# OCT 12 1951 The COMMERCIAL and CHRONICLE NANCIAL

Volume 174 Number 5054

New York, N. Y., Thursday, October 11, 1951

Price 40 Cents a Copy

#### **EDITORIAL**

# We See It

There are those who are raising their voices to question the assumption (which for a good while went almost unchallenged) that a period of rearmament such as we have been planning was "depression proof." The companion assumption that in such a period "inflation" is "inevitable" is sharing about the same fate. Consumers when trouble first broke in Korea last year forthwith proceeded to lay in stocks of all sorts of goods against the evil day they saw, or thought they saw, ahead of them. Inevitably, the markets and prices reflected this panicky buying. Almost as inevitably these markets and these prices have for some time now been reflecting an altered attitude of consumers almost everywhere.

Producers and merchants under the influence of the vigorous demand of last year stocked up desired goods as rapidly and extensively as circumstances permitted. The actual rearmament program was slower in getting under way than many had expected it to be. Opportunity thus presented itself to store up ordinary consumer goods in amounts anticipated by few. Inventory figures soon reflected what was taking place, and consumer inventories—of which there are virtually no statistics-must have also taken on a radical change. As is so often the case in such circumstances, the length of time to work back to a normal state of affairs is proving much longer than had been predicted—and the shortages are for the most part still in the future, although, as in the case of meat, controls are serving to keep wanted goods out of the hands of consumers in some instances.

# We Are Departing From Founding Fathers' Concepts Annual Convention

By JAMES E. SHELTON\* President, American Bankers Association President, Security-First National Bank of Los Angeles

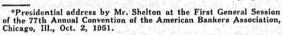
Retiring ABA President, calling fundamental political issue today, "what should be position of the individual with relation to his government," warns, even under an elected representative government, there is danger of tyranny. Calls Declaration of Independence birth of human freedom, and asserts U. S. Constitution does not provide for "planned economy." Cites ill effects of Socialism in England, and points out recent trends in our own government unduly subjugate the individual. Pleads for prevention of Socialism coming in "by the back door."

I shall not talk to you today about the program and the accomplishments of your Association this year, though they are many. Neither shall I discuss primarily the problems affecting the business of banking as such, though they are legion. Rather, I have determined on this last occasion, as President of your Association, to talk to you as American citizans.

zens.

This is a great country, and our people are a great people. In this land of ours, extending thousands of miles from north to south and from east to west, there are great differences in climate, in topography, in quality of soil, in variety of products produced, in racial background of its citizens in inflections of speech in produced, in racial background of its citizens, in inflections of speech, in spontaneity of temperament, and other personal characteristics. There is no real difference in its people—the warmth of their friendships; their solidity as free, independent, self-supporting, and, therefore, self-respecting Americans.

Continued on page 26



MORE ABA ARTICLES IN THIS ISSUE—In addition to the material on the cover page, we present in this issue, starting on page 14, other addresses made during the course of the 77th Annual Convention of the American Bankers Association.

# **ABA Holds 77th**

Meeting held in Chicago, Ill., from Sept. 30 through Oct. 3. C. Francis Cocke succeeds James E. Shelton as President, and W. Harold Brenton becomes Vice-President. William B. Gladney is elected Treasurer. Addresses by retiring President Shelton, Wm. McC. Martin, Jr., Secretary of Treasury John W. Snyder, Arthur A. Smith, Robert E. Gross, Dr. Deane W. Malott, Erle Cocke, Jr., and others given herein. Association's membership now comprises 98.4% of nation's banks, highest percentage in 76-year history. Next Convention to be held in Atlantic City, N. J., Sept. 28-Oct. 1, 1952.

The American Bankers Association held its 77th Annual Convention at the Stevens Hotel in Chicago, Ill., from Sept. 30 through Oct. 3, and, before adjournment, elected C. Francis Cocke,







President of First National Exchange Bank of Roanoke, Roanoke, Va., as President of the Association, to succeed James E. Shelton, President of the Security-First National Bank of Los Angeles,

Continued on page 32

Continued on page 39

## **DEALERS**

U. S. Government, State and Municipal Securities

TELEPHONE: HAnover 2-3700

CHEMICAL **BANK & TRUST** COMPANY

BOND DEPARTMENT 30 BROAD ST., N. Y.

# R. H. Johnson & Co. Established 1927

INVESTMENT SECURITIES

64 Wall Street, New York 5

PHILADELPHIA BOSTON Troy Albany Providence Buffalo Harrisburg Scranton Wilkes-Barre Washington, D. C. Williamsport Allentown STATE AND MUNICIPAL BONDS

THE NATIONAL CITY BANK OF NEW YORK

Bond Dept. Teletype: NY 1-708

# 600 Branches across Canada

Monthly Commercial Letter upon request

## The Canadian Bank of Commerce

Head Office: Toronto
New York Agency: 20 Exchange Pl.
Seattle Portland, Ore. San Francisco Los Angeles

State and Municipal Bonds

**Bond Department** 

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

# Massachusetts Investors Trust

Prospectus from authorized dealers or

VANCE, SANDERS & CO. 111 Devonshire Street BOSTON

New York Los Angeles

Pacific Coast & **Hawaiian Securities** 

Direct Private Wires

DEAN WITTER & Co. 14 Wall Street, New York, N. Y.

Members of Principal Commodity and Security Exchanges

San Francisco • Los Angeles • Chicago Boston • Honolulu

Canadian Stocks and Bonds

Bought Sold Quoted

CANADIAN DEPARTMENT

# GOODBODY & Co.

ESTABLISHED 1891

MEMBERS NEW YORK STOCK EXCH. 115 BROADWAY 105 W. ADAMS ST. NEW YORK

## CANADIAN **BONDS & STOCKS**

DOMINION SECURITIES

# GRPORATION

40 Exchange Place, New York 5, N.Y. Teletype NY 1-702-3 WHitehall 4-8161

Northern **New England** Company

Analysis upon request

## IRA HAUPT & CO.

ers New York Stock Exchange 111 Broadway, N. Y. 6 Teletype NY 1-2708 WOrth 4-6000 Boston Telephone: Enterprise 1820

igitized for FRASER tp://fraser.stlouisfed.org/

TRADING MARKETS IN Southern Production Interstate Power Co. **Puget Sound Power & Light** Eastern Utilities Assoc. Conv.

## **New York Hanseatic** Corporation

Established 1920
120 Broadway. New York 5
Parelay 7-5660 Teletype NY 1-583

Specialists in

# **Rights & Scrip**

Since 1917

## Mc DONNELL & CO.

120 BROADWAY, NEW YORK 5 Tel. REctor 2-7815

Trading Interest In

American Furniture Bassett Furniture Industries Camp Manufacturing Commonwealth Natural Gas Dan River Mills Life Insurance Co. of Va.

## STRADER.TAYLOR & CO.. Inc.

Lynchburg, Va.
TWX LY 77

MEMBERS MIDWEST STOCK EXCHANGE

# STIX & Co.

509 OLIVE STREET

ST. Louis 1.Mo.

## WASHINGTON OREGON SECURITIES

- Harbor Plywood
- · Puget Sound Pwr. & Lt.
- Wheeler Osgood

BOUGHT . SOLD . QUOTED

## FOSTER & MARSHALL

SEATTLE 4

Portland, Spokane, Eugene Mu. 1900 Tele. SF. 482-483

ACTIVE TRADING MARKETS IN UTILITY STOCKS

Direct Private Telephone to New York

CAnal 6-1613

J. B. Maguire & Co., Inc.

31 Milk St., Boston 9, Mass. Portland, Me. Enterprise 2904
Hartford, Conn. Enterprise 6800
Open End Phone to New York Caralt 5-1613

# The Security I Like Best

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

(The articles contained in this forum are not intended to be, no are they to be regarded, as an offer to sell the securities discussed.)

G. FREDERIC HELBIG

Baron G. Helbig & Co., New York City and Hudson, N. Y.

Robbins & Myers, Inc.

Since it is something of a spe cialty of my firm, I am again choosing to write of one of the less generally known equities, similar in type

to that of my last article (Mt. Vernon-Woodberry Mills). Robbins &

Myers, Inc. are manufacturers of high quality electric motors, commercial and home fans, pumps, electric and hand hoists and cranes. Its plants are lo-



G. Frederic Helbig

cated in Springfield, Ohio, Memphis, Tenn., and Brantford, Ontario.

Like many another company in Like many another company in its general field, Robbins & Myers has had its troubles during the course of its long corporate life dating back to 1889 (business established in 1878). In the early twenties it was said to be the largest manufacturer of fractional horsepower motors in the world Horsepower motors in the world. However, the characteristic overcapitalization and unrealistic fixed charges of that period were responsible for financial crisis, loss of leadership in the industry and ultimate reorganization in 1928. ultimate reorganization in 1928.

Diversification and specializa-Diversification and specialization in related fields plus a constant up-grading of management finally worked off the numerous liabilities inherited from the reorganization and once more placed the company on a sound financial the company on a sound financial footing. Its products now com-mand an excellent reputation from coast to coast. Tribute to the company's production skill and efficiency was inherent in its role as major participant in the manufacture of the famous Norden bombsight during the war.

The ascendency of the company to the position of a highly successful concern is easily discernible in an analysis of its financial statements.

As this is written the common stock is selling around 20. At May 31st of this year the common equity, after providing for \$2,430,— 000 of preferred stock at call, was \$40.50 per share. On the same basis, the common equity in net current assets alone was \$24.00 per share. Common earnings over

per share. Common earnings over the past ten years averaged \$3.65 per annum, but due to the company's ultra-conservative accounting procedures, this record hardly tells the full story.

At August 31, 1941, the common stock, after providing for preferred stock at call, had a minus equity in the company's assets of almost \$5.00 per share. Thus the common equity has improved by about \$45.00 per share in a little less than ten years.

Current operations are at a high

Current operations are at a high level, with common earnings showing \$4.70 per share for the nine fiscal months ended May 31, 1951. Full year operations should be at an even better rate in the Annual Report expected momentarily, for the final quarter is generally the company's best. The

24 provides a large margin of protection and an unusually liberal return. Its regular dividend rate is \$1.50 per share per annum and it participates to the extent of another 25¢ whenever the common pays 75¢ or more in any one year.

#### STEPHEN L. JOSEPH

Manager, Research Department, Bache & Co.,

Members, New York Stock Exchange and other leading Stock and Commodity Exchanges

#### Allegheny Ludlum Steel

For "The Security I Like Best" I have selected Allegheny Ludlum Steel, a stock selling at a rela-tively low price in relation to the current rate of

earnings, af-fording a satisfactory divi-dend return, possessing favorable prospects for the near term future and with an outstanding out-look for growth.

Allegheny Ludlum is manufacturer



Stephen L. Joseph

of high alloy steels with last year's production being divided roughly into ½ stainless steels, ¼ silicon steels and ¼ for all other products. The company's plants are located principally in Pennsyl-vania and New York State. Operations are not fully integrated inasmuch as raw material re-quirements are not controlled and pig iron and scrap are purchased from outside sources. The company's products are used in a wide variety of industries as well as for armament purposes. High temperature alloys are particu-larly important for jet engines and gas turbines. Silicon steel, electrical alloys, valve steels and tool and die steels are also produced.

According to latest reports, the company is operating at capacity and the shortage of alloy steels suggests that the demand for the company's products will continue unabated for some time to come. While scrap supplies thus far have been adequate, shortages of alloying materials, notably nickel, have forced the company to alter the alloy content of some of the steels produced.

Sales for 1951 are estimated at \$240 million as compared with actual sales of \$177 million last year and earnings may run in the neighborhood of \$7.00 per share as compared with \$6.03 per share reported for 1950 on the basis of the present capitalization. This the present capitalization. This would indicate that the stock is selling at less than 7 times earnings at the current price, around

Three \$0.50 quarterly dividends have been disbursed thus far this year with the possibility of a final \$0.50 quarterly plus a \$0.50 extra to be declared next month, payable in December. If this distribution is actually made it would tion is actually made, it would bring total payments for the year to \$2.50 per share, equivalent to a yield of around 51/4% at the present price. A shreaft yield are From 1946 through 1949, Alle-

regular dividend rate is 25¢ per gheny Ludlum spent some \$30 quarter and the possibility of an million on expanding and improvement is very real.

For more conservative invest- now engaged in a second major ment, the preferred stock around improvement program estimated

This Week's Forum Participants and Their Selections

Robbins & Myers, Inc.-G. Frederic Helbig, Baron G. Helbig & Co., New York City. (Page 2)

Allegheny Ludlum Steel-Stephen L. Joseph, Manager, Research Dept., Bache & Co., New York City. (Page 2)

to cost approximately \$34,500,000 and some of these projects have already been substantially completed. These include a new 56-inch continuous hot strip mill and a new 56-inch reversing cold strip a new 36-inch reversing cold strip mill with related equipment at the Brackenridge, Pennsylvania plant; two new 30-inch reversing cold strip mills with related equipment at the West Leachburg, equipment at the West Leachburg, Pennsylvania plant; a new 3-furnace electric melting department and new facilities for the hot extrusion of steel and other alloys at the Watervliet, New York plant, together with other improvements. It was recently decided to install a new 56-inch tandem cold strip mill and other equipment for the processing of equipment for the processing of silicon-electrical steel and other alloy steel at the Brackenridge plant and to make additional explant and to make additional expenditures for improvement and rehabilitation at an estimated cost of \$16,500,000. All of these should serve greatly to increase the company's earning capacity.

The prospects for alloy steels both during the near term and over the longer term are promising with Alleghaney Ludlum a major factor in the development of new aplications for existing alloys and of new alloys with new applications. Present shortages have necessitated a temporary change in the research program to the development and adaptation of steels using smaller quantities of critical materials.

That portion of the company's activities which most excite the imagination is the 50% interest in Titanium Metals Corp. of America.
National Lead holds the other
50% interest in this company.
Titanium Metals is converting
major portions of a huge \$150
million war-built basic magnesjum plant at Hondorson, Nevedo million war-built basic magnesium plant at Henderson, Nevada for the production of titanium metal and titanium base alloys. Schedules call for a production rate by late 1952 of 3,600 tons annually, 8 times the present world production. Allegheny Ludlum will benefit further from this development because ingots produced at Henderson will be shipped East to Allegheny Ludlum will duced at Henderson will be shipped East to Allegheny Ludlum plants for further operations in the production of sheet, strip, bar, wire, forgings, etc. While production will be relatively small in relation to Allegheny's total sales volume, this early interest in titanium may prove of great value in the years to come. The com-pany's report for the third quarter of 1951 contains an interesting discussion on the subject of titanium.

