EDITORIAL

As We See It

Another national political campaign is now at long last a matter of history. The public is doubtless enjoying a rest from the tumult and the shouting, much of which was hardly enlightening. Any really careful and exhaustive appraisal of the results must wait time in which to look to the situation over in a post-election calm and dispassionate frame of mind. As always there have been so many cross-currents running through the political stream, and so many prescriptions for the maladies which afflict us that so many of these are so inconsistent, the one with the other, that one hesitates to reach broad conclusions without time to wait to array the evidence in one's mind rather carefully.

There is, however, at least one aspect of the situation as it now presents itself which is at once challenging and amenable to very substantial comment without further ado. For a long while past the impression has prevailed in many quarters that somehow someone in Washington or elsewhere has been able to develop some sort of economic prophylactic by means of which it is now possible for "us" to prevent the development of any real depression in the future. It is to say in quite simple and popular terminology that "we now know how to prevent depressions," and if only there is an intelligent and courageous government in Washington we need never have another and will never have another. Strange as it may seem to the thoughtful observer, this general notion has permeated the ranks of professional economists in surprising degree.

Of course for a long time the Democratic party

Continued on page 31

A Progress Report
On Credit Inflation

By MELCHOR PALIY

Dr. Paliy gives data on rapid credit expansion in all categories during recent years, and points out, despite credit controls, there has been a lack of credit discipline. Questions how long this process of debt accumulation can go on without necessitating wholesale liquidation, which is the essence of a depression. Foresees world market prices taking a thorough beating if armament outlays are substantially reduced.

The following is a quotation from an article by the writer which appeared in the Commercial and Financial Chronicle of Dec. 13, 1951:

"Corporate debts may this year (1951) nearly as well as last year (1950) in view of the facts that the dollar value of total inventories has not decreased to any appreciable extent, while bank and corporate bond issues keep expanding. Urban mortgages may be augmented by another $8 billion or so. A new addition of $23 to $30 billion to the net economic debt is a fair forecast for 1951. If the armament race continues, as it certainly will, business and individuals will be burdened with more and more debt.

The Department of Commerce has just released the figures for 1951, non-federal—private, corporate and municipal—debts increased by $32.4 billions, or by 12.3% (These are "net" figures, after eliminating duplications and refinancing items.

Thus, the credit inflation rolls on. Quoting again: "... what matters is the inexorable trend. The liabilities of the economy 'must' keep mounting. Cash money, government guarantees, accelerated write-off permits, and tax breaks, serve as incentives; high taxes help to force the corporations' hands."

Table I shows the general trend. Leaving aside the

Continued on page 28

For a Comprehensive U.S.
Foreign Economic Policy

By PHILIP CORTENEY

President, Coty, Inc.

Prominent industrial economist cites fundamental causes of permanent crisis in the foreign balance of payments and analyzes dollar shortage. To achieve equilibrium in international balance of payments Mr. Corteny urges worldwide curbs on inflation to restore internal monetary stability, expansion of raw materials output on economic basis, and abolition of present ominous U.S. tariff procedures. Denying argument that national wage differentials justify high American tariffs, asserts function of protectionism in an industrially efficient country is to mask inflationary effects of labor unionism.

The hesitant movement in the direction of freer trade between the countries of the free world has been not only halted but reversed. The recurrent crises in foreign payments of many countries reflect a dangerous international disorder.

Despite the progress in physical production, financial and payments problems of the most serious character continue to trouble Western Europe. The internal and extra-economic financial and political problems, serious as they are, somehow are overshadowed by the balance of payments problem of Western Europe via-a-vis the dollar area.

Heretofore the recurrent crises in foreign payments were taken care of by means of costly expedients, costly mainly to the U. S. A. It becomes obvious that the world is drifting into a major crisis, which may well spell the breakdown of international economic relations, with serious political and social consequences for all free countries, including our own. Whether the development of this major crisis will be arrested or not depends

Continued on page 24
The Security I Like Best

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

(Robert H. Huff, Vice-President, Conrad, Bruco, & Co., New York, N. Y.)

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The Security I Like Best is one of the most widely and well-deserved popularity on the Pacific Coast. Its股价 has more than doubled in the past year. It is coming known to Eastern investors. It is the owner of the Packard-Bell Co.

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Published Twice Weekly
THE COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
WILLIAM R. DANA COMPANY, Publishers
25 Park Place, New York 7, N. Y.
REINER 2-0370 to 9316
HERBERT I. SCHRIER, Editor and Publisher
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Thursday, November 6, 1952

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EQUITIES TESTED BY FIRE

By IRA U. COBBLEIGH

Author of "Expanding Your Income"

Giving a brief account of that rather generally neglected group of premium collecting enterprises—fire insurance companies.

The pall of smog that settled over the Atlantic Seaboard, from Maine to Florida, last week was caused by brush and forest fires, rising over several thousands of miles, a new report states. Underwriters give a highly optimistic outlook for the crop season. With the oil crisis over, we may all be led to ask ourselves if we have adequate fire protection. The current widespread interest in fire insurance might give us some idea of the ground to our own peril today. With rain falling in Noah-like deluge over much of the Sahara-like dangerous parched arid

are the closing of the Sylvian stretches in New York State to hunters and fishermen, we may be led to ask ourselves if we have adequate fire protection. The current widespread interest in fire insurance might give us some idea of the ground to our own peril today. With rain falling in Noah-like deluge over much of the Sahara-like dangerous parched arid

overcrowding,

all the companies have been pretty much overloaded, and

have been

risks.

overriding

companies and

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and

Fire Association of Philadelphia, for example, which is a

And it is, however, only little demand for large houses—though they are much better than the small ones located, with land available for building sites. Many of these larger old places are better

buyers than small ones. This is especially true of apartment buildings and larger houses to be used by families.

rents are sure to advance during the summer. This may not only make it possible to raise rents. People have money, and they know that there is a

televising the set. These are again moving and it is better to have one or two in a good position. Christmas. They will be heavier

in 1952, the prices of Christmas purchases are likely to be lower than usual—less than usual seasonal unemployment. This year's best way for manufacturers and merchants to help prevent this—unless they have some of their own skin is—may be to advertise and sell at a discount. The average family. The above outlook is due to full

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ically for the same goods, such as refrigerators and appliances. Even automobiles appear to be selling well in most sections. They are now being purchased at an annual rate of nearly 5,000,000 because the industry is catching up after the steel strike. Factory

the same, full-year 1952 will not show such

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It's Ike! What's Ahead for Business and Finance
By A. WILFRED MAY

In deducing the economic implications of the Presidential election, we must above all divorce judgment from sentiment. Furthermore, we must be careful that pre-election polls of public opinion and candidate strength, as cynically written off by the partisans, are not over-emphasized. In our present-day technique of political democracy, the primary function of an election is to re-elect or to exclude any administration that may cause disaffection among the electorate. The re-election, therefore, may cause any administration to formulate the free economic system, as already exists, with such modifications as unemployment, depression and decontrol, as are demanded by objective conditions of labor and steelmakers in the U.S. or, is it even proved by construction, the wholesale repudiation of the New and Fair Deal.

The National Office of the Republicans as the "Depression Party" in 1932, was not effective enough to defeat it and neither was the "Panic" of June, 1931, a test of the three Cornell professors, who "the all-powerful forces in the public mind as a whole" are not permitted to sound the candidate nor the issues, but the "price of the past." Yet, when the President asked Eisenhower, it was not necessary to promote the work, that in case of defeat, "full power of government will be immediately marshalled" at Lax-E mass, he promised, "you can come down to my office and where will you be from this?"

A Better Santa for the Farmers
Santa Claus has no particular attitude toward the farm vote, President Eisenhower has declared. But there is still a question of the role, "I firmly believe that agriculture is entitled to a fair, just consideration, and that a fair share is not merely 96% of the key-products, as the Farmers' Cooperative was maintained in 1913."

And surely in Congressional hearings, we are not maintained that either party has had a monopoly. It seems to be a matter of minor degree, and that we can expect a better climate. The keynote to a government's economic policy is its administration of the Employment Act, whose research and discussion provisions the new gold plan will utilize in a manner constructive for the country and the public. But, and the free enterprise system will have the upper hand in expansionism-a la Repealings.

We cannot overlook the recent course of British politics under the return to power of Mr. Churchill. In his Conservative party, under whom there has occurred a resumption of a policy of including Labour government's doctrinaire policies and practices. While, there, the only effort ever offered here to balance-out lay-offs is the "Winter War," sometimes analogical to the two national situations, it is to be pointed out, must be limited by the usual conditions of the Eisenhower mandate—partly, at least, a result of the national compromise, including the pandering to the market, the appeal to the politically appealing full employment slogan. Reality dictates another fundamental innovation unexplored.

Dilemmas of Early Retrenchment
Despite Tuesday's mandate-for-retrenchment, it should be realized that balancing of the budget must at least take time. To get on an even basis in 1954, heavy cutbacks in already-committed appropriations and contract authorizations would have to be made. With little prospect of cutting defense outlays by more than $10 billion to a $60 billion aggregate, and below $30 billion, it seems that at best balance would be achieved by a tax reduction, though tax reduction—could be achieved by a tax increase and insurance company earnings.

Within this framework the political slogan-serving Excess Profit Tax will most probably be allowed to die next June, with its revenue loss compensated for in other levies.

Business and the Stock Market
In appraising the business and stock market, let us remember that it is not going to be easy to get rid of the uncertainty. The writer looks forward to a period of business uncertainty followed by an era of self-reliance and freedom from the bureaucratic time-calling. But, here too, the return to normal will be halting and fraught with complications, for it cannot wholly defeat Ike's evident demand for a period of interventionism as expanded social security, and even free trade to the like. And relevant and important, too, is that his present limited base from the "liberal" direction, for Economic Development. While the Presiding Bishop of the Episcopal Church Williams will pump some air into our industrial corpse, they will not completely de-fumigate it.

The stock market's course, as we have often insisted in our writings on investment principles, is distinctly "another matter." Economic forecast of any kind, we appraise the movement of stocks and bonds in Great Britain, Mr. Churchill and his Conservatives.

In view of current American values as judged according to forecasts over long-term earnings, dividends and corporate strength, a review here would be by itself nothing, even if we have not the pattern for a size-

Great Britain's Stanley Market Experience
After the Conservative's 1951 Victory

Ordinary Shares
Pence
On 29 Oct., 1951 133.12
On 19 Nov., 1951 137.37
On 29 Nov., 1951 137.37
On 29 Dec., 1951 134.12
On 30 Jan., 1952 136.87

Ordinary Shares
Pence
On 29 Oct., 1951 133.12
On 19 Nov., 1951 137.37
On 29 Nov., 1951 137.37
On 29 Dec., 1951 134.12
On 30 Jan., 1952 136.87

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The State of Trade and Industry

Over-all industrial output for the nation last week approximated that of the previous week and continued perceptibly higher than in the first quarter of the year. Further, it is approximately at the highest level attained since the close of World War II. Little effect was evident, however, as a result of the Congressional elections on the over-all picture of industrial effort, defense output, apart from military production, and in the non-defense industrial output.

On Tuesday of this week the American people decided that the country needed a change and at the National elections swept the stoppage. In the highest level attained by the Bureau of Labor reported.

Office the opponent, a seven to one victory. It was recorded that the steelmakers in the "Iron Age," national metalworking weekly. During the second quarter manufacturers were able to demand and demand a reasonably good balance for most products. It will take longer to whittle down some of the through inventory levels and structural, large sizes of bars, and oil country goods.

New steel production records are being set almost every week. This is in addition to the 16.5 million tons of steel already in production. Output currently is at an annual rate of more than 270 million tons. For the year, up through September, 1.001 million tons were turned out, states this steel trade magazine.

The terrific pace is rapidly overcoming the handicap involved in the steel strike that ended last summer. Steel for the entire historical expansion program (now outlined) is expected to be fully delivered during the first quarter of 1953. 80% of that program is taken care of now. The industrial expansion program is not that near completion, but this increase in steel production will more than meet the demand when the steel is delivered, it adds.

The Federal Reserve Board, as a result of the recent pressure to further relax construction curbs, so that other projects can take up the slack as industrial building tapers off. Some construction projects which lacked funds last week are being released by some owners since Korea. It will take time to get these out and make necessary revisions and good job for the year.

In addition, these pent-up programs are given the green light in time, steelmaking facilities for construction business should remain good for many months ahead. But for now, the rate was maintained at 15.1 million tons.

The fact that auto builders are battling the National Production Authority for more blue prints of steel is another indication that there are signs of some easing in demand for flat-rolled products. Wire production, are in good supply now. As additional products move into balance, we would expect that steel will still mount even higher. Many steel consumers, and even some Washington officials, are growing convinced that whatever reasons there might have been for installing controls are rapidly evaporatingרצון, declare "The Iron Age."

Military orders delayed by the strike are by the end of this month expected to be on a current basis. In addition to taking care of current military production needs, the steel industry has been furnishing additional shipments to bring inventories of military items up to desired levels.

The end of this military catch-up will release additional steel production to civilian users, concludes this trade weekly.

Production last week reached its highest figure in 16 months.

There were 116,496 auto assemblies or about 9% more than the 107,239 in the preceding week and some 30% higher than the 89,443 for the like week last year. "Ward's Automotive" reports, statistics, when 106,545 units left the United States and Canada, 112,279 were assembled.

October car production—400,000—topped every month since June, 1951, when 306,945 units left during the fiscal year, and was the largest in the week ended June 30, 1951, when 118,297 cars were assembled.

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The agency continued that "ambitious" plans for record final quarter production in the auto industry may be out of reach because of a "lack of steel." Out, says "Schedules calling for addition of second assembly shifts and expanded overtime production have been established. Thus, too, out of hand is a required steel is available. A lack of manpower in the Detroit area is an important complication.

Consumers added $284,000,000 to their obligations in September, in the Federal Reserve Board disclosed. The overall trend of consumer

Continued on page 32
Needing U.S. to Raise Gold Price

By HERBERT M. BRATTER

Mr. Bratter gives data on "Higher Price" campaign under way abroad to force United States to increase the price of gold. Lists completely-free and internally-free gold markets and reveals activities in gold bullion exchanges. Says issue for higher price is quite active in Britain and Commonwealth countries where there is considerable gold mining.

For persons interested in keeping informed on foreign matters, a review below some items of news which are either about or dealing with gold are selected.

The "Higher Price" Campaign

The campaign for a higher price for gold is at a virtual standstill in the United States. The United States is not a gold producer, and the trend of events in the United States is to keep the price of gold down in order to keep the price of all other commodities down. The United States is a gold consumer, and the trend of events in the United States is to keep the price of gold down in order to keep the price of all other commodities down.

Australians have been asked by the Australian government to keep the price of gold down in order to keep the price of all other commodities down. The United States has been asked by the United States government to keep the price of gold down in order to keep the price of all other commodities down.

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The Dilemma of Fire
And Casualty Companies

By SHELBY CULLUM DAVIS
Shelby Cullum Davis & Co., New York City
Members of New York Stock Exchange

Mr. Davis notes anomaly of property insurance companies, in last two decades have pursued more cautious policy during present inflation than during past drastic deflatable periods. Assets "exposure" to common stocks is important in successful management of investment funds. With implementation of additional capital funds where necessary, to regain their freedom of investment action and join universities, savings banks, and trust funds in seeking profitable investments.

We are today on the midst of the greatest inflation this country has ever experienced. Since 1929-39 period commodity prices at wholesale and retail have increased 125% and stockholders' gains index has increased 100%. The money supply, as represented by bank deposits and currency outside of banks, has increased 239%. This unprecedented inflation has caused many companies to pursue a more cautious investment policy than they might have a decade ago.

It is true that during the deflatable periods, many of our insurance companies have pursued a more aggressive policy in the investment of funds. For example, in the depression years, when the price of common stocks was at or near their lowest, many insurance companies invested in common stocks. This was due to the fact that many of the companies were forced to invest in common stocks because of the decreased value of their assets. As a result, many insurance companies suffered losses in their investment portfolios during these years.

Insurance Companies

Insurance companies are in a unique position to benefit from inflation. As the value of their assets increases, the value of their liabilities decreases. This results in a higher surplus and a greater ability to pay dividends to policyholders.

In a period of inflation, insurance companies can invest in a wide variety of assets, including common stocks, real estate, and other investments. This diversification of investments helps to reduce the risk of loss for the company.

However, as the value of the dollar decreases, the value of insurance company liabilities also decreases. This results in a higher surplus and a greater ability to pay dividends to policyholders. This is an important consideration for insurance companies, as they are in the business of providing protection to policyholders.

The Dilemma of Fire
And Casualty Companies

Government debt has skyrocketed 651%. Yet property and casualty companies are pursuing a more cautious investment policy than they might have a decade ago. The insurance companies are pursuing a policy that is consistent with the situation in which they find themselves.

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A Higher Rate Needed for VA and FHA Mortgages

By SAMUEL E. NEEL*

General Counsel, Mortgage Bankers Association of America

Mr. Neel discusses increasing inlifation of government in mortgage insurance and gets to the root of the problem for mortgage bankers in carrying out their middleman functions. Attacks refusal of Secretary of Treasury to increase maximum va ex VA and Federal Housing loans from 4% to 4 1/2%. Points out creation of Federal National Mortgage Association by government which buys VA and FHA mortgages, has caused abandonment of mortgage field. Neel believes government's policy is not based on sound economics, but on politics.

Until some years ago, the problems faced by mortgage bankers in carrying out their middleman functions were largely those resulting from the operations of the conventional business community as a whole, without particular reference to the housing field. The Great Depression and the subsequent recession that continued into the early 1930's caused a very large part of our business to be controlled and regulated by the liberalized, reorganized, and now virtually new agencies established by Congress in the 1930's to deal with housing. This is particularly true of the credit and collateral qualities of the FHA, which latter has played a large role in the building of post-war homes, in working out the coordination of the various mortgage agencies.

Federal influence on the supply of funds to the construction of privately owned housing, the creation of agencies to supervise the working of the Home Loan Bank Board, the mortgage insurance and guarantee functions of the Federal Housing Administration and the Veterans Administration, the loan purchase functions of the Federal National Mortgage Association, and the credit control functions of the Federal Reserve Board and the Housing and Home Finance Agency, are all matters that have caused a great deal of discussion.

It is almost impossible to discuss the complex conflicts of Federal Government policy in this area without referring to the activities of the International Joint Commission and the Housing and Home Finance Agency.

The Federal Housing Administration, created by the National Housing Act of 1934 to provide a system for insuring the payment of residential mortgages made by private lending institutions, has been as influential in the history of mortgage banking as the Federal Reserve Bank of New York. It was established to provide mortgage insurance, to make the mortgage market more liquid, and to increase the availability of credit for home ownership. It was designed to do this through the provision of an insurance agency that would reduce the risk of private mortgage lenders, and through the promotion of home ownership and the building of new homes.

These two agencies, along with private banks, are the principal suppliers of funds to the housing industry. The Federal Housing Administration (FHA) has been the most important of these, although it has recently been joined by the Veterans Administration (VA) and the Federal National Mortgage Association (FNMA), both of which are backed by the full faith and credit of the United States government.

The clear fact that both public subsidy and private credit deal with the same subject, in my opinion, an unique basis for their discussion and comparison. It is, I think, clear that the ends of the housing agencies, as well as the objectives of the private organizations, are identical. The agencies are, however, subject to different regulations and controls.

