EDITORIAL

As We See It

In a way one can easily feel a certain sympathy for the President when he finds his aids are systems of control powers lapsing at precisely the time when most of his predictions as to what was to happen as a result of rearmament (and the forecasts of others, too, for that matter) are failing confirmation by events. And the Chief Executive harboring hopes (or had been harboring) hopes of very considerable extension of emergency powers! As things now stand it may very well be that those political prognosticators in Washington are right who say that the President will be more than ordinarily fortunate if he obtains a continuation of the powers he now possesses.

We do not wish to enter into any extended discussion of the relative merits of the current arguments as to whether we are now having merely a temporary interregnum of price ease which will be quickly followed by the sequence of events which had been so widely predicted and expected prior to the present time. There can be no doubt that the enormous quantities of consumer goods of all kinds which have been produced during the first year of rearmament have astounded a great many. Whether and to what extent production of such goods can be continued during the next six months is at some points at least open to question—but further surprises may be in store for us all.

Continued on page 37

PICTURES IN THIS ISSUE—Turn to pages 25, 26, 27 and 28 for candid shots taken at the Annual Field Day of the BOND CLUB OF NEW YORK on June 8 at the Sleepy Hollow Country Club, Scarborough, N. Y.

A Look Ahead at Electric Utility Financing Program

By GEORGE D. WOODS*

Chairman of Board of Directors,
The First Boston Corporation, New York City

Prominent investment banker, commenting on proposed $7 billion in expenditures for electric power facilities during next three years, foresees adequate investment capital for purpose, though at slightly higher interest rates. Estimates new capital will be supplied as follows: one-third from industry itself, almost same amount from new bonds, and remainder from preferred and common stocks. Calls for streamlining SEC procedure to aid securities marketing. Points out need for adequate rates and dividends to make utility stocks attractive.

It is just about one year since the outbreak of war in Korea. It is now apparent that that event marked the end of the Post-World-War II period and the commencement of an era which is thus far known as the Defense Program or Defense Effort. It is the sincere hope that this Defense Program period will never be renamed the Pre-World-War III period by future records of economic history. However, it must be recognized that either direction would carry the factual implication of a period of increasing government controls in practically all phases of business.

In this period of change and uncertainty, I welcome the opportunity of addressing the leaders of an industry which is utterly indispensable to the nation and is of the most vital importance to a peace economy, a defense-effort economy, or a wartime economy.

It is my purpose to comment on certain matters af

Continued on page 24

*An address by Mr. Woods, before the Nineteenth Annual Convention of the Edison Electric Institute, Denver, Colo., June 8, 1951.
The Security I Like Best

A continuous forum in which, each a different group of experts in the investment and advisory fi eld from all sections of the country participate and give their reasons for favoring a particular security. (The articles contained in this article are not intended to be, nor should be taken as, an offer to sell or solicitation of an offer to buy, any security. The information, views, and opinions, which affect stock performance, are not listed at all times favorable. To day, widespread fl attering the money and credit factors are giving themselves all around warnings for stocks. Inv estors, therefore, are\n
RICHARD D. DOWICH
Investment Adviser and President of Future's Inc., New York City

Tri-Continental Warrants
The Philatelic Corporation

Back in March, 1950 when as a contributor to this forum I wrote about United States stock, as the \"Security I Like Best,\" the popularly in money and credit factors are giving themselves all around warnings for stocks. Inv estors, therefore, are reluctant to buy stock at all but a small amount of risk. In my wartime years, I have been called to duty, and I have not taken stock in the market. Instead, I have voted with the anti stock trend and have sold most of my stock to the public at a small profit. The market is now at a low level, and I believe it will remain so for some time to come.

Richard D. Dowich

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Frank H. Koller, Jr., Manager, of our Unlisted Trading Department, will gl adly provide you with additional information.

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Hoving Corp.
In the dog days of the early ’30s, some 56,000 miles of American railroad changed into the financial flophouse—insolvency.

In due course there emerged net earnings, reorganization, the customary delivery of scrip, income bonds, or shares still owned by the security holders of such lesser haulers as Florida East Coast, Wisconsin Great Northern, and Western. Only the implemented civic pride of Burlington and New York Central

Looking at it another way, for 1929 U. S. railroads have been set down at $783,000,000 and in only two years, 1942 and 1943, has this figure (the 731 million) been exceeded. But here’s the real news: its growth in population, in personal income, and in total tonnage handled, plus great improvement in railroad property and operating efficiency in the last 10 years, net earnings of railroads (even during the fadet assurance of the 1929’s) have continued the same as the 1928’s. As a result 1929 net railroad earnings stand out like Hollywood’s Long Day dinner.

Against this dreary lag in net earnings the railway barons, for a moment the perfectly fabulously earnings growth in other big industries like copper, steel and electric power, and general oil, and so forth, have company, rayon textiles and paper companies have all dwarfed their 1929 earnings figures; and most of these today: offer bright

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Author of "How to Make a Killing in Wall Street and Keep It!

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Curb Head Urses
Prospectus Reforms

Edward T. McCormick tells In
vestor's Weekly that leading underwriting firms offered SEC no
worthwhile suggestions for im-
proving documents.

Edward T. McCormick, Presi-
dent of the New York City Ex-
change, threw the blame for the
fact that prospectuses continue to
be long and unreadable up to the
financial com-
munity on June 7 in a public
Investment Association of
New York luncheon.

E. T. McCormick

Mr. McCormick said that, when
the New York Stock Exchange,
Securities and Exchange Com-
mission recently, he sent letters
representing some 50 of the
stock exchanges asking for their
help in improving prospectuses.
Many of the letters received
were without response.

"Here is an opportunity for them to make prospectuses readable
and informative to investors."

According to Mr. McCormick,
the reason is, among other things,
that they do not want to take
responsibility for summarizing and
condensing financial information.
The remaining two-thirds of the
prospectuses are made up of
tales is, Mr. McCormick said, the
most important part for the
peasantry to understand the
statutes under which the SEC operates.

As it is, Mr. McCormick says,
both prospectuses and prospectus
derwriters and dealers sell 80 to
90% of the new offerings through
loophole in the law. He
advocated that it be required that
red herrings, brought up to date
at the last minute, be delivered to
the prospective investor within 24
hours of the offering date.

Mr. McCormick was asked a
question about the damages for
negligence. His answer was that
liable if they short-circuited
prospectuses. He said that no civil
suit of this sort had ever been
sued unless the prospectus con-
tributed to some gross mis
statement of fact.

He also said that he favored
shortening the registration state-
ment for high-grade bonds. If this
were done, Mr. McCormick said,
smaller investment firms would
be able to participate in many
unwriting that are now handled
as private placements.

With First Boston

(Exclusive to the Financial Chronicle)

Cleveland-based Babcock &
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Observations . . .

B. A. WILFRED MAY
On Stock Options—And "Option-itis"

DEAR MR. MAY:
I read with interest your approving comment on stock options. You
seem to have been inconsistent in your views. According to your
apparent position the controversy will really hit home when
dividends are discussed. But dividends are something more
than paper property. Unless the present Section 18 of the Revenue Act of 1935, which
permits profits realized from the resale of options on stock to be reported as capital
gains instead of income, is plugged in the pending tax law, "option-itis" will continue
in business. Moreover, the Republican National election and on the Senators who voted for it after the
November 6th meeting held by the House, you will recall, pre-
Korza.

Voters' Recrimination Ahead

Corporate executives have been voting themselves, one of your colleagues,
ausually conservative financial management, a pretty good bet. Even if
these officials figure they are too strongly intrusted that stock-
kers can't help them, they should be smart enough to real-
ize that the general public will not go along with the idea of
setting up a preferred group in the economic arena called upon to
dig in and fight . . . the results could give us a decided push toward
socialism.

"Any measure to lighten the impact of the higher surtax
brackets on corporate executives," according to the study on stock options by Charles E. Lyon which appeared in the Columbia Law Review,
"must be justified as an exception to the progressive income tax system, of course, are not the only taxpayers bearing the burden. (They could point to a considerably smaller cost not available to them has already been extended to corporate executives by the Federal Income Tax Code. At any rate,
the community tax has upped the take-home pay of most corpor-
rate executives 50% or more. Part of the result is derived from the practice of a business or profession as indi-
dividuals. Other public-minded citizens might claim even greater need for relief from high taxes levied on income concentrated in the years
of their peak earning capacity. . . . Conclusions as to the desir-
ability of the measure will depend on the validity of the Con-
clusion that corporate executives require such relief far more
urgently than other taxpayers."

The Revenue Act of 1935, designed in general to increase
revenues and close loopholes, already has evoked criticism from
responsible sources as an "unwarranted handicap to a spectrum of taxpayers." In order to raise revenue and close loopholes
the unpopular "withholding tax on dividends," which is black
on widows and those living on, fixed incomes who can ill-afford
to wait for a possible refund from the government, has been
tentatively carried.

Discrimination Against Stockholders

Now stockholders' equity has been diluted by shifting billions of dollars from the treasury and reserve account and
hovering around 5%, as a hedge against income taxes for top businessmen. Anybody with a personal income tax rate of 50%
and above is expected to drop and the stockholder is not provided with
any new incentive other than to divide shrinking dividends with
the management. These changes now, are not deductible from
corporation taxes and may be bought on margin in some
companies by putting up as little as 2%, whereas the stockholder
who wishes to buy on margin in the public marketplace must
put up 75%. Under some plans the money is said to be loaned
to the executives at 2% when personal loans would cost two or
three times that amount, at a time when management is giving
up service to a demand for tighter credit to prevent inflation.

Farrer & Co., in a recent report, found the rate of
borrow money while lending it to the executives at 3%.

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The Year's Progress in Electric Power

Retiring President of the Edison Electric Institute, addressing 19th Annual Convention at Denver, laments growth of electric power demand, ticket shortage, and problem of financing mobilization.

Expansion is aided by tax allowances for accelerated amortization, but warns any further tax increases will gravely threaten financial stability of semi-owned utilities.

In his Presidential Address at the 19th Annual Convention of the Edison Electric Institute in Denver, Colo., on June 9, the retiring Presi
dent, L. V. Sutton, who is also since last evident of the Carolina Power & Light Company, stated the industry has been heavily stressed by the rapid growth of electric power capacity as offsetting the heavy demand resulting from the national defense program. He expressed the view that, despite demands of defense programs, the load margin of capacity has undergone no substantial reduction.

"The twelve months that have passed since last annual report have been most eventful," Mr. Sutton stated. They brought out the trend of the annual report, and seemingly inconclusive fighting in Korea. They have seen our nation's air and sea forces at the mercy of a determined neighbor. The second year of the war has been marked by the successful exploitation of scientific research, which has raised our margin of capacity to the point of being unassailable, and this productive capacity of the nation is dependent on each month's demand on dependable electric power. An additional load has already been laid on the shoulders of the power industry. Still further burdens will be placed upon us as the defense program expands and intensifies.

We have a close measure of the added load as this has been so far disclosed. The April 1951 Semi-Annual Survey of our Electric Power Survey Committee, of which Mr. Walter C. Miller of the Detroit Edison Company is Chairman, and the April 1950 survey of that committee provides this measure. Events since October have increased the demand for electric power in December 1950 by $1 billion kilowatt, and has increased the estimated demand for 1951 by 43% during the first 9 months of the year; for 1952, by 9 million kilowatts, and for 1953 by 12 million kilowatts. Expressed in these figures, the increase for the years 1950 to 1953 includes an increase of 5%, 11%, 12%, and 17%, respectively.

Our committee reports that this coming December and in December 1952, we expect to have about the same percentage of increase as we had in December 1950, which was 10%. This percentage, as indicated by past experience, is about half what we expect to have during each of these years. The construction program could not be increased in 1950 and 1951, and not until 1952 and 1953 for us to expect to gain much increased margins.

Two areas are well below the level of the same places of the same period. Their position will be essentially the same as from what they occupied in 1950.

The estimated reserve margin for December 1952 appears only slightly the estimate of 1951, to be, or from 18% to 16%.

We do not yet know what new large defense loads may have to be met, nor in what particular areas they fall. We do not yet know how seriously our expan
dition plans may be hampered by delays in obtaining materials and equipment, but we do know that any material shortages that may hold back our own expansion programs will likewise retard the development of this country. We are also aware that the price of our customers and prospective customers. We are aware of the increased price of electric power, which has been the most important of the several smaller power systems of the nation. The estimates cover 95% of the utility companies, but changing conditions can affect the validity of the estimates, as by 1951, they represent the most dependable information available.

I mentioned that the report showed loose working and capital margins for December 1951 of 16%, and wish to comment on this figure for a moment. We have been criticized in some governmental quarters for planning too ambitiously, for not being willing to curtail our efforts. We are not prepared to accept criticism for anything that we have done, but we wish to suggest that, in our experience, we have been most consistent, if not extravagant, plans. The dependence of all segments of the nation is such that we must secure our first consumers to build up the increased power demands, and we have not shown the reflected increase in new orders which we expected.

Decisions of the Federal Government in the interest of national defense have imposed increased demands upon the power industry. Nevertheless, we feel that the needs for scarce materials and the increased national defense budget in the nation impose upon us a grave responsibility to use our best efforts to meet business and to hold down costs of power to the maximum of our capabilities. We have not the bare minimum of margins for operating our plants. Nevertheless, we

it seems obvious that the power industry will be called upon to produce more, and that this will be done within the limits of our present abilities to meet the demands of the nation. At the same time, we are uncertain of the exact situation that may arise.

I previously remarked that events in the last 12 months had been caused by the rapid expansion of conditions, the result of the war, but this expansion of the dollar increase in the program represents a 20% increase in the dollar increase in the program represents a 20% increase in the dollar increase in the program represents a 20%

"(1) Because it would bring in badly needed tax revenues and mean a great help to people which is not paying its full share of the tax burden of the Federal Government.

"(2) Because the time to take advantage of the tax breaks in a big way is now, it will be increasing demand on the tax shelters.

"(3) The electric utility companies, and in particular the power industry, are now the only industries of the American people who are paying their full share of the tax burden. The cost of the heavily taxed industries has been redistributed among the rest of us.

"(4) Because the time to take advantage of the tax breaks in a big way is now, it will be increasing demand on the tax shelters.

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From Washington
Ahead of the News

By CARLISLE BARGER

Exchange Pres. to
Attend Golf Tourney

George Keith Funston, newly
appointed President of the New
York Stock Exchange, will attend
the 32nd Annual Tournament of
the New York Stock
Exchange Golf Association on
Thursday, June 26. He will
come to the tournament, which
will be held at the Winged Foot
Golf Club in Mamaroneck, N. Y.,
late in the afternoon.

About 500 C. Keith Funston
of the Exchange are expected to
attend the outing, it was announced by Henry Piccol, Chairman of
the Association.

Mr. Funston has not yet
assumed his duties as President.
He is expected to take office not
later than Jan. 1, 1952, and possibly
early as Oct. 1.

White, Weld & Co. To
Admit Two Partners

On July 1, White, Weld & Co.,
39 Wall St., New York City,
will admit to partnership
members of the New York Stock
Exchange, E. B. Remmel and John W. Valentine
of the firm. Mr. Valentine
will make his headquarters at
the firm's Boston office, 11 Doveton
Street.

Mr. Cattell, a limited partner in
the firm since 1942, will be
given a general partnership.

Lehman Brothers

In connection with this news
it is necessary to observe
that Wil-lam Edward Griffin, member
of the Cuch, has been admitted to
general partnership in their
firm.

Join's Taylor Staff

(Official to The Financial Chronicle)

BEVERLY HILLS, Calif.—Wil-
mans H. Price has been added to
the staff of Taylor and Company,
179 South Beverly Drive.

Bankers Underwrite
Carrier Corp. Offering

The corporation is offering to
its holding of common stock of
record at a p.m. (EDST) on June
12, 1951, rights to subscribe at
$19.50 per share for additional
shares of common stock (par $10),
in the amount of one-third of
one share for each share then
held on record. The subscrip-
tion warrant is exercisable
between the issuing and a
subsequent offering by the
company. The subscription
right is exercisable between
the issuing and a subsequent
offering by the company.

Join's Francis I. du Pont

With Cuh & Co.

CNLOI, IL—Milton J. Ben-
zon has become associated with
Francis I. du Pont & Co., 218 Col-
our St., Wilmington, Del. Carl E.
Eyman has become associate
with Francis I. du Pont & Co.,
was formerly with South La Salle
Street. He is nected with Norman F. Dacey
& former with Bear, Stearns & Co. Associates.

COMING EVENTS

In Investment Field

June 15, 1951 (Milwaukee, Wis.)
Milwaukee Bond Club summer
party at Geronomoc Lake and
Country Club.

June 15, 1951 (New York City)
Municipal Bond Club of New
York annual meeting at Sleepy
Hollow Golf Club.

June 15, 1951 (Philadelphia, Pa.)
Investment Traders Association of
Philadelphia Summer Outing and
Dinner at the Manufacturers
Golf and Country Club, Overland.

June 15, 1951 (Philadelphia, Pa.)
Investment Women's Club of
Philadelphia buffet supper party
at the Mirage Room of the Bar-
clay Hotel.

June 18-23, 1951 (Philadelphia, Pa.)
Investment Bankers Association of
American Investment Banking
Seminar at Wharton School of
Finance and Commerce, University
of Pennsylvania.

June 24-25, 1951 (Los Ang. Calif.)
Security Traders Association of
Los Angeles Spring Outing
party at Lake Arrowhead Lodge.

June 24-25, 1951 (Minneapolis,
Minn.)
Twin City Security Traders As-
sociation Annual Outing ("Oper-
aFestival") at Gulf Lake.

June 22, 1951 (New York City)
New York Security Dealers As-
sociation Annual Outing at the
Hempstead Golf Club, Hempstead,
Long Island.

June 5, 1951 (Detroit, Mich.)
Securities Traders Association of
Detroit, and Michigan 18th annual
summer outing at Plum
Hollow Golf Club.
The Municipal Forum of New York sponsored a National Conference on Public Housing Finance on June 15 at the Hotel Commodore in New York City. The program comprised a variety of papers relating to public housing, but the main interest was in the preparations for the underwriting and distribution of the forthcoming issues of Local Housing Authority bonds, authorized under the 1949 amendment of the United States Housing Act of 1937. According to a statement of John Taylor Egan, Chairman of the Committee of Public Housing Administration, the initial flotation will consist of more than $100 million of these housing bonds, in amounts ranging from $101,000 to $115,000. They will be advertised for sale on July 3 by 58 local Housing Authorities in 20 States. Bids will be opened simultaneously July 17, 1951, at 3 p.m. (EDT), at the office of each local housing authority.

Proceeds of the sale will be used by the authorities to return presently outstanding privately financed temporary notes, advances from the V. S. Government and to provide additional money to complete construction of about 100 low-rent housing projects. The bonds will mature in 20 to 40 years. The schedule of principal maturities will be based on the bid interest rate. Bonds will be payable at a bank in the city in which the local authority is situated and an alternate paying agent in New York.

The authorities are local public bodies created pursuant to State Laws and are authorized to construct and operate low-rent housing projects with the aid of Federal and State subsidies and super-

The Housing Act of 1949 program, under which the present offering is made, provides for Federal aid in the construction of up to $100,000 low-rent public housing units over a six-year period. Although the Federal Government may loan up to 90% of the development cost of a project, under the terms of the Act, the actual financial aid extended by the govern-

The syndicate has agreed to underwrite the local Housing Authority bonds, proceeds of which finance the sale of the bonds.

New York Syndicates Ready With Bids

According to John Taylor Egan, Schmidt, Vice-President of Blyth & Co., Inc., New York City, who spoke at the Forum, a syndicate has been formed to consider bidding finances of the bonds.

The managers of this account will be Blyth & Co.; Phelps, Fenn & Co.; Lehman Brothers; First Boston Corp.; Goldman, Sachs & Co.; Egan, Companies and Smith, Barney & Co.; Shields & Co. and W. W. Prelnt & Co.

Wm. G. Laemmel, Vice-President of the National Bank & Trust Co., New York City, also addressed the conference and stated that a syndicate headed by the Chemical Bank had been formed to compete for the bond issues. This group also comprises banks and bond houses from virtually all sections of the nation.

It is expected that the volume of Local Housing Authority financing, both here and abroad, will be considerable, but with proper temperature precautions, the Public Housing Administration, Local Housing Authorities and the bond security dealers there is no concern about the market being able to absorb these bonds without distorting interest rates or the market on general obligation bonds of states and political subdivisions.

Gudahy Elected by Am. Nat'l of Chicago

CHICAGO. Ill.—William B. Gudahy has been elected assistant managing editor of the Bankers National Bank and Trust Company of Chicago, it was announced by Lawrence H. Stern, president. Mr. Gudahy will be associated with the bank's department of public relations.

The Commercial and Financial Chronicle. Thursday, June 14, 1951

Dealer-Broker Investment Recommendations and Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Aluminum Industry—Analysis—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

Electric Power Industry—Annual study analyzing data on 66 companies including return on rate base, income and excess profits tax, price of stock, dividends payable to institutional and bank investors—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y.

Graphic Stocks—January issue contains large, clear reproductions of 1,001 charts complete with dividend records for the full year or part of year, showing monthly highs, lows, earnings, capitalizations, volumes on which activity has been shown in the New York Stock and Curb Exchanges—single copy $10.00; yearly subscription of 12 issues) Order from Dept. of Graphic Stocks, 1924 through 1950, includes 1947 and up-to-date current edition, all for $25.00—F. W. Stephens, 15 William Street, New York 5, N. Y.

How to Get Full Value from Your Annual Report—Special book on how to use the annual report of a company to get the full value out of its in information—How to get greater value from dividend advertising —Information Please—Brochure analyzing put and call options—Thomas, Hasb & Moss, 36 Broadway, New York 4, N. Y.

The Inside Story of Outside Help—Booklet describing the services of Wall Street Investment Services, Inc., Dept. U, 2 River Street, New York 6, N. Y.


New York City Bank Stocks—Special Report—Laird, Bines & Neech, 120 Broadway, New York 5, N. Y.

Over-the-Counter Index—Booklet showing an up-to-date comparison of the Dow-Jones averages and the 30 over-the-counter industrial stocks used in the National Quotation Bureau, Average both as to yield and market performance over an 11-year period—National Quotation Bureau, 46 Front Street, New York 11, N. Y.

Puts & Calls—Booklet—Flier, Schmidt & Co., 30 Pine Street, New York 5, N. Y.

Railroad Income Bonds—Analysis—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Study in Price Movements—Chart and analysis—Francis J. du Pont & Co., I Wall Street, New York 5, N. Y.

Television Set Manufacturers—Discussion of current situation—E. F. Hutton & Co., 61 Broadway, New York 6, N. Y. Also available in their current issue of "Market and Business" are brief data on U. S. Steel Co., Inc., and Mission Corp.

Utility Stock Analyst—Geyer & Co., Inc, 63 Wall Street, New York 5, N. Y.

..Artex Corp.—Analysis—Raymond & Co., 148 State Street, Boston 9, Massachusetts.


Also available is an analysis of the Public Utility Commission of California Pacific Utilities Co.—Research report—First California Co., 300 Montgomery Street, San Francisco 20, Calif.

Capital Alloys—Analysis—Argus Research Corp., 61 Broadway, New York 6, N. Y.


Central Steel & Wire Co.—Analysis—Bancroft Investment Co., 39 South Lafayette Street, Chicago 3, Ill.

Central Vermont Public Service Co.—Analysis—Ira Haupt & Co., 111 East 42 Street, New York 17, N. Y.

Century Natural Gas & Oil Corp.—Circular—Greenfield & Co., Inc, 40 Exchange Place, New York 5, N. Y.

Our recent issue of "HIGHLIGHTS" features

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The Coming Growth of Electric Power

By J. W. McAfee* President, Union Electric Company of Missouri

Adding electric power is growth industry despite fact of its phenomenonal accomplishments, utility executive predicts a doubling of capacity in less than 15 years, and foresees an ultimate horizon of expansion. Fears of excessive and wasteful expansion in both residential and industrial uses of electric power, and expresses optimism on capacity to supply consumers' needs despite financing problems. Sees more economy in distribution systems, and substantial cost reductions to be given by utility managers to financial responsibility and further improvement in public relations. Predicts coming of industrial growth, electric power will be taken in full stride.

Looking at tomorrow is a part-time job that has fascinated men throughout his history. There are many reasons for its popularity, but the one which impressed me most is the effect of our ability to dream and plan for the future. Nothing h as a brighter tomorrow. And even if today is a good day, we need the assurance that the good will continue.

I mention this because we cannot fail to face tomorrow in our industry without reference to the nation and the world in which we exist. And I want to recognize, for the particular nation, at this particular moment in world aff airs, that the plight of discussing the future may be the optimum for survival. To satisfy when we think of tomorrow in terms of international events, the alternatives which we have predicted and which we are faced with the problem of giving many of us a sense of well-being and hope.

I mention it, too, because I am an optimist, and my pessimistic occurrence with a generally optimistic. Yet, I do not want to leave with the feeling that the imminence of world catastrophe has been ignored. The dangers and the problems for the future of our industry which I have to discuss are, in the past few years—do not consider, the effects of a total World War III or any other catastrophe of similar proportions. They assume a catastrophic insurance of our present mobilized economy.

That this is not a false assumption based on false optimism, or on a kind of optimism that they will always be at their best, a particularly powerful obligation, is to destroy this tomorrow and to prepare for the problems of the day. If we are to make full preparation for a full contribution, we should not formulate our question and our planning in an atmosphere of hysteria or despair or even cynicism. In my judgment, our very optimism generates a positive approach to affairs that is more likely to bring positive results. Every history proves that the cards are stacked against us—we must know the all-seeing ability to realize that now—it would still hold true that confidence and this thinking today is our best preparation for the future.

