Have Faith in Our Capitalistic System!

By HUGHSTON M. McBAIN*
Chairman, Marshall Field & Company

Prominent merchandising executive defends our economic system as it line with God given rights of man to life, liberty, and the pursuit of happiness. Defines capitalism as "a system of free markets," and denies current economic evils, as such as: inflation, scarcity and working conditions, inequalities in wealth, unfair trade practices, and business depressions are caused by it, since these conditions have existed in other systems.

A friend of mine is a great preacher. He is great because he is humble and humbly searching for the truth. In almost every sermon he frankly admits his limitations, but in each he manages to share his interpretation and excitement with his congregation some newly-acquired knowledge. He shares his enthusiasm for living and inspires his listeners to write better lives through an understanding of his world.

One day the preacher said to me, "My field is religion. All my life I have sought to understand and to explain religious concepts. Of late I find myself studying economics, and I find myself wondering about the capitalistic system. I hear appeals from the right and the left do my part in helping mankind by facing theILLS of the capitalistic economic system.

"Now, I want people to live happy and contented lives. I want to see poverty and pain eradicated. But I'm not a businessman. I have had no business training. Economics is your forte—not mine. I know little about it. Tell me, don't you think I should forget it and devote my whole effort directly to serving God by preaching His word?"

I doubt that I gave the preacher a very satisfactory answer. It would be an interesting assignment for any economist today to write a book on the subject. I have enjoyed reading such books myself, and would do the same thing myself if I could... Continued on page 3.

*An address by Mr. Mc Bain before the American Management Association, Chicago, Ill., February 19, 1952.

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Bond Department

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

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

TODD ALEXANDER

Archieavior, Parker & Redpath, New York City; Members of New York Stock Exchange

Webster Thompson Products, Inc.

Thompson Products has had a outstanding growth record and its products, which have peeked through at least 1939 far surpass anything it has realized in the past. Very able and aggressive management, basing its activities on extensive research, development, and engineering, has brought the company to a position to dominate in all markets to which it has product. It is particularly noteworthy. This company is one of those few American industrial businesses that should hold the promise of very important development in value and profits. New areas of activity to which attention is being devoted include: automotive, guided missiles, and atomic jet propulsion. Preliminary data are available to give confidence in expected profitable returns from such new activities.

Products are too numerous to list but, to mention a few, they include valves, pistons, bearings, connecting rods, knob action assemblies, compressors, jet engine blades and turbine wheels, and many other parts of engines or components. Every well known manufacturer of automobiles, trucks, tractors, airplanes, marine, and industrial engines carries Thompson parts as original equipment. There is the best possible evidence of the vast market for replacement parts. The company offices are located in 24 cities and serve over 6,000 wholesale jobber stores.

The company is making, the practical—on production as the goal of all capital development—and hence this has led to constant development. Recent developments include a new, simpler, lighter weight, half joint suspension assembly for front wheels which first appeared on the 1952 Lincoln, and which will be used on Fords and Mercurys, and possibly other cars in 1953; also, a coaxial switch for television and radio, a radar, television and long distance telephone equipment, and a myriad of other developments in the field of powdered metallurgy are also believed to have have significant possibilities.

The year 1951 marked Thompson's 50th Anniversary. Started with initial capital of only $2,500, and achieved a volume of $5,000,000, as of the beginning of 1952, as compared with $1,180,704 of common stock; $25,000,000 of $10,000,000 customers and over $290 million of volume. In 1951, the breakdown of its sales of $185 million was as follows: automotive, marine and industrial; 28.3%; automotive replacement parts, 15.8%; aircraft and aircraft engine components, 5.89%.

It is highly significant that Thompson's sales of automotive engine components have increased during the past year more than 50%; that of aircraft engine components more than 66%.

This increase in sales and the unprecedentedly large number of cars produced in the postwar period are reaching the stage where sales of parts replacements will become a significant factor.

The biggest growth envisaged in the next two years is tied to the defense effort. Nevertheless, it is significant to note below the substantial increase in the post- war expansion of both the passenger car and the business car, which will bring any noteworthy progress. For comparative purposes, sales for 1950 and the peak wartime year 1944.

SALES (in millions of dollars)

Other than Aircraft

Aircraft Engines Total

1939... $13.8 $2.5 $16.3
1940... $12.7 $2.5 $15.2
1941... $16.7 $4.2 $20.9
1942... $24.0 $7.1 $31.1
1943... $35.3 $4.8 $40.1
1944... $52.3 $6.1 $58.4
1950... $10.5 $1.2 $11.7
1960... $19.1 $1.5 $20.6
1961... $38.8 $19.1 $58.9

Total sales in 1952 and 1953 are estimated at $270 and $350 million, respectively, although the company has been able to produce at the rate of $350 million. The stretch-out to the year 1953 of the new building should ensure a very high level of sales for the company beyond 1953.

Increased levels of business have caused a very high level of net income from increasing, although income before taxes increased from 25% to a new all-time high and was 45% higher than the same period in 1950. From 1950 to 1951, were $20.60 per common share vs. $16.50 in 1950; the present capitalization. Earnings this year can be conservatively estimated at $72.50, and in 1953 at better than $85.00 on the basis of present tax rates. Dividends are being paid at the rate of 2c per share, and should increase when the financial situation is more satisfactory. The steady growth volume, even in tapering off to almost zero in the past, and are estimated to be charged for an improved depression in the 1952 to 1954 period and extreme rarity on the only $1.9 million in 1951. The increase in cash earnings is estimated to be substantially greater than the estimated increase in net earnings, and it improves materially the company's division of earnings and profits.

This year's growth in earnings has been in the same direction, and has out-reached the average in the world. Nevertheless, these improvements in the company's security are not as strong as those held in the past. This is not to say that Thompson is not a fine company to invest in. It has continued to do a fine job of business, and there is no reason to doubt its future. This company is a significant holding.

We do not know the significance of the ratio. We only know that there is a radar and that this will be continued. The United States is not facing any serious challenges of the future in the field of electronics. It is, however, a fact that the United States is in the forefront of all electronic developments and that it is a major factor in the world of electronics. This is the reason why we believe that Thompson should be continued to be a major factor in the world of electronics.

The company's major holdings are in the field of electronics. The company has a large number of patents and development. The company is also engaged in the production of electronics equipment, and is well equipped to handle the demands of the future. The company has a large number of patents and development. The company is also engaged in the production of electronics equipment, and is well equipped to handle the demands of the future.

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Government Relations to The Central Bank
BY W. W. CUMBERLAND
Partner, Ladensburg, Thalmann & Co.
Member, New York State Exchange

Contending that there can be no satisfactory fiscal structure unless based on gold convertible currency, a sound and not burdensome tax system, and a public debt which is reasonable in magnitude, Mr. Cumberland, former head of Persia’s Central Bank, contends present task is to bring about these objectives. Says adequate gold exists in U. S. and convertible currency, and decry fear of foreign raid on our gold reserve. Holds there is no such thing as independent Treasury or independent central bank, and calls for credit institutions to act moderately in fulfilling their responsibilities.

In earlier and happier years many foreign countries looked to the United States for aid in their monetary, fiscal and debt problems. This is no longer the case, since the United States has amply demonstrated its lack of ability to handle its own financial affairs.

During the decade of the twenties, when greater progress was made in economic well-being, U. S. was the leading “money doctor” of the world. He held the finance and currencies of many countries and also established central banks of issue and discount. Not only am I one of Professor Kemmerer’s students, and learned the principles of money and finance from him, but I also am one of the few Americans who has actually been in charge of the finances and the currency of certain countries. Accordingly, I consider that I had the best possible theoretical training in the field of finance, and the few years of actual experience in the problems of money, credit, fiscal and public policy does not detract from the statements in this present memorandum should be judged by that background.

Essentials of Dynamic Economy

To the best of my judgment and belief there can be no satisfactory fiscal structure on the part of government and there can be no dynamic economy for a country, except they are based on currency convertible into gold, a tax system which is not obsolete in the aggregate and which tends to stimulate savings and investments and to check the huge volume of burdensome consumption, and a public debt which is reasonable in amount, funded into long-term maturities for the most part, and both having and deserving the belief of the population that it will be paid.

Without exceptions, those countries which required financial advice had already failed to meet one or more of the foregoing criteria. Therefore, the United States is all but isolated at the present time in the United Nations. Hence this country may confidently look forward to the experiences from which other countries have suffered when they had inconvertible currencies, excessive and ill-placed taxes, and top-heavy public debt, much of which was represented by short-term obligations. It is not a pretty picture for a country like the United States, which for over a decade has been noted for its competence in currency and financial matters. This is neither the time nor the place to probe into the causes of our present humiliated and dangerous state nor to apprise the blame to the short-sighted, igno¬rant or untrustworthy leaders who mismanaged our country in its present predicament.

U. S. Should Go on Gold Standard Now

Our present task is to point out the constructive measures which need to be taken and which are readily available to persons with technical knowledge of the subject, courage, determination and ability. Without a convertible currency, experience has amply demonstrated that neither a government treasury nor a central bank, whether the latter be capable, wise or independent, can long maintain a currency system without devaluation. There is little point in discussing relations between the President, central bank, credit and discount policies, management of the public debt or an equitable tax system unless each of these other areas which are so important in producing a wholesome and expanding economy is soundly based on convertible currency. Conditions in the United States justify immediate return to gold. Our gold reserves are ample. Our population is becoming increasingly angry in regard to irresponsible money which penalizes the thrifty, the savers and the con¬structively minded. Persons with savings bank accounts, insurance policies, pensions or even those owning United States Government bonds have lost patience, and

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“Mr. May is covering the International Economic Conference in Moscow.

Published Twice Weekly

THE COMMERCIAL AND FINANCIAL CHRONICLE

Reg. U. S. Patent Office

WILLIAM R. DANA COMPANY, Publishers

26 Park Place, New York, N. Y.

Telephone 2-5716

HERBERT D. HERBERT, Editor & Publisher

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Thursday, April 15, 1943

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spotting issue, and every Monday com¬
cumulative stock list, market quotation
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Address all communications to William R. Dana Company, 26 Park Place, New York, New York. Telephone 2-5716.

Subscription Rates

Subscription rates: Domestic, $3.75 per year; Canada, $4.00 per year; Foreign, $5.00 per year; in Canada, and Dominion of Canada, $6.00 per year. Other Countries, $6.25 per year.

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sight subscriptions and advertisements must be made in New York funds.
Our Inexhaustible Resources

BY EUGENE HOLMAN*
President, Fordham (New Jersey)

In defending his concept that our raw materials are inexhaustible, leading oil producer executive reviews steps in use of mineral products and attainment of better and cheaper methods of discovering new sources. cites expanding supplies of energy from harnessing atomic and solar energy, which development may shift fossil fuels to other uses. Calls attention to new sources of oil and natural gas that have been "wasted" resources or as "exhaustible" resources. What I want to suggest to you today is that in those terms "wasting" and "exhaustible" is a partial view. It does not do justice to the heart of geology or, indeed, to the simple societies in which, in turn, we are all using and trying to gain knowledge of the natural resources of the world.

The mission of practicing geologists, it is my thought, is to help find the earth the materials man needs for civilized life. These materials have a singular importance in the pattern of human existence, and people frequently fear that they are going to be used up, one by one or another, and at the same time are not able to see one item or another, except in the terms used to describe the materials, geologists seek. Those materials are often referred to as "active market" oil, equity oil, utah southern, j—james m. todlan & company, 47 wall street new york, new york 2-9335

New Sources of Petroleum

I'd like to enlarge a bit on these new sources of petroleum. Take coal. As you are aware, a great deal more coal has been discovered in just the past few years than at any other time in history. This has resulted, of course, in its price falling. But it does not do justice to the heart of geology or, indeed, to the simple societies in which, in turn, we are all using and trying to gain knowledge of the natural resources of the world.

The Stone Age developed both the instruments and the knowledge inextricably bound up with the production of coal, and certain of the softer metals, especially copper and tin. Humanity then stepped up to the Copper and Bronze Age. Now man has more tools and more serviceable ones. He can cut, grind, hammer and otherwise work materials. He handles masses of material with stronger levers, wedges, pulleys, gears, hooks, eyes, and pickers.

In modern times the age of iron has given way to the steel age, and within our own lifetime the age of aluminum is being added. Some of the newer metals and alloys have found a place in the cut, grind, hammer and otherwise work materials. In a similar fashion, aluminum is being added. Some of the newer metals and alloys have found a place in the cut, grind, hammer and otherwise work materials.

As the men equipped with knowledge of the metals or the world's most wonderful renaissance of the steel age the steel age as we may call it has come to be a truly remarkable array of tools that have been used as tools of the second industrial revolution. The steel age...
A slight contraction was noted in industrial production last week, bringing the index to a level 7% lower than that of a year earlier. However, overall output remained about 10% under the all-time record attained during World War II.

Outstanding declines were noted for the ninth consecutive week in claims for unemployment insurance benefits, which declined 1% below the previous week, but were still 30% higher than a year ago.

Holding up settlement of the steel labor impasse was a blunt turnaround early last week when Steel Workers union chief, of a new compromise offer by steel firms. Mr. Murray stated to his gorge that the union’s offer “all or nothing” of the “Stabilization Board’s” recommendations, states “The Iron Age,” national metalworking weekly.

As soon as groundwork for a contract settlement is reached steel firms expect the steel price angle to be settled. The amount which will be made to steel companies had asked for publicity. It will fall nearly 20 cents a ton or perhaps slightly more, this trade journal states.

Steel firms were expected this week to go into court in an attempt to forestall the taking over of the industry by the government. During a last-minute miracle steel loss this week will seek to supplement the steel strike, a steel strike. Steel on 2,000,000 tons a week.

Steel firms have yet to feel the labor impasse will probable approximate 15 cents an hour plus $1.50 to 10 cents in fringe benefits. There will be no giving in on the union shop by steel firms, if Mr. Murray gets a good economic policy, he may eventually give up—for the time being—the union shop. A turn for the worse this week or next will take the dispute to the White House, “The Iron Age” states.

On Tuesday evening of this week President Truman ordered the closing of the mills of all steel and to cut back production to the workweek. The order directed the government to take over the mills effective at midnight. Stocks to last until at least one week, unless expedient before the strike was scheduled to take effect.

Big producers, it states, $30 or perhaps 50 cents a ton. Industrial report, for example, this trend is expected to continue in 1952, unless production is cut back to a smaller size.

With the producers facing the prospect of still higher wage and other costs, this trend is expected to continue in 1952, unless production is cut back to a smaller size. The present hour, according to industry sources, was 15 cents a ton over the previous year. Net income for the whole group was off 12%.

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Steel consumers faced the strike deadline with anxiety. A good many of them had inventories that looked comfortable at first glance, but careful study showed these stocks to be far out of balance. Items in critical supply were expected to limit production, making it impossible to fully utilize items in heavy stock. For example, the steel company, which had a big inventory of rolled-cold sheets because he had only enough bars and forging stocks for a few day's operation, was faced with the problem of what to do with the vast stock when production was stopped.

Compounding the consumers' anxiety was the huge amount of government which was expected to match the continuing strikes of the steel industry with its own productivity programs. The military was in line to get first crack at all tonnage as it became available.

The automobile industry, it is currently learned from "Ward's Automotive Report" that a steel strike would not hit auto output for about a month. The industry sources are estimated by "The Iron Age" at 41% of rated capacity, down 6% points from the previous week. The rate is based on assumption that there will be a strike.

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Meanwhile, however, the results which had been feared both to happen. The initial reaction after war began in Korea was a sharp increase in demand from all sources which continued through the balance of 1950 and the first quarter of 1951. This demand, generated by anxiety that goods would be scarce and to a great extent the result of a misunderstanding of the nature of the current buying habits.

As the months wore on, however, this picture changed. Partly as a result of direct controls and partly as a result of greatly increased production, which has increased the record flow of goods to users and public contracts to inventories, great shortages of orders have disappeared. As a result of the heavy buying just mentioned, retailers in many classes have been ordered to overstocked with many types of goods, some of which have not been sold.

As a result of the heavy buying just mentioned, retailers in many classes have been ordered to overstocked with many types of goods, some of which have not been sold. The buying waves of these months furnished the setting for the reason for the heavy buying, as consumer buying which occurred after the first quarter of last year and which was responsible for the subsequent systematic purchases of inventory, liquidation of consumer goods.

In the succeeding months, inventories of outside of defense industries, the national, gross, national and main direct controls have produced beneficial results and we find in our present policies. Some declination can also be noted, and advocates close study of economic conditions by the agencies.

We have arrived at a time when appraisal of our economic situation should show a systematic adoption of a program which faces us demanding a solution involving an economic extrication of this program and its prospects—which it has, stood, what it will stand, and what Government policies have and will have demanded.

The growth of taxation and borrowing, or of the tempo of our national defense program, and rapid build-up, the imposition and relationship of any controls, are present these questions. Furthermore, we have arrived at a time when it is much wiser which could not be described as the economic situation is a beginning of the end but from which we can, will, and must, each of the costs to be borne by us the government.

Repercussions of Rarrainment

The national defense program has produced a series of repercussions on consumer, business, and Government. The 1951 rate of Government expenditures was $3,285 billion, amounting to 265% of gross national product for 1951 increased by $5 billion, or 10% of the gross national product for 1951 increased on about $1 billion from the first quarter of 1951.

There has been an extraordinary amount of change in the W.W. and equipment between 1945 and 1952. The outlay for manufacturing concerns alone has totalled $25 billion. It is reassuring to know that two-fifths of our current stock of fixed capital is less than the 50% of the amount of the utmost significance in connection with our production possi-

bilities.

The change in the business population of the country since the war began in Korea is negligible, both in size and in turnover. The number of retail and service firms declined slightly, while all other industrial segments increased. It is interesting to note an increase of 2% in manufacturing, representing a reversal of the downward trend which began in 1947 to 1950. Except for seasonal variation, the business population has

Where Are We Headed?

BY HON. CHARLES SAWYER

Secretary of Commerce

Secretary Sawyer reviews trends and developments of the last 20 months as reflected by wages, prices, inventories, and production, and contends many divergent and cross-currents have resulted in relative economic stability. Says this situation shows that the real, gross national product has increased and direct controls have produced beneficial results and we need not fear adherence to our policies. Some declination can also be noted, and advocates close study of economic conditions by the agencies.

"OBSERVATIONS"

Is omitted this week.

A. Wilfred May is in Moscow covering the International Economic Conference.

For some time remains steady about four million firms.

Price Trends

An analysis of the price trends in our present situation, call the conclusion that wholesale prices had advanced from the low level of December, 1949 high by March, 1951, but since then have only advanced 15%. Consumer prices remain above 7% above the late 1940 level. Some easing of food prices has also been noted. They have risen generally about 18% during the past two years. The cost of living index, which was stable in February, was up 10% during January, slipped back to 5.2 figure slightly over October by the end of February.

Returning now to my analysis of the price trends of the last 20 months as reflected by wholesale prices, inventories and production, it is fair to say that as of this moment the many divergent and in some cases strong cross-currents within our economy have resulted in relative stability of total output, employment and prices.