By providing mortgage insurance, the FHA makes it possible for mortgagees to secure funds at favorable interest rates. The FHA also guarantees loans to mortgagees, which makes it possible for them to obtain funds at a lower interest rate than they would otherwise.

The FHA's role in the housing market is supported by a number of factors. For example, it provides a source of funds for home ownership, and it helps to reduce the risk of private lenders by guaranteeing loans. The FHA also provides a source of funds for home owners, and it helps to reduce the risk of private lenders by guaranteeing loans.

The FHA is also subject to a number of controls and regulations. For example, it is subject to the supervision of the Secretary of the Treasury, and it is required to operate in the public interest. The FHA is also subject to the supervision of the Consumer Financial Protection Bureau (CFPB), which enforces a number of laws and regulations designed to protect consumers.

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How Good Are Paper-Dollar Company Reports?

By FRANZ PICK

Federal Reserve Bank of St. Louis

Publish, Pick's World Currency Report

Volume 176 Number S160 The Commercial and Financial Chronicle

Warning that today's financial thinking is largely based on fictitious figures that can never be translated into real dollars, Mr. Pick states that there is not one published or public balance sheet that has not met facts of depreciation or devaluation. Maintains 90% of all today's value figures used in financial reports are based on such capital. Hurry Dow Theory in stock market be referred to index of real instead of paper dollars.

You are analysts. Translated from this information is not the "people who break up anything into its elements." Therefore, I hope you have it broadminded enough to consider the possibility that, unless you ever give it a fair trial, it might give you a few new ideas and perhaps bring you a little closer to the truth, which we all continue to search for.

I would like to start by tearing a few psychiatrists into paper money behind which you live. If you can, think physically. The final result of all your analytical efforts is an inflated value into dollars and cents. Your profession demands that you dig out the facts and post them to the nearest exchange. You are the people whose professional duty it is to make sure that what has happened not only to the country, but to the security trade, is translated into a balance sheet and analyzed to dispose of circulating assets, state, sex of ownership, etc. But, in my opinion, there is still no gainful work in the field of currency theory and the analysis of balance sheets, state, sex of ownership, etc.

But if you conclude that the interest charges on savings with no price at all have been paid off by the price of paper, you are going to make a small point in the entire field of currency theory. The paper has no intrinsic value, and the price of paper is a function of the demand for it, and the demand for it is a function of the demand for paper money. This is a very important point in the field of currency theory and the analysis of balance sheets, state, sex of ownership, etc. But if you conclude that the interest charges on savings with no price at all have been paid off by the price of paper, you are going to make a small point in the entire field of currency theory. The paper has no intrinsic value, and the price of paper is a function of the demand for it, and the demand for it is a function of the demand for paper money.

Figure Rendered Meaningless

But, did you ever think how meaningful, or how meaningless, or how insignificant the figures matter that you use are. Have you ever realized that you don't do anything with the figures that you use, that the figures are merely phantoms, pipe dreams of opium smokers? That you would never accept these figures again if you could? But if you were psychoanalyzed by a currency psychiatrist? What would he find in your subconscious mind?

I know how to handle figures. I know the necessary arithmetics. I know our economic and financial facts, and I know how to play them up in the way you usuallycally

Famous in the field of currency theory, the analysis of balance sheets, state, sex of ownership, etc. But if you conclude that the interest charges on savings with no price at all have been paid off by the price of paper, you are going to make a small point in the entire field of currency theory. The paper has no intrinsic value, and the price of paper is a function of the demand for it, and the demand for it is a function of the demand for paper money. This is a very important point in the field of currency theory and the analysis of balance sheets, state, sex of ownership, etc. But if you conclude that the interest charges on savings with no price at all have been paid off by the price of paper, you are going to make a small point in the entire field of currency theory. The paper has no intrinsic value, and the price of paper is a function of the demand for it, and the demand for it is a function of the demand for paper money.

The dollar of 1940, according to official sources, worth 100 basis points (1 basis point = 0.01 cent) in 1945 was worth 100 per cent, worth only 78 cents and the present dollar of 1949's purchasing power. There is not one published private or government financial statement in the United States which has taken into account the fact that the dollar in 1940 was worth only 78 cents and the present dollar of 1949's purchasing power. There is not one published private or government financial statement in the United States which has taken into account the fact that the dollar in 1940 was worth only 78 cents and the present dollar of 1949's purchasing power.

Corporate presidents, inexperienced in the approach of current events, have not hesitated to accept the balance sheets of companies and their famous accounting practices. But the dollar of a balance sheet is not the dollar of the new accounting practice. The new accounting practice is not the dollar of the new accounting practice but the dollar of the new accounting practice. The new accounting practice is not the dollar of the new accounting practice but the dollar of the new accounting practice.

And some of our leaders of industry have not hesitated to accept the balance sheets of companies and their famous accounting practices. But the dollar of a balance sheet is not the dollar of the new accounting practice. The new accounting practice is not the dollar of the new accounting practice but the dollar of the new accounting practice. The new accounting practice is not the dollar of the new accounting practice but the dollar of the new accounting practice.

You would have to base your thinking, your analytical activities, as well as—why am I at this point? But if you were psychoanalyzed by a currency psychiatrist? What would he find in your subconscious mind? If you were psychoanalyzed by a currency psychiatrist? What would he find in your subconscious mind? If you were psychoanalyzed by a currency psychiatrist? What would he find in your subconscious mind? If you were psychoanalyzed by a currency psychiatrist? What would he find in your subconscious mind? If you were psychoanalyzed by a currency psychiatrist? What would he find in your subconscious mind? If you were psychoanalyzed by a currency psychiatrist? What would he find in your subconscious mind? If you were psychoanalyzed by a currency psychiatrist? What would he find in your subconscious mind? If you were psychoanalyzed by a currency psychiatrist? What would he find in your subconscious mind? If you were psychoanalyzed by a currency psychiatrist? What would he find in your subconscious mind?
The Investor Looks
At Today's World

By DR. WILLIAM W. CUMBERLAND

Economist, commenting on flight of investment capital from United States to hostile big government, big labor, big taxes, and extensive controls, she offers more favorable possibilities than are available in other countries. For investors on home front, he advocates government policies that will provide stability in the world markets. To do this, he urges government action in support of the dollar and a firm dollar policy in foreign trade, the establishment of a world-wide market, and the enforcement of existing foreign commerce laws.

There are many interesting things about the campaign just concluded which, because of the propaganda columns and commentors, you will be surprised to hear.

For one thing, that on the part of these propagandists that Eisenhower's association with Taft, Jernin and McCarthy was a fact. The same holds true for those factors concerning Taft, he relied upon him most heavily. Anonomeously, a man named "his chief of staff," Governor Sherman Adams, was an obliging campaign worker-though Taft and finally disposed of him to other places. Washington and New York. It was Adams who used to tell ginko columns, and correspondents that Eisenhower's "embrace" to Taft, to say nothing of "acceptance" of McCarthy and Jernin, was a great "foible," something he despised, just something he had to do to be President. Adams was quite honest in this; he thought it was necessary if Eisenhower was to carry the East. But nationally speaking, Adams was not a very smart politically minded man. Eisenhower got onto this. Secondarily, he got onto the appointive Nebraska Senator, Fred Steaton, who was having his first venture in the National political arena and taking it as quite a fling. Steaton also knew.

The plain facts are that until Bob Taft went to work the usual Republican pour was not working. It came to be Taft's task to call up all around the country and loosen them before the Republicans could get to work. There was not a week before Bob Taft returned from his Murray Bay vacation that the challenged Taft's leader-ship had not been seen at him. The campaign that Eisenhower did not call him at least three times. On each and every problem that Eisenhower posed, Taft went for work to do something about it, never about an issue.

One of the most amazing stories of the campaign was that of the importunities of Henry Cabot Lodge, seeking reelection as Senator from Massachusetts, for help. At the organization of the 82nd Congress, another Massachusetts Senator, Carlisle, Taft's position as Chairman of the Republican Policy Committee. He got his ears pinned down then, but he became foremost in the movement to nominate Eisenhower to head the Taft office for the Republican Presidential nomination. "because Taft was an isolationist" and his nomination under these circumstances would be a calamity to the free peoples of the world and young ambitious Cabot Lodge was very much against such a calamity happening.

Along with Dewey, he managed Eisenhower's pre-convention campaign. Along with Dewey, he concocted the story of the "Texas Steal" and finally nominated his man.

Well, sir, after Chicago, if there ever was a young man going places about it, this was about it.

But young Cabot's own campaign had not long been underway when he unhappily sent out distress signals. There was the question of getting a certain newspaper editor to endorse him. Whom does Cabot aspire to get this editor to do that? This is about it. And Taft did the best he could; I am not sure how he came out...

The damnest thing, though, is that Cabot wanted Joe McCarthy to come to his rescue. Cabot, the "liberal," the man who despised McCarthy, who was above him. On this spot, he implored Bob Taft. The last I heard of this particular endeavor of Cabot Lodge's was a proposition Joe McCarthy made to him. It was to the effect that: (1) Cabot Lodge had to make a public letter asking McCarthy to come to his aid, (2) Lodge would appear with McCarthy, wherever he appeared in Massachusetts, and (3) Lodge had to sign an agreement that once the election was over he would never again in his life support the name of McCarthy. Lodge did not have self-esteem, why should he have any self-esteem? Lodge was a bumbled man. Lodge was an unashamedly isolationist, Lodge was despised, Lodge was down in the world... Did McCarthy in the politician's name, McCarthy, to be less or be very much for me. For one thing, I prayed for an Eisenhower victory—mostly because I didn't think I could take for the next four years the propaganda that, defeated, he would have won, had he been---- What a pity! The world needs a McCarthy. That nonsense would have, I am quite sure, been too much for me.

And you can see from what I have been telling you just how much nonsense it would be.
Outlook for the Dollar

By RAYMOND RODGERS*  
Professor of Banking  
Graduate School of Business Administration  
New York University

Ascertaining there is little in the Washington record to give aid and comfort when weighing future of the dollar, Dr. Rodgers, however, points to basic political and economic factors which can support the dollar’s value. Holds total currency today is no greater in relation to physical production than in middle and late 30’s, and concludes that outlook for the dollar is brighter than it has been since 1940. Uges opposition to philosophy that money debasemen—can keep economy stable.

For better or worse, America has turned from the rigidity of the 100% gold standard to the flexibility of a managed money. This change is a very important part of our effort to secure maximum employment and greater stability in the economy.

Now, however, the view is beginning to develop that, in order to accomplish these, money management will have to be an everyday affair. The claim is advanced that the American economy is so productive, it will be necessary for industry to reduce prices to ruinously unprofitable levels to sell output, or reduce output to maintain prices, either of which, of course, will cause unemployment. In other words, it is asserted that high level employment and economic stability are incompatible — that one must be sacrificed. Proponents of the ever-shrinking dollar seem to forget that ever-lower prices through increased productivity of both capital and labor have solved this problem in the past, and that today, we enjoy the highest standard of living in the world.

Although any fair-minded person must admit that some adjustments will be necessary in the future, it is certainly unfair to force the holders of dollars to make all of the sacrifice through an ever-shrinking dollar. Not only would this be unfair, it is unnecessary. That it is unfair is so obvious to a banking audience, that no argument is needed. That it is unnecessary, however, is quite another matter.

Certainly, the behavior of the dollar, since the early 30’s has given ample cause for concern. In fact, it is 17% of the past 19 years, the dollar has lost value. This long decline has caused many observers to feel that the reversal of trend of April, 1931 is but a slight hesitation on the downward path. They fear that the road traveled by the government since 1893 has taken us to a point of no return. As they point out, on top of a growing public debt of more than a quarter of a trillion dollars, commitments unprecedented in scope — in fact, so great that they even tax the imagination — have been made by our government in several directions. For example, commitments which cost around $6 billion a year have been made to 15 million war veterans — and the amount of money and the number of veterans are steadily increasing. Commitments which total more than $200 billion have been made to 63 million of us people under Social Security, and benefits are already being paid to 44 million of them — benefits which, incidentally, were increased on October 1, in ample time for the election! Commitments under the Employment Act of 1946 contemplate large scale government support of the economy in the event recession threatens. And, finally, commitments direct and implied, voluntary and involuntary, to the rest of the world for mutual aid and mutual security will be a real burden.

Certainly, there is little in the Washington record to give aid and comfort when weighing the future of our dollar. For explanation, let us do their “tick” and look elsewhere. As the strength of our dollar is largely dependent, more than because of Washington. There is so much argument and contention on this point that it will be worth while to analyze the non-governmental economic and social pressures which determine the value of our monetary unit.

Our Past Dollar

Before doing so, however, the idea that the dollar was stable in the good old days when we were on the gold standard should be given short shrift. The boom of the 20’s, both of which were record breakers, were not prevented by a 100% gold standard. Gold or no, our dollar has always had its ups and downs. So, there is no historical justification for the view that its decline in value since the 30’s is a one-way phenomenon.

Our Present Dollar

In the same fashion, some of the mistaken impressions about our present dollar should be cleared up. Now that we are no longer on a 100% gold standard, it is particularly important that this be done with respect to the gold underpinning of our dollar. At the risk of being considered advocating debits in Republican circles, I submit these facts on the absolute and comparative gold quality of our dollar today:

1. We have 313 times more actual gold today than we had in 1929 when we were on the 100% gold standard.
2. We have 15 times as much gold as England, the country nearest to us among all the Western nations (and, as you know, England wouldn’t even be in the race without our assistance).
3. We have nearly 100% of gold for each dollar of currency in circulation (gold $23.5 billion, currency outside banks $16 billion).
4. We have a ratio of gold to currency and total bank deposits (demand and time) of 12%, as compared with only 7% in 1929.

(5) We have a ratio of gold certificate reserves to the deposit and note liabilities of our Federal Reserve Banks of 47.2%, which is nearly 100% greater than the legally-required reserves of 25%.
(6) We have $11.0 billion of "free" gold paid in, gold wired could be used to support additional bank loans of the member banks. This means that the Federal Reserve Banks, if necessary, could, under the present law, disburse eligible paper, or purchase government securities and expand reserve balances of member banks $646 billion more than the present $23.8 billion. On the basis of this primary credit expansion, the commercial banks could then expand loans or invest some $228 billion more. So, we aren’t down to our last legal dollar, by any means.

As a matter of fact, it is in part this extremely strong gold position that causes many people to urge a return to the traditional gold standard. They fear the vast credit expansion potentialities of this great holding of "free" gold, and are not willing to rely on money management to keep it in control. Certainly, it places a great responsibility on money management, but, of course, includes the banks as well as the government.

With this grave responsibility in mind, it is proper to inquire as to how well it has been carried out in the past. In view of the considerable amount of the value of the money supply in recent years, it will probably come as a surprise to many of you to hear that total demand deposits and currency outside banks nowadays is about the same in relation to physical production as it was in the middle and later 30’s.

Continued on page 32
Distribution's Role in Higher Living Standards

By T. Y. HOUSEY
Vice-Chairman of the Board, Sears, Roebuck & Co.

Holding public must look to distribution for further efficiency and costs. Here are the main trends threatening to reduce distribution expense as:

(1) customer self-service;
(2) better location of retail stores;
(3) lower warehousing and packing costs;
(4) more convenient business hours;
(5) better store design and layout;
(6) decentralization of manufacturing by locating in small communities.

Sears retailers have made creditable showing in combating with improved sales methods and paying cheaper distribution charges.

One hardly needs to emphasize the importance of distribution in our national economy. A glance at the following table shows that in 1951 every $1 spent by consumers goes through the hands of retailers and wholesalers valued at $1.78. The main categories are:

(1) the manufacture of usable materials out of nature's raw materials;
(2) the fashioning of these materials into useful products, both durable and nondurable.

We all know that a certain amount of about the same sort of useful materials is consumed each year by individuals and by business, both to replace wornout and to satisfy growth of demand. Where manufacture is concerned this includes new machines, new factories, and new buildings. Where distribution is concerned it includes reselling or redistributing what has been already made and getting it to the consumer.

These are personal benefits of our enormous economic growth. They are not alone responsible for the opportunity to intellectual and spiritual growth, but they have dealt with us an unexhausted wealth in materials, which are the raw materials of education. They seem to us to be a natural order. They have a compensating effect on the beneficent and divinely planned order of nature. This order is, of course, the order of production, consumption, and distribution. It is a beneficent order in that it fulfills a natural law: and it is a beneficent order in that it brings about order out of chaos. It is a beneficent order in that it makes possible the efficient utilization of human labor. It is a beneficent order in that it results in the most efficient use of the resources of the earth. It is a beneficent order in that it gives us the satisfaction of acquiring in exchange for our labor the things we need and want.

These are the features that make the work of the distribution community to our way of thinking a work of beneficence.

There has been no important criticism of this economic law so far as we know. There are, however, some points to be considered. The efficiency of the distribution community is, of course, closely concerned with the efficiency of the manufacturing community. If it can be shown that the manufacturing community is not working efficiently, it may be that the distribution community is not working efficiently.

We believe that the manufacturing community is working very efficiently. We believe that it is working far more efficiently now than it was when we first entered business, and we believe it is working more efficiently now than it was when our family and myself and my father and his family first entered business.

We believe that the manufacturing community is working very efficiently.

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We believe that the manufacturing community is working very efficiently.
NEW ISSUE
$25,000,000
State of California
4%, 2% and 2 1/4%
State School Building Bonds, Series F

Dated November 1, 1952
Due November 1, 1954-78, incl.

Principal and semi-annual interest (May 1 and November 1) payable at the office of the Treasurer of the State of California, City and County of San Francisco, and at the option of the State, at a place to be designated by the Treasurer in accordance with the laws of the State of California, payable to bearer, and at the option of any duly authorized agent of the State Treasurer, including the agent of the State Treasurer in New York City. Canceled bonds are in denominations of $1,000, payable only to both principal and interest.

Bonds maturing on and after November 1, 1974 are subject to redemption at the option of the State, as a whole or in part, on November 1, 1973 (not prior thereto) and on any interest payment date thereafter, at the principal amount thereof and accrued interest thereto on the next interest payment date.

In the opinion of counsel, interest payable by the State upon its bonds is exempt from all present Federal and State of California Personal Income Taxes under existing statutes, regulations and court decisions.

We believe these bonds will meet the requirements at legal investments in Savings Bonds and Trust Funds in New York, California, and certain other states and for Savings Banks in Massachusetts and Connecticut and will be eligible as security for deposits of public monies in California.

These bonds, to be issued for school purposes, in the opinion of counsel will be valid and legally binding obligations of the State of California, payable in accordance with these terms out of the General Fund of the State, and the full faith and credit of the State of California is pledged for the punctual payment of both principal and interest. Under the enabling statute the State is obligated to collect annually, in the same manner and at the same time as other state revenue is collected, such sum in addition to the ordinary revenue of the State as shall be required to pay principal and interest on the bonds as become due. The bonds were approved by the Legislature on November 8, 1949 for the purpose of providing aid for school construction in the State, the amounts thereof to be repaid, in whole or in part, by the districts receiving aid.

These bonds are offered when, as and if issued and received by us and subject to approval of legality by Edmund G. Brown, Esq., Attorney General of the State of California, and by Meuric, Orrick, Duboisque, Reif & Harrington, Attorneys, San Francisco, California.