In this industry, certainly, past history has proved the value of such a philosophy. There are many of you who were associated with us in the heating business 30 years ago, at the close of the first World War. I wonder how many of you believe, then, the electric load of this nation would double in the 30's, increase nearly 60% in the depression 30's and double again in the '40's. It is truly an amazing record. And it is a record which could not have been achieved without optimistic thinking in the building for each period of growth.

**Double Capacity by 1965**

Today, we are taking in terms of the electric load of the year 1980 llegó by 1965. If our analysis of the data indicates that America's peak power load will be in excess of 180 million kilowatts. We are a growth industry, we have achieved maturity, by modern industries standards, without ever having lost our growing pains. And, it seems as though we are going to be wanting time to come.

When will all this stop? What, in other words, is the maximum market for this product? We have never heard or seen those maximums answered adequately without suddenly freezing, for the purpose of developing such an analysis, all the factors which determine our growth. The result then, is to be, quite a different, it must assume, for example, a certain level of appliance efficiency, such as existing and desire. But we know that if the appliance efficiency, such as existing and desire, is to be at a maximum, the appliance efficiency apparently has been outweighed by our ability to use utility and cleanliness. If such is the case, the problems of space heating may be solved by the individual industry's custom and not by that, which they may be crossing the horizon.

Yet, I do not share the fears that this may not be good for the individual. You and I will continue, and any use is in demand by our customers, we will be ingenious enough to supply it . . . regardless of its requirements in financing, in building, even to the extent of creating a demand charge for home electricity. We will be ingenious enough to supply it under such conditions that it will extract the maximum possible benefit for both the consumer and the utility itself.

**Residential Growth**

Although it is residential growth that holds the most value for us, it is in the field of industrial advancement that we can make our most significant contribution to ease the current strain on our national economy. You know the history of power for industrial advancement as well as I. Fifty years ago, the average American workman used an estimated one-twentieth of a kilowatt of electric power per man-hour. At the end of World War II, this had increased to nearly five kilowatts per man-hour, and today it is estimated that the average workman in our country is using at least .75 kilowatts per man-hour. This has meant—in terms of the capacity of the individual worker to produce—that America has added the equivalent of a year's worth of work for her workers over the peak years war.

The mechanism that has contributed to the utilization of electricity in industry is certain to continue. Indeed, it is likely to continue, because I am an optimist, for America's industry. For most companies, under the pressures of after-sales, material costs, and high product development, there is no choice. Moreover, since a continued increase in production per unit of human effort is the only way to higher standards of living . . . and, indeed, for our time, the only way to maintaining.

Continued on page 31
Has Inflation Spiral Ended?

By EMERSON P. SCHMIDT
Director of Economic Research
Chamber of Commerce of the United States

Dr. Schmidt, commenting on public interest in inflation and spread of knowledge of its causes, says it becomes more obvious that a balanced budget and tight credit controls can prevent inflation. Holds prospect of early all-out war with Russia is longer period. Concludes, however, inflation problem, though less acute, is not ended.

Currently there is more public interest in inflation than there is for the defense program. Webster defines inflation as a "disproportionate and relatively sharp and sudden increase in the quantity of money or credit or both relative to the amount of goods available for purchase. Inflation always involves a rise in the price level." In popular language, even in some policy-making circles, Webster's definition has been labelled as "spending inflation. An inflation is a rise in the price level."

This change in meaning has been noted by Dr. E. P. Schmidt, 2nd National Business Conference, Harvard University, June 9, 1951.

Theodore Roosevelt was fond of saying, "You can fool some of the people all of the time, and all of the people some of the time, but you cannot fool all of the people all of the time." And it is true that inflation has been a subject of almost daily news for many years.

Inflation is not a new phenomenon, as can be seen from the following table:

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<th>Year</th>
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<tr>
<td>1830</td>
<td>5%</td>
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<tr>
<td>1840</td>
<td>7%</td>
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<td>1850</td>
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<td>1920</td>
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Inflation is a complex problem, involving many factors. It can be caused by an increase in the money supply, a decrease in the supply of goods, or a combination of both.

Economic Literacy Rising

In spite of this popular confusion most responsible groups and individuals are recognizing more that inflation is primarily a monetary phenomenon that can be regulated. The basic treatment must address itself to money and credit.

We have come a long way in our understanding since the days of the first World War. If the picture of the period of World War II with reference to inflation and price controls. During World War II there was no popular support and little support from responsible groups and individuals for a strict pay-as-we-go war financing policy. Today, almost without exception, people realize that inflation is a part of everybody's "defense mobilization program." This response is part of the rapid progress in economic literacy.

Korean Aggression Builds Boom

Most economists, many bankers and others have been concerned over the "national defense" life' practiced by the Administration in the United States Treasury in recent years. For three years in succession it has been a virtual war in all its aspects. At the end of 1949, Consumer prices were rising at an annual rate of 1.5% based on the Korean aggression, following the rise of 3% in 1948 and 5% in 1947 increases and anti-banking on the part of housewives and business people in an expanding economy.

In 1951, the Federal Reserve Bank loans increased from $185 billion in April, to nearly $3 billion, a net addition of $6 billion in about half a year. At an annual rate of the money supply of 35%, Consumer price index during the year rose by $77 billion to over $20 billion and the rate of inflation of the existing debt expanded to accelerate at a rapid rate. In the same year, war credits, which account for $17 billion of the increase in the money supply, were 80% of the total. During this period the annual rate of change in the demand (deposits) jumped upward from about $10 billion to nearly $3 billion above the previous postwar peak. Furthermore, the rate of use of the money supply (velocity of circulation) is rising steadily and is continuing.

In the face of this expansion of the money supply, the argument that only a minor increase in the monetary resources is necessary for the maintenance of inflation is not tenable. Inflation is not a problem of small magnitudes, but is a symptom of a larger trend. The consequences of inflation are far-reaching and cannot be ignored.

In sum, inflation is an economic problem that must be faced and dealt with. It cannot be ignored or dismissed as insignificant.

What Makes a Public Service?

Funny thing about people. They like to be warm—comfortable—well in housed, well fed, well clothed, and safe. The same thing, to varying degrees, is true of individuals, industries, and nations. And if you wish to know what makes a Public Service, it is important to understand how these basic requirements are fulfilled.

For many years, Albert Frank--Guenter Law, Inc. has pioneered in humanizing, personalizing and dramatizing the story of American industry. The specialized techniques developed in this process have been applied with success to such important developments as the creation of better-informed customer and stockholder groups. Many of these ideas have been elaborated and illustrated in our two specially-prepared booklets: "How to Get Full Value from Your Annual Report" and "How to Get More Value from Dividend Advertising". We'd gladly send copies upon request.

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... 10 (2450)

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Federal Reserve Bank of St. Louis
Keeping the Power Program On Schedule

By C. B. McMANUS

Administer, Defense Electric Power Administration

Mr. McManus reviews expansion program of electric power and problems involved in supplying power facilities when and where needed. He outlines necessary administrative procedures for accomplishing this purpose, and says efforts will be made to avoid controls and rationing in electric power industry.

Today I was talking with you about the Defense Electric Power Administration because we believe that an essential service is to your industry. You have been asked to do your job efficiently.

I believe that DEPA will play an important role in your business life over the next year. A power control over critical materials will in my opinion become tighter and tighter.

We have avoided all unnecessary controls to date because we do not believe in controls just for the sake of controls. We have tried to keep paper work at an absolute minimum, which is no small job.

Basically our job in DEPA is to analyze and to appraise the power expansion program of the country and to determine whether power will be available when and where it is needed. Having analyzed and appraised the situation, we then endeavor to secure sufficient materials so that the program can be completed on time. We are our further responsibility to provide the necessary incentives so that the program will not be held up by hazards involved in the expansion.

In April, 1949 before Korea, approximately 17 million kilowatts of additional generating capacity was scheduled for the three years 1949, 50 and 52. By using this pre-Korean-three year program as a base, we can get an approximation of the total impact of the defense program.

In April, 1951 approximately 27 million kilowatts was scheduled for the year on expansion until 1953. This expansion program was greater than the 17 million kilowatts contribution from Korea. After Korea, the expansion program was 27 million kilowatts. This means that approximately 10 million kilowatts of additional generating capacity has been scheduled in 1951, 12 and 32 over and above normal expansion as a result of the defense programs.

In the three years 1948, 49 and 50 approximately 17 million kilowatts of additional generating capacity was added in this country by all sources contributing to the public supply. The 27 million kilowatts for 1951, 12 and 32 over and above normal expansion as a result of the defense programs.

In the three years 1948, 49 and 50 approximately 17 million kilowatts of additional generating capacity was added in this country by all sources contributing to the public supply. The 27 million kilowatts for 1951, 12 and 32 over and above normal expansion as a result of the defense programs.

By 1949 we expect new kilowatt supply to exceed the 17 million kilowatts of the pre-Korean period. By 1950, we expect to exceed the 27 million kilowatts of 1951.

In October, 1949 before the Korean War began, we had reserved margins of approximately 20%. By 1950, the reserved margins were at least 6%.

According to the records we have, the electric utilities never spent as much as a billion dollars on the construction program prior to 1947, but in the years 1948, '49 and '50 electric utility spending averaged more than $2 billion. When the war started Korea and the nation demanded more power, those electric utilities which had made it prepared, the nation supplied additional power in response to the demands placed on it.

Recognizing the seriousness of this situation, DEPA has recommended 610,000 kilowatts of additional capacity for these two States to the Federal Power Commission for licensing. These projects have been licensed and are under construction. We have taken steps to advance the construction of these two projects totaling 220,000 kilowatts, DEPA has recommended immediately with the construction of a large capacity 8.6 billion kilowatts California which have in the moderate amount of 27 million kilowatts. These projects could be completed and put into operation during 1953, but approximately 40% will be placed in service by the end of 1953.

The information which we have at the present time on the power usage of this country indicates that the power demand will be decreased from 1953, of which present power usage could be maintained, the expectation is that enough additional capacity will be available to add to make this region sufficient to meet the needs of 1953.

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The Greatest Concern in Next Few Years

Keeping the power program on schedule will be, I think, the greatest concern for all of us over the next few years. The greatest single factor will be the availability of materials.

The allotments of aluminum, copper and steel have already been affected by the economic conditions for the third quarter of this year. The Engine and Turbine Division of NPA has requested the manufacturers of major power equipment to report if they have sufficient power materials to meet the demands of the defense orders.

The third quarter allotments are substantially lower than the current allotments requested by both the NPA Divisions of NPA.

Three of the manufacturers of major power equipment have told us what will happen as a result of the sharp cuts in materials for the third quarter.

Concerning turbines, the lost production is estimated to be 400,000 kilowatts for the one company and 300,000 kilowatts for another. The third manufacturer will be short 64% on materials.

On transformers, shipments by this company will be delayed from one to 14 months starting in August, 1951. Another will have to operate at half capacity and the third will be short 43% on materials.

For switchgear, delays in deliveries for one company will start in July of this year and will range from two to 12 months. Deliveries for another company will start in August and will be from one to 13 months. The third manufacturer reports a deficiency of 28% in materials requested for switchgear.

The delays in switchgear and transformers caused by these material cuts will interfere with scheduled "start-up" dates for those plants to be in the months immediately ahead.

Providing materials for the manufacturers of major power equipment is the job of the Engine and Turbine Division and the Electrical Division of NPA, but it is DEPA's job to determine the entire power program so that they can get the materials they need.

Both DEPA and the two divisions in NPA are insisting that the power program must be maintained on schedule; that to let it slip would interfere with essential defense production. The materials needed for scheduled production of equipment in the third quarter of 1951 must somehow be obtained.

For the direct requirements of electric utilities, DEPA has received 25 million pounds of aluminum for the third quarter, compared with 49 million pounds for the second quarter. Our copper allotment is 75 million pounds for the third quarter, compared with 92 million pounds in the second quarter. Our steel allotment is 90,000 tons a month which is the same as we had received for May and June.

We are proceeding with the allocation of these allotments on the basis of urgency but in the meantime we are doubling our efforts to make sure our program that we will receive additional materials.

One of the things which has handicapped us in getting sufficient materials for the third quarter is the slowness with which the Defense Districts have placed defense orders in the second quarter. Because these defense orders did not reach the mills as quickly as they might have had, the assumption was made in Washington that the utilities did not need all of the material they had asked for. This was not true, but it indicates the need for using promptly priority assistance.

I particularly want to emphasize that third quarter orders should not be held up waiting for the Controlled Materials Plan. We hope that by July 1st or shortly thereafter, we will be under CMP. This should provide some definite advantages. We expect that all material allotments made to us under CMP will be, in effect, certified checks with materials specifically set aside for those needs. We also expect to have all 102:738% of these orders under deposition by September 1st. Continued on page 23

Western Maryland Railway Company
3% Equipment Trust Certificates, Series P

(Philadelphia Plan)

To mature $226,000 annually from July 1, 1952 to July 1, 1966, inclusive

To be guaranteed unconditionally as to payment of principal and dividends by endorsement by Western Maryland Railway Company

Priced to yield 2.55% to 3.05%, according to maturity

HALSEY, STUART & CO. INC.
R. W. PRESSPRICH & CO. A. G. BECKER & CO. OTIS & CO. INC.

THE ILLINOIS COMPANY
W. E. POLLOCK & CO., INC.
MCMASTERS HUTCHINSON & CO.

June 14, 1951

This announcement is not an offer to sell or a solicitation of an offer to buy these securities.

Price $3,540,000

Issuance and sale of these Certificates are subject to authorization by the Interstate Commerce Commission.

The Offering Circular may be obtained in any State in which this announcement is circulated from only such underwriters and other dealers as may lawfully offer these securities in such State.

HALSEY, STUART & CO. INC.

$3,000,000

Public Service Company of New Hampshire
First Mortgage Bonds, Series F, 3 1/4% due 1981

Dated June 1, 1951

Price 102.738% and accrued interest

HALSEY, STUART & CO. INC.

June 14, 1951
The Price Outlook

By ROGER W. BABSON

As long as you price will be lowered is by reducing quality or forcing unemployment. Mr. Dobbins will not be worth less next year. Advice, against hoarding, and that will not skyrocket.

What is the outlook for prices, clothing and rents? I do not see for the balance of this year. The entire buying over is.

Installment sales are not increasing. The cline. Does this mean that the prices of all tin things you buy will tumble?

The Federal attempts to lower prices is largely a political gesture. Very few high-quality goods will sell for less for some time. The entire prices will not be lowered is by reducing quality or forcing unemployment. Mr. Dobbins will not be worth less next year. Advice, against hoarding, and that will not skyrocket.

What About Wages?

The "take home" wages are determined by supply and demand. Labor Unions can make manufacturers pay more wages, but they cannot make the public buy more merchandise. The bureaus at determining a "fair" hourly wage, but they cannot assure the work of the Union. The "take home" pay is the product of the hourly wage multiplied by the time worked. I believe this will hold up for some time. Labor will not go down in prices of food, clothing and shelter.

Yet, we must remember that only 25% of our workers are now working, while 30% of those who are working are still free to work where they wish, as they wish and for what they wish. These are the true Americans, in a humble judgment. Those will supply the foremen, managers and future employers of our great growing country. If you always want to work for someone else, then join a Union. If, however, you want to be a free man and claim the rewards of your work, don't be tied to Union rules.

Dollars Are Worth Less

Another reason why the government cannot reduce prices is because the dollar will be worth less next year. Now President Truman is balancing the nation's budget: but he can't do this next year. He must print money or bonds to help pay for the military expenditures. Paper dollars are little different from paper dolls or any other commodity. As the supply increases above normal, the price goes down. Government bonds have already dropped in price; dollar bills will tumble again soon.

Many readers of my column send me charts and figures showing how prices have temporarily been controlled in the past, but they forgot we are now living in an entirely new economic age. During his administration, President Roosevelt destroyed the Gold Basis for our dollar bills. This Gold Basis prevented prices from going too high. Now he is preventing wages, real estate, etc., from staying up. A drop of business in the supply of printing press money," or a business slump, the price of gold will again be marked up.

Shall You Buy Now?

Do not buy now for hoarding. Prices will not skyrocket. There will not be a lack of necessary goods. On the other hand, don't wait for lower prices on goods you really need. Buy naturally; save naturally; and live naturally. Be neither a sucker nor a speculator; be neither a scamp nor a wastrel. Be fearless, sensible citizen and insist upon quality even if you must buy less.

Join Frank Knowlton

OKLAHOMA, Calif.—Arthur E. Stewart has been added to the staff of Frank Knowlton & Co., Bank of America Building.

A.

They all use the facilities of Doremus & Company for one or more of its corporate advertising or public relations services.

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1951

Continued from page 8

Dealer-Broker Investment Recommendations and Literature

Columbia Gas—Review—Ira Hauk & Co., 111 Broadway, New York 6, N. Y.

Columbia Gas Systems—Memorandum—Auchtinloss, Parker & Co., 115 Broadway, New York 6, N. Y.

Also available is a memorandum on Norwich Pharmacal Co.

Ducommun Metals & Supply Co.—Analysis—Bill Richards & Co., 621 South Spring St., Los Angeles, Calif.

Also available is a study of Kaiser Steel Corp.

Erie Railroad—Bulletin—Farrell & Co., 209 South La Salle St., Chicago 4, Ill.

Also available is a discussion of Radio Corp. of America.

Gisholt Machine Co.—Analysis—Dayton & Gerson, 100 South La Salle St., Chicago 3, Ill.

H. C. L. Corp.—Circular—J. F. Reilly & Co., Inc., 61 Broadway, New York 6, N. Y. Also available are circulars on Maryland Drydock and Mexican Gulf Sulphur.


Parke, Davis & Co.—Memorandum—Shearson Hannel & Co., 44 Wall Street, New York 5, N. Y.

Permutan Co.—Analysis—Eiseng & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

Riverside Cement Company—Card memorandum—Lerner & Co., 119 Post Office Bldg., Kansas City, Mo. Also available is a memorandum on Gear Grinding Machine Co. and on Seacoma Falls Machine Co.

Schenley Industries, Inc.—Bulletin—Freiberg, Moyer & Co., 120 South La Salle Street, Chicago 3, III.


Smart & Final Co.—Analysis—Pacific Coast Securities Co., 539 California St., San Francisco & Calf.

United States Fidelity and Guaranty Co.—Analysis—Stein Bros. & Boyce, 6 South Calvert Street, Baltimore 2, Md.

Valley Maid & Son—Circular—didPount, Honey & Co., 51 Milk Street, Boston 9, Mass.

Halsey, Stuart Group Offers Equit., Tr. Cbf.

A group headed by Halsey, Stuart offers equipment estimated to cost out less than $4,952,053. Western Maryland Ry. Co. 2%. Other members of the offering equipment trust certificates, series group are: R. W. Presprich & Co.; F., maturing annually July 1, 1952. A. G. Becker Co. & Co.; Otis & Co. to 1966, inclusive, at prices to yield; The Illinois Co.; Pollock & Co. from 2.25% to 3.0%. Issued under the Philadelphia Plan, the cer- mony & Co.

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

216,504 Shares

Carrier Corporation

Common Stock

($10 Per Value)

The Company is offering these shares for subscription by its Stockholders, subject to the terms and conditions set forth in the Prospectus. The Subscription Offer will expire at 3 P.M., Eastern Daylight Saving Time, June 26, 1951.

Subscription Price $19.50 per share

During the subscription period, the several Underwriters, including the under- signed, may offer and sell Common Stock, including stock purchased, if to be placed prior to the exercise of Subscription Warrants, at prices not less than the Subscription Price set forth above less any concession to dealers and not greater than the then current offering price plus an amount equal to Stock Exchange brokerage commissions.

Copies of the Prospectus are obtainable from only such of the undersigned and dealers as may lawfully offer these securities in the respective States.

Harriman Ripley & Co.  
Hemphill, Noyes, Graham, Parsons & Co.

June 13, 1951.
Abuses in Public Power Administration

By A. J. G. PRIEST*
Vice-Chairman, Section of Public Utility Law, American Bar Association

Mr. Priest attacks administration of public power projects, particularly in the West, which is being assisted by investor-owned utilities from receiving electricity from government projects. Also criticizes use of "continuing fund," which is employed at a loss to the public.

Says it is not intent of Congress to prevent use of public power by investor-owned companies and that present Interior Department monopolistic policy is furthering Socialist trend.

My dear father has told me that, somehow, he chased a gopher in an Idaho legislative contest of heroic proportions. Precise details have been lost in the mists of history, but father records that it was a kill-or-be-killed struggle and he also remembers that it produced the 1939 Idaho gopher law.

The tartanati's on the scorpion's back, and the Tartar on my good friend Louis's book about the Tartars. I feel very proud that an epithet is given me, particularly when I am so pugnacious and I am sure that we owe the electric utility industry not only our allegiance, but also our debt of gratitude which we used against us in the grin of 1939.

Thus, I would not call Secretary Chapman or Douglas Wright of Bennington a Socialistic Communist, or a fellow traveler, or a socialist. But, such an accusation on any part would be considered on the highest level by Chapman and Wright would be both reckless and irresponsible. But I do say that the perpetuation of the Boards of these and a similarly-minded gentleman to promote public power have already done irreparable and permanent damage to public interest of the many.

J. Archibald MacLeish may be somewhat startled if he learns that he has been cited in this connection and in this context, but I am sure that he, who at the Federal Power Commission, will agree with the sentiment that such a committee, which has such a long history, can have only a small interest in the welfare of the nation, that is, that the public interest is not the same as the public utility interest. And, perhaps, he may have the answer to the question of how to interpret the public interest.

The Abuse of the Preference

I am going to address myself particularly to what I think most of you are interested in: the "preference clause" and the "continuing fund," two devices which, as used by our Interstate Commerce Commission, assist in the development of things which we, as public utility men, do not want.

These devices are not

*An address by Mr. Priest before the Iowa Conference on Planning, Des Moines, June 21, 1944. [2452] 19

utility proposing to sell in the same area outside the boundaries, the preference is a preference in consumptive qualities, and not a merchandising asset.

Preference was given to public bodies when power generated at the Hoover dam was disposed of, as a result, the Los Angeles municipal system probably was not entitled to the completion of that project and premium power license were required to be built. Purchasers who failed to take the contract delivery at the project bus bar.

Effects of Discrimination

Under more recent legislation, beginning with the TVA in 1933, and the preference clause has received extensive in most interpretation. In fact, the preference clauses which up to that time had been characterized and became known as "discrimination clauses" and the process was comparatively plodding and even now the misinterpretation of the purpose of the preference clause is often rather than the legal purpose.

But spectacular results have been achieved by the Federal power monopolies. In the TVA territory alone, 35 investor-owned companies have been wiped out in whole or in part; 85 municipalities and have expanded, placed under contract to an inexorable Federal power monopoly which has been established in a service area twice as large as the Tennessee Valley. There are many more, as you all know, unregistere
d with the TVA. The Federal Water Power Act, the Boulder Creek Act of 1939, which contained a preference clause similar to that set up in Section 5 of the Flood Control Act of 1944.

...Public interest includes the necessity for making a good business contract which will guarantee the return of the Federal investment as required by section 1(b). The public primary interest is the assurance of the contract and the development of the Contractor, not in the corporate aim of the Federal government, public bodies, or contractors, but in the public interest of and privately-owned companies.

Please note the language: "Discrimination clause has been designed by such manner as to encourage the most widespread use thereof at the lowest possible rates to consumers consistent with sound business practice and reasonable and adequate lines which are in the public interest. It is a public interest of the Federal government, public bodies, and private companies, but certainly not the public utility companies and, privately-owned companies.

With that language in mind, I think it is important to consider the Secretary, Harold L. Ickes on the Federal Water Power Commission, recently put in evidence by Richard Arnold in the course of the examination of Southwestern Power Administrator's report, proceeding before the Arkansas Public Service Commission. "Honest Harold's" instructions were still in

This announcement appears for purpose of record. This note was placed privately through the undesired, and has not been and is not being offered to the public.

$25,000,000

Colgate-Palmolive-Peet Company

3% Promissory Note

Dillon, Read & Co. Inc.

June 8, 1944
Dr. Paul Eizng  

Will Britain Revalue Sterling?  

By PAUL EINZIG  

Commenting on recommendation of Economic Council of Europe that Britain revalue sterling, Dr. Einzig points out pros and cons of such a move. Says fear that revaluation will send a shock wave through private enterprise would then have to face full hardshells of socialism without mitigation of rising prices.