Allegheny Ludlum holds a 35% interest in a new company known as Continuous Metalcast Company, as Continuous Metalcast Company, Inc. S c o v i 11 Manufactūring, American Metal Company, Koppers Company, as well as Mr. Irving Rossi, previous owner of the process, are also interested in Continuous Metalcast. Continuous casting, which has already been applied successfully in the nonferrous industries, is a process whereby molten metal can be cast into slabs, billets or other shapes ready for the mills. Application of this process to the

Continued on page 45

# Alabama & Louisiana Securities

Bought-Sold-Quoted

# STEINER, ROUSE & Co.

Members New York Stock Exchange Members New York Curb Exchange

25 Broad St., New York 4, N. Y.
HAnover 2-0700 NY 1-1557
New Orleans, La.-Birmingham, Ala.
Mobile, Ala.
Direct wires to our branch offices

## U. S. THERMO CONTROL THERMO KING RY.

Information on request



148 State St., Boston 9, Mass Tel. CA. 7-0425 : Teletype BS 259 N. Y. Telephone WOrth 4-5000

Heyden Chemical

Marine Midland Corp. Rights & 41/4 % Conv. Pfd.

Cone Mills Common

Foote Mineral Co.

GERSTEN & FRENKEL

Members N. Y. Security Dealers Assn. 150 Broadway New York 7

Specializing in

Mountain Fuel Supply Equity Oil Utah Southern Oil

Analysis upon request

### **EDWARD L. BURTON** & COMPANY

Established 1899 Salt Lake City 1 160 S. Main St. Bell Teletype SU 464 Oldest Investment House in Utah

BUY U.S. SAVINGS BONDS

## N. Q. B. OVER-THE-COUNTER INDUSTRIAL STOCK INDEX

12-Year Performance of 35 Industrial Stocks

BOOKLET ON REQUEST

**National Quotation Bureau** 46 Front Street New York 4, N. Y.

gitized for FRASER

# Defense Preparedness as a **Continuing Policy**

By C. E. WILSON\* President of General Motors

General Motors President, in urging a continuous defense preparation program, proposes establishment of dual-purpose plants which can be used three ways, viz: for combined civilian and defense production; for total war production; or for total civilian production. Calls for agreements between government and manufacturers of military items to preserve these dual-type operations for ten years or more. Concludes plan is workable and sound for all concerned.

America with its skill in organization and

after shooting stopped in the second world war Americans are again fighting and dying far away from home. Some call the war in Korea a police action. It is sometimes to be some the some the same period the increasing wealth and resources of our nation have again fighting and dying far away made our world responsibilities from home. Some call the war in Korea a police action. It is sometimes the same period the increasing wealth and resources of our nation have a same period the increasing wealth and resources of our nation have a same period the increasing wealth and resources of our nation have again fighting and dying far away made our world responsibilities from home. Some call the war in Korea a police action. It is some. from home. Some call the war in Korea a police action. It is something new in war since the United Nations, while trying to stop aggression, are making every effort to restrict and confine the fighting. They are not using all their resources to vanquish their known enemies. The free world still hopes that this action will not deteriorate into a third disastrous world war, but any thinking American must realize the possibility of such war, but any thinking American must realize the possibility of such a disaster and the necessity of being prepared.

The form of government we have in the United States has been a great success, probably the most brilliant success in history. For many years our nation was small, remote and poor, and what we did had little effect on the rest of the world. But in the last 50 years our nation has achieved a position of great power in the world and with it a position of great responsibility.

Our type of government promotes the initiative of the millions, not the dictatorship of the few. It has produced an ideal environment for the rapid developwironment for the rapid develop-ment of natural resources, and the exploitation of marvelous new sci-entific discoveries and inventions. Americans through the use of mechanical horsepower and ma-chines have substituted slaves of iron and steel for human backs, and through better organization and cooperation in the use of ma-

\*An address by Mr. Wilson before the American Ordnance Association, Cincin-nati, O., Oct. 4, 1951.

Herbert Hoover in his recently chines have accomplished much published memoirs said, "I came more with the same amount of out of all my experiences in Europe with one absolute conviction. of any other nation.

We have never been a military nation, but due to our great in-dustrial development and the iniganization and dustrial development and the inithe valor of its sons could win great wars, but when we are forced to organize it could not make lasting in two world wars. However, durpeace." Unigmost of the 175 years of our fortunately, country's existence we have spent his reasoned a relatively small amount of the conclusions of nation's wealth for arms or standhis reasoned conclusions of more than 30 years ago seem to have been right, since he has lived to see not only a second victory in a world war, but also a second failure to achieve a stable peace. Only five short years after shooting stopped in the second reasoned a relatively small amount of the nation's wealth for arms or standengement of the country, since the nation did not continually have to carry such a nonproductive load. During the last 50 years science and invention in the fields of transportation and communication have made the world relatively small amount of the nation's wealth for arms or standengement of the country, since the nation's wealth for arms or standengement of the country, since the nation's wealth for arms or standengement of the country, since the nation's wealth for arms or standengement of the country, since the nation development of the country, since the nation development of the country, since the nation development of the country, since the nation did not continually have to carry such a nonproductive load. During the last 50 years science and invention in the fields of transportation and communication have made the world relatively small amount of the nation's wealth for arms or standengement of the country, since the nation did not continually have to carry such a nonproductive load. During the last 50 years science and invention in the fields of transportation and communication have made the world relatively

the detriment of others. The prob-lem that now confronts us is how best to promote world peace, maintain and preserve a strong and virile economy, and at the same time keep the nation in a position to fight a war successfully in the event war is forced upon us. In solving this problem we must preserve the flexibility and initiative of our American free competitive society and must adhere to the principles that have made our country great. Only in this way will we be able to carry the defense burden in the immedi-ate future without undermining our national economy. And if we are fortunate enough not to have another all-out war, we can soon again make rapid progress in im-proving the standard of living of all our people.

#### Load of Grand Scale Defense Program

A defense program on a grand scale, and it must be on a rela-tively grand scale if it is to be effective, is a great load to be shouldered even by our prosper-

Continued on page 40

We are interested in offerings of

# High Grade Public Utility and Industrial PREFERRED STOCKS Spencer Trask & Co.

25 Broad Street, New York 4 50 Congress Street, Boston 8
HAnover 2-4300 Hubbard 2-8200

NY 1-5 Teletype Albany - Chicago Glens Falls

## INDEX

Articles and News We Are Departing From Founding Fathers' Concepts Defense Preparedness as a Continuing Policy—C. E. Wilson\_\_\_ 3 A Golden Autumn-Ira U. Cobleigh 4 The New York Stock Exchange—George Keith Funston\_\_\_\_ 4 The Outlook for Natural Gas-Lyon F. Terry-----Savings Banks Should Invest in Some Common Stocks Are We Going Totalitarian?—W. Alton Jones\_\_\_\_\_ The Outlook for the Coal Roads-H. G. Smyth----- 10 "Share Owner" Should Replace Term "Stockholder" -Edward F. Hutton\_. Should Dow-Jones Industrial Averages Be Revised? Albert W. Thorpe\_\_\_\_ We Face a Tough Job!—Hon, John W. Snyder\_\_\_\_\_\_14 Our Monetary System Has an Inflation Bias-Arthur A. Smith 16 Bankers Must Fight to Preserve Our Economy -Deane W. Malott\_\_ U. S. and the World Today-Erle Cocke, Jr.\_\_\_\_\_ 20 Air Power and the Future Air Age—Robert E. Gross----Economic Freedom vs. Economic Security-Wm. A. Reckman\_ 22 Woodlands as an Investment-Roger W. Babson---- 24 Our Federal Reserve System-Wm. McC. Martin, Jr.\_\_\_\_ 31 American Bankers Association Holds 77th Annual

## Regular Features

Foresees Increased Mortgage Financing During 1952\_\_\_\_\_ 13

Cincinnati Exchange Allows NASD Members Commission Split 29 High Taxes Seen as Inflation Spur\_\_\_\_\_ FIC Banks Place Debentures\_\_\_\_\_

Belt Conveyors as War Defense Necessity Urged by Railroad

President \_\_\_

As We See It (Editorial)

As we see it (Eurorial)	Cover
Bank and Insurance Stocks	11
Business Man's Bookshelf	56
Canadian Securities	40
Coming Events in Investment Field	6
Dealer-Broker Investment Recommendations	8
Einzig—"Rearmament and the British Election"	25
From Washington Ahead of the News-Carlisle Bargeron.	6
Indications of Business Activity	49
Mutual Funds	42
Indications of Business Activity  Mutual Funds News About Banks and Bankers	12
NSTA Notes	8
Observations—A. Wilfred May	5
Our Reporter's Report	55
Our Reporter on Governments	24
Prospective Security Offerings	53
Public Utility Securities	38
Railroad Securities	13
Securities Salesman's Corner	
Securities Now in Registration	50
The Security I Like Best	2
The State of Trade and Industry	5
Tomorrow's Markets (Walter Whyte Says)	46
Washington and You	

The COMMERCIAL FINANCIAL CHRONICLE

Reg. U. S. Patent Office

WILLIAM B. DANA COMPANY, Publishers 25 Park Place, New York 7, N. Y. REctor 2-9570 to 9576

HERBERT D. SEIBERT, Editor & Publisher WILLIAM DANA SEIBERT, President WILLIAM D. RIGGS, Business Manager

Thursday, October 11, 1951

Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.).
Other Offices: 135 South La Salle St., Chicago 3, Ill. (Telephone: STate 2-0613);

1 Drapers' Gardens, London, E. C., Eng-land, c/o Edwards & Smith.

Copyright 1951 by William B. Dana Company Reentered as second-class matter Febru-ry 25, 1942, at the post office at New ork, N. Y., under the Act of March 8, 379.

Subscription Rates

Subscription Kates
Subscriptions in United States, U. S.
Possessions, Territories and Members of
Pan-American Union, \$45.00 per year; in
Dominicn of Canada, \$48.00 per year.
Other Countries, \$52.00 per year.

Other Publications

Bank and Quotation Record — Monthly, \$30.00 per year; (Foreign postage extra.) Note—On account of the fluctuations in the rate of exchange, remittances for for-eign subscriptions and advertisements must-be made in New York funds,

# LICHTENSTEIN

## "THE MEDIUM

knows everything about the future, and nothing about obsoletes. We know everything about obsoletes, but nothing about the future.

Obsolete Securities Dept. 99 WALL STREET, NEW YORK Telephone: WHitehall 4-6551

Primary Trading Markets

Cinerama Inc. Haile Mines

Jessop Steel

Portsmouth Steel

Reeves Soundcraft

# J.F. Reilly & Co.

61 Broadway, New York 6 Teletype NY 1-3370 Direct Wires

Philadelphia and Los Angeles

Associated Dev. Res. Corp. Canadian Superior Oil

Haile Mines, Inc. National Alfalfa Portsmouth Steel

SINGER, BEAN & MACKIE, Inc.

HA-2-0270 40 Exchange Pl., N. Y. 5 Teletype NY 1-1825 & NY 1-1826

**Air Products Baker-Raulang Collins Radio** Dictograph Di-Noc Hoving Corp. Stromberg-Carlson **Whitin Machine** Works

Bought - Sold - Quoted

THEODORE YOUNG & CO. 40 Exchange Place, New York 5, N. Y. WHitehall 4-2250 Teletype NY 1-3236

# Defense Preparedness as a **Continuing Policy**

By C. E. WILSON\* President of General Motor:

General Motors President, in urging a continuous defense preparation program, proposes establishment of dual-purpose plants which can be used three ways, viz: for combined civilian and defense production; for total war production; or for total civilian production. Calls for agreements between government and manufacturers of military items to preserve these dual-type operations for ten years or more. Concludes plan is workable and sound for all concerned.

sons could win great wars, but

stable peace. Only five short years stience and invention in the fields of transportation and communication have made the world relatively very much smaller. During this safter shooting stopped in the second world war Americans are again fighting and dying far away from home. Some call the war in Korea a police action. It is something new in war since the United Nations, while trying to stop aggression, are making every effort to restrict and contine the tighting. They are not using all their resources to vanquish their tenemies. enemies. The free world still hopes that this action will not deteriorate into a third disastrous world war, but any thinking American must realize the possibility of such a disaster and the necessity of being prepared.

. The form of government we have in the United States has been a great success, probably the most brilliant success in history. For many years our nation was small, remote and poor, and what we did had little effect on the rest of the world. But in the last 50 years our nation has achieved a position of great power in the world and with it a position of great responsibility.

Our type of government pro-motes the initiative of the millions, not the dictatorship of the few. It has produced an ideal en-vironment for the rapid development of natural resources, and the exploitation of marvelous new scientific discoveries and inventions. Americans through the use of mechanical horsevower and machines have substituted slaves of iron and steel for human backs, and through better organization and cooperation in the use of ma-

\*An address by Mr. Wilson before the Mouldered even by our prosper-American Ordnacce Association, Cinama nati, O., Oct. 4, 1981. Continued on page 40

Herbert Hoover in his recently thines have accomplished much published memoirs said. I came more with the same amount of out of all my experiences in Euprope with one absolute consistion, of any other nation.

Afterna with its skill in organization and the valor of its sons could win we can have great military power sons could win great wars. but it could not make lasting peace." Unfortunately, his reasoned conclusions of more than 30 years ago years ago seem to have been right, tion did not continually have to since he has C. E. Wilson

Sons could win we can have great military power when we are forced to organize when we are forced to when we have peace "Unit two world wars. However, during most of the 175 years of our fortunately, are all two world wars. However, during most of the 175 years of our fortunately, are all two world wars. However, during most of the 175 years of our fortunately, are all two world wars. However, during most of the 175 years of our fortunately, are all two world wars. However, during most of the 175 years of our fortunately, are all two world wars. However, during most of the 175 years of our fortunately. The force in two world wars. However, during most of the 175 years of our fortunately. The for

> suit of happiness of its citizens, not for the military or imperialis-tic aggrandizement of the nation, nor the development of superior power to be aggressively used to the detriment of others. The probthe detriment of others. The prob-lem that now confronts us is how best to promote world peace, maintain and preserve a strong and virile economy, and at the same time keep the nation in a position to fight a war success-fully in the event war is forced upon us. In solving this problem we must preserve the flexibility and initiative of our American free competitive society and must adhere to the principles that have adhere to the principles that have made our country great. Only in this way will we be able to carry the defense burden in the immediate future without undermining our national economy. And if we are fortunate enough not to have another all-out war, we can soon again make rapid progress in im-proving the standard of living of all our people.

#### Load of Grand Scale Defense Program

A defense program on a grand scale, and it must be on a rela-tively grand scale if it is to be effective, is a great load to be

Continued on page 40

We are interested in offerings of

High Grade Public Utility and Industrial PREFERRED STOCKS Spencer Trask & Co.

Members New York Curb Exchange 25 Broad Street, New York 4 50 Congress Street, Boston 8
HAnover 2-4300 Hubbard 2-8200

Teletype -- NY 1-5 Chicago Olens Falls Schenectady .

## INDEX

Articles and News

#### "THE MEDIUM

knows everything about the future, and nothing about obsoletes. We know everything about obsoletes, but nothing about the future.