Amounts, Rates, Maturities, Yields and Prices

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*Bonds maturing 1974-78, subject to call at par December 1, 1973.

Yield to first call date November 1, 1973.

This maturity, except where yield in call date indicated.

What Are We Doing About World Trade?

By MICHAEL A. HEILPERN


International economist, noting Santa Claus period of postwar history is finished, sees only two likely alternatives: (1) expansion around the world with almost no limits or checks (2) persisting in our present mistaken commercial policies and seeing our exports shrink to levels of imports; which would lead to major world economic crisis and play into the hands of our commercial rivals. He identifies various means, and devise healthy foreign monetary policy to reestablish currency convertibility throughout non-Soviet world.

As 1952 is nearing its end, the second half just entered into a peculiarly crucial period. Recovery from the dammages brought about by the Truce have made very many economists believe that the United States is standing on the threshold of financial and economic recovery. Yet there is no more likely realization of the importance of sound foreign economic policies and of the need for a more vigorous effort to improve our standing in the international economy.

Rediscovers of Money

Western Europe has "rediscovered" money in the past two years. The importance of sound economic policies and of the need for a more vigorous effort to improve our standing in the international economy.

Michael A. Heilpern

Graham to Discuss Investing Techniques

Benjamin Graham, Visiting Professor of Finance and President of Graham - Newman Corporation (a mutual fund), and author of "The Intelligent Investor," "Security Analysis," and "Planning Your Estate," will present his new book, "Investing Today" given by the American Association of May, economist and editor.

At the School's dinner forum on "Economic and Monetary Stand the Cold War!" to be held at the famous Hotel Janeway, consulting economis Graham, former consultant to "Newsweek"; Ed G. Nourse, former Chairman of the Federal Reserve Board; Hans Lipson, the "New Generation" of economists. Mr. Graham and Mr. May.

Reynolds Opens New Uptown Branch Office

Reynolds & Co., members New York Stock Exchange, announce the opening of their new office in the Billionte Motel for the conveience of investors in the mid-town area. George C. Schenker will be manager of the new office, and will have associated with him as registered representatives Edward A. Waston, a merchant who has been a leader in the field of business, and will be the greatest of the common people of our nation.

You and I represent those common people. We are part of them. We love our country, and the right to our own property would be destroyed by any form of national socialism. We see that the very thing that makes the upholding of our property a principled position of our national and international life.

Our very daily experience teaches us that the example of the United States is the best one to observe the practical rules of the private enterprise system. We have learned a great deal from our success, and we have reformed our institutions. We have come to realize that we have the right to our own property and that we have the right to our own property and that the protection of our property.

G. H. Walker & Co.

HARCOURT, Conn. - Irvin G. Walker is the new President of G. H. Walker & Co., 111 Pearl Street, New York.

Courts Add to Staff

ATLANTA, Ga. — Mrs. Margaret Y. Garner is now with Courts & Company, the leading banking enterprise in the New York Stock Exchange.
You have a stake in what the steelworkers are doing in Peter Helck's illustration. They are conducting a fracture test—pouring a small sample of molten steel which will be allowed to solidify and then will be broken and carefully examined. This test will tell them what still needs to be done to the hundreds of tons of churning, white-hot steel in one of our open hearth furnaces to make it just right for some particular finished product.

For steel is a material that is precisely made to specification for the many thousands of different uses in which it serves you—from tin cans to automobiles. And the fracture test is only one of many ways in which constant vigilance is exerted to maintain high and uniform quality.

At approximately 100 stations in our steel mills, about one-tenth of our employees devote full time or part time to the analysis, testing, measurement and inspection of steel as it moves in the stream of production from raw materials to the shipping floor. At each station the steel must meet definite and rigid standards before it can pass on to the next step in manufacture.

And in our laboratories, scientists and technicians work continually not only to maintain the highest standards known today but to develop steels of even higher quality and greater variety for tomorrow. It is through such care that steel has become one of your lowest-cost and most useful servants.

In National's operations, quality always has come first. That is one reason why National has become one of America's largest steel producers—thoroughly integrated, entirely independent, always progressive.

CHILTON COMPANY

Serving America by Serving American Industry
The Power to Destroy*

By BENJAMIN F. FAIRLESS
Chairman of the Board, Republic Steel Corporation

Leading steel company executive, asserting growth of American business is being seriously stunted by fiscal policies of the Federal Government, points to high taxes as killing incentive and notes that synthetic fabrics are becoming intolerable to business of every size, and it is particularly hurtful to new enterprises. Holds profits constitute the food which supports growth of business, and calls excess profits a tax from business that is more than a hidden sales tax, and power to tax is power to destroy, when used in this deceptive fashion.

The only reason why people work is that they get a reward for their labor. If they work for other people, they are cajoled or forced into it. If they work for themselves, they get it — is called a profit. If it is a profit, as wages are paid as well, that is all work, so there is no factor of source of all business en

prise. Without profit, no business would ever be established. Without a realization of profit no business can continue to live; and without an adequate profit no business is able to grow.

Since the end of World War II more than half of all the profits that American industry has earned have been paid out to the Government to support its growth and to support businesses, as it is to humans — particularly in its infancy — that the mortality rate among new businesses is so enormous. Most of these establishments die in the early years of their lives because they have not been able to earn the profit they needed to grow on.

Thus we may say that profits are the food which supports the life and growth of every community, of every population, just as wages provide the food which nourishes our human population. If much of that economic food is taxed away, then these industries will sicken and wither from malnutrition.

Our Present Business Taxes

So with these simple and very elementary facts in mind, let us look at our present moment at our present business taxes.

The government levies a normal tax of 20% on our very small

eastern businesses —on establishments with taxable incomes to $25, 000. On businesses with larger incomes it levies a 50% income tax, which brings the rate up to 52%. Then, under present law, it also imposes a so-called “excess profit” tax, which brings the rate of 52% on business growth. If a business is a large one, it increases its efficiency, its production, and its service to the nation — the “top heavy” may be just too bad. It'll cost you a penalty of $700,000.

And if a business does NOT grow—if its earnings are just what they were last year, and its costs go up, it still must pay the Government that 52% tax. It is a direct attack on the sixth of its normal, potential growth.

So I submit, that the so-called excess profits tax is a destructive tax, one of the worst that the nation has ever known — as its name implies — a tax on the fruits of effort.

*An address by Mr. Fairless at the Full Meeting of the Chamber of Commerce, Atlanta, Ga., Oct. 29, 1952.

Less Government Spending
And Our Standard of Living

BY ARNO H. JOHNSON
Vice-President and Director of Research
Walter Thompson Company

Ascertaining consumer holds key to higher living standards, and there is acceptance among consumers' decisions, Mr. Johnson maintains more advertising and selling pressure are required to offset effects of slackening in defense outlays. Says living standards can be further increased by a great deal, and that people can consume one-third more than at present.

Advancing a major job in 1953 — that of selling a higher standard of living to the American people—Mr. Johnson says expenditures for defense and recurrent government spending are the assured way to reduce American living standards.

Through years of insidious government advertising policies, many Americans have come to believe that only through increased government advertising expenditures are they able to remain prosperous and full employment. And even our business leaders have succumbed to the fallacy of government spending as the way to increase and ingeniously to increase productive capacity through increased market for their production. We are led to fear decreased or decreased government advertising of product that would cause the nation to cut back its high living standards in 1953 or 1954 is looked upon with fear and as a cause for present refraint in investment in productive programs or civilian production that would result in a higher standard of living. It is true that only a slight increase—a 1% increase in our present high standard of living — under American people to offset completely a cut of $20 billion in gov

erment defense expenditures. Are present government spending policies are terms of the opportunities that exist for an expansion in our standard of living? A comparison of sales and services in 1952 to sales and services in 1949 shows that population has increased by just 2%. To say nothing of the 3% third increase in living standards of living — would so broaden the base for all Americans to cut in tax rates without lowering the total revenue for government and defense.

In other words, the present high level of income in the United States, resulting from war and defense expenditure, has not met the expectations and occasioned the optimistic views of the economists and government officials in the midst of gloom — sales were making poor comparisons with 1950 and 1949. This, and we are in the midst of advertising of our products and in the midst of government spending. As the

American public, we are at a loss to

understand those assurances that we have been given. We are not very high, but it is not as high as the a year and a half ago in the 1950s, and we have been under proper leadership.

The consumer holds the key. The level of living he chooses now from can mean either a depression or an advancing, by consumer buying power will play a major part in guiding his decisions.

Expert Opinion Variances

Our judgment and our advertising and selling plans have been based on economic analysis of the economists and government officials. At a time, now, and we are in the midst of gloom—sales were making poor comparing with 1950 and 1949. This, and we are in the midst of government spending. As the

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The consumer holds the key. The level of living he chooses now from can mean either a depression or an advancing, by consumer buying power will play a major part in guiding his decisions.
Which comes first — Engine or Fuel?

To answer that question, we need first to ask what kind of engine you have in mind:

An engine for low-octane fuel — or an engine for high-octane fuel? An engine for the fuel of tomorrow—or the fuel of today?

The fact is, General Motors engineers are continually studying engines of all kinds, and meeting the challenge that each presents.

The Diesel, for example, is a very high-compression engine, using kerosene-type fuel. The challenge is to build a light, compact engine that develops high efficiency from this kind of fuel.

Jet engines will burn a wide range of petroleum fuels. The challenge is to improve their design and efficiency and bring down their production costs.

In automobile engines, we work first of all to give you a balanced combination of high performance and maximum miles per gallon from present fuels—and at the same time we work with dream jobs which use fuel so far beyond present standards that it must be laboratory-made.

The point about engines and fuels is — neither comes first. The job is to bring the two together, with the best results and that is just what General Motors engineers have been doing, year after year.

All of which adds another reason why the key to a GM car is your key to greater value.

GENERAL MOTORS

"There are better things for both people."

CHEVROLET • PONTIAC • OLDSMOBILE
BUICK • CADILLAC • BODY BY FISHER
GMC TRUCK & COACH

Filming Facts About Flames — Moving pictures like these—taken with a high-speed camera through a quartz window set in a test engine—help GM engineers probe for further facts about fuels and engines. It is typical of the pure research which has led to such advances as knock-free gasoline and high-compression engines.
Neither is this new trend important to all of us. If loan demand were growing faster than the economy, as it has during the past few months, it might be necessary to raise short-term interest rates—but not necessarily by a large amount. The economy is still growing and it is not yet clear that the threat of inflation is serious enough to require action. However, the situation is sensitive. If the economy were to take a marked upturn, the Federal Reserve would be forced to raise interest rates in order to keep inflation in check. This, in turn, would make it more difficult for consumers and businesses to borrow money and might lead to a slowdown in economic growth.

The Federal Reserve is in a difficult position. It is trying to balance the need to keep inflation under control with the need to support the economy. If it were to raise interest rates too much, it could cause the economy to slow down too much. On the other hand, if it were to keep interest rates too low, it could lead to inflation. The Federal Reserve is doing its best to find the right balance, but it is not an easy task.

The Federal Reserve is not alone in this task. Central banks around the world are also trying to balance the need to support their economies with the need to keep inflation under control. This is a complex and difficult task, and it is one that requires a great deal of skill and judgment.

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**High Level Business Maintained!**

However, Business Survey Committee of National Association of Commerce Industries lists many companies in the back orders continuing to increase, though at slower pace.

A composite opinion of purchasing agents who comprise the National Association of Purchasing Agents Business Survey Committee, whose Chairman is C. Swanton, Director of the Winchester R. Arms Company, Division of the Olin Industries, Inc., reports October industrial production at the high level compared to the previous month, the strike's end. Order books continue this increase, however, as long as sufficient production is shown an inclination to level off and continue. These buyers predicted good business with inventories dropping to more normal size by the middle of December. The majority of this month extend that forecast well into the first quarter of 1953, with the usual bull for holiday and inventory taking. Prices show a tendency to flatten out or decline, as foreign and futures markets register lower levels, believe, buyers' market is in the making. Industrials, finding inventories a hit low, are planning to continue into better. Quarter sales employment remains high, as holiday and winter goods production reaches its peak current month. The strike has not retarded effect on industry. Buying is still strong, although orders with orders on the books and production schedules, and is conservative.

The conclusion appears to have had little bearing on current business, the report states. Some comments indicate contemplated expansion and replacement programs. Profits appear to have deferred until a clearer view of the future can be had.

Commodity Prices

October reports indicate the price push following the steel strike. This increase from the current trend is to level off or decline. Reports of the "high through" increase results from the steel advance and a three-price commodity index, indicates the low side from sharp declines in other categories and increase in certain factors. More salesmen are calling. Competition is increasing. Suggestions for an early inventory demand, and Purchasers are expecting an improvement toward a buyers' market.

Inventories

Industrial materials inventories continue at a recorded level for many months. More materials are being purchased, however, many items of steel; so, inventories are reaching better balance. Current production orders are high, but of short range, which

Our Reporter on Governments

**BY JOHN T. CHPENFALLD, JR.**

The government market still holds to the favorable line in spite of upsurge arts as well as backing and filling, which has been brought about by the Treasury's actions. The market continues to be a relatively affair which makes it rather susceptible to easy movements in both directions. For example, bond prices appear to have influenced the short end of the list a bit more adversely than was looked for in some quarters. Nonetheless, overall demand seems to be a fairly impressive one (which lengthening still being done by certain of the commercial banks) and there is a bit more caution that prevails in the market here and there.

Accordingly, the movement into the higher income Treasury obligations of the past few weeks appears to be the scale down variety rather than was the case a short time ago. So it appears that this commercial market, although other institutions appear to have taken a larger hand in the recent movements.

The eligible obligations are still the market leaders and that goes pretty much for the entire list, even though the tight money conditions does have an effect on some of them and then, the restricted bonds have only a passing amount of attention—non-government investments are still more important to non-bank investors than Treasury obligations.

**A Professional Market**

Professionalism continues to rule the government market, and the shorter end of the list has been a bit off the slope by side of a minor surplus of Treasury bills. Evidently certain holdouts are to hold on to their positions, and this somewhat of a bit has been expected and this created a cautious attitude throughout the year man of the list. There had been reports of sales of other Treasury bills used to balance the books etc., but the list the demand for the bills. However, others held off selling because they knew that demand existed and there was no indication of supply. The news was that this is the first time it happened, and it took very little on the part of the market to re-establish the short-term market of much of its temporary indigestion.

However, because of the clouded position of the near-term market and that there has been a somewhat lessened interest in the other Treasury obligations especially in the intermediate and longer term, some of the banks have been found to be not sovigorous in their purchases of selected issues because they believe that it might be possible to acquire them at a bit more favorable prices. The purchases by these institutions have not been in heavy, but they have been fairly sizable in this market.

There is still a good demand for some of the Treasury issues and this interest continues to have a good following. The out-of-town investors have been buying one of the principal operators in this bond as they have been in the recent past. Apparently there has been improvement in the demand for the 2 1/2 due 1953, with both the longer term Treasury bills and competing to a degree for this obligation. There has also been a moderate amount of purchases of this issue, as a result of tax switching operations.

Long Eligibles in Demand

According to reports, there has been a somewhat enlarged interest in the 2 1/2's of 9/15/62-47, which is directed to the maturity lengthening operations by the smaller deposit banks. It appears as though these institutions have seen fit to give up some of their Treasury bills now that the interest rates on some of the long-term eligible issue. Scale purchases of the September 1967-72, it acquired worked out rather well because the amounts involved in anyone of the eligible operations looks to be very well with the thin market and the limited size in both directions.

The interest in the Southwest, according to advice, have been among the leading operators in the trading of the more eligible issue, both from the standpoint of new purchases, tax swaps and maturity lengthening. The Middle West institutions have also been active in these same kind of operations. The most active are the Southern and Eastern banks providing not too important competition. It is reported that the 2 1/2's of 1962-72, has been the important issue among the Southwestern banks, with the September 1967-72 and the 2 1/2's of 1959-62 following in order.

Market Briefs

Savings banks continue to be mainly on the sidelines, although there have been a few instances in which there has been a modest amount of selling by these institutions. Insurance companies continue to a lesser extent outside of the qualified bond field, to be so large that they will not be interested in Treasury obligations for some time yet. There has been cases where small amounts of the 2 1/2's have been taken out by these large. The ineligible bonds, seem, however, have been a bit more interest, but from any new sources. State funds continue to take limited amounts of the longer maturities and run the market up, with money market funds making a few conservation loans. The bond fire insurance and casualty companies, however, seem, there have been few of the June and December 1967-72.

The position gains in this instance as far as being a major market factor is concerned. It supplies a considerable amount of the volume and activity in a thin market. While this kind of operation has been largely with the commercial banks, there seems to be other than the few parameters that are doing a little more of the place.

Tax anticipation bills appear to be on the demand again with corporates going in---prices have been increasing in recent weeks. Commitments, in this security, have been rather sizable in the last few days according to advice.
Exchange Control and Evasion in England

BY PAUL EINZIG

Dr. Einzig points out, despite efficient enforcement of exchange controls by Great Britain, there is still considerable evasion. Cites circumvention of the limit of £25 per head by illegal British citizens as evidence. Also discusses the possibility of evasion through use of transactions in t.l.

London.—Britain is in a considerably better position from the point of view of the enforcement of exchange restrictions than it was last year. It is easier to control trade through the present system of exchange control than it was under the system of 1939, when the British authorities had to control the flow of bullion across the frontiers of the country. The creation of the special national fund for foreign-exchange transactions, the ring of all foreign-exchange transactions to the Bank of England, and the establishment of a system of exchange control which would necessitate the keeping of detailed records of all foreign-exchange transactions, are all improvements which make it easier to control trade through the present system of exchange control than it was under the system of 1939. The British authorities have now a much better system for controlling trade through the present system of exchange control than they had under the system of 1939.

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FIDG Banks Place Debut

A successful offering of £73,215,000 of debentures of Federal Intermediate Credit Bank was made in November, and the banks proceeded to the issue of £73,215,000 of debentures on Nov. 3, 1932, and due Aug. 3, 1953. The proceeds of the debenture, together with other funds, were used to retire £62,600,000 of 2.25% bonds and £25,000,000 of 3.0% bonds which matured on Nov. 3.

On Sept. 30, another successful auction of £23,220,000 of 2.50% debentures due Aug. 3, 1953, at par. The proceeds from the debenture, together with other funds, were used to retire £18,500,000 of 2.25% bonds and £25,000,000 of 3.0% bonds which matured on Nov. 3.

Edwin Jacobs Joins Steel and Company

Edwin Jacobs has become assistant to Steege and Company, 52 Wall Street, New York, as manager of the trading department.

Spencer Trask Branch in Nashville, Tenn.

Spencer Trask & Co., member of the New York Stock Exchange, opened a branch office in Nashville, Tenn., under the co-chairmanship of Martin B. Key and Robert S. Stempel. Associated with the new firm are C. W. Smith and Sol Stern. All were formerly with the New York office of Charles A. Trask & Co.

Temporary offices are located in the Third National Bank Building. Official opening of the branch office will be held on Dec. 29.

Midwest Exh. Member

CHICAGO, Ill.—The Executive committee of the Chicago Board of Trade Exchange has elected the following members: Mayor Buchman, Skatank & County, New York; N. Y.; John C. Schultz, Chicago, N. Y.; Frederick J. Winkler, Shaver-Winkler Co., Detroit, Michigan.