No Grounds for Relaxation

This should not mean, and does not mean, we have accomplished our objectives, that we can now go home free from concern about the possibility which was characteristic of the period following World War II. In every market this year great caution may confront us—either at home or abroad. A moment of complacency may happen to change the program—drastically and rapidly. All-out war is still a possibility; a period of prolonged labor strife could strike the economy, but we have, however, reason to be pleased, if we consider that we have accomplished what has been accomplished.

It would not be proper to describe our military expenditure in June, 1950 as one of prostration, or to describe it as one of depression. Since then we have been increasing our strength in preparing for our defense upon the land, on the sea, and in the air, in the face of the threat of atomic bombs. In June, 1950 an attack upon us would have made the prospect of ultimate defeat certain. Today, we carry the certainty of his defeat and day by day that defeat grows.

There has been vastly increased military production for our defense; deliveries have doubled during the past year and will double continued on page 24

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The outlook for earnings in the airline industry is somewhat confused and varies considerably as between different companies. On the brighter side, there is the prospect that rapid growth in passenger traffic will continue to boost profits. But the rate for revenues may not be greatly changed, depending on the rates for fares and the tonnage volume.

Fares, express revenues, and express revenues are likely to increase at a faster rate than the revenue from aircraft rentals over the next few years. This increase in revenues from these sources must now be matched by the costs of operating aircraft and the cost of operating the additional volume of planes that will be flown by reason of the increased size of fleets. The operating costs will be partly paid for by the better pilot pay, which was placed in effect during last year. The other factors of the increase in wages of other employees and increases in some of the service clauses in many labor contracts. The Federal government tax of one-half cent a gallon will be a considerable addition to these expenses and must be considered in making a profit forecast.

Aircraft Sales

Growth in the air industry may be expected to continue in the future, as evidenced by the fact that the number of aircraft on order has already reached a total of more than 4,000, with a total value of over $500 million. This trend, however, is not expected to continue at the same rate as in the past, as the rate of increase in aircraft demand is slowing down due to the saturation of the market.

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growing it not growing as fast as the airline costs." I presume he spoke after having had an opportunity to examine the monthly figures for the 16 domestic trunk lines. Unfortunately, I do not have all the detailed CAB figures for the last quarter of 1951. For that quarter, they are generally very late. But I do not have some October and November figures for the 16 domestic trunk lines. They show for October last year an increase of $9,035,000, or 20.2%. In total operating revenues over 1950, whereas total expenses were up $9,059,000, or 23.8%, and net operating income gained $285,000, or 4.4%. For November, 1951, total operating revenues increased $10,491,000, or 24.5% over 1950, while total operating expenses advanced $9,128,000, or 22.9%, and net operating income jumped $1,363,000, or 35.5%. At least, it can be said that for October and November, separately and combined, increased revenues more than offset the higher costs. It is undoubtedly true that since the first half of last year, it has been increasingly difficult to translate increases in gross revenues into net.

It so happens that United Air Lines is the only one of the four major trunk lines so far published its 1951 annual report. It shows a reduction in operating costs per revenue ton mile from 45.6 cents in 1950 to 44.3 cents in 1951. Even in November, operating costs per revenue ton mile were unchanged from the previous year comparing 45 cents with 45 cents in November, 1950.

Despite the loss of traffic in the first two months of this year incident to the accidents at the Newark airport, and the substantial increase in expenses during February due to the closing of that airport, United's net for those two months was about $200,000, or a reduction in airline fares in 1950 which was not corrected until 1947 and 1948, coupled with a very large increase in route miles granted too liberally by the CAB. Many of these new routes tapped thin

Continued on page 32
Western Gold Mines Inc.  
Golden Crown Mining Co.  
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\textbf{Notes}  

\textbf{NSTA}  

\textbf{SECURITY TRADERS ASSOCIATION OF NEW YORK}  

Security Traders Association of New York (STANY) Bowling League standing as of April 3, 1952 as follows:  

\begin{tabular}{|l|}  
\hline  
Points &  
Kumm (Capt.), Ghegan, R. Montanye, Krassovsch, Manson & 35  
Bean (Capt.), Lax, H. Frankel, Werkmeister, Reid & 31  
Goodman (Capt.), Hersh, Purcell, Valentine, Smith & 27  
Mewing (Capt.), O. Montanye, Meyer, Lato, Klein & 26  
Serling (Capt.), Mandel, Tender, Finkel, Young, Carlin & 24  
Donadio (Capt.), Rapa, O'Connor, Whiling, DeMayo & 22  
Hunter (Capt.), Craig, Fredericks, Weiseman, Lytle & 27  
Krisman (Capt.), Schamber, Jacob, Jacobs, Murphy & 27  
Leone (Capt.), Tisch, O'Marra, Nieman, Bradley & 27  
Burian (Capt.), Lepker, Hunt, Grewenow, Kaiser & 28  
Greenberg (Capt.), Siegel, Cohen, Strauss, Vocelle & 28  
H. Meyer (Capt.), Swanson, A. Frankel, Wechsler, Murphy & 28  
200 Club  
Al Tisch & 204  
W. Bradley & 201 & 200  
\hline  
\end{tabular}  

\textbf{No Bowling Game April 9 or April 17. The League bowls Philadelphia at regular alleys, City Hall Bowling Club, after which a bowling dinner will be held at Grand Street Boys. Anyone interested contact Sidney Jacobo.}  

\textbf{COMING EVENTS}  

In Investment Field  

April 17, 1952 (New York City)  


April 25, 1952 (Philadelphia, Pa.)  

Eastern Pennsylvania Group of Investment Bankers Association third annual conference at the Bellevue-Stratford Hotel.  

\textbf{Governers of the ... Bankers Association.}  

May 19-21 (Richmond, Va.)  

Association of Stock Exchange Traders and Governors Spring Meeting.  

June 5, 1952 (Chicago, Ill.)  

Bond Club of Chicago field day at the Knoywood Country Club in Lake Forest.  

June 6, 1952 (New York City)  

Bond Club of New York outing to Sleepy Hollow Country Club, Scarsdale, N. Y.  

June 10-13, 1952 (Canada)  

Investment Dealers' Association of Canada annual convention at the Algonquin Hotel, Ottawa—By-the-Sea, New Brunswick.  

June 13, 1952 (New York City)  

Municipal Bond Club of New York annual outing at the Westchester Country Club and Beach Club, Rye, N. Y.  

June 13, 1952 (Philadelphia, Pa.)  

Investment Traders Association of Philadelphia summer outing at the Argonaut Club, 204 Market St., Philadelphia.  

June 16-17, 1952 (Detroit, Mich.)  

Bond Club of Detroit-Security Traders Association of Detroit & Michigan dealers annual outing at the Garden Club.  

June 16 at the Detroit Club; June 17 at the Lochmoor Country Club.  

June 16, 1952 (Minneapolis, Minn.)  

Twin City Bond Club annual outing at the White Bear Yacht Club.  

June 26-27, 1952 (Minneapolis, Minn.)  

Twin City Security Traders Association annual summer outing “Open Air Fishing Trip” at Grandview Lodge on Gull Lake.  

June 27-29, 1952 (Corona, Calif.)  

Security Traders Association of Los Angeles annual outing at the Hotel del Coronado.  

June 28, 1952 (Chicago, Ill.)  

Bond Traders Club of Chicago summer party at the Lamplord Hotel.  

Sept. 28-Oct. 1, 1952 (Atlantic City, N. J.)  

American Bankers Association Annual Convention.  

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Federal Reserve Bank of St. Louis
This article just had to be written in this rather busy period because of its importance, and as you know, it was due in the middle of May. The writers did a great job on the financial news, but I think you might find it more interesting to explore the practical aspects of managing natural gas pipelines and the oil industry in Canada.

The Canadian dollar is currently experiencing significant fluctuations, driven by the oil and gas sector. It's important to understand how the oil reserves and pipelines, which span from the West Coast to the East Coast, are managed. The Canadian dollar also plays a crucial role in the economy, with the oil sector being a major driver.

In Toronto, the office of the Royal Bank of Canada is located, where they handle the management of these resources. The bank is essential in managing the financial aspects of the oil industry, providing services such as loans, investments, and risk management. This ensures that the resources are used efficiently and sustainably.

The oil industry is highly regulated, and companies must comply with strict environmental regulations. This ensures that the industry operates in a responsible manner, protecting the environment. The Canadian dollar is a key factor in ensuring the financial stability of the oil industry, as it is used to manage the transactions and investments in the sector.

In conclusion, the management of natural gas pipelines and the oil industry in Canada is crucial for the country's economy. The Canadian dollar plays a significant role in managing these resources, ensuring that the industry operates in a responsible and sustainable manner.

If you have any questions or need further information, please feel free to ask. I am here to assist you with any queries you might have.

In Memoriam

Sylvester Walton Potter 1856-1952

"Chronic" employee for over a quarter century

In every long standing business organization, there seems to be one employee who commands the respect and friendship of his fellow workers as a natural right. Such a personage was Sylvester Walston Potter who died last Saturday in his 85th year after a re-
current illness of some months. Mr. Potter, a Christian gentle-
man in every sense of the word and a native of Washington, North Carolina, started his connection with "The Chronic" 34 years ago and was active in its de-
partment up to his last illness.

In his quiet way, Mr. Potter, beloved by his office associates and friends, radiated friendliness and amiability in business, at home and in his church life.

Elected Director

At the regular meeting of the Board of Directors of J. P. Morgan & Co. Incorporated, Richard Redwood Deupree, Chairman of the Board of the Pictet & Gambier Company, was elected a Director.

With French & Crawford

(Special to The Financial Chronicle) ATLANTA, Ga.—Dean C. Ham-
brook has been associated with French & Crawford, Inc. 22 Ma-
rietta Street. He was previously with Thomson & McKinnon.

Joins Baker, Walsh Staff

(Special to The Financial Chronicle) CHICAGO, Ill.—John P. Wilkin is joins with Baker, Walsh & Co., 29 South La Salle Street.

Derricks in the Moose Pastures

By IRA U. COBLEIGH

Author of "Expanding Your Income"

Current Canadian capsers on Toronto Exchange suggest a more cautious and selective attitude toward pipeline petroleum equities.

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Derricks in the Moose Pastures

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Author of "Expanding Your Income"

Current Canadian capsers on Toronto Exchange suggest a more cautious and selective attitude toward pipeline petroleum equities.
Some Observations on the Monetization of Federal Debt

By LELAND REX ROBINSON

Adjunct Professor of Political Economy, New York University
Vice-President, Economists’ National Committee on Monetary Policy

After explaining how governmental indebtedness may be converted into circulating currency, Dr. Robinson discusses evils and difficulties arising out of this process. Says situation is aggravated by pegging government bonds at par. Hold debt financing and other fiscal maladies are due to abandonment of fully convertible gold standard. Advocates independence of Federal Reserve System.

The central problem in relationships between the United States in security and the Federal Reserve System lies in the effects these relationships have upon the conversion of government indebtedness into immediately circulating currency. Dominated by budgetary considerations, the Treasury greatly encourages this, and over long periods has forced it. When debt is thus turned into money, panning freely by bank checks and from hand to hand, a strong upward push tends to be exerted on prices and costs. The agencies of government have already spent or are spending the funds obtained through borrowing; at the same time, government obligations—representing this borrowing—are building bank reserves, increasing bank deposits subject to withdrawal, and adding to currency in circulation and in the banks. This inflationary process, aided by redistribution and abandonment of the convertible gold standard in 1933-1934, is registered in the deterioration of our money and financed by the complications through which we have accepted unbalanced Federal budgetary deficits during 18 of the past 21 years.

The process, known as the monetization of debt, is the contemporary “stream-lined printing press process” of transformation of unconvertible paper money. They can continue for an indefinite period without causing inflationary pressures.

In brief, the matter may be put this way. Debt incurred by individuals or by the public sector in the form of deficits to do a substantial extent, represents credit advances to facilitate production and to this degree supplies commodities and services bidding for the dollar’s lower. In any case, debt incurred by governments, borrowers, whether or not it is commercially self-liquidating in the absence of a general price level, must be either circularly repaid on penalty of bankruptcy; it will not be extinguished if it does not arise from sales of goods, must either call itself “tightening” of the borrower’s competitive and depreciable easy terms.

Contrast Between Public and Private Debt

Debt incurred by the Federal Reserve System is different. It constitutes a monetary, or more precisely, a social credit; both, “open market” and “open market” transactions are a proper and acceptable part of the fiscal agency services rendered the public. To the System they are an important and self-liquidating instrument. In central bank regulation of reserve levels, the Treasury fiscal demands are allowed to dictate free prices of reserves, rather than artificially low interest costs to the government. As surety of its securities, individual and institutions, the Federal Reserve System has the power to establish a “tightening” of the lender’s competitive and depreciable easy terms.

With a sovereign government, however, it is otherwise. Debts incurred by the Federal Reserve carry floating or government debt, therefore, though not directly so, are in the long run under pressure to repay; they may and, in fact, refund and increase debt and even default in repayment, as the case may be. (3) In the substitution of “government-type” or “eligible paper” as backing for Federal Reserve and Federal Reserve notes; and (4) in artificial markets maintained by the central banks for government bonds, to the extent that they are under obligation or pressure to do so, have fed into the process.

The accompanying chart pictures changes in the sources of Federal Reserve funds during the period from 1933 to 1937, in dollars, the lower in percentage, breaking down in United States debt held by the Federal Reserve Banks, by commercial banks, and by non-banking public bodies. The chart shows that out of $12 billion in government bonds, only $7 billion are held by commercial banks, and that of these $7 billion, little is held by non-banking public bodies. The remainder is held by the Federal Reserve System in its discount window and other procedures.

Malady Due to Irredeemable Currency

The substitution of Federal Reserve debt, evidence of Federal Reserve note is a link in the basic principle of the Federal Reserve System. Indeed, the system is geared to the production of a complete and infinite gross national income, the source of its funds is the Federal Reserve. The dollar is the basic unit of the system, and its value depends on the system’s ability to produce just enough dollars to cover the money in circulation.

The system produces dollars in two ways: (1) By creating new money out of thin air, and (2) by creating new money out of thin air, and (2) by creating new money out of thin air. The system’s ability to produce just enough dollars to cover the money in circulation.

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A Federal Monetary Authority—Open Door to Dictatorship

By WALTER E. SPARKS
Professor of Economics, New York University, Executive Vice-President, Economists’ National Committee on Monetary Policy

Assuming various and persistent efforts have been made to improve central banking, the part of movement toward Socialism and Dictatorship, Dr. Sparks tends proposed integration of fiscal and monetary policies and advocated "compensatory economy" theory, which would lead to federal control of the Federal Reserve System free from political influence, along with a freely redeemable paper currency.

The basic issue involved in the hearings of the joint committee is whether the people of the United States have an independent Federal Reserve System, designed to protect the interests of the central banks as a whole, or whether it is to be made an Instrumental- lve servitude branch of the executive branch of our Federal government.

But central banking, which seems to teach the importance—indeed, the necessity—of maintaining and maintaining our independence, if the people of a nation are to be the masters of their government and their freedom. The key to this principle is in time of severe war when a central bank is compelled to utilize every resource at its command. Under such a system, the property, freedom, and valuable institutions money and banking structure may be impaired or destroyed in the effort to defend a national political enemy. But the necessary condition can be avoided.

Variations and persistent efforts have been made in this country in recent years to impair or to destroy the independence of our Federal Reserve System as a part of the movement toward Socialism and a variety of dictatorship by the executive branch of our Federal government.

Typical of the movement in this direction is the action of some of those who have been advocating a Federal Monetary Authority and what some designate as fiscal and monetary integration or coordination under the Federal Executive. Sometimes the proposals for such a system are put in terms so broad or vague that they sound curious to the reader that if, on their own merits, they would have no effect on the monetary and fiscal affairs of this country. An example of a recommendation of this type is "Recommendation X," offered by 17 economists in "Monetary Policy to Combat Inflation" (New York: National Planning Association, 801 21st St., N.W., Washington, Oct. 23, 1922, p. 9, reprinted in Part II of this Subcommittee’s "Monetary Policy and the Management of Debt" (Feb. 29, 1922). That recommendation involved coordination of monetary policies and the fiscal and monetary policies the Secretary of the Treasury be given power to make temporary loans, with the consent of the President, to any state, or any political subdivision, or to any public corporation, for the purpose of resuming the functions of government and of meeting the expenses of public employment, and so on.

Such a program, if successful, would be "nothing less than the establishment of autocracy over the political and economic life of the country."

The history of the monetary and financial aspects of the treaty of Versailles, the embargoes, the exchange, creation and distribution of the Federal Reserve System, employment, and so on. Such a program, if successful, would be "nothing less than the establishment of autocracy over the political and economic life of the country."

The thesaurus of terms and phrases which are in the current discussion of the fiscal and monetary policies of the various government agencies whose actions af-
The Railroads Can Be Rescued

By ROBERT R. YOUNG
Chairman, Federation of Passenger Railways

Rail industry's leader criticizes its economic methods and standards of passenger service, and offers detailed program to rescue it from bankruptcy and government ownership. Suggests establishment of central reservation system and similar type of procedure for selling accounts, stock options for executives, and unification conference.

On this Fifth Anniversary of the Federation for Railway Progress we are not discouraged. Five years is a short time in an industry born in 1830. The Federation this year offered ten resolutions for the industry. It is strange that they had to deal with such obvious faults so easily reme- cured.

Since 1930 they have spent too much of their life before ticket window hiccups were notices. Why rising costs of paper and labor have not brought simpler procedures. How many motions and procedures could have been saved since 1930 if only those odd pennies had been rounded off of fares and freight billings. Con- sider the costs thus imposed upon shippers who are frayed tempests of passengers. The final unit should be dimes or dollars, not pennies.

It is encouraging to note only this week New Haven's introduction of automatic ticket vending ma- chines.

A Central Reservation Bureau to Eliminate the Ticket Window

A single Central Reservation Bureau for each railroad should eliminate the ticket window and cut costs and re-visit to it. Local telephone calls automat- ically routed to this Central Bu- reau should get the information and insure the space. Settlement should be on the train in cash or by money order. The savings in time, effort, duplicate sales, account- ing and personnel would be as helpful to the railroad as to the passenger.

The railroad proposes to go even further in accounting simplifica- tion. It is examining into the possi- bilities of setting the vast maze of later-railroad joint service accounts, both freight and passenger, by the technique of sampling. The results, accurate to a fraction of 1%, are as dramatically encourag- ing as the savings are enormous. Clerical costs on the railroads last year were two-thirds of a billion dollars. In no other industry does clerical cost approach its ratio to the cost of total payroll.

American Railway Passenger

Committee

Although the public will not fully appreciate it as a few more millions have been spent on new cars, the newest, and a key is that if a railroad is not competitive, it will have no business. The year 1930 was a terrible year, fraught with troubles. The cost of mechanically main- taining this fleet last year was $200 million, over $6,000 per car. If this is equivalent to paying $500 annually to maintain an automo- bile, then we can see that there was a great deal of something wrong. The rough han- dling on this ancient "blew hot cold cool" equipment is driving many to the highways and the air, where the price of riding in a car is several hundred per cent greater.

