major factor in our economic situation.

Unfortunately, we are facing a situation in which oil is being used to a much greater factor during 1952 and pressure to keep it moving will be a deterrent to the development of any effective policy on domestic operations. All in all, I find it difficult to find any great expectation that it will be as profitable as 1951, although in terms of volume and gross sales it should easily exceed last year's figures.

Concerning the situation of the domestic industry today shows the earmarks of mid-year 1941 which led to the depressed early 1942. These factors were essentially a production bias due to a deficiency of foreign crude and residuals. Petroleum markets are highly competitive, and as in previous periods on the import of heavy oil, the shortage of tankers bottoms, I believe foreign crude and petroleum will not pose a great threat to our domestic industry.

Mineral oil has already been largely replaced and if prices continue to increase, it will probably represent surplus oil in world markets.

As to our domestic and Canadian oil reserves, one can be fairly sure that the activity of 1951 without wondering how long the domestic producers can continue to replace oil at a rate which is necessary to replace the present market price. Canada, in spite of its great production, will continue to face severe restrictions on lead.

As to refining, the octane race continues without sign of abating. It appears that the rubbery restrictions are leading. In this connection it should be pointed out that a large number of the capital expenditures were made on refining facilities designed for production of high octane gasolines. Without refinery competition and not by the financial return of the investment the companies must continue to realize this will become even more evident.

Some of these problems may not occur in 1952, yet they must be faced eventually and maybe this is the year.

BRUCE BAIRD
President, National Savings and Trust Company, Washington, D. C.

This New Year opens with the usual optimism—high hopes for new fields of success and progress. But we must remember that the activity of 1951, without wondering how long the domestic producers can continue to replace oil at a rate which is necessary to replace the present market price. Canada, in spite of its great production, will continue to face severe restrictions on lead.

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E. L. BRUCE, JR.
President, E. L. Bruce Co.

Many conflicting factors have been made about prospective shortages of critical materials and the effect that these will have on housing construction in 1952. Some assure us that a bottleneck will occur in the available supply of available materials (metal, coal, etc.) and that the building will be sharply limited. It is evident that some industries have decided that there will be sufficient supplies, except for the supply-demand relationship. This will result in a situation in which the supply will be a limited supply and not enough to meet the demand for the building. Although the building industry will have less available materials than in the past, the building industry has demonstrated in the past its ability to meet the demand for the available materials. The need for additional housing in still substantial, and it is reasonable to expect that every effort will be made to assist this industry in an election year.

While most predictions forecast a reduction in housing starts, the increase in real estate development possibilities that are likely to be realized in the future means that this year housing starts may be at a higher level than in 1951 or 1,000,000 units, may again be a record. This is a result of the demand for the industry because they would not suffer. All-cut war would change the outlook but in such a way as to increase the demand for homes at a faster rate and should offset the loss in domestic usage.

GEORGE B. BURRUS
President, Peoples Drug Stores, Inc.

There were no significant changes in the drug store industry itself. During the first three years in 1951 the store showed a steady increase due mostly to the large number of new stores opened for the first time. Merchandise in most categories remained in good supply.

Salaries and prices were frozen during the early part of the year. In December the situation will be dependent on the military needs and the amount of employment available.

Inventories were high during the late part of the year. In the first months of the year these have been brought in line with the previous year. That of doing business has increased during the year, which added to the increased profits resulted in a net profit. The year 1952 will be a record year in sales volume. Merchandise generally speaking should be available in sufficient supply to meet the needs. The situation will be dependent on the military needs and the amount of employment available.

The cost of doing business will continue to climb. The cost of materials and labor increases, but in the industrial materials the increased taxes at an accelerated rate will become more acute during the year.

Examination of the costs of wages and taxes over the last decade has created a situation where the industry is faced with an increased cost of living. Unless prices increase, profits will be eroded. A closer control over the cost of materials and other manufacturing costs is necessary. There is nothing new. It is an important function of management at any time, but unless the latter are further increased, the 1952 prospects for the refractories industry appear promising.

Continued on page 32
Prominent life insurance executives contend the monetary policy we need is neither a perpetually easy-money policy nor a "hands-off" policy. Society should have a monetary policy that is flexible and objectively administered, keeping in view injustices and pitfalls of inflation as well as disadvantages of deflation.

No group is more interested in the maintenance of a stable and prosperous economy in the United States than are the life insurance companies and their millions of policyholders. In common with everyone else, we are concerned that a high level of business activity be maintained. But even more than most other groups, we are concerned that the economy not only be prosperous but that it be stable.

Fundamentally, a life insurance company exists to provide protection to its policyholders. The company is used as a pooling device in which an insured can provide for old age or for the support of beneficiaries in the event of death. The income thus provided for future years must be in the form of a dollar of each policy.

The policyholder, however, is thinking not so much of dollars as he is of the goods and services which those dollars will provide for himself or for his beneficiaries in later years. The dollar of the policy is intended to be translated into the intended goods and services only if the purchasing power of the dollar is maintained. If inflation robs the beneficiaries of a good policy they are, as it were, robbed of all others who are unable to put their money to a higher rate of return than the dollar goes down.

Clearly a life insurance company, if it can, will want to take effective steps to maintain the protection for which its policyholders strive. In connection with this, as a long-range investor, the life insurance company seeks not only the highest interest rate consistent with safety of principal, but is concerned that the dollars which it lends be repaid in dollars of commensurate purchasing power.

Life insurance companies collect countless small payments from millions of policyholders for urban life insurance is a principal method of the life insurance companies to get together these small payments and makes them available to the small and large borrower for the construction of plant and equipment, for the building of homes, highways, highways, factories, and to aid the government.

The economic problem, the life insurance company, therefore, is not solely that of providing protection and means of saving to its policyholders, but also that of combining small payments into substantial amounts of capital and directing them to their most productive use.

A stable economy would say that insurance companies give mobility to capital and that they destroy the possibility that capital flowing from the well-to-do be sufficient to supply our advanced industrial machine. In my opinion, capital from that source would not be sufficient even though these dollars were not kept to see their life. The capital, apart from slowed earnings, must in the main be collected in individually small amounts from the millions of small policyholders and savers.

The job of the life insurance company is to look to the small man.

Obviously, life insurance companies invest funds so that they may earn interest upon them for the benefit of their policyholders. This benefit shows up in the form of substantially lower cost for the protection than would otherwise be the case. But in spite of sacrifice on the part of the policyholder and careful and profitable investment on the part of the life insurance company, the program of this program is partially defeated to the extent that the purchasing power of the policyholder's dollar shrinks.

It is easy to understand why life insurance companies are vitally concerned with the maintenance of stable economy and of a stable purchasing power of the policyholder's dollar. This is because they have a steady stream of dollars flowing into their companies.

The life insurance companies are vitally concerned with monetary policy because we believe that the maintenance of a stable economy and of a stable purchasing power of the dollar, and the sustaining of prosperous economic conditions in the United States depend on an important degree to the continuous application of a sound monetary policy.

Monetary values obviously have been subject to wild swings. Nevertheless, they are of great and even crucial value. They should continue to be subject to change, for example, the following of sound fiscal and public debt management policies. Our current problem is not an emotional one nor political. We simply are interested in the development and the effective application of that monetary policy which we think will most effectively promote the stability and prosperity of our country.

If we are to use monetary measures as effectively as possible toward the twin goals of stability and prosperity, we must apply them. Monetary policy is most likely to promote these goals and, secondly, what agency can best administer that policy. As a matter of fact, it is probable that it is not possible to fully separate or dissociate the two questions. Nevertheless, the following is, in our opinion, what monetary policy has the best chance of promoting a stable and prosperous economy.

Advocates of Perpetual Easy Money

This country (it has its counterpart in Great Britain and elsewhere) feels that the best interests of the economy are served by a perpetually easy-money policy. This group is not new; it has appeared and reappeared in each generation.

In the United States, we have had the Greenbackers and the free silver advocates, among countless other groups, urging that all our economic problems could be solved simply through the issuance of more money. Of course, these free silver advocates are not so naïve as their predecessors. Today, they talk in terms of the propensity to consume, the marginal efficiency of capital, and the maturity effects of inflation. Nor can these modern inflationist's arguments be dismissed as easily as their predecessors. Nevertheless, their practical recommendations always seem to end up with the same old proposition: that easy money is the cure-all.

Who are these modern easy-money policy advocates? That is to say, inflationists? These are some of their identifying characteristics: they continually advocate low interest rates or no interest rates at all; they are not concerned about the site of the government debt—they argue that we owe it to ourselves anyway; they are non-identical, but draw support from, the silver interests. They are for the "balance wheel" theory of government spending, which provided that off-thed and the wheel is always on the spending side. They issue paper to induce perpetual inflation, feeling that the benevolent side of which rising prices bring to many groups in our society are not important. They hold that there is never an occasion when the public welfare demands a tight-money policy, stating, in the words of one of their representatives, that "low interest rates are always desirable."

The position of these people on the subject of interest rates is a remarkable one. When it suits their purposes they can be ardent advocates of holding with him that the interest rate occupies a strategic role among the forces responsible for the level of business activity. But at other times, they become just as ardent anti-Keynesians, and argue that interest rates are nothing to do with, the level of business activity. It is significant that their line of reasoning shifts so that their conclusion appears invariably to be that low interest rates are always necessary. To them there is never an occasion when the public interest calls for a quantitative limitation on the money supply.

With respect to the group which I have described, I can find little which in common sense supports their position. That does not mean I am unaware of the contribution of the monetary heretics (a term used by Keynes himself) to our economic thinking. Through their questioning of long-accepted monetary principles, they have stimulated discussion and new ideas. These have resulted in great improvement in our understanding of money and its relationship to the economic system. Unfortunately, many people have mixed in the arguments; they are not thought and, applying them to situations which only those under which they were originally conceived, have distorted them to justifications of easy-money policies, or excuses for, flexible and unthinking policies. Almost anything can be said.

Page 13

Continued on page 22

This announcement is under no circumstances to be construed as an offer to sell or a solicitation of an offer to sell its Capital Stock, which warrants expire at 2 P.M., C.S.T., February 6, 1952. The offering is made only by the Offering Circular.

NEW ISSUE

150,000 Shares

Republic National Bank of Dallas

Capital Stock

(Par Value $20 Per Share)

Subscription warrants evidencing right to subscribe for these shares have been issued by the Bank to holders of its Capital Stock, which warrants expire as at 2 P.M., C.S.T., February 6, 1952.

Subscription Price to Warrant Holders

$40 Per Share

Capital Stock may be offered by the Underwriters as set forth in the Offering Circular.

Bank Stocks

Our analysis of the 1951-year-end reports of a group of outstanding banks is completed and now available.

A copy will be sent free up upon request.

We deal actively in bank stocks and are prepared to buy or sell in large or small blocks at net prices.

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 SECURITIES

FINANCIAL SERVICES

VOLUME 175 NUMBER 5866 THE COMMERCIAL AND FINANCIAL CHRONICLE
James Coggeshall of First Boston advocates SEC case registration requirements pertaining to prime brokerage firms.

Participants in the nationwide banking which handled the $354,000,000 of 12-year debentures—was more convinced than ever of the wisdom of proper pricing of such issues.

This enormous undertaking went off as had been forecast by preliminary inquiry because it had been building up steadily since the financing went definitely into registration three weeks ago. Scope of demand was rated higher than expected and the underwriters evidently had no surprise when the debentures went in a premium over the offering price.

Carrying a 3 1/2% rate and priced at $100, the issue offered purchasers an indicated return of 3.20%, which evidently proved attractive to a host of institutional buyers, chiefly pension funds, smaller insurance companies, and commercial banks. It ion, would have had to pay at least 3 1/2% instead of 3 1/4% on their current financing had they resorted to the prime placement market. The advantage, he pointed to the advantages to the public of such securities were widely placed through the issue. It was the value of the attendant publicity.

Mr. Coggeshall also stressed the fact that the SEC's action against brokerage, advantage, in selling their debentures to the public, was not banking channels. Alcoa, because of SEC's present registration requirements. Specifically he mentioned a number of interest rates not rising during the 45-day period involved in preparing, filing and waiting for the Commission to approve the registration statement effective, a prerequisite to making a public offering. He said this SEC action was a result of any change in the law, Mr. Coggeshall said, alleviate stock and thereby properly encourage the wide use of deferred issues of private debt securities by altering its registration requirements so that an issuer corporation could make a public offering within 24 hours after filing the registration statement with the SEC in the same rate as that rated 8% or better by two of the three nationally recognized security rating agencies. Such abbreviated registration process would apparently provide for the securities being listed on a national securities exchange, improving the availability of complete information.

Continued on page 42
The Business Outlook
For the Months Ahead

By MARTIN R. GAINSBURGH
Chief Economist, National Industrial Conference Board

Mr. Gainsburgh, describing current business activity as "at dead center," says that the "next move may be a long one," and that it may be a year or more before a "significant" upturn occurs.

In the retail trade, prices have been declining rapidly for the past few months. However, the decline has been offset by an increase in earnings, which has caused a rise in consumer buying power. The department stores have been particularly busy, and this has been reflected in the increase in sales and profits.

In the manufacturing sector, the decline in prices has been offset by an increase in production. The industrial output index has shown a rise in recent months, indicating a recovery in the manufacturing sector.

In the wholesale trade, prices have remained relatively stable, with a slight decline in recent months. This has been reflected in the increase in sales and profits.

In summary, the business outlook for the months ahead is uncertain, with a possibility of a recovery in the manufacturing and retail sectors, but a continued decline in the wholesale sector.

The Dayton Power and Light Company

$15,000,000 First Mortgage Bonds, 3 1/2% Series Due 1982

Interest payable semi-annually February 1 and August 1 in New York City

Price 102 1/2% and Accrued Interest

256,000 Shares Common Stock

[($7 Par Value)]

Rights, evidenced by subscription warrants, to subscribe for these shares have been issued by the Company to its common stockholders, which rights will expire at 3 o'clock P.M. Eastern Standard Time on February 15, 1952, as more fully set forth in the Prospectus.

Subscription Price $22 a Share

The several underwriters may offer shares of Common Stock at prices less than the Subscription Price set forth above, in the case of sales to dealers, the concession allowed to dealers, and not greater than the last sale or current offering price on the New York Stock Exchange, whichever is greater, plus an amount equal to the commission of the Stock Exchange.


January 9, 1952.
Economist predicts first quarter activity will be slowest of year, and, stimulated by foreign developments, business will pick up during subsequent months. Belligerent tendencies and inflation, maintaining year's cost of living will be limited to 4.5%.

First among the economic factors influencing the distribution of home furnishings in 1952 will be the general economy—the level of employment, production, commodity, income, and sales.

General-economy conditions this fall I expect to be favorable to the opinion of some observers, who expect a sharp recession in the second half of the year. I believe that the first quarter will be the slowest pe-riod and that trends and averages will be favorable thereafter.

However, the general business pattern this fall will be, I believe, influenced by new foreign developments. Foreign developments during the past 14 months have been stimulating to business in 1952, although in the case of the speculative extensions that developed in the last half of 1951 this possibility is not realized, then all estimates of next year's averages, included in this report, will be too low.

Expanding defense payments for rent and labor are key to the business trend this year. These will not reach a peak until the second quarter of the year, or early next year. This expansion will move business out of any minor weakness in other areas, including private, distribution and financial goods.

Distribution of home furnishings, however, will be influenced in an important manner by special considerations. Chief of these will be the distribution of production of many types of durable goods, including not only appliances, but automobiles and houses.

Supply of such items will depend entirely on the policies of the Government.

Demand, based on prospective housing starts, need not exceed the 1952 rate of production, leading to a practical disappear-ance of existing appliance and

---

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The Outlook For 1952

By A. W. ZELMEN

President, International Statistical Bureau

Marriages

By ROGER W. BARSON

Mr. Babson, in pointing out fluctuations in the marriage and birth rates in recent years, calls attention to influences of such changes on business. Says prospective 20% decline in marriage rates may adversely affect our economy.
The Banker Looks at Business

By F. Raymond Peterson

Chairman, First National Bank and Trust Co., Paterson, N.J.