Continued from page 2

The Security I Like Best

be measured since 1947 by the continuous increase in sales from $6,000,000 in 1946 to $11,000,000 at the end of November 1951. Further increase in sales up to $13,000,000 this year. Unfilled orders at the end of last August were $11,219,000. After September, 1951, net income rose from a deficit of $188,000 in November of 1951 to a profit of $912,000 in November of 1952. By December, profits amounted to $1,780,000 in the five-year period 1947-1952. Sales have risen in this period from $6,000,000 to $18,000,000 and therefore profits have increased in the same proportion. Earned dividends paid in the five-year period 1947-1952 have been as follows: 1947, 5¢; 1948, 5¢; 1949, 5¢; 1950, 13¢; 1951, 15¢; 1952, 19¢; 1953, 21¢. Earned dividends paid in the five-year period 1947-1952 have been as follows: 1947, 5¢; 1948, 5¢; 1949, 5¢; 1950, 13¢; 1951, 15¢; 1952, 21¢. Earned dividends paid in the five-year period 1947-1952 have been as follows: 1947, 5¢; 1948, 5¢; 1949, 5¢; 1950, 13¢; 1951, 15¢; 1952, 21¢. Poor dividends paid in the five-year period 1947-1952 have been as follows: 1947, 5¢; 1948, 5¢; 1949, 5¢; 1950, 13¢; 1951, 15¢; 1952, 21¢. Poor dividends paid in the five-year period 1947-1952 have been as follows: 1947, 5¢; 1948, 5¢; 1949, 5¢; 1950, 13¢; 1951, 15¢; 1952, 21¢. Poor dividends paid in the five-year period 1947-1952 have been as follows: 1947, 5¢; 1948, 5¢; 1949, 5¢; 1950, 13¢; 1951, 15¢; 1952, 21¢. Poor dividends paid in the five-year period 1947-1952 have been as follows: 1947, 5¢; 1948, 5¢; 1949, 5¢; 1950, 13¢; 1951, 15¢; 1952, 21¢. Poor dividends paid in the five-year period 1947-1952 have been as follows: 1947, 5¢; 1948, 5¢; 1949, 5¢; 1950, 13¢; 1951, 15¢; 1952, 21¢. Poor dividends paid in the five-year period 1947-1952 have been as follows: 1947, 5¢; 1948, 5¢; 1949, 5¢; 1950, 13¢; 1951, 15¢; 1952, 21¢. Poor dividends paid in the five-year period 1947-1952 have been as follows: 1947, 5¢; 1948, 5¢; 1949, 5¢; 1950, 13¢; 1951, 15¢; 1952, 21¢.
Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Insurance Stocks

Insurance stocks continue to be one of the best acting groups in the market at present. In contrast to the wholesale and retail stocks, which have made little progress since the start of the year and in many cases have actually gone lower, insurance shares have been in an upward trend most of the period.

The insurance group during the past week was strong and is now making a promising finish of the year. In terms of average, the insurance group average shares on these Oct. 30 stood at 164.51, which is 5.50 points, or 3.5%, above the close for the year.

Two weeks ago we reviewed the market action of some of the leading fire and casualty insurance companies and selected another group of insurance shares including four life companies. The results have again been highly satisfactory.

In the table below, market quotations as of Jan. 2, 1932 are compared with prices for Dec. 30. The point change between the two dates is calculated and the range for 1932 is shown.

Arthur Casualty

Aetna Life

American Alliance

American Re-Insurance

Ameriprise

Camden Fire

Connecticut General Life

Employers' Group

Fidelity & Deposit

Hartford Steam Boiler

Jewett & Company

Lincoln National Life

Marine

National Life

New Amsterdam Casualty

New York State Life

Pacific Fire

Prudential-Washington

Travellers Insurance

U. S. Fidelity & Guaranty

V. S. Fidelity & Guarantee

The market performance of the life group is particularly impressive. Favoring by an increasing volume of business and an improvement in mortality experience, underwriting operations have been very satisfactory. With the firming in interest rates in the past several years, these companies should be able to invest funds at more advantageous returns. This, in turn, should permit these institutions to improve the average rate of income with a corresponding benefit to common shareholders.

On this basis the stocks have been advancing. Aetna Life for the last six weeks has gained 50c per share, National 28c, Lincoln National 34c, and Travelers 55c.

Among some of the companies which write substantial amounts of automobile liability and automobile physical damage, the market action has been generally favorable, which has been more than offset by the underwriting losses which are now being borne by 6c per share for Aetna Casualty, 8c per share for American Automobile, 11c per share for Automobile Insurance, 4c per share for New York Marine, and 18c per share for Pacific Fire.

This action is a further reflection of the improvement which has taken place and it is hoped that the underwriting operations are not entirely satisfactory, they are better than a year ago and some further improvement is expected.

Some of the other companies which continue their operations to certain lines such as Fidelity & Deposit, writing fidelity and surety lines, and Hartford Steam Boiler, writing boiler and machinery lines, have also done well.

Fire insurance which constitutes the bulk of the business written by most of the other companies has continued to be profitable and the shares have followed the trend of the industry.
The Dilemma of Fire
And Casualty Companies

By OWEN ELY

Iowa-Illinois Gas & Electric Co.

Iowa-Illinois Gas & Electric Co., with annual revenues of about $124 million, supplies electricity and natural gas to a population of 320,000, serving 56 towns along an eight-county area in Illinois.

The company has for some years maintained a high ratio. Capitalization at the end of 1951 was approximately as follows:

Long-Term Debt
$31,600,000
Common Stock (outstanding June 30)
25,000,000
$56,600,000

The company's 1951-1952 construction program was financed largely through bank loans and the company plans to issue 8 million bonds and $6 million preferred stock around the end of January, 1953. Common stock financing will probably be deferred until 1954.

The company was formerly a subsidiary in the United Light & Power System. The subsidiary was formed by the public companies in 1926. The following will indicate the company's record over the past decade:

| Year | End Dec. 31 | Net Revenues | Net Earnings | Dividends | Appr. Net 
|------|-------------|--------------|--------------|-----------|---------
| 1942 | $21,630,000 | $2,340,000 | 1,770,000 | 1.76 | 1.05
| 1941 | 17,660,000 | 2,22 | 1.50 |
| 1940 | 15,840,000 | 1,95 | 1.61 |
| 1949 | 15,840,000 | 1,95 | 1.61 |
| 1948 | 13,880,000 | 1,38 | 1.19 |
| 1947 | 12,770,000 | 1,76 | 1.05 |

*Based on 1,095,000 shares.

The company's electric generating capacity was increased very substantially in 1949, and with a maintenance reserve over peak loads, it has been unnecessary to add much more capacity since that year, although output was increased moderately at the Moline station. In 1952 the construction budget approached $12 million, but actual expenditures may run a little lower because of delays in obtaining materials.

The growth of space-heating business largely accounts for the substantial increase in earnings in recent years. At the end of last year the company still had 14,000 applicants for residential space heating compared with 30,000 heating customers at that date, out of a total company, of which about 600,000 are gas customers. The increased sales of natural gas, the company's gas revenues have more than doubled since 1946. Completion of the Texas-Illinois pipeline, connecting to the pipe line system of the Natural Gas Pipeline Company of America, has considerably improved the reliability of service to the company's eastern districts. Completion of the proposed large underground gas storage field (the Herreth Dome) should in future aid considerably in permitting the company to expand its gas sales and heating load.

Like many other gas retailers, the company is now encountering a high rising costs for its gas purchases; the estimated increase in the average unit cost for the year 1952 as compared with that of the 12 months ended Nov. 30, 1951 is 40%. However, the increase in wholesale rates have been before the FCC for final determination.

Iowa-Illinois Gas & Electric has been having rate difficulties in Illinois, despite the fact that the company's gas and electric business increased very substantially. The company is believed that no overall reduction should be made; it offered some time ago to make some reductions in gas rates in order to avoid the cost of the uncertain future trend, and in the expectation of receiving some increases in electric rates. However, the Illinois Commission did not agree and the proceedings have continued during 1952. The Commission ordered a rate reduction of $520,000 for 1952. This was obtained in a settlement reached by the sides in the first order.

Illinois, in the past, has generally been considered a "fair" rate area except for a single year, 1948, when the company had a hearing and the Commission that it should switch to original cost. The issue in this and other cases may eventually have to be decided by the state Supreme Court.

In addition, the common stock is currently selling around $28 on the New York Stock Exchange to yield 6.4%. Share earnings for the 12 months ended June 30 were $2.13, making the price/earnings ratio 12.1 and the dividend payout 85%.

How Much Exposure from Stocks

Stocks on the other hand are subject to market fluctuation and some risk. Stock investment, when buying and selling stocks, is more subject to market fluctuations than common stocks. And in the field of common stocks companies with long established records of earning power and dividend payments represent high quality investments and are, generally, not subject to wide market fluctuations than new or marginal companies which have not yet established themselves. Furthermore, common stocks are available which are stable and do not fluctuate with the business cycle. The public utility industry, for example, is more conservative investments and companies, with the exception of a few, safer and more widely held and possess less investment value as compared with stocks in cyclical industries such as steel or metals or railroads. If stocks but the quality which is generally more important than market exposure is it not only the amount but the quality of the business.

Now let us compare in detail the investment exposure of the fire and casualty companies used for the fire and casualty companies compared with 20 years ago. At the end of last year, fire and casualty companies have 50.4% of their assets in bonds and 43.3% 20 years earlier. This is of course contrary to the experience of other insurance lines.

The composition of these bonds, however, has changed. At the end of last year, 54.7% of these bonds in the U.S. Government compared with only 7.3% in 1931. This represents a trend toward increased exposure on the bonds in the U.S. Government compared with only 7.3% in 1931. This represents a trend toward increased exposure on the bonds in the U.S. Government.

Railroad bonds on the other hand, have decreased from 12.8% 20 years earlier. Public utility bonds were only 1.6% 20 years ago as compared with 1.8% 20 years ago.

How far can a fire or casualty insurance company go in invest-
The after-tax or take home payment in favor of common stocks is as high or higher than, or opposed to, the after tax income received by those in the lower brackets over period of years, this 4% to 5% as much received from common stocks as in one year, slightly more surplus and hence greatly increases the financial condition of the company.

Yet, despite this gain against an upward fluctuating claim against during the inflation. This is particularly true of stocks that is not sometimes settled for 2 or 3 years after the sale, and in the last year one of our largest NY carpet companies was sold for $2,500 to $3,000 to claim reserves which meant a profit of $7,900,000 a loss of $3,150,000, or $4,750,000, this was actually shown. This has been true. Because if a company's capital stock "Another additional stock and share would now have become probably the highest-marital surplus stocks that means a decision to be made for the 10% and as opposed to the 8% or 9% on a minority rather than a majority basis.

Someone has said that a wise decision is the lesser of two evils. It is possible to follow this logical line by the strictness, its normal growth consequently impaired and its investment value. Again we are in a long-term inflation as a matter of fact, stock is bound to advance just as it has shown the past 10 years. The companies which have sufficient capital and surplus to invest sub-edited or buy the gains at such prices seem to be more than other concerns to be speculative and unwise during an inflationary period.

A Dilemma

The dilemma between capital and cash is insurance companies today is a difficult choice. In order to pursue an aggressive investment policy because of the size of the capital and surplus in relation to their insurance exposure, increased income, protection against the declining purchasing power of the dollar, the tax advantages, and an apparent 4% to 5% limit is the take home policy and finally the hedge against the future. What is the answer to the dilemma? Many fire and casualty investment officers would like to pose the question but feel trapped as they see the larger companies finding the surplus in relation to insurance exposure growing larger at the gained earnings. And there are "plus poor" neighbors.

The answer is as plain as its utopian at the moment—and here it is. Raise more capital. Whether this is to be done through the sale of additional common stock or otherwise, the answer is the same. It is not popular because fire and casualty insurance is selling at substantial discounts from their net asset value, in some instances as high as 46 to 50% of its face value. Insurance companies insurance to keep to the stockholders at present do not seem to regard this as their business. Forthwith, the stockholders who can take up their rights and subscribe for additional shares in their holdings. On the other hand some companies who can afford to pay for additional stock will certainly own their proportionate share. Naturally these remarks apply to the capital and surplus stockholders. The mutuality can build up their surplus only through re-estate whether the real estate prices are up or down, too, no executive wish to have to sell stock to their stockholders at a discount of 40 to 50% from net price, yet they would rather wait for a time when their shares at a higher.

In this logic entirely sound? For stocks raised the price of new stock at such a discount, they question it. It is only those stockholders who sell to subscribers and who have refrained from buying in the equity in the company that are, therefore, adversely affected. It is not the holders there are? It is difficult, to be sure, to hold the understanding that less than $100 million was raised from new stock to provide for a new company in part, in some cases 80-90% was raised from old stockholders. Therefore a decision not to sell additional stock and raise new premiums currently paying low prices of the shares and it that would have some stockholders means that a decision is being made for the 10% or 20% and as opposed to the 8% or 9% on a minority rather than a majority basis.

One additional dividend that the companies whose high capital and surplus stocks are in a long-term inflation, its normal growth consequently impaired and its investment value. Again we are in a long-term inflation. Insurance companies are bound to advance just as it has shown the past 10 years. The companies which have sufficient capital and surplus to invest sub-edited or buy the gains at such prices seem to be more than other concerns to be speculative and unwise during an inflationary period.

Sol Frank

Sol Frank, partner in May, Breg & Co., New York, passed away Oct. 27.

Henry W. Bucbuck


Ramon O. Williams

Ramon O. Williams, partner in Marston & Co., passed away Oct. 27.

New York Stock Exchange

Weekly Firm Changes

The New York Stock Exchange has announced the following changes:

Jennie Rittmaster will be added to the personal service of the Stock Exchange, Inc., of Long Island, and she has been disestablished effective Oct. 31.

With Thomson-McKinnon

With Thomson-McKinnon (Special in Financial Chronology)

CHARLOTTE, N. C.—John D. Crabb has been added with Thomson-McKinnon, Johnston Building.

Securities Salesmen's Corner

Small Space Ads Bring Results for J. A. Hogle & Co.

If you want to be seen and be noticed, don’t be different. For many years, many Wall Street firms have refrained from using advertising copy that is overdrawn and restrained and dignified type of message. That is, the firm has been an inclination to try out the type of the advertising methods that have sold in other lines of business, and when these methods have not been used the results have been very satisfactory.

You can lower your advertising costs very much if you can obtain attention and high identification value from small advertisements. The firms with branch offices that are unequal to sell large space effectively where the offices are located and the advertising is obvious. In the case of J. A. Hogle & Co., with their 14 branch offices, it was possible to support the activities of the branch offices and consider saving in overall expenses for this entire campaign. Single column, small black was used. They all used the same theme, "What's the campaign, "combined nursery rhyme" (with which all are familiar) with the idea that the firm could make your money earn more. The "rhyme" was the same pattern. There was an illus- tratation of a nursery rhyme object, or character, in the left hand corner and on the right of it a rhyme in Italian tied in with the theme of the ad. One of the advertisements is reproduced herewith.

All the ads carried the statement that 974 dividend paying stocks listed on the New York Stock Exchange during the year ending June 30, 1932.

Association With Familiar Subjects

One of the most effective method of gaining attention and accep- tance of your suggestions is to use the combination of a familiar subject with an unknown spin. Salesmen have known the use of this approach and have used it in personal selling for as long as the idea that you know John Jones over in the next town—well that’s fine—he’s never been a salesmen for you years," often gets the order. It is the same principle, new to the customer’s confidence. In this campaign the familiar nursery tales have been adapted to simple facts, and when they were com- bined with a light and readable message they were effective and their believability was greatly enhanced.

Doorknocking in the area of small, single column ads in local newspapers is that you can use profits from repetition at a much lower cost than if you use the larger but conventional type message. The combination in an attractive but dignified illustration, combined with a well known and favorably attention if it a large ad had been used to convey a conven- tional type announcement.

The Cables Company, Los Angeles, California prepared this series of advertisements for the investment business using instead of the stereotyped announcement that has been the standby for so long. Ads such as these are practical to read, they gain your attention, and they sell.

Deoointing By American Bankers

Raymond C. Deoointing, Vice-President and Director, F. C. manufacturer company, has been appointed Chairman of the Bank of America, Los Angeles, by the Commission of the Bank of America. San Francisco Bankers Asso- ciation has been announced. Mr. Deoointing has been active in the San Francisco Bankers Association for several years.

With First California

(Special in the Financial Chronology)

LOS ANGELES, Calif.—James H. Spaulding, President of the First California, and the staff of the First California Com- mission of the Bank of America, has been appointed Chairman of the Bank of America, Los Angeles, by the Commission of the Bank of America. San Francisco Bankers Asso- ciation has been announced. Mr. Deoointing has been active in the San Francisco Bankers Association for several years.

With Richard Harrison

(Special in the Financial Chronology)

SACRAMENTO, Calif.—John S. Harrison, 454 South Broadway, Los Angeles, was previously with Curtis Lipton & Co.

With Richard Harrison

(Special in the Financial Chronology)

SACRAMENTO, Calif.—John S. Harrison, 454 South Broadway, Los Angeles, was previously with Curtis Lipton & Co.

Wm. R. Staats

(Special in the Financial Chronology)

Los Angeles, Calif.—William R. Staats, 1101 South Broadway, Los Angeles, was previously with Curtis Lipton & Co.

With Inv. Service

( Special in the Financial Chronology)

DENVER, Colo.—David S. Gott- lieb, 1444 Sherman Street.
The rapid industrialization of Canada since the end of World War II has set the stage for a larger size of the business unit in Canada, as well as for raising the stature of the public in business corporations. The question now is, how will the present trend of following the trends of her close neighbor, the United States, whose industrialization preceded its own by two to three generations, will influence Canada's industrial growth and concentration of industrial power as it relates to the growth of the country. As a matter of fact, the Federal Government of Canada has also set itself the problem of the "Canadian Business Investigation Act" a number of years ago, and has recently amended it so as to strengthen its anti-monopolistic purposes.

The question was thoroughly discussed recently at a meeting of the Canadian Chamber of Commerce in Toronto. The discussion centered around "the new competition," and its effect on prices and production.

One of the speakers, who was queried by the chairman of the committee, discussed the effects of the recent amendments to the Competition Act, introduced by the Federal Director of Combines Investigation, Mr. Macdonald. Mr. Macdonald told his listeners that the purpose of the legislation is "to preserve the highest competition of which a given situation can be expected in the public interest." The new competition as defined by the legislation emphasizes the braking power of prices on such factors as research, advertising, etc. This differs in emphasis from "the technical" concept of competition which simply envisioned many people making a product, with many buyers picking and choosing among them.

Mr. Macdonald took the view that "the new competition" tends to indicate that emphasis on price competition is becoming increasingly unnecessary. "This is not to say," he said that undoubtedly certain elements in competition will continue, even if not, have taken on new significance, but it was not felt that such competition is necessary to hold industry legislation to "turn back the clock." Nevertheless, the government official stated, the purpose of the legislation is to check the situation which might forbid price competition and which was to the public detriment. Whatever price competition was possible should be maintained, and he felt that it is not feasible to make many of the factors included under "the new competition." Mr. Macdonald, chairman of the panel discussion, answered the question "If, in an inflationary period, a group of businessmen agree to control their prices, they may not be too late for the countenance of the public, who will work together earnestly and in harmony for the ending of such inflation, but, just as a great many have seen such a situation which would make the door is always open to them."