Obsolete Securities Dept. 99 WALL STREET, NEW YORK Telephone: WHitehall 4-6551

Primary Trading Markets

Cinerama Inc. Haile Mines Jessop Steel

Portsmouth Steel

Reeves Soundcraft

# J.F. Reilly & Co.

61 Broadway, New York 6 BO 9-5133 Teletype NY 1-3370

Direct Wires Philadelphia and Los Angeles

Associated Dev. Res. Corp. Canadian Superior Oil Haile Mines, Inc. National Alfalfa Portsmouth Steel

SINGER, BEAN & MACKIE, Inc. HA-2-0270 40 Exchange Pl., N. Y. 5 Teletype NY 1-1825 & NY 1-1826

**Air Products Baker-Raulang Collins Radio** Dictograph **Di-Noc Hoving Corp. Stromberg-Carlson Whitin Machine** Works

Bought - Sold - Quoted

THEODORE YOUNG & CO. 40 Exchange Place, New York 5, N.Y. WHitehall 4-2250 Teletype NY 1-3236

We Are Departing From Founding Fathers' Concepts  —James E. SheltonCove	r
Defense Preparedness as a Continuing Policy—C. E. Wilson	3
A Golden Autumn—Ira U. Cobleigh	
The New York Stock Exchange—George Keith Funston	4
The Outlook for Natural Gas—Lyon F. Terry	6
Savings Banks Should Invest in Some Common Stocks  —Elliott V. Bell	
Are We Going Totalitarian?—W. Alton Jones	9
The Outlook for the Coal Roads-H. G. Smyth1	0
"Share Owner" Should Replace Term "Stockholder"  —Edward F. Hutton1	0
Should Dow-Jones Industrial Averages Be Revised? —Albert W. Thorpe1	1
We Face a Tough Job!—Hon. John W. Snyder 1	4
Our Monetary System Has an Inflation Bias-Arthur A. Smith 1	6
Bankers Must Fight to Preserve Our Economy  —Deane W. Malott	8
U. S. and the World Today-Erle Cocke, Jr 2	0
Air Power and the Future Air Age—Robert E. Gross 2	1
Economic Freedom vs. Economic Security-Wm. A. Reckman_ 2	2
Woodlands as an Investment—Roger W. Babson 2	4
Our Federal Reserve System—Wm. McC. Martin, Jr 3	1
* * *	
American Bankers Association Holds 77th Annual ConventionCove	
Foresees Increased Mortgage Financing During 19521	
Belt Conveyors as War Defense Necessity Urged by Railroad President	4
Cincinnati Exchange Allows NASD Members Commission Split 2	29
High Taxes Seen as Inflation Spur-	
FIC Banks Place Debentures	31
Regular Features	
As We See It (Editorial)Cov	
Bank and Insurance Stocks	11
Business Man's Bookshelf	56
Canadian Securities	10

Bank and Insurance Stocks	1
Business Man's Bookshelf	5
Canadian Securities	4
Coming Events in Investment Field	
Dealer-Broker Investment Recommendations	agenti d
Einzig—"Rearmament and the British Election"	2
From Washington Ahead of the News-Carlisle Bargeron	
Indications of Business Activity	_ 49
Mutual Funds  News About Banks and Bankers	_ 42
News About Banks and Bankers	_ 12
NSTA Notes	8
Observations—A. Willred Way	100
Our Reporter's Report	_ 58
Our Reporter on Governments	_ 24
Prospective Security Offerings	53
Public Utility Securities	
Railroad Securities	1:
Securities Salesman's Corner	4
Securities Now in Registration	50
The Security I Like Best	
The State of Trade and Industry	

Tomorrow's Markets (Walter Whyte Says)\_\_\_\_\_

Published Twice Weekly The COMMERCIAL and FINANCIAL CHRONICLE

Washington and You\_\_

Reg. U. S. Patent Office

WILLIAM B. DANA COMPANY, Publishers 25 Park Place, New York 7, N. Y. REctor 2-9570 to 9576

HERBERT D. SEIBERT, Editor & Publisher WILLIAM DANA SEIBERT, President WILLIAM D. RIGGS, Business Manager

Thursday, October 11, 1951

Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records; corporation news, bank clearings, state and city news, etc.).
Other Offices: 135 South La Salle St., Chicago 3, Ill. (Telephone: STate 2-0613);

1 Drapers' Gardens, London, E. C., England, c/o Edwards & Smith.

Copyright 1951 by William B. Dana Company

Company

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 8, 1879.

Subscription Rates
Subscriptions in United States, U. S.
Possessions, Territories and Members of
Pan-American Union, \$45.00 per year; in
Dominion of Canada, \$48.00 per year.
Other Countries, \$52.00 per year.

Other Publications

Bank and Quotation Record — Monthly, \$30.00 per year (Foreign postage extra.) Note—On account of the fluctuations in the rate of exchange, remittances for for-eign subscriptions and advertisements must be made in New York funds.

# A Golden Autumn

By IRA U. COBLEIGH

Author of the forthcoming book "Expanding Your Incom

A fresh look at the price of gold for filling treasuries and cavities; plus a few nuggets of comment on certain gold mining shares.

Some of the most learned of our bringing out more gold to meet economists are monetary experts, the demand, stabilize the price, or and I do hope they don't hop all crystalize a permanent upward over me for today's article, be-

U. Cobleigh fled as to why gold, the most widely respected commodity in the world, has a price mysterious-ly switched in 1934 from \$20 to \$35 an owner, which letter witches

price, or at premiums running to several dollars an ounce. And there's a nasty impression that

of some people, the centuries-old notion that, in times of inflation, ownership of gold is the best

Recognizing this ecumenical nibbling at newly mined gold, and

cause, you see, My own belief favors the latter I'm going to alternative.

talk about After all, gold, like any other gold, which is mineral, has to be taken from the "sacred cow" earth. This costs money. Gold ore or at least is brought from the depths by golden calf to sheft mining and senerated by golden calf to shaft mining and separated by a many of our gold mill; or from stream beds by most profound dredging. Either way, there are financial costs for machinery and these costs thinkers. have risen some 80% in the last When their decade Also in a standard price financial cossistant in kers. have risen some 80% in the last thinkers, have risen some 80% in the last When their decade. Also, in a standard mine opinions have around 55% of gross income goes been set down, to labor; and the price of labor, you and I, in- as you well know, has risen im-

as you well know, has risen importantly.

Canada has taken note of these facts, and worked out a subsidy for its gold mines through its Emergency Gold Mining Assistance Act (which is up for renewal or modification at the end of this year). Last year it cost Canada roughly \$2.50 an ounce for about 3.900.000 ounces produced: the world, has a price mysteriously switched in 1934 from \$20 to
\$35 an ounce; which latter price
has stood like a tawny Gibraltar
for 17 long years. Not that this
price hasn't been sniped at a little
—for it has. So called industrial
and artistic users of gold have bid
for the fringe supply of this honored mineral, so persistently, and
on such a world-wide basis, that,
as a cold hard fact, in the year
1950 they bought 6/7 of newly
mined gold at either the official
price, or at premiums running to about 3,900,000 ounces produced; and the subsidy, frankly, is a sop to the high-cost producer. It solves few problems for the low-cost mines, and doesn't enter the earnings picture of incidental gold producers, like Noranda. On a per-ounce basis, subsidy boun-ties ranged, in 1949, from 47 cents for Kerr-Addison to \$16 for New Dickenson. It has however been broadly hinted that the subsidy has, in some cases, resulted in bringing to mill high cost ores, there's a nasty impression that has, in this gold has not been bought for bringing to mill high cost ores, earrings and stick pins; but by and permitted the saving for high-the old fashioned common, or er gold prices (and perhaps days garden, variety of hoarder. You of no subsidy) the richer or more just can't drive out of the minds accessible ores.

of some people, the centuries-old is about the right price, have

is about the right price, have pointed to increased world production since 1945; but analysis shows this is due mainly to mines producing other metals, and bringing in new gold as a sort of lucky strike extral

Recognizing this ecumenical nibbling at newly mined gold, and at above ceiling prices, on Sept. 29, the International Monetary Fund gave its blessing to what was happening anyway. It dropped moral restraints on any of its 50 members from selling "industrial" gold at above the official price. A little downward wobble in the world price of nonmonetary gold ensued, but then, in Paris, prices, represented by a 2.2 pound gold bar, hit the Left Bank equivalent of \$47 an ounce. Part of this price push reflects a demand for gold; and part, a mistrust of the value of the franc.

The truth is we don't really know whether this de facto recognition of a higher gold price in certain areas by the International Monetary Fund will, by

Number of Outstanding Value of 1950

Shows this is due mainly to mines producing other metals, and bring-ing in new gold as a sort of lucky strike extra!

By now I have embroiled my-self deeply enough with certain monetary economists so that I can sit back and await their sage letters of adverse comment. Mean-attributed to me a year ago in which a flat prediction appeared, that the official price of gold would be raised to \$45 by August of 1952.

Well, that still seems possible, and if such a view has a shadow of merit, certain well chosen gold stocks are now in a buying range. The theory that you must await a depression before buying gold shares has slight validity today, when every government in the

world needs more gold in its treasury to buttress its credit and monetary structure. Convertibility into gold may not soon return—anywhere—but more gold as a base is sorely needed, everywhere. It won't appear unless the price is right—higher, that is.

So if your portfolio should now be brightened by gold shares, which ones hold forth the best promise?

In the U. S. you can latch on to Homestake at current levels. U. S. Smelting matches good Alaskan gold production with a won-derful oil portfolio including 103,000 shares of Texas Pacific Land Trust and, I believe, several tens of thousand shares of Louisi-Land. Benguet, a Philippine outfit, seems favored around 1¾, perhaps, in part, because its price permits purchase in small bales.

In Canada, if you'll cast your eyes over the Toronto List, you'll see dozens of goldies from pennies up. Most people expect too much of the penny stocks, however, as they seldom note how many mil-lion shares are outstanding; and consequently how many thou-sands of ounces must be produced to make any significant net per share. Also the newcomer does not observe closely enough the ore reserves, the ounces per ton of ore, and the operating costs per ton milled. These vital figures are found in most annual reports; and you must analyze and compare them to succeed in the gold rush.

Typical worthy Canadians that deserve current consideration for your shopping list are shown in the accompanying tabulation.

Kerr-Addison ranks as one of the largest and lowest cost producers with large ore reserves; Dome is an old standby with an important side line in oil property; Elder, a comer with steady upgrading of its ounce per ton production; and Giant Yellowknife is expanding its mill to produce at the rate of \$9,000,000 a year. (All figures Canadian dol-

As an across-the-board commitment in gold, one of the most attractive is probably Frobisher Limited. The 4,478,956 shares here, selling around \$4.20 gira yours. selling around \$4.30, give you a call, not only on such fine Canadian properties as Giant Yellowknife (37.83% owned), United Keno Hill (33.75% owned), New Calumet (28.76% owned), but on the Connemora gold mine in Calumet (28.76% owned), hew the Connemora gold mine in Southern Rhodesia, entirely owned. Just the shares of publicly dealt-in companies, now in portfolio, have a market value today of about \$6.50 per share of Frobisher. Here indeed is a wide diversity of gold output, secured presently at well below the year's high.

Gold is atomally

high.

Gold is eternally popular, and if we can't own it in bars or coin, many of us will look for it under ground through share purchase.

Truly no one could rightly expect a world price of gold below \$35 in the foreseeable future; and it could go lots higher. If so, yellow shares bought carefully today might make this a golden autumn for you.

Established 1856

# H. Hentz & Co.

Members

York Stock Exchange York Curb Exchange New York Curb Exchange
Commodity Exchange, Inc.
Chicago Board of Trade New Orleans Cotton Exchange

And other Exchanges Witin F-W-Brooks

N. Y. Cotton Exchange Bldg. CHICAGO DETROIT PITTSBURGH, GENEVA, SWITZERLAND The New York Stock Exchange

By GEORGE KEITH FUNSTON\* President, New York Stock Exchange

Institution's new President declares it is faced with vital job of broadening base of company ownership, and that many leading companies are doing magnificent work in encouraging nation of stockholding owners, who are also consumers and taxpayers. Announces Exchange is undertaking first comprehensive census of nation's stockholder population.

"The New York Stock Exchange was founded on the cornerstone of three ideas which represent the Amercan way of life: first, private property; second, free-dom of enter-



prise; and, third, the profit motive." To these three principles I am deeply devoted.

The Exchange today is the native in the profit motive.

tion's market place with a record of fair dealing with the people who use its services, a business constantly weighed in the balance by a critical public and which must not be found wanting. It is composed of members and member firms with an excellent record of probity and solvency. In all this I take great pride.

As a small stockholder in a few companies and as a student of economics, I had some knowledge of the functions of the Stock Exchange, I had heard it described as the heart of American enter-

More recently, as a businessman, a trustee, and a corporation director, I have come to realize that the free flow of comits and a recently as the free flow of capital made possible by the Exchange and its daily quotations are the warp and woof of the nation's business fabric. I have seen insurance companies revalue their surplus cach month up and down and each month, up and down, and banks adjust their lending poli-cies, depending on the daily level of New York Stock Exchange quotations. I have observed in-

\*First public address made by President Functon, at dinner given in his honor by members of the New York Stock Exchange, New York City, Oct. 3, 1951.

Taking stock of the job ahead of me, I find that I am privileged to head up a public institution possessing priceless assets. To quote Bill Martin, its trail - blazing President of a decade ago:
"The New distribution and assets in the public demand for securities reflected on the Exchange.

Only lately, though, after having looked at the results of a survey which I had requested, did I learn how much the companies listed on the Exchange represent in terms of production and assets in terms of production and assets

in terms of production and assets
—how great a part they are of the
national economy.

The findings staggered me. They
present a dramatic picture of
the performance of these companies, and that of the New York
Stock Evenance in our economic Stock Exchange, in our economic life. Let me give you a few of the highlights:

In the year 1950 these listed corporations accounted for total profits after taxes of \$12 billion—half of the nation's corporate total.

They distributed \$6 billion in dividends, two-thirds of the nation's total.

They paid over \$9 billion in Federal and State taxes—half of the total paid by all corporations in the nation.

They produced three-quarters of all the cars and trucks made in this country, shipped 86% of all finished steel products, generated 77% of all electric power, accounted for 93% of total railroad gross operating revenues, refined 90% of the nation's crude oil, flew 90% of total domestic air line passenger miles, and accounted for more than half of all meat

To me, these figures are overwhelmingly impressive. Surely "the heart of American enterprise" is a fair description of the corporations listed on the New York Stock Exchange.

Too much credit for the present Too much credit for the present high position of the Exchange and the importance of its current program cannot be given to my distinguished predecessor, Emil Schram. It was Emil who, day in, day out, throughout the 10 years of his Presidency, stood before the public as an honest, forthright, and skilled interpreter of the Exskilled interpreter of the Ex-change's obligations and its func-

Continued on page 46

# **Collins Radio** Texas Engin. & Mfg.

Memo on request

BUTLER, MOSER & CO.