Commenting on business outlook, former ABA President points out: (1) rearmament program and large corporate capital requirements; (2) interest on short-term credit at high rates; (3) government will bring dislocations and some shortages; (4) demand for credit will be strong and money rates higher.

The inflationary forces still quite strong.

How does the banker look at business? The question is a simple one, but the answer is not likely to be easy; certainly not so clear as to make his predictions simple.

Who is smart enough to know what the inflationary political situation will be in the nine months of the election year? Who can tell what the Russians will do? Can the Frenchmen and the Germans and the Yugoslavs and Greeks and the Poles and the other Russians of various nationalities talk about their intentions? How can the banker possibly discern the present and the future dislocations and shortages? Can he possibly tell what the real situation is, or what the government will do?

We see that the government itself does not know.

The armament program, the capital requirements of the large corporations, the increase in the demand for credit, the dislocations and shortages, all these, are the result of the rearmament program, and the capital requirements of the large corporations, and the demand for credit, and the dislocations and shortages, and the inflationary political situation. And the banker must make his predictions from what he sees and what he understands is possible to make from these facts.

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Life Insurance Investments in 1951

BY JAMES J. O'LEARY
Director of Research
Life Insurance Association of America

In tracing life insurance investments in recent years, statisticians classify legal reserve life insurance holdings and reveal important changes in assets at the end of 1949 and 1951. These changes indicate over $5 billion increase in U. S. Government bond holdings and approximately $1 billion of industrial and miscellaneous bonds, offset in part by decline in yields or interest. As a result, yields on bonds have shown a new $700 million increase in first nine months of 1951, but contrary to expectations, holdings of stocks declined $164 million.

The assets of all United States legal reserve life insurance companies now total $37.7 billion, an all-time record for this industry, according to a recent report by the Life Insurance Association of America. This is an increase of about $1.7 billion over the same period of the year, as well as from the end of 1949. Although holdings of United States Government securities declined somewhat from the end of the year, acquisitions (exclusive of $2.2 billion in Treasury bonds which were sold off due to the passage of legislation in New York State during the year), rose to over $1.6 billion, the highest total on record for the first nine months of any year. Virtually all of these 1951 acquisitions were in U. S. Government bonds, which continue to set new records in volume and investment command.

Estimates indicate that about $30 billion of new business will be undertaken by life insurance companies during 1952. This is about $14 billion more than the record business volume of 1951.

TABLE I

<table>
<thead>
<tr>
<th>Classification</th>
<th>December 31, 1951</th>
<th>Total</th>
<th>December 31, 1950</th>
<th>Total</th>
<th>Percent Increase</th>
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</thead>
<tbody>
<tr>
<td>Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U. S. Government</td>
<td>$14,766,350,000</td>
<td>39.0</td>
<td>$13,750,300,000</td>
<td>35.0</td>
<td>7.3</td>
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<td>Other government</td>
<td>$1,507,260,000</td>
<td>3.8</td>
<td>$1,474,880,000</td>
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<td>2.0</td>
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<td>Canadian Government</td>
<td>$1,425,270,000</td>
<td>3.7</td>
<td>$1,250,960,000</td>
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<tr>
<td>Industrial and miscellaneous</td>
<td>$5,439,980,000</td>
<td>14.0</td>
<td>$4,637,040,000</td>
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<td>17.7</td>
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<td>Total government</td>
<td>$18,308,860,000</td>
<td>48.5</td>
<td>$16,003,200,000</td>
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<td>Railroad</td>
<td>$11,478,040,000</td>
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<td>$10,256,520,000</td>
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<td>11.8</td>
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<td>Public utility</td>
<td>$3,045,560,000</td>
<td>8.1</td>
<td>$2,671,180,000</td>
<td>6.9</td>
<td>14.0</td>
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<td>Railroad and public utility</td>
<td>$14,523,600,000</td>
<td>38.8</td>
<td>$12,927,700,000</td>
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<td>12.7</td>
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<td>Total</td>
<td>$21,846,750,000</td>
<td>58.3</td>
<td>$18,574,300,000</td>
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<td>Stocks</td>
<td>$5,778,450,000</td>
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<td>$6,539,090,000</td>
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<td>Insurance</td>
<td>$6,191,590,000</td>
<td>16.8</td>
<td>$5,992,140,000</td>
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<td>Other</td>
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<td>$594,030,000</td>
<td>1.5</td>
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<td>Total</td>
<td>$12,646,840,000</td>
<td>33.7</td>
<td>$13,158,300,000</td>
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<td>-3.7</td>
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<td>Total bonds and miscellaneous</td>
<td>$34,453,600,000</td>
<td>95.0</td>
<td>$31,692,500,000</td>
<td>81.8</td>
<td>8.9</td>
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<td>Total assets</td>
<td>$37,718,000,000</td>
<td>100.0</td>
<td>$35,865,700,000</td>
<td>100.0</td>
<td>5.1</td>
</tr>
</tbody>
</table>

*Includes all political subdivisions.

Several factors contributed to the following areas:

Bonds
- Increased holdings in U. S. Government bonds, which rose by $1.3 billion to $14.8 billion.
- Holding in other government bonds increased by $247 million.
- Canadian Government bonds held nearly $1.4 billion.
- Industrial and miscellaneous bonds are up by $862 million.

Stocks
- Holdings in insurance stocks rose by about $654 million.
- Other stocks declined slightly by $89 million.

TABLE II

<table>
<thead>
<tr>
<th>Classification</th>
<th>1951</th>
<th>1950</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Railroad bonds</td>
<td>1949</td>
<td>(Estimated)</td>
<td></td>
</tr>
<tr>
<td>Public utility bonds</td>
<td>1949</td>
<td>(Estimated)</td>
<td></td>
</tr>
<tr>
<td>Railroad and public utility bonds</td>
<td>1949</td>
<td>(Estimated)</td>
<td></td>
</tr>
<tr>
<td>Total private</td>
<td>3,526,209,000</td>
<td>$3,617,019,000</td>
<td>-2.5</td>
</tr>
<tr>
<td>U. S. Government bonds</td>
<td>1949</td>
<td>(Estimated)</td>
<td></td>
</tr>
<tr>
<td>Total government</td>
<td>$3,272,914,000</td>
<td>$3,185,001,000</td>
<td>2.7</td>
</tr>
<tr>
<td>Total</td>
<td>$6,809,123,000</td>
<td>$6,796,020,000</td>
<td>0.2</td>
</tr>
<tr>
<td>Cash and other assets</td>
<td>1949</td>
<td>(Estimated)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$7,727,187,000</td>
<td>$7,754,795,000</td>
<td>-0.4</td>
</tr>
</tbody>
</table>

Continued from page 5

Observations...

his generation, the successful pragmatist and improver who used a real method in his bungling.

In his closing paragraphs Mr. Janeway says: "This book has attempted to explain the how of Roosevelt's greatness by telling the story of Roosevelt at his greatest—as War President and presiding genius over America's homefront. The how of his business defies comparison as it will ever defy duplication. Great men following in his wake, or the advisors, will never tire of speculating upon his motives, his strategies, his choices, his success, his luck and his failure." But neither has the author made up his mind fully about whether Roosevelt was a great leader or a great man, nor even whether he was wholly right. Rather is Mr. Janeway's appraisal a tribute to an epochal and enormous personality.

Important Considerations

In any event, Mr. Janeway's conclusions in other directions, both stated and implied, are more important and constructive. That, and no place, no how nor confusing may our otherwise bureaucratic bungling be, we are nevertheless far better off than we were on the eve of World War II. That despite the Washington madhouse, the nation's people came through it all hard work through hard work a staggering amount of guns, tanks, and planes. That industry did a marauding job against all odds and in every phase. At one point General Motors produced 100,000 tanks a day for its home front (called for by its contract.) That an inflationary free-for-all for the entire community was a major factor in our success.

But the most significant message from Mr. Janeway seems to be embodied in his closing lines: "The man at bay [J. W. Freeman] shall we have to be more total than any other totalitarian. We shall need to invoke those drives of the human spirit which have worked through us all, and the activities of our organization will have to be driven by the anonymous energies and millions behind whose momentum Roosevelt followed."

Will we be adding by the true implications of this finding? The outcome of a major event Nov. 4 next will have an important bearing on the answer.

Minneapolis-Moline Is

Distributing Calendar

One of the new manufacturers of farm and garden equipment in 1952, Minneapolis-Moline, is now being distributed by Minneapolis-Moline Distributing Corporation, not only in the United States, but in foreign countries as well. The Minneapolis-Moline distributing calendar for 1952 will be distributed through a catalog of modern farm machinery manufactured by the company at the Minneapolis-Moline plant at Delano, Minnesota. The calendar features a large color map of the distribution of the company's new products through 1952.

With H. W. Freeman & Co.

(See Editorial Notes on page 3.)

FT. MYERS, Fla. — Janet M. Freeman, sales manager of the H. W. Freeman & Co., has been named to a position on the management board of the Wesco Laundry of South Florida. The Wesco Laundry is one of the largest laundry concerns in the United States. Freeman has been associated with the company for several years and is a member of the board of directors of the Florida Laundry Association, of which the Wesco Laundry is a member.
Dangers Inherent in Government Ownership of Reserve Banks

By JOHN J. ROWE

President, The Fifth Third Union Trust Co., Cincinnati, Ohio

Discussing fundamental purposes for which Federal Reserve was founded, Mr. Rowe asserts an independent system of 12 reserve banks can prevent banks from overbanking banks, but in keeping Federal finances within bounds.

The Palm Committee Questionnaire for Banks asks the following: "What do you consider to be the advantage and disadvantage of the ownership of the stock of the Federal Reserve banks by the banks? Do you believe that the ownership by the United States Government would be more desirable?"

In several of the previous nine questions, it is clear that a general discussion of the Federal Reserve System, the bank examination, etc., should be required before the whole system can be explained. It seems important that banks be required to hold additional funds or that banks in specified classes of United States securities, the general subject of bank regulation and set up assets of Government bond issues, be the immediate field for this panel discussion today under the heading "What Monetary Policy?"

Linked inseparably to this is whether the present system of twelve Reserve Banks, now owned by the member banks of the system, should be continued and, if not, what system should have its place. Under Government ownership, a bank (far from the concept of the "all-wise" Government) could be used as a method for Totale- ternship control over credit, management of the Government debt (and its constant deficits), and reduce all banks in the same fashion through legitimate competition. Endless credit for government in business, in competition with private banks, is unfettered. They should not be allowed to narrow margin loans made by the Reserve Banks, and the reserves taking fractioning need credit by industrialization.

When the Federal Reserve Act was first passed, the phrase "Central Bank" was not used, and the whole conception was twenty practically independent banks tied together by the Federal Reserve Board. This original idea was much in keeping with the then conception of the right of the Federal Reserve Act. No European-style Central Bank

It is abundantly clear that the whole subject of the Federal Re- serve Act and its foundations, from the very conception of the bill, in the original passage of the bill, and in the amendments to it, have been a battle between the Federal Reserve Act in copying the Central Bank ideas of the European countries, and those taking the opposite position that this country is different, and that they do not want to copy socialistic or totalistic centralization of control of the central Government Europ... Europe, being completely convinced that what we wanted was an independent group of Reserve Banks to insure elasticity of currency, elasticity of credit

*An address by Mr. Rowe before the New York Union Trust Board, New York City, Jan. 23, 1922.

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The announcement is an offer to sell or a solicitation of an offer to buy securities. The offering is made only by the Prospectus.

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STERN BROTHERS & CO.

January 21, 1955

Continued on page 28
New Fiduciary Policy Permitting Common Stock Investment

By CHESTER J. DODGE, R.C.S., LL.B., C.P.A.∗
Chief Auditor of Accounts, Surtogate's Court, New York County

Mr. Dodge bails the salutory effects of recent Prudent Man Law changes, pointing out that the life tenant or legatee under orthodox trusts invest more than three-fourths of its value in terms of living standard since 1932. Offers "common sense" precepts for common stock investing.

One of the most progressive changes in the legislation during the estab-
lishment of estates became effective July 1, 1930. I am referring to
(a) Section 21 of the Prud


cional Property Law, under which investments may be made in
common and pre-
ferred stocks. Let us look at the situation in estates as they have ex-
isted during the for-
gotten period from the husband to the wife, the life tenant. A trust fund of $100,000
in 1932 produced an income of $3,000. The same fund with the same money market investments would have yielded a return of $2,900. In other words, there was a $100 loss. In addition, the life tenant had to pay taxes on the $100. The purchasing value of the dollar decreased steadily over that period. To put it another way: if one wished to have the standard of living maintained as it was at the 1922 level, the fund would now have to approximate nearly $115,000.

Banks' Association Responsible

What may surprise you is that the New York State Bankers’ Asso-
ciation was most instrumental in having the new law enacted. This Association has been referred to as the prudent man's law labors, making investments with a reasonable return cognizant of the safety of principal. The day is gone forever when a trustee can take the estate funds, purchase a bond in a safe deposit box, and then place the bonds in a safe deposit box and then place the bonds in the vault and go back to the box for his security. The fiduciary is required to make sound and wise bonds simply because they are legal. He shall have greater re-
sponsibility for the principal which, of course, will certainly want the assurance of the investor and, in view of the availability of the new law; the reinforcement of this once a chance have the principal increased.

In speaking of the preservation like to refer to its preservation rather than its con-
sequence. Preservation attempts to protect the fund from deterior-
ation through protection of both physical and moral eroding power. For the life tenant to be preserved, the present worth of the fund should be preserved so that in
case of death of the life tenant, it benefitted, particularly if inflationary trends continue.

As stated, the law which became effective July 1, 1930: it enabled
trusts to invest in both trusts and life
Also, will inter vivo trusts, guar
dians and incompetents' estates, function of the fund for all years for or subsequent to July 1, 1930.

The Prudent Man Statute

The statute provides for invest-
money. The new law is a prudent man using diligence and intelligence in seeking a rea-
respect for preservation

A "lock" as Mr. Dodge puts it: "Ac-
mounting and Taxation" seminar at Drexel's Bank Accountants-Credit for Commerce Alumni, New York University, School of Com-

One of series of messages prepared to promote educational and de-
courage such a step is now a hot topic.

Chet J. Dodge

From Washington Ahead of the News

By CAROLINE BARGER

It is the little things that are comprehensible to the taxpayer as if he faces these days the highest taxes in his history, a Federal government debt of some $235 billion and a proposed $12 billion expansion, such a little thing as an example of the way your money is being spent. Before you have the opportunity to build an "Institute of Man" at Natick, Mass., on $24 million of public money and a $4,600,000 "Corps of Engineers" in Europe and spending other billions on the "corps of thankful soldiers," you had better consider that the Quartermaster Corps be per-
mitted to have this little sum with a view to boosting their morale if nothing else. After all, the members of the Corps over all these years have felt like outsiders; they are non-
combatants, no "Halls of Montezuma" or the "Caesars Go Rolling Along" have been writ-
ten around them. Throughout our increasing gala of military extravagance, it is high time to simply supply the soldier with food and clothing, etc. An "Institute of Man" would not be the creation of most of them, therefore, I am sorry to have to say that I am not impressed with the program of the Quartermaster Corps and will very likely vote against it.

However, in the last war, a Frenchman by the name of General Doriot joined up with them as a reserve officer, now retired, and in that "too last war" and "meantime," he was making me recollect my boulevard French correctly, but he had to do the writing and with his spirit as if it should be

26/1/1933

Wean banker, in message to depositors, declares they have right to use their money in any way they please, not to use bank vault to insure hard-earned savings from becoming a cold-war casualty.

"If Our Depositors Only Knew" by ORVAL W. ADAMS

Executive Vice-President, Utah First National Bank, Salt Lake City, Utah

When in common stocks on behalf of the estates and funds so invested are generally substantial amounts of money, the prudent man law can also indicate something else in the way of investment advice. Before making an investment, at least inquire into (1) market activity; (2) earnings (stability); (3) earning based on dividend; (4) dividend re-
classification; (5) retarded sale, preferred stock ahead of the com-
mun; (6) the individual's (7) present buying possibilities. These rep-
resent but a few of the factors which the prudent man should consider in making his investment. In a recent report of the New
York State Bankers Association it is shown that the purchase of common stocks has ranged from 9 to 26% of the permitted under law. The average investment made, according to a reply to a written inquiry of the New York State Bankers Association which shows that between 20% and 25% of the funds were invested in common stocks.