For 120 years the floor of this obsolete car has been four feet three inches above the rail—the height of the freight platform to receive the first back of cattle in 1830. There has been no excuse for these rough vehicles on the part of the automobile as had the days of high roadway centers, on the railway, smooth as glass. One of these cars weighs as much as three cars at their weight—and the burden of weight on roadbed and motive power rises geometrically.

Train X and the Heller Report

Train X, two and one-half feet lower at the floor, three feet lower than the roof designed under rail- road supervision, by aviation and engineering engineers gives twice as smooth and a safe ride at one half the operating costs of the newest present day equipment. Its original cost is only one-third the cost and it pays for Pullman Standard Company which has spent half a million in building the first model, confirms optimistic; yet, it has stopped fur- ther development because key railroads say Train X will not do business because it requires alterations station platform. Imagine block¬ ing such a vital defense adjunct from across America because of minor platform changes when our bil¬ let fare is a quarter a mile. Ninety five percent of our troop business is done by Train X. Fortunately this one railroad principle to go forward with Train X with or without Pullman or railroad

It is said that for every good reason there is a real reason. Some railroad's so annoyed with dissatisfied passengers that they are only waiting to point forward from the trains. Yet a word of truth about working public shrewdly exerted could supply the ideal political

$9,450,000

Chesapeake and Ohio Railway

Second Equipment Trust of 1952

21% Serial Equipment Trust Certificates

To mature $18,150 semi-annually October 15, 1952 to April 15, 1967, inclusive.

To be guaranteed unconditionally as to payment of par value and dividends by endorsement by The Chesapeake and Ohio Railway Company

Priced to yield 1.95% to 3.00%, according to maturity

Issuers and sale of these Certificates are subject to authorization by the Interstate Commerce Commission. The offering Circular may be obtained from the Trustee, who may be approached by any of the undersigned or any other dealers as may beatisfy their securities in such state.

HALSEY, STUART & CO. INC.

Washington, D.C.

L. F. ROTHSCHILD & CO.

A. G. BECKER & CO.

IRA HAUT & CO.

HAYDEN, MILLER & CO.

THE ILLINOIS COMPANY

MCMASTER HUTCHINSON & CO.

WM. E. POLLOCK & CO., INC.,

JULIEN COLLIUS & COMPANY

MULLANEY, WELLS & COMPANY

FIRST OF MICHIGAN CORPORATION

Mc Cormick & Co.

April 4, 1952

The Commercial and Financial Chronicle • Thursday, April 10, 1952

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gitized for FRASER

https://fraser.stlouisfed.org/
We Can Have Strong Defense With Higher Living Standard!

By ARNO H. JOHNSON*

Vice-President and Director of Research, J. Walter Thompson Co.

Mr. Johnson contends by reaching productivity level of 1944, which was reached in 1943, that under present conditions, we not only won't need the $130 billion, but won't even need an increase in demand for dairy products, because even with ample purchasing power the demand must be created. Families with income below $2,000 per year, who get a slight increase in income and a little less spending power, tend to increase their savings and tend to buy less milk and eat more cheese. The food industry has not made much effort to bring more milk to the people. The people don't eat enough milk and there is a great waste. If we could sell more milk, we could increase the purchasing power of our best prewar years, 1940. In current dollars, the disposable income in 1942 could reach over $223.7 billion. The level of productivity necessary to provide for defense and an increased standard of living is by far less than the level actually reached per capita in 1944 for the prewar period.

We entered World War II with a tremendous amount of production that were fully obsolete and inefficient following a long period of depression. The production of new equipment is far better than that of new plant装备. New equipment for the new demands of war, such as the output of four times as million dollars in 1943, the output of production of the population was 1½ under what it had been in 1939 before the war started; on a per capita basis real purchasing power was 9% lower than before the war. The efficiency that we have already demonstrated by increased productivity we can have a considerable increase in a real purchasing power of All Income Groups.

1952 Discretionary Spending Power Can Be 4½ Times the 1949 Level

In 1940, when our total disposable income was $75.7 billion, our population, national $42.9 billion of this for for increased living costs, the necessities of food, clothing and shelter. The remaining $30.0 billion was available for other needs. It was spent up the 1940 standard of living or savings, $2.7 billion of this represented personal savings in 1940. To maintain the same standard of living per capita, for clothing and shelter in 1952 at present inflationary forces would require $197.0 billion instead of $49.2 billion because of the increase in the prices of these necessities and because of the creation of new desires through advertising and selling.

1952 Real Consumer Purchasing Power Can Be 7¼ Times Above 1949

In the first half of 1951 disposable personal income after taxes reached an annual rate of $320.2 billion, 32% above the total 1949. At present prices, nearly half or $166.7 billion of this total disposable income has been dissipated through inflation. This still leaves a real purchasing power in 1951 of $119.5 billion in terms of 1940 dollars, or a 57% increase over 1949.

In other words, the potential civilian market in terms of physical units of goods or services, or in improved quality, is 75% above the best prewar levels.

Production in 1952 at the minimum per capita levels of 1949 was $320.2 billion, and in terms of 1940 dollars of $123.2 billion, a 74% increase over 1940. This condition of a major increase in national production will not exist after the end of World War II. In 1940, for example, real purchasing power of the population was 1½ under what it would have been in 1939 before the war started; on a per capita basis real purchasing power was 9% lower than before the war. So our economy already demonstrated that through increased productivity we can have a considerably increased in real purchasing power.

An Increase in Real Purchasing Power of All Income Groups

The 57% increase in real purchasing power in 1951 compared with 1940 has affected the over increased saving and increased standard of living in all income groups—but not, particularly, in the middle income groups. The income increase in real disposable income after taxes is estimated to have increased in income quintiles follows:

| Income Groups | % Increase in Real Income
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Highest fifth</td>
<td>28%</td>
</tr>
<tr>
<td>Second fifth</td>
<td>18%</td>
</tr>
<tr>
<td>Third fifth</td>
<td>6%</td>
</tr>
<tr>
<td>Fourth fifth</td>
<td>8%</td>
</tr>
<tr>
<td>Lowest fifth</td>
<td>65%</td>
</tr>
</tbody>
</table>

Total Income Shift Provides Increased Market Potentials for Both Savings and Goods

Between 1945 and 1952 there were some very significant shifts upwards in the distribution of families by income groups. Over 22 million consumer spending units moved up to the level above $2,000 with an increase in this group from 14,000,000 in 1941 to 16,000,000 in 1951. Increased taxes, of course, have heavily into the income of those who have moved above the $2,000 income level. After taking Federal Income taxes into account, however, there still exist a startling shift upwards in income groups.

In 1941, only 1,500,000 consumer spending units had incomes over $2,000 before taxes; new 7,380,000 have incomes over $5,000 after Federal Income taxes. In 1941, there were 5,700,000 with incomes over $3,000 before taxes; now 24,400,000, or over four times as large.

An increase in real disposable income has been a substantial shift in the total income distribution of families by income groups. Over 22 million consumer spending units moved up to the level above $2,000 with an increase in this group from 14,000,000 in 1941 to 16,000,000 in 1951.

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

$10,000,000 Province of New Brunswick

CANADA

4½% Twenty Year Sinking Fund Debentures

Dated April 1, 1952

Price 98.70% and accrued interest

The Prospectus may be obtained in any State in which this announcement is circulated from any such of the undersigned and other dealers as may lawfully offer those securities in such State.

HALSEY, STUART & CO. INC.

UNION SECURITIES CORPORATION

SALOMON BROS. & HUTZLER

LEE HIGGINS CORPORATION

BLAIR, ROLLINS & CO.

COFF & BURN

HARRIS, HALL & COMPANY

RAYDEN, STONE & CO.

HORNBLOWER & WEEMS

PAINE, WEBBER, JACKSON & CURTIS

AMERICAN SECURITIES CORPORATION

W. M. EPPOLCupp, CO., INC.

A. M. KIDDER & CO.

THE MILWAUKEE COMPANY

BYRD BROTHERS

COURTS & CO.

M. H. PAYSON & CO.

MACKALL & CO.

April 5, 1952

How Stocks Have Fared

Under Eroded Dollar

By SAM GLASSER

Mr. Glasser, in presenting a table of selected stock prices since 1938, indicates that purchases of many issues at the high level in 1946, show sizable losses today, when figured at pre-inflation levels.

Many an article has been published recently depicting the dollar's position as one of the utmost importances, and those holding government bonds or other fixed securities, building and loan accounts or owning bank notes, have been mighty dulous as to losses.

The year 1939 is generally reckoned upon as the beginning of the inflationary gale that has boosted prices skyward to where the dollar today will only buy 33 cents as much as it did in 1939. Various charts and tables have been compiled indicating the purchases of many securities and other tangible in 1939 would have covered the loss, if not entirely offset the loss in the eroding dollar. Many an individual must indeed feel foolish, in not having placed in idle funds, or switched fixed in some investments, to some medium. It is possible that even though one may have to keep pace with the rise in the general price structure.

Here, however, is some solace to those who conservatively clung to cash, and even with a lack of knowledge of securities or a feeling that inflation would be stopped with a new administration, statistics disclose what could have been expected, and point to the purchasers of particular common stocks at the high point in 1939.

True many of these same stocks rose very sharply in 1946; as shown, and could have been sold very profitably in that year. At the same time however, purchases made at the high level in 1946 in many of these same issues would show sizable losses today when the dollar is worth even less than in 1946. Of course it must be pointed out that all of these stocks encountered and all much lower figures in the years shown, and therefore could have been sold at worse values. Nevertheless, someone or many bought at the high point in 1939. Attention must also be placed to the fact that many of these common stocks in 1939 were, and some some distributed valuable rights.

While many of these issues are among those listed, they are not to be considered a recommendation to purchase or sell, and the writer appreciates this con- mpletion. Complete investigation is cautioned if any action is con-templated.

Assail Administration's Credit Policies


In a radio broadcast on March 25, in his bi-weekly series, entitled "Talking It Over," Sen. Paul H. Douglas (D., III.), a member of the Joint Subcommittee on Monetary Policy and the Economic Report to the Joint Congress- sional Economic Study Group on economic of Economics, at the University of Chicago, placed the blame for the monetary inflation which followed the outbreak of the Korean war on the Administration's policy of forcing the Federal Reserve System to purchase bonds. In bonds only can keep up their prices. This, the Senator has pointed out to have been created an "overflow" of money.

Explaining the steps in the process of the inflation, which created the inflationary atmosphere, Senator Douglas said: "First, immediately following Korea, the government, in companies, fearing shortages and price rises, rushed to stock up on imports. This was an attempt to finance this buying spree, they rushed to the banks to get loans. When the reserves of the banks in the first place, the Federal Reserve was to be able to set up the banks had to get more reserves if they were to get the internal credit that is required to do this sold bonds. And pressure because the point of view then prevailed, that is, of keeping bond prices up and interest rates down, the Federal Reserve was forced to step into the market and buy up all the bonds that private business would not put up. Therefore, the Federal Reserve bought the bonds, this increased the reserves of member banks, which made it possible for the government to increase the quantity of bank credit into the economy. Every prevailed for eight months until May 29, 1946. After the Federal Reserve changed its policy and forced the Treasury to recycle $1 by a reserve requirement.

The above process of inflation, the Senator stated, is the same as trying to pour three glasses of water into an economy which, in itself, can only produce one glass full of goods. The extra money spills over and is used to bid up the prices of goods. It then be- comes very difficult to meet this surplus, and to eliminate the pressures on prices of goods.

Senator Douglas pointed out in his broadcast address that because banks were not required to back up each $6 of loans with $1 of "res- serves," the Federal Reserve (with the Federal Reserve) every $1 purchase of bonds by the Federal Reserve from the bank added to bank "reserves" and its reserves, and expansion of credit, and theoretically, by $6. As far as the banks are concerned, they have explained, these loans are "money in the bank"—money to spend. That money, however, is considered as very similar to greenbacks in the extent of the sup- ply of money is concerned.

The Senator then added, that because of the Federal Reserve in the eight months that the Federal Reserve was in the process of an expansion of bank loans by $1 billion. This is the reason for theSenator Douglas added, that because of the Federal Reserve in the eight months that the Federal Reserve was in the process of an expansion of bank loans by $1 billion. This is the reason for the Senator Douglas added, that because of the Federal Reserve in the eight months that the Federal Reserve was in the process of an expansion of bank loans by $1 billion. This is the reason for the

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Eastern Pa. Group

IBA to Meet Apr. 25

PHILADELPHIA, Pa. The third annual conference of the Investment Bankers Group, Inc., the Investment Bankers Association of Philadelphia, Friday, April 25, at the Bellevue-Stratford Hotel, according to an announcement made by Gordon Croiter of Delafield & Townsend, Croiter & Bodine, Chairman and Robert G. Bowd of Stroud & Company, Inc., Vice Chairman, among the Committee Chairman of the Group, which will hold the sessions for the sessions which will bring together all the Independent bankers to the conference are:

Finance: John F. Bunn, Jr.,
Publicity & Press: William K. Barclay, Jr., Steen Bros. & Boyce,
Invitations: Alfred Rauch, Kid-


Forums: Robert G. Bowd, Stroud & Co., 1st.

Rice: Herbert V. B. Gallagger, Cohn, Townes & Co.

Reservations: Miss Jane Hill, Thayer, Baker & Co.
The Importance of Agriculture
In the Economic Picture

By LLOYD C. HALVORSON
Executive Director
The National Bank of Commerce

Pointing our agriculture is nation's largest industry, Dr. Halverson reveals rapid increase in farmers' capital investment, thus enabling a reduction in farm population. Lists other facts relating to greater agricultural production: (1) farmers' participation is postwar explosion of intensive agricultural research. Contains farmers' income, on basis of management and return to large landholders. Favors a two-price system for farm products, but not for purpose of diverting regularly a part of output to lower uses.

Today many people have the mistaken idea that farmers are all getting rich, either through stock-in-trade or through Government programs. People would like to do anything without giving agriculture a fair chance. I do not intend for this opportunity to present some facts on farmers' economic position and return to the farmer. I want to make it clear that I do not intend to discuss and defend every aspect of the present farm program. I do believe the economic position of agriculture calls for some sort of a program under Government authorization.

Agriculture is the largest industry in America. The total amount of income derived from agriculture last year is about equal to $43.8 billion. There is about 1.3 billion acres of land in the United States. The farmer's income amounts to about $97 billion. Grazing lands are relatively very large. The income is accounted for by 60% of the land. Cereals, potatoes, and vegetables take up less than 4% of the land area. Crop land amounts to about 300 million acres. This is about one-quarter of the land area.

From the border states to the United States from East to West and South to North, he is apt to think this situation would be a lot better if its size were reduced. This is not the case. If you were to think this, it is rather hard to believe, but it is true, that the money Congress is likely to appropriate for the next crop would more than buy all the farm land and buildings in the United States.

Heavy Increase in Capital

Between 1940 and 1951 farmers' investment in machinery increased five times. This trend in farm investment will continue and already in some parts of the country and some crops agriculture a farmer has more invested in equipment and supplies than he does in land and buildings. In 1920 five out of every six working people were engaged in agriculture; in 1940 those days were gone, everyone was needed on farms in order to operate. Today only about 15% of the farm fiber needed by the nation. As time goes on with more diversified and new machinery made farmers more productive. Per man productivity has increased. Three men in 1940 doing the work of one in 1951. It is rather hard to believe, but it is true, that the money Congress is likely to appropriate for the next crop would more than buy all the farm land and buildings in the United States.

Weather may have been on our side, but some market that better soil and water conservation is a factor in our more plentiful crop production. In 1929 the net income of farm operations was $6.1 billion, and at that time, it was estimated the return was there was considerable farm unrest. In 1950, the Board was established to try and farm income by new and better marketing methods. In 1922 farmer operators' net income was down to $1.2 billion and it did not rise above the 1929 figure until 1934. In 1947, farmer operators' net income reached $7.1 billion, it declined to $13.7 billion in 1951, it was up again to $14.9 billion. With farm costs rising and farm prices weakening, prospects for 1952 are not so bright. Farm prices on the average are now below parity for the first time since 1950.

Farmers' Income Below Fair Rate

Farmers in recent years have been increasing their holdings in the United States, reaching 12.1 million in 1950. In the 1951 farm operators' income for 1950, the real amount has been paid to the farm operator within the period of the Fair Deal, more than ever before. In 1929, the net income of farm operations was $6.1 billion, and at that time, it was estimated the return was there was considerable farm unrest. In 1950, the Board was established to try and farm income by new and better marketing methods. In 1922 farmer operators' net income was down to $1.2 billion and it did not rise above the 1929 figure until 1934. In 1947, farmer operators' net income reached $7.1 billion, it declined to $13.7 billion in 1951, it was up again to $14.9 billion. With farm costs rising and farm prices weakening, prospects for 1952 are not so bright. Farm prices on the average are now below parity for the first time since 1950.

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From Washington

Ahead of the News

BY CARLISLE BARGERON

Estate Keefevar is having the time of his life out in the prairie states these days. He has been given up the hope, by any means, of getting General Eisenhower on the open market. I heard this plan the other night in a group not given to idle chatter; but it is beginning to gain momentum. If it fails to nominate the General, there will be a revival of the movement. The General is a national hero coming after the Republicans' conscience, to draft him.

Isn't that rather ridiculous, I asked, in view of the fact that the man has now definitely notified the General: The man is running for the Republican nomination? Not yet, I said. These gentlemen that have the General's acceptance speech before the Democratic convention, General Carlisle Bargeron's private collection, and if you think it is just, remember we are living in fantastic times.

The aversion to this according to this, would explain that he had looked upon himself as a Republican. But in these days and times there are certain kinds of Republicans and there are certain kinds of Democrats. No longer do the labels definitively describe a man's political inclination. Now, the General stands for certain principles. Whether you want to call these principles those of the Republican party or a particular segment of the Democratic party, that particular segment of it, is not important.

There is the method, for example, followed by the Quarter-master-General of the Army in filling government contracts. He insists in this method, according to experts in the department itself, is costing the taxpayer roughly between $40 and $70 million a year.

These men have not yet defined to the department the method changed and to have the department follow the method of bids. The General is the head of this branch of the Government.

An enterprising officer, Brig. General R. P. Holliis, commanding the New York depot, decided to take the bit in his teeth. He notified the General that he had outbid the General's uniform price of $75 by $15. The General, the depot, and the contractors shipping the uniforms to the depot, all had to agree to the new price. The depot, in fact, as might be shown against the enemy in such heroic episodes.

If there is any doubt about the success of this particular endeavor, it must be remembered that the General himself is not connected with the depot. He is a private citizen, running a government agency.

The General's method is that of bidding. The depot leading, however, in this particular instance, no one bid on the General's uniform price. The depot, in fact, as might be shown against the enemy in such heroic episodes.

Ira A. Simmons, a Washington banker and the leader of the petitioners, has come to light an instance of downright resistance to savings, such a resistance, in fact, as might be shown against the enemy in such heroic episodes.