44 Wall St., New York 5, N. Y.

BOwling Green

## Placer Development, Limited

LEAD-ZING TUNGSTEN - OIL - GOLD

Analysis available on request

## John R. Lewis, Inc. 1006 SECOND AVENUE

SEATTLE

Teletype SE 105

## SENECA OIL COMPANY CLASS "A"

A dividend paying growth opportunity in Crude Oil

Information on request

#### GENESEE VALLEY SECURITIES CO.

Powers Bldg., Rochester 14, N. Y. Telephone LO 3190 : Teletype RO 8

# SAMPLES

Will you invest \$1 to inspect new development in successful stock timing? For this explan-atory TIMING FACTOR folder plus free samples of complete service, send \$1 to cover han-dling costs to Dept. B

## ANALYST INSTITUTE

154 Nassau Street New York 38, N. Y.

Dome Mines 2.000,000 \$ 6,250,497 \$12,211,153 \$ .95 \$1.00 .2352 \$19.65 \$18.25 Kerr-Addison ---Elder Mines \_\_\_\_ 2,744,055 Giant Yellowknife 4,000,000 \$ .043 \$ .012 .1592.61 .2187 \$12.50

Production

Number of Outstanding

## INTERNATIONAL ARBITRAGE

FOREIGN EXCHANGE — FOREIGN SECURITIES FOREIGN COUPONS AND SCRIP

Serving banks, brokers and security dealers

# ALBERT DE JONG & CO.

37 WALL STREET

NEW YORK 5, N. Y.

Telephone HAnover 2-5590

Teletype NY 1-1401

Company

# The State of Trade and Industry

Steel Production Electric Output Carloadings Retail Trade Commodity Price Index
Food Price Index
Auto Production
Business Failures

The past week marked the fourth of uninterrupted advances in over-all industrial output for the nation at large. However, notwithstanding the fact that aggregate production was perceptily higher than a year ago, it continued to be about 10% under the record established during World War II. In keeping with the forward movement of industrial activity, unemployment remained close to the lowest point touched in the last six years.

In the latest reporting week steel inget production clostrice.

In the latest reporting week steel ingot production, electric kilowatt output and freight car loadings all registered moderate gains, while automotive production continued to recede.

Regarding the current steel outlook, "The Iron Age," weekly magazine of metalworking, states that fear is growing that the steel industry won't have much to say about granting a steel wage increase this year. Washington forced the issue in 1950 and is expected to do the same thing this year. There will be window-dressing protests from some Administration sources but others are privately preparing to grease the skids for another round.

are privately preparing to grease the skids for another round.

The pattern is expected to develop about like this: (1) the union will demand a large package—15 cents an hour or more, and perhaps will include a guaranteed annual wage; (2) steel people will turn them down on the basis that wage increase can't be granted without a price increase. Thus, a stalemate. (3) Then will come the threat of a nation-wide strike in the basic steel industry, paving the way for White House intervention and appointment of a fact-finding group; (4) some way will be found to allow a wage increase. Unless a similar attitude is taken on steel prices, there will be labor trouble and plenty of it, this trade authority declares. authority declares.

Steel wages and prices have not been raised since last December. Then steelworkers hammered out a 16-cent an hour increase and steel prices were raised an average of \$5.88 a ton. But that price increase did not reflect other accumulated cost increases which at that time amounted to \$4 a ton of steel. The total of which at that time amounted to \$4 a ton of steel. The total of these accumulated costs now is much greater—and is still rising, this trade authority asserts. These costs include materials, freight, coal, labor, and administration (it now takes 15 copies of a steel order to book, produce, and bill it). Also, expansion costs have been greater than expected.

Steelmakers are earnest when they say that steel wages can't be raised without raising prices. This has been their policy for a long time, and they haven't changed their minds. In view of inflation, their earnings have been only passable and have resulted almost entirely from a very high operating rate.

They can not help feeling chagrined that the wage question once again is headed toward a White House settlement, concludes "The Iron Age."

In the automotive industry Chrysler output was resumed last Wednesday following a four-working-day suspension for inventory taking. Ford was "virtually halted" a week ago for the same reason but began producing again on Monday, last. Studebaker and Hudson also were rolling cars out again after suspensions last week because of shortages of critical material. Packard, down for inventory and factory equipment rearrangement, is not scheduled to resume until Oct. 15, according to "Ward's Automotive Reports."

Truck production in the United States the past week dropped about 18% to 22,385 units from 27,340 last week. A year ago, 24,315 trucks were wheeled out.

"Ward's" expects the United States to produce about 400,000 cars and 105,000 trucks this month, compared with 357,482 cars and 105,646 trucks in September, because of four additional working days this current month.

A widespread pickup among manufacturing industries during August, more than the usual seasonal trend was currently reported by the United States Department of Commerce.

Sales, new orders and inventories of manufacturers all moved up during the month.

Sales moved 5% higher than July levels, after seasonal adjust-Continued on page 44

October 9, 1951

We are pleased to announce that

#### MR. GEORGE H. ARMSTRONG

has become associated with us · as Manager of our Institutional Department

## VAN ALSTYNE, NOEL & CO.

Members New York Stock Exchange New York Curb Exchange 52 Wall Street, New York (5)

## William T. King With White, Weld & Co.

BOSTON, Mass. - William T.

King has become associated with White, Weld & Co., 111 Devonshire Street. Mr. King was formerly assistant Vice-President of the Rockland-Atlas National Bank of Boston, in the bond department.

### Chicago Analysts to Hear

CHICAGO, Ill.—The Investment CHICAGO, Ill.—The Investment Analysts Club of Chicago at their luncheon today, will have as guest speaker Louis Ware, President of the International Minerals & Chemical Corp. The luncheon meeting will be held in the Georgian Room of Carson Pirie Scott & Co.

The Club also announces that

The Club also announces that the dues for the 1951-52 year have been set by the Board of Governors at \$25 for resident members, which includes 15 luncheons. Non-resident member dues remain at \$4. Checks should be made payable to the Investment Analysts Club of Chicago and should be sent to J. C. Knotter, Room 609, 135 South La Salle Street, Chicago 3, Ill. The Club also announces that

### "The Big Play"

Elinor Pryor, wife of Kirk Tracy, J. Barth & Co., 210 West Seventh Street, Los Angeles, Calif., is the author of "The Big Play," about the oil business in which she was raised. The book is published by McGraw-Hill & Co. (\$3.75)

#### Joins Reinholdt Gardner

ST. LOUIS, Mo.--Raymond G Bustamante has been added to the staff of Reinholdt & Gardner, 400 Locust Street, members of the New York and Midwest Stock Ex-

#### I. M. Simon Adds Frank Ball to Staff

(Special to THE FINANCIAL CHRONICLE)

(Special to The FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Frank C. Ball has become associated with I. M. Simon & Co., 315 North Fourth Street, members of the New York and Midwest Stock Exchanges. Mr. Ball for the past 40 years has been with the Mercantile Trust Company. Company.

## With First Trust Co.

(Special to THE FINANCIAL CHRONICLE)
LINCOLN, Neb. — Thomas F.
Luhe and Oscar Humble have
joined the staff of the First Trust
Company of Lincoln, 10th and O

## F. L. Childs Co. Opens

WILMINGTON, Vt. — Frank L. Childs has formed F. L Childs & Co. with offices on Coldbrook Road to engage in the securities business. Mr. Childs was formerly associated with A. M. Kidder & Co., and Hayden, Stone & Co., in New York City.

### Midwest Exchange Member

CHICAGO, Ill.—The Executive Committee of the Midwest Stock Exchange has elected to membership Lee A. Huey, Chiles, Huey Company, Omaha, Nebraska.

#### Hayden, Miller Adds

CLEVELAND, Ohio—William A. Fennell is with Hayden, Miller & Co., Union Commerce Building, members of the Midwest Stock Exchange.

#### With P.W. Brooks

(Special to The FINANCIAL CHRONICLE) SPRINGFIELD, Mass Raymond E. Carlson, Jr., has been added to the staff of P. W. Brooks & Co., Inc., 1570 Main Street.

# Observations . . .

 $\equiv$  By A. WILFRED MAY  $\equiv$ 

#### GROWING RESPECTABILITY OF THE COMMON STOCK - Impact on Today's Market and the Economy -

What are the effects on the economy and on the investment market structure from the impact of the equity's coming-of-age

to respectability?

Legitimization of the common stock as a respectable medium of investment stands out as a vital element in the present market structure. Two events of the past week highlight the timeliness and importance of the strong trend of "Prudent Man" relaxation of legal restrictions on trustee investing.

Mr. Elliott V. Bell, former Superintendent of Banks of New York State and its Governor's erstwhile economic "Brains Truster," in a speech before the State Savings Banks Association Friday last, strongly advocated that New York join the eleven other States which permit common stock holding by mutual savings banks.

#### Filling The Soak-The-Rich Void

A. Wilfred May

Coming from the new buying sources.

With high-bracket income recipients now getting only half of the proportion of the nation's disposable income which flowed to them in the 1920's, with their living expenses absorbing so much more of their current after-tax "take home"

pay than in the 1920's, and with their after-tax dividend yield so sharply reduced; the market buying power from the new crop of lower bracket individuals who are accumulating aggregate savings by the billions via the institutions, and from hitherto untouchable trust funds, is becoming ever more important.

Under the new tax bill (taking the Senate's version) the \$50,—

Under the new tax bill (taking the Senate's version) the \$50,-Under the new tax bill (taking the Senate's version) the \$50,-000-income man getting the currently ruling gross yield of 6% available from the stocks in the representative averages, will "take home" a yield of but 2.6%. The \$25,000-income man will get a "take home" yield reduced to but 3.4%. Ephemeral chasing of lower-taxed capital gains is keeping some of this money in the market, but later on post-bull market disillusionment and realism concerning get-rich-quick capital gains will accentuate the relative advantages of tax exempts or cash for "the rich".

### From "Bet A Million" to SEC

From "Bet A Million" to SEC

Fortunately the common stock's increasing legitimization for the trustee and institutional investor is highly justified. Surely it is now a different "breed of pup"—both per se and in the public's concept—than in the past. In the good old pre-1900 days of Gould, Drew, Fisk et al, and on through the times of the Northern Pacific corner and "Bet a Million" Gates, the shares in the nation's railroads and industrials were in large part looked on as mere convenient vehicles for rigged gambling operations. And midst the dramatic pool manipulations of the Livermores and the Percy Rockefellers in the Roaring 'Twenties, the equity share appeared in the public eye as a glamorous betting counter rather than as an appraisable stake in corporate ownership.

Radical and basic change of all this, with steady seasoning

Radical and basic change of all this, with steady seasoning of the investor as well as the corporation, was ushered in with the SEC era ensuing from the 1929 holocaustic collapse of the "New Era" boom.

The American equity share, which has always been more lowly regarded than its counterpart in the traditionally stock-minded European countries (as measured by dividend and earnings yields), has latterly been closing that gap in its all-round gaining of respectability. Prudent Man relaxation of trustees' investing restrictions in 1951 alone has spread to six additional states, bringing

Continued on page 12

### Have You Read

## "Should You Buy Shares in America?"

appearing in the current issue of

#### THE READER'S DIGEST

It's the best explanation we've seen of why the ownership of common stocks is important — important, naturally, to any individual worried about protecting his extra money but important in a much more basic sense to America at large . . . to our whole system of living.

No single article, of course, can answer more than a few questions about investing.

But it's recommended reading for anybody you think should know more about this stock and bond business.

Trading Department

## MERRILL LYNCH, PIERCE, FENNER & BEANE

Underwriters and Distributors of Investment Securities Brokers in Securities and Commodities

70 PINE STREET

NEW YORK 5, N. Y. Offices in 97 Cities

changes:

# The Outlook for Natural Gas

Vice-President, The Chase National Bank, New York

Chase Bank official speaks optimistically of future of natural gas production, though warning further discoveries of new supplies are necessary to meet consumers' demands. Stresses risks in natural gas exploration and transportation, and concludes Northeastern area should be able to obtain sufficient natural gas for many years, provided the industry is encouraged to find new reserves.

Natural gas produced in this coun-try in 1950 amounted to 6.9 trillion cu-bic feet, 40% more than in 1946. The de-mand for gas in the North-east, in the North Central States, in the South and South and Southwest,



Lyon F. Terry

and in California greatly exceeds the capacity
of existing pipe lines. The Pacific
Northwest is still without natural
over the future supply of oil led gas but hopes eventually to be supplied from reserves within the United States or from Canada. Will there be enough natural gas to satisfy these demands?

#### The Future Supply

The long-range problem of the future supply of natural gas was The long-range problem of the future supply of natural gas was reviewed in my paper presented before the American Gas Association at its Annual Meeting last October. In that paper, reasons were recited for estimating, on what I considered exceedingly conservative premises, that the future recoverable gas supply of this country would exceed 500 trillion cubic feet. Of that total, 180 trillion were proved reserves, and the balance, an amount in excess of 320 trillion, was gas to be discovered in the future. The Committee on Natural Gas Reserves of the American Gas Association raised its estimate of proved reserves to 186 trillion as of Dec. 31, 1950. Approximately 7 trillion were produced in 1950. Otherwise, nothing has changed in the longrange picture. Thus, the most important part of the future supply, that is, more than 60%, consists of the 320 trillion or more yet to be found. The present proved. the 320 trillion or more yet to be found. The present proved reserves of 186 trillion are 27 times last year's production. By reason

\*A paper presented by Mr. Terry at the Informal Meeting of the New York State Utilities Executives, Cooperstown, New York, Sept. 5, 1951.

The business of the natural gas of the rapid increase in productompanies from California to New tion, made possible by the boom England continues to increase as in gas pipe line construction since fast as steel can be obtained for new pipe lines.

Natural gas

accreasing. Four years ago it was 32.5. The ratio of reserves to production will probably continue to decrease, but that in itself need not be disturbing so long as new discoveries continue to substantially exceed production. It is the continual increase in the known reserves, that keeps the industry. reserves that keeps the industry on a sound basis.

This is well illustrated by the history of the petroleum industry in which cries of alarm that we are running out of oil have been raised from time to time since the original discovery of oil 92 years

over the future supply of oil led to a survey by a joint committee of the American Association of Petroleum Geologists and the United States Geological Survey, which found a proved reserve equal to only 10.6 times the current annual production. The present Committee on Petroleum Reserves of the American Petroleum ent Committee on Petroleum Reserves of the American Petroleum Institute made its first report as of Dec. 31, 1936, finding the ratio then 11.9. Early in 1944, Harold Ickes, then Secretary of the Interior, published his opinion: "We're running out of oil"—and proved it. That is, he showed that at that time the known reserves were only 13.3 times annual production. The ratio is now 13.0. That is the difficulty—such statements lead to a decided misconception. Estimates of known reserves of both oil and gas are published annually. But the ratio of known reserves to annual production may easily be interpreted by the uninformed as indicating the number of years of future supply of petroleum or natural gas. This would be so if it were not for the continual discovery of new for the continual discovery of new reserves which has for years maintained the reserves-to-production ratio for oil, while in the case of the natural gas industry, its rapid increase in pro-

Continued on page 36

1Lyon F. Terry, "The Future Supply of Natural Gas," Proc., Amer. Gas Assn., pp. 155-159.