It is now required, however, that banks be required to reinvest the proceeds in such investments as are "legal" under the 65% rule if the "legal" stocks are not more than the stated percent.

"Common Sense for Common Stocks"

Chet J. Dodge

Wadsworth, New York 1001, New York

it could never have happened to you. Yet, as we know, it happened back in 1932, when it all started. That is, there is no such thing as a modern man. The next may not know what the word is. I, they did not know this, the law did not act upon their knowledge, and it is the year of their hopeful, in the midst of twin injury through govern-
ment's policies has weakened.

Orval W. Adams

Bernard Bar-
ré E. R., a
Stateman of the Lib-

CRATY Party, says: "The inflation which has racked this country with injury to those with fixed incomes and wages has not been the result of do-nothing eco-
nomics. It has come from government-managed economics. In favor of government, pressure groups in disregard of the state of the economy.

The Federal budget for the com-
ing year, proposed by the Presi-
dent, asks for over $45 billion. That is a tremendous amount of money; it is far in excess of the million dollar expenditures for the Federal budget. You are not to spend even in any year prior to 1917, a mere $8,000,000,000. If it elected over one billion and spent nearly two billion dollars. Just think of the money if you are to pay almost exactly all of the war debts of the United States for all State and local pur-
poses.

You know where this money comes from — that it comes out of your pockets in high prices and in dollar bills. It lowered your standard of living, hazarded your future security and threatened the economic security of our nation.

We do not long as gov-
ernment continues to spend more than it takes from you in taxes and in the income of the government. The government has no more than the people. The government has no more than the people. The government has no more than the people. The government has no more than the people.

Grant that the just demands of government in this war-

The government is enormous, that is all the more reason to avoid need-
"government," the need for the money spent in every dollar taken from you, the Federal budget.

You have a right to know that your money is spent wisely. You have a right to know that your money is spent wisely. You have a right to know that your money is spent wisely. You have a right to know that your money is spent wisely.

Second, Next, the Senator was shown a soldier riding a bicycle in a trench with heat not a bead of perspiration flowing from his brow.

The Senator was impressed and it came to pass that he ap-
nealed to the President to authorize the Senator to be taken away, and was treated to a great display of what he had seen and to endorse Mr. Doriot's dream. It so happened that the "Institute of Man" was to be located in the Sen-
a's state.

The General, who happens to be associated with Harvard and other combined New England industrial and scientific agencies, finally got Congress, with the aid of men like Saltanall and, in fact, the Federal government, to get the most out of what he had seen and to endorse Mr. Doriot's dream. It so happened that the "Institute of Man" was to be located in the Sen-
a's state.

However, came the Korean crisis, all hope of checking the growth and spending of the military was over, and he relearned. Once again, the military was back in business, with a few dollars and planes at their disposal; servants galore and yachts. There was not stopping of it now, because, after just a brief pause, the Free World was again endangered and only the brass could save us all.

So it came about, since the political cry in 1931 was that on account of the unlimited expenditures to save the Free World, it was necessary to curtail on purely domestic items, such as high-
ways and schools. The lot of pork barrel stuff of Congress and of rivers and harbors, the members of Congress must get their pork out of a $4,800,000,000 army and naval construction fund. The country has never seen such a pork barrel bill as this, and the members of Congress and his QMC colleagues finally got the original appropriation for their "Institute of Man."

In any event, the QMC has six other establish-
ments now around the country where that very work of devising food and clothing with which man can "survive in the heat of the tropics or the cold of the Arctic" is going on. There are in num-
ber and unemployable personnel in these same places, no number of government laboratories, including the Bureau of Standards, too.

But one word is called an "Institute of Man." That phrase, out of the imaginative mind of a creative Frenchman, such as one who might design a woman's dress, is going to be expensive.
**What Monetary Policy?**

By E. A. Goldweiner*

*Formerly Economic Adviser Federal Reserve Board

**February 8, 1948**

Alerting public as well as private debt should pay current money costs. Dr. Goldweiner urges use of Federal Reserve’s existing powers and machinery, in lieu of amending existing bills. Opposes return to gold coin standard, alleging this would indirectly weaken the dollar.

For many years the extent of the influence of the amount of currency in circulation on economic activity has been a subject of considered questions, and it prompts to consider the importance of money as a factor in economic life emphasizing the greatest importance of fiscal policy coupled with direct controls. This school of thought has its advocates in the later years of the depression of the 1930s, and that reserve of money was adequate but repressed flow. That there are circumstances where the average amount of money is slow to exert an influence on business activity, but this does not mean that money had no influence. There are many circumstances where this influence may not even be the dominant factor in economic life.

Neither will any one deny that fiscal policy has a powerful effect on business activity. As a matter of fact, there is much agreement that the fiscal policy is not a comparable influence; all that is known about the function is that it is out of the question to control fiscal policy, and there are many pressures not related to the control of fiscal policy, but it is fogged largely on the basis of the fiscal considerations. What the government will spend, what it will borrow, the political and social views of the Administration and the Congress, or by such overriding forces as the need for finance a war or a large program of public works, is raised in taxes and wages and depends on a complex of political and social considerations, few of them are not a part of the whole policy to control fiscal policy, and the need to increase or decrease the public welfare. It is well for scholars to work on the problem of how fiscal policy can be best used as an anti-cyclical influence, but for the foreseeable future there is no way to control fiscal machinery and practice being adapted to current cyclical requirements of the country.

Direct controls may at times be a valuable temporary expedient, keep the price structure as the whole immediate while more lasting methods of regulation are being formulated, but not in operation. But not only do such controls attack effects rather than causes of infla-

Pry: They are also administratively difficult and tend to stimulate the effective forces in the economy. They tend to lengthen delays and to result in constant delinquency and in wide fields of activity to be put under control. At times one doubts whether many of the adjustments on even on a temporary basis, which are only in the process of being made, are open to any kind of criticism.

In contrast to fiscal policy and direct controls, monetary policy is both feasible and flexible. It can be promptly formulated, vigorously put into action, and halted at any time-consuming ad hoc legislation. As a matter of fact, there are no times when it is of no consequence the need to do something at once when it can be the decisive factor in the economy.

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A Solid Dollar Under a Modern Gold Standard

By HAROLD E. STASSEN
President, University of Pennsylvania

Ascribing climbing prices to wrong and wasteful policies of government, the writer says that gold lists increases in money supply by Truman Administration as having produced inflation. Says inflation can be curbed by having a gold standard and placing limits on gold. Lists as steps to "modern gold standard": (1) spend less money in Washington; (2) prevent future unemployment by providing worthwhile work; (3) strict supervision of gold shipments in and out of country; (4) control over gold holdings.

Tonight I will talk over with you one of the important reasons why we have had our inflation in the national capital. It involves the threat of cheapened and depreciated money and the danger that money has, that I will present to you today in a few active steps which, if they were taken, I would explain the thrift of the American people which I would carry out as your President.

Let me tell you about this threat.

A young mother in Milwaukee, Wisconsin, who was brough from, asked me an interesting question last month. She said that although her husband retired in 1945 after 31 years and 5 months in the same occupation, he was not able to live in comfort in the past six years, she had a harder time in those years than she had in the past 30 years. With prices of almost everything climbing beyond all expectations, her family budget is getting desperate. She asked why this was happening and what could be done about it.

Millions of Americans are facing this same problem. You have probably been wrestling with the same problem in your home. Why should this be and how can it be corrected?

Let me give you another example.

An elderly couple in Cleveland wrote that the husband retired in 1945 after 40 years in the same occupation. However, the company it was considered a very good retirement plan. Every year, that $100 buys less and less. They are using up their small savings and are worried about the future when they had hoped to be able to live and secure in their sunniest years. People like this couple on fixed incomes are worse off than ever.

Those who have not had raise are also in serious difficulty. Three school teachers in West Bottoms, Kentucky wrote that they had had no increase in salary for seven years and it is very hard for them to get along on their salaries.

This is only a snap-shot of what is happening in the country all over. People are worried about their future and are scared of the future.

Another problem was brought to my attention again last week when a woman from a small town in Washington state spoke to me on the telephone and complained that the insurance policy of one of their husbands who was in the service of the war would not longer take care of his illness. The policy was not planned. He asked what could be done. I told him that he could not afford another policy and that his income now taken by taxes.

I want to answer these questions and tell you how to deal with this threat of inflation.

I would do so as your President.

The writer's plans are:

1. Reduce gold lists.
2. Prevent future unemployment by providing worthwhile work.
3. Control over gold shipments.

The Modern Gold Standard

Within about two years from the beginning of Operation Plowshares, after these and other necessary steps have been taken, the people have confidence that they have an honest, efficient, good government in Washington, the modern gold standard can be put into operation by Administration. From that time on America would have a solid dollar.

This solid dollar would do more to clear up the troubles of the people of our country, the Negro family, the Middle American family, the wealthy, the poor, and the rest of the American people.

In other words, if you can take a $10 bill and get a gold coin of the same value, it would be a new year, the next year, or five years, later, and the dollar then, if the government is kept balanced and employment is full, then the prospects are bright and good.

This gold standard can also buy at least as much or more of the smaller things of life that year, and next year, and the next year.

The modern gold standard becomes a barometer to test the wisdom and judgment of the government's policies; it becomes a symbol of the gold standard that we are determined to achieve. But for the good of America and for the future-ballasting and happiness of the American people, it must be done.

I am in a position to be confident, from expert advice and long study, that it can be done, and I pledge you that as your President, I would do it in the best way it would be brought about:

First of all, I would spend more money today to cut the waste out of the government, throw out the dishonest people, streamline the departments and end the duplication and tripletting, and make sure the government young, upright, and efficient. If you had to see it to understand, I would tell you that Uncle Sam is buying war materials and war plants that he didn't need, and I would talk with you and get advice from the clearest-minded men in Washington and Party, so that we would have the best for the American people.

I know from experience in taking over and straightening out a large corporation, that I would like to work in the government in 1939, Washington with better service for the American people and a stronger defense result.

Second: I would make it very clear that the policy of our government, my administration would be to prevent inflation and to provide that the people might otherwise arise if inflation were left to its own devices. This could be done by seeing that there was always one dollar for every dollar that went to build America and the whole country. This is the principle in detail in future plans for our government to prevent inflation. We must bring the American people to a new gold to build America.

I determine, with the help of Congress, my administration would take steps to insure that the American people would be able to own a solid dollar. In other words, the people ought to insist that government keep the money anchored to something solid, and the best anchor for many centuries has been a gold anchor.

One reason gold is the best anchor is this: Paper money can be printed on practically any worth more than they cost. The supply is limited. It takes hard work to mine it. It can be destroyed, some other money than other money. Therefore gold money has a value that none others can obtain. Its value is not fixed, but paper money has. A price list with a printing press can be made practically any value.

In other words a gold standard is the money of a country required for a good standard for the government. If the government is wasteful, or if a government is bankrupt and dishonest, if a government is engaged in large unemployment, then government keeps its gold standard, its government cannot keep its gold standard.

Therefore, I present to you, as part of my platform for the Presidency, the establishment of an American dollar with a modern gold standard. This will be an economic result of our national government.

Why should the American people try to achieve. But for the good of America and for the future-ballasting and happiness of the American people, it must be done.

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Forces Shaping the Business Future

By ELLIOTT V. BELL
Editor and Publisher, "Business Week"

Mr. Bell cites following as major economic forces:
(1) Government, with national security in both defense and economic fields;
(2) Businessmen for plant and equipment;
and (3) Consumer spending. Predicts 1952 will see full employment, high industrial activity, production, capital spending, and a high value of dollar. Asserts it may nevertheless be "a terrible year" for some individual businesses. Over-long, predicts even huge spending will not suffice to keep boom afloat.

Economic forecasting is always hazardous. But right now, speak more than ordinary assurance. A number of major forces seem to economic affairs for the next twelve months or so. They are the very factors that have been conditioning our economic climate since the close of fighting in late 1945 and early 1946. They are:

Business spending for national security including atomic energy and military buildup, and economic planning;

Business spending for capital goods—plant and equipment.

Government spending for national security including atomic energy and military buildup, and economic planning.

There is government spending for defense and business spending for plant and equipment—make it certain that 1952 will be a year of full employment and high industrial activity. It may be a terrible year for some individual businesses, just as 1951 was, but it will be pretty high on the charts of business activity. Government spending for defense and consumer spending will decide just how terrible it will be in 1952.

During most of the past year, we experienced the economic impact of defense within a boom. Employment has been running high, as has the output of a great number of resources and capital goods. The defense activity has been so heavy that it is cutting back on consumption. The economy has been growing at a tremendous rate in order to reduce inventories.

The explanation of this phenomenon is the great demand for industrial products. Instead of spending their incomes, consumers have been holding off. The rate of industrial savings in the country has reached the record level of over $2 billion per annum. This was the reaction of the American people to the two big waves of scare buying indulged in by both consumers and businesses after Korea.

Business and industry is committed to another year of amaz¬ingly high rates of growth. Since the end of the war American business has put $110 billion of capital into the ground and has been able to achieve a peak of about $6 billion a month in new business during the year.

 Deliveries of weapons are also rising. From a current rate of about $12 billion a month they are due to speed up to around twice that level in July and con¬tinue increasing in volume through the balance of the year. The defense spending in 1952 may total $55 billion and, no matter what happens in Korea, sufficient commitments are bound to continue and defense orders well into 1953.

Businesses Committed to High Capital Investment

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The Economic Paradox

By G. ROWLAND COLLINS*  
Dean, School of Commerce, Account and Finance, N. Y. U.

Dear Collins, in pointing out paradoxes in our business situation, you might be accompanied by business gломs, lists as factors in downpour of corporate profits:

(1) large tax kille; (2) no more inventory profits; (3) upward pressure on wage and other costs; (4) corporate financing through bond issues. Decreases sliding scale or escalar debt contracts as open invitation to more inflation.

Now, certainly, so long as we live, work, walk and enjoy an entire of all-out war, we need to plant corporate seed corn. With large-scale provision in all possible an additional, our inflation would become accompanied by business gломs, lists as factors in downpour of corporate profits:

(1) large tax kille; (2) no more inventory profits; (3) upward pressure on wage and other costs; (4) corporate financing through bond issues. Decreases sliding scale or escalar debt contracts as open invitation to more inflation.

The World We Live In! It is not business as usual. We are involved in a defensive policy to avert a world-wide economic crisis. The world is faced with a new political-economic situation. The problem of how fast and to what degree shall we attempt to conserve an internal and external program for the benefit of our allies.

(1) The problem of how fast and to what degree shall we attempt to conserve an internal and external program for the benefit of our allies.

(2) The problem of how much to retain in retained earnings, as it is today. As the magazine "Fortune" so well puts it in its September number last: "When, in all history, has any company of builders, or traders, or voyagers ever set upon so many great ventures in such a troubled world?"

Typically, the American business man, his mouth is still plowed. Seemingly, the bookkeeper is quite likely to lay it on the line in two short statements:

(1) "We are saving to save on a raft, and (2) what we need is capital." The question is: Can we do is to expand production capacity.

Neither statement, of course, is either mainly or entirely true. Blackburn was formerly manager of research for the firm's southern division, with headquarters in Los Angeles.

Before coming to the West Coast Mr. Blackburn was associated with the Securities Investment Department of the Mutual Life Insurance Company of New York. He served in charge of the staff supervising $300 million in government bonds and $2 billion investment portfolio. Mr. Blackburn was with the Standard Oil Company of New York, with Hornblower & Weeks, and with Pain, Travers & Co., serving as an economic analyst. During the war, he served as senior economic analyst in the War Production Division of the War Production Board and as a Captain in the Army Air Forces.

Join Elmer Bright Staff  
BOSTON, Mass.—John H. Hou-  
ldham, Jr. has been affiliated with Elmer Bright & Co., 84  
State Street, members of the New York and Boston Stock Exchanges.