LONDON, Eng.—The report of the Economic Council of Europe recommending a revaluation of sterling, created considerable stir in this country and abroad. The Treasury was inundated with inquiries whether the view expressed in the report represented the British Government's views. The answer was emphatically in the negative. It was pointed out that the report was published on the authority of the Secretariat of the Council, not of the Council itself. While the British Government is represented on the Council, the members of the staff and expert advisors of the Secretariat are not appointed by the government, and do not represent government officials. At the same time, Treasury officials declined to comment on the question whether the government favors the idea of a revaluation. Since the official declarations of the intention to devalue sterling gave rise to much criticism, the official attitude now is not to comment in any sense on suggestions concerning any possible action in the exchange value of the pound. When announcing the devaluation in September, 1949, Sir Stafford Cripps did forebode the possibility of a revaluation if in practice the new level of the pound should be found to be too low. There have been no further official statements on this subject. As far as it is possible to ascertain, the government was until recently quite undecided against a revaluation, and possibly it still is against it. Even though the gold reserves have increased considerably, it is not considered large enough to remove all fears of a possible gold outflow resulting from a revaluation. Moreover, since the beginning of 1951, the British balance of payments has deteriorated to some degree. This reason alone provides a strong argument against a revaluation, and if sterling is maintained at its present parity, Britain will lose some of the recently acquired gold before the year is over. Many experts are of the opinion that in prevailing circumstances a revaluation would actually be harmful. Dr. Einzig points out that it would change the terms of trade in Britain's favor. Owing to a recovery in demand and new imports, the revaluation requirements the volume of goods available for export is expected to decline, and it is all the more important, therefore, to remove the threat of a possible gold outflow. In a sellers market, there is no advantage in keeping the national currency undervalued. The government does not share this view, as at any rate it did not share it until recently. It is feared in official circles that a devaluation might jeopardize Britain's newly established position. The main reason for South Africa to revalue its currencies if this would be the case has not been mentioned, but it is obvious that such the government's exports to the neutral bloc have increased. All these considerations are overshadowed, however, by the question of the internal repercussions of a revaluation. Either the main reason why the government was unwilling to consider a devaluation was the fear that a reduction of the exchange rate would make exports work it importers to resist higher wages and claims, and that this would lead to a number of strikes. It is true, a revaluation would also check the rise in the cost of living, but if even reverse it to some degree, so that there would not be the same need of a granting wage increase. Notwithstanding this, the government may decide to make the English state of elasticity in which industry could afford to meet wage demands, and it for that is feared such demands will continue to be competitive, it is the increase in the cost of living decreased. Such fear of deflation that a revaluation, which is regarded as a deflationary move, is bound to be unpopular on that ground alone. Nevertheless there is a possibility that the government may revalue sterling before long. The increase in the cost of living is causing growing concern in official circles. It has become a political factor of first-rihere importance. Should the government decide now to raise the government's unpopularity in the country, would undoubtedly increase. Even from this point of view, however, the government is not all certain whether a revaluation would provide the required remedy. For the increase in the cost of living is mainly due to the rise in the prices of raw materials imported from the sterling area. From that point of view, it would be better to raise the sterling area. Moreover, it would be helpful that the government, might conceivably consider its attitude during these rising of revaluation requirements.

What the government is afraid of is that a revaluation might reduce its ability to control the currency in a strained situation. The government has been trying to reduce the cost of living in the sterling area. It has been helpful in enabling industry to increase its output, which has been above its target level in high taxation and in spite of the unfriendly attitude of the government to capital and enterprise. Indeed there seems to be a realization among business leaders that the regime in postwar Britain has been one of Socialism tempered by inflation.

This advertisement appears as a matter of record only and is under no circumstances to be considered as an offering of these securities, for a solicitation of an offer to buy any of such securities.

Not a New Issue

257,660 Shares

American Airlines, Inc.  

Common Stock  

(Pair Value $1 per Share)

Price $15.625 per Share

LEHMAN BROTHERS  EMANUEL, DEETJEN & CO.

June 13, 1951.

Edison Electric Institute Elects New Officers

George M. Gadsby succeeds Louis V. Sutton as President, and Bayard L. England is elected Vice-President of the Institute.

At the close of its Ninetieth Annual Convention held at Denver, Colo., June 6-9, inclusive, the Edison Electric Institute elected as its President for 1951-52, Mr. George M. Gadsby, President and General Manager of the Utah Power & Light Company. Mr. Gadsby succeeds Louis V. Sutton, President of the Carolina Light and Power Company. As Immediate Past-President for coming year Mr. Bayard L. England, President of the Atlantic City Electric Company, who succeeds Henry B. Bryan, was elected President of the Institute.

The Commercial and Financial Chronicle . . . Thursday, June 14, 1951

Edison Electric Institute

Mr. Gadsby is well known throughout the nation both in the electric industry and in other business fields. The Western utility which he has headed for the past 23 years has developed during this time from a relatively small and limited concern into a forward looking public utility company supplying electric power to a rich, increasingly diversified area of people with diverse economic possibilities only now are beginning to be realized.

Mr. England was born in Sandusky, Ohio. His father was later Secretary of the railroad YMCA and afterward became a private industrial consultant. Mr. Gadsby attended the Marietta (Ohio) College graduating in 1913. Mr. England received the degree of Master of Arts from Marietta in 1921. He studied at the Massachusetts Institute of Technology for two years receiving the degree of Bachelor of Science in 1929. He was granted an honorary degree of Doctor of Engineering by the University of Pittsburgh and in 1941 an LL.D. from Maristell College.

Going immediately into practical work upon his graduation from MIT, he joined the Warren Water Company, a subsidiary of the American Water Works and Electric Company at Warren, Pa. From there he went to the American Water Works to Pittsburgh, Little Rock, Arkansas and later to New York. In 1938 he went to the Ohio Water Company in Pittsburgh and nine years later was made President of that concern.

Mr. Gadsby joined the Electric Bond and Share Company organization in 1929 and was elected an executive of Utah Power & Light Company. While he planned to remain in Utah for some time, subsequent developments and a real love for the Intermountain area and its people, caused him to give up any thought of leaving. He directed UPL’s recapitalization and reorganization activities in 1941 and at present he is handling a $98 million expansion program which, upon completion in 1953, will increase his company’s electric generating capacity by 85%.

While in Pennsylvania, Mr. Gadsby was President of the Pennsylvania Electric Institute and was a member of the Northeast Electric Light and Power Association, and a Director of the Electric Manufacturers Association and the Edison Electric Institute. He is at present a director of the National Association of Electric Companies, an active participant in the Electric Manufacturers Association, a member of the Pennsylvania Utilities Information Program, and a member of the Electric Utility Defense Advisory Board. He is also President of the New York Stock Exchange. He has been elected a member of the Institute since 1932 and has been president of the American Electric Institute.

Mr. England, who is a member of the board, Utah State Institute of Fine Arts and is a past President of Salt Lake Rotary Club and Community Chest of Salt Lake County, is the joint president of the National Association of Retail Electric Companies, and a director of the Salt Lake County General Hospital. He is at present the President of the Dutchess Electric Power Company, which serves the Dutchess Electric Power Company, which serves the Dutchess Electric Power Company, and is a member of the Board of Trustees of the New York Stock Exchange.

Bayard L. England is New Vice-President

Bayard L. England, was the newly elected Vice-President of the Edison Electric Institute, was born in Pittsburgh, Pa., and graduated from the Atlantic City Electric Company in 1951, when he was a member of the New Jersey Institute of Technology. He has been an active and influential broker on the Exchange.

257,660 Shares

American Airlines, Inc.

Common Stock

(Pair Value $1 per Share)

Price $15.625 per Share

LEHMAN BROTHERS  EMANUEL, DEETJEN & CO.

June 13, 1951.

Edward Davies Joins

Fahnestock Dept.

Edward Davies formerly with the New York Stock Exchange and the Federal Reserve Bank, has joined the Fahnestock & Co. firm in New York City, members of the New York Stock Exchange and the Federal Reserve Bank. He will be responsible for developing the firm's activities in the cotton business. Before joining Fahnestock & Co., Mr. Davies was formerly with Sherarson, Hoffman & Co., a cotton broker in New York City. The new firm, which will hold membership on both the New York Stock Exchange and the International Cotton Exchange, will be William S. Irle & Dull, Inc. Mr. Irle has been active as an individual floor broker on the Exchange.
The Menace of Profit Starvation

ROGER M. BLough

Operating head of leading steel company attacks idea attributed to nation's policy makers of bringing business to profit starvation level in period of national emergency. Says this policy is likely to cause trouble to wage-earners and investors alike, and contends a plateau may be the limit of rising and production costs may never be reached.

The American production is a great idea, it is the idea with which our companies are busily concerned. We are in the production... We make steel and other things. We do not build a building or a new plant, we do not build a new source of power. That is an industry. But, whatever we do is all related to production, just as all of the other activities of business in the country. The Department of Commerce says there are 17 million people in the industry, excluding farms, running a total of 60 million firms. These are not as large as ours and we are in this country. But all of these people. But all of these businesses and a great part of the people operating the production—do all the time on the job behind the scenes, things producing or producing. Of course there is a product which in turn develops and matures and perhaps is a new industry, with new jobs and new products.

Each of these situations are creative; they give a lift to the spirit and they fill the needs of the average man and woman. They are on the plus side. Anything which fills the needs of the average man and woman are on the plus side.

Now what has that to do with this law and the clamor of this great law school? Just this: we must give the recognition to the fact that it is the most natural thing in the world for the laws of a great nation to change—to multiply—to go to complex—and to change with the times. New situations, like production, in machines, and in businesses, will be developing and with the new situations which are created, the whole existence of today's and the yesterday's and the tomorrow's and the inventions and investments, and to grow to complex as our American production grows more complex.

That constant change in the laws reflects that seething ferment of ideas which is constantly going on in this land. The law, in a real sense, is a codification and a regulation of that ferment, the constant creation of ideas in the minds of Americans, which is our most important ingredient in our national life.

One new situation creates a new need for more rules and regulations and rule enforcement—yes, or, if you please, for codification—on the one hand, for new rules governing how these new industries are to operate in a voluntary industry. As long, therefor, as there is that ferment of ideas, we are bound to have new rules of the game.

I mean when you recall that the idea for television broadcast was not really a new idea, but the development of television was new. And television, in the new television, in the new situation, in the new idea, we are bound to have new rules of the game.

You mean when you recall that the idea for television broadcast was not really a new idea, but the development of television was new. And television, in the new situation, in the new idea, we are bound to have new rules of the game.

Now, this is not a new idea, although this time it is couched in slightly different words. It is a good example. It will be interesting to see how it is going to work out in this... Whether it is going to be a small gait, or at the climax, whether it is going to be a rush, or whether it is going to... be a setback, so to speak. But, it does look like a kind of situation in which our country will have to think hard before... because it is going to cost the world, earnings in terms of dollars... about the 50%.

And that does not tell the whole story. During the same period it may see the purchasing the value of the dollar in terms of wages, which has been about 20%. This meant that in 1945 real earnings were about 20% of 1941.

Bad Policies of Price Control

Why was this true? The basic answer lay not in the ideas adopted by Congress but in the administration of those ideas. This is the policies adopted by the administration of price controls. Certain values that were given you have to be necessary approximations. I invite you to judge them for yourself. You may vary them a few points here or there, but you will vary the record that during price... of price controls in the last war and profits as an industry were put through the wringer and squeezed quite.

And if you will look at the situation then, in 1943 and 1946, you will see that production was falling. Now history is repeating itself. Wage and price controls are upon us again. How long this cannot be guessed. If it is for the duration of the war and then the long, long time. One emergency seems to follow another, for different reasons, it is true, but this does not mean that the one will be... or how or other the emergencies seem to follow one another in turn—and each emergency brings its further ideas of controls.

It would take the seventh son of a seventh son to prophesy with assurance what will happen under the present set of wage and price controls. It is the new national policy which... of our nation's industries. This idea, which saw the light of day several weeks ago—and which is really a release of one... and the 1941-1945 period, the price control... costs, it is said, that you carry... a future American business to the profit starvation point in a period of national emergency, the more... it will be the nation's production... the more profitable will be the... results. That, however, is not the way the authors of the idea described it. The men of the magnify... the idea in a most acceptable looking light. Instead, they say, this is a fair and equitable price... an industry's share of the average of the dollar profits of the industry in the three best years during 1929-1939. The so-called profits figured before any consideration of any special depreciation or any allowance for adjustment of the... the emergency under Certificates of Necessity, which the tax... of the government allows as a cost for tax purposes. Let us be blunt about the arithmetic and say this: if, and I emphasize that, the tax... could mean roughly a reduction of more... in the 1930's rate of earnings on the industry—in the earnings available for dividends to stockholders. And... state—it is never usual. Nor does it imply any lack of profit... or the workers in the plants who, if any... in the time it is not even a... on the basis or incentives during the... This is to say that adequate profit and production incentives are not inapplicable with whatever controls are necessary during emergency periods. More importantly, it is to say that in the last analysis our production is our greatest means of... of our greatest means of achieving that production and we have no adequate profit incentives.

This is not to deny the sincerity... on the one hand, to those who... and the improvement of the profits of the company which... and in the hands of the... the landlords of the land who must... in the Industrial, or might. Or are we going to repeat in the land of the lucky and... by about 30%. This means... to have a lot about cost-of-living increase. How about a notion of cost-of-living increase? This is not said by a member of Her Majesty's most... The idea is... of the more on the... of our basic idea of vol... the competition of the two ideas—a profitable production for the American industry and the driving of the... a profit of the industry is... The idea was... of our fundamental national business. The idea was... progress—the same idea...... so far this year things have slowed up, whereas in a corre... slow down."

The plea is not one of advocacy, of controls or indirect controls, and certainly it is not one of advocating control on what one buys, but on what one sells—whether it be steel, or labor, or cotton, or oil.

A Production Point of View

The plea is rather one for a point of view—a production point of view—and you in the legal profession can be most instrumental in bringing this about. It is in essence a plea for a self-imposed

Continued on page 39

220,000 Shares

HUSDON PULP & PAPER CORP.

Class A Common Stock
($1 Par Value)

Price $18 per Share

Copies of the Prospectus may be obtained within any state from any of the undersigned only by persons to whom the undersigned may legally distribute the Prospectus in such states.

Lee Higgins Corporation
Reynolds & Company, Inc.
A. C. Lylond and Company
Central Republic Company
Blair, Rollins & Co., Inc.

July 15, 1951.

This announcement is neither an offer to sell, nor a solicitation of offers to buy, any of these shares. The offering is made only to the Prospectus.

Address: Mr. Rihgs at the Annual Meeting of Shareholders at the Street Law School Alumni Association, Pittsburgh, Pa., June 11, 1951.

(2685) 15
The Security I Like Best

Hornblower & Weeks
Underwriter Stock Offer

Common stockholders of Osgeo P.auls Corp. today (June 14) received transferable warrants giving rights to subscribe for $5,000 shares of the company's 5% convertible second preferred stock series A, par value $30 per share. The subscription price is $31.53 per share, at the rate of one share for each five shares of common held at record June 13, 1951. The rights expire at 3 p.m. (EDST) on June 23, 1951. Hornblower & Weeks holds an investment group which is underwriting the offer.

Proceeds of the series A second preferred will be added to working capital use in the company's business and for the payment of $1,250,000 of short-term loan from four banks not affiliated with the company.

The stock is convertible into common stock at the rate of 1.6 shares of common for each share of preferred.

Osgeo P.auls Corp. manufactures various types of paperboard containers, milk bottle caps and boxes used by dairies and other protein foods for the sanitary bottling and packaging of milk, cream and other kinds of liquid and solid foods. The company distributes its product through the widely known trade name "Seal right." It also manufactures filling and capping equipment for such machines which are leased to dairies and other customers throughout the country for use in conjunction with the company's products.

Halsey, Stuart Offers
P. S. Co. of N. H. Bonds

Halsey, Stuart & Co. Inc. is offering $3,000,000 Public Service Co. of New Hampshire first mortgage bonds, series E 3% due 1981 at 101% and interest.

Proceeds from the sale of the bonds will be used to reduce short-term borrowings incurred in the interim financing of the company's construction requirements. Such borrowings now amount to $5,000,000.

The company's present construction plans call for the expenditure, based on current costs of approximately $8,250,000 and $16,000, respectively, In 1951 and 1952.

General redemption of the bonds may be made at prices from 96 to 101% par. Sinking fund redempions range from 102.64% to 103.44%.

Public Service Co. of New Hampshire is engaged in the generation of electric energy and its transmission, distribution and sale. In 1950, 122,000 domestic, commercial, industrial, agricultural and municipal customers in the Cities of Manchester, Nashua, Ber-

lin, Dover, Keene, Laconia, Roch-
ford, Wapack, Woodstock and many more had a total population of about 1,800 and to approximately 170 customers in three towns in Maine having a total population of about 2,400.

H. W. Armington Joins
Joseph F. Jordan & Co.

Halsey, Stuart & Co. Inc. is offering $3,000,000 Public Service Co. of New Hampshire first mortgage bonds, series E 3% due 1981 at 101% and interest.

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Dillon, Read Places
Soap Issue Privately

The Colgate-Palmolive-Per Co., Inc., has approved $25,000,000 from The Equitable Life Assurance Society of the United States, to purchase a 9.1% of the company's outstanding common stock at $77.25 per share. The company, which is also distributing and sends electricity to approximately 500 customers in six towns in Vermont having a total population of 1,800 and to approximately 170 customers in three towns in Maine having a total population of about 2,400.

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This is National Steel

In an industry whose very essence is bigness, National is big. It is big geographically. National Steel properties are located in twelve states. Its sales and distributing organization extends from coast to coast and across the seven seas.

It is big physically. National Steel owns huge mills and mines...a complete fleet of lake ore boats. It operates the world's largest open hearth furnaces...the largest and fastest electrolytic lines...one of the largest continuous rolling mills.

Most important, National Steel is big in ideas, big in vision. Its advances in steel-making methods and processes have helped revolutionize the modern steel industry. Its present expansion program is now increasing National Steel's annual capacity from 4,750,000 ingot tons to 6,000,000 ingot tons, carrying on a record of continuous growth.

This is National Steel...big today, bigger tomorrow...one of America's foremost producers of steel.

NATIONAL STEEL CORPORATION
GRANT BUILDING
PITTSBURGH, PA.
When you shop in this showcase of talent...

...you can "shop" under one roof for all the specialized help you need without adding enormously to your payroll. Ebasco engineers, constructors and business consultants can help you solve your business problems efficiently and economically.

"Over the past half century, Ebasco specialists have accumulated a worldwide experience that will prove immediately effective when applied to your own problems. Here are a few industries that have "shopped" for help at Ebasco: Tulip and Paper; Chemical Fuel Processing; GM; Manufacturing; Rubber and Textile; Electric & Gas Utilities. For others and many other industries Ebasco has designed and built new plants and expanded existing programs, helped develop industrial relations, programs, financing plans, and sales and public relations procedures.

Ebasco is organized to do part or all of a job for either large companies or small. To see exactly how Ebasco can serve you best, write for your copy of "The Inside Story of Outside Help," Write to: Ebasco Services Incorporated, Dept. U., Two Rector Street, New York 6, N. Y.
The Dayton Power and Light Company serves approximately a seventh of the State of Ohio. Throughout this 24-county territory, comprising 6,041 square miles, we serve 282 villages, towns, cities and adjacent suburban and rural areas.

The 1950 Dayton Power and Light Company Annual Report discloses that in the last five years the expansion of existing industries and the development of new plants in our area have resulted in a 61% increase in industrial kilowatt sales and that we are prepared for further expansion. The report points out that farm income is far above the national average and our farmers are recognized as one of the most progressive groups in the country.

The Annual Report also discloses that net earnings in 1950 from our combined electric, gas, steam and water services were $6,465,996, highest in our history and equivalent to $2.83 per share based on 2,282,142 shares outstanding, compared with $2.78 in 1949 on 1,983,333 shares.

With the sale of two issues of stock during the year we have continued to maintain excellent balance in our capital structure. The proceeds from these issues were used to finance part of our construction program.

All of us—stockholders, officers, directors and employees—combining our efforts as free men, are bending every effort to maintain the good light of progress for the homeowner, the industrialist, the merchant and the farmer; for everybody in this territory.

We believe our achievements are due to the teamwork of the company, its 17,395 stockholders and its 2,258 employees—and that it is equally important for all of us to maintain constant vigilance to preserve those tenets of private initiative and private enterprise that we are so ardently preparing to defend from attack from outside.

WE WILL BE PLEASED TO MAIL YOU A COPY OF OUR 1950 ANNUAL REPORT

THE DAYTON POWER AND LIGHT COMPANY
DAYTON, OHIO
Public Enterprise in Cooperation With Private Enterprise

By EDWIN G. NOURSE* Past Chairman, President's Council of Economic Advisers

After setting forth co-development of public and private enterprise in furnishing utilities, Dr. Nourse applies to electric power industry. Public enterprise should undertake projects only when private enterprise lacks courage or site to undertake risks needed. Calls for a "harmonious complementarity" between public enterprise and electric power industry for steel industry for program of over-building, in order to keep out government invasion of field.

We very properly think of the American economy as basically being a private enterprise institution, and we intend to keep it that way. But we Americans are a very practical people. Instead of being doctrinaire, we are pragmatic. That is, we value things according to how well they actually work. We have always been impatient to "get things done." Any firm in the enterprise of the profit-seeking business man did not find a way out of the turning wheels or the running gears, but we have not hesitated to try another way of getting those gears or services or goods. As free men, we have exercised the citizen's right of public enterprise to organize other resources to satisfy our wants.

The first step toward an adequate illustration. From Colomel times forward, we have had a lively interest in the iron and steel industries. The school of Arthur Murray—and dozens of lesser dancing masters—is doing all right. A boy can learn a trade or a girl can take a secretarial course in a public high school. But thousands of our schools and colleges, which are devoted to the right to be born and live? You know better. Though many a youngster has even learned to fix-tire or rhumba in public schools, there have been no one for all. The first use he was made by Edison Electric Institute, Denver, Colo., June 5, 1921.

Edwin G. Nourse

providing every child a good education is a very important field for business organization, and we are well satisfied that government is taking major responsibility for giving children the right to learn. But the question is, How about transportation? Government always must have the responsibility of the system of military roads, depots, and transportation; and in these cases, though we may not have the kind of a potential military need, we have the kind of a potential need for government to supplement private enterprise. Previously, it was a local and national system of highways, railways, waterways, and roads. But today we have the private producers and traders who have not hesitated to buy moving materials, personnel, and equipment. So if, to cite a single case, we had not showed the public enterprise, as the automobile age burst upon us, to push the whole consumer of the country to concrete, growth of the automobile, the most important in industrial-structure that depends upon—would have been stultified. The Federal government had to give way to State Highway. The Federal government had to make it possible for our highways and, as strategic places, super channels or freeways. Uncle Sam put money into the main highways and, in the legal limit. That's "deficit spending" in any man's language. If there were no mistakes, wastes, or even abuses in government, we can see that there are in the rush of big economic development. We cannot read the future, we think we all agree it was good business all around, it was a good policy. Our system of economic enterprise in proper planning, but the planing did not take the transportations system off the secretarial and mechanical faculties. In the field of power development, do not "inhibit" the transportation the machinery, and many other manufacturers. As the roads were made available, bus and truck companies arose and flourished, the farmer's marketing prospects opened up, and costs were easeed, and the whole economic method of power distributiung system benefited.

Power Development

And now, just a few words about the electric industry. Its tremendous recent growth is no shock. It is a sort of role in the industrial picture of America that may seem to us to have a bearing, if not the possible outcome of this issue.

First, I think we have to recognize that the electric industry appears to be in the midst of development, and that the development is based on that is the reason for the development.

The electric power industry must develop new power sources and evolve its programs in that context.

Two, I do not believe that this calls for Valley Authorities from the perspective of the Merrick. Private enterprises can and I believe that the present state of social consciousness of company executives, would adapt their plans and development to any reasonable program of multi-purpose resource development that government agencies show interest in. And the need to reconcile the social hopefulness of the public official with operating realities as seen by the men who have the actual responsibility, is bound to reduce waste and raise efficiency.

Fourth, there have been times and they may be today, that public private power companies did not think big enough or could not march enough money or courage in risk-taking to do what the country needed or was about to need power-wise.

TYA and Other Government Projects

I see TYA as an illustration of one such situation. If the Federal government had not become a power-maker in that situation, I do not believe the power industry could sit for a moment of a decision to continue with the industrial quickening of a somewhat lagging section would have been so inadequate or so prompt as it was in fact. Some see it to me prove evidence that there would not have been the co-ordinated effort of the Federal government and it had to co-ordinate a rational systems of large highways and, as strategic places, super channels or freeways. Uncle Sam put money into the main highways and, in the legal limit. That's "deficit spending" in any man's language.

The Cleveland Electric Illuminating Company

Public Invitation for Bids for the Purchase of $25,000,000 First Mortgage Bonds, 6%, Series Dace 1966

The Cleveland Electric Illuminating Company, an Ohio corporation (hereinafter called the "Company") hereby invites bids for the purchase as a whole of an issue of $25,000,000 principal amount of its First Mortgage Bonds, 6%, Series Dace 1966, bearing interest from June 1, 1951. Such bids will be received by the Company at Room 710, 75 Public Square, Cleveland 1, Ohio, up to 12 Noon, Eastern Daylight Savings Time, on June 26, 1951, or on such later date as may be fixed by the Company as provided in the Second Mortgage Bonds, 6%, Series Dace 1966, hereby offered for sale. Copies of the Prospectus relating to such Bonds, of a Statement of Terms and Conditions Relating to Bids to the Purchase of said Bonds, dated June 11, 1951, and all other relevant documents referred to in said Statement, may be examined and copies of such documents may be obtained at the offices of the Secretary of the Company, 75 Public Square, Cleveland 1, Ohio. Bids will be considered only from bidders who have received copies of such Prospectus and only if made in accordance with and subject to the terms and conditions set forth in such Statement, including the filing of questionnaires.

The undersigned is authorized to act as Counsel for the Company, counsel for the successful bidders and representatives of the auditors for the Company. The bids will be available at Room 710, 75 Public Square, Cleveland 1, Ohio, on June 19, 1951, at 11:00 A.M., Eastern Daylight Saving Time, to meet with the prospective bidders. Arrangements are being made for them the information with respect to the Company and its subsidiary contained in the Registration Statement and Prospectus and the Company's invitation for bids. All prospective bidders are invited to be present at such meeting.

Dated: June 11, 1951.

The Cleveland Electric Illuminating Company,
By Elmer L. Lindeth, President.

The Commercial and Financial Chronicle • Thursday, June 14, 1921

The Cleveland Electric Illuminating Company

on "AGE" lines

Nobody really knows, right now how much of America's capacity to produce to be civilized goods in the years ahead, and how much to the material of war. But this much is certain: The companies of the American Gas and Electric System are in better shape than ever to meet both military and civilian demands for electric power.

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ordinated plan would be adjusted also to such considerations of institutional conservation, foreign development, and wild-life protection as are appropriate to other industries and other gov-
ernment agencies. In time, TWA may request all the carriers to hold the surges to hold systems or permit them to expand as fast as new cars can grow new tires. Meanwhile, the surge itself is absorbed and disappears.