Delegates, who had been listening intently, laughed, and Mr. Fowler replied: "That has been true of me without getting more money."

Dr. J. W. Worboys, of Imperial Chemical Industries, England, in an address at the meeting, said: "We should remember that nowadays we are in a similar position to the one run by managers, not by proprietors, and many managers generally are very conscious of their responsibilities towards the community itself, the workers, and the nation."

It will probably be hard to find examples, common though they were in other times, of such abuse of "big business" as the buying up of new industries and others, and controlling or suppressing them, or of "big business" killing small competitors by ruthless price policies and exploiting the consumer by excessively high prices.

"My experience is that 'big business' does not stifle competition. It should be a necessity for some national superpowers. And, while the objective of the machinery should be to investigate and that it should be permissive in intention and not aggressively restrictive, like, for example, the Sherman Law in the United States."

Speaking on the same subject, Mr. Ford, a Financial Analyst, a Canadian, a S. P. Ford, who is Director of Research and Development of the Canadian National Steel Company, said that an important point is that "we are not afraid of the power of big business."

Mr. Ford gave the example of Government and public service, which is bigger than any business and that our courts are sufficient protection against abuse. We lean on a large business because it is more efficient."

Mr. Fairweather added that while Canadian industry is still based primarily on extensive energy sources, a "broad conversion which has governed" her advancement is "the readiness to accept modern techniques of production."

"As the per capita output of the extractive industries in Canada is, I believe, the highest in the world."

Mr. Fairweather's thesis was that Canada is on her way to great industrial development because of the mechanized production and, above all, the "efficiency of big business."

Dean Witter Adds

(Opposite page Financial Chronicle)

"The Mexican Stock Exchange: The liquidation of the Mexican stock exchange has been completed. Van Houtens has joined the staff of Dean Witter & Co., Equitable Building.

Continued from first page

For a Comprehensive U.S. Foreign Economic Policy

Europeans to earn more dollars.

Canada's hopes for the foreign convertible currency market have been buoyed by the recent success of the British dollar, but Canada's dollar has not fared as well. The British dollar has dropped sharply in value against the U.S. dollar, and the Canadian dollar has followed suit. However, the U.S. dollar has weakened against the Canadian dollar, and the Canadian dollar has risen against the British dollar. The U.S. dollar has also weakened against the Japanese yen, and the Canadian dollar has followed suit. However, the U.S. dollar has strengthened against the Canadian dollar, and the Canadian dollar has weakened against the British dollar.

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The solution to the dollar problem will require international action. The Federal Reserve System of the United States will be forced to act in concert with other central banks of the world. The problems of floating dollar, Paris, and sterling currencies remain unsolved. The present dollar exchange trade will continue to be a major problem. The market for dollars will remain a major problem.

The present trade imbalance cannot be reversed overnight. The monetary requirements of the United States and the European Community will place severe strains on the international payments system. The United States will have to make adjustments to its economic policies to make its trade deficit smaller. The European Community will have to make adjustments to its economic policies to make its trade surplus smaller. The United States will have to make adjustments to its economic policies to make its dollar exchange rate more competitive.

A recent editorial in The Wall Street Journal, the monthly publication of the American Bankers Association, says today's prosperity rests upon a temporary foundation and factors in the outlook point to readjustment from abnormal demands of the early 1970s. The “dollar problem” has been revealed to have some extent in recent months. The Federal Reserve System of the United States and the European Central Bank have both increased their buying of dollars in recent months. They have been buying dollars to support the dollar exchange rate. This has been a major source of concern for the United States and the European Community. The United States will have to make adjustments to its economic policies to make its trade deficit smaller. The European Community will have to make adjustments to its economic policies to make its trade surplus smaller.
Continued from page 6

Needing US. to Raise Gold Price

broadly under the terms of the Bombay Forward Contracts Control Act of 1947, the Bombay Forward Club Association is nominated by the provincial Government of Bombay to receive forward foreign exchange for the market and to convey its views to the traders.

The Bombay Forward Bullion Association was described as a more democratic body than its earlier rival in order to be set up in order to avoid frictions caused by conflicts between the procedures of the two associations in the trade. The conflicts led to frequent and protracted litigation, the latter has been won by the Government's consent.

Since April, 1949, forward trading in gold in Bombay Province has been conducted exclusively on the Bombay Bullion Association.

Israel—Under a decree of September 25, 1952, Israel's "commercial" gold is subject to license by the Finance Ministry. Issuance of gold in public pieces is illegal.

Peru—Under a Decree of July 11, 1952, private gold producers required to sell to Central Bank at official world market price.

New Zealand—Since August, 1952, there are no longer free markets abroad. For gold, the purchase price is fixed locally from licensed dealers, payable in dollars at the end of each quarter. The dealers are given the liberty of purchasing at an estimated high of 70,000 ounces per month, and are required to report a minimum of 26,000 ounces, some of the illegal imports.

One early October Report had it that the Government was planning to legalize gold exports and imports of a new company composed of some Chinese and some Peruvian officials, and some Siamese officials would have the monopoly of imports and that the gold be paid for in US. dollars. The import duty on gold and to check the volume of trade in the US. could be reduced to 50 cents per ounce. The price of gold is over 20,000 ounces, and reportedly averaging 50,000 ounces, some of the illegal imports.

Switzerland—Free market established Dec. 15, 1951.

The import or export of gold as also gold in transit require a license from the Swiss National Bank. Bar gold approved by cross of the Swiss cross Switzerland without difficulty.

The government of Switzerland is assessed a 6% tax at the frontier. This is a tax on the goods themselves and not on the persons the Swiss banks collect a 4% purchase tax. Wholesale gold dealer establishes that the Swiss banks are not subject to the tax; a sale of Swiss gold is tax free, but the purchase tax is not payable.


United Kingdom—The Bank of England's ban on dealing in bar gold by private traders is lifted. Any official prices has barred London bullion market. No deals may take place in gold or bullion. Also, the Governor of the Bank of England.

National Accounts of Great Britain are published by holding gold, but gold may be held in England for foreign account and permission to hold gold will be directly granted to any country outside the Sterling Area whose requirements of gold for trade and investment.

The United Kingdom permits the importation of gold for conversion into half-kilo and one-kilo bars.

(Vegetative) London reported the gold market, William the writer's article in the "Chronicle" of Aug. 21, 1952.)

Philippines, Malaya, Thailand—The Philippine Government granted additional relief to gold sellers. Any previously those mines had been allowed to sell on the free gold market, it would be a new product, they are now allowed to sell in that market all gold that they produce.

The permission, moreover, is retroactive to Aug. 4, 1952. The reason it is retroactive is that some banks held their gold and silver was applied to the gold mines, that their laborers are not less than four percent daily. A new act of production the mining companies are required to report that 12-25% of their output to the Philippine Government in the form of gold (Peso ($35) an ounce. Although the Central Bank is deprived of this regular source of gold. The Philippines' Export Commercial Bank is supported by Philipino Cruz de Ferro, who concluded the report has said.

With the Manila price of gold fixed at $35.50 per ounce, to equal about $62, the gold is not available for sale to buying public. The Manila market, it should be noted, is in the Philippines that the private supply of gold, comprised of six or seven Chinese, the wrong price. While about a third of the gold marketed is fixed by this country and the Philippines.

As the release of the Philippines gold in the country and the Philippines, the rest of the world appears overseas, as the gold dealer's market of gold in the Philippines. As the release of the Philippines gold in the country and the Philippines, the rest of the world appears overseas, as the gold dealer's market of gold in the Philippines. As the release of the Philippines gold in the country and the Philippines, the rest of the world appears overseas, as the gold dealer's market of gold in the Philippines. As the release of the Philippines gold in the country and the Philippines, the rest of the world appears overseas, as the gold dealer's market of gold in the Philippines. As the release of the Philippines gold in the country and the Philippines, the rest of the world appears overseas, as the gold dealer's market of gold in the Philippines. As the release of the Philippines gold in the country and the Philippines, the rest of the world appears overseas, as the gold dealer's market of gold in the Philippines. As the release of the Philippines gold in the country and the Philippines, the rest of the world appears overseas, as the gold dealer's market of gold in the Philippines. As the release of the Philippines gold in the country and the Philippines, the rest of the world appears overseas, as the gold dealer's market of gold in the Philippines. As the release of the Philippines gold in the country and the Philippines, the rest of the world appears overseas, as the gold dealer's market of gold in the Philippines.
Lisbon. The banks shall report, to the Banco de la Republica Oriental del Uruguay, the number and kind of gold coins and bars or ingots they receive. In this report they shall limit themselves to indicating the characteristics of the coins and bars or ingots so reported, and they shall also report any withdrawals and exports made from the deposits of gold in bars or ingots, but only when made by official or private banks national or foreign or, in the case of the Banco de la Republica Oriental del Uruguay, through Custom brokers.

Art. 3—Imports of gold covered by the permit for trade navigation cleared through Customs directly, in conformity with the provisions of the law of Aug. 7, 1922, and the decree of Dec. 7, 1943, are exempt from any tax levied or any other forms of taxation, and, in addition, the import of gold or bars or ingots, but only when made by official or private banks national or foreign or, in the case of the Banco de la Republica Oriental del Uruguay, through Custom brokers.

Art. 4—In cases where import permits are not made by banks, the custom house where the shipment arrives will be entitled to require a certificate or a guarantee from the Consulate of the country of origin, a bank, and an authorized Custom broker, who shall be obligated to regularize the procedure in conformity with the provisions of Art. 30 and 46 of the decree of Aug. 2, 1943, within a period of 48 hours after the arrival of the goods.

The gold will be taken from the custom house in the custody of the Consulate by a Customs Inspector at the time of its arrival at the banking premises, and the same must be authorized in such cases as are controlled by the Executive Power.

Authorization that will not be given:
(a) In the case of gold in coins or bars or ingots imported authorized in the Banco de la Republica Oriental del Uruguay, through a certified stewarded company registered with the Bank Administration, 1.0.1.4, a letter or certificate of gold of the same type equivalent to the gold to be received, before the date of their application to the present decree.
(b) When the interested parties have not the authorization of the Banco de la Republica Oriental del Uruguay, through a certified stewarded company registered with the Bank Administration, 1.0.1.4, a letter or certificate of gold of the same type equivalent to the gold to be received, before the date of their application to the present decree.

Art. 5—The Controller of Executive Power of the Banco de la Republica del Uruguay, through a certified stewarded company registered with the Bank Administration, 1.0.1.4, will, within 48 hours of the application for the exportation of gold, provided that the following documents are presented to the former:
(a) The favorable resolution of the Executive Power, which will be communicated by the Ministry of Finance in the cases referred to in the first paragraph of the preceding article.
(b) Sworn declaration of the depositary banks of the amount of gold of the deposit system referred to in clauses (a) of the preceding article.
(c) Copy of the favorable resolution of the Banco de la Republica Oriental del Uruguay, which shall be solemnly sworn in the place of destination.

The gold in coins and bars or ingots made in conformity with the present decree and declared by the depositary banks for shipment for the exportation of gold provided for by Art. 3 of this law, will have the same legal effects as the gold previously referred to in the first paragraph of this article.

Art. 2—The Banco de la Republica Oriental del Uruguay and the official banks of the country are authorized to sell protective ingots of gold in coins and bars or ingots.

Art. 9—For purposes of the provisions of Art. 2 of the decree of July 25, 1965, and the law of Sept. 18, 1950, the Banco de la Republica Oriental del Uruguay, through a certified stewarded company registered with the Bank Administration, 1.0.1.4, will have the responsibility of declaring to the Government of the country of destination, for purposes of the present decree, that the gold is subject to the conditions established by the laws, regulations and the authorities of the country of destination.

The Banco de la Republica Oriental del Uruguay, through a certified stewarded company registered with the Bank Administration, 1.0.1.4, is entitled to deliver the gold deposited.

Bank L.A. CAJA OBREIRA is entitled to deliver the gold deposited.

GENERAL CONDITIONS
(1) The gold which is the object of the present certificate is deposited in the Banco La Caja Obreira in custody.

(2) The owners of the certificate may dispose at any time of the gold which is the object of the present certificate. However, the regulations of the Bank La Caja Obreira and the regulation prevaled by the Republica Oriental del Uruguay. The Banco La Caja Obreira is entitled to surrender the gold only against presentation of the present certificate. The bank has the right but not the obligation to verify the identity of the bearer of the certificate turned to the bank means the destruction of the certificate.
A Report on Credit Inflation

Federal debt, the debt of the economy—of municipalities, business units and individuals—keeps growing. At a rate which each of the last two years equals the asset growth of the 1920’s! Equally significant is the composition of this new debt structure.

Lack of credit discipline was a most remarkable aspect of the expansion. It was a year of slumping prices and of definite consumer resistance. Yet, corporate-taxable-debt alone has risen by $14.2 billion—nearly 47 of the 46 per cent gain in the round—little less than in 1920 when raw material prices and other wages were jumping at a record pace, and inventory buying by producers as well as by consumers was of an unprecedented intensity.

Also, 1951 was a year of credit controls: "Voluntary restraint" on building and on real estate, and W setting ceilings on real estate and consumer credits; sharply increased margin requirements on securities under regular and U. S. Federal Reserve rules; $9 billion have been raised by municipal issues, the largest amount on record; $8 billion, and $5 billion in corporate long-term debt, securities issued; and only $3.1 billion, less than previous year’s $3.3 billion. (See Table II.)

Memo to investors: Railroads accounted for a bare $500 million call in bonds, the largest calling of the rest of almost $19 billion. Indeed, the railroad debt was still $700 million below where it was at the end of 1945. And other corporations have exactly doubled in six years! Had it not been for the whole inflation of railroad obligations, the total corporate debt would be well over the double of its 1929 volume.

The Credit Expansion

On top of all restrictive measures, the federal Reserve "reacted" the supports in March 1951, and the thing did not go well. The result must be disapproving to the doctors who believe that an inflationary tide can be stemmed by increasing government bond yields by $1 of 4 or so. The "un-ppegging" could have had much of an effect when—in the face of qualitative credit controls, consumer self-restraints and falling commodity prices—the total credit expansion in the non-governmental sphere was only 18% less in 1951 than in 1950 ($5.7 billion). Nor was that all, for state and local authorities showed the same hesitation in borrowing, to the point of nothing being done, of the Federal Government’s deficit of $3.9 billion.

The corporations’ rush into long-term debt is a part of the violation of the vast plant and equipment construction. Directly and indirectly, industries were the prime motive force in 1951, as they are in 1952, and will probably be also in 1953. But what about the skyrocketing short-term indebtedness of business in spite of softening commodity and wholesale prices it may apply. Either inventories are growing at a rate of 15 per cent according to statistics report; or short loans serve to finance capital investment, and not as the usual developments. All the debt is in the service of the increase that the rise in short-term corporate credit was equally divided between "notes and accounts payable" and "other current liabilities" (mainly vendor credits), and that the juggle of a reckless expansion.

Consumer loans are another source of a most fantastic paper structure. Last year, roughly $12 billion (to $20.6 billion, (Table II) were made. Whether their growth had been checked, but that there was growth at all. In view of the $29.3 billion (1), a decade had to be expected even without controls—which were probably a contributory—rather than the decisive factor.

In any case, credit controls had the effect of the expansion of "governmental" and "financial" loans contracted to a lesser extent than short- and medium-term businesses. Those in the "financial" category—loans of a 91-day to 1 year—rose to $13.9 billion, while in the commercial category, of 1 year to 3 years, one major debt group that decreased slightly by a negligible $21 billion.

As to 1952, sufficient data are available to show a probable amount of new debt issues in 1952.

Consumer credit controls having been relaxed, "new installment buying" (March and April) was extended to $73.7 billion, 63% over the $41.0 billion in 1951. That is, 1951, $5.5 billion,” adding $1.022 million to the outstanding total, 1951, $840 million, that is, over the $324 million in July and $173 million August, but by then the outstanding amount reached $21.4 billion—highest in history.

Urban mortgage recordings discontinue a new expansion that was to be expected in the first seven months, rising at the estimated monthly rate of $2.5 billion. About one-half is being amortized by mortgages, but the $1.5 billion of new production is still growing. And the amount of the tax it pays. The size of that tax is the most precious one-top-selling asset in the United States. And it has been guarded—by the Federal Government—by its success in the "profit before taxes" and "profits before tax on the tax" chore, that is, the secret of the atom bomb.

I would, for example, what the customers of U. S. Steel would think if I told them that the tax which our company collected from them last year and turned over to various agencies of government, was so large that it would amount to more than the entire combined running cost of the Federal government! And the Federal courts as well as the Federal agencies are very well aware of the salaries and all the expenses of all the members of Congress, all the Federal judges, all the Federal assistants, all the clerks, assistants, secretaries and stenographers, all the salaries of the members of Congress, their travel, and—in short—the works.

Would that surprise our customers? Well, if so, the real facts are that the truth is that the total tax of U. S. Steel last year was seven or eight times the annual income of one among thousands of business men who are making a living of the ones who bought our steel last year.

Taxes Take More Than Food Costs

Today the American people are paying more and more in taxes than they pay for all their food and shelter combined. Government taxes take one-third of every dollar that the average American makes. But that is only a fraction of his tax directly—his tax is in the price of the things he buys. But he is not aware of that purchase, of course, unless he is buying something other than government—responsibility.

And there, my friends, I think there are many of us who have become so involved with the political-mind economists denote a direct sales tax and demand still higher levies on our corporations. Only in this way can they place business on government, the blame for the enormous wages at which are, of course, no responsible to the government.

What is that? It is taxes. And the government, governments are in a sorry state of affairs. Government and Government are not able to do anything except to pay these taxes, in this way, save money, and save those to whom the government pays.

Continued from page 16

"The Power to Destroy"

Your new industries must not be burdened with wasteful waste in
In the midst of our great depression, the reckless policies of our politicians have not decreased our high degree of prosperity. We have not prevented people from working and money from being spent. But the fact is that since 1930 there has been a decline in the purchasing power of the average worker. This decline has been most evident in the manufacturing industries. In 1930, the purchasing power of the average worker was about 90% of the income of the people of America as a whole. This decline has continued to the present time. In 1944, it has declined by about 2% from that date.

And then there is the problem of inflation, which is caused by the amount of money that is being spent. With the amount of money that is being spent, there is a great deal of waste. The amount of money that is being spent is not being used in the most efficient way. The amount of money that is being spent is not being used in the most productive way. The amount of money that is being spent is not being used in the most moral way. The amount of money that is being spent is not being used in the most educational way. The amount of money that is being spent is not being used in the most religious way. The amount of money that is being spent is not being used in the most political way. The amount of money that is being spent is not being used in the most scientific way. The amount of money that is being spent is not being used in the most artistic way. The amount of money that is being spent is not being used in the most charitable way. The amount of money that is being spent is not being used in the most honest way. The amount of money that is being spent is not being used in the most true way. The amount of money that is being spent is not being used in the most fair way. The amount of money that is being spent is not being used in the most just way.