*An address by Dean Collins before the general assembly of the dean's Day at New York University, New York City, June 7, 1942.

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Lull in Inflation—How Long?* 

By DR. JULES BACkMAN**
Professor of Economics, New York University

Dr. Backman asserts we are experiencing a lull in inflationary pressure. In his most recent paper following post-Korea scarce buying, tax increases, and credit controls. A major national problem before us to prevent outlook of new inflation. During a barrier in inflationary pressures 1952.

The past year and a half has been a very surprising period for those who have been watching the post-Korea inflation pictures. The present situation is that we are experiencing a lull in inflation.

John Backman

Lull in Inflation—How Long?

A lull in inflation is a condition which exists when the demand for goods and services exceeds the supply of goods and services, and the prices of these goods and services rise. A lull in inflation is a situation where the demand for goods and services is equal to the supply of goods and services, and the prices of these goods and services remain stable.

For a number of months we have been experiencing a lull in the inflationary pressures. This is an inevitable by-product of an extensive armament program. In part, this has reflected the increased cost of consumer goods and the buying habits of the American public. This lull is a temporary one which can last at any time. One of the major national problems we face at this time is to prevent an outbreak of new inflationary forces.

Post-Korean Divergence Between Inflation and Budgetary Policy

It is interesting to note that the inflation which developed after the Korean War started was not caused by Federal budgetary deficits. This is because the Federal government was buying developed with the consequence that inflation started to rise. This increase reached its peak in February 1952. Paradoxically, during this first nine months after Korea, the Federal government ran a budget surplus of $1.8 billion and a surplus of $3.7 billion. The reason was that the Federal government had spent $1.8 billion more than it had received in taxes, which is the situation which is basically inflationary. Yet, during this latter period, we have a lull in inflation.

No Net Budget Deficit

One other point should be noted. During the first nine months in Korea, that is, up through June 30, 1952, the Federal government will have a combined bookkeeping deficit of only $4.3 billion and an actual deficit of only $3.5 billion. In other words, during the first nine months after Korea, the present armament program, which is now in progress, has eliminated the budget deficit, which is the basic source of inflation. Bank loans have been increased only in total amounts of slightly more than $385 billion in June, 1950, to $90 billion in October, 1951. There were only small changes in the various Federal deficits to which I have referred earlier.

On balance, the expanded armament program has not made it more difficult to handle these bank loans, to sell bonds to the banks since Korea. Total holdings of government bonds by the commercial banks actually have declined by $5 billion since June, 1950; the holdings of the Federal Reserve Banks have also declined. While on balance there has been an increase in Federal deficits, this has not been a new source of inflation.

At the present time, the general level of prices is still higher than it was in June, 1950, and this is not due primarily to anticipation of shortages and fears of inflation. The price rise is the result of government policies that have been laid down and the ground of short-term developments, that the probable developments of the future must be examined.

Consumers' Finishing Through

The President's budget message, the Federal Government will be in the red to the amount of $7.7 billion by the end of the fiscal year ending June 30, 1953. On the other hand, in the past year and a half, it is difficult to see any evidence that the Federal government will obtain these funds by borrowing from the banks. Such loans now stand at about $10 billion, January 15, 1953.

The fear psychology on the part of the Federal government was also reflected in a sharp increase in the turnover of money. We have noted that in the five months, June 1950 through October 1951, the turnover of money in the United States has increased by 30 per cent above the levels prevailing a year earlier.

During the period since March 1951, the fear of consumers and businessmen have abated largely because it has become clear that the Korean War would not develop into an all-out war and because it has become clear that within the limits of the armament program, there will continue to be a considerable production of many civilian products, such as automobiles, television sets, radios, household appliances, and particularly in the case of consumer goods.

The Suez Crisis has also been reflected in a substantial increase in the turnover of money. It has been in slowing up of inventory accumulation by business. Per capita annual rate of $10 billion in the first six months of 1952, a rate of about $2 billion in the last nine months of 1951. Must be compared to the consumer spending on minor changes since May. These factors have helped to offset the large budget deficit which developed during the past nine months.

* A talk by Dr. Backman at the Dinner Home-Circulating for Commerce Alumni, New York University. At the dinner home office the question of the nature and significance of the Federal government's budgetary policy will be discussed.

** For discussion of these factors see John Backman, Economics of Armament (487). 1952. Lull in Inflation—How Long? F}
John R. McGlinchey, Vice-Presi
dent, has announced the elec
tion of John W. Mahood as an As
tistant Secre
tary. Mr. Mahood is a trust in
testment officer in the Pers. T. D. T.

With regret Robert T. Stevens, Chair
dant of the Board of the New
York Federal Reserve Bank, an
counced on Jan. 22 that the death on the pre
day of Robert P. Pat
terson, a Class C Director of the Re
dvice of the Bank in 1916. Mr. Patterson was, by for
terly (1940 to 1947) Secre
tary of War, after his careers as an a
d in an airplane crash at Eliza
d, N. J., on Jan. 22.

Gerrish H. Milliken, Jr., and Richard W. Ridgeway, have been elected to the Advisory Board of the Texti
tile Office of Chemical Bank & Trust Company at 320 Broadway, New York. It was announced on Jan. 20 that John H. Helo, Presi
dent, Mr. Milliken is a director and a director of Deeds & Milliken & Co. in charge of Orlo
tine, and is also a director of Kirktime, Inc., Associated Store
er, Mr. Watts is Executive Vice-President of Associated Stores. Mr. Watts was the-Benzon Ham
don Hospital, a trustee of Over
took Hospital, Sumner, N. J., and a director of Colonial Life In
dustry, was named to the E. B. Cottrell Boys Co.

J. Stewart Baker, Jr., Theodore 
W. Brooks, Patrick N. Cahoun
John W. G. Bates, Jr., and Minor L. 
Wyman, formerly Assistant Vice-
Presidents, have been elected Vice-Presidents of the Bank of the Har
d, New York, according to an announce
ment on Jan. 25 by Lawrence C. Marwell, President. Mr. Bate
will be stationed at the bank's new Midtown Office at Fifth Ave
d and 44th Street. The other

We are pleased to announce that
M. BARNARD TOWNSEND
has become associated with us and will be in
charge of relationships with banks and trust
companies, particularly the underwriting of
capital securities of such institutions.

LEHMAN BROTHERS

January 25, 1952

Thomas H. McKittich, Vice-
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Hike Rate on Treasury Bonds!  

By AUBREY G. LANSTON  
President, Aubrey G. Lanston & Co., Inc.  

Treasury security market authority urges a 3% rate on 30-year securities, showing a marked increase leading to reduction of commercial bank holdings of governments.

I believe the Treasury security market authority is right in urging the public to reduce their holdings of government securities. This will make for the withdrawal of par support in Malaysia and elsewhere.

A substantial increase in interest rates, at current prices, would make it desirable for the Federal Reserve Banks. Such an advance would be appropriate, I think, in order to forestall an increase in wage rates or if, contrary to recent expectations, it seems likely that pressures from Mills Plan and corporate tax payments and recently reduced corporate liquid- 

New York Curb Ticker Service to Canada

New York Curb Exchange stock and futures prices may shortly be directly carried on the trading floor of the exchange over the telephone ticker network to investors in Canada, it was announced by the management of the organization of the exchange. Laidlaw & Co. of New York will be the firm to provide quotations for Canada's cus- 

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A Strange Mixture!

"We must never forget that the only war we seek is the against poverty, disease, hunger and illiteracy. Unless we win this struggle, we cannot win the cold war or prevent the hot war either."

"To succeed in this venture we cannot impose our ways and customs on others. We must work with people; we cannot boss them. We must help them to help themselves. Our task is to hold the vision of what can be done and how it can be done, so that other people can grasp it in terms of their own needs and desires and find their own vision and their own goal."

This will mean that the breaking of any old barriers. It will mean breaking the shackles of unjust land tenure which now retard production and keep millions of people impoverished. It will mean breaking the bond of illiteracy so that men and women all over the world can have the opportunity of education and can lift their heads high in the dignity of human work and service.

This seems to us to be a strange admixture of truth and nonsense, of realism and fantasy, of ideas and mere phrase making. In balance it adds up to ineffectiveness or worse, we are afraid.

Continued from page 7

What Our Monetary Policy Should Be

The variance between the “Monthly Review” and the “A.E. Review” has been, I think, fairly well explained. The difference is that the “Monthly Review” has developed a policy of easy money, has in fact given a new impetus to the policy of low interest rates, in an atmosphere of uniformity and soundness.

This is the end product of their belief that the atmosphere of soundness is quite effective though their influence in the decline which has occurred in the demand for durable consumer goods is still very small.

A large and most fundamental reason for the change in business sentiment is that the fact that the demand for the advertised goods accumulated during the war and early years has been met. After the splurge of buying in the years 1949-50 the lag in 1951-52 is inevitable. It is highly questionable whether we can have a happy recovery for many years for there is no sign that the backlogs of demand for new goods and for improvements in plant and equipment in many consumer goods industries were much reduced.

Although in all common sense I must be opposed to the perpetually easy-money component, I am also opposed to those people— and we still have many of them with us—who feel that nothing can be done through monetary measures to promote stability and prosperity. It is true that mone¬ tary controls, if used with less than the highest skill, may work to the disadvantage of the whole economy. It is entirely possible that they may introduce disturbances which are far greater than the difficulties of economic adjustment. In the last few decades shows clearly that the effect of monetary policies is to change the structure of demand from one of wrong time, or too suddenly, or too timidly. The effect of their use at times may be to benefit special groups rather than the whole economy. But these conditions can be criticisms of monetary controls. They are criticisms of the poor use of monetary controls. I am very humble about that statement, however, because it aca¬ tually aware that hindsight is a lot clearer than foresight. Notwith¬ standin, because we have made mistakes in our handling of mone¬ tary matters in the past, we are justified in concluding that noth¬ ing should be done in that field.

My opposition to the easy-money inflationists is not prompted by a belief in an ultimate happy end¬ ing if only we leave things alone. Much can be done through monetary measures to promote a stable and prosperous economy. But neither stability nor prosperity will be achieved through a blind pouring out of more and more money.

Qualitative and Quantitative Credit Controls Needed

What sort of policies are then best calculated to achieve the twin goals of stability and prosperity? In the light of the present, we are faced with a struggle of unprecedented severity this coming year, even though there are some forces present which may tend toward deflation the maintenance of stability and prosperity calls for a monetary policy designed to curf the flow of money both qualitatively and quantitatively. It calls for general credit controls, such as, for one example, open market operations. General credit controls are im¬ portant, but it is not enough to be effective, and certainly are more consistent with the preservation of political democracy.

The goals of stability and prosperity are so important, and the interests of our policymakers so closely tied in with these goals, that we are not likely to adopt policies which on occasion may appear to be only im¬ mediate wellbeing, an important task that the Federal Reserve System and the Treasury open market purchases of government securities. In recent years added greatly to the economy, that making such measures difficult the flow of money both qualitatively and quantitatively. It calls for general credit controls, such as, for one example, open market operations. General credit controls are important, but it is not enough to be effective, and certainly are more consistent with the preservation of political democracy.

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the second question, "What agency can best administer or effectuate these changes?"

Both the Treasury and the Fed-
eral can exert great pressure on our government to act. They may engage in open market operations, however, the current level of government expenditure and the need for additional supply of money. Each can exer-

2. The Federal Reserve System—a dis-

3. Third, now the Federal Reserve is sufficiently removed from the activities and pressures of whatever administration happen-
to be in power so that it can be able to take a broad view of the economic welfare of the country, highlight the point of view of an agency whose presi-
dent is independent.

It might be noted in this con-

and Congress for the Board to bring its independent point of view to bear on the economic question.

Despite all of these careful provisions, the Board is likely to be continued as a part of the Federal Reserve. It has been argued that it is possible to use the power of the Board to exercise control over credit and to divert it from certain areas. The Board has a duty to prevent this from happening, and it is not likely to be able to do so.

LONDON, Eng.—Mr. Churchill is returning from Washington without financial success, but he has left the United States without losing his independence. In his speech before Congress he declared that what Britain wanted from the United States was steel, not gold. He was wise in this, for the United States, as an American opinion does not appear to favor a trade in gold, and the Administration could ill afford to disregard public opinion in an election year. So far as is known, American public opinion will consist of the aid of some $300 million granted under the auspices of the Atlantic Treaty Organiza-
tion—about half the amount granted to France. If the rate of gold purchase by the United States is now 9 million dollars per month, the gold drain, Britain would expect to lose her gold stock before the end of this year. But, if Britain could forestall the absence of American aid is not so certain by the fact that the Board is under the control of the Federal Reserve. This, however, is a great advantage. It means that the Board has been the subject of many discussions and it is likely to be able to effectuate the desired changes.

There is, however, another side to this picture. Within a few weeks Chancellor Butler will announce the government's measures against the gold drain. These measures are bound to be unpopular. They will involve heavy sacrifices. It would be difficult, if not impossible, for the British government to ensure the acceptance of these measures by the country, as long as hopes are entertained that the "gap" will be filled by American aid. The fact that the Union Bank of London has turned empty-handed—apart from a raw material agreement exchanged for gold—goes a long way toward preparing the ground for the announcement of the new measures. These measures would, however, have succeeded, even though it would have meant the post-

WILL Mr. Butler be able to work out Britain's salvation without American aid? If he can, the government will be better off. The political existence of the country is certainly not beyond the realm of practical politics. Will Britain be able to carry on by itself? Obviously, the answer must be in the affirmative. But it is unlikely that the government will be able to do it. The government is not in a position to ensure the future of the country, and it is unlikely that it will be able to do so.

Butler's recovery plan, as a whole, is an attempt to bring about a change in the economic situation of the country. This change will involve the use of a large amount of capital, and it will be necessary for the government to raise this amount from internal sources. This is a task that the government is not well equipped to carry out. The government is not in a position to ensure the future of the country, and it is unlikely that it will be able to do so.

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Railroad Securities

Erie Railroad

The market action of Erie common continues to parallel a large segment of that part of the financial community interested in railroad securities. It has been a disappointing series of days, primarily vitiated by the virtual realization that the reorganization of the bankrupt road was consummated and the new stock was first issued. From the first point of view of efficiency it has had the look of the old postwar era than have most of the other large Eastern roads. The earnings record has been more favorable than that of either New York Central or Pennsylvania, yet it sells in the same general price range and generally slightly lower. It holds that of the West, a reputable Ohio common, on which no dividends have been paid in years.

The most logical explanation for the failure of Erie common to show a more buoyant market behavior is following is that it is still lagging by virtue of the poor reputation of the predecessor company. The early days of the old Erie were marked by some of the most flagrant financial excesses to be found in railroad history. These financial excesses prevented the company from paying its dividends even in the flush days of the middle and late nineties and were responsible for the road's eventual bankruptcy.

Erie's present price (purely financial) are readily corrected by capitalization. It is only a matter of time before the market finds its way to the underpriced common through which Erie went some years ago. They are not like the road's long-time weaknesses or weaknesses that brought on so many financial failures in the reorganizations. Our common has more of the nature of a corporation, and has been more adversely affected by the recent railroad situation. Meanwhile, holders presumably will have to find what comfort they can in a speculative feeling toward the stock of the new Erie. Presumably Erie eventually will return to the twenty-five cent range for what it is now and not for what it once was. At such a time, the Erie stock should reasonably sell in such a way as to reflect a reasonable relationship to the stocks of competing railroads which have not been more adversely affected by the railroad situation. Meanwhile, holders presumably will have to find what comfort they can in a speculative feeling toward the stock of the new Erie.

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of our money, measured in wholesale prices, has decreased 40%.

Controls of the type we have imposed have never been removed in the long run prevent inflation. They are merely a band-aid for the disease of uncontrolled government. We already have government deficit of $30 billion to $40 billion, and private credit is dangerously over-expanded. In the United States, last year, it had swelled by $13 billion into a personal credit of $280 billion. And private credit is dangerously over-expanded. The government deficit has to be covered part of its deficit by selling its bonds to the public, which must be sold to the banks. That is direct inflation of credit and results in an increase in the currency in the form of bank checks.