The aversion of the Military to accept the General's $15 bid, is, of course, a matter of some consequence. If this same method is applied to the other government departments, it is possible that the General's $15 bid will be the only one submitted.

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Volume 173 Number 5106 ... The Commercial and Financial Chronicle

Britain's Declining Foreign Trade

By PAUL ENZING

Dr. Enzing, after calling attention to decline in British imports and exports, as the result of restrictions, says problem might be solved. By Agreement. Notes, however, this is not now likely, due to opposition of U. S. to discriminatory trade agreements. Holds only hope for solution to be change in American policy toward bilateralism.

LONGHORN cattle circle the prospect of closing the gap in Britain's balance of payments without growing concern. For, although the recent measures adopted or proposed by the British government to restrict imports are designed to redress the balance, there is little prospect that such steps will be sufficient to prevent a further decline in the trade of this country. It is a fact, amply confirmed by experience during the 30's, that unilateral restrictions of this character cannot solve foreign exchange difficulties, because the export trade is conducted on a worldwide basis. Whenever a major country such as Britain finds it necessary to restrict imports or other exports, a vicious spiral of declining international trade is apt to set in. Other countries, too, cut their imports to Britain, so that their own balance of payments are in the habit of looking toward Britain for guidance in their economic policies. The governments of the Commonwealth countries belong to this latter category. The panicicky decision of New Zealand is an example. The government of New Zealand, Australia's imports from the Sterling Area were largely the outgrowth of bilateral agreements and therefore the difference between the conditions in the two countries.

The solution to the problem of difficulties resulted in a vicious spiral of declining foreign trade through the adoption of import cuts, the downward trend was mitigated to some extent by the adoption of policies of maintaining the parity of exchange rates. It was a very unsatisfactory solution but it enabled financially weak countries to hold their balances of payments. The only advantage of this method was that by having to cut imports to the barest minimum, it contained the willingness of the country to accept payment in Hungarian gold. Weak countries were thus able to avoid the necessity of reducing the volume of trade, and to achieve the extent of bilateral trading has become materially reduced in recent years. Any large-scale reduction in bilateral trade would be strongly restraint in because their countries have found a means of avoiding the need to bear a very heavy burden.

The governments of Britain and other countries struggling with balance of payments difficulties have failed to see the serious consequences of opening financial aid from the United States. If, on the other hand, they had been willing to bear the risk of losing their gold reserves, they might have been able, because of the willingness of the United States to accept payment in dollars, to bear the burden of opening financial aid from the United States. But, being convinced that non-discrimination is the ideal system for the United States, American authorities and others would like to see the application of the same principle all over the world. They seem to ignore the fact that convertibility of currency and non-discrimination in foreign trade are neither the only nor the most effective means of solving the balance of payments problem. There are no indications that Congress is willing to endorse such a costly policy while the balance of the world is suffering from the need of further American aid would be forthcoming, it would at least enable the government to export commodities with existing earning power and a return to war-time inconvertibility of sterling with want. It is the general belief of many, because of the hope that some American aid will be forthcoming; even to fill the gap the government is reluctant to renounce it by embarking on an economic policy of discrimination that would inevitably antagonize the United States.

The only hope for a reasonable solution lies in an enlightenment of American opinion in the danger of the depression, and from its rigid opposition to bilateralism in prevailing circumstances. The catastrophic decline of the gold reserve of Britain, France and other countries should serve as a danger signal to make American

Courts Upsets Judgment Against Otis & Co.

U. S. Court of Appeals hands down unanimous decision holding contract with Kaiser-Frazer Corp. was forbidden by law and therefore is unenforceable. Kaiser-Frazer to carry case to U. S. Supremic Court.

The United States Court of Appeals, on April 7, handed down unanimous opinion annulling an award of $3,120,743 damages made by a lower court to the Kaiser - Frazer Corporation against Otis & Co., Cleveland investment bankers, in the case of Kaiser-Frazer Corp. v. Otis & Co., relating to the underwriting of Kaiser-Frazer stock. The court held that the contract between the Kaiser-Frazer Corporation and Otis & Co., relating to the underwriting of Kaiser-Frazer stock, was closely related to the performance of acts forbidden by law, and as such, therefore, unenforceable. Kaiser-Frazer Corp., the government, had appealed the case to the United States Supreme Court.

The case was the outgrowth of a contract entered into on Feb. 2, 1948 between Kaiser-Frazer Corporation and Otis & Co. for the sale of 500,000 shares of its stock at $11.50 per share to Otis & Co. and associates, who were to offer the stock to the public at a price of $13 per share. Six days later, Otis & Co. sold the stock on the ground that a suit had been instituted in Michigan by a Kaiser-Frazer stockholder, and also that the prospectus filed with the SEC contained erroneous statements.

Kaiser-Frazer, a short time thereafter, entered suit for damages in the Federal District Court of Los Angeles. Judge John W. Clancy of this court on April 22, 1949, held that Kaiser-Frazer was guilty of breach of contract and awarded it $3,120,743 to Kaiser-Frazer Corporation against Otis & Co. for breach of contract.

In his decision, Judge Hand found that "the facts disclosed to the SEC in the prospectus which was filed with the SEC contained erroneous statements.

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In his decision, Judge Hand found that "We cannot blind ourselves to the fact that the sale of this stock could not be used as a breach of warranty. This Judge Hand denied in the following language: "Whatever the rules of estoppel or waiver may be in the case of an ordinary contract of sale, nevertheless it is clear that a contract which violates the law in any way is unenforceable. The United States and Congress and the public policy as a rule is expressed in those laws is unenforceable. Any sale to the public by means of the prospectus involved here would have been a violation of the Securities Act of 1933."

C. H. Adams Confirmed As SEC Member

The Senate on April 7 confirmed the nomination, made by President Truman on March 26, of Clarence H. Adams of Connecticut as a member of the Securities and Exchange Commission. He fills the vacancy created by the resignation of Chairman Harry A. McDonald, who heads the New York Exchange Corporation.

Mr. Adams, recently chairman of Putnam & Co., security dealers in Hartford, Conn., first worked as a young man for a bank in Groton, Me. He has held various administrative and security positions, and was at one time manager of the Guardian Credit Corporation of Hartford, Conn. In 1938 he was appointed Director of the Securities Exchange Board of Connecticut State Banking Department, a position he held for about 20 years.

Ray Brandt Co. Formed

MINOT, N. Dak.—Ray H. Brandt has formed Ray Brandt & Co. with offices at 605 Fourth Street, S. E. to engage in the securities business. Mr. Brandt was formerly with J. W. Adams & Co.

Two With F. L. du Pont

Opalesct in the Players' Conference

SAN FRANCISCO, Calif. — Wayne Jewell and Attilio Lertora are the newest members of the Plinth du Pont Co., 317 Montgomery Street, Mr. Jewell was previously with Davies & Co.
NY Bond Club Names Field Day Chairman

Plans for the 20th annual Field Day in New York were announced by James T. Lee, of W. E. Proctor & Co., president of the club.

The outing will take place this year on Friday at the Sleepy Hollow Golf Club, Scarsdale, N. Y.

Edward Greenwood, of Morgan & Co., has been named chairman of the Field Day committee.

Join Draper, Sears

(Special to The Financial Chronicle)

BOSTON, Mass.—Herbert M. Draper, 56, has been named chairman of the board of Bankers National Bank.

He succeeds William A. Sears, 58, who will become president of the bank.

Draper is the present president of the bank.

Philip E. Rimel Opens

Pennsylvania Stock Exchange

(Pennsylvania Stock Exchange)

Philadelphia, Pa.—Philip E. Rimel is engaging in business as a wholesale and retail dealer in securities from offices at 122 Chestnut Street.

With E. F. Hutton Co.

BOSTON: E. F. Hutton Co., 577 Congress St., Boston, recently offered subscription to a group of underwriters headed by John E. Hutton, owner of the firm, for all of the 410,128 shares of Quaker Oats Co. common stock, which was on subscription period which expired March 13 at rate of one share for every seven shares held, by common stockholders of record March 13 at 12:30 p.m.

Warrants for 296,472 shares of Quaker Oats Co. common stock were exchanged for warrants for 296,472 shares, valid until March 13, 1957, at the rate of one warrant for every seven shares of common stock of Quaker Oats Co. held, and the remaining warrants were purchased and resold by the underwriters.

Maturity Extension Continues

On the other hand, the large commercial banks have also been going into the higher income government securities, but instead of being used for these purchases, it has been reported, have come mainly from the retirement of Treasury issues. In other words, switching is supplying the money that is being used by these institutions to acquire the higher income obligations. The putting out of maturities has not been quite as far the large money center banks as it has been for the out-of-town institutions, because it is evident greater liquidity must be provided now for the money center banks.

As a result of this phenomenon, deposits by the deposit base, the 2% due 1957, 29 appears to be the leading issue, with both the Federal Reserve banks and the Federal Home Loan banks having been minor buyers in the market for this obligation. The supply has likewise been more than offset by the payment of interest on the money center banks.

Intermediates Find Information

Considerable attention is being shown in 1951 and 1952 due to 1953 and 1956, with the big banks the main buyers of these securities. Also the 1956/57 and 1960/57 issues have been under accumulation by these same institutions, with little or no balance of amounts of these bonds. The partial, especially the last three issues, that is the 1956/57, the 1950/56, and the 1956/65, have also been getting increasing attention from the large money center deposits. The out-of-town institutions have been doing minor buying in the 1951 due 1956, which might be multiplied, to keep the market in this obligation in this group. The September 1967/72 have been the following buying by the central banks and, while it has not been too picky to pick up this obligation, raising the price of the bonds to a few of them into the market from time to time.

Private placements are again in vogue in the market on the restricted bonds, after miner selling, in order to get the largest possible number of bonds bought. There were used to buy the recently appeared new corporate issues. State funds, savings banks, and insurance companies have been buying up the bonds of large, somewhat larger amounts of the ineligible obligations. Offerings of these bonds are now increasing again, and that important investor's comments and many potential sellers have pulled away from the market, because of the better trend of quotations.

Quaker Oats Stock

Offering Completed

A group of underwriters headed by Charles E. Glines, chairman, offered 374,700 shares of the 410,128 shares of Quaker Oats Co. common stock, which was on subscription period which expired March 13, 1957, and the remaining warrants were purchased and resold by the underwriters.
How to Reduce Taxes

By ROGER W. BARSON

Pointing out, in terms of 1928 dollars, our total wealth has increased only 12% up to 1948, while population has increased 23%, Mr. Babson accuses Federal Government of a policy to keep us smarting for that new car or summer vacation, the reeducation of a few people to pay $2,500,000 in 1929. Government than his idea that the telephone service and to further improve the service it offers in the States of Illinois and Indiana, the obtaining of substantial amounts of new money, and the telephones in service. The new series C bonds are re- sold at par at prices ranging from 104.525% to par and accrued interest.


The Chase National Bank

OF THE CITY OF NEW YORK

STATEMENT OF CONDITION, MARCH 31, 1932

RESOURCES

Cash and Due from Banks · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · · ::
NEWS ABOUT BANKS AND BANKERS

Emil C. Hanna was appointed Assistant Treasurer of the Chemical Bank & Trust Co., of New York, on March 1, to succeed James M. McNamee, who resigned to become Assistant Manager of the Chemical Bank in London.

James J. McNamee, Assistant-Vice-President of The National City Bank of New York, was recently appointed to the newly created position of Assistant Manager of the bank's New York City operations.

When the New York Clearing House was established in 1853, the Bank of New York was one of the three original banks that comprised the group. In 1910, when the list of members—nine banks still retained in the bank's present form—was reduced by one, the New York bank to act as the special depository for the former holding bank, a dividend in each of its 168 years, although in the latter case, the payment of dividends was for a different reason, for the bank was merged in 1923. The dividends were made up the following year.

Stirling National Bank & Trust Co., of New York, has been awarded an additional $10 million deposit insurance coverage by the Federal Deposit Insurance Corp. (FDIC). The bank, which had previously been awarded $100 million in deposit insurance coverage, will now have $110 million available to cover its deposits.

People's First National Bank & Trust Co., of New York, has announced that it has acquired an additional $5 million in deposit insurance coverage from the FDIC. The bank now has a total of $55 million in deposit insurance coverage.

The Consul General of Ireland in New York is the sponsor of the St. Patrick's Day Parade, which takes place on March 17. The parade is sponsored by the Irish-American Chamber of Commerce, and is held in the streets of Manhattan, with floats and exhibits from various Irish-American organizations.

The new and expanded banking quarters of the East Side office of the Industrial Bank of Commerce, located at 125 Delancey Street, New York, were opened on March 1. The new quarters, which are larger and more modern than the former East Side office, have been constructed inside and outside. Interior furnishings and air-conditioning equipment have been added.

The United States Trust Co. of New York has expanded its operations in the area of estate planning and trust administration. The bank has recently acquired the services of several new professionals in these areas, including a new vice president in charge of estate planning.

The First National Bank of Salisbury, N.C., with a capital stock of $50,000, has been incorporated in voluntary liquidation on March 3, having been absorbed by the Scottish Bank of London, Ltd.

The new capital of the United States Steel Corp., as of March 1, was increased from $2,000,000 to $6,000,000 as of March 3. The approval by the stockholders on March 4 of the issuance of $4,000,000 in new stock was noted in our issue of March 13, 1933.

The Canadian Bank of Commerce, head office Toronto, has appointed E. R. Roberts, senior member of the legal firm of Foster, Hannen, Watt, Leggatt & Colby of Montreal, as a member of the bank's board of directors. Mr. Roberts is a member of the British Columbia Bar and has been appointed by the Province of Quebec and a director of a number of companies, including Dominion Wire Rope & Cable Co., Ltd., United Nations Air Corporation, J. H. Miller & Co., Ltd., Conn, Sangamo Co. Ltd. and the Canada and Dominion Sugar Co.

A branch of the National Bank of India Ltd. of London was opened at the British Embassy on March 20.

At an extraordinary general meeting of the shareholders of the New York Stock Exchange, held in the Middle East, held on the 12th of March, it was announced that the securities resolutions were approved to confirm an arrangement made for the management of the brokers whereby the latter agreed to exchange their shares, with their special rights, for one ordinary share and a tax-free payment of 50. This bank, it is stated, now only one class of shares—ordinary shares.

Wisconsin Power & Light Co. is operating as a common stock company for the sale of electric power in Wisconsin and will begin to subscribe for 280,000 additional common shares at $1.15 per share, for each seven shares held. Subscribers of the common stockholders, subscribers being offered the right to purchase 100 additional shares at $1.15 per share, will expire at 3 p.m. on April 26.

The company also offers to purchase preferred shareholders of record before April 26, for about $1.105 per share, without limit but subject to allotment, for 10,000 shares of new 6% cumulative preferred stock, with a par value of $100 per share. This offer will also expire at 3 p.m. on April 26.

Both offerings are being underwritten by branches of the American Trust Company and Robert W. Baird & Co. Inc.

Net proceeds from the sale of the preferred stock will be paid to the Federal Reserve System, together with funds to be derived from the public subscription of $7,000,000 first mortgage bonds, sold by the Federal Reserve Bank of Chicago and Light to discharge $3,000,000 in temporary bank loans recently made, and to pay for a part of the company's construction program.

Operation revenues during 1931 totaled $10,900,000, which amounted to $3,043,516, equal, on a $10,900,000 basis, to $1.14 per share on the common stock outstanding at the end of the year, or an average of $1.14 per share, or an aggregate $10,900,000, in dividends paid on the common stock during 1931.

Earle G. Richards

Earle G. Richards, for many years prominent in San Francisco banking circles, died on April 1 in Los Angeles at the age of 97.

Mr. Richards, at the time of his death, was chairman of the management committee of the Security and Light and Signs Co. He also served as director of the Security Analyst and Special Asso- ciate to the Bancroft Publishing Co.

Mr. Richards was graduated from Harvard University in 1904.

The Commercial and Financial Chronicle • Thursday, April 10, 1932
That's the Way It Is

The steel companies are engaged in vast expansion programs, encouraged by the Government. Their working capital position has become less liquid. Their need for financial resources, induced by investment and to maintain their financial strength, both for current borrowing and for the leaner times that will come in the long run they will suffer if the open market is not made available to them at least to the extent to which, even if bearable while capacity operations last, would be intolerable when times change, demand subsides and operations fall off.

"The demand for steel is already less intense, due to modification of defense schedules, slackness in consumer durable goods and lessened inventory buying in the fields of more lasting consumption."—The National City Bank of New York.

The bank adds that if the proposed wage increases are increased to steel wages or to wages in other industries are certain to make new demands.

"Through increased costs, prices and incomes, inflationary pressure will be renewed," the bank explains. "But when conditions change costs and prices will be too high for the market, and trade and employment will fall off. Thus the swings both ways will be accentuated."

This seems to us to be an excellent exposition of the case, and if it were possible to bar politics, this general analysis would make more of an impression upon the powers that be.

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Kingsbury Director

F. H. Kingsbury, Jr.

The Lock Joint Pipe Company has announced the election of Frederick H. Kingsbury, Jr. as a director of that corporation. A director in a number of corporations, Mr. Kingsbury is a partner of the private banking firm of Brown Brothers, Harriman & Co.

Joins Prescott Staff

(Special to The Press-Citizen)

CLEVELAND, Ohio — William H. Sasser is now affiliated with The Bank of N. C., National Bank Building, members of the New York and Midwest Stock Exchanges.

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A Federal Monetary Authority—
Open Door to Dictatorship

World War I, our Federal Reserve System was under the domination of the Treasury. The System's policies were controlled by the financing of the Government of the United States, rather than by those of sound commercial or economic policy. The result was a gorging of the banks with government bonds, a credit expansion. The price level reached its highest point between 1913 and 1922, and an exhaustion of bank reserves with the result of an erosion of the independence of the Federal Reserve System in 1920. It became necessary to reduce the function of credit in order to save the reserve banks from bankruptcy and the banking structure of the country. A restriction of the money supply was made and liquidation of 1920-1921.

The validity of the principles stated by Kisch and Elkin was recognized and endorsed by 49 monetary economists who, when Title II of the Banking Act of 1933 was under debate, said: "The lesson of experience is that the farther a central banking system is removed from political domination, the better it is for the country."

Federal Reserve Should Be Independent of Political Influence

"All measures taken to correct weaknesses in the Federal Reserve System should seek to increase, rather than destroy, its independence of political influence. They will tend to reduce its political function and to preserve its commercial nature. They should assure, not impair, its liquidity by relieving it from the dependence upon government financing rather than link it more closely to the fiscal needs of the Government."—On the basis of this point, 59 monetary economists issued a similar statement in defense of the independence of the Federal Reserve System.

These cases are what one should dictate to the other. But when the Treasury enters the money markets to borrow; it should not attempt to conform to the rates which prevail in free markets or over which the Federal Reserve authorities are supposed to exercise the conventional central banking controls in the interest of the general well-being of the nation.

No borrower, including the United States Treasury, can properly claim that he or it is entitled to favors not available to all borrowers in the same money markets.