# From Washington Ahead of the News

**By CARLISLE BARGERON ■** 

The headlines blared out several days ago that Soviet Russia had exploded "another" atomic bomb. There has been a question among our more honest and nonpolitical scientists as to whether the "first" bomb which Russia was supposed to have exploded and

therefore made her a dread menace compelling us to build up a backbreaking military machine, was not something which had got away from them in their amateurish experimenta-

tions.

But now, here was a second one, and the President of the United States was announcing it solemnly and saying this proved Soviet Russia was out to conquer the world, or words to that effect. Immediately in the Senate there was a demand that we appropriate an additional \$10 billion for atomic bomb carriers; Civilian Defense Administrator Caldwell sprang into action to get more appropriations, for his into action to get more appropriations for his tin-hatted civilian defense administrators and

atomic proof shelters.

My first thought was that this was it and I didn't mean a Russian bomb attack but that complete hysteria would now rule and that there would be no end to the Congressional appropriations to make democracy safe.

That night when I got home, my wife was indignant.

"Imagine," she said, "their telling us that because Russia has, or has exploded, a second bomb proves she is out to conquer the world when making atomic bombs is what we have been doing ever since VJ-Day."

It is amazing how you can frequently get some calmness and common sense at home. I was even more surprised to learn a few days later that my wife's comment rather generally reflected the attitude of the country.

It is comforting to think that this particular propaganda splurge of the Administration fell with such a deadly thud that the Civilian Defense Administrator who saw in it an opportunity for a vastly increased army of bureaucrats and vastly increased appropriations and those Congressional figures who sprang into the headlines by advocating \$10 billion more for atomic bomb carriers, have not pursued their bunk. After their first emissions they have maintained a discreet silence. You get the impression that the American people might have regained their senses and were prepared, at long last, to call a halt. The Administration propagandists had finally gone too far. agandists had finally gone too far.

I should say that it would be comforting if this were the case.

This particular propaganda effort flopped. It did not sell. But, unfortunately, there will be no appreciable resentment about it. And it is not at all unlikely that the sponsor of the \$10 billion additional for atomic bomb carriers will be able to come forward within a few weeks, without using the scare of Russia's "second" atomic bomb, and quietly get it authorized.

And frankly, what difference does it make whether this paltry additional \$10 billion is appropriated or not? The American people do not realize what a pathetic state they have gotten themselves into.

Our daily newspaper editors make much of and give head-lines to, Congress' chopping off a half million or a billion dollars from an Administration request of super billions for the military or for foreign aid. For weeks on end when these bills are in Con-gress the newspapers give considerable space and headlines to the fact that a paltry few hundred millions have been slashed off of this or that multiple billion dollar bill, and subsequently the Senate has restored most of the slash and so the bill goes to conference between representatives of the House and the Senate and there comes up a compromise.

Hah, this shows the Congress, the representative of the people, is still exercising its control over the purse strings, although there are some editors who pontificate that the Congress is lacking in knowledge of the serious global situation in even chopping off a cent from these Administration requests. According to the position some editors take, when the military or our foreign aid managers, figure out their budget at \$52 billion, nine hundred and something million and 28 cents, this is what they actually need, when the fact is that nobody in Washington can work out such estimates or have any definite idea of what he intends to do with the money when he gets it except spend it.

But it is silly to take the economy forces, those who knock off a few hundred million or a billion dollars from an Administration request seriously. They are simply putting on a show, not accomplishing anything. Truman already has at least \$92 billion to spend between now and November, 1952.

The plain and simple facts are that the legislative branch has let itself be beaten into such a subordinate state that the great majority of the members, regardless of how much they may prate about economy, are concerned mostly in getting one of the many military or atomic bomb installations for which they have appropriated, or some of the money, in their communities. So they have to kowtow to the bureaucrats, notwithstanding the talking they may do for the record. A few weeks ago the House Appropriations Committee castigated the Army Engineers for their habit of underestimating the cost of projects which they recommend. But the House Public Works Committee which authorizes these projects in the first instance and which plays ball with the Army Engineers went to their defense. We are in a sorry plight, indeed.



# was a former member of Rogers & Sullivan.

New York Stock Exch.

Dorothy B. Winmill retired from limited partnership in Gude, Winmill & Co. on Sept. 21.

James P. McDonough withdrew from partnership in Schirmer, Atherton & Co. on Sept. 30. On the same date, interest of the late Harry M. Stonemetz in the firm ceased

John W. Sullivan

John W. Sullivan passed away Oct. 7. Since 1939, he had been an investigator for the Securities and Exchange Commission. He

Weekly Firm Changes The New York Stock Exchange has announced the following firm

Dorothy B. Winmill retired from

Joins E. E. Mathews (Special to THE FINANCIAL CHRO

BOSTON, Mass. — Willis R. Talkington has joined the staff of Edward E. Mathews Co., 53 State

## COMING EVENTS

In Investment Field

#### Oct. 12, 1951 (Dallas, Tex.)

Dallas Bond Club annual Co-lumbus Day outing at the Northwood Club

#### Oct. 15, 1951 (New York City)

Accounting Division of Association of Stock Exchange Firms annual dinner and election at the Henry Hudson Hotel.

Oct. 16, 1951 (New York City)

"Feminine Fame and Fortune" Second Anniversary Dinner.

### Oct. 18, 1951 (New York City)

New York Chapter of Special Libaries Association meeting at the Federal Reserve Bank.

#### Oct. 26, 1957 (Cincinnati, Ohio)

Ohio Valley Group of the Investment Bankers Association of America annual Fall Meeting at the Cincinnati Club.

#### Nov. 9, 1951 (New York City)

New York Security Dealers Association 26th annual dinner at the Waldorf-Astoria Hotel.

#### Nov. 21, 1951 (New York City)

Association of Stock Exchange Firms Annual Meeting of the Board and Election,

# Nov. 25-30, 1951 (Hollywood Beach, Fla.)

Investment Bankers Association Annual Convention at the Hollywood Beach Hotel.

## Oct. 19, 1952 (Miami, Fla.)

National Security Traders Association Convention at the Roney Plaza Hotel.

# BARUCH CORPORATION

Common Stock

Bought - Sold - Quoted

## AIGELTINGER

EST. 1938 • & CO.

Member Natl. Assn. Securities Dealers, Inc. 52 Wall St., New York 5, N. Y.

Tel. BOwling Green 9-3530

# WHITE, WELD & CO.

Members of the New York Stock Exchange 40 Wall Street, New York 5

We maintain active markets in securities of Natural Gas Companies

Philadelphia

Boston

Chicago

New Haven

London

Amsterdam

Providence

itized for FRASER

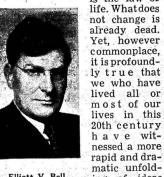
# Savings Banks Should Invest In Some Common Stocks

By ELLIOTT V. BELL\*

Editor and Publisher of "Business Week" Former Superintendent of Banks, New York State

Pointing out recent basic changes in individual income distribution, and in volume and character of personal savings, Mr. Bell emphasizes growing importance of institutional investments. Cites advantages to public policy of their use of common stocks, in mobilizing savings for needed capital formation. Advocates New York join 11 other states already permitting investment in equities, and limiting them to high-grade listed issues with established dividend record, with restriction on total amount held and proportion put into one company, and with discretion to Superintendent of Banks to prohibit speculation activties.

It is a pretty commonplace thing to say that we live in a time of change. The fact is that all periods are times of change. Change is the law of life. Whatdoes interpret change is the law of law of change is the law of law.



Elliott V. Bell ing of ideas and events than in any comparable period in

We have been through two great We have been through two great world wars and we teeter on the slippery edge of a third. We have survived great booms and the most devastating, senseless, depression in history. We have seen the ideas of freedom and self-government beaten down in country after country so that today one-third of all the people in the world live under the heel of Communist dictatorship. Still. in the face of all tatorship. Still, in the face of all this world-wide calamity we in these blessed United States have grown and prospered until we have become quite literally the foremost wonder of the world.

Never before have the people of any country enjoyed the living standards that Americans enjoy. Money is not always the best measure of a people's well-being, but the dollar figures of our current national statistics are certainly striking. They are a continual surprise even to those of us who keep pretty close track of them.

For example: Total national production is running at the rate of

\*Address by Mr. Bell at the annual meeting of the Savings Banks Associa-tion of the State of New York, Lake Placid, N. Y., Oct. 5, 1951.



## meetings office parties

St.George

Bing & Bing, Inc., Management

-compared with

Personal income — and that's after taxes—has gone up in the past decade from \$75 billion to a rate of \$225 billion a year.

More significant even than the great increase in total income is the change that has taken place in

ne way that income is divided up. Full employment, increased productivity and a highly progressive—probably too progressive—tax system have dramatically leveled off incomes in the upper brackets and increased them in the middle and lower brackets. Back in 1929 more than one-third, 34% to be exact, of the total disposable income of the country went to only come of the country went to only 5% of the income receiving people. By 1946 this top 5% was getting only 18% of the total disposable income. In other words, the share of the top 5% had been roughly cut in half, and since 1946 the trend has certainly not changed. changed.

#### The Revolution in Income Distribution

In the days since the Great Depression we have had a quiet revolution in the distribution of our

nation's income.

Personal savings have, of course, been profoundly effected. In spite of taxes and the high cost of liv-ing, the individual citizens of our ing, the individual citizens of our country are now saving at the rate of about \$20 billion a year. That is five times what they were able to save 10 years ago. Included among these savers are many individuals whose social and economic background gave them little or no experience in the habits and rewards of thrift. These people are not well equipped to invest their own savings and they turn naturally toward institutionalized naturally toward institutionalized

The assets of life insurance com-The assets of life insurance companies, savings and loan associations and mutual savings banks have grown enormously in the past 10 years. And they will continue to grow. Individual savers are confiding to these three kinds of institutions alone almost \$7 billion a year for safeguarding and billion a year for safeguarding and investing.

There are many here who can remember the time when all the savings in all the mutual savings banks of the country, accumulated down through a hundred years of thrift did not total \$7 billion. Now that amount is flowing annually into the three main types of thrift institutions

Manifestly, changes of this magnitude cannot be met by clinging rigidly to the patterns of the past—however much we may treasure and profit by the patterns of the past. These are new times and they must be met by new ideas. The spectacular increase in the volume of savings flowing into the care of our leading types of thrift institutions necessitates a constant broadening of the invest-ment areas open to them.

As you all know, a great deal of progress has been made in recent years in broadening the op-

with a catalog of all the changes; but step by step we have made possible loans up to 80% on new small homes, nationwide FHA small homes, nationwide FHA mortgage lending, equity investment in housing projects, and have ment in nousing projects, and have taken other measures to enable the savings banks to help our state and country meet the great post-war housing needs.

# Savings Banks and Prudent Man Theory

In the field of security investments the amount of corporate bonds on the legal list has been more than doubled by Banking Board action, and in 1949 an important change in the law was made so as to permit savings banks to invest up to the amount banks to invest up to the amount of their surplus funds in obliga-tions not otherwise eligible.

This experiment in the "prudent man' theory has, I think, been used by our savings banks with much discretion. As a result, I believe the time has come when we may properly go a step further and authorize the savings banks of New York State, within carefully prescribed limits, to invest a small part of their funds in common

I am quite sure that for a great many people, including some of my warm and good friends in the New York State Legislature, this idea will seem very dubious if not downright unsound. Let me say at once that I have nothing but respect for those who will demand a very careful study and the full-est of proof before agreeing to so important a change in the savings bank law.

I would not myself have been in favor of such a move before now, and I favor it now only after very careful thought and because,

portunities of savings banks in as I have said, we cannot meet the period 1900-1950 the average our state. I will not burden you profound changes of our times unwith a catalog of all the changes; less we are big enough to accept stocks, regularly traded on the but step by step we have made hew ideas. As Abraham Lincoln New York Stock Exchange, was as I have said, we cannot meet the profound changes of our times unless we are big enough to accept new ideas. As Abraham Lincoln once said: "The dogmas of the quiet past are inadequate to the stormy present."

#### Already Eligible in Eleven States

The idea of limited investment in common stocks for savings banks is not entirely new. In 11 out of the 17 mutual savings bank states such banks are authorized to hold common stocks of one sort another.

enough, it is our Curiously neighbors in New England, ordinarily rated as conservative, who have taken the lead in this matter. All six of the New England states permit their savings banks to have some common stock investmentsusually stocks of commercial banks, and one of these states, banks, and one of these states, New Hampshire, has authorized its savings banks to purchase mutual investment trust shares up to 5% of deposits. Only last year the Massachusetts law was broadened to permit investment in stock of banks outside the Common-wealth and this year Pennsylvania authorized her savings banks to buy commercial bank stocks.

From the standpoint of the sav-ings banks and their depositors, the chief arguments in favor of common stock investments are that such investments can improve such investments can improve earnings, thereby making possible higher future dividends and that they will provide a healthy diversification in the investment portfolio. The principal argument against permitting savings banks to buy common stocks, I gather, is that such a course may encourage a speculative attitude on the part of saving bankers. part of saving bankers.

With respect to the first point, there can be little argument. Over

5.9% while the average yield on high-grade corporate bonds was 4.25%. At the present time, as you know, the spread is substantially higher.

#### Should Concentrate on Yield

Savings banks, insurance companies and fiduciaries when buying common stocks should, in my judgment, buy strictly on a yield basis, without thought of capital gains. They should buy only seasoned dividend-naving stocks and gains. They should buy only sear-soned, dividend-paying stocks and should regard them as more or less permanent holdings to ride through bull markets and bear markets. With such a course the difference in yield outweighs over the years any factor of risk as between common stocks and

For example, if \$1 million were invested in 3% bonds, the princiinvested in 3% bonds, the principal and compounded interest after 20 years would amount to a total of \$1,814,000. But if \$1 million were invested in common stock yielding 5% the capital sum would grow in 20 years to \$2,665,000, a difference of \$871,000 in favor of the return on the stock.

the return on the stock.

Lest someone accuse me of making this common stock business sound all too easy, let me repeat that I am talking only about a program limited to high-grade listed stocks of leading American corporations having an established dividend record.

It is a fact, sometimes overlooked, that many of the foremost.
American corporations have no
funded debt but only stock outstanding. Among these are
duPont, Eastman Kodak, Union
Carbide and Carbon, Chrysler,

Continued on page 43

New Issue

# \$7,324,000 State of Delaware

1.60% Bonds

Dated November 1, 1951. Principal and semi-annual interest (May 1 and November 1) payable in Dover, Delaware. Coupon Bonds in denomination of \$1,000, registerable as to both principal and interest.