Inflationary Elements

The two pressures — securitizations and securitizations — are the irresistible forces of money. They are already below the surface, like a spurious spiral of high wages and high living costs.

Our standard of living will be destroyed, even if the war ends next year. Life-time savings will be taken millions of other families. Rents will go up. People in the kitchen while taxes are in the form before homes through the front door.

These huge taxes are also over-speeding. And when they are paid, banks, they have probably reached the ceiling. For, any further taxes are indicated by the fact that the extra taxes on the top brackets in income are 100%.

If all remaining unincurred income is paid in the form of taxes, the tax expense allowance of a United States Corporation of $1,000,000 would bring only about $2 billion annually to the Federal Treasury. And the government will have to continue to work for nothing.

It is the average family who pays the bulk of these taxes and is in the form of wages. Among the men are corporation taxes. These are utilized by the corporation of the company or the corporation would quickly go bankrupt.

And this spending and taxes is not a quick program soon over. When our great military forces are assembled, they must continue to be paid for. Due to constant new inflations in the wages, the men devices must continuously replace the men that will cost more billions.

A man may carry a load of $20,000 pounds in the room, but he will break his back if he carries it at any one time.

Communism is an evil thing. It is contrary to the spiritual, moral and material interests of man. These very reasons give rise to no end of discrimination and the die of its own poisons. But that may be many years away from happening. It is a burden to be prepared for a long journey. They are the forces of these inflation and taxes pressures because these forces drive to so-called "nationalization of industry that is the inevitable end, even if it takes fifty years. If this form of creeping socialism continues, we may be permitted to hold the paper title to property, while bureaucracy spends our money. Along the road the erosion of our productive capital and the destruction of incentives to economic progress are inevitable.

In view of the last year's experiences with the depression, the Congress should again reconsider these measures.

I believe there are methods more effective to check the Communist threat and at the same time to lessen our domestic dangers.

Rejection of New Proposals

As a basis for test, I may repeat the essentials of the proposals which are the most important of which were supported by many military and economic authorities.

First: That the first nationalization of this republic must be the defense of the final Gibraltar freedom—that is the Wester:

Second: That the only way to put an end to the to avoid the Third World War. The real and effective deterrent the question is how we can extend our steel and armaments by striking force. The torque that such a striking force could destroy the very existence of any country was that it could have started an invasion and it could have been smashed. As this applies to aggression against other non-Russian countries and not Russia itself.

In Korea, however, correct the original decisions to use ground forces in the defense of the country during the past year has been amply confirmed. We should have relied upon an air and sea embargo, but not upon land invasion. We could have avoided most of the sacrifice of 20,000 lives and 80,000 casualties. The long-run investments in equipment would have been less devastating.

Third: That the very day the United Nations grant a "cold war" is not to scatter our energies all around the 25,000 miles of Communist borders but to concentrate on such a point as a major strike by sea and air.

I t is now, General Wedemeyer, one of our greatest military strategists, stated we should concentrate on a few key areas and the whole army of the world should be put under the command of the striking force of air and sea power.

Fourth: That we must furnish the players with weather to other nations who show a desire to defend themselves.

Fifth: That to maintain the economic strength of the United States and to prevent its socialization, we must build up great armed forces in such a fashion as to increase the air and sea defense forces and supply of munitions to other nations. If our economic strength is maintained, the top command will be the air force.
Continued from page 3

The Outlook For Electric Utilities in 1952

used up in higher wages and taxes and most companies were not able to absorb the full impact of this rise. In 1949 or 1950, I am not sure that our own gas and electricity rates would have gone back to the 1949-1950 level right away, but I am convinced that rates in the industry are going to be much better than it was in the year 1951.

At present, we have the highest level of consumption in the indus-

try in its history. Coupled with that are a number of factors under ten years of age, 40% larger than ten years ago. That is not un-
generally true of utilities; that appliances are going to buy, buy, buy, and more of them, such as clothes dryers, washing machines, and all sorts of appliances to help run the household, because it is getting more and more expensive to get domestic help, and this is getting more and more expensive to do the same things that most households are insisting on having more help, electrically added help.

Since the increase in the use of existing appliances and the development of new appliances are the secret of the growth of the utility business, we should keep in mind that there are on the average, 230,000 new homes that have never been exploited, and some may not even have been broken in, for some years. My attention, for example, to the heating of homes, has been quite about for several years, but that factor is going to bear. We can expect that it will be a large generator in the growth of the market. In the same manner, where it is ready for wide general use at a low price, even though the individual customer may not buy a great deal and the principle of the heating pump has been proved beyond a doubt. A great deal of work has been done and General Electric and others have offered a number of units of a heat pump which can be run on a furnace, but it is in the summer and heat it in the winter. It is possible to use an average of 2,500 to 3,500 kilowatt-hour per month in the summer and about 2,000 in the winter, and I believe that the heat pump alone in universal use could make the price of air conditioning so low that it is likely to be used anywhere to about three out of four or five of the electrical potential of expansion in this country. There are a number of barely scratched the surface of the possibilities of use of electric power in the industrial market is still another possibility.

Another reason why I think that 1952 will be a good year for the electric utility business in this country and that increases may not be too hard to get, during the rest of this year, is that one of the parts of the many State Commissions of the needs of the electric companies is that they have a particularly favorable basis for additional rate increases. In fact, as far as rates are the lowest in their his-
tory, because in 1950, we had a legal maximum of about 50% below what they were in 1937—only four years ago! Back in 1948, we had a legal rate of about four cents per kilowatt-hour. Today, we are, legally, $0.05 per kilowatt-hour for residential service. The aver-
age residential use in those years used to be about three to four hundred kilowatt hours per year. Today it is close to 2,000 per year for residential customers, and stead-
yly increasing with the coming of new appliances—stoves, offices, office build-
ings, and all kinds of other equipment in the factory. I have found many new uses for electricity. In fact, we could use it as just as sharply and their use up just as much.

Power companies are using practically no electricity 20 years ago, and are now using over 1,000 times more now than they did 20 years ago. Ten years ago, we have 90% of the power we use today available, whereas today 90% of the power we use today are coming from either public or private utilities, and 90% of the power we use today have been produced by the electric utility companies.

The investor should take heed of this expansion of public utility use, and note that electricity use cannot be resisted, and it will never be stopped. One interesting point is that for investors to fight Congressional appropriations for power, they must find the power for the Public Utilities of the U.S., and particularly the Interior Department, and it is very clear that these companies are going to be most interested in this expansion of public utility use.

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Mr. Morehouse's report, the president adds, mentions some very serious shortages in certain areas which would require immediate attention.

What does that mean to you and to me? Well, it means that some of those companies that do not get the allocations will have to keep adding new capacity between now and May and perhaps even longer; once they run their plants at full capacity, the only other way they can expand output is either to get rate increases or to take the low-rate customer away from the higher-rate customer by getting more 24-hour load. You can only get so much load, and it is just a case of how you sell it. In this particular area, I think there are still opportunities for 10 to 15% more load in these two states.

As to the future of the industry, the outlook is very much brighter. But there must be more dollar spending, a little more liberal in its distribution. The expansion of electric power is practically limitless at the present time.

My feeling is that electric utility stocks will continue to be favored for a very long period. Because the electric companies are in a very strong financial condition and have growing power. They have had a very thorough financial review in the last 10 or 15 years, and so many safeguards have been placed in the industry today in an almost impenetrable financial condition, and it is from the social angle and the economic factors that one cannot overcome through growth in tax-free competition, and that is up to the states.

We have to get the people of the country on the idea that electric power doesn't save a penny, that they aren't getting a penny by it. They don't get anything out of it that they don't get from the money that one group of people spends on the air in the social angle, and from the social angle to continue for many years.

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As We See It

has set itself up as physician ordinary (or is it extraordinary?) to the realm of the world.

Some Improvement?

There is some reason to hope that the rigor of the discipline is beginning to have some effect on the other countries. It would be difficult at this distance to determine precisely what long run significance in this connection is to be attached to the return of Churchill and the Allied leaders to formal political life, but the fact that the Allied leaders have given up the idea of continuing the crusade in terms of the older colonizer and the satellites on the one hand, and most of the remainder of the world on the other. But the nature of the problem is now somewhat different. It is to be reduced to a technique by which it turns local unrest not only to the disadvantage of its rivals but for the time being at least to its own advantage. It professes great concern, as do we, for the well-being of the peoples, and it openly demands of the rebels in a systematic way that has no equal. It promises the earth and everything on it.

But poverty and misery will remain. They will remain, however, if we are successful in the effort to eliminate them which our own reformers and “do gooders” would do well to remember at all times.

Dangers Inherent in Government Ownership of Reserve Banks

in a real sense, they are war breeders now between one of the older colonial powers and its satellites on the one hand, and most of the remainder of the world on the other. But the nature of the problem is now somewhat different. It is to be reduced to a technique by which it turns local unrest not only to the disadvantage of its rivals but for the time being at least to its own advantage. It professes great concern, as do we, for the well-being of the peoples, and it openly demands of the rebels in a systematic way that has no equal. It promises the earth and everything on it.

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Continued from page 13

asset side and deposits on their liability side, their profits ran along at an extraordinary even rate. Minors, especially all, in many of them have affected American capital on a large scale. Other interests in substantial amounts have been acquired or developed by American enterprise. In recent even years, even in the banking field, difficulties have presented themselves. But without the instigation, aid and support of the troublemakers from the Kremlin, we, doubtless, should be able to find a profitable way to proceed, and in any event it is doubtful if matters have grown much worse within the past few years. The most serious threat in the underdeveloped world is in Asia and Latin America. It is very likely, and it is not difficult to gain access to materials and economic opportunity, but to deny them to the non-Communist world and the billions of human beings into the future will be a great misfortune.

Undue Alarmists?

Precisely how immediate and dangerous this threat is, it would not be easy to say. Certainly, it seems to us that some of our leaders are undue alarmists—those who talk of our defense line being thrown back to San Francisco, for example. After all, the Pacific is wide, and we hold almost innumerable bases far away from our shores, and we have alone a navy far more powerful than all the remainder of the world put together — and our chief potential enemy has no navy at all to speak of except submarines. We fought all of World War II, or nearly all of it, without access to materials and economic opportunity, but to deny them to the non-Communist world and the billions of human beings into the future will be a great misfortune.

Moreover, Moscow, yes and Red China, have bitten off great mouthfuls in the past few years. They certainly have not marinated and swallowed it all as yet, and when they do it may well be that they will develop much the same type of indigestion that has been troubling the remainder of the world in its relationship to these great powers. Decades, perhaps much longer than that, would be required to make great changes in conditions in Indo China, in Burma, in Indonesia and the other regions along the line of contact. Hence, the deal itself is still primitive over much, if not most, of its area.

To place China itself upon any sort of solid economic basis, to say nothing of industrialization, is a Herculean task hardly yet begun.

Still Troubled Spots

But the fact remains that these backward areas are still troubled spots. They used to breed wars among the great colonial powers. In a different sense, perhaps, but

Cleveland for the year 1935 shows a net worth of $94 Million in round figures, against a Deposit Insurance Fund of only $3.5 million or roughly 3.6% of its Government securities holdings. This small investment has a potential increase in the market price of securities available for the Federal Reserve Bank to use to me to justify the payment of $23 Million to the Treasury as interest income. It is based on a projection of the Federal Reserve Bank’s earnings at $23 million as of the year 1947 -the year 1935 income of $4,485,000 being used as a base.

As evidence of the original nature of the Federal Reserve Bank’s Deposit Insurance Fund and the Treasury’s desire to have the Federal Reserve Bank’s assets not be used over the years in non-venalays, the Federal Reserve Bank, the Treasury, the Federal Reserve Board and the Federal Reserve System in 1914 called a Federal Reserve Note, and had a very large size of securities. In this Federal Reserve Bank Note, it was pointed out at the time that what was signed by the Treasurer of the United States and the Secretary of the Treasury.

At the same time, the various Federal Reserve Banks and Federal Reserve Bank Note Banks signed by the Casheir and Gen¬

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The Macmillan Study

The Chief Financial Chronicle in England, among whose members were Ernest Bevin, J. M. Keynes, and others, invited a distinguished man, Lord Macmillan, Sir John Wheat, to appear to give testimony on the topic “Monetary Pol¬

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Gulf Sulphur Stock
Offering Completed

The 400,000 shares of common stock (par 10 cents) publicly offered about a month ago by Gulf Sulphur Co. at $1 per share, have all been accepted as an announcement made this week.

The net proceeds from the sale of these shares are to be used to provide funds required for the purchase of machinery and equipment necessary for exploration and exploitation of the properties already explored, for drilling to pay, Gulf Sulphur Co., S.A., 100%, and for working capital.

Gulf Sulphur was formed to acquire all the stock, except directors' qualifying shares, of a Mexican corporation, Acme International, and has been organized to carry out certain contracts relating to the Mexican Government. Since sulphur in commercial quantities is found through such exploration, the company also gains the right to the exploitation and development thereof.

Max H. Thurnauer

Max H. Thurnauer, well known oil man who was the first oil field broker, passed away at the age of 59 yesterday in a St. Louis hospital with a pleuro-pneumonia trip. Mr. Thurnauer for many years was a member of the Chicago Stock Exchange and was associated with Breed & Harrison, Inc.

Bache Adds to Staff

Special to The Financial Chronicle

Mandol A. Fencke, Jr., has become connected with the operations of Minne¬sota Grain Exchange.

With J. A. Lynch Co.

ST. CLOUD, Minn.—Conrad M. Wrzyszcz, Chicago, has been added to the staff of J. A. Lynch & Co., Inc., 1616 St. Germain Street.

Mansfield Mills Opens

Special to The Financial Chronicle

Mansfield Mills is engaging in a securities business from offices at 801 Jen¬ner St., Pittsburg, Pa.

Stephenson, Leydecker & Co.

OAKLAND, Calif.—Edward C. Bostwick has been added to the staff of Stephenson, Leydecker & Co., 1404 Franklin Street.

Bank and Insurance Stocks

BY H. E. JOHNSON

This Week—Insurance Stocks

The first of the insurance company annual reports for the year 1951 are now available and operating results as indicated in these reports are in line with the expectations of the Wall Street commun¬cations.

One of the first of the major organizations to issue their reports for the year 1951 is the American Fire & Casualty Co. With this group is engaged in both the fire and casualty fields through its five com¬panies, the results are indicated to be somewhat representative of other companies in the industry.

In general, the trends prevailing during the year resulted in a moderate profit underwriting profit for the fire companies and a substantial underwriting loss in the casualty field.

The All-States Fire and Casualty Co., Fire & Casualty Co., and Sind-thrivemn. Fire Ins. Co., on a parent company basis are summarized below.

<table>
<thead>
<tr>
<th>Company</th>
<th>Premiums written</th>
<th>Underwriting expenses</th>
<th>Net underwriting profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>All-States Fire &amp; Casualty Co.</td>
<td>36,800,000</td>
<td>23,000,000</td>
<td>3,800,000</td>
</tr>
<tr>
<td>Fire &amp; Casualty Co.</td>
<td>22,500,000</td>
<td>14,500,000</td>
<td>8,000,000</td>
</tr>
<tr>
<td>Sind-thrivemn. Fire Ins. Co.</td>
<td>11,500,000</td>
<td>7,000,000</td>
<td>4,500,000</td>
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Incorporators

INVESTMENT PROGRAM

For Parcellity its Shares
Prospectus may be obtained from investment dealers at
THE PARKER CORPORATION
206 Rockefeller St., Boston, Mass.

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Nation-Wide

SECURITIES COMPANY, INC.
A Mutual Investment Fund

For a free prospectus write
your investment dealer at

C ALVIN BULLC XO
Established 1894
One Wall Street
New York

Keystone

Custodian Funds

Certificate of Participation in
INVESTMENT FUNDS
Investing their capital in
BONDS
(See B.B. B.B.B.B) 
PREFERRED STOCKS
(See B.B.B.B)

The Keystone Company
30 Congress Street, Boston, Mass.