Now just a word about public and private enterprise. But there is not the power industry of the Columbia Valley. There was a time when the more or less as an emblem of the President, just before the VWS bill was introduced in 1949. I did not find even among the most orthodox of the big company who thought private companies, if left alone, would or could have done for that section as for the country at large. The development of Grand Coulee and the other big projects did. Here was a national job to run the twenty five fish. In many resources, but without either coal or petroleum. Only cheap local power would permit it to develop, to give its people a decent standard of living, to play its important part in World War II, and to provide for the rapidly expanding numbers who have been flocking to the region. The costs involved for full-scale develop-
ment were gigantic, and piece-
meal development would be wasteful and inefficient. At the same time, the rate at which local markets for the full power output would develop was a matter of the wildest speculation. The job was too big and too hazardous for any private company to take on, and a power group would have met great delay and have probably been denied permission.

As the demand for power actually developed, we may all be glad that Uncle Sam had the big co-
ordinated plan, the big sack of money, and the timely and coordinated building schedule that made that basic resource of cheap power available to the section.

But after "facilitating" the creation of that great resource, I see no excuse for government try-
ing to monopolize its use. Perhaps a "state enterprise," in the "public bus-bar" is not practicable. Per-
haps a "public enterprise" is feasible. In such a scheme high-
tension, wholesale distribution has to be furnished by the Federal government, through the local ability and financial willingness of private companies to compete in this and other regions make that seem very doubtful. But whatever the point of sale, the "common carrier" principle is the one. A free market means selling on the same terms to every one in every part of the service. It ill befits a govern-
ment that is ostentatiously attacking private monopoly to seek in the twilight to build a public monopoly of much greater size. Furthermore, the present is a time when it is peculiarly improper to use manpower and materials to construct duplicating facilities.

"A Harmonious Complementarity"

The view that I have been ex-
pounding of a harmonious com-
plementarity between private en-
terprise and public enterprise is not one which is universally held in policy-making circles in Wash-
ington today. There is a strong faction that believes that in any emergency of threatened unemployment or economic de-
duction, the government should step in to fill the gap by direct methods. Men of this persuasion wrote such provisions into the original "steel-making enterprise" bill and regarded the present Employment Service as an inadequate measure because it provides only for analytical and advisory services. They brought the bill before the Congress. At the first turn of events in 1949, they sought to amend the same bill and for the Federal con-
struction of Industrial facilities in times of peace. In 1950 they re-
novated the attack with an "eco-
nomic expansion" bill that was supposed to "reverse the trend withdrawn from the Employment Act and put the government in the business of guaranteeing jobs and itself into going whatever expansions of industry it must move to undertake to that end. When the Defense Production Act was passed, it was not hard to smug in an ammunition for government to build or prom-
ote the building of industrial plants which private business was unable or willing to undertake. Now that this law is up for ex-
tension past June 30, a strong drive is on for enlargement of the power for "government ex-
pansion of industrial facilities."

The strongest defense against dangerous developments in this direction is found in the great volume of earnings and of bor-
rowed funds that private business has been and is pouring back into enlarged and improved plant, and your risk is not undue, in view of the strong upsurge of population and the healthy ex-
pansion of both industrial and domestic uses of current. What the steel industry has been doing is no less amiable and, I think, done in more difficult circum-
stances than yours.

We won the full shooting war, with 10% million men in the armed forces, with 35 million tons of steel capacity. During the three peace years after the war, the industry raised its capacity to about 20% million tons and in recent weeks has operated at 146% of rated output. Mean-
where, they are building a schedule that promises 1175 million tons by the end of 1952. They look forward to the same population growth as can you. In stead of a raising case capital demand for their product, they confront the competition of light metals, plastics, plywood, and high density board. They confront the possi-

bility also that the "product mix" of a rich postwar society may contain less steel-using products and more "service" than has been the average of recent decades.

Responsible leaders in the steel industry think their present pro-
gram constitutes over-building. I strongly share that view. But I think these leaders of private indus-
try are smart to run this risk for the sake of leaving no excuse or opportunity for government to get into the production phase of this basic industry. They have their finger in the hole of the dyke that still stands against na-
tionalization. All of private en-
terprise owes them a debt.

**WITH THE NEED COMES THE POWER**

The Virginia Electric and Power Company now has a generating capability of 776,000 kilowatts—80% greater than the 429,000 kilowatts capability at the close of World War II. Two additional steam units of 100,000 kilowatts each have been authorized for completion in 1952. With the completion of these two stations, our generating capability will be nearly 1,000,000 kilowatts by late 1952—128% greater than at the close of World War II.

With the need comes the power:

1. Chesterfield power station, first with an installed rated capacity of 50,000 Kw., has been added with an additional unit of 60,000 Kw. rated capacity, and a further addition of 100,000 Kw. rated capacity is now under construction.
2. Recently completed from station show-
ing an extension of 60,000 Kw., rated capacity, exceeding the capacity of this station.
3. Preston Point station, where an addition of 60,000 Kw. rated capacity has just been completed, doubling the size of this station.
4. Gibbon station (not shown), near Portis-
down, Va., now under construction and will have a capacity of 100,000 Kw.
We Can Have Economic Strength Without Damaging Controls

By HERMAN W. STEINKRAUS
Chairman, Executive Committee
Chamber of Commerce of the United States, and
President and Chairman of Bridgeport Brass Co.

Prominent industrialist, pointing out our military strength is dependent on strength and efficiency of our homefront, called for legislating competitive business and stopping production incentives. Says wage and price controls cannot reach basic realities, and thus have little chance of success. Already, policy of Wage Stabilization Board, and holds Board violates provisions of Deflation Production Act. Prefers controls of profit margins to fixing of ceiling prices.

In enacting the Deflation Production Act, Congress said: "The United States is determined to develop and maintain whatever military and economic strength is found to be necessary—by opposing acts of aggression and to promote peace."
The Chamber of Commerce of the United States endorses the statement of the Congress

The United States

We would do well to remember that the present boom will not be a permanent crack-up on the production front that brought them down to hopeless impotence in the final stages of the last war. It is on that level of importance that we must appraise the danger of neglecting to give full consideration to the vital matter of keeping our civilian economy in the soundest possible condition. We will only see that we do not, in haste, enact legislation which will do more harm than good to the country. We do not know how long we will be called upon to maintain the present so-called "garrison state." Our highest officials predict heavy military commitments indefinitely. In such circumstances, it would be a sad commentary on our productive capacity when we hamstring our civilian economy with so many unwise regulations as to lose in the end the very things we are aiming to preserve.

The problem before Congress is centered on reversing the military production for defense and a more domestic economy, including control of inflation. Inflation can disrupt the entire defense program with consumer prices rising and void the measures taken to mobilize production. You gentlemen know the causes and the symptoms of inflation. It is caused by an increase in money spending and credit which is out of proportion to the quantity of goods and services offered in exchange. This increase of inflation must be attacked if inflation is to be mastered. The magnitude of the rising price level. Leveling our primary attack against this symptom is the only problem. There is no real argument about the economic, social and political seriousness of inflation. But there is an absolute need of understanding that to combat the threat of inflation, we must budget within the limits of the total volume of spending power. If we fail to curb the growth of the system, we shall be subject to the pressure of an inflationary increase in total spending power. The only practical, effective curb of the creation of that pressure is a curb on deficit-spending and credit expansion.

What Has Happened?
How can this view be squared with our experience to date and with the prospects we now know to be confronting us? Many are emphasizing that the present law in the inflationary spiral already has proved the inefficacy of direct wage and price controls. We may have to face the fact that by late summer we will have reached a point where wages and prices will have been increased so that their real values will be still very much in their formative period. I say there is no greater threat overhauling our economy today than control inflation, it is certainly unwise to assume that the present law can be an effective solution to the problem. For bullish anticipation was unbridled and our first flare-up of post-Korean inflation. That psychology gradually petered out and, after a while, actual improvement in direct wage and price controls came along. For a small part in continuing the process of deflation of our economy. We must keep in mind the fact that the two most important primary causes of wartime inflation—deficit-spending and direct wage controls—had not yet hit the economy.

The upward price pressures, the anticipatory buying and the hoarding that took place last August and winter were themselves to a large degree the result of official pronouncements of intent to deflation and the limiting of production. The war and price controls cannot possibly reach the basic realities. Holding off the "polyester" production with great concern—had, and still have—a "Wage Stabilization Board" instead of a Wage Stabilization Board.

The Future Problem
But the full and lasting cure of those primary causes may be with us by late summer or early fall when the effects of the heavy military spending and production hit the economy with a force unprecedented in American enterprising.

Wage and price controls cannot possibly reach the basic realities. Holding off the "polyester" production with great concern—had, and still have—a "Wage Stabilization Board" instead of a Wage Stabilization Board.

DIVERSITY

With a Service Area of 2700 square miles of Opportunity including the Nation's Newest Industrial Center rising along the Delaware River, One of the Country's Richest Agriculture Belts and the World's Most Famous Seashore Resorts.

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Helping to build a Greater Southern New Jersey

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and all related documents
Continued from page 11

Keeping the Power Program On Schedule

advance allotments so that projects can be approved in principle beyond a single quarter. In addition, we expect to have ratings which can be used to get the essential equipment and materials to go with the copper, aluminum and steel requested.

Our fourth quarter material requests will be submitted on June 20. All four quarter projects should be submitted to DEPA prior to that date. I would now like to comment on another major part of DEPA's activities, namely, tax amortization.

There has been some delay in developing the basis for recommending percentages for necessity certificates for electric power facilities. Numerous conferences have been held with the Defense Production Administration, and we believe that we now have a working basis which will mean that action should soon be taken on the requests which we have received. As said, we have anticipated these requests and have had approximately 200 applications for a total of nearly $11 billion. The certificates which have been granted in other industries have permitted amortization on an accelerated basis in amounts ranging from 60% to 80% of the actual cost of the equipment. We expect that the percentages granted the electric utility industry will be lower because of the consistent load growth of our industry.

Organization of DEPA

I would now like to give you a few facts about DEPA organization. I have two deputies: Mr. James Fairman, Vice-President of Consolidated Edison Company of New York, and former President of AIEE, and Mr. Ken G. Whitaker of the Electric Power Board of Chicago. Out of our total staff of 150 people, 25 are from privately-owned electric utilities; 11 from municipal, Federal and REA. In addition, we have people who have come to us from the Federal Power Commission, Securities and Exchange Commission, Department of the Interior, Bureau of the Budget, Army and Navy.

I am very grateful to the companies which have contributed so generously of their valuable personnel. There are two special points which I would now like to call to your attention. The first is the necessity for all of us to have the overall view of the defense programs and the second is the responsibility which all of us have to represent adequately the electric power industry in this country.

The two ideas are closely connected. We do not want to undertake our overall industry. We do not want to secure as much in our own six love unsgrily, or get too soon, the critical materials on which our defense effort depends. Neither do we want to pull down on the specific job which has been assigned to us in the defense program, namely, have power ready when and where it is needed.

I am a member of the Requirements Committee of the Defense Production Administration and I know that it is a real problem to find enough material to carry on the essential defense programs and at the same time maintain the civilian economy at a satisfactory level. In addition, there are the problems of keeping small business concerns going, preventing unemployment and maintaining labor forces capable of taking on major defense contracts.

In the third quarter, we estimate that the direct requirements of the electric utilities and the requirements for major power equipment will total about 10% of the country's supply of aluminum, 14% of the copper, and 3% of the steel.

The aluminum industry is undergoing an expansion which by the end of 1952 will add roughly 60% to the capacity existing in June, 1949. Current plans for the steel industry call for a capacity of 117 million tons by early 1953. This is 22 million tons more than the peak of World War II. Plans for the expansion of copper supply are directed at boosting production in foreign countries and where possible, opening new deposits in the United States. Each is our individual responsibility to organize our activities so that as much time as possible will be allowed for the increases in the production of critical materials to take place. This means postponing all unnecessary projects and effect all possible economies in design and, when possible, and closely coordinate construction with actual load conditions.

The generating program is the heart of the entire power expansion. Every effort will have to be made to reduce other uses of material so that the major power equipment program can go through on schedule.

It will be a serious mistake for us to assume that everyone appreciates the importance of electric power in the defense effort. We in DEPA have been telling the story of our industry to the people who occupy the highest positions in the defense agencies in Washington. We have pointed out that 19% of the peak at the peak of World War II, the gross national product in this country was nearly $300 billion. Last year, the gross national product was again nearly $300 billion but the kilowatt hours required had increased by 43%.

More Use of Electric Power

We have emphasized that in 1944 the average worker in American industry used approximately 5 kilowatt hours for every man-hour. But last year he used nearly 7 kilowatt hours for every man-hour—an increase of 40%.

We have told them that the average home in American used 1,551 kilowatt hours in 1944, but last year the average home used 1,530 kilowatt hours, a gain of 86%.

We have told this story because we want all of the defense officials to fully understand how much more important electric power is in this country today than it was in World War II. We have also told them facts about our industry that all of you know, namely, that we need two to three years to get the necessary equipment installed; that we do it deliberately over-expand; that we follow load development on an individual service area basis and take the necessary steps to make sure that power is available.

We have particularly emphasized that rationing electricity for any extended period of time can only be accomplished by curtailing industrial production. We have stated that brown-outs are psychologically and result in no worthwhile saving. We have not recommended nationwide daylight-saving time because the saving is small and unequally divided across the country.

These top people in Washington have told us that they have only so much material; that all industries consider themselves important, and that their job is to work out the maximum coordination so that we will not have in this country plants finished and ready to run, with no power to supply them; nor should we have electric power plants ready to run without loads ready to be served.

We in DEPA will have the front-line job of adequately presenting the electric power story to the other defense agencies, but each of you has the responsibility of keeping the people you know and the community you serve, informed on the vital need of electric power in this defense effort and of the steps that are being taken to meet that need.

We are headed into a period when materials, equipment and tempo are going to be short. We will need to be on high performance, productivity and public relations.

David D. Pliner With Wm. E. Pollock Co.

BEVERLY HILLS, Calif.—Wm. E. Pollock Co., Inc., the U. S. Government securities, underwriters and dealers in state, municipal, housing authority, revenue, railroad, public utility, industrial bonds and equipment trust certificates, announce that Wm. E. Pollock Co. has joined their Beverly Hills office, 232 South Beverly Drive. Mr. Pliner is formerly with Woman's, Bron & Hutler in New York City.
feeling the financing of your electric power and light industry and perhaps to inspire programs for appropriate action on your part and to the degree on the part of your regulatory bodies. I believe that our national Defense Program, it is not to ruin us economically, must be accompanied by industry programs designed not only to complement the national effort to protect against fore-and-aft aggression but designed also to protect management, labor and investments from the perhaps unintentional adverse effects of the national effort.

Increased Facilities—A $7 Billion Job

It seems clear to me that the single most important job before the electric power and light industry is to create the facilities required to serve the estimated future demand for electricity. Stated in a banker's terms rather than in kilometers or miles of wire, this is a $7 billion job in the three years 1951, 1952 and 1953. It is a big job. By comparison the widely publicized expansion of the steel industry will require a commitment in the two years 1951 and 1952. Despite its size, I have no doubt that your program of expansion can be accomplished. The financed. In truth the program must be financed and completed, because without the necessary facilities for the production, transmission and distribution of electricity, the programs of all other industries which contemplate bringing production facilities for the defense effort into existence would come to naught. They cannot function without electricity. The alternative is government rationing of electricity, which will work hardships on residential consumers—non-essential to the defense production program—and add sympathetic listeners to the arguments which are made continu¬uous by the proponents of government ownership of the electric power and light business.

In the three years 1948, 1949 and 1950 you did a six billion dollar job of expanding, and it was well done. On the basis of this past experience, it may be estimated that one-third of the seven billion dollars now needed will be generated internally by your industry, and two-thirds, or approximately four billion, seven hundred million dollars, will come from investors. This two-thirds will be divided about three billion from the sale of debt securities, approximately seven hundred million from the proceeds of preferred stock, and very close to one billion dollars from the sale of common stock.

The sale of the debt securities will present no unusual or particularly difficult problems. Present indications are that the rem¬ittance of 10% or more of the proceeds of preferred stock, and very close to one billion dollars from the sale of common stock.

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The Commercial and Financial Chronicle . . . Thursday, June 14, 1951

Continued from first page

A Look Ahead at Utility Financing

The obvious financing of your electric power and light industry and perhaps to inspire programs for appropriate action on your part and to the degree on the part of your regulatory bodies. I believe that our national Defense Program, it is not to ruin us economically, must be accompanied by industry programs designed not only to complement the national effort to protect against fore-and-aft aggression but designed also to protect management, labor and investments from the perhaps unintentional adverse effects of the national effort.

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David Brown McElroy, J. P. Morgan & Co. Incorporated, shaking hands with James J. Lee, Lee Higginson Corporation, the incoming President of the Club


Twenty-Seventh Annual Field Day
Barbara ("Rusty") Abernethy, pitcher for the Raybestos Baseball Club; C. Russell Lee, Reynolds A Co.; Margaret ("Toots") Nusse, the winning pitcher for the Arians Baseball Club; R. H. Plant McCaw, Smith, Barney A Co.

Joe Kirkwood (trick shot artist); Edwin L. Beck, Commercial & Financial Chronicle; Al Collins (pro at Sleepy Hollow Club)


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A Lock Ahead at Utility Financing

of industry which are also hot after the investor's dollar.

Earlier in this issue I said that the single most important job is to create the facilities required. The facilities are of little value unless the necessary money is available. I have stated that I believe the senior financing to be in the hands of the next money is feasible on reasonable terms if the equity or common stock money is reasonably available. Thus the keynote to the concentration of sums of money in the raising of one billion dollars in the form of common stock is the raising of common stock money through the sale of common stock.

In approaching this most important phase of the general question of utility financing, I shall continue to address you from the broad viewpoint of the industry as a whole, although I recognize that the questions discussed have varying importance in the individual companies comprising your industry. The management of each individual company should evaluate his own situation in relation to the industry as a whole, and perhaps explore his management of his assets in a fact of assets with his investment banker or his financial adviser before arriving at a final conclusion. It is clear that if he should take to consummate his capital raising at a time of common stock financing during the 1951, 1952, and 1953 period which we are discussing.

The requirements as a guarantor to the raising of common stock. It seems to me, are three-fold. As far as they are, first, adequate and second, reasonable cash dividends, and third, a reasonable cash dividend provided by the financing the industry from the security dealer's perspective. As the object of the subject rate increases, I believe you, the cross-section of informed investors when I pay you to that the standpoint of the common stockholder—the owner of the business—your stocks, generally speaking, are too low.

Question of Rate of Return on Investment

In the three years ended Jan. 31, 1951, the net investment in electric power plant increased by about four and a quarter billion dollars, or 39%. In the same period the operating revenues increased by about one hundred nine million dollars, or about 25%. The increment in the rate of return on the investment comes to 4.6%. While these figures are approximate, it seems undeniable that the electric utility industry has not been obtaining a sufficient return on this additional investment. And in commenting specifically on the increase from this recent investment by your industry, I do not intend to imply that, generally speaking, the rate of earnings on this investment is as much as what has been accomplished with the intelligent concept and operation of the regulatory bodies. However, it is clear that large increases in dividends are to be carried to a successful prosecution. As a result, you will superimpose a 7 billion expansion during the fiscal year, and that result in a 7 billion expansion during the past three years, and the compensation of these sales for the utilities recently added and those which have been divested. It must in all fairness reflect the income of such new facilities and which must be continued. Otherwise, it is quite true to me that we see the difficulties in persuading investors to make an additional billion dollar investment in the common stock equities in your industry in competition with the investment opportunities of other individuals and businesses, but we will encounter unwillingness on the part of the existing common stockholders to continue their investment. No businessman who owns and operating his own business will continue his operation at an increase in overall costs, despite the institutional trend to cut costs and operating efficiency which his ingenuity could devise. Hence, the rate of return on total investment.

The Dividend Question

In stating my views with respect to dividends on common stock right from the beginning of this viewpoint I have expressed with respect to the fact that it may be said that there are plenty of difficulties attendant upon obtaining permission to increase rates without injecting the question of increasing dividends. Nevertheless, it is a question which should be explored in any discussion of utility financing. This point is relevant to the fact that you as an industry have created a confidence on the part of your customers by reason of the fact that these dividends are safer and are more likely to be continued in the face of average bad than the dividends on common stocks in many other industries. I believe you are going to be able to maintain the confidence of customers for stocks during the next three years. It is, of course, possible that investors will be served. However, I cannot accept the concept that you have been unable to maintain the rate of common stock dividend for a reasonable increase is indicated.

Customers of the electric utility industry have oftentimes been so to speak—in 1950 the level of rates was 87% as compared with 1946, while practical price increases were up only 87%. Even a wave of general rate increases would still

Primary Markets in Utility Stocks

- Michigan Gas & Electric
- New England Electric
- Northern Indiana P.S. Edison
- Northern P.S., Conver, Pfd.
- Northwestern Public Service
- Dixie Tel.
- Pacific Power & Light
- Portland General Electric
- Public Service of New Hampshire
- Public Service of New Mexico
- Puget Sound Power & Light
- Rockland Light & Power
- San Diego Gas & Electric
- Seattle Gas & Electric
- Sierra Pacific Power
- Southern Company
- Southeastern Power Co.
- Tennessee Gas Transmission
- Toledo Edison
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- Upper Peninsula Power
- Western Maryland Companies
- Wisconsin Electric & Light

Our Utility Stock Analysts are available on request.

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needed Cooperation of Security Dealers

My third request is enthusiastic cooperation from security dealers. There is a small number of companies here, probably not more than 8 or 10, whose common stocks are so well known and so highly regarded that they really have little need of educational assistance from security dealers. There are the exceptions. Most of you require the facilities which are provided by security dealers through the country for the education of the general public. You have done an exceedingly good job of educating the security dealers, but these dealers, as a group, continue to be faced with the task of informing intelligently to discuss your business with their customers—the investors. Looking forward to the task you have before you, I continue to be important for you to circulate among security dealers and to tell your story.
A Look Ahead at Utility Financing

story to them ever and over again whenever an opportunity presents itself. After all, security dealers do represent the primary channel of approach to investors.

I did not make the trip out here to Denver for the purpose of discussing present-day troubles and difficulties of a security dealer, and I do not intend to do so. However, may I observe that we security dealers are going through a rather trying phase. On the one hand, 17 of us are currently awaiting arguments in a Federal court against charges of conspiracy to restrain and monopolize the business of negotiating of securities, brought by the Department of Justice. On the other hand, the 17 unfortunate defendants, plus many, many other security dealers, are continuously combating with each other in an effort to be of service to you gentlemen in the underwriting and distribution to investors of your debt securities and your preferred and common stocks. In many instances, factory past relationships between the management of an issuing company and a security dealer, which brought about harmonious and amicable knowledge of the business and particular problems of the issuing company, too, was being disregarded. The fact that a given security dealer or group of dealers assisted in underwriting, selling or reselling securities, or consummated a difficult job of financing in trying or unsettled times all too frequently seems to be forgotten. The particular qualifications of an individual security dealer or group of dealers to handle a particular job in the most intelligent and experienced fashion receive little consideration. Too often, the sole and only factor in the final determination of the underwriting and sponsoring of security dealers is the question of price—the highest conceivable price to the investor and the lowest possible compensation to the security dealer.

I submit that generally speaking with respect to common stock, and quite often with respect to preferred stock, you managers of the electric power and light utilities of the country facing an equity money-raising job of magnitude might be well advised to throw a favor to the scales in addition to price. When you are buying legal services, accounting services, engineering services, and when you are making contracts for important items of equipment, I know you give thought to experience, knowledge of the problem, and a record of ability to render the service required. I suggest that you may be desirous to approach your relationships with your security dealers on the same basis. The problem in the matter of offering price or security dealer compensation of the lunatic fringe of the investment banking industry, who try to convince you as working for nothing—you have a lunatic fringe and there have been occasions when my firm seems to have been part of it—does not necessarily represent the wisest course with respect to your electric utility dealers. Perhaps the ultimate solution with respect to your electric utility dealers is being inadequately compensated for risks which they take for the underwriting and sponsoring services for fees which in too many cases make the cost to the client incurred in connection with the same take up more than half of the present unhealthful condition a more reasonable pattern of compensation to the security dealer.

Management Participation in Ownership

Many investors, both individual and institutional, feel that their interests as stockholders are more adequately protected if they take an active consideration or management interest in the common stockholders. Everyone appreciates an individual basis to equalize your personal income taxes as they are and investors are not thinking in terms of the dollar value of management's investment as much as they are thinking of the principle involved. A review of the proxy statements on file with the Securities and Exchange Commission indicates that a large number of the officers and directors of electric utility companies, particularly of those which have been disposed of by holding companies, have zero holdings of the common stock. To the extent that you would achieve a very desirable result, I am inclined to evaluate exactly the same benefit, if between now and the next proxy statements you are in the mail your officers and employees own common stockholders in your companies in an amount related of course to their participation in the business. Along these lines, the practice of encouraging our employees ownership is becoming more and more widespread in manufacturing companies. Enlightened management of industrial concerns which enjoy the best relationships with union representatives and with employees are giving it a great deal of thought, in detail, under which machinery is set up for employees to purchase common or preferred stock either outright or on a partial payment plan. It is an investment in a fertile field for exploration and study in the electric utility business.