The only objective standards of right as to prices and interest rates known to man, and in the science of economics, are those determined in free markets. Every other price or interest rate is the consequence of dictatorship which rests upon subjective, not objective, evaluations—upon the will of the dictator and his ability to make his will law.

It is chiefly by means of interest rates in free markets, to demand redemption of paper money and deposits in a metal of universal acceptability, and a central banking system free of Executive influence, that, aside from the power of the ballot, a people is able to control their government. All these controls should be fully realized. They are the necessary instrumentalities of free men.

Continued from page 11

The New York Trust Company

100 BROADWAY
TEN ROCKFELLER PLAZA--MADISON AVENUE AND 40TH STREET
MADISON AVENUE AND 32ND STREET—SEVENTH AVENUE AND 39TH STREET

CON DENSED STATEMENT OF CONDITION
March 31, 1932.

ASSETS
Cash and Due from Banks
United States Government Obligations
Stock of Federal Reserve Bank
Other Bonds and Securities
Loans and Discounts
Customers' Liability for Acceptances
Interest Receivable and Other Assets
7,777,830,844.28

LIABILITIES
Capital
Surplus
Undivided Profits
General Reserve
Dividend Payable April 1, 1952
Acceptances
Accrued Taxes and Other Liabilities
Deposits
United States Government obligations carried at $10,107,310.45 in the above statement are pledged to secure United States Government deposits of $42,573,793.43 and public and private trust deposits and for other purposes required by law.

Member Federal Deposit Insurance Corporation

(1000) 21

Volume 73 Number 506 The Commercial and Financial Chronicle

- Boiling Act of 1932, Hearings Before the Committee on Banking and Currency, House of Representatives, 72nd Congress, 1st Session.
- Statement available at the office of the Committee on Banking and Currency, Senate, National Monetary Policy, One Madison Avenue, New York N.Y.
### Canadian Securities

**By William J. McKay**

The rise in Canadian dollar exchange to a premium, as noted in this column last week, has continued almost without let-up, and the Canadian dollar attained a high of 102.19 on the New York exchange, April 3, the highest quotation since August 3, 1933, when the United States was on the gold standard. It has since dropped slightly and is now quoted at $1.0156.

In his review of the European steel industry, Mr. M. B. L. Apier has added to his statement that the Creditanstalt-Burroughs-Gives investigation into the first National-Sino Line building plans, located in the New York Stock Exchange, is nearing completion. A. E. Ames & Company, Incorporated, incorporated in Chicago, has been granted a charter for the new railroad.

Now Frank Cochran Corp.

A. E. Ames & Company, incorporated in Chicago, has been granted a charter for the new railroad.

The offering on April 7 of $96,-


### Canadian Bonds

**Government Provincial Municipal Corporation**

**Canadian Stocks**

**Securities Salesmen’s Corner**

**Good Ideas Are Priceless**

In every walk of life, in almost every phase of business endeavor, certainly in the field of creative merchandising and selling, the man who has the ability to develop a sound idea and make it pay is the one who would like to tell you a story that was told to me by a man whose name, for reasons of power of sound ideas, which are so valuable in the market place, can literally move mountains.

At the age of 29, B. E. Malone, a young farmer, left his home in the south's largest mattress manufac-

### Soden Investment Co.

**Soden Investment Co. Formed in Kansas City**

KANSAS CITY, Mo.—The Soden Investment Co. has been formed under offices of 1207 Grand, Kansas City, Mo., and distributors of municipal bonds specializing in Missouri, Illinois, Kansas, Iowa, Nebraska, and Michigan. Officers are J. D. Garvin, president; W. B. Bantel, vice-president, and Robert W. Soden, secretary.

Garvin, Bantel Admits

Garvin, Bantel & Co., 120 E. 48th St., New York, has been the new firm of John M. Soden, former vice-president of the New York Stock Exchange, on April 17 will be deliver to Gordon G. Daniel and Gebreel to Rockefeller to partner with him.

Duffy is associated with the firm as Missouri representative.

The cotton on an option basis for a limited period of time.

This idea is not the product of two new ideas, that he had that the Bantel & Co.'s leading manufacturers had been using rag and paper fibers during the war years in people who knew the New York Stock Exchange was free to legitimate necessary for the manufac-

### The Commercial and Financial Chronicle

Thursday, April 10, 1932
Our Inexhaustible Resources

The leading point fluctuates 43 feet between high and low tide.

We take aluminum for granted these days. It costs currently about 18 cents a pound. Yet, when the Civil War started it sold for $20 a pound, and production now amounts to about 200,000 tons a year, and under construction will almost double that figure. If it ever becomes available in quantity, it will revolutionize building, for it is strong enough to hold the tall structures of the future—there's a lot of water in the sea.

Titanium is one of our most abundant metals and has long been known to exist, but that was mostly known to exist in the form of tiny, inconspicuous flecks in other materials. But that, too, is changing. Today, titanium is used in numerous industrial applications. For example, it is used in aerospace and defense industries, where its strength and lightness make it ideal for high-performance applications. In addition, titanium is used in the manufacturing of medical devices, due to its biocompatibility and corrosion resistance.
Continued from page 5

Where Are We Headed?

The year 1949 will prove to be a very important one. The Federal Reserve Bank of St. Louis can only look forward to a very well off. This includes the bankers, the farmers, the businessmen, the laborer, the worker, and the ordinary citizen. In 1961, the American corporations earned the highest profits in their history. In 1950, they aggregated $43.2 billion as compared with $41.4 billion in 1949, and $23.3 billion in 1950.

This brings us to the end of our discussion. I have presented the beginning of my statement. What lies ahead of us? The Federal Reserve Board has set out four questions which we face.

1. Will we have an adjustment of the economy?

2. Will we have a depression?

3. Will we have a return to the high levels of the 1920's?

4. Will we have a return to the low levels of the 1930's?

We have presented these areas for consideration. I think they are all areas that should be considered. I think we should be prepared to meet them. I think we should be prepared to meet them in any way that we can. I think we should be prepared to meet them in any way that we can.

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SUMMARY OF ANNUAL REPORT FOR 1951

Gross operating revenues in 1951 reached an all-time high, principally because of the sharp increase in export of bituminous coal, heavier movement of merchandise freight and small increases in freight rates during a part of the year.

Although labor and material costs continued to rise, the ratio of operating expenses to operating revenues was reduced from 69.29 per cent in 1950 to 66.92 per cent.

Total taxes were $49,426,000, an increase of $14,325,000 over 1950, and more than twice the amount for 1949. Taxes amounted to $2,143 for each employee, $8.78 for each share of Common Stock and 24 cents for each dollar of operating revenues.

Dividends on outstanding stocks totaled $20,570,000. Dividends at the annual rate of $1.00 a share were paid on Adjustment Preferred Stock and at the annual rate of $3.50 a share on Common Stock. The latter included an extra dividend of 50 cents. This marked the fifty-first consecutive year that dividends have been paid on Common Stock.

During the year, 146 new industries and additions to existing plants, with a combined investment of $132,000,000, were established along the lines of the railway.

PROPERTY IMPROVEMENTS and EQUIPMENT

Capital expenditures for additions and improvements to fixed properties amounted to $9,584,000, while $18,958,000 was spent for new equipment and equipment betterments.

A main line change and grade revision, five miles in length, is in progress.

Since 1945, capital expenditures for improvements, modernization and equipment have amounted to $142,639,000, all of which were made from the Company’s treasury. Uncompleted authorized capital expenditures at the beginning of 1952 totaled approximately $37,155,000.

The equipment program for 1952 and early 1953 includes 2,610 hopper coal cars, 150 covered hopper cars, 1,000 gondola cars, 500 box cars, 4 heavy-duty, coal-burning steam road locomotives and 15 switching locomotives.

Experimentation with two types of coal-burning turbine electric locomotives continues. An experimental steam turbo-electric locomotive, with boiler pressure double that of the conventional steam locomotive, is expected to be ready for trial runs within the next twelve months.

CONDENSED INCOME STATEMENT

<table>
<thead>
<tr>
<th>REVENUES AND OTHER INCOME:</th>
<th>1951</th>
<th>COMPARISON WITH 1950</th>
<th>PER CENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freight—Coal…………………..</td>
<td>$122,539,895</td>
<td>Inc. $30,444,770</td>
<td>33</td>
</tr>
<tr>
<td>Other…………………………..</td>
<td>68,274,214</td>
<td>Inc. 5,383,983</td>
<td>8</td>
</tr>
<tr>
<td>Passenger…………………….</td>
<td>6,067,881</td>
<td>Inc. 1,298,071</td>
<td>27</td>
</tr>
<tr>
<td>Mail, Express and Miscellaneous………..</td>
<td>9,713,443</td>
<td>Inc. 1,472,149</td>
<td>18</td>
</tr>
<tr>
<td>Total Railway Operating Revenues…….</td>
<td>$206,595,433</td>
<td>Inc. $38,989,993</td>
<td>23</td>
</tr>
<tr>
<td>Rent Income—Equipment and Joint Facilities—Net…….</td>
<td>11,044,781</td>
<td>Dec. 1,528,730</td>
<td>12</td>
</tr>
<tr>
<td>Other Income—Net…………….</td>
<td>2,519,093</td>
<td>Inc. 445,724</td>
<td>21</td>
</tr>
<tr>
<td>Total…………………………...</td>
<td>$220,159,307</td>
<td>Inc. $37,515,987</td>
<td>21</td>
</tr>
<tr>
<td>EXPENSES AND OTHER CHARGES:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Way and Structures—Repairs and Maintenance…………………</td>
<td>$27,319,472</td>
<td>Inc. $2,952,453</td>
<td>12</td>
</tr>
<tr>
<td>Equipment—Repairs and Maintenance…………….</td>
<td>39,026,989</td>
<td>Inc. 6,592,163</td>
<td>20</td>
</tr>
<tr>
<td>Transportation—Operations…………….</td>
<td>61,218,989</td>
<td>Inc. 10,997,200</td>
<td>22</td>
</tr>
<tr>
<td>Other Expenses…………….</td>
<td>10,692,882</td>
<td>Inc. 1,306,234</td>
<td>14</td>
</tr>
<tr>
<td>Total Railway Operating Expenses…………….</td>
<td>$138,258,332</td>
<td>Inc. $21,848,050</td>
<td>19</td>
</tr>
<tr>
<td>Taxes—Federal……………</td>
<td>$40,055,472</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State, County and Local…………………….</td>
<td>49,426,139</td>
<td>Inc. 14,325,157</td>
<td>41</td>
</tr>
<tr>
<td>Interest on Funded Debt…………….</td>
<td>1,723,732</td>
<td>Dec. 99,845</td>
<td>5</td>
</tr>
<tr>
<td>Total…………………………...</td>
<td>$189,408,203</td>
<td>Inc. $36,073,562</td>
<td>24</td>
</tr>
<tr>
<td>NET INCOME…………………….</td>
<td>$30,751,104</td>
<td>Inc. $1,442,625</td>
<td>5</td>
</tr>
<tr>
<td>SINKING FUNDS AND MISCELLANEOUS APPROPRIATIONS……………</td>
<td>1,329,284</td>
<td>Dec. 102,955</td>
<td>7</td>
</tr>
<tr>
<td>BALANCE OF INCOME…………….</td>
<td>$29,421,820</td>
<td>Inc. $1,545,560</td>
<td>6</td>
</tr>
</tbody>
</table>
Railroad Securities

Gulf, Mobile & Ohio

Rail stocks have developed a far more favorable tone in the past two weeks or so. With good volumes, has been nearly universal even among those that have no other market. The tone has been well dominated and led the market. There have probably been two or three good weeks for the railroad. For one thing, the I.C.C. decision on the Gulf, Mobile & Ohio has been brought out. It may be out by the time this column goes to press. The other two favorable influences have been the favorable change in far outweighing the present condition of the railroad business, so far traffic has been very weak. In addition, for the favorably disposed, it has been evident that considerable volume of new activity in the import movement of freight traffic has been increasing. Mobile. Finally, exploitation of a new service by the railroad on the service area is resulting in an important expansion of the chemical industry along the line. These new traffic sources augur well for the future and revenues, added, as they will be to, the natural growth of the South.

James E. Lynch

With Shea & Company

Aside from the efficiency factor most rail analysts consider the basic traffic and revenue prospects to be highly favorable. The company operates in territory that has been freed from government duress and this trend is expected to continue. In addition, for the future the company expects to realize considerable volume of new from the import movement of freight traffic. Mobile. Finally, exploitation of a new service by the railroad on the service area is resulting in an important expansion of the chemical industry along the line. These new traffic sources augur well for the future and revenues, added, as they will be to, the natural growth of the South.

Adequate gold exists in the United States to bring about con¬ tractions in the dollar. The ratio of gold to silver is far too high to continue. The current gold reserves are far in excess of any amount required to be entirely adequate during long periods of time in this country when no one would have thought of questioning the permanence of the dollar under the present standard.

If we need to fear a raid on our gold reserves from foreign holders of American currency or other gold reserves are far too small to be reredeemable in gold. Experience is conclusive. There have been two gold payments usually re¬ quired for every dollar worth of exports for that country which restrains convertibility to its dollar is not likely to be effective. If foreign holders of American currency are not willing to accept the dubious safety of international convertibility as a basis of currency policy, it is expected that they would have more even reason to hold such currency if it were convertible into gold or demand.

Finally, there is no need of waiting for an international agreement or for some other extraordinary effort to restore the confidence in gold. A convertible American dollar can be restored to its proper place for writing international con¬ tracts at any time, as the proper way to promote the leading industrial and commercial development of the United States. There is nothing that would undoubtedly have to follow the business community should they expect to retain their relative competitive positions.

No Such Thing As Inadequate Central Bank or Central Bank

There is no such thing as an independent central bank or independent central bank. Each is a creature of circumstances. Each is the result of an act of Congress and the result of the actions of men, and these judges have been in the control of the people who have created, directed, experienced, or amateur, economically minded or politically minded. Numerous examples of sensible central banks and foolish central banks have been tried in various places. In order to reach perfection, the laws are designed to operate in various degrees and to be tested in various ways. The voice is no answer to the problem that would revolutionize or constructive central bank pol¬ icy.

But the thing is certain, however. Since the monetary system does not work, it does not work because of the laws of nature. It is a question by painful experience that it is known that revenues are equal to expenditures, and in order to reach perfection, the laws are designed to operate in various degrees and to be tested in various ways. The voice is no answer to the problem that would revolutionize or constructive central bank pol¬ icy.

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In my own experience as head of a large bank and bank that financial problems were the, the monetary system does not work because of the laws of nature. It is a question by painful experience that it is known that revenues are equal to expenditures, and in order to reach perfection, the laws are designed to operate in various degrees and to be tested in various ways. The voice is no answer to the problem that would revolutionize or constructive central bank pol¬icy.
Marquardt Aircraft
Stock Offered at $15
C. E. Unterberg & Co., New York, on April 7 underwriting an offering of 20,000 shares of $1 par capital stock of Marquardt Aircraft Co., of Van Nuys, Calif., of which 2,500 shares have been allocated for offering to employee stock. The offering was oversubscribed. The price of the shares to the public was $15 per share and to the employees, $14.

Proceeds from the stock sale will be added to the company's general funds, principally for use as working capital, although a part may be applied to the purchase of machinery and equipment.

Marquardt Aircraft Co., incorporated in California in November 1944, is primarily engaged in research, development and fabrication of Ramjet engines, Pulsejet engines, and engine power controls, as well as accessory equipment for missiles and other applications.

For 1951 sales and other income amounted to $3,900,809 against $2,481,813 in 1950, while profit after taxes was reported at $73,271, for 1951 against $60,906 in 1950.

Keene With Link, Gorman
(Special to The Financial Chronicle)
CHICAGO, IIL. — Arthur C. Keene has become affiliated with Link, Gorman, Peck & Co., 208 South La Salle Street. He was L. Brown is with Davies & Co., formerly with Cruttenden & Co. and Bache & Co.

Harry Marks Opens
MONTGOMERY, Ala. — Harry Marks is engaging in a securities business from offices in the Farm Security Building. He was formerly with Merrill Lynch, Pierce, Fenner & Beane.

Joins Davies Staff
(Special to The Financial Chronicle)
LONG BEACH, Calif. — Stuart L. Brown is with Davies & Co. He was previously with Morgan & Co.
We Can Have Strong Defense
With Higher Living Standard!

Leaves items that made up the fam-
ily's income. Ordinarily, however, there is
a lag in changes in the standard of living-
and in the popularity of many products for their
housing, move to a better 60% of the
years; or improve their educa-
tional attend in public school, to
demand more education and more
increase immediately with increases in
income. Recognition of this fact is
to be reflected in increased effort in selling and advertising per-
formances. But education is an important education function in this upward climb of living standards.

The importance to the dairy industry of these major shifts in income distribution of families can best be appreciated by studying the application of Agricultural analysis of how per capita consumption of dairy products vary with income. These patterns of per capita consumption are shown graphically for major products.

Significant Change in Dairy Consumption

The high birth rate of the last 10 years as well as the extension of education have had an important effect on the farmers who increased about very significant changes in the age distribution of our popula-
tions. By July, 1952, it is estimated that
there will be 100,200,000 children under five than there were in 1940, and 45% more children
between the ages of five to nine.

This large increase in the num-
ber of children under 10 years old will accentuate the major influence over the years to come on special needs for focus-
izing school milk, for other cows for food.

In addition, this means an expanded market opportunity for milk, ice cream and other dairy produce. However, farmland should cash on this bulge in the number of children—and plan ahead to hold these persons as consumers throughout their adult life.

At the other extreme there is an increase of 28% in the number of persons over 60 years old is espe-
cially important in the dairy in-
dustry, for older people are now eating almost as much milk and eat lots of milk products.

Families Will Grow In Size—
A Reversal of Trend

Indications are that this trend is continuing. The number of families is expected to be at a level far above earlier predic-
tions by population experts. It is estimated that births in 1951 ap-
proximated 4,000,000 for the first time in a half century.

The increase in the birth rate is attributable in part to the increase in marriages. In fact, the number of marriages may be ex-
pected to decline considerably during the next five years since the number of single children of 19 years who will supply most of the marriageable couples of the future is less than in 1940. A major factor in increasing the size of the birth rate has been the change in attitude of young adults toward having more than one child. It is expected that
there has been a large increase, especially in the first year, in the number of second, third and fourth children. In 1951, the number of births in the second year was 9% greater than in 1940, and the number of third born increased 8%. An estimate of births in 1951 by birth order is compared to the number of births in 1951 (Table II).

Over Half of Present Families Are Not As Large As 10 Years Ago

The basic family unit is a married. Of the estimated 37 million married families living together in 1952, over half are the result of marriages within the last 12 years (Table II).

With this amount of change in in-
come and opportunities, producers cannot assume that these new families will take on the same product or brand preferences as the old. The merchandising op-
pportunities from this new market are enormous. 

Total Population is Growing

Of course, the most important change in the size of our population is the growth of this increase. In 1952, our population is expected to be over 175 million, and this growth is expected to continue through the years.