Please send the prospectus describing your organization and the share of your
fund.

Name
Address
City State Zip

NET ASSETS of Wall Street In-
vesting Corporation on Dec. 31, 1931, amounted to $3,246,167 on Dec.
31, 1930, an increase of $749,397. Net assets on Dec. 31, last, were in-
creasing share, compared with $12.25 a share on 191,506 shares
and 21% in cash and government securities.

TOTAL NET ASSETS of the Mutual
Fund of Boston were $2,042,520 on
Dec. 31, 1931, equal to $14.84 per
stock at net asset value of $105.70
on Dec. 31. The 7% preferred
stocks, 14% in preferred, 4% in
bonds and about 4% in cash.

Mutual Fund Notes

Hundreds of thousands of
women heard Milton Fox-Martin,
general manager of Kidder, Pea-
body's mutual fund department,
discuss mutual funds over radio
station WOR last Thursday, Jan-
uary 24th.

Mr. Fox-Martin, appearing on
Barbara Wells' half-hour program
for women, presented a detailed
study of the mutual funds and
corresponded with the women
of America. He wisely remarked
that the women were the most
cautious and successful of the
Peabody's clients, but also the
most price conscious. In reply,
the radio audience were asked to
write for more information on
mutual funds.

Appearing with Mr. Fox-Marin-
ton the program was Nancy
Olsen, movie actress.

Sixteen percent of the stock-
bond holdings of Mutual Fund of
Boston are now in corporate shares,
under its dividend-reinvestment
plan. The plan, which was begun
in March of last year, provides for
reinvestment of dividends at net
asset value.

Axis Securities announces that
shares of Axe-Houghton Fund A
are now free of Pennsylvania Per-
nsonal Property Tax. A few weeks
ago it was reported Axe-Hough-
ton Fund B had-qualified as a
foreign corporation in Pennsyl-
ania and was also free of the
Pennsylvania tax.

The New York "Post", a daily evening newspaper, gives special
attention to mutual funds in its Jan. 21 column, "SYSTEMATIC
COMMONWEALTH Investment
Company's year-end report shows
net assets on Dec. 31, 1931, reached
a new high of $42,403,826. This
is a gain of approximately 63%
since Jan. 1, 1931. Asset value
per share increased from $6.41
to $8.34, and outstanding shares
increased from 4,036,162 to 6,272,222.
Shareholders made a 67% increase
during the year, to over 25,000.

COMMONWEALTH's portfolio is
made up of 235 individual secu-
rities with 66% in common stocks,
23.5% in preferred stocks. 2.2%
in corporate bonds, 2.4% in U.
Government bonds, and 6% in
other investments. The largest
common stock holdings are in
public, utilities (electric), chemical,
and drug industries.

TOTAL NET ASSETS of United's
three funds—United Income Fund,
United Science Fund and United
Accumulative Fund—amounted
to $72,066,012 on Dec. 31, 1931, as
compared with $48,397,326 at
the end of 1930.

The total shares outstanding in
the three funds aggregated 8,877,
348, 3,374,072.

The assets of United Income Fund
increased from $40,902,032 at year-
end 1930, to $43,532,445 at year-
end 1931, and the outstanding
shares increased from 3,660,032 to 4,382,891. This
fund is owned by about 19,000 share-
holders, whose invest-
ment of approximately $2,800.

United Science Fund on Dec.
31, 1931, was $11,532,708
pared with $5,452,692 a year
earlier, and the outstanding
shares increased from 3,660,032 to 4,382,891. This
fund is owned by about 19,000 share-
holders, whose invest-
ment of approximately $2,800.

United Accumulative Fund's
total assets on Dec. 31, 1931,
was $7,417,659 compared with
$3,902,602 at the end of 1930.
The outstanding shares in this
fund increased total 615,656 as against 289,762 a
year earlier.

LEXINGTON Trust Fund has re-
 leased a news release dated:
January 27, 1953, announcing
its purchase of $2,290,000 in Amer-
can Corporation, 357
Fifth Avenue, New York 1, N. Y.

PERSONAL PROGRESS
PEABODY, PEABODY & CO. has
announced the appointment of
George Washburn as upshot sales
manager of its New York mutual
fund department, succeeding
previously by Eastman Dillon &
Co., joined Peabody, Peabody sever-
alle years ago.

DESMOND H. MORRIS has been
elected Treasurer of Knicker-
bocker Mutual Fund. He is a
Chartered English accountant and
was with Price, Marwick, Mit-
chell & Co. prior to joining Knicker-
bocker Mutual Fund. He is a
graduate of the University of
McCullough, he is an Associate at
the Institute of Taxation and
Associate at the Institute of Tax-

REGISTRATIONS
FINANCIAL Fund on Jan. 22
filed a registration statement
with the Securities & Exchange
Commission covering 25,000 shares
of its common stock. Financial Man-
agement Corp., Seattle, Wash., is
underwriter.

HAMILTON Funds, Inc., Denver,
an open-end investment company,
filed a registration statement
with the Securities & Exchange
Commission on Jan. 21 registering
1,000,000 shares of series H-C'T'high
Grade Common Stock Fund' to
be offered at the market through
Hamilton Management Corp., in-
vestment adviser. Samuel Washburn,
President; Jackson, the Managing
Director, and Charles A. Washburn,
Chairman of the Board.

MORRIS Mutual Fund, Inc., At-
ention to the Securities & Ex-
change Commission covering 1,000,
mutual fund shares. Series D, is
filed for registration at
Washington, D.C., with
Cecil C. Washburn, Jr., Manager.

MORRIS Mutual Fund, Inc., At-
ention to the Securities & Ex-
change Commission covering 1,000,
mutual fund shares. Series D, is
filed for registration at
Washington, D.C., with
Cecil C. Washburn, Jr., Manager.

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The MUTUAL FUND RETAILER

BY BENTON G. CARR

Last week we formulated for you one working rule which applies to all phases of your mutual fund buying. It was: "Make it easy for your reader." Make your letter easy to read by using ample margins, short paragraphs and short sentences. Make your presentation logical and simple to understand. Make it easy for the prospect to reply to you by giving him a post-paid, pre-addressed business reply envelope and a request card or slip which clearly indicates what he is to do and what he is to receive.

Now, in finishing our discussion on mechanical details, let's apply this simple rule to your letterhead.

"The head, in your sales-work, can be a labor-saving device. During the course of a year, thousands of people will see it and subconsciously form an impression of your company from it alone—since it will be about all they have to go by. Their opinion won't be a very strong one, one way or the other, but they will either be a little less or a little more hesitant about seeing you.

And if you are to see thousands, in all of your mailings, you can make your work a little easier, then labor to be saved in spending a few hours planning a good one is quite apparent.

First, there are the matters of legibility and good taste. A letterhead can be both legible and in good-taste, or neither, or one without the other.

Some firms confuse "mustiness" with classic design attempt to give a conscious impression by using an "Old" typeface, or an "Out" typeface, which, despite the virtues they may have, are decidedly hard to read. Other firms use a readable typeface, but one looking like the letterhead with other information so that it presents a confused first appearance.

In the letterhead's legibility, then, the first consideration is a readable typeface which reflects an element of prestige or substance.

The second consideration is placing the necessary information around your firm's name with sufficient "air" or white space in between the two so that the firm name stands out.

Remember that your prospect is going to glance at your letterhead, and in that moment your firm name must be the legible, your letterhead so carefully designed that his mind will grasp your name and retain it.

The basic purpose of your letterhead is to provide information about your firm's name, address, telephone number, city, state, and the name of the individual. It is your job, having largely many of the large retailing firms in New York don't have more than a few telephone numbers, and no one knows what department.

Applying the rule, "Make it easy," it is quite apparent that you ought to give your prospect a telephone number; it isn't easier for him to look it up in the telephone book.

In addition to this information, there should be upon your mutual fund's letterhead a legible, easy-to-read identification of your mutual fund re-tailer, so that, by looking at your letterhead alone, your prospect will understand just what he can do for him.

These legends are hard to classify, since they are so diverse, but they are easy to write. You no doubt have seen them on letterheads of "special purpose" advice on all mutual funds, or "authorized dealer for all mutual funds" and the like.

To give your legend punch, it ought to have a short, direct, meaningful phrase and action arouses interest.

It also ought to include the word "you." The basic direction of all advertisements is a form of advertising—an appeal to the reader's self-interest and the word "you" is the most obvious of self-interest devices.

So those are the elements for your legend or slogan.

You want to say that your company, if approached, can provide information or counselling on mutual funds, that it is without obligation; you want to make him stop and the word "you"; and you want to say it all in ten words or less.

It's true that in total effect you are striving for, after planning details with your printer, to have a legible, crisp firm name, surrounded by, but a part from, necessary information, and the legend designed to give an impression of works of reliability and substance.

In our next column for you, your readers, we'll discuss the most difficult aspect of direct-mail work—What's Your Propostition?"
Business and Finance Speaks After the Turn of the Year

EUGENE HOLLAND
President, Masseline Corporation

High levels of farm income will encourage farmers to invest in farm equipment, according to the president. Some new farm equipment will be expected to continue its growth. Economists predict another year of "good business" in the farm equipment industry. The index of new sales is expected to continue its rise, and the manufacturing of farm equipment will be complete, production is finally on the increase also.

We have a definite shortage of skilled and semi-skilled workers, but many firms are hiring them. In many cases, the machinists, tool and die makers, and sheet metal workers. We believe it will continue to be important for companies to have instituting training courses, the shortage is not expected to be relieved during the first six months of 1952. The Valley is practically dominated by the carpet and rug industry, we have the major household furnishings manufacturers and they are none better in the country in turning out high grade merchandise. For the last half million dollars has been spent on improvements and the value of the equipment is fairly good. Due to the high cost of labor, the equipment has been purchased by the companies, and the labor is naturally falling off in sales. Now substantial are the workmen, the workmen who have been idle this year, but for better business in 1952. With the Valley being a housing industry going on all over the country the residential building activity, the construction of houses has been making blankets and tent cloth for the government as they employ. If the pay envelope has not been quite as good as a change, the pay envelope will be better. The Amsterdam Savings Bank has done well there is a feeling that the year will be a better year. A chart report discriminating buyout but this follows along with the rest of the country. The already existing industries who anticipate a better year. There have been no shut-downs among these. Fortunately there have been few to none.

To the east of us 15 miles is Schenectady and there are the General Electric Co. and the American Locomotive Co. plants. From this section there are about 2,000 industrial buildings, most of them in the city of Montgomery County. From all I can learn there are many more than 200,000 people of all kinds. Naturally there are uncertain times and it is hard to make predictions with the war and the Presidential election a few months away.

E. S. FRENCH
President, Boston and Maine Railroad, Maine Central Railroad

Business conditions look to be another period of government controls and government interference. With American business doing all the work and getting out in spite of being told at every turn what we can't do, the government will skim off 70% of the profits. Indications seem to point to another rate increase by the government, a break-through in the steel industry. This will mean higher prices for steel, and higher prices for the consumer. As industries are not expected to readjust to higher wage rates without a corresponding increase in production as the costs of labor and materials continue to climb. This will have a direct affect on the operating expenses in service with less plant and the introduction of more labor saving devices will be impossible, but the funds to accomplish these necessary steps are, to a large extent, denied to the railroads by extremely unsympathetic regulatory policies. The Federal Reserve's action to stop the deflation of consumer goods and increase the sales of steel will chart the course of private enterprise in transportation for the years ahead.

If the Interstate Commerce Commission will permit the judgment of the managers of the railroads to determine the amount and manner of the price increases, if labor will come to the realization that railroads must have adequate earnings and the public must encourage job creation, and give the railroads the funds to do the work. Robert T. Kearney
President and General Manager, Sacramento Northern Railway

The railroad companies believe the entire nation's transportation system will be a large volume of business here in breaking in some areas, with high gross revenues in the railroad in 1952. At this time, the pattern of developing a consumption in the basic difficulty of the industry—the正在积极投入资金的人们正在尽力降低这一部分的投入。于是，这些资金的投入仍然是不确定的，而且很难对战争和总统选举这两个关键的事件进行预测。
Elliott McAllister
President, the Hollen Company
San Francisco, California

I am writing to let you know that the photography business is going well. We have seen a significant increase in sales this year, which is likely due to the growth in the commercial and advertising industries.

We have invested in new equipment and technology to improve our production capabilities. We are also expanding our product offerings to meet the changing needs of our clients. I am confident that these investments will help us maintain our position as a leader in the photography industry.

Please let me know if you have any questions or concerns. I would be happy to discuss them with you.

Sincerely,

Elliott McAllister
President, the Hollen Company
It is quite likely that both averages will manage to make new highs, a condition that will probably be confirmed by market forecasters, if, as and when it occurs. This in turn will bring in more buyers and the talk of a "new wave" can easily start all over again.

But though I see the foregone conclusion going for another week or so before there’s any softening.

The foregoing doesn’t mean that stocks will turn around tomorrow, but it is a hopeful sign. I’ll hazard an opinion that prices will continue to advance for some time to come until there isn’t any softening.

Incidentally, if you hold oils you probably have some paper profits. Don’t stay with them too long figuring it’s a way out. If you want to get out on holding for yields that will be something else. Paper profits, however, have a disconcerting habit of fading away. So guide yourself accordingly.

[The views expressed in this article may not coincide with those of the officers of the company cited as the source of those words.]

Joins Waddell & Reed

(Special to The Financial Chronicle)

KANSAS CITY, Mo.—Ray F. Waddell, Jr., and Frank C. Waddell, Jr., have rejoined the firm of Waddell & Reed, Inc., 1012 Baltimore Avenue, to Goodbody & Co.

(Topical in The Financial Chronicle)

CHARLOTTE, N.C.—William H. Thorndoro, Jr., is now associated with Scherrer, Ritcher Company, 501 S. Tryon Street, Charlotte, N.C.

Four With Waddell Reed

(Special to The Financial Chronicle)

LINCOLN, Neb.—Marion Bohlen, Lillie A. Lash, Albert W. Rehm and Harold E. Ingraham, who have become affiliated with Waddell & Reed, Inc., Barkley Building.

Rejoins Hannaford Talbot

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Carl T. Maib has rejoined the firm of Hannaford & Talbot, 519 California Street. He has recently been with Mason Brothers.

The continuing up move in market prices is slowing considerably, particularly in the majority thinking to the point that a continuation of an upward move is not likely to be received almost with unanimity.

Such a switch in public psychology is always gratifying to see. It makes commissions houses more cheerful and puts smiles on customers' faces. I hate to throw a damper on such good spirits. The fact, however, is that the majority everybody agrees that the green lights are up permanently that’s the time to start peering around for the kinds of things for which the green lights will probably last the longest. I have a hunch that it will mean new highs.

As this is being pecked out, the railroads are discon¬
tinuated their old tops and are now at new highs. From the way they look at the moment they will probably close on a new high. On the other hand, the rails are still some three points away from their old highs. Latter is across at a marked present figure is about 88.50.

Pacific Coast Securities

Orders Executed on Pacific Coast Exchanges

SCHWABACHER & CO.

Established 1919

Members

New York Stock Exchange
New York Curb Exchange (Associated)
Pacific Stock Exchange
New York Cotton Exchange

14 W. Jackson Blvd.
New York, N. Y.
Chicago, Ill.

WITH GOODBODY & CO.

& CHARLIE 3. N.-William H. thorndoro, Jr., is now associated with Goodbody & Co., 217 South Church Street, Greensboro, N.C.

Scherreck, Raitche Addrs

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But though I see the foregone conclusion going for another week or so before there’s any softening.

The foregoing doesn’t mean that stocks will turn around tomorrow, but it is a hopeful sign. I’ll hazard an opinion that prices will continue to advance for some time to come until there isn’t any softening.

Incidentally, if you hold oils you probably have some paper profits. Don’t stay with them too long figuring it’s a way out. If you want to get out on holding for yields that will be something else. Paper profits, however, have a disconcerting habit of fading away. So guide yourself accordingly.