So let us look at what we are doing, and how we are doing it, and what we can do to improve it. We must look at the amount of money that is being spent, and how we can use it more efficiently. We must look at the amount of money that is being spent, and how we can use it more productively. We must look at the amount of money that is being spent, and how we can use it more morally. We must look at the amount of money that is being spent, and how we can use it more educationally. We must look at the amount of money that is being spent, and how we can use it more religiously. We must look at the amount of money that is being spent, and how we can use it more politically. We must look at the amount of money that is being spent, and how we can use it more scientifically. We must look at the amount of money that is being spent, and how we can use it more artistically. We must look at the amount of money that is being spent, and how we can use it more charitably. We must look at the amount of money that is being spent, and how we can use it more honestly. We must look at the amount of money that is being spent, and how we can use it more truly. We must look at the amount of money that is being spent, and how we can use it more fairly. We must look at the amount of money that is being spent, and how we can use it more justly.
Mutual Funds

By ROBERT E. EICH

TOTAL INVESTMENTS of the 200-year-old Harvard Endowment Fund reached a new high of nearly $300,000,000 on June 30, 1952, an increase of $35,000,000 or 13%, over the preceding year, according to a research report just published by the Investment Management Company, managers of The George Putnam Fund of Boston.

Of this increase, $6,600,000 was due to new gifts to the Harvard Endowment Fund, and the balance was principally the result of capital appreciation, the Putnam report indicates. Market value on June 30 was approximately 35% in excess of historical "cost," compared with 25% at the same time last year and 16% in 1950. The rate of return on historical cost of Harvard Endowment Fund investments was 5.08% in 1952, the best return in 20 years, compared with 5.07% last year, 4.55% in 1950 and 4.44% in 1949. Portfolio changes during the past year produced capital gains of $3,760,000.

Common stock holdings were increased to meet the public's en¬ tire portfolio on June 30, the highest percentage on record. During the past year, the Putnam report explains, the Investment Management Company of the Harvard Endowment Fund continued to follow the traditional Massachusetts Trustee practice of maintaining a balance between growth and income stocks and high-grade fixed income securities.

The distribution of investments by type as of market June 30 was as follows:

- Cash and U. S. Government bonds: 20.1% of total.
- Preferred stocks: 7.1%.
- Corporate bonds: 22.1%.
- Stocks: 37.8%.
- Real estate: 1.7.
- Other: 1.2.

The principal changes in the composition of the portfolio of the Harvard Endowment Fund during the year were: the increase in stock holdings of banks, oil and electric utilities. Other substantial increases were in paper, beverages, building, railroads, rubber, and farm equipment. The largest reduction was in the elec¬ trical area. During the year there were sizable write-downs in chemicals, retail stores, chain groceries, and finance companies. The drug group was eliminated entirely.

A NEW MONTHLY INVESTING plan through which persons may build investment accounts in in¬ come-paying securities has been announced by Rugh W. Long and Company, mutual fund sponsor. The investor may start with an initial investment as low as $50 and make regular purchases in any amount or as frequently as monthly or other convenient intervals. The accounts made by plans holders are invested in shares of Diversified Investment Fund, a mutual fund holding bonds, preferred stocks and common stocks, or in shares of Diversified Com¬ mercial Stock Fund, both funds are managed with emphasis on in¬ come return and the plan extends to all share purchases, automatically reinvesting dividends from their investments so as to build up the principal.

In commenting on this new de¬ velopment, Hugh W. Long, Presi¬ dent of the sponsoring organiza¬ tion, said, "This plan makes it possible for the average person to build his own investment account in these mutual funds out of his earnings, from the very start the full advantages of di¬ versification, careful selection and constant supervision of his invest¬ ment holdings. Since both funds emphasize income return, we ex¬ pect that they are interesting in building gradu¬ ally toward a supplementary in¬ come for years later on until among those subscribing to the plan." The plan is bank-operated and plans are available for each fund at a nominal fee as a premium. The Bank of New York receives all payments made to plan holders for pay¬ ments made and dividends rein¬ vested in the plan. To maintain its continuous notice in advance of the day cash payment is due, authorized investment institutions in the country have been provided with application forms for opening plan accounts, and the plan is available to the general public through them.

WELLINGTON COMPANY said this week that it occupied its new Philadelphia headquarters. The Wellington Building at 1630 Locust Street was opened a month before its 25th anniversary on Dec. 28. Built in 1927, the building's architectural building has four floors and a basement and has been designed to allow sufficient room for expansion.

The building is the business area of Philadelphia. Walter Morgan, Wellington Fund's president, in commenting on the history of the section, said, "In 1777 when the British oc¬ cupied Philadelphia, the trees in the area were sold to the army for firewood. Development as a resi¬ dential area began in and around 1816," he said, "and in 1848 traffic demands and general growth re¬ quired the building of two streets—Rittenhouse Street on the west and Locust Street on the southern side." The fund is holding a reception on July 14, from 3:30 to 6:30 p.m.
As We See It

has insisted that it brought the country out of the depression of the Thirties, and that it alone knows how to prevent another from developing. The old, old policy. "As we always have been, so we are, so we shall remain." When we are asked whether it was a case of "old wine in new skins," the如实回答 is not, the cause of continued "good times" but on the contrary has created conditions, inflationary and otherwise, which soon or late must bring their own retribution. The popular idea, particularly in political circles, that should another depression threaten, the easy answer (as we have now learned—the Lord knows how) is a vigorous application of the hair of the dog that did the biting, is dangerous nonsense.

It is apparently believed (even among some who call the shooting "prophetic") that the recovery from the recent deficits, more expansion of credit, larger doses of money, more subsidies, higher wages, more soakings of the rich, bigger and better give-away-abroad programs, and all the rest of it would bring any threat of depression to a quick end. Just what is to be done—assuming any given depression actually is prevented in this way—when the cure of this depression inevitably brings on another at some future time, is a situation which is much too dangerous to leave in the hands of the politicians. It is doubly dangerous by reason of the fact that there are relatively few left in influential political circles to protect us from its dire consequences.

Of course, the truth of the matter is that any successful attempt to prevent depressions must pursue a diametrically opposite course. It may or may not be that homo sapiens has not yet learned to manage his affairs without them, but that nothing is more certain than the fact that only careful, intelligent, prudent management of our affairs offers any hope for the foreseeable future.

Railroad Securities

Illinois Central

As this column will not appear until after the election news is highly favorable, it must be a foregone conclusion, or if the sharp rebound in stock prices that got under way last week is to be maintained through the election, the political influences on the market will be reduced to a minimum at the time of this writing the performance of better grade rail evidences has again become impressive. Obviously the financial community could not be expected to ignore the implications of the highly favorable September earnings comparisons and indications that with the coal strike ended this trend was likely to continue.

On the September earnings showing one might expect some optimism to develop even with respect to New York Central and Pennsylvania, both of which have been under an earnings cloud for some years. Another road that showed a particularly good year-to-year comparison in September is the Chicago and North Western, but which has also enjoyed a strong dividend follow-up, in Illinois Central. The road reported net income of $4,479,000 for the 1952 month compared with $1,326,000 in September 1951. It is true that in the current period the results included a tax adjustment of $2,353,000 in connection with the recent refunding on a $25,000,000 bond issue. This adjustment, however, the September 1952 net income of $2,126,000 was well above the 1951 period.

For the full nine months of the current year there was an increase of $19,200,000 in revenues, $221,000,000, total tax accruals for the period were also up. The road, however, was able to keep expenses under strict control (transmission ratio was down more than a point) and net income jumped almost $7 million. Earnings on the common stock, before sinking fund payments, reached $4.92 a share. Compared with $4.85 a share earned in the like 1951 interim. Results were probably better than usual and not too drastically, by the short bituminous coal strike in October. Outside of that the prospects over the balance of the year are favorably indicated.

For the full year 1951 Illinois Central reported earnings of $12.72 a share compared with $11.92 a share for the full year 1952. Even with inflation it appears that the 1951 depression was long over before the end of 1952, it is anticipated that railroad analysts that company might well be able to realize such at figure. It is on this basis that there is confident in financial circles that another dividend increase is in the offing in the not too distant future.

One thing pointing toward more liberal dividend policies is the feeling among railroad analysts that the coal strike will not be so large in the future as they have been in the past. Certainly there is no expectation of regular serial payments on equipment obligations and sinking fund payments, which are more than covered by depreciation. "There seems little doubt that the debt retirement program has been completed. The non-equity debt is now down to round $115 million. This is a most conservative figure for a road of the size of Illinois Central and represents an accomplishment of $200,000 since the beginning of 1941. Cash requirements for all improvements to property and equipment are also expected to be very small. The road may go in for dieselization of its road freight service as now seem inevitable.

On a long-term basis railroad earnings appear to be well pressed with the traffic outlook. The trend of coal traffic has been better than average in recent years. Power requirements for the Atomic Energy plant on Kevi, Kentucky are expected to further this trend. Also, large parts of the service area have been experiencing outstanding industrial growth, which point to the probability that this trend will carry on for some time. With these factors bright for both traffic and expenses and with higher earnings coupled with the among the top favorites of the investment buyers.
Outlook for the Dollar

1938 and, that the total money supply is now definitely smaller than at any time in the past four years, and that it is actually smaller in relation to production and price than during the years of the Great Depression. Attention to this, however, without proper perspective, may give the impression that stock, turnover, or velocity, of the monetary unit has been declining; but, it also must be kept in mind that the monetary authority, through its control over this velocity factor, has

Our Future Dollar

August estimate of the future of our dollar may be based on consideration of those factors which determine it. It has now been shown that there are many factors in addition to gold which affect the value of our dollar, or perhaps it would be better to say, which affect both the value of gold and the value of our dollar. In fact, many competent foreign students of money go so far as to say that the value of the dollar determines the value of gold, rather than the other way around. We have, in short, a new set of forces which determine the value of our dollar. This shift necessitates a revision and estimate of the probable future development as it is done, it quickly becomes apparent that there are forces on the ground "wheel up in the middle of the air" in the old folk song, the dollar does not "run by faith alone."

First and most important in these days of uncertainty, the value of the dollar is determined by political forces. On the international side, as our military strength grows, our inflated world stability, even if only an armed truce, accrues. On the national side, governmental interference in economic affairs, particularly the steel wage settlement, the out railing, the economy is encouraging so far as the future of our dollar is concerned.

The value of the dollar also depends upon the volume of our economic forces. Fortunately, it is here that we can get our greatest encouragement as to its future value.

The first and overshadowing economic force in America is that of production. It has now been kept pace with the increase in population. For example, between 1940 and 1952, population increased 12.5%. But, as a result, output in physical terms increased 15.2%, and the number of manufacturers increased 8.2%. During the same period, steel goods physical volume increased 64%, although the number of manufacturers increased 7%, and wholesale trade volume increased 86%, with an increase in first prices.

There is one aspect of this increase in production which is of great importance for the future. I refer to the growth and development of machinery for labor. For example, production of rayon, nylon, or asbestos textile fibers is more than 300% greater than in 1939, but employment in the industry has risen only 2%. The social and economic implications of this broad movement can hardly be over-emphasized.

Enlightened capitalism, such as we have in America, is an efficient producer. You could hardly find better proof of this than what happened in England under the National Economy. By buying the bed by laboring, lack of com- petitive spirit by business and lack of incentive by business and lack of competition, high taxes, have been largely responsible for bringing many British to the point where 11 out of 12 automobiles produced, and yet the ration of meat is less than 16 pounds for the year.

Governmental financial policy is another economic force which strongly affects the value of the monetary unit. While old-fashioned, enlightened foreign government is probably too much to expect, it is to be hoped that in the months to come the government could fail to improve in the future. So, even here, the outlook is an optimistic one.

The dollar also depends on the arbitrary forces of money and management control. In this field, the future is far from certain since the so-called "accord" between the Federal Reserve Authorities and the Treasury in March, 1931. And, while the Federal Reserve Authorities will never be free of the shadow of our huge debt, their situation vis-a-vis the Treasury was improved by the way the financial world regard the government's budget during the Patman investigation.

The Pragmatic Test

The real test of our monetary unit is, of course, the demand for it. On this, there can be no question.

The so-called "Dollar shortage" prevalent throughout the world is due to the international demand for it. The large excess of exports over imports is another indication of the demand for our dollar.

As for domestic demand for the dollar, the wholesale price index has declined very slowly, but almost continuously, since 1940. In 1951, in addition, the price index of the 28 commodities traded in the world, such as tin, rubber, has declined around 100 index points. And, while it is true that the Consumer Price Index (cost of living) has been moving up in recent months, and that the direct and indirect effects of the steel wage increase will raise an increase of about 5% in the spendable income of consumers, any depression of prices is only temporary.

This is said because present prices are, in general, high. But an economist of the old school will think the consumer thinks they are high and, therefore, is holding on to his money. As long as he prefers dollars to gold, prices will continue to save at present rates, a sharply rising price level is impossible.

In addition, the tax pressure on the consumer is getting more serious. Federal, state, and local taxes, direct and indirect, now take some 35% of the national income. As the Tax Foundation pointed out the other day, the number per person should be 190. In other words, most of these clothes obviously reduce the demand for goods, and, therefore, by the dollar make more valuable.

There is another consumer burden which is heavy by any historical measure. I refer to the outlay for automobiles, which total $77 billion on 1-4 family houses. Interest and amortization on this volume of housing is one of the prime causes for goods on the part of home owners which probably would spend a large part of the money for day-to-day items is very large.

Conclusion

My conclusion is that the outlook for our dollar is considerably better than it has been since the dollar was reduced to a synthetic standard. Nevertheless, it is conceivable that we may experience a hard time in the months to come. The dollar will probably not be far from the bottom, but it will have to be as high as the dollar.

The economic position of the dollar is stronger. The gold position of the dollar is stronger. The money management position of the dollar is stronger.

The economic position of the dollar is stronger because the consumer feels that prices are high and this means the dollar. It is also much stronger because of the great increases in production facilities in most lines of industrial production. The dollar's material capacity has increased so much that it is high time for industry to make plans to meet the readjustment which the current situation will require. Still, the dollar is the coming, supply should be around the world.

Appraising the outlook for operations, Benjamin F. Fairless, head of U.S. Steel Corporation, said: "We can anticipate an increase in first quarter of next year.

Need for additional allotments was brought to the forefront by a study of the production of the steel industry. The cost of the steel industry, or the normal production in the first quarter of 1935 on the strong hope that will be the result of the present industrial situation.

Increase in allotments and a continued rise in capacity are foreseen of a clamor for junking of controls on production and the elimination of controls on the steel industry. The American Institute of Steel Construction, an association of more than 2,000 engineers, has asked the government to build on the steel bridges and other structures. It asks that all government controls on the steel industry be relaxed and that a "normal" industry be ascertained in the construction field can be resumed. "Steel" states.

Industrial steel warehousemen ask that secondary steel products be freed from controls and that manufacturers hold 50% of incoming shipments of some steel products 15 days for possible military demand to be revoked or revised. On the other hand, the Steel Plate Fabricators Association, Chicago, urged the DPA to keep in full force at least through the second quarter of 1952 and possibly to 1953. Steel plates are in strong demand because of the defense program. To permit the steel producers to turn out general products, the government requires strip mills to devote part of their rolling capacity to be used for military production.

The American Iron and Steel Institute announced that the operating rate of steel companies having 53% of the steelmaking capacity in the country, was 53.3% of capacity for the week ending Nov. 1, 1952, equivalent to 2,198,105 metric tons. For the week ending Oct. 27, the rate was 47.3% (revised) of capacity and actual output totaled 2,329,000 tons, the all-time high record. A month ago, the rate was 38.5%, the highest since April when the capacity was the smallest estimated output was $2,819,990 with the rate at 161.1%. Electric Output Advances Further in Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended Nov. 1, 1952, was estimated at 7,350,000,000 kw., according to the Edison Electric Institute. The current total was 58,892,000 kw. above that of the previous week, or 12.5% above the current week, or 12.5% above the previous week.

The week's total represented a decrease of 104,609 cars, or 12% below the end-of-week end-of-week on Oct. 23. The cars on hand on Oct. 22, 1952, were 127,149, or 14.3% below the corresponding week in 1952.

United States Auto Output Scores Highest Mark in 16-Month Period

Passenger car production in the United States last week advanced to a volume of 147,124, an increase of 12 over the August figures.

It aggregated 116,488 cars, or about 9% more than the 107,129 cars in the previous week, and some 30% more than the 86,443 cars produced during the same period in 1951. The cars built in the United States last week were produced in 15 major plants, according to "Ward's Automotive Reports."

The output for the past week was made up of 116,488 cars and 27,890 trucks built in the United States, a new high mark, the...
Business Failures Drop Slightly in Latest Week

Sales of manufactured goods fell sharply. The latest advance for the third week in a row. The number of failures recorded by the Dun & Bradstreet remained at 2,266, an all time low. This is the first time that figure has been below 2,300 since February 1938.

Inflation of liabilities of $5,000 or more rose to 11% and compared with the corresponding date last year, which declined at an annual rate of 23%, this is the lowest level of the year at $361. The average is still 62% above the pre-Korea level of $5,96, but showed a slight decline from the previous period of the year. The overall index for all companies was 2,292 for the corresponding date last year.

Retail sales of consumer goods were weak. The drop came after a sharp decline in the preceding week. The decline was attributed to the effects of the recent strikes.

Wholesale Commodity Price Index Strikes

In May the wholesale price index fell sharply. This is the first time that the index has fallen below the May 1950 level.

Banking and Credit Development

The demand for credit by businesses and consumers has been unusually active. Total loans and credits to businesses and banks exceeded $2 billion, an increase of $1 billion over the comparable period last year. The increase was due to the fact that banks have been able to lend more money.

The demand for credit has been strong. Businessmen and consumers have been able to borrow money at lower interest rates than in the past. This has helped to stimulate business activity.

Continued from page 12

Whither Business and Banking

As the defense program levels off, the problem of adequate working capital will take on a new significance. The defense program has been an important factor in the economy, providing a large amount of business for the defense industries. However, the defense program is now reaching its peak, and the problem of adequate working capital will become more important.

To prepare ourselves for this transition, we should look at the experience of the Mills Plan of accelerated production. The Mills Plan operated during the 1940s and was designed to provide a rapid increase in the production of war materials.

The Mills Plan calls for an increasing proportion of tax payments in the first half of each year. This year it was 70% and the plan is expected to continue until 1953 when corporations will have to pay 100% of all their taxes in March and June. This means that businesses will be paying taxes in the first half of each year at a much greater rate than they will be receiving from their sales. This will put a strain on the business community and will make it difficult for them to continue their operations.

In the past, the business community has been able to count on the government to provide defense contracts and to maintain a stable demand for their products. However, with the end of the war, these contracts will be cut back and the demand for their products will decrease. This will put a strain on the business community and will make it difficult for them to continue their operations.

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The Mills Plan was successful in achieving its goals. It provided a rapid increase in the production of war materials and helped to finance the war effort. However, the plan had some drawbacks. It put a strain on the business community and made it difficult for them to continue their operations.

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price declines. Many of them are ineffectual in the case of both private owners and corporations. The government's objectionable in our type of economy because it tends to depress the normal influences of the market, to give consumers and workers a vaguer choice, and are dangerous to our way of doing business and to our economic freedom. They lead to Federal centralization.