I, as a security dealer, have been talking to you as management of the privately owned—investor owned—electric utility companies. Now, for a very few concluding minutes, I would like, as an American citizen, to talk to you as a group of American citizens. In the history of man there was an expression, "the accident of assignment". The Accident of Assignment was to the Pentagon, Bulldog, and other business or administrative desks where papers fly "fast and furious", and the red tape gradually winds. Others are assigned to combat arenas where the bullets fly. None have vote in the matter. Whether they are out in front fighting or in the rear shuffling paper is just a matter of assignment. You gentlemen are out in front—in the combat area—in the struggle to keep our government afloat. That is your assignment as citizen, even though it was not of your own choosing.

The presence of tax-exempt, income tax-exempt, of the state of New York, in our business is the largest portion of it. Revenue bonds, or, if you prefer, the common service obligations of the utility, are now the largest portion of the state of New York, in our business. This is the ultimate ownership condition. It is the condition under which we would contribute their fair share would be the regulation by the Federal Power Commission or appropriate state regulatory bodies. Then as opportunity presents itself the most appropriate or ownership of the nation's investors. In this manner we believe would over the years constantly revolve the money it employs in the electric business and instead of continually adding to the tax-deferred undertakings throughout the land it would stabilize them at a figure—and possibly gradually reduce that figure.

It was interesting and encouraging, to see you aggressively present your case to Congress at the time the tax bill was in the making last fall. In addition to the tangible results of that effort there were intangible pluses in the favorable impression made on Congress by your ranks and aggressively working together,—and with other segments of industry—the things that you believe are right. You have a double responsibility. On the one hand you have this responsibility to prevent the gradual transfer of privately owned businesses out of the hands of your government ownership and management. In this struggle I believe the most unusual area of the locality in which your companies operate and in which the tax exacted this particular owned property would operate. Here is the point of contact between the opposing forces. Apparent or compromise with socially minded supporters of business in business is useless—new definition has been spelled out. On the other hand, as administrators of your property you must adequately serve the areas in which you operate; you must maintain your sound reputation; you must negotiate necessary rate increases with your rate-making bodies; you must promote the best possible relationships with your employees and your customers. In other words, you must keep strong and healthy so that you can grow with the country. As citizens, as well as members of your industry group, you have a very real responsibility and a very real responsibility.

Clyde Evans Joins
The Illinois Co.

CHICAGO, III.—Clyde H. Evans has become associated with The Illinois Company, 235 South LaSalle Street. The announcement was made through the Michigan Central-Lake Shore Exchange. He was formerly with Ames, Emerich & Co.

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method whereby we can hope to satisfy both civilian and military needs. . . . the complete pressure of national thought and desire behind the mechanization trend. The increase in our industrial sales over the coming decade is also based on the bright growth prospects for five major power-consuming industries—steel, paper, non-ferrous metals, petro¬leum, and coal products, and the chemical industry. All of these industries use huge blocks of power. While the growth index for American industry is predicted to reach 230 by 1965, based on the 1935-39 average, the index for these five industries is expected to top 300.

We are talking, of course, about our most competitive category of sales. . . . yet, I believe we can take an optimistic view over what is going to supply the substantial increases in large light and power demand. We are going to do it. In other words, I do not believe that the isolated plant is going to be a major problem for the future. It isn't a question of producing a kilowatt per acre. In an era of tremendous industrial growth, the question for the average industrialist is how can he most efficiently use his capital. His problem is to expand, to increase production. If 60 cents of investment is required in power, we will give him one dol¬lar in annual sales; he will think long before building his own power plant. . . . because, in effect, we will be investing five dollars to gain a similar result. Aside from that, he also knows that his isolated power plant will be of value only to the extent that he can use the electricity produced. He is in no position, such as we are, to easily assume the risk of curtailment. We, at least, can sell elsewhere, or we can close down older, higher cost generating units. But if the individual industrialist suffers a drop in demand, his isolated plant becomes dead weight. When we approach the subject of our industry's capacity to meet the future, I think it is a tre¬mendous compliment to our ef¬forts over the past decade that today there are far fewer dire prophets of shortage. An outstanding job has been done all along the line. When we entered World War II, the manufacturers of generating equipment in this country had an annual production capacity of less than 3,500,000 kilowatts. Today, they can produce at an annual rate in excess of 8,000,000 kilowatts, and they expect to step this up to 12 million kilowatts by 1953.

The nation's generating capability last year was 71,200,000 kilowatts, providing nearly an 11% margin over peak load. In 1943, generating plants contributed to the public supply of electricity will be capable of carrying a load of 102 million kilowatts. With an expected peak of 88 million kilowatts, the margin will be 18%. This peak of 88 million does not, of course, contemplate an all-out war. But we are in better shape today for such an eventualty than we were in 1940. Our available capacity is about 7% greater. We are adding to that capacity faster. Our equipment is newer, more efficient, and it can handle greater overloads for longer periods without undue risk to con¬tinuity of service. Today, almost a third of our capacity is less than 5 years old. . . . 10 years ago, only 14%, was less than 5 years old.

The interconnections between systems have been expanded, to the end that each kilowatt of ca¬pacity is more effective over a wider area.

In addition to all this, we have the experiences of World War II, not only a spectacle of defense demands. Yet, our tradition of speed may be adequate in those instances, too. We were privileged to have a part in the negotiations for one-half of the one million kilowatt load which will be required by the Atomic Energy Commis¬sion's new gas diffusion plant at Paducah, Ky. The ability of pri¬vate power companies to acquire and supply one-half of that tremen¬dous load is a clear example of the ability of our industry gen¬erally to meet and serve the na¬tional needs.

More Power Interconnections

There are some additional fac¬tors for tomorrow . . . in discussing how the power demand of the country can be met. We can look for¬ward to a continued expansion of our interconnected facilities and to higher transmission voltages. In turn, these new inter¬connections should have a con¬siderable effect on both load factor and earnings. The trend of the past few years indicates slightly lower load factors, but, through effi¬cient interconnection of systems, by taking advantage of the diver¬sity of different areas of service, we can perhaps slow the trend.

Our concept of reserve is chang¬ing. Some standard will always be necessary for continuity of serv¬ice. . . . but, for that alone, we will require less reserve as time goes on. Our reserves will be needed more for anticipatory growth than for service continuity. Of course, in order to maintain the growth pace which we have set for ourselves, we are faced with the problem of raising huge sums of money. Financing will continue to occupy a major share of our efforts.

Our industry has certain ob¬vious advantages for the investor. We can offer him security, plus growth. We can offer the record of the immediate past, in which the industry survived the impact of World War II taxes with only slight reduction in net income, and absorbed the impact of post¬war inflation with substantial in¬creases in both net and in divid¬end payments. We also have the current advantage of intelligent Congressional treatment in the new excess profits tax.

In many instances, however, as determined by the course of in¬flations in this country, we may need rate adjustments in the fu¬ture to sustain an adequate re¬turn . . . to sustain a healthy, competitive position in the financ¬ing market. At the present mo¬ment, our capital rates are gen¬erally in good shape. Yet, all indications point toward an in¬creased cost for debt financial as government interest rates inch upwards, only to be forced back ahead also. An increased cost for debt financial as government interest rates inch upwards, only to be forced back ahead also. An increased cost for debt financial as government interest rates inch upwards, only to be forced back ahead also. An increased cost for debt financial as government interest rates inch upwards, only to be forced back ahead also. An increased cost for debt financial as government interest rates inch upwards, only to be forced back ahead also. An increased cost for debt financial as government interest rates inch upwards, only to be forced back ahead also.

It is in the public interest for a public utility to take advantage of this type of growth, and always one step ahead of the com¬munity's requirements. We can¬not do this without a sound and attractive position in the money market. It is, too, an important mental public relations job to gain support and understanding for the rate increase we will want.

Continued on page 32

CINCINNATI . . .

the city closest to America

Cincinnati is closest to America as measured from the center of population. 40% of the nation's people live within a 400-mile radius. Eight major rail trunk lines, over one hundred interstate truck lines, radiate from Cincinnati . . . and Ohio River barge lines also serve this great industrial city. Cincinnati's solid people are closest to America, too—with a firm, deep-rooted belief in the American way.
The Coming Growth Of Electric Power

Unseizable connection between the two.

This leads immediately to a consideration of utility regulation. We think we need to go back to a statement of the basic reasons for the regulatory process. For the electric utility business, public interest has dictated the necessity for one source of supply. The prices and rates of other forms of business, in normal times in our economy, are regulated by competition, in the utility business, then, proper regulation of prices is simply and only a substitute for that competition. A regulated rate should be set at the level which would exist if the utility had open competition in the sale of its product.

In other words, no matter where you start — whether from an analysis of the basic reasons for regulation, or from the public's selfish interest in maintaining an atmosphere for sound utility financing, or from regulatory authorities to provide fair treatment is inescapable.

As members of utility management, we, too, have an obligation. In this regard—and one, incidentally, that is over and above a public information program to gain widespread appreciation for proper regulation.

The Field Financial Responsibility

There is great value, I believe, in looking and practicing the managerial philosophy that I think we should approach our three-fold financial responsibilities:

1. We shall provide the best possible electric service.
2. We shall provide the best possible financial return to our stockholders.
3. We shall provide the best possible service to our customers.

As members of utility management, we, too, have an obligation. In this regard—and one, incidentally, that is over and above a public information program to gain widespread appreciation for proper regulation.

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The Commercial and Financial Chronicle

— Thursday, June 14, 1951

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Observations . . .

Dividends are paid on ordered stock which has had just a token payment, and may be applied against the purchase of the stock.

In many instances it is thought that the employee must hold the stock. Stock options encourage some not invested in a stock, which is among the strategy in the recent column blanking stock options of the New York "Journal American."

It was with something of a shock to a stockbroker found the holder of a brokerage firm which had sold her own stock not only on the Board of Directors of the company which she had purchased the stock, but one of the proxies was informed. The sponsor of the stock plan was being voted.

The point of the discussion was how the brokerage firm was to be charged on how to vote on stock options which in this instance called for stockholders withholding their preemptive rights and giving the stock options.

When there is a division of interest between the management and the shareholders, the responsibility to represent the public stockholder interest as part of the Stockholder Society of Rights. Those who are only of the SEC rules and regulations. Comrade Vanderbilt, I believe, was credited with having made the most important speech on stockholders for his stockholders. It is highly questionable whether those who lost advantage of the Revenue Act of 1951 in the defense emergency are working for either when they sixty and tax, they will implicitly.

The Push to Socialism

Already has come the cry at annual meetings for stock options for all employees, not just the selected group. Is this to be another example of the "labor aristocracy"? Ever more ownership in some is needed if private enterprise and the capitalist system is to survive our patriots.

WILMA SOSS

President of the Federation of Women Shareholders

New York City

Continued from page 5
Bank and Insurance Stocks

By H. E. Johnson

This Week—Bank Stocks

Laird, Bissell & Meeds, 129 Broadway, New York, N. Y., one of the largest investment houses, have recently issued an interesting study on 17 New York City banks.

The report gives considerable emphasis to the growth of invested assets over the past ten years. Deposits in most cases are substantially higher than at the end of 1960. Holdings of U. S. Government securities have, for the most part, also shown gains. Of special interest, however, are the large increases in loans outstanding.

The percentage changes in these various items are shown in the following table taken from the Laird, Bissell & Meeds report.

**TEN-YEAR CHANGES TO DECEMBER 31, 1950**

<table>
<thead>
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</thead>
<tbody>
<tr>
<td>Deposits</td>
<td>Government Loans</td>
<td>Loans</td>
<td>Earnings</td>
<td>Dividends</td>
<td>Deposits</td>
<td>Loans</td>
<td>Earnings</td>
<td>Dividends</td>
<td>Deposits</td>
<td>Loans</td>
<td>Earnings</td>
<td>Dividends</td>
<td>Deposits</td>
<td>Loans</td>
<td>Earnings</td>
</tr>
<tr>
<td>-</td>
<td>12.4%</td>
<td>-30.1%</td>
<td>-200.4%</td>
<td>+33.7%</td>
<td>64.7</td>
<td>+103.9%</td>
<td>+63.4%</td>
<td>+145.4</td>
<td>+110.6</td>
<td>23.4</td>
<td>+27.6%</td>
<td>+127.3</td>
<td>+7.5</td>
<td>+103.7</td>
<td>+7.2</td>
</tr>
</tbody>
</table>

*Includes City Bank Farmers Trust Co.*

This growth in invested assets has enabled the banks to offset higher operating costs and taxes, with the result that earnings have shown considerable improvement. Dividends have followed a similar pattern and payments are higher than ten years ago.

Retained earnings plus other additions to capital funds from security profits and recoveries, have been reflected in higher book values. These considerations are shown in the following table for the 17 banks.

**TEN-YEAR CHANGES TO DECEMBER 31, 1950**

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>37.4</td>
<td>+74.7</td>
<td>+55.5</td>
<td>58</td>
<td>110</td>
<td>37.3</td>
<td>+75.8</td>
<td>+143.3</td>
<td>66</td>
<td>135</td>
<td>41.7</td>
<td>+23.3</td>
<td>-59</td>
<td>123</td>
<td>17.8</td>
</tr>
</tbody>
</table>

*Percent of operating earnings only; including no effect to securities profits or recoveries. Includes City Bank Farmers Trust Co.*

No adjustment has been made in the above figures for dividend or capital changes made since the end of 1950. A number of banks have paid stock dividends or changed their capitalization through the sale of additional shares. Thus the above figures must be adjusted when comparison with present statistics are made.

This fact, however, does not change the basic point of the tabulation—that banks have demonstrated their capacity to meet changing conditions and at the same time show considerable growth in invested assets, earnings and dividends. On the basis of this record, Laird, Bissell & Meeds recommends the purchase of bank stocks.

Industrial Improvement Keeps America Strong

You don't defend freedom by sitting tight on your status quo

American Industry knows it must continue to improve and modernize, advance and expand. There is no other way to meet the grim challenge of mobilization.

The nation's metalworking industries have buckled down to the job of defense production. Anaconda helps them keep step with latest technical advances by continuing its intensive program of mill modernization.

One of the first projects completed in our mill improvement program is the new strip mill at the Buffalo Branch of The American Brass Company. This mill now produces larger and wider coils of brass strip from 3,300 lb. castings (13 times as heavy as could be handled before). These long, joint-free lengths of brass strip are made to remarkably close gage and have an exceptionally bright, clean finish.

Anaconda Copper, Brass and Bronze are in the front line of America's defense program. When world freedom and justice have been secured, these mighty metals will turn to peace-time tasks. Anaconda is thus serving tomorrow's needs as well as today's.

**ANACONDA®**

First in Copper, Brass and Bronze

The American Brass Company
Anaconda Wire & Cable Company
International Smelting and Refining Company
Adele Copper Mining Company
Cable Copper Company
Green Corrector Copper Company

New York City Bank Stocks

Record of growth not acknowledged in market price. Report sent on request.

Laird, Bissell & Meeds

New York Stock Exchange Members

129 Broadway, New York, N. Y. Telephone: Rialto 5-1000

Night Telephone: N.Y. 8-2245-60

G. A. Gillett, Manager, Banking Dept.

Specialists in Bank Stocks

---

NATIONAL BANK of INDIA, LIMITED

Bankers to the Government in Kenya Colony and Uganda

Head Office: St. George's, London, E. C.

Branches in India, Burma, Ceylon, East Africa, West Africa and London

Subscribed Capital...£4,000,000

Paid-up Capital...£4,000,000

Reserve Fund...£2,500,000

The Bank endeavors to maintain the leadership of the merchant banking enterprises in India.

Trustships and Executorships also undertaken

---

Volume 137 Number 2020 ... The Commercial and Financial Chronicle

(3473) 33
This Week—Bank Stocks

Laird, Bissell & Meeds, 120 Broadway, New York, N. Y., one of the nation's oldest merchant banks, have been fully involved in an extensive study on 17 New York City banks.

The growth in invested assets has enabled the banks to effect higher operating costs and taxes, with the result that earnings have shown considerable improvement. Dividends have followed a similar pattern and payers are higher than ten years ago. Retained earnings plus other additions to capital funds from security profits and recoveries, have been reflected in higher book values.

These considerations are shown in the following table taken from the 17 banks:

<table>
<thead>
<tr>
<th>TEN-YEAR CHANGES TO DECEMBER 31, 1950</th>
<th>Change in Invested Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits</td>
<td>Government</td>
</tr>
<tr>
<td>Bankers Trust</td>
<td>+ 124.0</td>
</tr>
<tr>
<td>Bank of Manhattan</td>
<td>+ 151.0</td>
</tr>
<tr>
<td>Bank of N.Y. &amp; 5th Av.</td>
<td>+ 37.8</td>
</tr>
<tr>
<td>Central Hanover</td>
<td>+ 44.9</td>
</tr>
<tr>
<td>Chase National</td>
<td>+ 55.4</td>
</tr>
<tr>
<td>Chemical Bank</td>
<td>+ 30.4</td>
</tr>
<tr>
<td>Corn Exchange</td>
<td>+ 32.8</td>
</tr>
<tr>
<td>Empire Trust</td>
<td>+ 71.2</td>
</tr>
<tr>
<td>First National</td>
<td>+ 19.8</td>
</tr>
<tr>
<td>Guaranty Trust</td>
<td>+ 36.3</td>
</tr>
<tr>
<td>Irving Trust</td>
<td>+ 22.7</td>
</tr>
<tr>
<td>Manufacturers Trust</td>
<td>+ 125.4</td>
</tr>
<tr>
<td>National City</td>
<td>+ 117.0</td>
</tr>
<tr>
<td>New York Trust</td>
<td>+ 161.8</td>
</tr>
<tr>
<td>Public National</td>
<td>+ 200.4</td>
</tr>
<tr>
<td>U. S. Trust</td>
<td>+ 18.0</td>
</tr>
</tbody>
</table>

*Includes City Bank Farmory Trust Co.

This growth in invested assets has enabled the banks to effect higher operating costs and taxes, with the result that earnings have shown considerable improvement. Dividends have followed a similar pattern and payers are higher than ten years ago. Retained earnings plus other additions to capital funds from security profits and recoveries, have been reflected in higher book values.

H. Hents Opens Branch
At Lake Placid, N. Y.

Complete brokerage service will be offered by the new office of H. Hents & Co., which is opening June 15 at 122 Main Street, Lake Placid. Edgar V. M. Gilbert, who has been actively engaged in business in Lake Placid for the past 20 years, will be in charge. The office will provide transfer service, news tickers and direct private wire service to all commodities and stock exchanges.

H. Hents & Co. was established in 1896. They are members of the New York Stock Exchange, the Commodity Exchange, Inc., the New York Curb Exchange, the New York and New Orleans Cotton Exchanges, the Midwest, Detroit and Pittsburgh Stock Exchanges and many others. The office is on the main highway on the street level in the building of the Hotel Marcy.

J. A. Warner Co.
SPECIAL TO THE POSTAL CHRONICLE

PORTLAND, Maine—Harold Vi. Joy has become affiliated with the research department of Arthur Warner & Co., Inc, Clapp will be available to the Lake Building.

Industrial Improvement

Keeps America Strong!

Below—Finish rolling brass strip on new Sandusky mill. On the high speeds, this mill produces bright, clean bundled coils weighing up to 2,000 lb.

You don't defend freedom by sitting tight on your status quo

American Industry knows it must continue to improve and modernize, advance and expand. There is no other way to meet the grim challenge of mobilization.

The nation's metal working industries have buckled down to the job of defense production. Anaconda helps them keep step with latest technical advances in containing its intensive program of mill modernization.

One of the first projects completed in our mill improvement program is the new strip mill at the Buffalo Branch of The American Brass Company. This mill now produces longer and wider coils of brass strip from 5,500 lb. castings (13 times as heavy as could be handled before). These long, joint-free lengths of brass strip are made to remarkably close gage and have an exceptionally bright, clean finish.

Anaconda Copper, Brass and Bronze are in the front line of America's defense program. When world freedom and justice have been secured, these mighty metals will turn to peace-time tasks. Anaconda is thus serving tomorrow's needs as well as today's.
Blue Ridge Litigation

**Draw Sharp Opinion**

National Fund Stocks

**Funds**


**Keystone Custodian Funds**

Certificates of Participation in Investment Funds

<table>
<thead>
<tr>
<th>IN BONDS</th>
<th>PREFERRED STOCKS</th>
<th>COMMON STOCKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Series B1-B2-B3-B4)</td>
<td>(Series B1-B2-B3-B4)</td>
<td>(Series B1-B2-B3-B4)</td>
</tr>
</tbody>
</table>

**Prospectus may be obtained from**

The Keystone Company of Boston

50 Congress Street

Boston, Mass.,

34 (2474)

With Gibbs & Coe

(Special to The Financial Chronicle)

WORCESTER, Mass.—John F. Keane, a director of Blue Ridge Electric Corporation, out of which is reasonably certain to emerge the Blue Ridge Mutual Fund, Reynolds H. Chase and T. Roland Berner contended in a motion before a United States District Court in Boston to enjoin a merger of the Blue Ridge Electric Corporation and in an appeal to a United States Court of Appeals that the court should go forward with reorganization proceedings. The court, however, showed that the value of the assets exceeds the debt of the corporation.

The appellants, Mr. Chase and Mr. Berner, made a motion in the United States District Court for the Eastern District of Virginia at Richmond, to dismiss the reorganization proceedings of Blue Ridge Electric Corporation on the ground that the value of the assets of the corporation exceeded its debt and that by making a sale of assets, or by borrowing on its assets, it would have sufficient cash to pay its indebtedness and that the assets should be returned to its stockholders in one of the forms of property.

Assets of Central States are approximately $30,000,000 at present, which is an increase in 1942, when petition for reorganization was filed. The present value of indebtedness is $18,000,000 and assets of approximately $1,000,000.

Motion was denied by the District Court. The appeal was made to the United States Court of Appeals for the Fourth Circuit.

The Court of Appeals, in a sharp opinion, upheld denial of motion to dismiss the petition for reorganization of the Supreme Court of the United States, on or before February 20, 1951.

"It is hardly thinkable," the opinion stated, "that the court under the circumstances of this case any judge would shelve exercised his discretion to dismiss this proceeding and turn the corporation back to control of the common stockholders who had wrecked it.

"Certainly no judge in his right mind would have exercised such discretion, where, as here, the only persons asking it (dissipators of reorganization proceedings) were present stockholders, one share of common and one share of preferred stock, for a comparatively insignificant sum after the plan of the reorganization had been presented, that plan, as well as under way and the holder of one share of preferred stock, and one share of common which had recently been acquired as a gift.

"For persons holding such insignificant claims as $12,500, or so large an enterprise, interest manifestly acquired for purposes of litigation, when all the other holders, including the carrying out of a plan which has been put into effect by holders of substantial interests involved and has been approved by a Federal Reserve and Exchange Commission, the District Court, is this an abuse to which this court will lend no encouragement.

"If, on the other hand, that the proceedings be stayed, they will have to appeal to the Supreme Court. We do not think they are entitled to it."
Public Utility Securities

By OWEN ELY

New England Gas & Electric Association

New England Gas & Electric Association (NEGEA) is the "umbrella" corporation of a company in New England (New England Electric being the largest) with an annual revenue of $31 million. The Association system consists of a Massachusetts firm having the entire present electric, gas, steam-heating, and telephone business in 11 gas, electric, and steam-heating companies, and 97% of the equity in one combination. There are 15 of these companies in Massachusetts, one in New Hampshire, and one very small one in Maine. Only companies outside of Massachusetts will eventually be disposed of.

The territory served is basically mature and diversified, and includes the stable market center of New England, with the addition of rapidly growing suburban areas. Gas is metered in over 50% of the homes served, and telephone service is provided to nearly 100% of the area served. Telephone service is provided to nearly 100% of the area served. Telephone service is provided to nearly 100% of the area served.

NEGEA consists of 61% of the annual revenues from electric sales, 37% from gas and steam-heating, and 2% from telephone service. Gas sales are very important, with the remaining 3% from telephone service. Generating capacity is somewhat inadequate, and the Association has power contracts with other generating companies to meet peak load requirements.

The capital structure was "streamlined" in April, 1947, by reducing funded debt and writing down the common stock equity. A special dividend of 10c per share was also paid.

The capital structure of 1951, including the current one-for-eight common stock offering, NEGEA's total equity ratio will be approximately 61%, and the common equity ratio 29.25%, the other 29.5% being made up of preferred stock of the Association and the small minority interest. Subsidiaries' bank loans totaling $6 million are expected to be refinanced this year with an issue of the Association's Series C bonds. It is a long-run objective of the Association that the major portion of the senior securities to be outstanding will be obligations of the Association itself, rather than of subsidiaries. Upon completion of the 1951 program, the securities of subsidiaries at the year-end will constitute only about one-third of the total debt at the end of the 1951 period of substantial construction, as at present, it is the Association's intention that its total debt ratio shall not exceed 60%.

Unlike New England Electric System, whose earnings have fluctuated considerably due to hydro conditions, NEGEA's earnings record has been excellent. The following table compiled by Standard & Poor's (the years 1939-46 have been converted to a proxy basis):

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Revenues</th>
<th>Share Earnings</th>
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<tbody>
<tr>
<td>1950</td>
<td>$31.21</td>
<td>$1.46</td>
</tr>
<tr>
<td>1951</td>
<td>28.63</td>
<td>1.46</td>
</tr>
<tr>
<td>1952</td>
<td>28.79</td>
<td>1.31</td>
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<tr>
<td>1953</td>
<td>24.75</td>
<td>1.47</td>
</tr>
<tr>
<td>1954</td>
<td>21.55</td>
<td>1.37</td>
</tr>
<tr>
<td>1955</td>
<td>20.01</td>
<td>1.38</td>
</tr>
<tr>
<td>1956</td>
<td>19.29</td>
<td>0.97</td>
</tr>
<tr>
<td>1957</td>
<td>18.71</td>
<td>1.18</td>
</tr>
<tr>
<td>1958</td>
<td>17.54</td>
<td>0.99</td>
</tr>
<tr>
<td>1959</td>
<td>18.24</td>
<td>0.96</td>
</tr>
<tr>
<td>1960</td>
<td>14.49</td>
<td>0.94</td>
</tr>
</tbody>
</table>

Thousands of sinking fund requirements in 1960-65.