The 12-year growth (1940-1952) in our population of over 25 mil-
ones is due to the diverse economic factors of the War. Some of the most important of these have been the increase in farm production since World War II. 

The output of goods and services produced by the country has been increased greatly since the War. The population has increased 175 million, and the increase in the number of people employed has been over 16 million.

Basic Market Developments Over
10-Year Period

Our attention to current day-to-
day fluctuations in the market now
times obscures the facts on major changes that have been taking place in the character of markets. Table III summarizes the 12-year
change from 1940 to 1952, and some of the major market developments which can influence merchandising and planning.

Opportunity for More Unit Sales Is Good

Substantial expansion in con-
in sumption of both branded and non-
based products is inevitable. The present eco-
omic upswing has given new impetus to the unit sales and purchasing power is favorable to improved demand for dairy products. 

Basic changes in population, num-
erous economic factors, education, home equipment and opportunities for better standards of living all provide favorable opportunities for sales expansion of dairy products. The dairy industry which recognizes these important trends can acceler-
ate their sales and production plans and should insure a partic-
ular brand getting an increased share of an expanding market.

The Railroads Can Be Saved

TABLE I

<table>
<thead>
<tr>
<th>Birth Order</th>
<th>Number of Births</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>905,000</td>
<td>47%</td>
</tr>
<tr>
<td>Second</td>
<td>813,000</td>
<td>91</td>
</tr>
<tr>
<td>Third</td>
<td>700,000</td>
<td>37%</td>
</tr>
<tr>
<td>Fourth</td>
<td>600,000</td>
<td>28%</td>
</tr>
<tr>
<td>Fifth</td>
<td>500,000</td>
<td>15%</td>
</tr>
</tbody>
</table>

Total                        3,500,000

TABLE II

| Married couples living together 1940 | 25,517,000 |
| Additions—Marriages 1940-1951 | 20,655,000 |
| Estimated married couples living together as of July 1, 1952 | 37,000,000 |

TABLE III

<table>
<thead>
<tr>
<th>Total population (adjusted for census underenumeration of African American)</th>
<th>1952</th>
<th>1953</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>75</td>
<td>79</td>
</tr>
<tr>
<td>Number of births in year</td>
<td>3.6</td>
<td>3.6</td>
</tr>
<tr>
<td>Number of children under 10</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Number of adults over 60</td>
<td>11.9</td>
<td>12.0</td>
</tr>
<tr>
<td>Number of adults over 60</td>
<td>19.0</td>
<td>19.3</td>
</tr>
<tr>
<td>Number of adults over 60</td>
<td>27.1</td>
<td>28.1</td>
</tr>
<tr>
<td>Consumer spending units</td>
<td>33.7</td>
<td>33.7</td>
</tr>
<tr>
<td>Owner-occupied dwellings</td>
<td>12.0</td>
<td>12.0</td>
</tr>
<tr>
<td>Rental units</td>
<td>27.7</td>
<td>27.7</td>
</tr>
<tr>
<td>Electric lights</td>
<td>44.4</td>
<td>44.4</td>
</tr>
<tr>
<td>Central heating</td>
<td>15.6</td>
<td>15.6</td>
</tr>
<tr>
<td>Disposable personal income</td>
<td>37.7</td>
<td>38.7</td>
</tr>
<tr>
<td>Real purchasing power</td>
<td>120.0</td>
<td>123.0</td>
</tr>
</tbody>
</table>
One billion and 76 million dollars expended since January 1, 1946, by the Standard Oil Company (Indiana) and its subsidiaries on a long-range expansion program coupled with maximum use of facilities during 1951 is reflected in projected sales and earnings. This is a continuation of the trend which has made the company's growth in the last ten years the most rapid for any decade in its history. Comparing 1951 with 1941, many significant Company figures have more than doubled. Net production has increased 145%; pipeline transportation 154%; refinery runs 67%; volume of products sold 129%; employees 150%. The average for the industry as a whole. They again justify the vigorous and extensive expansion program.

TOTAL ASSETS at the end of 1951 were $1,901,000,000 compared with $1,640,000,000 for 1950, and represented an increase of 12% over 1941. This increase was due largely to continuing investment in facilities for production and for manufacturing, transportation, and marketing.

EMPLOYEES at the end of 1951 numbered 49,740, or 3,000 more than at the end of 1950. Employee earnings and benefits are designed to attract and to retain the best trained personnel available. This increase in the Savings and Stock Bonus Plan brought the number of employes-stoekholders to over 24,000 this year.

NUMBER OF STOCKHOLDERS totaled 116,800 on December 31, 1951. No institutional stockholder owned so much as 4% of the stock, and no individual owned so much as 1%. Dividends were paid in 1951 for the 58th consecutive year. Again this year, as in the past, investment of profits has increased the equity of stockholders' ownership.

### Century of Oil Advance

Baseball—Clarke J. Robertson, Sills, Fairman & Harris, Inc.; Edward J. Kennedy, Harris, Upham & Co.

Entertainment—Bugsy Hotehblitz, Blunt Ellis & Simmons

Gold—Robert Maass, Merrill Lynch, Pierce, Fenner & Beane

Refinements—H. Gerald Nordberg, (sporal) Lazard Freres & Co.

Specials—Linneas Lawrence, Securities Trust Co.

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Distribution—Eddie K. Hayes, Central Republic Company.

Travel—Frank E. Voysey, Kidder, Peabody & Co.

Further details on the Field Day will be announced later on.

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**STANDARD OIL [INDIANA] and Subsidiaries Report New All-Time Highs**

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Continued from first page

We As We See It

Now it is possible to relate this latter series of occurrences to the question of whether Presi-
dent Roosevelt would become a candidate to succeed himself this year. A number of
political commentators have come up with the suggestion that the almost innumerable "scandals" which have come to
light have been faked by the officials of the Tru-
man Administration, not the Democratic party. The
implication, if not the explicit conclusion, is that corruption has been removed from the offices
held by the associates of Mr. Truman himself. Upon such an assumption one could readily see why the rank and file of the Democratic organization should no longer feel it
necessary to base their votes on the issues which might expose them or their colleagues to public criticism or
condemnation.

A False Premise

We fervently hope that the underlying premise of this type of reasoning is false. The change from one Demo-
cратic President to another would not be likely to bring
that revolution in organizational personnel and morale that is essential to any real housecleaning. It should be a real
inner item near the top of the list of "musts." The public, or certainly the more thoughtful elements among the people, can hardly be expected to rally with any great enthusiasm to an
inner or party which gives no real promise of replacing corruption, and even treason, with ordinary customary
integrity and faithfulness to duty.

The President Roosevelt whom he is surrounded
has, it is said, been inclined to meet charges of reprehensible conduct and even corruption,
with the familiar tu quoque retort (or threat) of the poli-
tical party. It is likely that this has been partly in response to the charge of the President's
torments in Congress have not themselves been free
of many of the transgressions charged against the
Administration, or members of it. There have on more than one occasion been meetings to which
the facts carefully investigated, it might be found that even Repub-
licans in Congress or in high places in the party had not been
free of some of these intimacies.

This sort of argument carries threats of exposing the
exposer, and is often quite effective in preventing the
public from learning what the facts really are. In the particu-
lar case under consideration it may be said that it
would be surprising if members of Congress had not
been at times at least tarred with the same brush which has
on various occasions marred the appearance of housecleaning, is in our humble judgment, very near the
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supply never even gets in sight of demand and then he sees it catches up, and in any case is told with little hope or encouragement how he can live and work, and how little he must eat or how far he can go.

Yet people with considerable influence on American policies, with little or no understanding of the principles that underlie the economy, lay down the dogmas that the way to avoid shortages is to over-produce without regard to consumption. The fact is that few businesses can produce more than the great stocks of unsold inventory. Some businesses are likely to cut production. In many lines, changing styles and consumer preferences completely destroy the value of goods produced too long in advance. And in any case it is the competition of goods over a protracted period that increases costs rather than lowers them.

I now know that a lot of our friends who say "I am about to go to the market" with a warehouse full of shortages—(Which customers won't buy.) Of course it would be difficult to get these simple facts across to confirmed government spenders, wasters, or cronies on the milk cost fringe—all in positions of public trust.

There is a government all of us know which has 70 million pounds of dried eggs under government operation. It has caved literally raining over with dried eggs. Yet while this government—our government—sold 12 billion pounds of dried eggs to Britain at 15 to 30 cents a pound, to get rid of them, government contracts were placed by the army to buy nearly five million additional pounds of dried eggs at about $1.60 a pound.

During a time like the present, when materials and labor costs are high, production must take its cue from consumption. Otherwise competition for the comparatively few cheaply produced products, could close up the market and the degree of unemployment which has already appeared in some areas, in a free market, could raise the natural forces work toward a balance between supply and demand and the supply of goods for sale. Prices shift up and down but, as productivity increases, the consumer's purchasing power also rises. When central government's planners talk over, however—all bets are off. To justify the ratings they wanted, the voices of big government repeatedly croaked that the shortages were sure to get up. Don't think that consumers were the only ones who caved to stand up every time those impressive forecasts were forth from the banks of the Potomac. Small prices stacked up, too. Such a double-headed looking-up has been seldom seen, and with everyone fudging up prices by different rates.

Bureaucratic Big Government

All this because of what the bureaucratic brains in big government thought up. The planners in big government are not necessarily the front office officers. The front office crew keep pretty busy issuing statements and directives. No one is in the administration. They have to depend on the bosses in the back office for most of their detailed information and analysis. As a result, the best planners made a mistake, and the one certain thing about such mistakes is that they always favor more government spending, more centralized planning and more controls. Experiences with the experiences of having them has already shown that they have much more up ahead than they have shown to be in the way of remotely reliable advance indications.

Since it is a great deal safer to do our own thinking, let's look at the facts that have already taken place. We have a mass misunderstanding, disregarded, disregarded in the interest of more government power. The economic factors operating since Korea are significantly different from those preceding World War II. In 1939 there were 9.5 million unemployed (17.2%), and our productivity was about half what it is today.

As manufacturers began to fill orders for our future war allies. England and France, the physical volume of industrial goods produced jumped 62% above the '33-'35 level, before this country even entered the war. At that rate of demand, unemployment dropped to less than 1% of the record high labor force in 1944. With average weekly earnings for such vastly expanded employment doubling in five years, we spent every dollar that could be spent, and strained the entire economy at every seam. The resulting pent-up demand was unprecedented.

Between the end of World War II and the outbreak of war in Korea, that vast civilian demand had largely been captured up. The economy in June of 1950 bore little resemblance to that of 1939. Instead of 17% of the labor force being unemployed, less than 5% were unemployed and there were millions that were not normally changing from one job to another. Government deficits and other injections of goods into the stream of production, and there is a tremendously increased investment in plant which has already doubtly 109% of industrial capacity, big government's story that demand over the production of civilian goods is necessary and that Mrs. Twain said when he heard the rumor that he was dead—greatly exaggerated.

False Forecasts of Shortages

Actually, no other factor except our government's inflationary deficit spending has more directly and actually caused high prices than the government's own false forecasts that goods would be extremely scarce.

Let's check the price trend by this picture. The rise of consumer prices since Korea has logged well behind wholesale prices. And the consumer price index level turned downward a year ago.

In such lines as textiles and textiles, the products we have seen that— far from facing shortages—lack of demand has cut production below 20% more peak capacity, and it has cut shoe production more than one-fourth. To account for this let's examine the essential factor of demand during the mobilization period.

The determining influences in this picture are monotonous business—repeated misguidance from the people who want to manipulate the economy into their own pockets. Following the outbreak in Korea, the consumer took out their case.
Industry Not Responsible for Delay in Defense Output

from Washington's repeated insistences that goods would be scarce, scarce buying ran so high that business reckoned with this problem as if it were a real one, and started to organize itself accordingly. It is the disappearance of this problem from business talk that points to a change in the situation. Businessmen have started to feel that conditions have improved, and there is little reason to believe that this feeling of improvement will be long continued.

The forecast shortages just didn't materialize. The offshooting from the banks of the Potomac did not occur, and there was never a real shortage. At the same time that our economy needs to be strengthened, we cannot afford to have an unduly large number of unemployed or underemployed people. We need a well-organized economy, productive, strong and sound, that can take care of the needs of the people.

Between the outbreak of the Korean war and the end of the year, we lost $21.7 billion in economic activity, which is a far cry from the $5,000,000,000,000 in losses during World War II. In the case of the war, we were fighting an enemy, but in the case of the post-war period, we were fighting a depression and a recession.

President Truman has been doing all he can to fight the depression and recession, and he has been doing a very good job. He has implemented policies to stimulate economic growth and to create jobs. The government has spent billions of dollars on infrastructure projects, and this has helped to create jobs and stimulate the economy.

The government has also implemented policies to support the defense industry. The government has provided contracts to defense contractors, which has helped to create jobs and stimulate the economy. The government has also implemented policies to support the domestic airline industry. The government has provided subsidies to airlines, which has helped to keep the industry afloat and create jobs.

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operating efficiency sufficient to offset any general wage and price increases. Additional earnings of $1 per share after a 7% stock dividend are projected. Estimated earnings for 1954 are $1.25 per share, shown to shareholders, but some$0.25 per share is to be withheld in taxes.

In 1953 Eastern has on order for delivery in that year 16 Super Constellations and another one billion miles of seating capacity. Additional service is scheduled to be received in 1954. An increase in traffic for 1953 will be 10% over that in 1952. To carry this growth, Eastern proposes to increase its fleet of mainliners to 180 by year end. In addition, a further $25 million in new equipment is planned for the future.

It is estimated that the 60% increase in fare revenue over 1952's $2,350,000 would be $3,600,000 for 1953. To handle the increased traffic, the additional miles flown will be $700,000, or 60% per common share.

In 1954, Eastern's earnings on the current basis, including the $1.25 per share dividend, are estimated at $1 million, or 60% per common share. In 1955, Eastern plans to increase its fleet of mainliners to 200, with additional deliveries of Convair CV-340 planes for the late 1953 delivery. Its fiscal year ends June 30, so that the earnings comparisons with other airlines cannot be precisely made.

If we allow for a 25% increase in revenue passenger miles over 1953, or about 100 million revenue passenger miles, total operating earnings before taxes could increase by about $1,250,000, or $1 million per common share. These earnings would place Eastern in the excess profits tax bracket, whereas it was paid no tax in this bracket in the 1951 fiscal year. As a result, net earnings would approximate $2,500,000, or $2.34 per common share, compared with $2.29 in 1951. In fiscal 1953, the eight new DC-6's will be available and will add about 315 million seat miles of capacity on a full-year basis. For the entire year, at least 200 million additional miles of seating capacity could be made available.

On the other hand, if a 60% load factor is attained on this capacity, net earnings after taxes would rise by about $500,000, or 30% per common share. In fiscal 1954, Eastern will have full benefit of the DC-6's plus partial benefit from the eight new Convairs. These planes should add about 150 million additional seat miles in the next year. At a 60% load factor, net earnings after a 75% income tax rate would be increased by about $700,000, or 70 cents per share.

In 1953, Eastern's loss of $1 million was projected. In 1954, Eastern's earnings would be projected to $3.50 per share. Some estimates place the loss for 1953 in the $3.50 range. In 1954, eastern is expected to break even on the current basis with a little more than $1 million in earnings.

The biggest factor in the $3.50 per share earnings for 1954 is the addition of the Convairs. The Convairs will add about 150 million seat miles to Eastern's total capacity for the year. The Convairs are expected to fly at about 60% load factors, with a 75% income tax rate. Eastern's earnings for 1954 are expected to be $3.50 per share.
Outlook for the Airlines

are operating over 64 air coach schedules and serving more than 4,400 cities. In addition, the airlines have scheduled some 1,000 passenger-miles a day, it flows to over 11% of the total traffic. For some cities, it is as much as 25% of their total. Moreover, the lines have been making plans for the next four years after indirect costs are allocated to the system as direct. If the recent results do not improve, the CAB is to be followed by the airlines, coach service at even lower rates. The CAB is extending its rate structure to the benefit of all passengers. In that statement, the CAB emphasized that it is necessary to the airlines to reduce their costs in order to offer a competitive service. It also stated that the CAB was committed to the principle of providing the public with a fair and equitable rate structure.

In the report, the CAB also noted that the airline industry is facing significant challenges, including increased costs, decreased demand for air travel, and increased competition from other modes of transportation. The CAB highlighted the importance of collaboration between the airlines, the CAB, and the federal government in addressing these challenges.

The CAB's statement is a reminder of the importance of continued dialogue and cooperation in the aviation industry. It also serves as a call to action for all stakeholders to work together to ensure the continued viability of the airline industry.
Electric Output Shows Lower Trend According to

Federal Reserve Bank of St. Louis

The amount of electric energy distributed by the electric light and power industry for the week ended April 5, 1952, was estimated at 7,200,000 kw-hr. (preliminary figure) according to the Edison Electric Institute.

The current total was 68,000,000 kw-hr. below that of the preceeding week. It is 46,000,000 kw-hr. below the output for the corresponding week a year ago, but an increase of 5,019,000 kw-hr. or 0.7% above the comparable period two years ago.

Electric Output Drops 4% the Past Week

Passenger car production in the United States the past week, according to the "World’s Automotive Reports" declined to 92,273 units, compared with the previous week’s total of 95,967 (revised) units, and 118,638 units in the like week a year ago.

The output for the current week was made up of 92,275 cars and 23,544 trucks built in the United States, against 95,967 cars and 25,668 trucks (revised) last week and 118,638 cars and 28,646 trucks in the comparable period a year ago.

Canadian output last week rose to 6,126 cars and 3,094 trucks, against 5,809 cars and 3,006 trucks in the preceding week and 7,274 cars and 2,518 trucks in the similar period of a year ago.

Business Failures Advance to Highest Level

Since July 1, 1951

Commercial and industrial failures increased to 185 in the week ended April 3 from 164 in the preceding week, Dun & Bradstreet, Inc., reports. Although at the highest level since July 1, 1951, cases were well below the 185 and 203 which occurred in the comparable weeks of 1951 and 1950. Failures remained well below the prewar level and were down 76% from the 1939 total of 285.

Catalyses involving liabilities of $5,000 or more rose to 150 from 122 last week but were slightly below the 153 of a year ago.

Wholesale Food Price Index Trenches New Low

Since July 11, 1950

Moving sharply lower for the third succeeding week, the wholesale food price index, compiled by Dun & Bradstreet, Inc., dropped further on April 1, from the previous figure of 84.68. This brought the current level to a new low since July 11, 1950, from its 86.02 level in the first week of the current year, and a decline of 10.5% from the 1939 peak of 93.15. Recorded at this time a year ago.

The index reflects the total sum of the price per pound of 21 foods in each of its chief urban sections, and is designed to show the general trend of food prices at the wholesale level.

Wholesale-Commodity Price Index Reflects Slight Gain in Latest Week

Price movements were irregular last week. After touching a new 1952 low early in the period, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., dropped slightly upward to close at 30.71 on April 1, or 0.61% of a week ago. The latest figure compared with 32.76 on the corresponding date of last year, or a drop of 7.1%.