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Higher Rate Decision Imminent

While the Banking Department has not declared a rate problem for the last several weeks a good many bankers have said a change in rates is due. The belief should be left squarely alone here because we now have a nation that we now have on a national scale concern with New York, New York on a lower level. You wish to take into consideration the fact that the New York May in two and a set of Federal Reserve banks a larger degree of discretion in dealing with deposit rates. It is hardly possible that median firms be glad to have this opportunity to raise it. The one thing that worst thing that could possibly happen to the bank earnings outlook is for a change in the deposit rate ceiling to be made the occasion for beginning a stiff competition for deposits based on interest paid. Many of the outstanding depositors at the expense of the cost of and of bearing interest on it, the fact that there you try to convince themselves that there is a rate to keep on the threshold so long as they segregate savings bank type assets are the sufficient amount to cover the thrift rate ceiling is a very nice picture usually has the effect of lowering the earnings of those firms that are considered standing behind the demand deposits.

The fact that there is a substitute for deriving the thrift rate from the earnings on quasi cash items. The other method is to take the rate as a starting point for the eye. There is some what some other institution is a trend to thing to clear the stocks for assets that will support such a rate. It is this latter approach which is the one that is most likely to be the correct approach for the difficulties of the 1920s. Any institution that lets its deposit rate determine its assets is not operating in the highest traditions of the business.

Rate is only one of the elements that must be worked out in a program of flow of thrift deposits. Convenience is a still a moot question. It has been built up in other business relationships, such as retail banking and consumer loan accounts, is with a good many farmers. But, it is not the case that the thrift deposit. If to these factors is added a rate of interest that is not sufficient to attract the funds at the same time does not strain the ability ceiling to pay, expenditure shows that a substantial and profitable thrift business can be built up.

If we raise the rate ceiling in the national total of 2 1/2%, we will be restoring to bankers in this State and a large level of discretion in handling their af fairs. We would wish that action would come at a time when the competitive rates are in the highest stratosphere and in good many years. Because of the tie in with the Federal regulations, it is not fear that these regulations would cause tensions by adjusting the rate ceiling according to ability to pay. It is, however, a relatively low ceiling long after the banks live of the expense of a minority of institutions from losing some of their less solid secure and peace ledger and the depositors pays a severe penalty for the restrictions.

Present Ceiling Sixteen Years Old

New York, New York and the rest of the ceiling are lower than the rest of the country for sixteen years. This has led to a series of low enough for a large number of reasons. But this is not a policy that the Banking Board is prepared to consider, or to discuss the probability of a change. It is not, however, a bad idea to look back at the history of the ceiling.

The ceiling, for the past 16 years has been at 3 1/4%. Of course, this has been a period of low interest rates, and the effect of this has been to keep the money supply lower than normal.

The ceiling has been in effect since 1954. In that year, the Federal Reserve raised the ceiling to 3 1/4%, and has maintained it at that level ever since. The purpose of the ceiling was to prevent banks from paying too high interest rates, and thus to keep the money supply in check.

The ceiling has been effective in reducing the money supply, but it has also had some negative effects. For example, it has made it difficult for banks to compete with each other for deposits, and has led to a concentration of deposits in the larger banks.

In recent years, there has been a growing lobby for the abolition of the ceiling. Some economists argue that the ceiling is unnecessary, and that it is now time to allow interest rates to be determined by market forces.

However, the ceiling has been in effect for so long that it is unlikely to be abolished any time soon. In the meantime, banks will continue to operate under the constraint of the ceiling, and will have to find ways to compete with each other for deposits.
Wholesale Food Index Turns Moderately Higher
After declining for two weeks, the wholesale food price index in New York City, compiled by the Bureau of Labor Statistics of the United States Department of Labor, turned upward on Wednesday. According to the index, the cost of a week's supply of food for the representative family of four was $8.69 on Jan. 22, from the 14-month low of $8.57 a week earlier and stood at $8.69 on the corresponding 1951 date or a drop of 6.8%.

The index represents the sum total of the price per pound of selected food items as a percentage of the price in the 1935-39 base period.

Wholesale-Commodity Price Index Shows Slight Gain in Latest Week
After dropping to the lowest level since early November, the daily average of 35 wholesale-commodity price index numbers compiled by the Bureau of Labor Statistics of the United States Department of Labor, turned upward. The index on Wednesday was 153.7, up 0.5% from a two-week earlier and with 323.65 on the comparative date a year ago.

Leading grain markets were depressed most of the week. Although there was a brief spurt in closing sessions, prices were wiped out of the early losses.

Increased marketings of wheat, coupled with a lack of aggressive demand and the fact that much of the demand has gone into government reservations on 1951, will cause prices to fall soon, according to experts. In early part of the week, wheat exports continued in good volume but were offset by a weak domestic market and by a reduction of the Administration's budget message on Monday of last week. Earlier weakness in the market was reflected greated increased marketings. Arrivals at principal markets the past week expanded sharply to approximately 12,500,000 bushels, the largest of any week in about 14 months. A large percentage of the arrivals would be of low grade with high moisture content and therefore ineligible for price support. Only prices were down slightly, largely influenced by heavy supplies.

Four prices were generally steady throughout the week. As expected, flour prices were little changed, the average of 10 mills in Chicago and New York averages 6.50 cents. Some softs were up slightly in the early part of the week. Cotton export prices were little changed, the average of 7.68 cents, and there was no change in the domestic New York market. Cottonseed meal showed a loss of 1.75 cents, at 11.75 cents.

The meat markets declined steadily throughout the week, the average at 56 cents, down 3 cents from a week ago. Beef prices were lower, the market at 39 cents, and the pork average 32 cents.

The foreign market, also, was lower throughout the current week, and the average at 27.5 cents, down 1.75 cents from a week ago. The wholesale market was also lower, the average at 15.5 cents, down 1.75 cents from a week ago.

The milk market was steady most of the week, the average at 28 cents, down 1.75 cents from a week ago, and the meat market at 27 cents, down 1.75 cents from a week ago.

Agricultural prices rose 1.75 cents, and the average of 90 cents, down 1.75 cents from a week ago. The average of 90 cents, down 1.75 cents from a week ago.

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### Indications of Current Business Activity

#### AMERICAN IRON AND STEEL INSTITUTE:

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<th>Latest</th>
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#### AMERICAN PETROLEUM INSTITUTE:

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#### CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEW-BUILDING:

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

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#### EDISON ELECTRIC INSTITUTE:

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#### FAILURES (COMMERCIAL AND INDUSTRIAL)—DUN & BRADSTREET, INC.

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#### IRON AGE COMPOSITE PRICES:

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#### METAL PRICES (K. M. J. QUOTATIONS):

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

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

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#### NATIONAL PARKASSOCIATION:

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#### OIL AND PAINT REPORTER PRICE INDEX—1926-36

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#### STOCK TRANSACTIONS FOR THE ORD-LIST ACCOUNT OF OHIO, SPECIALISTS AND SPECIALISTS IN THE NY. STOCK, EXCHANGE—SECURITIES EXCHANGE COMMISSION:

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<th>Jan. 25</th>
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#### WHOLESALE PRICES, NEW SEES — U. S. DEP. OF LABOR

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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.

#### BUSINESS INCORPORATION (NEW) IN THE UNITED STATES—DUN & BRADSTREET, MARCH—Month of Incorporation:

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<th>Jan. 26</th>
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#### BUSINESS INVENTORIES, DEPT. OF COMMERCE:

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#### BUSINESS FAILURES—DUN & BRADSTREET, MARCH—Month of Failure:

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#### COTTON GENING DEPT. OF COMMERCE:

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#### COTTON SPINNING DEPT. OF COMMERCE:

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#### DEPARTMENT STORE SALES—SECOND FED. RESERVE BANd:

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#### FEED PRICE REPORT—DEPARTMENT OF COMMERCE:

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#### INDUSTRIAL INCOME INSURANCE—ADJUSTED AVERAGE:

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#### MANUFACTURERS' INVENTORIES & SALES (DEPARTMENT OF COMMERCE) NEW-BUILDING:

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#### PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE):

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#### PRICES RECEIVED BY FARMERS—NUMBER OF DEPARTMENT OF COMMERCE:

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#### SELECTED ECONOMIC ITEMS OF THE U. S. S. C. 1928-1929:

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#### SUGGESTIONS:

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Securities Now in Registration

American-Central Union Co., Ltd., N. Y. Dec. filed $50,000 shares of common stock (par 19c). Company will offer stockholders who purchased 10,227 shares under an earlier registration statement $9.30 per share to desire to resell the transaction, to cancel the transaction and refund at par $8.50 per share, or to refund $15.50 per share to those desiring to retain the stock. Price—$2 per share. Underwriters—None. Proceeds—To repay loans and other liabilities and for exploration expenses.


Arizona Mining Corp. (Del.) Dec. 28 (letter of notification) 294,000 shares of class A capital stock, of which 194,000 shares will be sold to common stockholders at $8 and 100,000 shares to New Jersey banks. Price—At par ($1 per share). Underwriter—W. C. Denger, of Phoenix. Proceeds—To complete tunneling and core-drilling expenses and working capital.


Basic Refractories, Inc., Cleveland, Ohio Jan. 2 filed 65,585 shares of common stock (par $1) of which 10,000 shares are to be offered first to common stockholders at $1.25 per share, 75,000 shares at $1.75 per share, and 1,500 shares at $2.25 per share. Price—$3 per share. Underwriter—None, but Davies & Co., San Francisco, Calif., acts as agent. Proceeds—To retire debt and for working capital. Office—1263 Rollins Road, Burlingame, Calif.


Burlington Mills Corp. March 5, 1951, filed 300,000 shares of convertible preferred stock (par $100), 9.5% cumulative preferred. Price—$150 per share. Underwriter—Kinder, Peabody & Co., New York. Proceeds—For construction of additional improvements to plant and equipment. Offering date postponed.

Bush Terminal Buildings Co., N. Y. Jan. 22 (letter of notification) 100,000 par $100, serial mortgage 30-year income bonds due 1982; (2) 55,278 shares of 5% cumulative convertible preferred stock (par $20); and (3) 772,240 shares of common stock (par 10 cents), all to be offered in exchange (under a plan of recapitalization) for presently outstanding stocks as follows: For each share of 7% preferred stock, one $100 bond, one share of 5% preferred stock and one share of new 10-cent par common stock; for each $5 par common stock held, 90 cents of the new stock. Underwriter—None.

Calumet City Telephone Co., Inc., Calumet City, Ill. Jan. 25 (letter of notification) 6,000 shares of common stock (par $1). Proceeds—To be sold to the public at par and 5,500 shares will be offered in exchange for all of the presently outstanding stock of Calumet City Telephone Co. Proceeds—To meet conditions of REA loan. Underwriter—None.

Chicago, Milwaukee & Pacific RR. (par $1) Equipment Trust Cifs. (first lien) Feb. 28, 1952

Central Illinois Electric & Gas Co. (2 8) Jan. 18 filed 64,000 shares of common stock (par $15) to be offered to common stockholders at par; also 10,000 shares at a rate of one share for each 10 shares held with an oversubscription privilege, right to early redemption or to purchase by amendment. Dealer—Managers—Stone & Webster Securities Corp. and Allen & Co., of New York. Proceeds—Proceeds for further construction and to repay bank loans.

Central Illinois Electric & Gas Co. (2 9) Jan. 18 filed $4,000,000 5% convertible bonds, series due 1982. Proceeds—For construction program and to repay bank loans. Underwriters—Invited by competitive bidding. Probable bidders: Halsey, Stuart & Co.; The First Trust Co. (par) and Harrrill, Hall & Co. (inc.) (jointly); Smith, Barney & Co.; Harriman Ripley & Co. Inc. Bids—Exchanged by 10:30 a.m. EST


Underwriter—Gearhart, Kliman & Otis, New York.


Consumers Cooperative Association, Kansas City, Mo. Jan. 21 (letter of notification) $6,000,000 of 10-year 4% certificates of indebtedness and $5,000,000 of 20-year 5% certificates of indebtedness. Proceeds—To be used in financing construction of an agricultural nitrogen fertilizer plant to be acquired through a subsidiary, The Cooperative Farm Chemical Co., and the remaining $4,000,000 to pay off the Federal Land Bank and used for all corporate purposes. Underwriter—None.

Cookson Laboratories, Inc., N. Y. Jan. 17 (letter of notification) 4,751 shares of capital stock (par $1), to be offered to stockholders of record on Feb. 26. Price at rate of 10% for each 20 shares held; rights to expire on Feb. 23. Price—$2.35 per share. Underwriter—None. Proceeds—For stockholders capital. Office—305 East 45th St., New York 17, N. Y.


Dayton Power & Light Co. Aug. 8, 1950, filed 256,007 shares of common stock (par $71) offered to holders of preferred stock; also, 7,000 shares of common stock (par $71) to be offered to holders of preferred stock and 1,000 shares on basis of one share for each nine shares held; rights to expire on Feb. 26. Price—Preferred stockholders offer $2.50 per share. Underwriters—Morgan Stanley Co. and W. E. Hutton & Co. Proceeds—To repay bank loans and for construction purposes.

Dayton Rubber Co., Dayton, 0. (2/19) Jan. 30 filed $8,000,000 shares of common stock (par $10). Price—to be determined by underwriters. Proceeds—For working capital. Underwriter—Lehman Bros., New York.


The Commercial and Financial Chronicle ... Thursday, January 31, 1952
Kansas City Power & Light Co.  
Jan. 26 filed 10,572 shares of common stock (no par), being offered for subscription by common stockholders at rate of one share for each six common shares held on
Prospective Offerings

Aeroup Corp.
Jan. 4. Donald C. R. Davis, President, announced that the company expects to issue and sell $35,000,000 of first mortgage bonds during the first half of 1952, and $45,000,000 of additional working capital. Underwriters—J. J. Dine, Kidder, Peabody & Co., Inc. (jointly); Morgan Stanley & Co., Inc.; and H. P. A. Mitchell & Co., Inc. Price—To be determined after listing. Underwriters—Probably Morgan Stanley & Co. and Clark & Dodge & Co.

California Resources Corp.
Jan. 21 it was reported that company planned to issue and sell $25,000,000 of additional working capital. If competitive bidders may include: Halcyon, Stuart & Co.; The First Boston Corp.; Blair, Hollins & Co., Inc.; and Lehman Brothers & Co., Inc. Price—To be determined after listing. Underwriters—Los Robles & Co. (jointly). Previous bond financing was underwritten by Lehman & Co., Inc.

Central Power & Light Co. (3/4)

Chicagoland & Eastern Illinois RR. (1/31)
Bids will be received until noon (CST) on Jan. 31 at 5 P.M. Chicago, for purchase of the company's $2,100,000 equipment trust certificates, series 90, to mature semiannually over a period of 15 years. Proceeds: $2,100,000, to be used for general purpose. Bids expected to be received on Feb. 28. Underwriters—Beard, Hulman & Hutzler. Bids—Expected to be received on Feb. 28.

Chesapeake & Ohio R.R. (4/4)
Jan. 22 company sought ICC permission to issue $52,500,000 of first and refunding mortgage bonds without competitive bidding. Proceeds: $52,500,000, to be used for general purpose. Proceeds: To be received on March 2, 1952, and mature not later than March 1, 1952, and will be used for general purpose. Underwriters—Stuart & Co. (jointly); Kidder, Peabody & Co. and Co., Inc. Price—$40 per share. Proceeds:—To increase capital and surplus.

City National Bank & Trust Co. of Chicago
Jan. 22 it was reported that company plans to issue $35,000,000 of first mortgage bonds, to be used for general purpose. Proceeds: To increase capital and surplus. Underwriters—Merrill Lynch & Co., Inc., Pierce, Fenn & Co., and First National City Bank & Trust Co. of Chicago.

Colorado Central Power Co.
May 10 it was expected that rights of this company to purchase additional common stock of the company will expire after this year. Underwriters—To retire bank loans and for new construction. Underwriters—None

Colorado Interstate Gas Co.
Dec. 31 it was reported that company plans to issue $20,000,000 of new common stock to United Gas & Oil Co., and its holding company subsidiary, Southwestern. Underwriters, designed to effect compromise of the Holding Company Act. This development is expected to result in the sale of approximately 1,500,000 shares of the company's new common stock, with Unite Securities Corp. as probable underwriter.