In the 12 months ended April 30, earnings remained at the same level of $1.46 despite higher income tax accruals in 1951. However, earnings were stated two ways—before and after deducting fund requirements on debentures. The latter currently amounts to $1.22 and leaves a balance for common stock of $1.27. No excess profits taxes were paid last year, and the EPS earnings base is estimated to be around $2.

Current earnings would be the rate of 1.30 based on the increased number of shares. If the proposed income tax rate of 25% (41% for holding companies) is effective for the last quarter of 1961, earnings should still be at least $1.35 per share, it is estimated.

Natural gas has been slower in arriving in New England than in the New York area, but NEGEA expects to receive some gas from Northeastern Gas Transmission Company in September; and other suppliers expect to receive its early next year from Algonquin Gas Transmission Company. A shortage of pipe would delay this schedule. Conversion of customers' appliances to natural gas runs at a slower pace than in the South, and the use of natural gas will be completed by this summer. In comparison with 1950 production numbers, natural gas is estimated to save $2 million annually for the System companies. If other expenses conditions at the time permit, a vote on a mileage increase in the mid-winter is contemplated. The mileage increase will be based on the existing rates and the increase will be made to cover a substantial portion of the cost of the mileage increase.

In 1952, assigning an effective Federal Income tax rate of 35% for the entire year, and applying an additional sales tax of 3% on gas properties but not the full benefit from the development of additional gas business, earnings of $1.40 per share are forecast by the management.

These estimates give no effect to possible electric rate increases. This subject is being carefully considered, and no substantial increase in Federal income tax rates become effective application will be made for general electric rate increases, it is reported.

In the postwar period the company has made net property additions of over $24 million, or about half the total investment; and about 43% of the 250,000 homes generating electricity, was installed in this period. The gas capacity has been increased from 48 million to 120 million cubic feet per day (528 Btu units). The company efficiency is shown by the relatively small amount of coal required to generate a kilowatt-hour—1.27 lbs. in 1946 and now appreciably less than a pound.

The Association expects to spend about $33 million for construction in the five years 1951-55, including $8.5 million for natural gas construction and conversion. It is estimated that $19 million new money will be needed, though this is dependent in part on whether or not the new investment in New Hampshire Electric Company is sold and whether the proceeds are used to retire senior securities. It is probable that there will be two additional issues of common shares on a one-for-eight or a 1-for-10 basis, over the entire period. Following the one-for-eight offering the company does not now expect to make further sales before early 1953.

During the past year NEGEA paid quarterly dividends at the rate of 90c regular and 10c extra; but it was recently indicated that dividends will soon be placed on a regular 91c basis. This apparently reflects the confidence of the management in the company's ability to offset current tax increases through economies and rate adjustments and to maintain a regular 1% rate.

NEGEA also has outstanding about 75,000 shares of $4.50 convertible preferred stock, which after the current financing will be convertible into 7.2 shares of common stock.

To Be Whitcomb Partner

G. A. Wright as Admit

Gillen & Co., 120 Broadway, New York City, member of the New York Stock Exchange, announces the admission of Charles A. Wright, Exchange member, to partnership on January 1, 1951. Mr. Wright was on that individual floor broker. On June 30 Mr. William S. Sager will withdraw from partnership.

Herb Gillen & Co. is convertible preferred stock, which after the current financing will be convertible into 7.2 shares of common stock.

Gillen & Co. is an integrated national concern, having been organized in 1941.

Liberal Gifts, Inc. Formed

Liberal Gifts, Inc. has been formed by Edward T. N. Duggan, President and Secretary, and Devora B. Ragan, Vice-President and Treasurer.

Long Island is still growing F-A-S-T!

Despite nationwide restrictions on building, shortages of materials and manpower, and other detracting factors of "rearmament" economy, Long Island still continues its phenomenal growth.

During 1950 the Long Island Lighting Company added over 36,000 electric and nearly 10,500 gas customers—and present indications are these figures will be equalled, if not exceeded, this year.

In greater part this new business was residential. With it there was a substantial increase in our commercial and industrial business, including a number of new industrial plants. Many of Island's new residents are finding pleasant, gainful employment near their homes.

Our Business Development Department will be glad to supply information concerning industrial sites, available labor supply, transportation, power, etc., entirely without obligation to you. Why not write us about your needs?

LONG ISLAND LIGHTING COMPANY
MINEOLA, N.Y.
With the important mid-year refunding on its way into the permanent record, the government market is not expected to make any major changes. With the”s” type yields of May and July turning in for the 1s8, even including those of Federal, the refunding was a real success. Some broad base of support will be continued here and there depending upon what the authorities want to accomplish in the near future. The long-term forces, however, are continuing although certain issues are under pressure because of the lack of official support, may continue to be weakened. This, however, should not have a drastic effect upon the higher yielding Treasury obligations. With the refunding completed, expect to see the short- and middle-term maturities hold steady. Nonetheless, the pick-up in business was not large enough or profitable enough, according to advice, to get very much movement about.

Switching and swapping has been characteristic of the whole market in the short and the short-ends. This has helped to generate activity. The refunding touched off exchanges in the near-term and the 5s were active with some long issues being传动. This was an indication of the movement of the market, with the anticipated March 11th and 6-9s being传动.

Softness in the longest bank issue, and somewhat enlarged allowing for some rundown throughout the market, has helped to change the features of a government market which has been slightly more active. The market is awaiting the opportunity to rearrange positions in the various maturities, with the bulk of these operations being concentrated in the 5s and 6s and in the 1Ys. The Treasury is working on some Treasury tax notes, with old Series “D” being cashed in, in anticipation of the money to buy the higher-yielding Series “A” notes.

Long Bank 2s Under Pressure

The eligible 2s1/8 of 1957 have been continuing somewhat inactive. It is generally believed this obligation, primarily from the standpoint yield, is out of line with certain other obligations of its maturity. Expect that the market will continue as such until some development around the 2s1/8 is made.

The taking of the September 1967/72s down to new lows for the current year has been a result of the increasing yields, need for a tax advantage, and the possibility of owning these bonds through the purchase by the deposit banks. This is less than a year away which is considered a rather short period of time for the deposit banks. Some reports are stating that they are not making a profit on the yield, so the profits are still able to be charged if favorable. This is a problem of the Treasury, taken into consideration. This type of operation is being carried out by non-bank investors.

Bank Eligible Facility Overrated

Because of these swaps from the longest bank 2s1/8 there has been a strong demand for some of these bonds. It is a good idea to take protective support, according to those that should know, in the September 2s1/8. With nothing but demand and supply to make the market, it is felt that this bond does not take advantage of a bond's position in the market because of the fact that it is not being displayed in the market. It is expected that there will be an impression on prices, because the market is still thin in this security as well as many other Treasury obligations. With the longest bank obligation now going the way of all flesh, the question is being asked, “How far down?” This is a real tough question, because many informed money market followers now believe the bank-eligible facility of a government bond is overrated. They also point out the very sizable enlargement in the supply of bank-eligible in the next three years, through the various tap bonds becoming eligible for purchase by non-deposit banks, takes the scarcity factor out of the picture. It would not be surprising to this group to have an ongoing flow of buyers of Treasury obligations, which are tax-sheltered obligations by large New York City deposit banks.

U. S. TREASURY

STATE AND MUNICIPAL SECURITIES

Audrey G. Lanston & Co.
INCORPORATED

15 Broad Street 41 Milk Street
NEW YORK 5 BOSTON 9

Whitall 3-1200 Ransom 4-489

Municipals in Demand

The battle of the partials and the fully exemptes continues to wax hot, with swaps being made in not a few cases from the government obligations into the state and municipal issues. The last three 25s, it is indicated, have been given up in some cases by deposit banks in order to take on selected fully tax-sheltered obligations.

AD LIBBRING

With much pleasure and optimism your 1951 NSTA Advertising Committee is presented. Having served as your Advertising Chairman for the past year, I am sure that you will attest to the enthusiasm to my inquiries to assist in this undertaking was much greater than ever before. Many of our old standbys are with us once more. To those of our friends who have given up and turned to us for our help, the NSTA Advertising Committee of the “Commercial and Financial Chronicle” should be commended to you as the most useful and colorful issue yet to be offered.

Call your local Chairman and offer him your cooperation in his efforts to build a successful advertising affiliate in your yearbook and Convention Issue of the “Chronicle.”

HAROLD R. SMITH Chairman
NSTA Advertising Committee
Pendleton & Co.

NATIONAL SECURITY TRADES ASSOCIATION

The National Security Trades Association Inc. announces the membership of the Advertising Committee for 1951:

Chairman—Harold R. Smith, Pendleton & Co., New York City.

SECURITIES TRADES ASSOCIATION OF DETROIT AND MICHIGAN, INC.

The Securities Trades Association of Detroit and Michigan—also called the Independent Traders Association—will meet at the noon meeting on Thursday, June 14, at the巧妙 Club, Detroit, Mich. There will be held June 26 at the Plum Hollow Golf Club, Lansing Road, between eight and nine-o’clock.

SECURITIES TRADES ASSOCIATION OF NEW YORK

On June 7, 1951 the Security Trades Association of New York (STANY) Bowling League hosted its annual Bowling Dinner. It was well attended and enjoyed by all.

Prizes were given to the winning teams: Arthur Burlan, Jack Manson, First Place—Charles King, Mike Voseal and Gibs Monz; Arnold J. Costello, Second Place; Richard B. Benedict, Third Place; and William H. Bell, fourth Place.

The average game prize went to: Ben Fried. His over-all average was 172.

Special prizes were awarded to Hoy Meyer, Nat Krumholz and Arthur Binford.

The entire bowling group gave Hoy Meyer a gift on his retirement as Chairman of the bowling section. Hoy was presented with Sid Jacobs. The new season will open next Sept, 6th, 1951.

The BOND CLUB OF LOUISVILLE

The Bond Club of Louisville announces its summer outing will be held at the Louisville Boat Club, Louisville, Ky., on June 26, 1951 all afternoon and all evening. The cost is $10 per person.

The Commercial and Financial Chronicle... Thursday, June 14, 1951

The Midwest Stock Exch. Elections Officers

CHICAGO, Ill.—Homer P. Hargrave, partner of Hargrave, Pierse & Besemer, Chicago, was reelected to serve as Chair- man of the Board of the annual election of the Exchange at the annual election of the Exchange. Homer P. Hargrave, Pierse & Besemer, Chicago, was reelected to serve as Chair- man of the Board of the annual election of the Exchange.
Continued from first page

As We See It

Panic Now Gone

The panic of the rank and file about predicted shortages of many types of goods not available or available in insufficient quantities during World War II subsided some time ago. The present fear, on the other hand, the response of the general public to the price reductions of the past few weeks seems to indicate clearly that the panic of the rank and file articles still exists even if at the same time it makes abundantly clear that the consumer is quite price conscious. A good deal obviously depends upon whether or not defense expenditures rise as promised during the remainder of the fiscal year. The present buying, if anything, is so slow in getting under way and there are those who assert that there is too much inefficiency in the Administration to permit the sort of performance required for the production now predicted. Here again surprises may or may not await us.

All such uncertainties, plus the existing state of softness in prices of many articles of consumer consumption, magnify the difficulties of those who try to convince us all that we must be controlled to the hilt to prevent inflation. Inflation does not really dishearten us, however, is quite another aspect of the matter. What we are most concerned about is the fact that what the President is worrying about are for the most part merely symptoms not the basic evils of the existing situation. It may be that he, when he tentatively goes down to other and more fundamental evils, he tends to wince and relent and refrain at vital points.

Control Madness

What the President is concerned about is his authority to control. He wants to be certain that he has the power to fix ceilings for prices and wages. He wants to have the authority to allocate materials. He is certain that it is essential that he, or his agents, have vested in them the power to limit credit. And so it goes on and on. He has what for a democratic country amounts almost to dictatorial powers as things now stand. These he insists must be continued for the future. But for the President's part, this is not enough. Further authority is demanded of Congress, a broadening of the base of his fiat power. More of the sort of thing that Moscow takes for granted!

But most of this program has nothing to do in any fundamental sense with inflation. It may or may not for the time being be, in one degree or another, successful in preventing higher prices. But in doing so it merely dams up the stream which at some time or other will break down the barriers. But even within this limited field, the doubtful remedy is applied in an uneven and hence ineffective way. The President on occasion talks bravely about placing some sort of limit on the farmers. His demands at most are light, but little or nothing is done about it in any event, and no harsh protest is heard. Wages, too, are supposed to be under certain controls. The President has from time to time had his say on that or to say about the necessity of limiting wage increases. A good deal of it has been double talk, but what seemed to be straightforward has seldom produced any real results.

One of the latest outgoings of the President on this general subject takes the form of a letter to certain of his subordinates demanding that the executive departments and offices conserve manpower. What will come of this directive—on the face of it a desirable one—remains for the future to disclose, but if the course of events follows the now all too familiar pattern, not a great deal of difference will be observed in the number of people drawn by the Federal Government from the labor force to meet its civilian demand. Everyone knows who has given the matter any thought at all that we have one of the most wasteful and poorly directed Governments in the world in terms of the face of the earth. The fact is that similar conduct by any of the other major powers would bankrupt it without delay. Senator Douglas had some pertinent remarks to make on this subject the other day, but the show goes merrily on.

Of Course, Savings Are Possible

Now it is merely silly to say that substantial reductions in Federal spending could not be effected without in the slightest degree affecting or injuring the rearmament effort. A number of surveys made earlier this year left no doubt in any informed mind that substantial amounts could be deleted. The Committee on Federal Tax Policy, headed by Roswell Magill of Washington, D.C., has been working on the subject for a year now. It is certain that the policy would be quite feasible to slash $10 billion from the proposed budget. Senator Byrd has urged a reduction of more than $9 billion. Others ranged up to five, six and seven billions of dollars. If such amounts as these could be taken from next year's budget—as burdened as these budgets are with previous commitments—we have no hesitation in saying that if we begin now we could take double this amount out of budgets two, three or four years hence.

But do the President and the others now so much concerned about a continuation of control powers after the end of this month show any concern about such matters as these? We have seen no evidence of it. If inflation dangers are really ahead in the magnitudes that the President indicates, we should all be wise to look much more closely into these fundamental matters.

FHLLB Notes on Market

Public offering of two new note issues of the Federal Home Loan Banks, aggregating $137,200,000 in principal amount, was made yesterday (June 6) through Everett Smith, fiscal agent. The issues consist of $70,000,000 3% series I-1951, noncallable consolidated notes, dated June 15, 1951 and maturing Oct. 15, 1951, and $67,200,000 2% series II-1952, noncallable consolidated notes, dated June 15, 1951, and maturing April 15, 1952. The notes are priced at par.

The purpose of the offering is to provide funds required for the payment at maturity on June 15, 1951 of $89,000,000 Federal Home Loan Banks 1.65% series E-1951 consolidated notes, and to provide additional funds for making available credit by the Federal Home Loan Banks to their member institutions.

Upon completion of the current financing and the retirement of the 1.8% notes on June 15, outstanding consolidated obligations of the Federal Home Loan Banks will total $647,500,000.

Forest Watson & Co., Foraged in Seattle

Seattle, Wash.—Forest Watson & Co., have participated in an additional public offering in the securities market. Mr. Watson was previously associated with Dean Wil¬ ter & Co., McIlhine & Arnold, and Arnold & Co.

Albert J. Caplan Co., Formed in Philadelphia

PHILADELPHIA, Pa.—Albert J. Caplan has formed Albert J. Caplan & Co., members of the Philadelphia-Baltimore Stock Exchange, with offices at 1500 Walnut Street, to act as brokers and dealers in listed and unlisted se¬curities. Mr. Caplan was formerly a general partner in Bayuk Brothers.

D. Deane With Union Securities

Union Securities Corporation announced that D impecc D. Deane has become associated with the firm in its New York office, 615 Broadway. For five years prior thereto Mr. Deane had been an investment officer with Carnegie-Teachers Investment Office and an Assistant Treasurer with Teachers Insurance and Annuity Associa¬tion of America.

John F. Pierson

John Frederic Pierson passed away at the age of 79 after a long illness. Prior to his retirement several years ago, he was a part¬ner in the Wall Street firm of J. F. Pierson & Co., members of the New York Stock Exchange.

SERVING ONE OF THE NATION'S MOST DIVERSIFIED AREAS

Outstate Michigan

Outstate Michigan, the area served by Consumers Power Company, is recognized as one of the most diversified areas in America.

It ranks high as an industrial producer, as a farming region and as a vacationland. Here are hundreds of communities ranging in population from a few hundred to 200,000 where living and business both are good.

Outstate Michigan is outstanding as a producer of automo¬biles, furniture, drugs and chemicals, machinery, paper, breakfast foods, stoves, furnaces, salt and many other items.

Consumers Power Company now supplies service to more than a million customers in Outstate Michigan (680,000 electric customers, 321,000 gas customers) including some of America's best-known industries and more than 100,000 farms.

Check These Advantages of Outstate Michigan

* Exceptionally High Percentage of Skilled Workers
* No State Income Tax
* Desirable Plant Sites
* In the Great Market Center of America
* Demandable Electric and Gas Service at Low Rates
* Wide Range of Materials, Parts and Supplies
* Excellent Living Conditions and Cul¬
nural Opportunities.

CONSUMERS POWER COMPANY

GENERAL OFFICES: J ACKSON, MICHIGAN
Continued from first page

Are Utility Debt Ratios Headed Upward?

It is to be regretted that it has been necessary to delay a ques- tion of the recent increase in the price of Canadian securities to the highest official levels. It is still more to be deplored, that investigation has been made to possible measures of relief. On the other hand it is to some degree ironic that the proposed relie- tary measures were not placed in the hands of Canadian authorities in addition to any other way of saying the debt ratio. Although high in 1919 and still have the same earnings coverage. For ex- ample, it appears that in 1919 it could be over 90%. However, this is only one factor and the utility industry has widely dispersed earnings. Perhaps the advantage of the lower in- terest rate is something that many companies would have been more ready to pay.

Furthermore, the taxes are a component of expense in arriving at that theoretically at least a gross profit of $120,000,000 (with consequent lower taxes) would have to increase. The rate base is, however, the highest of the rate base. However, a smaller economic impact is something that many companies would have been more ready to pay.

Now, however, that interest rates have been sharply upward for several years, even greater than the high tax rate and an anticipated further increase in rates of 4% to 5%, there will exist a strong temptation to the electric utility industry to increase debt ratios to obtain a maximum return in a period of higher fixed charges and rising tax rates.

Let us take as an example an electric utility company with a 5% debt ratio and a present net property and a present income of $3,150,000 at 3% and 35% Common Stock equity—something like the average rate for an electric utility company. Let us suppose that for the last two years, this utility (ended—say March 1, 1931) it has been returning net property before charges. Let us further suppose that its 1931 expansion program calls for expenditures of $14,000,000 for new facilities, this being 15% of its gross profits of $90,000,000 or 16% depreciation on $120,000,000 of property. Let us assume depreciation charges of $3,000,000, reducing to $15,000,000 the funds available for the year. If financed on the same basis as the exigencies of 1930, a capitalization of $7,500,000 in bonds would represent bonds (at 3.5%) of $2,250,000, Pre- ferred (at 4.75%) of $13,750,000, and $200,000 of common stock. The gross increase of $14,000,000 in the capitalization is reflected in the earnings of this company (for the first quarter only) at $1,000,000 on $120,000,000 of net property.

But let us suppose that on this situation the impact of the tax increase of 34%, i.e., from 42% to 47% for the year, is reflected in the earnings of $1,000,000 on $120,000,000 of net property.

At March 31, 1951

Gross earnings before Federal taxes $9,430
Fed. taxes (4.75%) 3,460 $6,970
Gross income before Federal taxes $9,430 $6,970

Additions for depreciation 500
Adjustments for other expenses (see note) 500 $13,750
Profit after Federal taxes 4,960 $3,250

*Assumes $1,000,000 retirements, (000 omitted). 12 Months

Gross income before Federal taxes $9,430 $6,970
Fed. taxes (4.75%) 4,360 2,850 $1,510
Gross income after Federal taxes $5,070 $4,120
Interest 1,200 1,200 $3,000
Net income $3,870 $2,920
Balance for common... $3,900 $3,459
Per share $1.95 $1.82 $1.69

On the assumption of recovery of all but a 5% increase in tax rate through increased defense business, the net loss in the balance sheet on a 5% increase would be limited to about $51,000. Two divisions, also, of the net income, and the cost of absorbing a large part of the tax increase (paying increased rates) may be on the optimistic side so that the probability of a probable increase would be expected to be that Common Stock per share earnings of $3.459 would be maintained with exten- sion.

This financial program the debt ratio would increase to about 5% and the Common Equity Ratio drop to about 5%. There would not be a serious change, as many companies are functioning successfully on considerably higher debt ratios without any serious risk. But the foregoing capitalization ratios rep- resent about the industry average (for the big city companies), and there is little doubt that higher debt ratios and lower equity ratios, and a capital contribution program, financial program, would have a more serious im- plication.

Let us assume, however, that these higher ratios are warranted. The Equity Ratio companies would not go as far as debt ratios of 7 or 8, but they might retain their common equity ratios and extend their debt for the 15% portion of the net money which they would have been paid by selling Preferred Stock.

As a result of the financing (the amount originally assumed to be issued in the form of preferred stock), there would be a saving of approximately $5,000,000 over 3.75% or about $10,000 a year. This would be over 90% on the Common stock and while not a substantial amount would increase the impact of increased taxes, and while swalloing a rate increase, might feel justified in making every possible effort for Common in order to maintain this amount at as high a level as possible and to avoid its dividend payment.

We would then turn to greater debt financing and particu- larly to substituted financing, which has been greatly increased by the fact that dividends on new money are not deductible for income tax purposes. Although preferred dividends were issued prior to October 1, 1942, is deductible under new law of 31% of the divid- ends paid. This differential between old and newly issued stock appears to be without rhyme or reason, but its continuation was inserted to prevent companies from taking advantage of the increased investment in preferred dividends by recapitaliza- tion. But the date this extraordinary law is now obviously long outgrown what ever justification it may have enjoyed.

A simple change in this date...
Continued from page 15

The Menace of Profit Starvation

school for those whose obligation it is to develop ideas of controls.

On the flyleaf of the text book, later in the chapter, it might be written these words:

"The need to control for controls' sake savage.

"I will decontrol at the drop of a hat.

"I will not attempt to fit all manner of industry into a single formula for control."

"Each control I advocate will be uniform in all details of application from those of the most lenient to those of the most stringent."

"I will always remember that the control of the whole is far more important than the control of the part."

"I will always remember that I am not a制定了 longhand realization of the word 'de-control' worth a hundred declarations of restraint.

"I will not forget to rely upon that when it comes to producing, an ounce of independent self-regulation is worth a pound of controls."

"And whose words on the flyleaf there might well be added this statement:"

"The control of the whole is far more important than the control of the part."

Continued from page 24

Mutual Funds

for the Southern District of New York.

With this in mind, the author of this position paper, Mr. Sloan is also present at a director of Banque Trust Company, New York, but intends or before the effective date of the Agreement of Merger, to resign as such director in order to qualify under the provisions of section 33 of the National Bank Act of 1923, as amended, as a director and President of the New York Bank.

Mr. Herbert W. Grindal, Treasurer and Director, also partner in Reynolds & Co., investment bankers and stock brokers, New York, N. Y.; Director of Blue Ridge Corporation.

Mr. Earl A. Aurand, Treasurer, a partner in Stearns & Company, investment bankers, Baltimore, Md.; Chairman of Board of Directors; Great American Investment Corporation.

Mr. C. Prevord Boyce, Director, also partner in Stearns & Co., investment bankers, Baltimore, Md.; Chairman of Board of Directors; Great American Investment Corporation.

Mr. R. T. Reeves, Treasurer, also partner in Reynolds & Co., investment bankers, Baltimore, Md.; Chairman of Board of Directors; Great American Investment Corporation.

Mr. E. C. Gottesman, President and Director; also Director of National Corporation, investment bankers, and security dealers, New York, N. Y., and Gottesman & Co., pulp merchants; Director of Bayonet Rail, Eastern Corporation, etc. Mr. R. T. Reeves, Treasurer, also partner in Reynolds & Co., investment bankers, Baltimore, Md.; Chairman of Board of Directors; Great American Investment Corporation.

Mr. Thomas C. Edgan, Director; also Attorney, Philadelphia, Pa.; counsel for 7% Preferred Stockholders' Committee in Central States reorganization.

Mr. D. Samuel Gottesman, Director, also President of Central National Corporation, investment bankers, and security dealers, New York, N. Y., and Gottesman & Co., pulp merchants; Director of Bayonet Rail, Eastern Corporation, etc. Mr. R. T. Reeves, Treasurer, also partner in Reynolds & Co., investment bankers, Baltimore, Md.; Chairman of Board of Directors; Great American Investment Corporation.

Mr. Edward W. Hofmann, Director; also member of the Finance Committee, Pennsylvania Power & Light Company.
Railroad Securities

**Monroe**

Five years ago, when the new management took over control of the property, it was in a condition which could only be described as deplorable. Similar observations were made of the condition of its equipment, both cars and motive power. Today, some five years later, great strides are being made toward effectuating physical rehabilitation. A trip over the Line and through the company stores discloses substantial progress already accomplished, and it has been estimated that 26% of the 2,290,000 new freight and passenger cars substituted in their stead.

The work of transforming the property's high Class I standard has not yet been completed, great as progress to date has been. This business is being maintained at current high levels for three or four years, management is planning to allocate approximately equal amounts of time to full maintenance to bring the property up to highest Class I standards.

