

Rule Has Not Changed In Rise, Fall Of Bonds

NEW YORK (UPI) — In the ordinary course of things economic, bonds tend to decline when money rates rise, and rise when money eases.

That rule hasn't changed, but the prospect of a cut in interest rates of a size sufficiently large to do the trick of raising bond prices is in doubt.

Edmond du Pont, senior partner of the New York Stock Exchange firm of Francis I du Pont & Co., brings out that situation in the leading article in the firm's new monthly publication "Investor-News."

Writing on the subject "Tight money and the dollar: A dilemma," Du Pont traces the various factors leading up to the decline in bonds, and notes:

"Up until recently, it has been customary to assume that bond prices would drop during periods when the Federal Reserve was keeping a tight rein on credit, but that the losses would be recovered later when the banking authorities found it once again advisable to make money easy."

"Now, however, doubts have arisen that this is necessarily true."

These doubts, Du Pont says, are inspired by the shift of international payments against the United States, resulting in a continuing loss of gold.

Here is how it works: Foreigners build up dollar balances which if directed through their governments could make even greater inroads into our gold supply.

The way to stem this gold outflow is to make investment in our securities alluring enough through higher rates of interest. These higher returns will divert investment from the gold hoard to our securities.

Now it appears the Federal Reserve has a bear by the tail and it can't let go. Here is how Du Pont puts it:

"Our present scale of interest rates is proving at least partly successful in coaxing foreign balances to stay put. But that raises a companion problem.

"However optimistic we may be about business prospects for 1960, we must expect a business lull down sometime in the future. When that recession comes, the Federal Reserve ordinarily would be expected to move quickly to make money more plentiful. Interest rates in turn, would come down.

"However, with the Federal Reserve helping the Treasury defend the dollar, easing credit may prove impractical.

"To ease money and lower interest rates—especially if interest rates were high abroad—would encourage money to flow out of the United States for investment elsewhere.

"In short, the gold drain would be renewed and would be quite impossible to stop without impeding business recovery at home."

Du Pont concludes his article with a suggestion that the believers in the so-called modern economics think through once again the answer to the question: "Are you quite sure that we have tamed the business cycle?"

The new Du Pont "Investor-News" is a 24-page booklet about the size of the stock exchange's monthly publication, "The Exchange."

Back in 1929, the cry was that investors were improperly informed. That can't be said today. Just now the investor can accumulate top-notch information on almost any corporation or market subject — and most of the publications are free.

GRANGE NEWS

Members of the Midland Grange Home Economics Club planned for no-host potluck dinner to be served at 6:30 p.m. at grange open house February 17, during their meeting Tuesday at the home of Eleanor Sukrow.

Guests present were Mrs. Rosa Benoit, Dorothy Brown and Nelly Irmen. Fifteen members also were present.

Alice Hoover, club chairman, presided. All officers were present. Chaplain Laura Walker read from the Scriptures to open the meeting.

Mrs. Hoover appointed Mrs. Eleanor Sukrow to assist Mrs. Nellie Molschenbacher in her work with the Display Table Committee.

Year books were distributed and filled with the program for the year. A letter from Mrs. Molschenbacher, who, with her husband, Lawrence, is spending several weeks in California, was read to the membership.

Members also made plans for a public ham dinner to be served at Midland Grange Hall March 19 from 5 until 8 p.m. as a money-raising project for the Grange building fund.

Mildred Largent reported on efforts to secure material for altar cloths. She gave tribute to Mrs. Sukrow, past club president, and presented her with a pin.

Mrs. Sukrow served a luncheon. Next meeting will be March 1 at 1:30 p.m. at the home of Mrs. Alex Cammock, 2042 Vine Avenue.

'Take It Easy,' Says Physician

LOS ANGELES (AP) — You can't catch up on the exercise you missed all week by killing yourself with activity over the weekend.

Because that's just what you'll be doing — killing yourself — says Dr. George C. Griffith, University of Southern California professor of medicine and heart specialist.

Excessive weekend exercise is the "acceptable American way of committing suicide," he told a businessmen's luncheon Wednesday. To avoid heart stress, he said, businessmen should get moderate exercise every day—even if it's only 15 minutes of calisthenics or a walk.

TRAPPED! IJEBU ODE, Nigeria (UPI)—You can't beat city hall, even in Ijebu Ode.

Nosiru Adebambo testified in court Thursday he saw the tax collector heading toward his village and took off for the bush. In his haste he ran into one of his own game traps and had to call the tax man to free him.