Price movements in principal grain markets continued to be irregular. Wheat held in a narrow range with early weakness largely reflected improved trading conditions in domestic producing areas, while an expansion in export buying of both wheat and flour helped hold prices in closing sessions.

Visible supplies of wheat showed a further sharp drop during the latest week, totaling 105,991,000 bushels, against 170,729,998 a year ago.

Corn prices declined moderately for the week, influenced by the continued decline in hog values and the unfavorable corn base in parts of the Midwest. Corn prices turned upward with much of the buying influenced by the expectation of export sales to Germany and Austria. Corn marketings increased; prices were firmer as demand improved on news of the opening of the Panama Canal. Sales of all grain futures on the Chicago Board of Trade averaged 72,000 bushels per day last week, against 59,000 bushels the previous week, and 25,000 in the corresponding week last year.

Domestic cotton prices moved in a narrow range and trended mildly downward for the week, largely reflecting profit-taking and hedge selling following recent advances. Export sales from foreign sources were fairly numerous but sales for export continued largely unsold. Cottonvanced active and slightly and mostly to cover nearby requirements. Reported sales in the ten spot market declined 6% to a total of 125,350 bales, from 115,509 last week, and 78,400 a year ago.

Trade Volume Shows Noticeable Expansion as Easter Approaches

As Easter shoppers appeared in increasing numbers, retail trade rose perceptibly. In 464,154 stores reporting in the period ended on Wednesday of last week. For the first time in three months, the index of weekly volume of retail sales exceeded the level of a year earlier, states Dun & Bradstreet, Inc., in its latest summary of trade. The most pronounced current rise was in the demand for apparel. Reduced price promotions and extended shopping hours helped to stir interest in many sections.
ONE OUT OF every eight dollars of the country's total personal net savings is now going into private employee pension funds, the pension planning division of I. D. S. reported this week.

Money being accumulated through employer and employee contributions to private group pension funds now constitutes 12% of total U. S. 1951 personal net savings of $17 billion, it was estimated by Clyde J. Moore, Vice-President of the company.

"Most of this $2 billion a year is now flowing into private pension, retirement and thrift-sharing funds," Moore said.

Largest Source of Capital

"This constant growth of pension funds has now made them one of the country's largest single sources of investment capital," Moore pointed out.

While annual contributions to private pension plan funds have more than tripled since 1941," he stated, "the big question facing all planners and future pensioners is whether retirement income benefits are going to be adequate if our present long-run inflation cycle keeps hiking living costs in the future as it has in the past 15 years."

Fixed Income Inadequate

Experience to date indicates that pension or retirement benefits in the form of fixed income are far from adequate to meet prolonged upswings in prices and living costs.

Realization of this fact, he said, has forced a general re-examina¬
tion of pension and investment and distribution policies and practi¬
ces.

Moore predicted that, as private pension plans grow in scope and coverage, pension fund trustees will seek to balance investments within fixed-income securities, such as bonds and pre¬
ferred stocks, and diversified

MUTUAL FUND DIVIDEND ANNOUNCEMENTS

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<td>From security profits</td>
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MUTUAL INVESTMENT FUNDS

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For prospectus of any of these investment companies, check one of the following.

NAME: I. D. S.

ADDRESS: 300 West 40th Street, New York, N. Y.

The George PUTNAM FUND of Boston

For a free prospectus write your investment dealer or CALVIN BULLOCK

Established 1914

One Wall Street New York

EATON & HOWARD

Balanced Investment Funds on March 31 of $2,862,114 compared with $1,727,229 on Dec. 31, 1951. The five largest common stock hold¬

Schedule of Broadcasts

On Mutual Funds

The following program will originate on Station WOR from 11:00 to 11:30 a.m. on the date indicated:

April 12: Walter L. Morgan, President of Morgan & Corp., "Honest Dollars."

May 4: Hugh Bullock, President of Calvin Bullock, "Collective Investing."
Continued from page 2

The Security I Like Best

pies the White House; whether the general price level rises or falls; yes, and pretty much so whether we have war or peace.

It is difficult to say that Radio Corporation is to be the General Motors, Chrysler or Ford of the coming Electronics Age. But it is now well upward toward the top as a cornerstone and an instrument of place. It is well financed, well managed, and already has a history behind it of changes in its field and adapting to them.

One should feel comfortably a stockholder of Radio Corporation of America during 1952.

EVERTEL J. MANN
Associate Professor of Economics, Duke University

Newport Industries, Inc.

Investors have eyed the chemical industry and its growth potential in the hope of purchasing securities of its equities, by this time may have given up in despair. But the company may still have a slight shrock. As the year has matured, so has the company's prospects. It has continued to improve, and the way it has done so, the company is expected to continue its expansion and increase its profit margins. In the past, new chemicals have been a substantial growth area, but the company has also diversified its product offerings to meet customer needs. In addition, the company has focused on cost reduction and efficiency improvements to maintain its competitiveness.

The company has recently announced plans to expand its operations, including the construction of new facilities and the acquisition of additional assets. These initiatives are expected to further enhance the company's growth prospects.

Newport Industries is well-managed, having a strong leadership team and a clear strategic vision. The company has a solid financial foundation, with a focus on shareholder value and sustainable growth. With its diversified product offerings, the company is well-positioned to capitalize on emerging market trends and customer needs. Overall, the company appears to be well-positioned for continued success.

Newport Industries is currently trading at a low valuation, offering an attractive entry point for investors. The stock is expected to continue its growth trajectory, providing shareholders with strong capital appreciation opportunities. Additionally, the company's strong financials and growth prospects make it an attractive value investment.
Incidentally, don't let strikes, or threats of work stoppages, color your thinking too much. You can be practically certain that the effects of strikes have been already evaluated in the higher echelons a long time before they occurred. It is possible that their influence may be felt to some extent, but probably not entirely right. But taking a chance on such a possibility would be flying in the face of precedents.

### Have Faith in Our Capitalistic System!

Continued from first page

There are many kinds of law, first among which are the moral, natural or civil laws derived from God. I refer, of course, to such things as the law of gravity, the law of supply and demand, the law of human personal responsibility. We are, I believe, answerable to no law. There is no being human can alter these. There are man-made laws of a thousand have very little to say about the God-given right of every single individual to defend his person, his liberty, his property. If every person has such God-given right, then it follows naturally that any group of men has a corresponding right to organize to defend such rights. Any kind of defensive force is needed to protect human liberty and property do not exist because of a man-made law that has existed long before any such laws were dreamed of.

(1) You and I are alive.

(2) No human beings have the right to alter any of God's natural laws.

(3) Each of us has the natural right to defend his life, liberty, and property, whether or not he can at the same time have the opposite right of using his defensive forces (in a re¬ductive and not aggressive) to destroy the liberty and property of another.

What is Economics?

Next, let's consider the word “economics.” From the scientific point of view, science of human action, or theory of human behavior, if you will. I believe it will be on firm ground. We all know that humans have left the savagery stage and are following the road to justice being trampled underfoot. There are some who say we should (or the modern social reformers) try to avoid trampling God's concept of individual rights.

He willied mankind, so that every child should know the virtue and with resulting punishment or reward? If we are to save our children, I believe it is correct; that it is to prevent in¬sulting and rewarding them for their just acts. We must start from the time immemorial handed to them in the form of our most obvious objectives most effectively.

If you grant the assumption that mankind is fitted to the re¬act with his fellow creatures, the next step is that mankind, to the extent of his God-given right is mankind willing to relinquish to another group (if he can) with which he lives. This is a question of a very different kind. I believe eventually we should consider the notion that of its willing to delegate such many rights to others.

For example, you would delegate to anyone (even your best friends) control over your wife, your children, your home, your clothing, your work, your time, your products of your labors? Commonly, probably each of you would be willing to delegate to others to destroy you, your family, your property or your property.

Our forefathers might easily have picked a different form of government. They might have decided to live under a government based on belief in the frailty of man and the necessity of having capacity to choose wisely and well. They would have been protected and made secure from the mistakes. They would have seen that mankind, to the privilege of protecting his life, liberty, and property, must be self-policing. He cannot at the same time have the right to use his defensive forces (aggressive and not defensive) to destroy the liberty and property of another.

The simple slogan of my ideas is this: (1) Stav alert, and (2) To attain the maximum possible measure of happiness. Every act of every human being on earth must have the purpose of either of those ultimate goals. The fact that some men lose their lives, and some never achieve happiness, in no way refutes this statement.

Since it is virtually impossible for any one of us to achieve these basic God-given desires by living completely isolated from the rest of mankind, we are brought sharply into a focus: under the conditions of an economy or social order will we arrive at a system that takes root and flower to the fullest possible extent.

Let's analyze the two systems ignoring man's frailties for the moment.

Under the capitalistic system, someone serves to fellow his citizens. Each wants that his fellow citizens. That world is definitely belief that serves best profits most," comes to mind. What I first heard it as rather silly. Today I consider it profound. His
He has...in the consumer. Even though he is a harsh boss, he is a just one. Probably he is a benefactor of this land—collectively the cap¬
talists. This is the economy. The laws of nature prevail. As Goethe wisely said: "Nature understands no justice. She is always true, always serious, always severe; she is also just, and the errors and faults are al¬ways those of man. The man in control is responsible and pays the desponds and only to the apt, the prudent. Truly, no one does herself and reveals her secret."

Superficial observers think be¬cause the consumer is king, or capitalists furnish money, that they are in control of the eco¬

However, they are bound to obey unerringly the commands of the "consumer captains". Their orders are to term long for what to produce, how to produce, where to produce, at what prices—the consumers do that. Every human activity he does not obey the orders of the public, if he does not serve the interests of the consumer, he either will not like, or offer goods and services that are not wanted. The consumer suffers losses, eventually go bank¬

The consumer, to leave them stranded as a penalty for making up too much, paying too much, or planning wrongly. They might deal in rubber goods and have a million dollars from us and establish a peanut factory to sell peanuts in Africa? If it failed, of course, they would then take another billion next year for some other system. Their failure does not exist under that system. It is a plausible, enthusiastic supporter. But under the capitalist system man rep¬

The consumer, to the extent of their own vol¬

Error. They either serve some true human interest, or serve it if they will; there is no other choice.

Summary. In summary, I believe that "all authority is derived from God and is subject to the law of the governed." It follows, then, that the right of man to life, liberty, and the pursuit of happiness cannot be granted by a sovereign or of a state, but is inalienable be¬

because they are received of God. These are not obligations which cannot be delegated to any state without the loss of the moral and physical authority of the per¬

I believe this because I have a basic faith in God, and because firmly believe He wanted man to experience the life and the experience, by learning to make his way in the world. The early American relied on God and received direction from the State, but there was no coercion from the State. These two systems are opposite, as far as distance and severity, and the operation. As a result, there was such a release of hu¬

man energy as the world had never seen before. The new type of representative government they established was built on the solid rock of individual dignity, which is independence set forth by Benjamin Franklin in the Ten Commandments. It was that great law of God. And in all their teachings we find nothing that would apart any of our fellowship creatures and delegate them to authority by another more authority of another. They did not ap¬

and steal," an absolute endorsement of private property rights! And to this day there is authority to establish de¬

And to this day there is authority to establish de¬

Leslie Morgan, President of the International Federation of Thieves, announces the formation of the Board of Di¬rectors of the American Bank of the Thieves. Mr. Seb¬

a "champion," is a man with a purpose. The man in the collar is a champion. He cannot be defeated. Every man, every one, shall recognize the system for human errors. We cannot allow it to believe that wouldn't be stupid to condemn¬

surgery because you could prove you were allergic to a certain drug was killed? Would any sane man give up the tel¬

tion because the ABC Firm de¬

The consumer, to leave them stranded as a penalty for making up too much, paying too much, or planning wrongly. They might deal in rubber goods and have a million dollars from us and establish a peanut factory to sell peanuts in Africa? If it failed, of course, they would then take another billion next year for some other system. Their failure does not exist under that system. It is a plausible, enthusiastic supporter. But under the capitalist system man rep¬

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The following statistical tables tabulate 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:

###amber Gas Association—a month of February.

<table>
<thead>
<tr>
<th>Week ended</th>
<th>Latest</th>
<th>Previous</th>
<th>Month</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 29</td>
<td>3,318,229</td>
<td>3,445,416</td>
<td>4,012,764</td>
<td></td>
</tr>
<tr>
<td>Mar. 29</td>
<td>2,951,162</td>
<td>2,950,137</td>
<td>2,933,443</td>
<td></td>
</tr>
<tr>
<td>Mar. 29</td>
<td>314,489,202</td>
<td>316,801,554</td>
<td>317,793,581</td>
<td></td>
</tr>
<tr>
<td>Mar. 29</td>
<td>249,414</td>
<td>226,802</td>
<td>155,160</td>
<td></td>
</tr>
</tbody>
</table>

###Building Construction Permits Voted in the United States in the Week Ended March 29 (in millions of dollars).

<table>
<thead>
<tr>
<th>Permits</th>
<th>Latest</th>
<th>Previous</th>
<th>Month</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 29</td>
<td>$105,237</td>
<td>$103,350</td>
<td>$72,043</td>
<td></td>
</tr>
<tr>
<td>Mar. 29</td>
<td>326,239</td>
<td>322,011</td>
<td>419,101</td>
<td></td>
</tr>
<tr>
<td>Mar. 29</td>
<td>334,308</td>
<td>331,367</td>
<td>440,500</td>
<td></td>
</tr>
<tr>
<td>Mar. 29</td>
<td>66,096</td>
<td>59,656</td>
<td>100,009</td>
<td></td>
</tr>
</tbody>
</table>

###Civil Engineering—Estimate of the Month of February.

<table>
<thead>
<tr>
<th>Item</th>
<th>Latest</th>
<th>Previous</th>
<th>Month</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 29</td>
<td>$1,042,051</td>
<td>$708,429</td>
<td>$1,496,495</td>
<td></td>
</tr>
<tr>
<td>Mar. 29</td>
<td>621,456</td>
<td>614,327</td>
<td>923,085</td>
<td></td>
</tr>
<tr>
<td>Mar. 29</td>
<td>49,346</td>
<td>47,202</td>
<td>102,085</td>
<td></td>
</tr>
<tr>
<td>Mar. 29</td>
<td>260,456</td>
<td>222,492</td>
<td>314,601</td>
<td></td>
</tr>
<tr>
<td>Mar. 29</td>
<td>139,233</td>
<td>151,091</td>
<td>277,321</td>
<td></td>
</tr>
</tbody>
</table>

###Coke (Basis—110's): Month of Feb., 1952.

<table>
<thead>
<tr>
<th>Coke (Basis—110's)</th>
<th>Latest</th>
<th>Previous</th>
<th>Month</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr. 5</td>
<td>3,621,721</td>
<td>3,616,195</td>
<td>3,605,134</td>
<td></td>
</tr>
<tr>
<td>Feb. 29</td>
<td>6,294,103</td>
<td>6,265,044</td>
<td>6,199,987</td>
<td></td>
</tr>
<tr>
<td>Mar. 29</td>
<td>7,798,269</td>
<td>7,780,810</td>
<td>7,938,029</td>
<td></td>
</tr>
</tbody>
</table>

###Department Store Sales (Retail)—Average 1951.

<table>
<thead>
<tr>
<th>Store</th>
<th>Latest</th>
<th>Previous</th>
<th>Month</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 29</td>
<td>3,705,094</td>
<td>3,922,959</td>
<td>4,167,962</td>
<td></td>
</tr>
<tr>
<td>Mar. 29</td>
<td>9,376,250</td>
<td>9,950,846</td>
<td>6,698,029</td>
<td></td>
</tr>
<tr>
<td>Mar. 29</td>
<td>3,705,094</td>
<td>3,922,959</td>
<td>4,167,962</td>
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<td>Mar. 29</td>
<td>7,988,309</td>
<td>7,690,810</td>
<td>7,938,029</td>
<td></td>
</tr>
</tbody>
</table>

###Exchange and Round-Stock Transactions.

<table>
<thead>
<tr>
<th>Stock</th>
<th>Latest</th>
<th>Previous</th>
<th>Month</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 29</td>
<td>1,104,046</td>
<td>1,104,046</td>
<td>1,104,046</td>
<td></td>
</tr>
<tr>
<td>Mar. 29</td>
<td>36,373,209</td>
<td>36,373,209</td>
<td>36,373,209</td>
<td></td>
</tr>
<tr>
<td>Mar. 29</td>
<td>228,500</td>
<td>228,500</td>
<td>228,500</td>
<td></td>
</tr>
<tr>
<td>Mar. 29</td>
<td>30,386,000</td>
<td>30,386,000</td>
<td>30,386,000</td>
<td></td>
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<tr>
<td>Mar. 29</td>
<td>3,922,540</td>
<td>3,922,540</td>
<td>3,922,540</td>
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<tr>
<td>Mar. 29</td>
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<td>7,690,810</td>
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<td></td>
</tr>
</tbody>
</table>

###Roadside and Road Construction Projects.

<table>
<thead>
<tr>
<th>Item</th>
<th>Latest</th>
<th>Previous</th>
<th>Month</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 29</td>
<td>3,817,520</td>
<td>3,922,959</td>
<td>4,167,962</td>
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<tr>
<td>Mar. 29</td>
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</table>

###Wholesale Prices, New Series—U. S. Dept. of Commerce.

<table>
<thead>
<tr>
<th>Item</th>
<th>Latest</th>
<th>Previous</th>
<th>Month</th>
<th>Year</th>
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<tr>
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<tr>
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###The Commercial and Financial Chronicle . . . Thursday, April 19, 1932

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Continued from page 41

Central Oklahoma Oil Corp. March 1 filed 100,000 shares of common stock (par $10). Proceeds—For working capital, dividends, and general corporate purposes. Underwriter—Blyth & Co., Inc., San Francisco and New York.

Daitch Crystal Dairies, Inc. (4/15) Jan. 31 filed 147,000 shares of common stock (par $1), of which 132,000 shares are to be offered for subscription by stockholders whose names are on the books on March 1. Price—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Beane and Lehman Brothers (jointly); Blyth & Co., Inc. Bids—to be received at Room 733, 11 Broad St., New York, N.Y. Proceeds—for working capital and expansion.


Hammond Bag & Paper Co., Wallingford, Vt. Feb. 3 (letter of notification) 1,600,000 shares of common stock to be offered to stockholders. Price—At par ($2 per share). Proceeds—for working capital. Underwriter—None.

Hecla Mining Co., Wallace, Ida. Jan. 15 (letter of notification) 3,000 shares of capital stock (par $20). Proceeds—to be used for the purchase of additional equipment to be held by an outside sub-consultant. Underwriter—None.


J. E. S. Mortgage Co., Inc. (4/17) Feb. 10 filed 150,000 shares of common stock (par $1). Proceeds—to provide working capital. Underwriter—Underwriter—None.


Layton & Esmark, Inc. (4/15) March 21 filed 15,000 shares of common stock (par $100). Proceeds—to be used for the purchase of additional equipment. Underwriter—Underwriter—None.

National Bank of Commerce, San Diego, Calif. April 4 filed $2,000,000 in 10% first mortgage debentures (par $100) at 95. Price—to be determined by competitive bidding. Underwriter—None.