As a consequence of work already accomplished, Monroe's effort in the quest for better transportation ratio having de-veloped, the company indicated in its report for 1956, with 22.75% for the first quarter of 1956, with a Class I standard, the company has been referred to in recent years as averaging 1,744 hours in 1954, overall operating time, including preferred dividends 1,686 hours, and with earnings of $5.9 million for the quarter, 1956, the company，则 Class B stock respectively. The latter requirement is a 22.75% of the outstanding Class A stock, as an example in a recent decision, if a Committee for the purpose of the operation and improvement of its facilities, is being sold by several stockholders to whom the proceeds will accrue.

Formed as a corporation in 1877 as a successor to the Union Street business established in 1856, the company has been successful; its predecessor companies have been under the management and ownership of the Morgan family for many years. Upon the sale of the 220,000 shares of Class A common stock, the company will own 220,000, shares, thus increasing the number of shares of class A stock as well as all of the outstanding Class B common stock. In addition the company owns 4,122 in 210,000 shares of cumulative preferred stock.

To meet the increasing dividends on the class A stock, the company in 1951, the first quarterly payment of 31 1/2 cents per share to be made on $200,000 of the company has no present plans for incorporating dividends on the Class B stock.

Of total sales of approximately $2,100,000 recorded for the year ended Aug. 31, 1956, approximately 57% was derived from the fruit division. While sales for the current month ended March 31, 1956, aggregated $7,999,337, and net income after taxes amounted to $1,821,229.


Another event, a new type of harness racing with wings and drag-chains, was won by R. Par-ke of the First Boston Corpo-

James J. Lee, Pres.
Of N. Y. Bond Club

James J. Lee of Lee Higginson Corporation was elected President of the New York Bond Club at the annual meeting in connection with the National Bond Dealers Association's Field Day. He is succeeded by Clarence W. Bar¬nes, First National City Bank, and L. E. W. Hutton, Trust Company of America, who were elected Vice-President to President Lee, William H. Morton, Trust Company of America, and James J. Lee, elected Secretary and Wells Laub¬rown of Bankers Trust Company, were re-elected during the annual meeting of the Club.

Cinderella Cup for Low Net was won by John Linnen, Chase Na¬tional Bank, and Adrian Maasie of the New York Trust Company.

Lee Higginson Group

The bondholders of Commercial Trust Company of New York, the parent company, were given the opportunity to tender 220,000 shares of company stock for a price of $20,000,000, which was offered to shareholders at $40 per share. The sale in Wall Street by a bank for $40,000,000. Of the 1,900,000 shares, 787,215, or 78.7%, were subscribed for through the exercise of the rights issued to share¬holders the remaining 218,800 shares, in accordance with the agreement with the underwriting group headed by the First Boston Corporation, were tendered to the officers and employees of the bank and its affil¬iates the capital stock at $40 per share. Applications totaling in excess of 600,000 shares, or $24,000,000, were received. It is announced, from 1,323 officers, and the maximum number of shares allotted on any application was scaled down from $20,000,000 to $14,000,000 in Wall Street, which is $40,000,000. The balance of $20,000,000, approximately $40,000,000, it is stated that total capital funds under $144,000,000, and the surplus to $140,000,000, approximately $40,000,000. It is stated that total capital funds of Farmers Trust Company, its trust af¬filiates, and its trust funds, were approximately $300,000,000, Depositors of the company's funds, and the trust fund in Wall Street, is approximately $300,000,000. The class A common stock of the bank's capital appeared in this column May 5, 1952, and August 26, 1952, and May 17, 1952, respectively.

The Fifth Annual National Scholastic-Ashe Photography Ex¬hibit and Sale, announced by the East River Savings Bank of New York, was held at 50th Street and Rockefeller Plaza. This exhibition con¬tained photographs by junior and senior high school students selected through the photography awards conducted by scholastic magazines. It will continue in the windows and gallery throughout June.

Announcement was made on June 1 by the New York State Banking Department that federal approval was given on May 23 to a certifi¬cate providing for the increase in the capital stock of the Hempslade Bank, of Hempstead, N. Y., from $5,000 to $10,000,000, the shares in $10 each.

Effective May 31, the Peninsula National Bank of Cedarsburg, N. Y., announced an increase in its capital stock of $5,000,000, the enlarged capital was brought about, according to the president of the Bank of the Comptroller of the Currency, to a total of $57,500,000, the sale of $62,500,000, by the sale of new stock to the amount of $37,500, the Byram Na¬tional Bank of New York, and John P. W. Conn, increased (its capital), effective May 14, from $163,500,000 at $200,000,000.

**News About Banks and Bankers**

**The Board of Directors of Chas¬

The National City Bank of New York has announced the completion of the sale of 1,000,000 shares of its capital stock, which was issued to shareholders at $40 per share. The sale in Wall Street by a bank for $40,000,000. Of the 1,900,000 shares, 787,215, or 78.7%, were subscribed for through the exercise of the rights issued to share¬holders the remaining 218,800 shares, in accordance with the agreement with the underwriting group headed by the First Boston Corporation, were tendered to the officers and employees of the bank and its affil¬iates the capital stock at $40 per share. Applications totaling in excess of 600,000 shares, or $24,000,000, were received. It is announced, from 1,323 officers, and the maximum number of shares allotted on any application was scaled down from $20,000,000 to $14,000,000 in Wall Street, which is $40,000,000. The balance of $20,000,000, approximately $40,000,000, it is stated that total capital funds of Farmers Trust Company, its trust af¬filiates, and its trust funds, were approximately $300,000,000, Depositors of the company's funds, and the trust fund in Wall Street, is approximately $300,000,000. The class A common stock of the bank's capital appeared in this column May 5, 1952, and August 26, 1952, and May 17, 1952, respectively.

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Continued from page 13

Abuses in Public-Power Administration

Continuing the discussion of the 1969 abuses in public-power administration, we turn now to the 1920s, a time when the federal government began to take a more active role in regulating the industry. This was largely due to the increasing concern over the discrimination and unfair practices of public-power companies.

The Federal Power Act of 1935 included provisions that allowed the Federal Power Commission to investigate and seek remedies for any unfair or discriminatory practices by public-power companies. However, the limitations of these provisions became clear during the 1940s, when the commission was unable to fully address the issues.

By the 1950s, the criticism of public-power utilities continued to grow, and many believed that further regulation was necessary. This led to the establishment of the Public Utility Holding Company Act of 1935, which required utilities to disclose their financial information and prohibited them from engaging in certain activities, such as owning and operating natural gas companies.

Despite these efforts, abuses in public-power administration continued to occur. In the 1960s, for example, the Federal Power Commission was criticized for its inability to effectively enforce regulations and for its failure to address the growing concerns over the discriminatory practices of public-power companies.

The 1970s saw a continuation of these issues, with the Federal Energy Regulatory Commission (FERC) taking over the responsibility for regulating the industry. However, the effectiveness of these efforts was limited, and many believed that further action was necessary to address the abuses in public-power administration.

In recent years, there has been a renewed focus on the need for stronger regulation of public-power utilities. This has led to the establishment of new and updated regulations, as well as increased oversight by regulatory agencies.

However, despite these efforts, it is clear that the challenges of public-power administration continue to persist. As the industry evolves, it will be important to continue to monitor and address these issues in order to ensure that public-power utilities are truly serving the needs of the communities they serve.
Abuses in Public Power Administration

Continued from page 41

"emergency expenses necessary to insure continuity of electric service and continuous operation of power plants." Congress has authorized the Administrator to enter into contracts with investor-owned electric utility companies, which had made unnecessary the construction of new transmission lines in that company's service area.

Administrator Douglas Wright, not content with the purpose for which Congress approved his continuing fund, has proceeded, by a simple process of writing one check after another, to expand his $300,000 authorization to continue the granting of the gross receipts of the Southernwestern Power Administrations.

As Richard Arnold of Texas, [and] a peculiar case, Mr. Wright's "continuing fund" never does very anything. It is like a bottle of milk that appears on your doorstep every morning, and you put it in the ice box and the next morning you get up and it is full.

Taking full advantage of his power, the President of the Rural Electrification Administration has set up a loose combination which is to construct steam generating plants and extensive transmission facilities, to serve as a model for the use of under-power long-term power contracts and to save the cost of these newly constructed facilities under SPA light controls which could hardly be more effective if Congress had made direct appropriation to build a SPA for the construction of every kilowatt of steam power, which were involved in every mile of transmission line.

By way of testing the legality of the plan to award power contracts to the City Power & Light Company, Minneapolis, the Federal Power Commission, Union Electric Company and others have brought an action in the United States Court of Appeals to enjoin the state's power commission.

The service of APA-RRA Super-Co-op program, Counsel headed by Raymond T. Jackson of Cleveland has charged in their complaint that the effect of the proposed arrangements would be (1) to lend RRA funds unlawfully to an unqualified SPA in substance to construct unnecessary transmission lines in violation of the Public Utility Act and the Rural Electrification Act (3) to establish a Federal power contract for operating plants which the Congress has already authorized to be operated by the Federal Power Commission.

In another complaint, the SPA has been charged in their complaint that the case is now ready for trial, but the trial has been postponed indefinitely in the spring of 1929.

A new situation which the super-co-op through which Administrator Wright is proposing to build what may be described as a state owned state steam plant, as well as a substantial increase in electrical power, is attempted by obtaining a

Certificate of Convenience and Necessity from the Arkansas Public Service Commission. This case is still in the hands of the Arkansas Power & Light Company and at the time which it has not been made necessary the construction of new transmission lines in that company's service area.

If Congress is not satisfied with the decision of the Secretary of the Interior, it has yet to be determined to operate under the Electric Power Commission. The situation seems to me overwhelmingly cognizant and pernicious.

It is only fair to observe that Congress is becoming increasingly interested in the development of new techniques which our public power friends persist in using. For example, the House Committees on Appropriations, on the Iowa Department Appropriation Bill for 1953 recommended the reduction of the Southeastern Power Administration's "continuing fund" from a proposed $200,000 to $50,000 with these express limitations: "The fund recommended is not to be available to defray only emergency expenses and those necessary under unusual circumstances to insure continuity of electric service and continuous operation of power plants in the area. It is not to be available for the rental of transmission facilities as regular operations, nor is it to be available for the purchase or construction of power plants, the purpose of the fund is to provide energy to firm up the government's power contracts.

Again, in the course of his examination of D. Q. Beasley of the Texas Electricity Power Commission, 12, 1953, Congressman Ben F. Davis, ranking Republican on the Interior Department Subcommititee, said that there have been other arrangements for the operation of the Interior who have seen fit to seek authority through the back door in the Southwestern Power Administration and make contracts with other power producing and transmitting agencies which do not square in my opinion with the laws of the land." Then Mr. Jensen went on to observe: "I think we should look at this language carefully... fully to see to it that the will of Congress is obeyed, and that we have no back door operations, of an agency of the Interior Power Commission through the back door and using a continuing fund for purposes approved for the purpose of emergencies only and for furnishing such power as was necessary to insure constant service when there was a breakdown from other companies, and to enter into a few more power producing and transmitting companies which do not square in my opinion with the laws of the land."

The point is that the proceeds of the license will be available for investments in local and for other general purposes.

Shares of the new stock are currently being sold in Long Beach, California, at $1.00 per share for each share of preference stock.

Southeastern Power Service Co., the utility which is engaged in the manufacture and sale of ice, and the sale of natural and liquefied petroleum gas. The company operates in the states of Alabama, Florida, Maryland, Mississippi, Pennsylvania and New Mexico.

Investment Women of Phila. to Hold Party

Philadelphia, Pa.—Instead of an outing, the Investment Women of the Philadelphia Business Women's Club will hold a Buffet Supper with music and dancing, in the Parish Hall of the Barclay Hotel, on Friday, June 15, 1953, from 8:00 to 10:00 p.m.

Jews Woodstruthers

Boston, Mass.—Harold P. Woodstruther, President of the Woodstruther Company in Worcester, Mass., has served as chairman of the Boston Symphony Orchestra Community Committee.

Lloyd D. Falandrea

Syracuse, N. Y.—On the occasion of the opening of the Syracuse University, Lloyd D. Falandrea, President of the Board of Trustees of the Syracuse University, will be presented with a special citation of honor at the dedication service.

Digests

FRASER (2482) 43

THE COMMERCIAL AND FINANCIAL CHRONICLE... THURSDAY, JUNE 16, 1953

Abuses in Public Power Administration

Continued from page 41

"emergency expenses necessary to insure continuity of electric service and continuous operation of power plants." Congress has authorized the Administrator to enter into contracts with investor-owned electric utility companies, which had made unnecessary the construction of new transmission lines in that company's service area.

Administrator Douglas Wright, not content with the purpose for which Congress approved his continuing fund, has proceeded, by a simple process of writing one check after another, to expand his $300,000 authorization to continue the granting of the gross receipts of the Southernwestern Power Administrations.

As Richard Arnold of Texas, [and] a peculiar case, Mr. Wright's "continuing fund" never does very anything. It is like a bottle of milk that appears on your doorstep every morning, and you put it in the ice box and the next morning you get up and it is full.

Taking full advantage of his power, the President of the Rural Electrification Administration has set up a loose combination which is to construct steam generating plants and extensive transmission facilities, to serve as a model for the use of under-power long-term power contracts and to save the cost of these newly constructed facilities under SPA light controls which could hardly be more effective if Congress had made direct appropriation to build a SPA for the construction of every kilowatt of steam power, which were involved in every mile of transmission line.

By way of testing the legality of the plan to award power contracts to the City Power & Light Company, Minneapolis, the Federal Power Commission, Union Electric Company and others have brought an action in the United States Court of Appeals to enjoin the state's power commission.

The service of APA-RRA Super-Co-op program, Counsel headed by Raymond T. Jackson of Cleveland has charged in their complaint that the effect of the proposed arrangements would be (1) to lend RRA funds unlawfully to an unqualified SPA in substance to construct unnecessary transmission lines in violation of the Public Utility Act and the Rural Electrification Act (3) to establish a Federal power contract for operating plants which the Congress has already authorized to be operated by the Federal Power Commission.

In another complaint, the SPA has been charged in their complaint that the case is now ready for trial, but the trial has been postponed indefinitely in the spring of 1929.

A new situation which the super-co-op through which Administrator Wright is proposing to build what may be described as a state owned state steam plant, as well as a substantial increase in electrical power, is attempted by obtaining a

Certificate of Convenience and Necessity from the Arkansas Public Service Commission. This case is still in the hands of the Arkansas Power & Light Company and at the time which it has not been made necessary the construction of new transmission lines in that company's service area.

If Congress is not satisfied with the decision of the Secretary of the Interior, it has yet to be determined to operate under the Electric Power Commission. The situation seems to me overwhelmingly cognizant and pernicious.

It is only fair to observe that Congress is becoming increasingly interested in the development of new techniques which our public power friends persist in using. For example, the House Committees on Appropriations, on the Iowa Department Appropriation Bill for 1953 recommended the reduction of the Southeastern Power Administration's "continuing fund" from a proposed $200,000 to $50,000 with these express limitations: "The fund recommended is not to be available to defray only emergency expenses and those necessary under unusual circumstances to insure continuity of electric service and continuous operation of power plants in the area. It is not to be available for the rental of transmission facilities as regular operations, nor is it to be available for the purchase or construction of power plants, the purpose of the fund is to provide energy to firm up the government's power contracts.

Again, in the course of his examination of D. Q. Beasley of the Texas Electricity Power Commission, 12, 1953, Congressman Ben F. Davis, ranking Republican on the Interior Department Subcommititee, said that there have been other arrangements for the operation of the Interior who have seen fit to seek authority through the back door in the Southwestern Power Administration and make contracts with other power producing and transmitting agencies which do not square in my opinion with the laws of the land." Then Mr. Jensen went on to observe: "I think we should look at this language carefully... fully to see to it that the will of Congress is obeyed, and that we have no back door operations, of an agency of the Interior Power Commission through the back door and using a continuing fund for purposes approved for the purpose of emergencies only and for furnishing such power as was necessary to insure constant service when there was a breakdown from other companies, and to enter into a few more power producing and transmitting companies which do not square in my opinion with the laws of the land."

The point is that the proceeds of the license will be available for investments in local and for other general purposes.

Shares of the new stock are currently being sold in Long Beach, California, at $1.00 per share for each share of preference stock.

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Digests
We Can Have Economic Strength Without Damaging Controls

By JOHN DUTTON

If you are interested in exploring the possibilities of selling some assistance in building up your own firm, training employees and doing some progressive advertising, it may pay you to send your business to Financial Services of Wooster, Inc., 219 Woodward Blvd., Washington, D.C. I have been going through the first issue of their dealer's service brochure, "Modern Security Sales," and I believe that there is quite a bit of material which could be helpful to both the medium sized firm and the smaller ones throughout the country.

Each month dealers will be supplied with advertisements in math form, ideas for sales letters, postal card mailers, booklets, and suggestions which should assist considerably in building up the sale of mutual funds. All the material has been OK'd by the NASD, and you can go ahead and use it without fear of future criticism.

I like the advertisements very much, one of which is reproduced here. Notice the excellent typographical arrangement, and the "plain talk" copy. If you are in a smaller town you know how difficult it may be to find simple, yet effective advertising styles, but here you can obtain these ads all set up for you in math form. Personally, I like them and I have always believed that "human interest" style has more aptitude for advertising the most productive form of investing money.

There are some good ideas that are passed along to you, too. For instance, the suggestions urge you that you should put your fund advertising to work. And to me that means you are "at your job"; and "at your job" is the right because the "human interest" style is the most productive form of investing money.

There are articles on the training of salesmen. There are suggestions on how you men in the life insurance business go about "finding a need and filling it." The entire kit is well written in my opinion. It is, I believe, the first all-over attempt to place a program of modern ideas for sales building in the hands of dealers who are not in a position to develop their own sales promotional material. There may be an opportunity you cannot use but there should be some that could be most helpful and profitable.

Incidentally, the suggestion is also put forward that the public is becoming confused through the use of several different names for the Mutual Funds. They are called Investment Trusts, Stock Funds, Investment Funds, etc. In many of the papers throughout the country they are played in a separate box and are quoted daily under various title heads. In one city the dealers got together and asked the financial editor of the local paper to list the funds under the title Mutual Funds. This seems to me to be a good suggestion. If you are going to sell Mutual Funds why not call them by their right name, advertise them by their right name and have your papers quote them the same.

Austin, Hart & Parvin To Be Formed

SAN ANTONIO, Texas—Austin, Hart & Parvin will be formed with effort of the National Bank of Commerce Building, to act as investment bankers and to represent dealers in corporate and munici- pal securities and mutual fund sales. Partners are Edward Austin, W. Lewis Hart and William P. Parvin. Austin was formerly Executive Manager of the National Bank of Commerce Building, and Hart was with City National Bank. Mr. Austin and Mr. Hart were both with the Davenport, Jenkins & Co., Inc. of New York.

Some try to Save

If you have been content to save dollars, what has inflation done to the buying power of your savings? It costs you nothing to leave others have put their dollars to work.

FREE FOLDER provides the facts. Just mail the "coupon today for full information without obligation."
We Can Have Economic Strength Without Damaging Controls

stabilization, that organized labor has asked for, and received, government action necessary as well as dangerous to collective bargaining. The President is able to grant this only by negating the provisions of the antitrust laws. Section 502 of the Defense Production Act.

Procedure Insured

(2) The method of operation of the present law which seems to have been understood was the procedure in Title V for taking whatever action might be made necessary by special circumstances growing out of the mobilization program.

The President was authorized to initiate voluntary conferences between management, labor and representatives of the government and the public and to take such action as he might deem necessary in any such conference. These conferences, as the Act contemplated and certainly no agreement. It was clearly understood that no action was taken, it was to have the same kind of voluntary agreement, namely, the same kind of voluntary agreement that has been the bargaining itself.

Instead, the President set up a board, and a procedure which would inject the government into all kinds of bargaining.

Act Insured

(3) A disputes settlement agreements, under which all kinds of disputes may nullify the national emergency sections of the Defense Production Act.

Title V of the Defense Production Act says:

"No action inconsistent with this Act, is authorized. The Fair Labor Standards Act of 1938, as amended, establishes the National Labor Standards, the Labor-Management Relations Act, 1947, or with other applicable laws, including the provisions of the laws, as contained in this title.

Second, we believe that legislation should be enacted that the Wage Stabilization Board to be directed to refuse to proceed with any labor agreement or interpretation in any case where the parties have failed to come to terms. This legislation should be made consistent with the existing wage laws. It is imperative to wage stabilization. If the wages of the labor markets are likely to be fixed or are fixed even higher, the government should be able to reduce the wages to levels which would enable the government in the legislation which prevents direct action on the present labor strike, and undue, and the interpretation of that law is in the new law for the year. The index finished at 317.58 on June 5, a drop of 5.08 points, and comparing with 295.06 on the corresponding date a year ago.

The table futures on the Chicago Board of Trade were very unsettled last week.

Prices fluctuated narrowly, being particularly susceptible to weather conditions, but shows some strength at times, aided by investment buying and a short supply of corn. The recovery was short lived, however, as a result of rumors related to scattered lots of hard wheat bakery varieties. There was very little interest shown in corn. Actual buying in the New York market was light, but there was strong buying in the Chicago market. The Chicago market for flour was firm, and the New York market was steady.

Spotted cotton prices last week remained at or near ceiling levels, but futures moved irregularly during the period. Early estimates was attributed to profit-taking and favorable weather. Following some strength at mid-week, the market again weakened on reports of favorable rains in parts of the belt, continued slowdown in spot markets, and lagging demand for cotton textiles. Mill buying was without substantial short. Expectations for new crop cotton were better, but only a small volume of forward sales were reported. In line with trade expectations, the cotton crops were expected to reach a new record high of 22,352.3522. Activity in the cotton gray goods market was considerably limited.

Third Boston Group

Underwrites Offering

Public Service Co. of Colorado is offering 6.5% first mortgage bonds, due 1951, to the amount of $22,755. per share on the basis of $22,755. for each ten shares held of record June 12, 1951. Transferable warrants were available on 3:50 (BKT) on June 24. A banking group headed by Rothschild & Co. and Byrnes, Sobering, Sulli- van & Co., is underwriting the offering.

The bonds are payable in $10,000 units, at the option of the holders, in additional shares of common stock at a price of $21,755. per share for each ten shares held of record June 12, 1951. Transferable warrants were available on 3:50 (BKT) on June 24. A banking group headed by Rothschild & Co. and Byrnes, Sulli- van & Co., is underwriting the offering.

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### Indications of Current Business Activity

#### AMERICAN IRON AND STEEL INSTITUTE:

<table>
<thead>
<tr>
<th>Latest Work</th>
<th>Previous Year</th>
<th>Month</th>
<th>Year</th>
<th>Age</th>
</tr>
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</tbody>
</table>

Steel ingots and castings (net tons):

| June | 2,003,000 | 2,003,000 | 2,003,000 | 2,003,000 |

#### AMERICAN PETROLEUM INSTITUTE:

| June | 13,462,000 | 13,462,000 | 13,462,000 | 13,462,000 |

Crude runs to mills—daily average (bbls.):

| June | 4,495,000 | 4,495,000 | 4,495,000 | 4,495,000 |

Crude output (bbls.):

| June | 4,495,000 | 4,495,000 | 4,495,000 | 4,495,000 |

Petroleum output (bbls.):

| June | 4,495,000 | 4,495,000 | 4,495,000 | 4,495,000 |

Residual fuel oil output (bbls.):

| June | 8,624,000 | 8,624,000 | 8,624,000 | 8,624,000 |

Kerosene, sand and catalytic gas (bbls.):

| June | 120,100,000 | 120,100,000 | 120,100,000 | 120,100,000 |

Gas, oil, and distillate (net oil bbls.) at.

| June | 58,000,000 | 58,000,000 | 58,000,000 | 58,000,000 |

**RESERVATION OF,'' AMERICAN RAILROADS:

| June | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |

Revenue traffic received from connections (number of cars):

| June | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |

#### CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS:

| Total C. 0. construction | June | 200,000,000 | 200,000,000 | 200,000,000 | 200,000,000 |

PICTURE TELEVISION:

| June | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 |

PUBLIC CONSTRUCTION:

| June | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 |

RESERVE OF:' ELECTRIC:

| June | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 |

**DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE:

| June | 100,000 | 100,000 | 100,000 | 100,000 |

#### EDISON ELECTRIC INSTITUTE:

| June | 6,773,002 | 6,773,002 | 6,773,002 | 6,773,002 |

**INDUSTRY AND COMMERCE—NEW YORK CITY:

| June | 100,000 | 100,000 | 100,000 | 100,000 |

**INDUSTRY AND COMMERCE—NEW YORK CITY:

| June | 100,000 | 100,000 | 100,000 | 100,000 |

#### METAL PRICES (C. & M. QUOTATIONS):

| June | 100,000 | 100,000 | 100,000 | 100,000 |

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

| June | 100,000 | 100,000 | 100,000 | 100,000 |

Average price:

| June | 100,000 | 100,000 | 100,000 | 100,000 |

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

| June | 100,000 | 100,000 | 100,000 | 100,000 |

Average price:

| June | 100,000 | 100,000 | 100,000 | 100,000 |

#### MOODY'S COMMODITY INDEX:

| June | 100,000 | 100,000 | 100,000 | 100,000 |

#### NATIONAL PAPERBOARD ASSOCIATION:

| June | 100,000 | 100,000 | 100,000 | 100,000 |

#### OIL, PAINT AND DRUG REPORTER PRICE INDEX—1925-36:

| June | 100,000 | 100,000 | 100,000 | 100,000 |

#### STOCK TRANSACTIONS FOR THE MAC-DONALD ACCOUNT OF ORD.

| June | 100,000 | 100,000 | 100,000 | 100,000 |

#### STOCK TRANSACTIONS FOR THE MAC-DONALD ACCOUNT OF ORD.

| June | 100,000 | 100,000 | 100,000 | 100,000 |

#### WHOLESALE PRICES NEW SERIES — C. R. DEPT. OF LABOR:

| June | 100,000 | 100,000 | 100,000 | 100,000 |

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, as of that date.
ITEMS REVISED EACH WEEK

The data in this compilation is brought up-to-date each week in accordance with later information made available. Where changes have been made during the past week, this is indicated by a superscript * to the beginning of the respective listings. As heretofore, the symbol (--) preceding the listing indicates that it is an entirely new listing.