Interest Exempt from Federal Income Taxes under Existing Statutes and Decisions Exempt from Taxation by the State of Delaware or any Political Subdivision thereof Eligible, in our opinion, as Legal Investments for Savings Banks and Trust
Funds in New York, Delaware, and certain other States, and for
Savings Banks in Connecticut and Massachusetts.

Due \$366,000 each November 1, 1952-67, inclusive \$367,000 each November 1, 1968-71, inclusive

Prices to yield 1.00% to about 1.69% according to maturity

The above Bonds are offered subject to prior sale before or after appearance of this advertisement, for delivery when, as and if issued and received by us and subject to the approval of legality by the Attorney General of Delaware and by Messrs. Reed, Hoyt & Washburn, Attorneys, New York City.

#### The National City Bank of New York

Salomon Bros. & Hutzler

Merrill Lynch, Pierce, Fenner & Beane

Braun, Bosworth & Co.

F. S. Smithers & Co.

Robert Winthrop & Co.

Bacon, Whipple & Co.

E. F. Hutton & Company

Heller, Bruce & Co.

Newhard, Cook & Co.

Reinholdt & Gardner

R. D. White & Company Shelby Cullom Davis & Co.

Harrison & Co.

**Emerson Cook Company** 

October 10, 1951.

# **Dealer-Broker Investment Recommendations and Literature**

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

A. B. C. of Puts and Calls (second edition)—Written for the investor interested in learning how options can be used to advantage in everyday trading — Ask for Booklet B—Godnick and Son, 30 Broad Street, New York 4, N. Y.

Aluminum - Brochure analyzing the industry and the four North American producers (Alumi-American producers (Aluminium Limited, Aluminum Company of America, Kaiser Aluminum & Chemical Corporation, and Reynolds Metals Company)

—The First Boston Corp., 100

Broadway, New York 5, N. Y.

Also available is an analysis of

Mellon National Bank & Trust Company.

Balanced Investment Portfolio . Suggestions—Eastman, Dillon & Co., 15 Broad Street, New York Co., 15 5, N. Y.

Canada Savings Bonds—The new 3½% bonds explained—Western City Company, Limited, 544 Howe Street, Vancouver, B. C.,

Favorable Technical Patterns — List of 20 stocks—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

Good Values in Earnings—List of companies appearing well sit-uated—Bache & Co., 36 Wall Street, New York 5, N. Y.

"Information Please!" — Brochure explaining about put-and-call options—Thomas, Haab & Botts, 50 Broadway, New York 4, New York

New York Bank Earnings—Pre-liminary 3rd quarter earnings— New York Hanseatic Corp., 120 Broadway, New York 5, N. Y.

New York City Bank Stocks -Third quarter comparison and analysis of 17 New York City

analysis of 17 New York City Bank Stocks available Oct. 8— Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y. 1951 Yearbook of Private Place-ment Financing—E. V. Hale & Co., Board of Trade Building, Chicago 4, Ill.—\$35 per copy. Over-the-Counter Index—Booklet showing an up-to-date compari-son between the listed industrial stocks used in the Dow-Jones son between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a #12½-year period. Of the 35 companies represented in the National Quotation Bureau's Over-the-Counter Industrial Stock Index, 12 trace their ancestry to years before the Civil War and another nine had their beginnings in 1900 or earlier. war and another nine had their beginnings in 1900 or earlier. Twenty-three of the companies have been paying dividends continuously from seven to seventy-nine years. Of the other twelve, one started paying divi-dends 119 years ago, and its stockholders have received an-nual dividends regularly with nual dividends regularly with the exception of the years 1833,

1840 and 1858—National Quotation Bureau, Inc., 46 Front St., New York 4, New York.

Railroad Shares—Bulletin—Stanley Heller & Co., 30 Pine St., New York 5, N. Y.

Rubber—Analysis of outlook with particular reference to Firestone, Goodrich, Goodyear and U. S. Rubber—Dreyfus & Co., 50 Broadway, New York 4, N. Y.

Timing Factor — Folder on new development in stock timing, plus free samples of complete service — \$1 — Dept. B, Analyst Institute, 154 Nassau St., New York 38, N. Y.

Your Financial Future—Pamphlet outlining a program for eco-nomic security based on regu-lar monthly or quarterly invest-ments — Wellington Fund, Inc., ments — Wellington Fulla, Mel., 1420 Walnut Street, Philadel-1420 via phia 2, Pa. \* \*

Allied Stores Corp. - Memorandum — Auchincloss, Parker & Redpath, 52 Wall Street, New York 5, N. Y. Also available is a memorandum on Pullman, Inc.

Brooklyn Union Gas - Memorandum — Josephthal & Co., 120 Broadway, New York 5, N. Y.

Broadway, New York 5, N. Y.
C. I. T. Financial Corp. and Commercial Credit Co.—Analysis—
H. Hentz & Co., 60 Beaver
Street, New York 4, N. Y. Also available is an analysis of Safety
Car Heating & Lighting Co. and Hanson - Van Winkle - Munning Company. Company.

Carborundum Company - Data Chas. A. Day & Co., Inc., Rock-land-Atlas National Bank Bldg., Boston 8, Mass. Also available are data on Harrisburg Steel, Atchison, Topeka & Santa Fe, and Naumkeag Steam Cotton.

Edward Hines Lumber Co.-Memorandum—A. G. Becker & Co. 120 South La Salle Street, Chi-

Hercules Powder Co.—Memorandum—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York

McDonnell Aircraft Corp.—Analysis — May & Gannon, Inc., 161
Devonshire Street, Boston 10,

Metal & Thermit Corp. — Special report — Walston, Hoffman & Goodwin, 35 Wall Street, New York 5, N. Y. Also available is an analysis of Philco Corp.

Minnesota Mining and Manufac-turing — Review — Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Mountain Fuel Supply—Analysis
—Edward L. Burton & Co., 160
South Main Street, Salt Lake
City 1, Utah. Also available are analyses of Equity Oil and Utah Southern Oil.

National Gas & Oil Corporation— Analysis—Barclay Investment Co., 39 South La Salle Street, Chicago 3, Ill.

Continued on page 47

**Haile Mines** 

Portsmouth Steel Harshaw Chemical Canadian Superior Oil

Currently Active Over-the-Counter

Stocks Southeastern Public Service \*Dewey & Almy Chemical

## TROSTER, SINGER & Co.

Members: N. Y. Security Dealers Association 74 Trinity Place, New York 6, N. Y.
Telephone: HA 2-2400. Teletype NY 1-376; 377; 378
Private wires to
Cleveland-Denver-Detroit-Los Angeles-Philadelphia-Pittsburgh-St. Louis



NSTA ELECTS 1952 OFFICERS

The new officers of the National Security Traders Association for 1952 will be H. Russell Hastings, Crouse & Co., Detroit, President; Phillip J. Clark, Amos C. Sudler & Co., Denver, First Vice-President; Jay L. Quigley, Quigley & Co., Inc., Cleveland, Second









Jay Quigley

Vice-President; Lex Jolley, Johnson, Lane, Space & Co., Inc., Atlanta, Treasurer, and John Bunn, Stifel, Nicolaus & Co., Inc., St. Louis, Secretary.

Newly elected to the executive council were Harry L. Arnold, Goldman, Sachs & Co., New York City; James B. Maguire, J. B. Maguire & Co., Inc., Boston; Lee R. Staib, Geo. Eustis & Co., Cincinnati, and Morton A. Cayne, Cayne & Co., Cleveland.

Newly elected members of the 1952 Nominating Committee are John Canavan, Rauscher, Pierce & Co., Dallas; George Elder, George A. McDowell & Co., Detroit; Elmer Hammell, Shillinglaw, Bolger & Co., Chicago; John Mayer, Merrill Lynch, Pierce, Fenner

Continued on page 55

#### Joins Shearson, Hammill

LOS ANGELES, Cal.—Saul J. Shepard has become connected with Shearson, Hammill & Co., 520 South Grand Avenue. He 520 South Grand Avenue. He was formerly with Morgan & Co.

#### With Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, Cal.—Wiley C.
inser and Helen B. Morris are Kinser and Helen B. Morris a now with Waddell & Reed, Inc.

#### Walston, Hoffman Adds

LOS ANGELES, Cal.—James F. Watts has been added to the staff of Walston, Hoffman & Goodwin, 550 South Spring Street.

#### Joins Dean Witter

LOS ANGELES, Cal.—William E. Ginn has been added to the staff of Dean Witter & Co., 632 South Spring Street.

## Brush, Slocumb Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—Robert J. Ackerman has been added to the staff of Brush, Slocumb & Co., 1 Montgomery Street.

### F. M. Coleman Opens

SAN FRANCISCO, Cal.-Frederick M. Coleman is engaging in the securities business from offices in the Russ Building. Charles W. English is associated with him.

We Recommend for Investment:

# The Ohio Match Company

5% Cumulative Preferred Stock

Callable at 105

(Presently outstanding 66,272 Shares—\$100 Par Value)

The match industry is an essential depression-proof business. More than 1,000,000,000 matches are used daily in the United States. A recent Federal Trade Commission survey of 25 major manufacturing industries, comparing 1940 with 1950 results, showed that the match industry recorded the sharpest percentage increase in rate of return.

Ohio Match Company, organized in 1895, is one of the two fully integrated completely diversified match companies in the country. Ohio, in addition, has certain most interesting "natural resource" aspects — timber and, through holdings of 167,500 shares of Northern Pacific Railway, oil. These Northern Pacific Railway holdings are carried on the balance sheet as of August 31, 1951 at only \$4,715,600 whereas their present market value is twice this figure.

The Preferred stock recently was issued to the Common stockholders as a taxfree dividend on a basis of 7 shares of Preferred for each 100 shares of Common. Preferred dividend requirements are covered by a most comfortable margin. We recommend this issue as an attractive discount preferred.

Available to yield approximately 51/2%

WE MAINTAIN AN ACTIVE MARKET IN THE STOCK

P. F. FOX & CO.

120 BROADWAY, NEW YORK 5, N. Y.

Telephone **REctor 2-7760** 

NY 1-944 & NY 1-945

Primary

Markets

# Are We Going Totalitarian?

By W. ALTON JONES\*

President, Cities Service Company Chairman of the Board, American Petroleum Institute

In pointing out contrasts between communism and the American way of life, prominent petroleum executive asserts in past two decades United States has moved in the direction of communism by means of control of the individual's savings, of his production, of his wages, of his hours of work, and of the prices he must pay. Says our safety lies in an awakened citizenship and there is yet time to get back to self-reliance of pioneer days.

The world today is divided into right to stand erect in the image two camps. Two ideas are at in which God created them. grips. One camp contends that a small group should plan for the rest of us.

Following the Road We Have Been Traveling



for them. Lives must be pressed into an arbitrary mold.

arbitrary mold.

I have two comments just now, more later, on this ideology. Note that while there is no confidence in the people to do things for themselves, all this is done in the name of the people. It would seem that the people, "too dumb to understand," have no judgment or qualifications except at the polling booth. There they rise to supernatural heights of wisdom.

Again, in the name of the

Again, in the name of the cople, this ideology subjects them to compulsion.

There is one word in communistic literature which occurs again and again. To free men, to old-time Americans, it is and was the most hated word in the dictionary. We went to war because of it in 1776. Marx used it again and again. So did Lenin, Mussolini and Hitler. Stalin uses it daily.

act along lines "defined" for me. They do not tell me in so many words who is to do the "defining" and who is to do the "disciplining." That omission makes me apprehensive.

A variation of this dictatorial A variation of this dictatorial language is from our most recent socialist state, Great Britain. There they call it "austerity." This word sums up all in one. "Austerity," shorn of its classical flavor, means that someone is going to tell the individual citizen what to do and to see that he does it.

Again, all this is proposed by those who profess to be "the friends of the people."

My conception of a real "friend of the people" is one who has such confidence in them that he can trust them to make and correct their own mistakes.

The next time a modern selfstyled "liberal" cries out for the discipline of you and me, whether it be instalment buying, or slaughtering a pig, or rent control, apply that test to him.

So much for the first camp, the

\*An address by Mr. Jones at the Annual Meeting of the Texas Mid-Continent Oil and Gas Association, Beaumont, Texas, Oct. 8, 1951.

This is on the assumption which has a different idea. It that the mades not believe that the well-jority of us being of society can best be served cannot be by pouring individuals into a trusted to mold. Quite the contrary. It beplan, or to do lieves we should center our efforts for ourselves. on the making of men and women Furthermore, who are themselves competent and this camp insists that its small group have travelled, until recently must have the power to make the people do what it. power to make freely-enquiring minds and ade-the people do what it con-siders is good original concept and practice? for them. Because of something promised in

the future—reminiscent of the five-year promises of totalitarian are we losing our becountries lief that the average man, if let alone, will do the right thing? The right thing by his country, by his neighbor, by his family?

An example is found in war

controls. How many remember that in the first World War, appeals were made to the people to do the right thing, and the response was immediate. We were sponse was immediate. We were asked not to use so much sugar, and the sugar consumption dropped off one-third almost overnight. We were asked not to overnight. We were asked not to use our cars for pleasure driving, and public sentiment responded to a-point where it was felt by practically everyone that it was not the thing to do. How many recall the appeal to the public not to use the telephone unnecessarily, and again within a week telephone use had been cut voluntarily by 10% and 15%.

That word is "must."

Dictators, totalitarians of whatever brand, including the American brand, talk ominously of "discipline." They tell me I must "subordinate myself," that I must act along lines "defined" for me.

They defined to us? What change took place between the days of World War I and World War II?

As we entered the war in 1941 there was only thought of compulsion to the pulsion and the properties. happened to us? What change took place between the days of World War I and World War II? As we entered the war in 1941 there was only thought of compulsion, none of persuasion. "More and more controls" was the battle cry. More controls were granted to officialdom to "make" the people do what it was felt was best for them.

best for them.

I am not attacking all controls. Controls are inevitable in wartime. We should recognize the necessity of measures to curb those who cannot and will not cooperate voluntarily. But these controls have no justification in times of peace under a free economy. We as citizens should be vigilant to see to it that these powers are in the nature of loans to government agencies. When the emergency is over, we should insist that these loans be repaid immediately. Incidentally, but importantly, we should give some thought to seeing what we can do thought to seeing what we can do to get back to the dictionary meaning of emergency. Ours seem to have become perpetual.

Every segment of American society seemed to fall into the goosestep.

apply that test to him.

So much for the first camp, the group which knows all the answers, which in the name of the isters of the gospel, some openly espousing totalitarian measures, others apathetic toward them.

\*An address by Mr. Jones at the Annual Meeting of the Texas Mid-Continual Meeting of the Surprising phenomena of our times is to find min-served them.

There is one teaching of Christ that stands out. It is that we may be a supply that test to him. should not attempt to move

him. I have no doubt that some rebelled. I can hear Peter saying to Christ, "Oh Master, You are all-powerful and all-knowing. You know what is good for the people. Make them live the way You know is best for them."