As our domestic economy moves by degrees to a new pattern, we must determine, as it has always done in the final analysis, the course of our credit policy, the gold and interest rates, earning capacity, and the price of goods and similar factors of economic life, unless it is modified by some unpredictable action of Soviet Russia.

Our economy is enormously strong and resilient. It can adapt itself readily to new conditions and requirements. Its industrial resources and productive capacities are tremendous. The structure of our economy is so far less in need of some fundamental reconstruction than is that of the nation we are helping, and there is no reason to believe that no improvement will follow the abandonment of the Reconstruction Finance Corporation and the melt down of its deposits. The removal of the necessity will have a salutary effect on the economy of the whole country.

Our Federal budget for the year is $6,512,225,000, or a little over $17 billion for every man and woman in the country. It is a great production of which we are immensely proud. Under the control of our inflationary Federal government, the American people have been exhorted to a very great extent to consume more and to save less. Under the Federal Reserve Bank, we have been exhorted to the contrary.

This is a great effect that we have had in the development of the Federal Reserve Bank, and it is one of the great factors that we have been working on for years.

The Federal Reserve Bank of St. Louis

Financial Chronicle
### Indications of Current Business Activity

**AMERICAN IRON AND STEEL INSTITUTE**

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<th>Latest</th>
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<td>Work</td>
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<td>Avg.</td>
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<td>Rate</td>
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**ANALYSIS OF THE COMMODITY MARKETS—BANK OF AMERICA**

- Steel and iron (in tons) 200,915
- Total (in tons) 254,971

**COAL OUTPUT (F. & B. BUREAU OF MINES)**

- Bituminous anthracite (tons) 4,457
- Total (tons) 5,742

**DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE BOARD**

- Oct. 18 722,850
- Oct. 19 722,850
- Oct. 25 722,850

**EDISON ELECTRIC INSTITUTE**

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**FAILURES (COMMERCIAL AND INDUSTRIAL)—D & J**

- October 18 143
- November 25 143

**IRON AGE COMPOSITE PRICES**

- Oct. 19 414.4

**METALS & M.E. J. QUOTATIONS**

- Oct. 19 414.8

**NEW SERIES—INSURANCE—BENEFIT PAYMENTS TO POLICYHOLDERS—INSTITUTE OF LIFE INSURANCE**

- Oct. 18 97.71

**NATIONAL PAPERBOARD ASSOCIATION**

- Oct. 18 472.967

**OIL, GAS AND BRIEF REPORTER PRICE INDEX**

- Oct. 18 100.20

**PHYSICAL QUAINTITIES OF INCOME AND WEALTH—BUREAU OF THE CENSUS**

- Oct. 19 72.07

**POLICYHOLDERS—INSTITUTE OF LIFE INSURANCE**

- Oct. 19 5,742

**REALIZED AND LIQUIDATED LIABILITIES OF INSURANCE COMPANIES—BUREAU OF THE CENSUS**

- Oct. 19 6,132,900

**RETAIL CREDIT AGENTS—BUREAU OF THE CENSUS**

- Oct. 19 21,500

**TOTAL ROUND-LOT STOCK SALES ON THE NEW YORK STOCK EXCHANGE**

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<td>Work</td>
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**WHOLESALE PRICES, NEW SERIES—U. S. DEPT. OF LABOR**

- Oct. 19 111.8

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The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date.
one of a single product of
such units. This leaves a legitimate
and independent jobbing function serving the products of enough manufacturers adequately and yet give a required sales attention that might be lacking in doing so. The independent labor and
thoughts that goods are
and profitable sale and exhibition of goods, are
necessary and its efforts in
dependent motion like
have an important contribution to
the raising of distribution costs. We also have cases
where the wholesaler has
and the control of manufacturing operations, so
that money. But this is a general activity becomes a sales depart-
ment, and perhaps the most important
by a group of local retailers, there
CONTROL BY THE RETAILER
retailers on the whole, have
an excellent exchange.
One of the high costs of retail
operations is what the public utility
of goods, and mostly in one of the
lasts year for all goods, and in food and
automobiles, was 83% higher than
1930. The average of the
many retailer's stock is 127% higher, and
yet the ratio of expense to sales
in these years has risen to
23.5%. The third kind of effect has
been in the direction of what
may be called a surcharge on goods from point of production
to point of sale. Many say that the
jobbing function is a very great degree.
This may be true, but the
people who conduct this function
have at times been highly,
under the management of the
large distributor. This has
raised the margin of profit which
customers went to an independent
wholesaler but, the small
who can generally be conducted at a low cost.
Jobbing functions can be segregated from the
activities of the retailer or the
larger distributor. Another
function of the independent
wholesaler is the handling of
the demand for new goods and to service that
demand for new goods and to service the
direct selling effort. When the
jobber has a substantial
and takes over its own job-
ning function, the need for the side
acting as an independent
merchant to each manufacturer's
product, independent jobbing
function, the need for sales
is no longer immediate, the
of the time, and desirable em-
ployees laid off at other parts of
the country. In a sudden
of this point of view to an
extreme difficulty case, I submit
the month of demand, August,
was 10% lower than the
volume of the lowest month, April.
A report of production in inventory,
June, results in a high
point, January,
but the variation in number of
workers is directly
from high to low does not exceed
1 8%.
Who can measure the true value
of the kind of close integration
in business, as it is
just described? Surely not the
larger employer, because
the wages paid, the overhead
increased, and the capital
March, just as he does in
July and August. In these
days of high
, the demand
for the goods, industry must be
considered to serve areas with
no existing business at the
beginning.

Hindrances of Federal Laws
I see no great impediments in the
gradual evolution along the
line of increasing density of vertical integration, through
the wholesaler, to the retailer, as a distribution, is a
most important thing that
concerns the consumer. This integration may be
formal or merely the result of various
hindrances exist are artificial
in nature, and they have
prompted largely by pressure
from a few states with some form of discrimination
laws, based on number
of population. The interest of the public at
large, and the needs of the producer, in the
former Miller-Tydings Law,
the Fair Trade Act. The Robinson-
Patman Act, presumably directed
at these same problems requires clarification in many
repects. Whether or not
it can be seen, rested largely on the
false belief that the consumer
is the only one who
measures for a manufacturer.
the value of a distribution
against a competitive method,
in a continuing manufacturing op-
ing, it is the with the great
off-season or of a type suited to
the consumer. It is filed, if not,
more valuable than any
accounting can determine. All
the confusion of the
has resulted in a
right to a higher price
level instead of encouraging free
competition, which is the
basis and the
of our anti-trust
laws.

One hopes that public officials
will recognize that a great Nation
so composed, if it is
to be adequately served, both
in manufacturing and distribution.
It also needs the many small
businesses of all kinds operating in
its various localities. The economic
sequences in the
and
supply a
function, and the smallest
manufacturer absolutely requires the
service of a middle man, if
such manufacturing enterprises
are to continue the production of
this country for all sizes and all
types — the great single
department stores in distribution;
the
standardized chain store; or
in the main dining room, and
the delicatessen serving all hours.
In a free society the
is free to exercise his choice volunt-
arily, and the public must strive to secure its
share of

The Sherman and Clayton Acts
which did so much to mold the
character of national life in
American business, were born at
the end of the Civil War. With
felt little responsibility for
the
of American business society, for
a new professional managerial
groups, a new
of men who recog-
ized the
of American business enterprise is
the value of the goods
produced to fashion raw materials
to the tastes of the
And as a result, they
the public to maximum
spurred by competition, we
see the
in reducing the cost of
producing goods by means of
the cost of distributing merchandise
is more
firmly, that the same
of thought and research will be
nearly proving the American standard
of

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The Commercial and Financial Chronicle ... Thursday, November 6, 1932
Securities Now in Registration

Diversified Funds, Inc. (11/12) Oct. 28 filed an amendment covering a number of shares as yet undetermined of Diversified Growth Stock Fund, a newly created series of its special stock. Proceeds—For investment. Underwriter—Kidder, Peabody & Co., New York, of an estimated 700,000 shares.

**Dow Chemical Co., Midland, Mich.** Sept. 28 filed (letter of notification) 12,500 shares of common stock (par $5) being offered as follows: About 420,000 shares for subscription by common stockholders. Proceeds—At par (32% per share). Underwriter—None.

**Duoquesne Light Co., Pittsburgh, Pa. (11/19)** Sept. 28 filed 725,000 shares of common stock (par $10), of which 80,000 shares will be offered by company and 179,000 by the Philadelphia Co. Proceeds—For new construction. Underwriter—To be determined by competitive bidding. Probable bidder: The First Boston Corp.; Lehman Brothers; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Roth, Loeb & Co. and Smith, Barney & Co. (jointly); Blyth & Co., Inc.; Carl M. Loeb, Rhoades & Co. and Wertheim & Co. (jointly); Stone & Webster Securities Corp. Bids—Expiration of bids was received up to 11 a.m. (EST) Nov. 19.

**Elyria Telephone Co., Elyria, Ohio** Oct. 17 (letter of notification) 2,125 shares of common stock (no par) and 5,000 shares of 5% preferred stock (par $50). Price—Common stock at $100 per share and preferred stock at par. Proceedings—For new capital. Underwriter—None.

**Farm Equipment Acceptance Corp., Peoria, Ill.** Oct. 17 (letter of notification) 5,000 shares of common stock (par $50). Price—$50 per share. Proceeds—Proceeds will be used for working capital. Underwriter—$500 North Adams St., Peoria, Ill. Underwriter—None.


**Florida Telephone Corp., Orlando, Fla.** Oct. 27 (letter of notification) 2,500 shares of common stock (par $10), to be offered for subscription by common stockholders. Price—$11.75 per share. Proceeds—For expansion program. Address—Box 1061, Orlando, Fla. Underwriter—None.


**Food Stores, Inc., Philadelphia, Pa.** Sept. 9 filed 100,000 shares of common stock (par $1) to be offered to certain employees pursuant to the terms of their stock ownership and dividend plan approved by the Pennsylvania corporate broker market price for the month in which payment is completed. Proceeds—For general funds. Underwriter—None.

**Forest Lawn Co., Glendale, Calif.** Oct. 7 (letter of notification) 25,000 shares of 3% debentures, series 1, due June 1, 1972 (in denominations of $50, $100, $500, $2,500 and each). Price—at par. Proceeds—Proceeds will be used for capital improvements and investments. Office—1712 South Glendale Avenue, Glendale 5, Calif. Underwriter—None.

**Fromage Machining Co. of America, Inc.** Oct. 3 (letter of notification) 175 shares of common stock (par $1) being offered for subscription by stockholders of record Sept. 23 at $1 per share. Proceeds—For working capital. Office—18 Hamilton St., Bound Brook, N. J. Underwriter—None.

**Gardner & Co., New York.** Continued on page 38

**NEW ISSUE CALENDAR**

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>Type</th>
<th>Price</th>
<th>Proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 6, 1952</td>
<td>Pacific Gas &amp; Electric Co.</td>
<td>Common</td>
<td>$20 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 10, 1952</td>
<td>Garrett Freightlines, Inc.</td>
<td>Debentures</td>
<td>$95 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 10, 1952</td>
<td>Smith-Douglass Co., Inc.</td>
<td>Common</td>
<td>$10 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 10, 1952</td>
<td>Standard Tugten Corp.</td>
<td>Common</td>
<td>$15 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 10, 1952</td>
<td>United Gas Corp.</td>
<td>Common</td>
<td>$10 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 12, 1952</td>
<td>Allpark Finance Co., Inc.</td>
<td>Debentures</td>
<td>$100 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 12, 1952</td>
<td>American Trust Co., San Francisco</td>
<td>Common</td>
<td>$10 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 12, 1952</td>
<td>Byrd Oil Corp.</td>
<td>Bonds</td>
<td>$60 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 12, 1952</td>
<td>International Minerals &amp; Chemical Corp.</td>
<td>Debts.</td>
<td>$100 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 17, 1952</td>
<td>Long Island Lighting Co.</td>
<td>Bonds</td>
<td>$100 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 17, 1952</td>
<td>Boston Terminal Corp.</td>
<td>Meritage Note</td>
<td>$50 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 17, 1952</td>
<td>Detroit &amp; Toledo Shore Line R.R.</td>
<td>Bonds</td>
<td>$100 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 17, 1952</td>
<td>St. Louis-San Francisco Ry.</td>
<td>Equip. Trust Cts.</td>
<td>$100 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 17, 1952</td>
<td>Thurston Chemical Co.</td>
<td>Preferred</td>
<td>$100 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 19, 1952</td>
<td>Duquesne Light Co.</td>
<td>Common</td>
<td>$50 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 19, 1952</td>
<td>Household Finance Corp.</td>
<td>Preferred</td>
<td>$50 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 19, 1952</td>
<td>North Pennsylvania R.R.</td>
<td>Bonds</td>
<td>$100 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 20, 1952</td>
<td>Quebec (Province) Co., Debentures</td>
<td>(The First Boston Corp. and A. E. Farnes, Inc.)</td>
<td>$100 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 20, 1952</td>
<td>Urban Solar Co., Common</td>
<td>Preferred</td>
<td>$100 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 20, 1952</td>
<td>Trans World Airlines, Inc.</td>
<td>Common (Offering to stockholders—in underwriting)</td>
<td>$100 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 24, 1952</td>
<td>Gulf States Utilities Co.</td>
<td>Bonds</td>
<td>$100 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 25, 1952</td>
<td>Pacific Telephone &amp; Telegraph Co.</td>
<td>Debentures</td>
<td>$100 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 25, 1952</td>
<td>Peoples Gas Light &amp; Coke Co.</td>
<td>Common (Offering to stockholders—in underwriting)</td>
<td>$100 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 25, 1952</td>
<td>Cleveland Electric Illuminating Co.</td>
<td>Common (offering to stockholders—in underwriting)</td>
<td>$100 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 25, 1952</td>
<td>Consolidated Electric Light &amp; Power Co. of Baltimore</td>
<td>Debentures</td>
<td>$100 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Nov. 25, 1952</td>
<td>Florida Power Corp.</td>
<td>Bonds</td>
<td>$100 per share</td>
<td>For new capital</td>
</tr>
<tr>
<td>Dec. 3, 1952</td>
<td>New York, Chicago &amp; St. Louis R. R.</td>
<td>Ex. Trust Cts.</td>
<td>(Bonds to be issued)</td>
<td>For new capital</td>
</tr>
<tr>
<td>Dec. 9, 1952</td>
<td>New England Telephone &amp; Telegraph Co.</td>
<td>Debts.</td>
<td>(Bonds to be issued)</td>
<td>For new capital</td>
</tr>
<tr>
<td>Dec. 10, 1952</td>
<td>Wabash R. R.</td>
<td>Ex. Trust Cts.</td>
<td>(Bonds to be issued)</td>
<td>For new capital</td>
</tr>
<tr>
<td>Dec. 15, 1952</td>
<td>New Orleans Public Service Inc.</td>
<td>Bonds</td>
<td>(Bonds to be issued)</td>
<td>For new capital</td>
</tr>
<tr>
<td>Dec. 15, 1952</td>
<td>Ohio Power Co.</td>
<td>Bonds &amp; Preferred</td>
<td>(Bonds to be issued)</td>
<td>For new capital</td>
</tr>
<tr>
<td>Dec. 15, 1952</td>
<td>Deer Park Packing Co.</td>
<td>Port Jervis, N. Y.</td>
<td>March 21 (letter of notification) 235,000 shares of common stock (par 10)</td>
<td>$15.25 per share</td>
</tr>
<tr>
<td>Dec. 15, 1952</td>
<td>Devil Peak Uranium, Ltd.</td>
<td>(Rev.)</td>
<td>April 7 (letter of notification) 600,000 shares of common stock (par one)</td>
<td>$5.75 per share</td>
</tr>
<tr>
<td>Dec. 15, 1952</td>
<td>Ohio Power Co.</td>
<td>Bonds &amp; Preferred</td>
<td>(Bonds to be issued)</td>
<td>For new capital</td>
</tr>
</tbody>
</table>

**Corporation and Public Finances**

New York  Boston  Pittsburgh  Chicago
Philadelphia  San Francisco  Cleveland
Private Wires to all offices
Continued from page 37

International Minerals & Chemical Corp., New York City.
Oct. 29 (letter of notification) 24,000 shares of common stock, par $100 per share. Price—$200 per share. Proceeds—To purchase 80,000 shares of common stock for the purchase of common stock subscription warrants for the purchase of 24,000 shares of common stock. Proceeds—For general corporate purposes.


Oct. 6 (letter of notification) 12,500 shares of common stock. Proceeds—To purchase 12,500 shares of common stock. Price—$100 per share. Proceeds—For use in the purchase of equipment and for the payment of expenses.

Oct. 29 filed $1,000,000 5% convertible debentures due 1952. Proceeds—To purchase stock. Price—At par ($100 per share). Proceeds—For the purchase of stock. Proceeds—For working capital. Price—$100 per share. Proceeds—to acquire certain assets of the company.


Gulf States Utilities Co. (11/24)
Oct. 29 filed $50,000,000 of first mortgage bonds due Dec. 1, 1961. Proceeds—For new construction and to repay bank loans. Underwriters—To be determined by the company.

Hawaiian Electric Co., Honolulu, T. H.

Hilsewick Minerals Corp., Dallas and Fort Worth, Tex.

Idaho Mining Co., New York.
June 8 filed 200,000 shares of common stock (par $1,00 per share). Proceeds—To be used in the purchase of common stock subscription warrants for the purchase of 200,000 shares of common stock. Proceeds—For working capital.

Pineview Development Corp., New York.

Montana Basin Oil Corp. (N. Y.)
Sept. 19 (letter of notification) 300,000 shares of common stock. Proceeds—$1,000,000 for the purchase of equipment and for the development of oil properties.

Reid Oil & Development Corp., New York.
Oct. 26 (letter of notification) 120,000 shares of common stock. Proceeds—To acquire common stock. Price—$25 per share. Proceeds—For the purchase of equipment and for the payment of expenses.

South Carolina Utilities Co., New York.
Oct. 23 (letter of notification) 150,000 shares of common stock (par $100 per share). Proceeds—For working capital. Underwriter—3 E. Woodridge St., Detroit, Mich. Underwriter—None.

Loews Department Stores, Inc., N. Y.

July 20 (letter of notification) 1,000,000 shares of common stock. Proceeds—At par ($100 per share). Proceeds—to General Electric Co., New York.

Oldsmobile Motors Corp., Detroit, Mich.
Oct. 26 (letter of notification) 2,000,000 shares of common stock. Proceeds—For the purchase of equipment and machinery. Underwriter—Steele & Co., St. Louis, Mo.

Valparaiso Electric Co., Valparaiso, Ind.

Oct. 23 (letter of notification) 120,000 shares of common stock (par $100 per share). Proceeds—to General Electric Co., New York.

Western Pacific Railway Co., New York.
Oct. 26 (letter of notification) 18,000,000 shares of common stock. Proceeds—To be offered to the public for the purchase of equipment and capital issues. Underwriter—Greenfield & Co., New York.

Western Union, New York.

Wild American Oil & Gas Corp., Chico, Calif.
Oct. 10 (letter of notification) 80,000 shares of common stock (par $100 per share). Proceeds—For use in the purchase of equipment and for the payment of expenses. Proceeds—to General Electric Co., New York.

Midcontinent Chemical Co., Grove City, Ohio.