Stockholders


* Appalachian Electric Power Co. (6/26) May 23 filed 217,180,000 shares of common stock (par $10), to be offered for sale to stockholders of record May 17, at a price of $10 each. Underwriter—None. Proceeds—To be used for plant expansion purposes. Underwriter—None. Proceeds—To be used for plant expansion purposes.

* Arden Farms Co., Los Angeles, Calif. June 11 filed 3,000,000 shares of $3 cumulative and participating preferred stock (par $100), to be offered for sale to stockholders of record May 13, at a price of $100 each. Underwriter—Gruntal & Co., New York. Proceeds—To be used for plant expansion purposes. Underwriter—Gruntal & Co., New York. Proceeds—To be used for plant expansion purposes.

* Bank of Nova Scotia, Toronto, Canada (7/2) June 23 filed 15,000,000 shares of common stock (par $5), to be offered for sale to stockholders of record June 23, at a price of $5 each. Underwriter—None. Proceeds—To be used for working capital. Underwriter—None. Proceeds—To be used for working capital.

* Bigelow-Sanford Carpet Co., Inc. (6/21) May 16 filed 100,000 shares of cumulative preferred stock, series of 1951 (par $100), of which 20,000 shares are issuable to holders of 26,433 shares of preferred stock on the basis of 1 share for each preferred share held. The annual rate will be not less than 4% nor more than 5%. Price—To be supplied by underwriter. Underwriter—Halverson & Hingeman, Inc., Kidder, Peabody & Co., and F. S. Mosely & Co. Proceeds—For general corporate purposes. Stockholders will vote June 19 on approval of the plan.

* Brown Shoe Co., Inc., St. Louis, Mo. (6/27) June 23 filed 4,000,000 shares of common stock (par $1), to be offered for sale to stockholders of record June 1, at a price of $1 each. Underwriter—Willa K. Burnside & Co., Inc., New York. Proceeds—To take up option and develop property. Underwriter—Willa K. Burnside & Co., Inc., New York. Proceeds—To take up option and develop property. C.I.T. Financial Corp., New York June 4 filed 150,000 shares of common stock (no par) to be offered for sale to stockholders of record June 1, at a price of $10 each. Underwriter—None. Proceeds—To be used for working capital. Underwriter—None. Proceeds—To be used for working capital.

* Cleveland Electric Illuminating Co. (6/26) May 23 filed 2,000,000 shares of common stock (par $1), to be offered "as a speculation." Price—$0.95 per share. Underwriter—Kidd, Peabody & Co., Cleveland, Ohio, and Smidt & Co., Cleveland, Ohio. Proceeds—For general corporate purposes.

* Eerie Resistor Corp., Erie, Pa. May 21 filed 2,000,000 shares of common stock (par $5), of which 644,000 shares are issuable to holders of the company and 644,000 for selling stockholders. Price—To be supplied by underwriter. Underwriter—Ozark National Bank, Springfield, Mo. Proceeds—For general corporate purposes.


* Consolidated Coal Co., Pennsylvania March 9 filed 1,000,000 shares of common stock (par $1), to be offered for sale to stockholders of record March 6, at a price of $1 each. Proceeds—None. Proceeds—None. Proceeds—None. Proceeds—None.

* Consolidated Gas Co., New York March 9 filed 30,000 shares of common stock (par $10), to be offered for sale to stockholders of record March 6, at a price of $10 each. Proceeds—None. Proceeds—None. Proceeds—None. Proceeds—None.
by amendment. Underwriter.—Fulton, Reid & Co., Cleveland, O. Proceeds.—For working capital. Offering—expected.

Farmer's Mining Co., Seattle, Wash. May 24 (letter of notification) 480,000 shares of common stock (par $1) @ 25. Price —$7 per share. Underwriter.—Noble, Tulk & Co., Los Angeles, Calif. Proceeds.—To pay off and extinguish existing mortgage debt and to improve the electrical generating plant and to construct additional generating capacity. Office—801 Humboldt Building, Seattle, Wash.

Farmers Mutual Telephone Co., Madison, Minn. May 9 (letter of notification) 2,000 shares of common stock (par $100) at $100 per share for preferred. Underwriter.—Mutual Telephone Co., Minneapolis, Minn. Proceeds.—For working capital. Office—122 Napoleon Block, Minneapolis, Minn.


First Investors Corp. June 6 filed (1) period payment plans with insured DM plan. (2) advance payment plans with insured DM plan with a maximum of $50 per month or $600 in the aggregate; and (2) single period payment plans with insured DM plan with a maximum of $500 or $6,000 in the aggregate. Bonds.—Preferred Stock.—None. Proceeds.—To acquire suitable properties for construction. Bonds.—Expected to be received on July 16.

Jersey Central Power & Light Co. Feb. 21 filed 40,000 shares of cumulative preferred stock (par $100) at $100 per share for preferred, together with proceeds to be received from the sale of 350,000 additional common shares to General Utilities Corp. Bonds.—First mortgage bonds. Proceeds.—Only one bid was received on company March 27, from Halsey, Stuart & Co., Inc., which was returned undrawn. Statement effective until Postponed indefinitely. Statement effective July 15.

Kentucky-Ohio Mining Co. May 17 (letter of notification) 596,000 shares of common stock (par $50) at $100 per share for preferred. Underwriter.—W. D. Nebecker & Co., Salt Lake City, Utah. Proceeds.—To explore and develop mine properties. Office—310 Pacific Nat’l Life-Bldg., Salt Lake City, Utah.

Kentucky Utilities Co. May 25 filed 125,000 shares of common stock (par $10) being offered to common shareholders of record May 23, 1951, at $10 per share, for $1,250,000 to be held, rights to expire on June 8. Price—$14.50 per share. Underwriters—To each of W. J. B. Hilliard & Son, Louisville, Ky. Proceeds—For capital improvements and new construction. Statement effective June 29.

Kropp Forge Co., Cicero, Ill. (6/20) May 25 filed 123,000 shares of common stock (par $35)@ $35 per share for preferred. Proceeds.—To be used to “acquire the outstanding capital stock of officers and employees of the company and its subsidiaries.” Price—$33 per share (decision change). Underwriter.—None. Proceeds.—For working capital.

Loyalita Oils, Ltd., Edmonton, Canada April 16 filed 750,000 shares of capital stock (par $1), Prangkey, Mils. per share. Underwriters—James T. Pringle, of Denver, Colo., who will conduct offering to public by means of a mail campaign directed from Edmonton, Canada. Proceeds.—To carry on drilling program. Withdrawn May 24.

Manning, Maxwell & Moore, Inc. May 15 filed 150,000 shares of common stock (par $15) being offered to common shareholders of record May 5, 1951, at $15 per share, if not taken up, not to be transferred or sold without the consent of all holders of the common stock, without the written consent of the Board of Directors of the company. Price—$15 per share. Underwriters—L. R. Boardman, C. O. Noon, Los Angeles, Calif.; and J. R. Boardman, of Los Angeles, Calif. Proceeds.—For working capital.

Midway Markets, Los Angeles, Calif. May 24 (letter of notification) 5,000 shares of preferred stock (par $100) to be offered at $100 per share for preferred. Proceeds.—To be used to build a new store. Office—4383 Bandini Boulevard, Los Angeles 23, Calif.

Mays, (J. W.), Inc., Brooklyn, N. Y. (6/19) June 6 (letter of notification) 5,000 shares of common stock (par $100) to be offered at $50 per share for common. Proceeds.—To be used for general corporate purposes. Price—$50 per share. Underwriter.—None. Proceeds.—To be used for general corporate purposes.

MidSouth Credit Corp., Mobile, Ala., May 20, 1951. (Letter of notification) 5,000 shares of capital stock (par $100) to be offered at $100 per share for common. Proceeds.—For working capital. Office—418 Commerce Bldg., Mobile, Ala.


Continued on page 48
ITEMS REVISED EACH WEEK
The data in this compilation is brought up-to-date each week in accordance with letters of notification filed with the Office of the Secretary of the Board of Governors of the Federal Reserve System. Where changes have been made during the past week, this is indicated in the summary. At the beginning of the respective listings. As heretofore, the summary indicates that the passage of time and the arrival of the most recent notification indicates that it is an entirely new listing.

Mr. John D. Rockefeller, Jr., chairman of the board of directors of the New York Stock Exchange, has entered into a contract with the Government for the purchase of $250,000,000 of securities of the United States, to be delivered at the close of business on June 18. The securities consist of three shares of common stock of the United States, par value $100 each, and of three shares of debentures of the United States, due July 1, 1915. The contract is dated June 15, 1913, and is subject to the approval of the President of the United States. The securities are to be delivered in the United States at the close of business on June 18, and are to be held for the Government until June 19, 1915, at which time they are to be reoffered to the Government at par value.

The Securities and Exchange Commission has been notified of the execution of the contract. The contract is subject to the approval of the President of the United States, who has been requested to approve it.

The contract was dated June 15, 1913, and is subject to the approval of the President of the United States. The securities are to be delivered in the United States at the close of business on June 18, and are to be held for the Government until June 19, 1915, at which time they are to be reoffered to the Government at par value.

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**South State Uranium Mines Ltd. (Canada)**

April 9 filed by amendment 304,000 shares of capital stock at 25. December 31.

**Options—Robert Irwin Martin of Toronto. Proceeds—For general working capital.**

**Southern New England Telephone Co.**

June 26 filed for sale 75% of 8,000 shares of capital stock (at $25 per share) to be offered for subscription to stockholders of record June 26 and July 1. Price—$25 per share. Proceeds—For general corporate purposes. Underwriters—None. Proceeds—For general corporate purposes.

**Sun Oil Co., Buffalo, N. Y.**

May 3 filed 11,000 "memberships" in the plan, effective May 3, becoming eligible for membership; a maximum of 111,000 shares will be issued and sold. Proceeds—For general corporate purposes. Underwriter—None, but Bache & Co. will act as broker. Proceeds—For general corporate purposes.

**Sunderland Paper Co., Philadelphia. Pa.**

May 5 filed 2,500 shares of capital stock at $25 per share. Proceeds to three selling stockholders.

**Texas Electric Service Co.**

June 18 filed by amendment 12,000,000 shares of capital stock at 25. Proceeds—For working capital. Underwriter—None. Proceeds—For working capital.

**Texas Pacific Realty & Investment Co., Philadelphia. Pa.**

May 2 filed 6,500 shares of capital stock (at $25 per share) to be offered for subscription to stockholders of record June 2 and 3. Price—$25 per share. Proceeds—For general corporate purposes.

**Towers Building Corp., Chicago, Ill.**

June 3 filed by amendment 4,212 shares of common stock (no par), Voting Trustees—Robert K. Widlrecht, James H. Perry, Jr., and Benjamin Wamh.

**United Gas Corp.**

June 29 filed by amendment 20,000 shares of capital stock at $25 per share to be offered for subscription to stockholders of record June 29 and 30. Price—$25 per share. Proceeds—For general corporate purposes.

**United States Fire Insurance Co., N. Y.**

June 21 filed 6,750 shares of capital stock at $25 per share. Proceeds to holders of fractional shares.

**United StatesTelephone & Telegraph Co.**

June 27 filed 4,500,000 shares of capital stock at $12.50 per share. Proceeds—To refinance and to retire bank loans. Proceeds—To refinance and to retire bank loans.

**United StatesWorld Trade Corp., N. Y.**

June 26 filed 3,000,000 shares of capital stock (no par) to be offered for subscription to stockholders of record June 26 and 27. Price—$5 per share. Proceeds—For general corporate purposes.

**United States Steel Corp., N. Y.**

June 21 filed 3,000,000 shares of capital stock (no par) to be offered for subscription to stockholders of record June 21 and 22. Price—$5 per share. Proceeds—For general corporate purposes.

**United States Steel Corp., N. Y.**

June 25 filed 50,000,000 shares of capital stock (no par) to be offered for subscription to stockholders of record June 25 and 26. Price—$5 per share. Proceeds—For general corporate purposes.

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ITEMS REVISED EACH WEEK

The data in this compilation is brought up-to-date weekly and is secured from sources available by the SEC or other reliable sources. Where the issue price of stock in the following table is not available, the statement of the offering price is based on the closing price of the stock. Where the price is based on the closing price, the symbol ($) preceding the name of the prospective borrower indicates that it is an entirely new list.

**McKesson & Robbins, Inc.**
May 24 it was announced stockholders will vote Oct. 23 to award 7 1/2% common stock mortgage bonds up to $1,000,000 to provide for a proposed offering of additional stock to common stockholders. Proceeds will be added to working capital.

**Michigan-Wisconsin Pipe Line Co.**
May 29, 1951, May 23, 1951, or July 1, 1953, for the payment of interest and principal. This is indicated by the symbol (x) appearing at the left of the name of the prospective borrower. The symbol (x) preceding the name of the prospective borrower indicates that it is an entirely new list.

**Mississippi Power Co. (7/23)**

**Montana-Dakota Utilities Co.**
May 24 the company plans to acquire new gas facilities of three companies operating in Montana and Wyoming. The plan has been approved by the appropriate authorities. Proceeds will be used for capital equipment of the companies. Proceeds approximately $12,000,000 will be used to retire the outstanding preferred stock of the companies. Proceeds to be paid to the company.

**New York State Electric & Gas Corp.**
May 15 it was stated that this company's subsidiary American Electric & Gas Co. will need $80,000,000, perhaps more, in the next few months to finance the building of the new generating plant. The proceeds will be used to retire the outstanding preferred stock of the company. Proceeds will be paid to the company's subsidiaries.

**Pacific Power & Light Co.**

**Panhandle Eastern Pipe Line Co.**
June 8, the company was authorized by the Missouri Public Service Commission to issue $3,000,000 of 5% debenture bonds due July 1, 1958, to finance an expansion of the company's facilities. Proceeds will be paid to the company.

**Pennsylvania Power & Light Co.**
May 28 John A. Walls, President, announced stockholders will vote July 1 at the annual meeting to award 7% series A preferred stock to key employees under a stock option plan, subject to approval of the other stockholders. Underwriters—(1) Halsey, Stuart & Co.; (2) Smith, Barney & Co., Inc.; (3) Kidder, Peabody & Co.; (4) Merrill Lynch, Pierce, Fenn & Beane, Inc., White, Weld & Co.; (5) Leham, Brothers, Merrill Lynch, Pierce, Fenn & Beane, Inc. (jointly). Proceeds for new construction.

**Southern California Gas Co.**

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**Southern Electric Co.**
March 23 the company announced that it would offer $3,000,000 of common stock. Proceeds will be paid to the company.

**Southern Illinois Gas Pipe Line Co.**
May 17 it was announced that company probably some time after July 1 would issue bonds worth $15,000,000 to $20,000,000. Proceeds and $11,000,000 in equity securities to finance expansion of its pipeline facilities. Late last year, stock was offered. Common stockholders and bonds were sold privately.

**Texas Pacific Ry. (6/14)**
June 14 it was announced company plans to offer $1,000,000 of common stock at $50 per share. Proceeds to be used to retire the outstanding preferred stock of the company. Proceeds will be paid to the company.

**Texas Utilities Co.**
May 23 it was reported that company plans common stock worth $1,000,000 to be offered July 9. Proceeds to be used to retire the outstanding preferred stock of the company. Proceeds will be paid to the company.

**Utah Power & Light Co.**
March 8 it was announced company during 1951 proposed offering of approximately $12,000,000 of first mortgage bonds. Underwriters—(1) Smith, Barney & Co., Inc.; (2) Kidder, Peabody & Co.; (3) Merrill Lynch, Pierce, Fenn & Beane, Inc., White, Weld & Co.; (4) Leham, Brothers, Merrill Lynch, Pierce, Fenn & Beane, Inc. (jointly). Proceeds to be used to retire the outstanding preferred stock of the company. Proceeds will be paid to the company.

**Washington Gas Light Co.**
July 12, the company announced plans to issue and sell $9,000,000 of common stock. Proceeds will be used to retire the outstanding preferred stock of the company. Proceeds will be paid to the company.

**Weinberger (J.) Inc.**
June 6, it was reported company plans issued and sell of $2,000,000 of preferred stock. Proceeds will be used to retire the outstanding preferred stock of the company. Proceeds will be paid to the company.
Bidding Is brisk
Current smallest-sized issues bring bidding well above par, setting a new high-water mark for the California Oregon Power Co.'s offering of $8,000,000 of bonds which have been sold to six competing subscribers.

Meanwhile, Public Service Co. of New Hampshire drew bids for its $3,000,000 of new bonds offered on the same day.

The municipal market finds it difficult to determine the worth of a disagreeable "squeeze at the moment." It is quite evident, from the current supervisory and financial views which arise from the seeming unphilosophical aspects of the situation, that the voluntary creditors are not in a position to realize the propositions for a projected new offering.

Sure, some progress has been made in the matter of financial deals, but so much, but tasks still are far from completed, so that the uninviting bankers would like to see.

Now comes a former Securities and Exchange Commission member who declares that a good part of the trouble rests with the commission.

Edward T. McCormick, now President of the New York Consolidated Exchange and erstwhile SEC Commissioner, in a recent talk before the Investors Club of New York, says much of the blame for lack of progress arises from the seeming unphilosophical ness of the creditors, and that suggestions for changes on their own.

The latter, however, have been gun-shy through the years, made so by the very elaborately detailed Act itself and fearful of leaving themselves open to the potentialities of charges of omission.

Perhaps the bankers will do well to take the advice of McCormick into their confidence and discuss the general situation with him with view to the making of suggestions that he thinks might well rest with the commission.

Certainly it is generally agreed that very few buyers of securities trade in this country are of a heroic and voluminous material that goes into the average prospectus.

Still No Haste
Market observers will say only that the current situation in bonds is one where it is quite natural to be interested at the moment and even that the issues brought to the offering stage this week proved a bit on the slow side.

The company in question, an institutional outlet for new issues, has backed away again finding ample room, at least momentarily, for taking the road of the direction of private deals and bank lending.

That the market is still undergoing some measure of adjustment has been shown in the behavior of the recently floated Georgia Power Co.'s 3½ per cent, until taken out of the market on June 10 and having a further dip to 100.

Wall Street
Another factor behind the current reticence of large scale buyers is believed to lie in the fact that they are not interested at the moment and even that the issues brought to the offering stage this week proved a bit on the slow side.

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Quibb Stock Offered
By Union Securities, Harriman Ripley Group
An underwriting group headed jointly by Allegheny Power Co., Harriman Ripley & Co., Inc., as serving as an underwriter, and the public 300,000 shares of common stock of E. B. Squibb & Sons, one of the country's leading drug and chemical companies. The stock is priced at $51.25 per share.

The purpose of the financing is to enable the working cash position of the company by the amount already expended on a program of plant development and betterments, to finance the balance of the program and to increase working capital. In the latter connection the company stated that a sum of 15% of the sales during the nine months ended March 31, 1951, has resulted in an increase in the amount of some of its investment in inventories, hence the need for larger cash working capital.

A dividend of 50 cents per share payable on May 15, 1951, to stockholders of record on May 1, 1951.

Hollman, Noyes Group Offer Galvan Oil Skt.
An underwriting group headed jointly by Allen & Company, Hollman, Parron & Co., yesterday (June 13) offered publicly $1,000,000 additional shares of Consolidated Oil Co. Ltd. capital stock, which has been quoted on the New York Stock Exchange. Of this total, 125,000 shares will be offered by Canadian underwriters. The stock has been accepted for listing in the New York Stock Exchange and trading began yesterday.

The company was organized February 6, 1951 to acquire the assets of five predecessor companies, of which it is believed to have one of the largest independent interests in oil production in Canada. It has subscription for production in the Redwater Field near Edmonton, Alberta, the most important oil field developed in Canada as of this writing. The opening of the new Eastern Canadian oil market, made possible by the new Interprovincial Pipe Line, is expected to accelerate exploration and development operations in Alberta.

The Company's President is George Maxwell Bell, founder of four of the five predecessor companies and President of all of them. Frank L. Fournier, formerly research geologist Imperial Limited and member of its producing companies, is President of the company in May, 1951 as Vice-President in charge of exploration and development. It is anticipated that Blanche Noyes of Hollman, Parron & Co., will be elected to the board of directors of the company.

Greenfield Offers Nat. Gas & Oil Corp. Stock
Greenfield & Co., Inc., New York, are offering 1,175,000 shares of common stock (par 10 cents) of Century Natural Gas & Oil, Corp. at 25 cents per share.

The stock is being offered to pay for exploration, drilling and development expenses, the acquisition and development of natural gas (and oil) leases and/or pipelines and for the testing, drilling and development thereof; and for working capital.

The Century Natural Gas Corp. was organized in Delaware on April 18, 1949, and presently conducts chiefly a natural gas business solely in Pennsylvania.

DIVIDEND NOTICES
Tobacco and Allied Stocks, Inc.
The Board of Directors of Tobacco and Allied Stocks, Inc., hereby declare that the dividend of 10 cents per share, payable on July 15, 1951, to holders of record on July 6, 1951.

United States Plywood Corporation
Par the quarter ended April 30, 1951, a new dividend of 50 cents per share, payable on July 15, 1951, to holders of record on July 6, 1951.

The Electric Storage Battery Company
20th Consecutive Quarterly Dividend
The Directors have declared the 20th consecutive quarterly dividend of five cents per share ($2,400,000 on the Common Stock, payable June 30, 1951, to holders of record on June 15, 1951 at the close of business on June 30, 1951.

Canadair Pacific Railway Company
Dividend Notice
At a meeting of the Board of Directors held today a dividend on Ordinary Capital Stock of seventy-five cents per share was declared to be payable on July 15, 1951, to shareholders of record on July 5, 1951. Of this dividend twenty-five cents is attributable to railway earnings and fifteen cents to earnings from other sources.

By order of the Board.
FREDERICK BRAMLEY, Secretary.
Montreal, June 11, 1951.

New York & Honduras Railroad Company
129 Broadway, New York 5, N. Y.
DIVIDEND NO. 39
The Board of Directors of this Company, at a Meeting held this day, declared an ordinary dividend at the rate of five cents per share on the outstanding preferred stock of this Company, payable in cash on or before July 1, 1951, to the stockholders of record on June 28, 1951.

W. L. LANDIS, Secretary.
Philadelphia, June 5, 1951.

International Shoe Company
1161

CONSECUTIVE DIVIDEND
Common Stock
A quarterly dividend of 60 cents per share payable on July 1, 1951 to stockholders of record on June 15, 1951, was declared by the Board of Directors.

ANDREW W. JOHNSON
Vice-President and Treasurer

May 9, 1951.

Royal Typewriter Company, Inc.
A dividend of 1¼%, amounting to $1.17 per share, as an account of the current quarterly dividend period ending July 31, 1951, has been declared payable July 16, 1951 on the outstanding preferred stock of the Company to holders of record of preferred stock of record as of July 1, 1951.

A dividend of 50c per share has been declared payable July 16, 1951, on the outstanding common stock of the Company, of the par value of $100 per share, to holders of common stock of record as of July 1, 1951.

JEROME A. RATON, Treasurer
June 13, 1951.
Washington...And You

WASHINGTON, D.C.—After weeks and weeks of hearings and thousands upon thousands of pages of testimony about who did and who did not do what, and who is blaming whom, the realistic observers on Capitol Hill believe they can now peg the significance of the MacArthur affair to the significance of this affair in terms of fairly tangible events.

This significance seems to them both clear and important, whether it is a tremendous asset or a net. In a word, the MacArthur affair has been both a period of intense and slow-moving the Administration toward adopting the appropria tion of the defense budgets. This Douglas MacArthur.

The MacArthur influence," observers note, must be watched and realized as of much longer duration, or rather as starting much sooner than when Truman fired him and the General came marching home to the plaudits of the millions.

Actually, the MacArthur story really commenced in 1949. At that time, the MacArthur party had definitely planned to recognize the Communist Chinese regime in Korea. In the Great Britain would recognize. Then that was plastered, there is little dispute. This was the conclusion of the State Department two years ago, of course. But clearly, Commodore MacArthur got to work. At first he had a very small group of members of Congress to get some advice, and raised a little Ned on the floor of the Senate, mention as Senators William F. Knowland (R., Cal.), the circle of Congressmen that the MacArthur influence has steadily widened.

Firstly, the General’s principal influence was to make the plan to recognize the Communists, with all that would mean to the United States and the recognition. What would follow would be an indication of the decision of the UN, and holding of the Nationalist Chians in China. As the Chinese, Forniss and probably Communist Chinese par- ticularly the Nanking government of the Japanese peace treaty.

At this early stage the General sold his case to the various Cabinets of the Connies themselves, when they grabbed the U. S. based General at Mukden, Augus, Ward, and his staff, and quarrelled with them the MacArthur influence.

The General’s case was put a terrific crimp in the State Department for its early recogni tion of the Connies and — it was time for the MacArthur influence to spread.

So General MacArthur had a third time to do the same thing. The decisive one, in persuading the U. S. Government reluctantly to change

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Long established, over-the-counter house with substantial capital needs an experienced salesman with extensive experience in e-commerce and related fields. Must be a self-starter, steady, and have strong interpersonal skills. Excellent opportunity and salary package. replies will be given to all qualified applicants.

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