I can hear the Master replying that this is not the way to build men and women, to improve the human race

The teachings of the New Testa-The teachings of the New Testament espouse an ideology that is directly opposed to that of the Stalins, Hitlers, Mussolinis, Attlees, Gaitskells and Shinwells. The pulpit cannot be honest and teach Christ and Him crucified without opposing socialism.

History has often recorded the spectable of a people giving allegiance to a form of government

human beings en masse. Christ labels, but is the same bitter taught individualism. He dealt medicine. It may be labeled always with the individual. The "fascism," "communism," "naindividual it was who must be zism" or "socialism," but each born again. Disciples, who were brings about a total subjection of the salesmen of Christianity, were told that they must go see each individual in person and persuade him. I have no doubt that some benevolent and benign. They rebelled. I can hear Peter saying have worthy motives. It may be brings about a total subjection of the individual to the State, to a small group of rulers. At first these rulers picture themselves as benevolent and benign. They have worthy motives. It may be have worthy motives. It may be to restore the glory that once was Italy's. It may be to redress alleged wrongs brought about by a Versailles Treaty. It may be to give their nation a leading place among the nations. To bring the matter closer home, it may be to bring ease and comfort, without labor, to the common man.

The ascendancy of such a doc-

The ascendancy of such a docrine ascendancy of such a doc-trine endangers the form of gov-ernment we Americans enjoy. We felt this so deeply that we went into a world war to protect our-selves. The danger was described to us as terrible . . . as the posto us as terrible . . . as the possible subjection of our country to downright slavery. It was this fear which later grew into hate, that caused us to spend a quarter of a trillion dollars and mobilize millions of fighting men and civilof a trillion dollars and mobilize of a trillion of tighting men and civil-and back home. It caused us to leave American boys de a d on a trillion dollars and mobilize of a trillion dollars a

Today, we still profess to fear and detest totalitarian rule. We and detest totalitarian rule. We ferret out those whom we suspect of subversive activity. Committees of Congress catechize them with curiosity and concern. Loyalty tests are the order of the day. We ask the citizen, "Are you a Communist?" When he doesn't take refuge in the Constitution, he replies with an indignant "No." "Were you ever a Communist?" Again the answer is "No." We do not ask, "Are you friendly to the ideology of Russia and the old Italy, Germany and Japan, against whom we went to war?" to war?"

Perhaps neither he nor we are able to identify communism dressed up in American clothes. He may be, in fact, a Communist, and not know it.

Communism in a bottle labeled Progressive Americanism" is still communism.

Communism is as communism

#### Characteristics of Our Enemy Countries

What were the chief character-istics of the nations with which

Continued on page 48

This is not an offering of these shares for sale, or an offer to buy, or a solicitation of an offer to buy, any of such shares.

The offering is made only by the Prospectus.

## 324,656 Shares

# Public Service Company of Indiana, Inc.

## Common Stock

(Without Par Value)

Rights, evidenced by Subscription Warrants, to subscribe for these shares at \$28.125 per share have been issued by the Company to holders of its Common Stock of record October 8, 1951, which rights expire October 24, 1951, as more fully set forth in the Prospectus.

The several Underwriters have agreed, subject to certain conditions, to purchase any unsubscribed shares and, during and after the subscription period, may offer shares of Common Stock as set forth in the Prospectus.

Copies of the Prospectus may be obtained from any of the several under-writers only in states in which such underwriters are qualified to act as dealers in securities and in which the Prospectus may legally be distributed.

#### Blyth & Co., Inc.

Eastman, Dillon & Co. The First Boston Corporation Glore, Forgan & Co.

Kidder, Peabody & Co.

Smith, Barney & Co.

Dean Witter & Co.

Spencer Trask & Co.

A. C. Allyn and Company A. G. Becker & Co. Central Republic Company

Hemphill, Noyes, Graham, Parsons & Co.

Harris, Hall & Company

Bateman, Eichler & Co. Bacon, Whipple & Co.

Blunt Ellis & Simmons

Elworthy & Co. 145 The Milwaukee Company

William R. Staats Co.

Stroud & Company

Whiting, Weeks & Stubbs

Brush, Slocumb & Co. City Securities Corporation Farwell, Chapman & Co.

J. J. B. Hilliard & Son

Indianapolis Bond and Share Corporation

Kiser, Cohn & Shumaker, Inc. Lester, Ryons & Co.

McCormick & Co.

First California Company

Schwabacher & Co.

Sutro & Co.

Irving Lundborg & Company Collett & Company, Inc.

Mackall & Coe

Raffensperger, Hughes & Co., Inc.

Shuman, Agnew & Co.

Sweney Cartwright & Co.

October 11, 1951.

# The Outlook for the Coal Roads

By H. G. SMYTH\*

Vice-President, The First Boston Corporation

Mr. Smyth states that although coalers have lacked growth qualities, their carry-through to net has been very favorable, even equalling record of industrials. Cites as immediate favorable factors satisfactory coal production levels, and prospects for growth of other types of traffic.



ues from bituminous coal

shadowed by their ramified opera-tions, these remarks are not in-tended to pertain so directly to

Until quite recently most of the coal roads have enjoyed an enviable reputation for relatively high and stable earnings and a continuity of dividends. But because of the stock splits of from 2-for-1 to the coalers. 4-for-1 which most of the coalers have effected, there may be a tendency to lose sight of the very substantial earnings and dividends on the par value of their equities on the par value of their equities which have been characteristic of these roads over a long period of time. To put it another way, the percentage of net income to operating revenues which the coalers have turned in has not only ranked with the best of the other carriers, but compares favorably with the record of our successful. with the record of our successful industrial enterprises. On the other hand, the coal roads have not, over the past decade, experienced the traffic growth so characteristic of railroads serving some of the faster growing sections of the country.

In dealing generally with the outlook for the coal roads, the minous coal last year was about guestion at once arises whether to 512,000,000 tons. This is lower include the Baltimore & Ohio, New than the output for any of the York Central and Pennsylvania Systems, whose reventend has developed, the output for the first eight mention extinction. for the first eight months esti-mated at 348,000,000 tons as comtraffic have in pared with 323,000,000 for the like recent years period of the previous year is a accounted for gain of about 7.7%. However, 20% to 25% of most of this increase is due to the freight revenues. Obviously movement, which, through the coal tonnage eastern ports (largely Hampton is important Roads), increased during the eight to these three months' period from about 1,100,as it is somewhat overamified operaks are not inks are not i Apparently conditions responsible for the export movement are expected to continue for some time to come.

#### Overseas Shipment

Most of the overseas coal is

mestic simplificates.	v v - 24			
	8 Mos. End. Aug.			
	1951	1950		
	Millions o	f Tons		
Chesapeake & Ohio	10.6	3.3		
Norfolk & Western	6.8	1.3		
Virginian Railway	4.9	2.6		
Total	22.3	7.2		

the operating expenses of these LETTER TO THE EDITOR: particular roads

#### Switch From Coal to Oil

It is encouraging to note that electric generating stations burning fuel are turning back to coal from oil. For the first half of the year their kilowatt-hour output was 13% higher and their consumption of coal has increased 20%, whereas oil consumption has declined 20%. declined 36%.

Among the favorable factors which will influence coal production in the future are:

- (1) Large planned expansion in electric generating capacity.
- (2) Expansion in productive capacity of steel and other indus-
- (3) Probable continuation of export movement for some time to come.
- (4) Continued population growth and attendant industrial and commercial activities.
- (5) Possible success of economically producing gasoline from coal and expansion of by-products.

Among the unpromising factors may be cited:

- (1) Continued decline of rail-road demand.
- (2) Increased use of natural gas. (3) Increased use of oil for heating.

While it is impossible to evaluate accurately these contradictory influences, it seems reasonably certain that the demand for soft Most of the overseas coal is originated on and moved to tidewater at Hampton Roads by the three so-called Pocahontas carriers. The following tabulation contains the number of tons of soft coal transshipped at Hampton Roads by these three roads for the first eight months' period of this year and last year, which figures include both export and domestic shipments:

Certain that the demand for soft coal will continue in the neighborhood of current production levels of around 500,000,000 tons annually for the next few years. It would also seem reasonable that in the more distant future a normal year's production may equal and perhaps exceed this level. Taking into consideration the out-Taking into consideration the outlook for the various territories served by the individual coal roads, there is the prospect of growth of other types of traffic handled by the coalers.

To conclude, it has been demonstrated that an annual coal pro-As a result of delay in loading duction of around 500,000,000 tons vessels, there are at the present will produce highly satisfactory time about 15,000 loaded cars of earnings for most of the coal origi-\*Reconstructed from comments made by the author before the Railroad Industry Symposium, New York Society of Security Analysts, Sept. 28, 1951. also had an adverse effect upon of production for the future.

# Suggest "Share Owner" Replace Term 'Stockholder"

E. F. Hutton says it would indicate better participation of public in free enterprise system and would aid in combating socialism. Advocates shareholders advise corporation managers to set aside 5% of profits for educational, scientific and welfare purposes.

Editor, Commercial & Financial

The majority of those writing financial news and the owners of our corporations refer to "Preferred and Common stockholders."

The word, "stockholder," does not cleardoes not clearly describe the fact of ownership. The word, "share owner," does. When the term, "share owner" is term, owner," is used, it con-veys the thought that the person referred to has a real stake in the Free En-

terprise

Svs-



tem. It also makes the so-called "stockholder" realize that he is truly an owner of the business; it brings him nearer to the scene of corporate activity. It also makes corporate activity. It also makes him feel he is a part of the System, and not something apart from it. This sense of personal attachment induces closer cooperation between "share owners" and management. This is not a play upon words. It is an underscoring of the fact that many millions, and more and more millions of and more and more millions, of small "share owners" own the corporations which produce the wealth and provide the technology that sustains our high standard of living.

Management recognizes the trend toward Socialism in this country, but their voice can never be as strong in opposing it unless the "share owners" of American business become equally articu-late. Socialism means that those administering our government could "take over" and manage and operate the economy. The "share owners" do not want that to happen any more than do management; yet it is happening. My thought is: How can we stop it? Certainly, not by indifference nor anathy apathy.

"Share owners," for example, could advise management that they have the right to deduct 5% from net earnings—before taxes—which corporations are permitted to spend for expenditures on edu-cational, scientific and welfare purposes. For quite some years managements have been very much concerned as to whether or not they had the right to spend corporation moneys without the consent of their "share owners." I am of the opinion that, if a sufficient number of "share owners" would take an interest in this idea, they would encourage management to spend that 5% or agement to spend that 5%, or some part of it, to protect the Free Enterprise System—without which liberty cannot survive.

To preserve the Free Enterprise System is our common objective, but it cannot be achieved unless management and "share owners" combine to defeat the Statist trend which threatens to engulf it. The fight for our liberties cannot be made by speakers and pamphleteering only. It requires a counterattack on all fronts. It means that we must use every educational vehicle at our disposal 61 Broadway to tell the people just what these New York 6, N. Y.

foreign "isms" mean to "life, liberty and the pursuit of happiness."
And the press should give fullest cooperation to this movement; otherwise the State will eventually control the press.

tually control the press.

Business and the press are aware that there has been a poisoned attitude toward our business system during the last 20 years. The arrows of the bureaucrats and some labor leaders have been aimed especially toward the so-called "big corporations." But who are these "big corporations." Who, for instance, owns the American Telephone and Telegraph Company? It is owned by over one million "share owners," and over two hundred thousand are telephone employees. The fact is, with few exceptions, owners, and over two hundred thousand are telephone employees. The fact is, with few exceptions, that the majority of the small "share owners" are the real owners of the listed securities on the Exchange. This attack is really upon the "share owners," more so than upon management. The tax imposed upon these small owners, if not curbed, will eventually destroy all "share owners," and eventually the entire economy. The "share owners" constitute a most important segment of our economy. They are the backbone of America, and they are the ones who must provide the mass support to the movement to save our Free Enterprise System, and the Constitutional framework upon which it is built.

which it is built.

The educational process I refer to should make it clear that there to should make it clear that there must be a profit attached to production. Increased wages—if not offset by increased efficiency—increase the cost of production. Such increases are borne by the "share owners." To absorb them is to increase the cost of manufactured goods. That spells inflation which, when out of control, spells ruination. "Share owners," in collaboration with management, must provide a leadership suffimust provide a leadership sufficiently strong to resist the periodic demands for these increases in costs that can wreck our Risk Capital Nation. Management Risk Capital Nation. Management have a heavy responsibility, for they are the trustees, guardians and administrators of the savings of their "share owners." As part of their trust, they should encourage the cooperation of their "share owners."

"share owners."

Such cooperation can be more easily obtained by eliminating references to "stockholders" in all reports and using instead the term, "share owners." The very term, "share owners," should make them realize that they, as well as management, are a part of the Risk Capital System. Fortified by such conviction, they can of the Kisk Capital System. Fortified by such conviction, they can the better defend that System from those who would weaken and ultimately destroy it.

We need to ignite a prairie fire across the nation, warning the people that only by holding inviolate the long and well-tested safeguards of our Constitution can we prevent the decay of our Risk Capital Nation. The torch of education can start that fire! Let us place that torch in the hands of those who have the most at stake-the "share owners" and coworkers of America.,

E. F. HUTTON

Oct. 10, 1951

This advertisement is neither an offer to sell nor a solicitation of an offer to buy any of these securities.

The offering is made only by the Prospectus.

**NEW ISSUE** 

53,300 Shares

# Heyden Chemical Corporation

\$43% Cumulative Second Preferred Stock (Without Par Value)

Convertible Into Common Stock Prior to October 20, 1961

The Company is offering to the holders of its Common Stock the right to subscribe to these shares as set forth in the Prospectus. Subscription warrants expire 3 P.M. Eastern Standard Time, October 18, 1951.

Subscription Price to Warrant Holders \$100 per Share

During the subscription period and after its expiration, the several Underwriters may offer these shares at the prices and pursuant to the terms and conditions set forth in the Prospectus.

Copies of the Prospectus may be obtained in any state from such of the several Underwriters, including the undersigned, as may legally offer the securities in such state.

A. G. Becker & Co.

R. W. Pressprich & Co.

October 5, 1951

# Bank and Insurance Stocks

By H. E. JOHNSON

#### This Week-Insurance Stocks

Corporate income taxes have grown to be one of the most dominating influences in our economy. The existing and prospective rates underline the importance of this fact.

Increasingly they are the important consideration in determining practically every major decision in corporate operations. Their impact has been a significant consideration in deciding the nature and extent of expansion programs, employment and compensation policies, methods of financing and dividend practice.

In the investment field tax considerations have also had a profound effect upon policies. It has even been an important factor in determining the time and form of government financing. Needless to say, the tax problem has played an increasingly important role in the investment problems of insurance companies.

One of the most important elements in this connection has been the advantage accorded to insurance companies in holding common and preferred stocks as against bonds.