Colorado Gas System Inc.
Nov. 26 it was announced that this is the present intention of the company to sell securities in 1953 for the purpose of financing $10,000,000 of new construction. Proceeds were due June 15, 1952. The type or aggregate amount of securities to be sold will be determined at this time.

Consolidated Edison Co. of New York, Inc.
Jan. 22 it was announced that company plans to issue about $10,000,000 of new construction during 1952, of which it is proposed to purchase approximately $3,000,000 from banks. Underwriters—For bonds, to be determined by competitive bidding. Bidders: Morgan Stanley & Co. (jointly); Morgan Stanley & Co., Inc.; and The First Boston Corp. (jointly). Proceeds: To increase capital and surplus. Underwriters—Morgan Stanley & Co. (jointly); Morgan Stanley & Co.; The First Boston Corp. and Kidder, Peabody & Co.

Consolidated Gas, Electric Light & Power Co. of Ohio
Dec. 24 it was stated that company plans to issue and sell $50,000,000 of first mortgage bonds, to be used for general purpose. Proceeds: To increase capital and surplus. Underwriters—To retire bank loans and for new construction. Proceeds: To increase capital and surplus. Underwriters—Arthur L. Korn & Co., New York.
**Consumers Power Co.**

Jan. 28. Justin R. Whitt, Chairman of the Board, announced an amendment to the company’s project to install 105,000-kw. gas turbine power plant on the company’s Lake Michigan Dam (Lake Michigan Co. 60% owned by Consumers Power) at Holland, Mich. under construction. The company will purchase the gas turbines and the generator from General Electric Co. (Income statement—Expected on Feb. 18. Bids—Scheduled to be received by April 18.)

**Dallas Power & Light Co.**

Jan. 28. To open for business March 15, 1952, when it will begin to issue $20,000,000 first mortgage bonds, with regis-

**Fortune**

**Kansas City Power & Light Co.**

Jan. 28. The company announced that it plans to issue $16,000,000 first mortgage bonds (this is in addition to the $20,000,000 first mortgage bonds already issued).—To be deter-

**Detroit Steel Corp., Detroit, Mich.**

Jan. 21. Max J. Zivian, President, announced that company will retain $1,000,000 in a convertible preferred stock (par $25) and $25,000,000 of common stock which will be issued to the company’s shareholders in order to raise the capital necessary for expansion. (To be determined—Underwriters—To be determined—Underwriters—To be determined by competitive bidding.)

**Florida Power Corp.**

Jan. 21. The state announced that additional financial will be necessary to complete the company’s construction plans. The state, it was reported, has been asked to purchase $2,000,000 in stock and first mortgage bonds. Company has borrowed $4,000,000 in short-term credits to meet its construction needs. (Continued—Underwriters—To be determined by competitive bidding.)

**Futro Bros, Gear & Machine Corp.**


**Hammertime Paper Corp.**


**Idaho Power Co.**

Jan. 18. T. E. Bechler, President, announced that the company’s proposed $3,000,000 capital expansion program for 1952 will be increased by about 255,000 additional shares of common stock (par $100) and $2,000,000 of par first mortgage bonds issued. The company is planning to expand its manufacturing facilities in 1952, which will be financed to the extent of about $1,000,000 with short-term loans. (To be issued—Underwriters—To be determined by competitive bidding.)

**Indianapolis Stockholders Co., Inc.**

Jan. 26. It was announced that the company’s board of directors will meet on Feb. 21 to consider the matter of early in 1952. Underwriter—Beatty & Co., Inc., Chicago, Ill.

**Mississippi Central RR.**

Nov. 16. The directors authorized, pending a favorable market, the issuance of 7,000,000 shares of common and 500,000 shares of par mortgage bonds. The company has 10,000,000 par common stock outstanding which will be issued in April, 1949, was handled by F. W. Beatty & Co., Inc., New York. Proceeds—To be used for expansion programs. Traditional Underwriters—Beatty & Co., Inc., Chicago, Ill.

**Peabody & Co.**

Jan. 24. It was announced that the company plans to issue additional common stock to raise approximately $1,000,000 (par $5) following proposed two-for-one split-up of outstanding 287,000 shares on Feb. 1, 1952. Proceeds—To be used for expansion programs. Traditional Underwriters—Beatty & Co., Inc., Chicago, Ill.

**Penn Controls, Inc.**

Jan. 11. It was reported that the company may file in February a new financing proposal with SEC. The present proposal for $100,000,000 of capital share to be issued to new shareholders in the near future and to register its securities with the SEC for the issuance of 7,000,000 shares of common stock. (To be issued—Underwriters—To be determined by competitive bidding.)

**Mississippi Valley Gas Co.**

Jan. 28. The company announced plans to expand its capitalization in the new near future and to register its securities with the SEC for the issuance of 7,000,000 shares of common stock. Proceeds—To be used to build new industrial projects in that area.

**Mississippi Power & Light Co.**

Jan. 18. The company contemplated the issuance of $7,000,000 of new first mortgage bonds (par $100). The company has 10,000,000 par common stock. Proceeds—To be used for expansion purposes. (To be issued—Underwriters—To be determined by competitive bidding.)

**National Fuel Gas Co., N.Y.**

Jan. 29. Company plans to sell $10,000,000 of common stock to the company’s shareholders. Proceeds—To be used for the construction of a $35,000,000 gas plant. (To be issued—Underwriters—To be determined by competitive bidding.)

**National Gas Co., N.Y.**

Jan. 29. The company contemplated the issuance of $7,000,000 of new first mortgage bonds (par $100). The company has 10,000,000 par common stock. Proceeds—To be used for expansion purposes. (To be issued—Underwriters—To be determined by competitive bidding.)

**National Research Corp., Cambridge, Mass.**

Jan. 21. It was announced that the company plans to issue 22,000 shares of common stock at the price of $5 per share. Proceeds—To be used for the construction of a $29,000,000 gas plant. (To be issued—Underwriters—To be determined by competitive bidding.)

**National Research Corp., Cambridge, Mass.**

Jan. 21. It was announced that the company plans to issue 22,000 shares of common stock at the price of $5 per share. Proceeds—To be used for the construction of a $29,000,000 gas plant. (To be issued—Underwriters—To be determined by competitive bidding.)

**Bids for the purchase of $41,100,000 equipment trust certific-

**Natural Resources Co.**

Jan. 29. The company plans to sell $10,000,000 of common stock to the company’s shareholders. Proceeds—To be used for the construction of a $35,000,000 gas plant. (To be issued—Underwriters—To be determined by competitive bidding.)

**Pennsylvania Electric Co.**

Jan. 29. The company plans to sell $10,000,000 of common stock (the latter issue to parent, General Electric Co.) to the company’s shareholders. Proceeds—To be used for the construction of a new $25,000,000 gas plant. (To be issued—Underwriters—To be determined by competitive bidding.)

**Peabody & Co.**

Jan. 26. It was announced that the company was authorized to issue 10,000,000 shares of common stock (par $100) and 250,000 shares of 50 par common stock. (To be issued—Underwriters—To be determined by competitive bidding.)
The Commercial and Financial Chronicle | Thursday, January 31, 1952

Continued from page 41

To refinance, all or in part $9,000,000 of bank loans which mature May 1, 1952.

Public Service Electric & Gas Co. Jan. 16, it was stated that the company plans to issue and sell $53,000,000 of new common stock in March.

Blyth & Co., and Sons, 180 Water St., Philadelphia, Pa. No. 19. It was reported that the company will announce that the company plans to sell and issue $35,000,000 of new common stock in March.

Texas Electric Service Co. Jan. 23. It was reported that the company plans to sell and issue $35,000,000 of new common stock in March.

Tampa Electric Co. Jan. 23. It was reported that the company plans to sell and issue $35,000,000 of new common stock in March.

Texas-Oil Gas Co., Houston, Tex.

Oct. 17. The company was meted for FCC authority to construct a 1,200-mile natural gas transmission line extending from the Gulf of Mexico to the state of Texas.

Texas Utilities Co. Jan. 23. It was reported that the company plans to issue and sell $35,000,000 of new common stock in March.

Thinkol Corp., Trenton, N. J. Nov. 16. directors authorized an offer to stockholders of about 23,500 shares of common stock (par $1) on a basis of one share for each 15 shares held. Proceeds—To increase capital and surplus.

Southern California Gas Co. (3/25) Jan. 18. It was reported that the company plans to issue and sell $5,000,000 of new common stock in March.

Southern Western Gas & Electric Co. Jan. 19. It was reported that the company plans to sell and issue $5,000,000 of new common stock in March.

Continued from page 8

Our Reporter’s Report

respecting the issuing company.

The SEC should also permit the above procedure, as a prospectus, Mr. Cogan said.

United Gas Co. 154A

Three groups bid for United Gas Co., offering $50,000,000 of new common stock, almost $2,000,000 of new preferred stock, and $10,000,000 of new common stock loaned trust bonds, due in 20 years on March 15.

Bids were received from the following companies, each paying the company a price of 100.50 for the bonds:

United Gas Co. 154A.

Bids were all relatively close, according to the winners-up offering to pay for the bonds in full at the rate of 100.50.
COMING EVENTS
In Investment Field

Feb. 8-9, 1952 (Chicago, Ill.) Winter Meeting of Board of Directors of the American Banking Association at the Edgewater Beach Hotel, Chicago, Ill.

DIVIDEND NOTICES

AMERICAN GAS AND ELECTRIC COMPANY

Common Stock Dividend

Feb. 1, 1952, to stockholders of record of the capital stock of The Borden Company, payable March 1, 1952, to stockholders of record at the close of business February 9, 1952.

DIVIDEND No. 168

An interim dividend of sixty cents (60c) per share has been declared on the capital stock of The Borden Company, payable March 1, 1952, to stockholders of record at the close of business February 9, 1952.

DIVIDEND NOTICES

SOUTHERN NATURAL GAS COMPANY

Common Stock Dividend No. 52

A dividend of 695c per share has been declared on the Common Stock of Southern Natural Gas Company and is payable March 15, 1952 to stockholders of record at the close of business February 25, 1952.

DIVIDEND NOTICES

SOUTHERN UTILITIES COMPANY

Common Stock Dividend No. 25

A dividend of 725c per share has been declared on the Common Stock of Southern Utilities Company and is payable March 15, 1952 to stockholders of record at the close of business February 25, 1952.

DIVIDEND NOTICES

SUBURBAN GAS CORPORATION

Regular Quarterly DIVIDEND No. 24 DECLARED

Common Stock—25c per share


DIVIDEND NOTICES

SOCONY—VACUUM OIL COMPANY INCORPORATED

Dividend No. 32

Jan. 28, 1952

The Board of Directors today declared a quarterly dividend of 10c per share on the outstanding capital stock of this Company, payable March 15, 1952 to stockholders of record as of the close of business February 7, 1952.

DIVIDEND NOTICES

Hoober Electrochemical Company

A quarterly dividend of 25c per share has been declared on the Common Stock of Hoober Electrochemical Company, payable March 15, 1952 to stockholders of record as of the close of business February 15, 1952.

DIVIDEND NOTICES

American Investment Company of Illinois

85TH CONSECUTIVE DIVIDEND ON CORPORATION STOCK

The Board of Directors declared a dividend of 25 cents per share on the Common Stock of the Company, payable March 15, 1952 to stockholders of record as of the close of business February 15, 1952.

CITIES SERVICE COMPANY

Dividend Notice

The Board of Directors of Cities Service Company has declared a regular quarterly dividend of one dollar ($1.00) per share on its 10c per value Common Stock, payable March 15, 1952 to stockholders of record as of the close of business February 15, 1952.

The Security I Like Best

tarian control, are the determinants of money rates. The output, as most economists agree, is by no means clear. It is not possible to be at all sure which way the inflation-deflation balance will tilt during the next twelve months, but it is true that it will dictate the level of interest rates a year from now.

In these circumstances one must hedge. The choice of short-term Treasury bill, for instance, would implicitly forecast future rates within the month, selection of the nearly 21-year Victory 2½% bonds would forecast lower rates and rising prices. I therefore believe that 3½-5½ trusting, i.e., Treasury 2½% bonds of June 15, 1962/59 will provide best average results under today's conditions.

This issue, yielding about 2.60%, matures in exactly 5 months and is callable in 7 years 5 months. It is thus short enough to provide protection against a major market price loss in the event of a further rise in basic interest rates but long enough to share in a substantial decline in prices if mortgage activity resulted from a reversal of recent trends indicating a marked lowering of yield rates. Because of the major alteration in market yield patterns that is likely to occur in the past year, this relatively short-term security, little less than one-half as long as the longest Government bond avaliable, provides a yield less than one-sixteenth smaller. It is restricted as to ownership now, but within 5 months will become eligible for commercial banks' investment account.

The security, it goes without saying, is of the highest grade and widest marketability. For an investment officer with funds available for investment requiring yield, safety of principal, possibility of profit and limited scope of loss, I think Treasury 2¼% bonds, June 15, 1962/59, will fill the bill.

DIVIDEND NOTICES

O'Kiefe Copper Company Limited

Dividend No. 21

The Board of Directors today declared a dividend of two and one-half dollars (2 1/2) per share on the Preferred Stock of the Company, payable March 1, 1952, to stockholders of record on February 15, 1952.

ROBERTSHAW—FULTON CONTROLS COMPANY

GREENSBURG, PA.

COMMON STOCK

A quarterly dividend of 12-months ($1.00) to shareholders of record February 15, 1952.

The transfer books will not be closed.

WALTER H. STIPPEL

Secretary & Treasurer

American Investment Company of Illinois

85TH CONSECUTIVE DIVIDEND ON CORPORATION STOCK

The Board of Directors declared a dividend of 25 cents per share on the Common Stock of the Company, payable March 15, 1952, to stockholders of record as of the close of business February 15, 1952.

D. L. BARNES, JR.

January 28, 1952

Secretary

Hooker Electrochemical Company

A quarterly dividend of 25c per share has been declared on the Common Stock of Hooker Electrochemical Company, payable March 15, 1952 to stockholders of record as of the close of business February 15, 1952.

ANSEL WILCOX, 2nd Secretary

American Investment Company of Illinois

85TH CONSECUTIVE DIVIDEND ON CORPORATION STOCK

The Board of Directors declared a dividend of 25 cents per share on the Common Stock of the Company, payable March 15, 1952, to stockholders of record as of the close of business February 15, 1952.

D. L. BARNES, JR.

January 28, 1952

Secretary

Financing the Consumer through National Bank Deposits

Public Loan Corporation

Loan Service Corporation

American Public Loan Corporation

W. ALLAN JONES, President

CITIES SERVICE COMPANY

Dividend Notice

The Board of Directors of Cities Service Company has declared a regular quarterly dividend of one dollar ($1.00) per share on its 10c per value Common Stock, payable March 15, 1952 to stockholders of record as of the close of business February 15, 1952.
WASHINGTON, D.C.—Despite the many "holes" in the budget submitted by President Truman, the inference of many congressmen is that Congress is unlikely to take any action on it without additional financial aid. The totalling of expenditures below the $5 billion projected by the President.

The budget analysis of this, like most of its predecessors, is in the hands of the Appropriations Committee. For instance, after giving an overview table showing a cut of $2 billion in "non-security" expenditures as compared with the fiscal 1953 budget, the House Appropriations Committee showed a cut of $2 billion in "non-security" expenditures, as compared with the fiscal 1953 budget. This was the President's statement for 1953 as the "jiggled" affair by analyzing the President's message for 1953:

"This Budget," said the President, "contains funds for only as many general fiscal control projects as my budget of 2 years ago. For one thing, this sentence omitted the fact that the President was talking about combining all multi-purpose projects, and for fiscal control and power generation, as the official budget table now discloses.

But the President nowhere makes it clear that the figures are based on two years ago to make it possible to compare them with the President's assertion. In the budget the President did not separate multi-purpose fiscal control projects from power control projects, but lumped them together. On the other hand, the Appropriations Committee added additional power generation, but eliminated the social service projects separately, utterly confounding the picture.

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