Adebambo was let off with a stern lecture and told not to try again to escape the taxman.

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Tie-In Found In Air Tragedies

WASHINGTON (UPI) — The Civil Aeronautics Board (CAB) has found three small but possibly significant pieces of wreckage from a National Airlines DC-6B that crashed Jan. 6 near Bolivia, N. C., killing all 34 aboard.

One piece — an ice light from the right wing — was located at the spot where searchers previously had found the body of crash victim Julian Frank, Westport, Conn., lawyer who was covered by \$887,000 worth of insurance.

The other wreckage, a piece of window plexiglass and a window curtain, were found a short distance away.

Antarctica Was Fertile, Report Soviet Scientists

WASHINGTON (UPI) — Soviet scientists have reported discoveries which suggest that now-frozen Antarctica was a fertile continent 200 to 300 million years ago.

Together with finds of other scientists, the new evidence indicates that the South Pole continent was warm once and received considerably more sunlight than it gets now.

This suggests to some scientists that the various continents shifted their relative positions on the earth's face in the remote past or that there was a change in the planet's axis of rotation.

TOUCHES OFF BLAST

VIENNA (UPI) — A next door neighbor smelled gas coming from the apartment of Gabriel Steiner, 23, Monday and rang the doorbell to investigate. The spark from the bell touched off an explosion that injured 13 persons in the building and shattered hundreds of windows.

Steiner was found dead of asphyxiation with a suicide note beside him telling of an unhappy love affair.

John Howard Payne's famed song, "Home Sweet Home," was part of an opera, "Clari, or the Maid of Milan."

In Antarctica indicated the continent got more sun light in times past than it does now. Coal beds are fossilized vegetation. Such vegetation had to have lots of sunlight to live and thrive.

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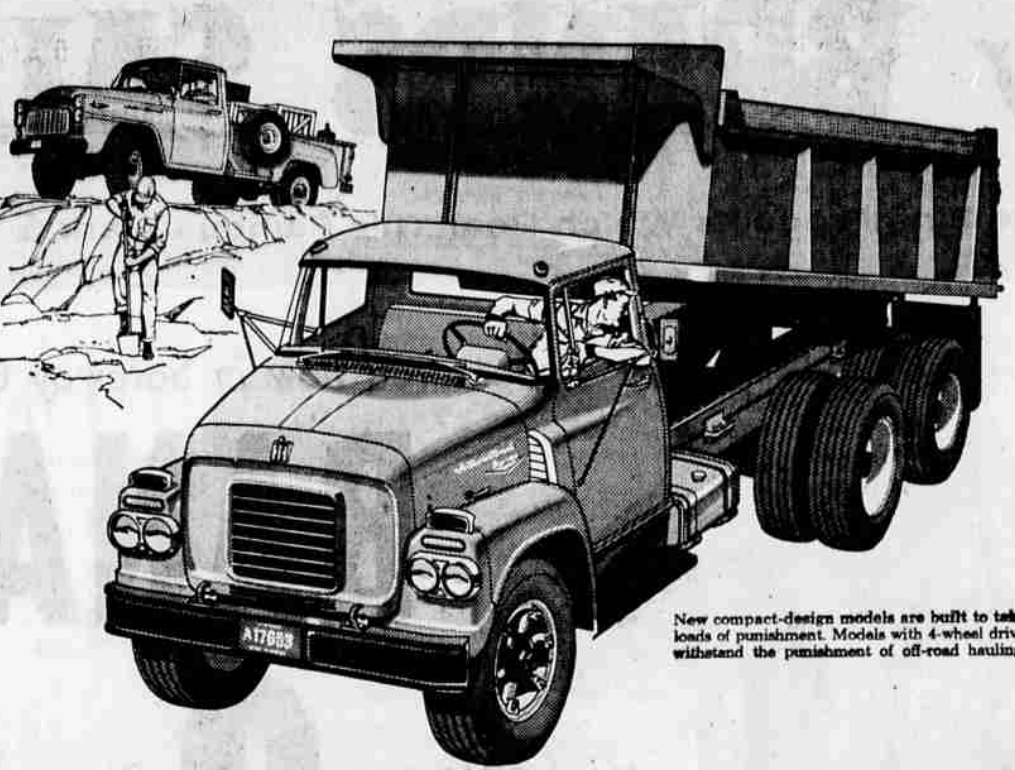
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