Morgan Stanley & Co., Inc., New York. March 14 (letter of notification) 3,866 shares of common stock, par $20, to be offered to stockholders at par and nine shares at $19 per share in units of three shares each at $12.50 per unit. Proceeds—For new business and house plant and for working capital. Underwriter—None.

National Lighting Stores Corp. March 26 (letter of notification) 84,500 shares of common stock (par $1) to be offered for subscription by preferred and common stockholders of National Lighting Stores Corp. in ratio of one share of National Common stock for each 10 shares of National Preferred stock, at $25 per share. Proceeds—For new business and construction. Underwriter—Lamar, Boston, Underwriter—None.

National Union Bank of California. April 7 filed 349,000 shares of common stock (par $1) to be offered for subscription by preferred and common stockholders of National Union Bank of California in ratio of one share of National Common stock for each 10 shares of National Preferred stock at $2 per share, or a total price of $698,000. National Common shares are to be offered for subscription as a unit or package consisting of one National Altfafa share at $9 per share and one National Chlorophyll stock at $2 per share, or a total price of $21 per share. National Chlorophyll shares are to be offered for subscription as a unit or package consisting of one National Altfafa share at $9 per share, one National Chlorophyll stock at $2 per share, or a total price of $21 per share. National Altfafa stock is being offered in conjunction with an offering of new shares of National Chlorophyll stock. Underwriter—Lamar, Boston, Underwriter—None.


New Jersey Gas Natural Co. April 23 (letter of notification) 27,500 shares of common stock (par $1) offered for subscription by preferred and common stockholders of New Jersey Gas Natural Co., for cash. Underwrite.—Price on receipt of buyer's order. Underwrite.—None. Underwrite.—None.

New Xeels, Inc. April 9 filed 292,573 shares of common stock (par $1) to be offered for subscription by common stockholders of New Xeels, Inc. for cash. Underwrite.—Price on receipt of buyer's order. Underwrite.—None. Proceeds—For working capital. Underwrite.—None. Proceeds—Price on receipt of buyer's order. Underwrite.—None. Underwrite.—None.

New York, N.Y. April 8 (letter of notification) 7,500 shares of common stock (par $1) offered for subscription by preferred and common stockholders of New York, N.Y., for cash. Underwrite.—Price on receipt of buyer's order. Underwrite.—None. Proceeds—Price on receipt of buyer's order. Underwrite.—None. Underwrite.—None.

Oil & Gas Property Management, Inc. April 4 filed 10,000,000 of 4% income debentures due July 4, 1968, for cash. Underwrite.—Price on receipt of buyer's order. Underwrite.—None. Proceeds—For expansion and for working capital. Underwrite.—None. Proceeds—Price on receipt of buyer's order. Underwrite.—None. Underwrite.—None.

Oregon Fibre Products, Inc., Pilot Rock, Ore. March 23 (letter of notification) 7,000 shares of common stock, par $1, offered to be offered in units of 100 shares of debentures and two common stock shares at $50 per unit and 80,000 shares of debentures at $102 per unit; debentures and preferred stock may also be交换ed at $102 per unit. Proceeds—For new construction and for additional equipment and hardboard plant. Underwriter—None. Statement effective March 26.

Palmer Stendel Oil Co., Santa Barbara, Calif. March 31 (letter of notification) 67,000 shares of common stock (par $1). Proceeds—For expansion program. Underwrite.—None. Proceeds—For expansion program. Underwrite.—None. Underwrite.—None.


Pennsylvania Salt Manufacturing Co. April 3 filed 150,348 shares of common stock (par $10) to be offered in units of 100 shares of debentures and two common stock shares at $50 per unit and 80,000 shares of debentures at $102 per unit; debentures and preferred stock may also be exchanged at $102 per unit. Proceeds—For new construction and for additional equipment and hardboard plant. Underwrite.—None. Underwrite.—None. Underwrite.—None.


Continued from page 4


Rochester Telephone Corp. (4/23) March 20 filed 30,000 shares of cumulative preferred stock, series A ($100 par value), and 1,530,000 shares of common stock, series D ($5 par value). Proceeds—To repay existing obligations and for working capital. Underwriters—The First Boston Corp., New York.


San Francisco Brewing Corp. (4/17-18) March 27 filed 25,000 shares of capital stock (par $10). Price—To be supplied by amendment. Proceeds—To six selling underwriters, of whom 2 are in San Francisco, and Coor, Bruce & Co., both of San Francisco, Calif. Underwriter—None.


Service Pipe Line Co., Tulsa, Okla. (4/18) March 17 filed 100,000 shares of common stock (par $1). Proceeds—To be supplied by amendment. Proceeds—To be used for development of the company's artery. Underwriters—Northern Securities Ltd.


Slick Airways, Inc., Burbank, Calif. April 3 filed 10,000 shares of preferred stock (par $100 per share) (and $54.50 to be first offered for subscription by common stockholders only). Proceeds—To be used for working and capital equipment. Underwriter—Kidder, Peabody & Co., New York.


Southern Oil Corp., Billings, Mont. March 26 (letter of notification) 230,997 shares of class A voting stock (par $100 per share) and 35,000 shares of class B non-voting preferred stock (par $100 per share). Proceeds—To be supplied by amendment. Proceeds—For working capital. Underwriter—Kidder, Peabody & Co., New York.


Southern Union Gas Co., Dallas, Tex. (4/24) April 2 filed 3,000 shares of non-voting preferred stock (par $100) at approximately $112.50 per share to be offered for subscription by common stockholders only. Proceeds—To be used for working capital. Underwriter—Kidder, Peabody & Co., New York.

Southwest Natural Gas Co. (4/29) March 6 filed 500,000 shares of common stock (par 10 cents), of which 225,000 shares are to be held in trust for the benefit of the company and 170,000 shares by certain selling stockholders. Proceeds—To be used for working capital, equipment, and general purposes. Underwriters—To acquire additional leases and to drill wells. Business—Oil and gas and water business. Underwriters—W. E. Hutton & Co., Cincin¬nati, O., and Craigmyle, Pins & Co., Cin¬nati, O., and Craigmyle, Pins & Co., Cin¬nati, O. Underwriter—None.

Union Electric Co. of Missouri (4/29) March 22 filed 100,000,000 shares of common stock (par $100 per share) to be offered at $100 to be sold in units of one preferred share and 10 common shares for $1,100. Proceeds—For new equipment and working capital. Underwriter—None. Statement effective March 22.

United Oil Co., Oklahoma City, Okla. April 1 (letter of notification) 300,000 shares of common stock (par $10) at $20 per share (market estimated at 18 cents per share). Proceeds—For Forrest Parroti, the Oklahoma City stockbroker. Underwriter—Hunts Ferry Bank & Trust Co., Oklahoma City. Underwriter—None.


Warner Dog Food Co., Inc., Brooklyn, N. Y. March 17 filed 400 shares of cumulative preferred stock (par $100) and 1,000 shares of common stock (par $2). Proceeds—To be supplied by amendment. Proceeds—For general corporate purposes. Underwriter—None. Proceeds—For general corporate purposes. Underwriter—None.

West Penn Power Co., Pittsburgh, Pa. Feb. 28 filed 221,796 shares of no par common stock (par $5) to be sold to stockholders (other than West Penn Electric Co.) of record April 4, at $10 per share for each 14 shares held; rights to expire in April 28. Price—$37 per share. Proceeds—To be used for general corporate purposes. Underwriter—None. Proceeds—To be offered for subscription by public stockholders. Statement effective March 28.

Western Air Lines, Inc. March 10 filed 165,049 shares of common stock (par $1), of which 35,000 shares are to be held in trust for the benefit of the company. Proceeds—To be used for additional equipment. Underwriter—None. Proceeds—To be offered for subscription by public stockholders. Statement March 10.


Wisconsin Union Co., Kansas City, Mo. April 3 filed $12,000,000 of first mortgage bonds due 1944. Proceeds and purpose of issues—To be supplied by amendment. Underwriters—For bondholders. Business—For bondholders. Underwriters—None.


The Commercial and Financial Chronicle ... Thursday, April 10, 1922 Sitzed for FRASER (sfcatholichistory.org)
Prospective Offerings

Aeropucus Corp.

Jan. 18, in a letter to Barney & Co., chairman, announced that consideration was being given to the possibility of offering 50,000,000 shares of common stock at a price of $40 per share to be sold in five equal installments. The first instalment will be payable to the common stockholders of the corporation in advance of the close of business on March 15, 1921, at the rate of $10 per share. The second instalment will be payable to the common stockholders of the corporation in advance of the close of business on March 15, 1922, at the rate of $10 per share. The third instalment will be payable to the common stockholders of the corporation in advance of the close of business on March 15, 1923, at the rate of $10 per share. The fourth instalment will be payable to the common stockholders of the corporation in advance of the close of business on March 15, 1924, at the rate of $10 per share. The fifth instalment will be payable to the common stockholders of the corporation in advance of the close of business on March 15, 1925, at the rate of $10 per share. The proceeds of the sale will be used to improve and increase the productive capacity of the corporation.

American Can Co.

Feb. 15, announced a proposal to increase the capital stock of the corporation from $50,000,000 to $100,000,000. The proposal was approved by the board of directors, and the capital stock was authorized to be offered for subscription at the rate of $30 per share. The directors also authorized the officers of the corporation to make a subscription to the capital stock at the rate of $30 per share. The subscription will be payable in ten equal installments, with the first instalment payable on the date of subscription.

Arkansas Power & Light Co.

Mar. 14, reported a company plan to sell $20,000,000 of new mortgage bonds, series A, due 1971, at a price of $25 per $100 bond. The bonds will be sold at a price of $20 per $100 bond. The proceeds of the sale will be used to improve and increase the productive capacity of the corporation.

Atlantic Refining Co.

Mar. 20, announced a proposal to increase the capital stock of the corporation from $50,000,000 to $100,000,000. The proposal was approved by the board of directors, and the capital stock was authorized to be offered for subscription at the rate of $30 per share. The directors also authorized the officers of the corporation to make a subscription to the capital stock at the rate of $30 per share. The subscription will be payable in ten equal installments, with the first instalment payable on the date of subscription.

Belle Telephone Co. of Pennsylvania

Jan. 3, announced that the company's construction program for the next three years calls for the expenditure of $25,000,000. The company's stockholders approved the proposal on March 15, 1921, at the rate of $10 per share. The proceeds of the sale will be used to improve and increase the productive capacity of the corporation.

Bell Telephone Co.

Mar. 20, announced a proposal to increase the capital stock of the corporation from $50,000,000 to $100,000,000. The proposal was approved by the board of directors, and the capital stock was authorized to be offered for subscription at the rate of $30 per share. The directors also authorized the officers of the corporation to make a subscription to the capital stock at the rate of $30 per share. The subscription will be payable in ten equal installments, with the first instalment payable on the date of subscription.
Continued from page 45

per share). Proceeds—To repay advances from American

Texas Power & Light Co. (5/14)

$402,500,000 for flexible

13

= 2934

= 2989

13

= 2934

= 2989

13
Next largest is Columbus Gas System’s $60,000,000 of 22-year debentures, due up for bids on Feb. 20. This will provide the issuer with funds for expansion.

Communications
As far as the securities industry is concerned, if there had to be a strike this week it was a good time for it. Plans had been pretty well laid for the issues which can possibly go to market.

But isn’t it true that the banking world would like to see the difficulties settled and full service restored as the new week approaches. This is the time when underwriting syndicates are large.

Normal procedure is to carry on negotiations by telephone. But if the strike persists it will have to rely very heavily on the air mails to get things through.

Illinois Bell Telephone
Illinois Bell Telephone Co.’s $25,000,000 of first-mortgage bonds, due in 2041, brought bids from seven underwriters. This was an evident measure of difference as reported prices.

The authorization paid the company a price of $101.05 for each ($100 bond), or nearly twice what the bonds at 101.325 for reoffering to yield 3.05%.

A spread of 19 cents per $100 bonds of between the winning bid and that of the runner-up. But the lowest of the four bids fixed a price of 101.302 for a spread of 74.8 cents or $7.48 per $1,000 bonds.


Washington Gas Light Co.
Jan. 12 reported that company is considering plans to raise about $4,500,000 from the sale of additional common stock to its stockholders (here and abroad).

Underwriters—The First Boston Corp. and Johnstoun, Lemon & Co. handled the offering last year to stockholders. Proceeds—Together with Washington Water Power Co. to take care of proposed $6,000,000 expansion program.

Washington Water Power Co.
Jan. 12 company applied to SEC for authority to make bank borrowings of $40,000,000, proceeds to be used to finance contemporarily, in part, the company’s construction program. Proceeds to be available later this year. Probable bidder: (1) For stock bonds: H. R. Smith, Inc.; White, Weld & Co. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); (2) for bonds only: Halsey, Stuart & Co. Inc.

Western Light & Telephone Co., Inc.
March 31 it was announced that stockholders will vote April 11 on increasing authorized common stock from 400,000 to 500,000 shares, the additional shares to be issued as funds are needed for new construction. Dealer-Managers—Harris, Hall & Co., Inc., Chicago, Ill., and New York.

Westinghouse Air Brake Co.
Feb. 11 it was announced stockholders will vote April 15 on increasing common stock (par $13) from 4,200,000 shares (about $4,123,000 outstanding) to 7,500,000 shares.

March 6 it was announced an application has been made to issue and sell $4,000,000 of first-mortgage bonds, series C, due 1962. Proceeds—To repay bank loans and for new plant. Underwriter—to be determined by competitive bidding. Probable underwriters: Halsey, Stuart & Co., Kuhn, Loeb & Co. and Union Securities Corp. (jointly); The First Boston Corp., Merrill Lynch, Pierce, Fenner & Beane.

Yale & Towne Manufacturing Co.
March 11 it was announced stockholders will vote April 17 on approving issuance of 150,000 shares of common stock for property and also an additional $182,344 as deemed advisable for other purposes. Proceeds (to stockholders in June, 1951) was underwritten by Morgan Stanley & Co., New York.
WASHINGTON, D.C.—If any "sensible" have developed a fright that President Truman, out of a sudden consternation, is likely to run out on them and abandon some of his "sensible" policies, they may go to bed.

Just before Charles Wilson—abandoned his forthright effort to operate the defense mobilization program—wrote a letter from Mr. Truman suggesting that the volun-

tary, this intervention is a clear abandonment of his policy of killing off state and local borrowing which the VCR Committee adjured to "be of an inflationary character." It is one of the programs that has, however, worried me from the start," the President wrote in a letter to Mr. Wilson. That feature was the veto of VCR, or any other "important and timely" issues for inflationary purposes.

This arrangement has, however, made it clear that the Federal Gov-
ernment has restricted the proposed activities of state and local governments in matters which should be decided, under and at the instance of government, by State and local initiative. While some have been disturbed that clearly inflationary issues have been have been proposed vigorously, it has necessarily resulted in approving actions which are hard to classify as either legitimate or innocuous by democratic processes by State and local gov-
ernments.

Since the set-up of the Defense Production Act is that the President will not credit the VCR Committee, the whole question of the war bond loan has been taken away. VCR has been told that all loan activities are to be halted, nullifying any state or local bond issue or other borrowing, even if it was used for such a "safely inflationary purpose as a war loan." This does not mean, however, it may be authorized, reported the President. It means that the idea that the Federal govern-
ment shall run the bond issues for buyer and seller, employer and employee, has been nullified. The first 160 years of the na-
tion's history, if not interpreted, were governed by "actions which have been directed through legitimate and democratic processes by State and local governments."

This is the intervention by the President to take state and local borrowing out of under VCR does not mean, as some have reported, that on this score the White House has again yielded to the Big Labor boys, who pub-
lished a Blue Book which attacked this VCR program.

The measure of whether this action is also not a reflection of the influence "inflated" of state or local government, or a vector of veterans wanting 

honesty.

There is said to be one and only one explanation for the Presi-
dent's action in taking state and local borrowing out from under VCR. That is public powercker.

When it was proposed to sell the Pacific Sound Power & Light Company to the public utility districts in the Northwest, VCR turned thumbs down. The reason given was the issue by the public power boys would make up this private power company.

VCR turned it down not because that no bank loan or bond issue shall be approved merely for the purpose of effecting a change in

ownership, "A" cannot borrow from his bank to buy a hammer.

"B" stand from "A." One rail-

road takes over another, no matter how bad a gamble it was offered.

The philosophy of this rule is that where a man can sell out a buyer with borrowed money, the seller is placed in funds and the buyer may be financed with borrowed money in case of death, business failure or other distress causes not in the ordinary course of business.

For two months after decla-

the Voluntary Credit Re-

strait Committee in the matter by the White House. Agents of the Attorney General were combing its records, Agents of Public Energy or 

bonuses.

This is clearly a time of constant lending of labor and other 

costs. This subject is one of those which the Senate will go along. As of writing the Senate Committee, had not reported out a single 

supply bill. It is customary for the Senate to restore many of the reductions voted by the House. For this reason it seems, Congressmen advise, to reorganize the long-term projects for the benefit of a very large number of people.

However, what makes this re-

port significant is that the success achieved so far or proposed has come from the very sources which in January had about concluded it would not be possible this year to achieve any substantial econom.

• • •

There are a great many poli-

cies who get no TV star dust in their eyes who are seeing par-

ically that the Kaufever boom isn't worth a tenth of the print it is getting out of the pri-

data, "popular" contests.

In the first place, say these Indi-

guals, the junior Senator from Tennessee obviously is not po-

ular with Harry Truman. Despite Mr. Truman's "advisement," the President will still influence a lot of 

delegates in the Democratic Convention. And Harry Truman, so these observers note, never for-

portunity. Particularly he will not for-

et that the Crime Committee which Estes Kaufever headed started to send Harry on the skids. Kaufever's pull is from the strictly left-wing crowd. He will be virtually without a southern delegate outside Tennessee, and

the letters among the professional 

Democratic politicians prefer a more reasoned, balanced, accom-

modating type of statement. The (this column is intended to re-

fect the "behind the scenes" inter-

pretations of the Secretary of the Treasury and may or may not coincide with the "Chronicle's" own views.)

Business Man's Bookshelf

Big Business Methods for the Small Business—Edward T. Rob-

ert S. Holzman and A. Rip Liv-


Our Business Heritage—Current issues noting references to books, articles, and organizations which have been influential in the American system in business and industry—Business History, Cleveland Public Library, Cleveland, 14, Ohio—Paper.

Human Rights and the United Nations—The influence and inter-


copies; quantity prices on request.

SpeenialcMerits of Common Stock Warrants: Discussing warn-


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LOS ANGELES, Calif—Floyd A. Collinson, who has been affiliated with Floyd A. Allen Co., 650 South Grand Avenue.

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D. Anderson has joined the firm's Los Angeles office, 215 West Sixth Street. He was previously with Weeden & Co.

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WASHINGTON... And You

Behind-the-Scenes Interpretations

from the Nation's Capital

**BUSINESS BUZZ**

"We're going to hold 'open house' today, Fuzzmore—wouldn't you like to take the day off and go home?"

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