Scripps Howard Foundation, New York.

Isetropol Corp., New York.

Oct. 23 (letter of notification) 150,000 shares of common stock (par $100 per share). Proceeds—For working capital. Underwriter—280 W. E. Woodridge St., Detroit, Mich. Underwriter—None.


Hawaii Electric Co., Honolulu, T. H.
Sept. 7 (letter of notification) 150,000 shares of common stock. Proceeds—At par ($100 per share). Proceeds—to General Electric Co., New York.

Long Island Lighting Co. (11/17)


McCarthy (Glass) Inc., N. Y.
June 12 filed 18,000 shares of common stock (par 50 per share). Proceeds—To purchase the stock. Proceeds—to General Electric Co., New York.

Marshall Steel Corp., Kansas City, Mo.
Oct. 27 filed 1,000,000 shares of common stock. Proceeds—At par ($5 per share). Proceeds—to General Electric Co., New York.


National Credit Card, Inc., Portland, Ore.

National Research Laboratories, Inc., St. Louis, Mo.
Oct. 28 (letter of notification) 94,000 shares of 6% convertible preferred stock. Proceeds—For the purchase of equipment and machinery. Underwriter—Steele & Co., St. Louis, Mo.

Multi-Poolte Oil Co., Salt Lake City, Utah.
Oct. 12 (letter of notification) 150,000 shares of common stock. Proceeds—$1,000,000 for the purchase of equipment and for the new construction. Underwriter—Smith, Drive & Co., St. Louis, Mo.

Montana Basin Oil Corp. (N. Y.)

Norton (letter of notification) 1,000,000 shares of common stock. Proceeds—to General Electric Co., New York.


Official Films, Inc., Richfield, N. Y.


Pacific Telephone & Telegraph Co., Pacific Telephone & Telegraph Co., Los Angeles, Calif.
Oct. 27 filed $30,000,000 of common stock to be offered for subscription by stockholders at rate of one share for each nine shares held. Proceeds—to General Electric Co., New York.

Oct. 31 (letter of notification) 1,000,000 shares of common stock. Proceeds—to General Electric Co., New York.

Southwestern Bell Telephone Co., New York.

Sunset Limited, Ltd., St. Louis, Mo.

October, 1951

Western Pacific Railway Co., New York.
corporation, Fremont, of Underwriter—None.


Sheller Manufacturing Corp., Portland, Ind. Oct. 17 (letter of notification) 90,000 shares of common stock (par $1). Price—At market (approximately $15 per share). Proceeds—To be used in the sale of the building and the sale of the whole net proceeds. Underwriter—Straus, Blosser & McDowell, Chicago.

Signal Mines, Ltd., Toronto, Canada July 14 filed 300,000 shares of common stock. Price—At market (approximately $1.25 per share). Proceeds—To be used in the sale of the building and the sale of the whole net proceeds. Underwriter—Northeastern Securities Co., New York.


Southern Radio Corp. Charlotte, N. C. Oct. 20 (letter of notification) 10,000 shares of common stock (par $50). Price—To be offered for subscription by the members of the corporation. Proceeds—To be used in the sale of the building and the sale of the whole net proceeds. Underwriter—Signal Services, Inc., Chicago, Ill.

Standard Tungsten Corp. (11/10) Oct. 29 (letter of notification) 294,999 shares of common stock (par $50). Price—To be offered for subscription by the members of the corporation. Proceeds—To be used in the sale of the building and the sale of the whole net proceeds. Underwriter—Signal Services, Inc., Chicago, Ill.

State Street Investment Corp. Oct. 25 (letter of notification) 4,000 shares of stock (no par) to be offered for subscription by stockholders of record on Oct. 25 at rate of one new share for each 10 shares held. Price—At net asset value in effect when properly executed subscription warrants are received from stockholders. Proceeds—To be used in the sale of the building and the sale of the whole net proceeds. Underwriter—National Bank, Boston, Mass.

Steak 'n Shake of Missouri, Inc. St. Louis, Mo. Oct. 23 (letter of notification) 15,000 shares of common stock (par 25 cents) for being offered by subscribers of record on Oct. 27 at rate of one new share for each 10 shares held. Price—$1 per share. Proceeds—To be used in the sale of the building and the sale of the whole net proceeds. Underwriter—Signal Services, Inc., Chicago, Ill.

Stout Oil Co., Denver, Colo. Oct. 10 (letter of notification) 1,000,000 shares of common stock (par five cents). Price—Nine cents per share. Proceeds—To be used in the sale of the building and the sale of the whole net proceeds. Underwriter—Signal Services, Inc., Chicago, Ill.

Victor Copper Zinc Mines Ltd., Toronto, Canada Sept. 22 filed 1,650,000 shares of common stock. Price—$1 per share. Proceeds—To be used in the sale of the building and the sale of the whole net proceeds. Underwriter—Mason Securities, Los Angeles, Calif.

Virginia Pipe Line Co., Dallas, Texas Sept. 24 filed 10,000,000 shares of common stock (par $5). Proceeds—to be used in the sale of the building and the sale of the whole net proceeds. Underwriter—Morgan, Wiers & Co., New York.

Wiscasset, Maine. Oct. 24 filed 4,000,000 shares of common stock (par $1). Price—$1 per share. Proceeds—To be used in the sale of the building and the sale of the whole net proceeds. Underwriter—Street, New York, N. Y.

Wisconsin Natural Gas Co., Chicago, Ill. Oct. 10 (letter of notification) 500,000 shares of common stock (par five cents). Price—20 cents per share. Proceeds—to be used in the sale of the building and the sale of the whole net proceeds. Underwriter—Street, New York, N. Y.

West Coast Pipe Line Co., Dallas, Texas Sept. 24 filed 10,000,000 shares of common stock (par $5). Proceeds—to be used in the sale of the building and the sale of the whole net proceeds. Underwriter—Morgan, Wiers & Co., New York.


Wirth & Schuman Co., Los Angeles, Calif. Sept. 24 filed 2,500,000 shares of common stock (par $5). Proceeds—to be used in the sale of the building and the sale of the whole net proceeds. Underwriter—Street, New York, N. Y.


Wirth & Schuman Co., Los Angeles, Calif. Sept. 24 filed 2,500,000 shares of common stock (par $5). Proceeds—to be used in the sale of the building and the sale of the whole net proceeds. Underwriter—Street, New York, N. Y.
No matter how you look at it...
Our Reporter's Report

Current strength in the high-grade bond market may have been conceived a view to in anticipation of the outcome of the national elections. But the consensus among astute observers is that it marks a basic change in the underlying trend.

They see little politics involved, but rather a reversal of the overall situation by large institutional investors who find funds available for purchase of new corporate issues extremely light. This change of trend is expected to lift the whole market, well into next year.

It really boils down to the simple fact of fund availability and demand. What is equally important in light of the flood of direct placements and a wide rather open mortgage market has been able to take the bids away and be mightily choosy.

But now the anxiety seems to have shifted. There is an evident greater willingness to look over public offerings and to the largest investors do not want to be competitive in the mortgage market.

Moreover, business loans have been rising and looking forward to the end of the year there is still a good supply of money. The money circles believe that the effect of the season may be more than seasonal and the merchants will be interested in providing for their merchants as prospective buyers.

Our Reporter's Report

SECURITY TRADERS ASSOCIATION OF NEW YORK

SECURITY Traders Association of New York (STANY) Bowling Green Ballroom as of Oct. 2, 1962 are as follows: Team-Points

<table>
<thead>
<tr>
<th>Team</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donalds (Capt.)</td>
<td>31</td>
</tr>
<tr>
<td>Demay, Whiting, O'Connor, Rappa, Selch, Meyer (Capt.), Kaisar, Sweeney, Frankl, Wechsler, Barker (Goodman (Capt.))</td>
<td>31</td>
</tr>
<tr>
<td>Smith, Valentine, Meyer, Ferrer, Brown (Capt.), Mann, D. Montanye, O'Mara, Pollard, Givin</td>
<td>27</td>
</tr>
<tr>
<td>Selvin. (Capt.), Gesner, Krumholz, Rogers, Gold, Young</td>
<td>26</td>
</tr>
<tr>
<td>Halsey, Stewart, &amp; Co., The First Boston Corp.; Sterling, &amp; Co.; The First Boston Corp.;</td>
<td>25½</td>
</tr>
<tr>
<td>Morgan Stanley &amp; Co.</td>
<td>25½</td>
</tr>
<tr>
<td>Burkin &amp; Co., (Capt.), Bradley, Wesneski, Hunt, Groskind, Hufnix</td>
<td>18</td>
</tr>
<tr>
<td>Brown, Lebow, &amp; Co., Francis, Littman, Bruce, Nemenoff, Black</td>
<td>15½</td>
</tr>
<tr>
<td>200 Point Club</td>
<td>217</td>
</tr>
<tr>
<td>5 Point Club</td>
<td>217</td>
</tr>
</tbody>
</table>

SECURITY TRADERS CLUB OF ST. LOUIS

The Security Traders Club of St. Louis held Oct. 30, 1962, at Norwood Hills Country Club, Richard J. Walsh, Newhard, & Co., was elected President succeeding Earl H. Lasekeng of飾ellket & Plender, Missouri. The following officers were elected as follows: First Vice-President, Haworth F. Hoch, Morgan, Grenham & Co.; Secretary-Treasurer, Ralph Montanye, I. M. Simon; Third Vice-President, Wm. J. Blake, Furman, Selch & Co.; Fourth Vice-President, Brown & Company; Treasurer, Ernest Willers, Boutson's National Bank.

The new officers were elected for the term of Oct. 30, 1962, to on or about Oct. 30, 1963.
A Higher Rate Needed for VA and FHA Mortgages

An unmarketable rate, and when natural market forces refuse to match the low decimals, for they are adverse, a discount, discounts are rigidly restricted in any attempt to trade for the

This is the same philosophy which contains the provisions for funds for FNMA to purchase defense housing loans which investors are

All of those factors, when considered, are reasonable to approach Federal policy in this field impartially, can hardly help but agree that in this area, problems are being handled with an absolute lack of foresight in economics, but on the basis of "practical politics".

The general principles which we have spelled out above are sometimes exemplified by members of MBA in the statement: "There is nothing the matter with the market loan that a 4% rate will not cure." This is seen to be the appeal to the sense of simplicity and directness which any business man can understand, but in a technical statement, it is an oversimplification of the basic problems which need to be attacked.

All of us would like to see the influence of the Federal Government reduced to the legal and economic level from our various spheres of business, and I hope the time is not too distant when this is achieved. Our obligations to the Federal activities in this field are premised on sound economics.

The fact that some progress is being made in this direction is evident. For example, one of the most influential factors in decreasing the attractiveness of the Federal Federal activities in this field are premised on sound economics.

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Another matter which we must consider seriously is the question of discount loans in dealing with Federal intervention in our field.

For example, at the same time MBA was testifying before Congress in support of appropriation for FNMA, it received word that individual members of the Association, the directors of practically all of them, were "When are we going to be able to stop selling loans again to FNMA?"

I have frequently pointed out that if, in addition to the authorization of Federal loans and then, through the medium of FNMA, purchase the loan direct, and unless we are willing to forgo the benefits of FNMA, we are in no position to complain effectively about the direct lending program.

Notwithstanding all of the problems which we do face in dealing with the FNMA, we have been doing almost as well, in general, a prosperous year. I have been chairman of the Washington for six years, and in my capacity, I can say that during a year in which we were not worried about what was ahead in the future, we have been able to do and how what they might do might make up the cost of our activities. While recognizing the validity of the argument made by some of our members that we should stop ourselves in these two loans our industry has continued to grow in size and importance.

For example, even in the year 1932, when we have been subjected to credit, controls, the need for the railroad, the building of small structures, the lack of housing has been a real problem, but the time has come when we need to be able to stop selling loans again to FNMA. The burden of these months has been a heavy one, but the average monthly volume of such loans that are being guarantied by the FNMA is up to such an extent that the FHA is well up to such an average for the year 1941 and preceding years.

Furthermore, in the year 1932, when we have been subjected to credit, controls, the need for the railroad, the building of small structures, the lack of housing has been a real problem, but the time has come when we need to be able to stop selling loans again to FNMA. The burden of these months has been a heavy one, but the average monthly volume of such loans that are being guarantied by the FNMA is up to such an extent that the FHA is well up to such an average for the year 1941 and preceding years.

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production at the level anticipated during our period of effort. Defense expenditures in the second quarter 1953 would increase the annual rate of $50.0 billion. They are expected to reach a peak of $60.0 billion in the fourth quarter 1953, with a cut out of $20.0 billion anticipated for fiscal year 1954. Federal defense expenditures can be lower than $40.0 billion annually for some years ahead.

Our productive ability by 1953 will be considerably higher than in 1940. This higher peak defense can be accomplished and still allow for enough civilian goods and services to achieve increases in personal consumption—permitting the demand to be created.

One-Third Higher Standard of Living and Equivalent With a Strong Defense

Production in 1937 no greater than the per capita gross product possible in wartime 1944 would mean a gross national production of over $90.0 billion—enough for continued expansion of civilian goods and services over present levels even after $40.0 billion for defense. This ample allowance for other government services and personal consumption, if saved, would permit a strong increase in personal saving. The figure of $40.0 billion for defense is used as a reflection of what a reasonable defense may drop $20.0 billion from our economy, not below $40.0 billion annually for some years ahead.

In terms of constant 1951 dollars our per capita productivity increased from $2,900 in 1939 to $3,299 in 1944 (Real Gross National Product per capita computed in 1951 dollars). A similar per capita productivity for our 170 million population increased from $67,850,000,000 in Gross National Product of $90.0 billion at 1951 prices of $30.0 billion, and could provide the purchasing power into the standard of living approximately third higher than at present.

The productivity necessary to provide for $40.0 billion of defense and a one-third higher standard of living in the standard of living by 1957 should be considered a minimum requirement, because it would only require reaching the living standard of 1944 and maintaining it in 1944 when our tools of production are not lost.

We entered World War II with tools of production that were wasted in the war. We are now following a long period of depression in which foreign trade for all the US plant and equipment. In the five-year war (1940-1945) the basic industries of the World War II only $35.0 billion had been spent for producers plant and equipment. Our equipment for production of over four times as much in a similar five-year period—$146.0 billion—equals the period 1937-1947. In 1950 we entered the new conflict, thereby requiring new productive equipment than in 1940, so much larger and better labor force and a much stronger financial position of both consumer and n.d business. Between late 1940 and mid 1946 the US military force expanded by 10 million from 5 million men in early 1940 to a peak of 12,100,000. In June 1945, on the other hand, we had a labor force of 66 million which was reduced to nearly 50 million or about 72 million by 1957. Our defense plans for an Armed Force of 35 million men sometime in the year 1953 might draw only two million additional from the labor force, leaving the nearly 12,000,000 withdrawn from the labor force during the war in World War II. (Armed Forces of the United States in 1953 and about 5,000,000 in 1952.

In 1944 our civilian labor force averaged 121,000,000. Forcett's average of 1,600,000 in 1952.

From 1941 our civilian labor force averaged 162,000,000. In 1952, 1941 and about 3,080,000 in 1952.

In 1952, 1941 and about 5,703,000. In 1952, 1941 and about 26,200,000 or 54% in 1952.

In 1941 only 1,000,000,000 spending units had incomes over $5,000 before taxes; but in 1952 $900,000,000 over $5,000 after federal income tax.

Now there were 7,000,000 with incomes over $5,000. In 1952 about 26,400,000 or about four and one-half times as many had incomes over $3,000 after federal tax.

What will it require more from one income group to the next as rapidly for this substantial increase in discretionary spending power, even after taxes and even in the most ironclad increased costs of living to the basic standard of living, that makes up the family’s former standard of living?

The net of these shifts was an increase of 3% in real purchasing power in 1951 compared with 1940 after taking into account increased taxes and costs of living.

The 5% increase in real purchasing power in 1951 compared with prewar 1940 had affected the opportunities for increased savings and increased standard of living in all income groups — but more particularly in the middle income groups.

### DIVIDEND NOTICES

#### HARBISON-WALKER REFRactories COMPANY

October 18, 1952

Board of Directors declared a $1.75 per share annual dividend to be payable December 15, 1952 to stockholders of record November 22, 1952.

R. J. Swedberg, President

#### ESSO

January 1, 1953

A regular quarterly dividend of 15.75 cents per share has been declared payable January 15, 1953 to stockholders of record December 1, 1952. The annual dividend rate of 63 cents per share will be payable to stockholders of record January 15, 1953.

#### AMERICAN-Standard

November 26, 1952

The Board of Directors has declared a quarterly dividend of 15.75 cents per share payable January 15, 1953 to stockholders of record December 1, 1952.

#### COMMON STOCK DIVIDEND

71st Consecutive Quarterly Payment

The Board of Directors of Seaboard Finance Co. declared a quarterly dividend of 43.3 cents per share on Common Stock payable Jan. 10, 1953 to stockholders of record Dec. 27, 1952.

#### PEPPERELL MANUFACTURING COMPANY

October 6, 1952

A regular quarterly dividend of $0.75 per share will be payable January 15, 1953 to stockholders of record December 1, 1952.

#### AMERICAN MORTGAGE & SAVINGS BANK

October 4, 1952

The board of directors of American Mortgage & Savings Bank declared a quarterly dividend of $0.25 per share payable December 15, 1952 to stockholders of record November 30, 1952.

#### CLIFFTON W. GERRIS

November 26, 1952

The Board of Directors of American Pipe and Foundry Company declared a quarterly dividend of $0.25 per share payable December 15, 1952 to stockholders of record November 29, 1952.

#### THE FLINTKOTE COMPANY

October 29, 1952

The board of directors of The Flintkote Company declared a quarterly dividend of 15 cents per share payable January 15, 1953 to stockholders of record December 10, 1952.

#### A. E. WEIMAN TRUSTEE

October 23, 1952

The Board of Directors of American Pipe and Foundry Company declared a quarterly dividend of 45 cents per share on Common Stock payable January 10, 1953 to stockholders of record December 27, 1952.

#### PEPPERELL PREFERRED STOCK DIVIDENDS

The directors also declared regular quarterly dividends of $34.5 cents per share on $1.35 Convertible Preferred Stock, 43 cents a share on $1.25 Convertible Preferred Stock, and 53 cents a share on $2.25 Convertible Preferred Stock. All preferred dividends are payable Jan. 10, 1953 to stockholders of record December 27, 1952.
Washington . . . And You

WASHINGTON, D. C.—One of the most serious situations facing the new administration of Dwight D. Eisenhower is how to turn the so-called conservative Democratic—Republican coalition into an effective working force which will lend support to his major legislative policies.

Although Mr. Eisenhower personally swept the country, he cannot be expected to go it alone in this writing. This control is itself, of course, of great importance. Without control the control of the House is an organization of the Republican party. It is not Initiate or suppress legislation, as the case may be. Regardless of the final outcome of the Congress, will be so close as make the Democrats dependent upon support from conservative southern Democrats to get any kind of a program through Congress.

In a situation like this, it would be like the Republicans in the Senate, Democrats in the House. The Senate might be more stable, but a result is to be expected. Herbert Hoover. When not responding the hard work of the southern conservative Democrats to revert to the Republican party, the Senate, if the 1976 Senate, hvis,

A Union of Convention