Beginning with the Revenue Act of 1933, 85% of the income received from dividends from domestic corporations has been exempt from income tax levies. In other words, only 15% of the dividends received from common stocks and preferred stocks, with a few exceptions, has been subject to income taxes. At the same time interest income, with the exception of that obtained from the tax exempt issues, has been subject to the full corporate tax rate. tax rate.

Thus as tax rates have increased, the advantage in holding common and preferred stocks has also become greater. This fact is clearly demonstrated when the changes in tax rates over the

is clearly demonstrated when the changes in tax rates over the past 15 years is reviewed.

Shown below are the tax rates in effect for the years since 1936 to the present. Of course, allowance must be made for special provisions in each revenue act which tend to alter the individual composition of the overall rate. The levies under the excess profits tax law during the war and currently are not taken into consideration. Where a corporation is subject to the EPT, however, it would tend to increase the discrepancy.

Year—	, Kat
1951 (current)	47
1950	4:
1949-1946	38
1945-1942	40
1941	3
1940	2
1939-1938	
1937-1936	1

To further illustrate the point, a 3% bond in 1936 would return after taxes of 15%, 2.55%. A similar bond in 1931 at current tax rates of 47% would return only 1.59%.

A good quality preferred or common stock in 1936, yielding say 4%, would provide after taxes a net yield of 3.91%. That is, 85% of the 4.00% return was exempt and only 15% or \$0.60 was subject to taxes at the rate of 15%. Thus, 15% of the taxable \$0.60 was \$0.09 and the net return 3.91%.

Currently, a similar stock yielding 4.00% would give a net yield of 3.72%. That is, 85% of the dividend is still exempt from taxation and only \$0.60 is taxable at 47%.

The difference in net yield between the two types of securities was 1.36 percentage points in 1936 while at the present time the difference is 2.13 percentage points. The proposed increase in rates to 52%, normal and surtax, will further increase this difference.

The foregoing merely illustrates the point and does not consider such other factors as declining yields on fixed income obligations and increasing dividends from equities. Nevertheless, the point is valid.

Of course an insurance company is governed to a considerable

point is valid.

point is valid.

Of course, an insurance company is governed to a considerable extent in its investment decisions by its underwriting operations. Nevertheless, where it is possible, the foregoing tax considerations should receive increasing attention in investment of funds. These considerations have been noticeable for some time in the investment policies of some companies. For example, some institutions, one in particular, have emphasized their investment position in municipal and other tax exempt obligations. Funds invested in these issues at 2.00% are equivalent to investments at approximately 4.00% in regular corporate, utility or government bonds. ment bonds.

ment bonds.

Other companies have increased their holdings of preferred and common where it has been considered advisable. In but a few instances have the insurance companies been purchasing governments or corporate bonds. The net yield after taxes has become the important factor.

These same tax considerations should continue to be among the more important factors affecting the investment policies of the fire and casualty insurance companies in the future.

## NATIONAL BANK of INDIA, LIMITED

Bankers to the Government in Kenya Colony and Uganda Head Office: 26, Bishopsgate, London, E. C.

The Bank conducts every description of bonking and exchange business

Trusteeships and Executorships also undertaken

COMPARISON & ANALYSIS

## 17 N. Y. City **Bank Stocks**

Third Quarter 1951

Available October 8

Laird, Bissell & Meeds Members New York Stock Exchange Members New York Curb Exchange

120 BROADWAY, NEW YORK 5, N. Y.
Telephone: BArclay 7-3500
Bell Teletype—NY 1-1248-49
(L. A. Gibbs, Manager Trading Dept.) Specialists in Bank Stocks

# Should Dow-Jones Industrial Averages Be Revised?

By ALBERT W. THORPE

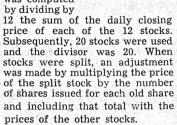
Manager, Research and Statistical Department, John C. Legg & Company, Baltimore, Md. Members, New York Stock Exchange

Market analyst explains methods of construction and calculation of the "Dow-Jones Averages," and points out, on the basis of his studies, there is little correlation between the "Industrial Average" and its component stocks. Finds, however, industry diversification of Dow-Jones component stocks is reasonably in line with industry group values, but contends a selective strength or weakness in one or two groups can create a misleading picture of stock market. Urges further analysis of "averages."

a sustained move in the stock mark et, whether it be up or down.

Despite the attention focused on the "Averages," it seems safe to say that many investors do not realize how they are calculated.

Starting with 12 stocks, the "Industrial Average" was computed



stocks in the "Industrial Average" "Industrial Average." The divisor

Gain in "Industrial Average" Action of 30 Component Stocks
Stks. with Gains Above "Aver."
Stks. with Gains Below "Aver." Stocks Showing Declines\_..

The "Dow-Jones averages" are was increased to 30. Shortly prior a frequent subject of discussion. thereto, the method of arriving at This is particularly true during the "Average" by using multiwas increased to 30. Shortly prior thereto, the method of arriving at the "Average" by using multipliers for split stocks was dropped and the price of only one share of each stock was used in computing the "Average." Obviously, had the sum of the prices been divided by the number of stocks included. the sum of the prices been divided by the number of stocks included, the "Average" would have shown an overnight decline because of the lesser number of shares included in the sum of the prices. Instead, it was found that the total market value of one share of each of the 20 stocks, when divided by 12.7, produced the same "Average" which was arrived at on the old basis.

The divisor has since fluctuated as substitutions of stocks have been made, or as stocks have been split. For example, if a \$150 stock is split 3-for-1, the "Average" is computed as usual the day before trading is suspended in the old stock. Then \$50 is substituted for \$150 in the sum of the closing prices and a lower divisor used to produce the same "Average".

prices and a lower divisor used to produce the same "Average." The sum of the value of one

share of each of the 30 industrials is now divided by the low figure On Oct. 1, 1928, the number of of 6.72 to arrive at the so-called

Year 1949 12.9%	Year 1950 17.7%	7 Mos. 1951 9.5%	12-31-48 to 7-31-51 45.4%
16	17	11	16
9	5	10	13
5	8	9	1

for the 20 rails is 11.21 and for the 15 utilities is 13.25.

On days when the "Industrial Average" scores a sharp advance or decline, in a typical brokerage office the board is scanned by customers and Registered Representatives to account for the change.

Many persons compare the action of their stocks with the Averages." It is not uncommon to hear a complaint to the effect: "Look at the Industrials, up 15 points during the past several months, while my ABC and XYZ haven't moved."

#### Market Action of Selected Stocks

If "misery loves company," those whose stocks do not perform as well as the "Averages" may as well as the "Averages" may derive some consolation from a study of the thirty industrial stocks used in the "Average." The market action of these stocks for the past several years is summarized below. (A complete table appears at the end of this article pears at the end of this article for the benefit of persons desiring full details.)

Only three stocks, duPont, National Distillers and Texas Company, did better that the "Industrial Average" for all four periods.

Ten stocks outperformed the "Average" for three of the four periods. These were Allied Chemical, American Smelting, Good-year, General Motors, Johns Manville, Proctor & Gamble, Standard Oil of New Jersey, Union Carbide, United Aircraft and U. S. Steel.

The "Average" advanced 45.4%

from December 31, 1948 to July 31, 1951, while six stocks bettered this by a wide margin. In order of performance these were Goodyear, 112.4%; duPont, 102.1%; Standard Oil of New Jersey, 88.6%; Texas Company, 81.7%; U. S. Steel, 73.3% and National Distillers, 73.1%.

Eight stocks failed to do as well as the "Average" in three of the as the "Average" in three of the four periods, namely: American Tobacco, Chrysler, Corn Products, General Foods, International Nickel, Loews, Sears Roebuck and Standard Oil of California.

American Telephone, Eastman Kodak, International Harvester and Woolworth did worse than the "Average" in all four periods. In-

Continued on page 47

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

The offering is made only by the Prospectus.

## \$10,000,000

# Associated Telephone Company, Ltd.

First Mortgage Bonds, Series G, Due October 1, 1981

Dated October 1, 1951

Price 102.31% and accrued interest

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

HALSEY, STUART & CO. INC.

HEMPHILL, NOYES, GRAHAM, PARSONS & CO. STROUD & COMPANY WEEDEN & CO. THE ILLINOIS COMPANY

AUCHINCLOSS, PARKER & REDPATH

THE MILWAUKEE COMPANY

J. BARTH & CO.

COURTS & CO.

GREEN, ELLIS & ANDERSON HELLER, BRUCE & CO. MULLANEY, WELLS & COMPANY THOMAS & COMPANY

THE ROBINSON-HUMPHREY COMPANY, INC.

# NEWS ABOUT BANKS

NEW BRANCHES NEW OFFICERS, ETC.

AND BANKERS

Joseph C. Brennan has been elected Vice-President of Bankers Trust Company of New York by the Board of Directors and will become head of the bank's office in the Empire State Building, it was announced by S. Sloan Colt, President. At the same time Mr. Colt announced the promotion of Colt announced the promotion of Daniel M. Lucy from Assistant Treasurer to Assistant Vice-President. He will assume direction of the 176 Broadway office. Gregory K. Garrick was named Assistant Treasurer. Mr. Brennan became associated with Bankers Trust Company in 1946 as Assistant Treasurer, and was elected Assistant Vice-President in 1949. He ant Vice-President in 1949. He had previously been an officer of Manufacturers Trust Company. Mr. Brennan attended La Salle Military Academy at Oakdale, L. I. and was graduated in 1933 from Georgetown University. Until now Mr. Brennan has been at the bank's Fifth Avenue and 44th Street office.

BANKERS TRUST COMPANY, NEW YORK Sept. 30, '51 June 30, '51 \$ \$ 1,874,393,430 1,972,570,367 1,675,207,918 1,757,797,747

Total resources\_ Deposits \_\_\_\_\_\_ Cash and due from banks\_\_ U. S. Govt. se-'curity holdgs. Loans & discts. Undiv'd profits 462,873,941 504,969,112

401,205,207 882,466,217 38,629,544 486,974,309 844,210,759 37,924,224 E. Chester Gersten. President of The Public National Bank and Trust Company of New York, an-

nounced on Oct. 8 the following promotional appointments at the main office, 37 Broad Street, New York. Edward H. Dunckelmann and Charles Edwin Ewald, Assistant Cashiers, were appointed Assistant Vice-Presidents; Fred N. Bischoff and Ronald F. Bogle were appointed Assistant Cashiers.

Horace C. Flanigan, President of Manufacturers Trust Company of New York has announced that the bank's office previously lo-cated at 3491 Boston Road, Bronx, moved into new quarters at 3480 Boston Road on Oct. 6. In addi-

will continue to be in charge of John C. Roginski.

Holders of the Marine Midland Corporation's outstanding com-mon stock are being offered the mon stock are being offered the right to subscribe at \$50 per share for 223,352 shares of 4¼% cumulative preferred stock (par \$50 per share) offered by the corporation at the rate of one share for each 25 shares of common held of record on Sept. 28. Subscription Warrants will expire on Oct. 16. The issue is being underwritten by a group headed by the First Boston Corp., Union Securities Corp., Schoellkopf, Hutton & Pomeroy, Inc., and Granbery, Marache & Co.

G. Arnold Hart has been appointed Third Agent at the Bank of Montreal's New York office, it was announced on Oct. 5. For the was announced on Oct. 5. For the past two years Mr. Hart has been manager of the bank's main branch in Edmonton, Alberta. Mr. Hart joined the Bank of Montreal in his native Toronto in 1931. After the war, Mr. Hart rejoined the bank at its head office in Montreal, where he became Secretary to the President. In 1948 he was appointed Assistant Superintendent of the bank's Alberta district, and a year later became Manager of the Edmonton branch.

The Board of Trustees of The Bowery Savings Bank of New York on Oct. 10 appointed Walter H. Tietjen, Deputy Controller. Mr. Tietjen was promoted from As-sistant Secretary.

The Peoples National Bank of Southbridge, Mass. has increased its capital, effective Sept. 28, from \$105,000 to \$126,000 by the sale of \$21,000 of new stock.

As was indicated in our issue of Sept. 27, page 1168, the consolidation of the Philadelphia National Bank and the Ninth Total resources \_\_\_

September 24. The initial capital stock of the consolidated bank is \$14,660,000, divided into 733,000 shares of the par value of \$20 each. The initial surplus is \$38,each. The initial surplus is \$38,-340,000 with initial undivided profits of not less than \$14,000,000. The Philadelphia National had a capital of \$14,000,000, while the common stock of the Ninth Bank & Trust was \$1,650,000. Frederic A. Potts is President of the enlarged bank. In the Philadelphia "Inquirer" of Sept. 24 it was stated that J. Wilson Steinmetz, Ninth Bank President, was elected a Vice-President of Philadelphia National in charge of branch of-fices in the Northeast and will be one of the senior executives of the bank in addition to Mr. Potts; Norman T. Hayes, Vice-President, and Ralph D. Withington, Vice-President, downtown office. The "Inquirer" also stated:

"Mr. Potts also announced the election of Abram S. Ashworth and William F. Robinson as Vice-Presidents; William R. Leute, as and William F. Robinson as Presidents; William R. Leute, as Assistant Vice-President; Bernard J. Taylor, Theodore C. Mann, Thomas Annesley, Charles W. Yust, Wesley D. Turner and John W. Zeh, as Assistant Cashiers; Harry A. Mankin and Timothy L. Lingg. as Trust Officers, and Lingg, as Trust Officers, and Samuel M. Cunningham as Assistant Auditor.

From the "Inquirer" we also quote:

"In addition to today's merger major consolidations in the history of the bank, which was founded in 1803, brought together the Philadelphia National and Girard National Bank in 1926 and the Franklin Fourth St. National Bank and the Philadelphia-Girard National in 1928. Also welded into the Philadelphia National are such the Philadelphia National are such almost forgotten names as the Independence Bank, Mechanics Bank, Western National Bank, Farmers & Mechanics National Bank, National Bank of the Republic, Commercial Bank, Commonwealth Bank, and Seventh National Bank."

The County National Bank, at Clearfield, Pa. increased its capital effective Sept. 27, from \$400,-000 to \$500,000, by a stock dividend of \$100,000.

SOCIETY FOR SAVINGS IN THE CITY OF CLEVELAND, OHIO

Sept. 30, '51 June 29, '51 \$ \$ 241,328,718 239,758,160 223,025,478 222,396,115

Continued from page 5

# Observations . . .

to thirty the number of states giving trustees leeway to invest maximums ranging up to 50% of a fund in previous "non-legals."

maximums ranging up to 50% of a fund in previous "non-legals."

There are many specific factors of a financial nature which have been stimulating this popularization of the common stock as a vehicle for trustees and institutions. Besides the newly-arrived at "New New Era" inflation-consciousness, the swing to the equity has been steadily increased by (1) declining yields on bonds from governmental easy money policies, (2) greatly increased institutional funds mopping up the bond supply, (3) reduction in the bond supply resulting from stock in lieu of bond-financing, (4) curtailment of capital export opportunities, and (5) the seasoning of corporations—many of them with enormous net working capital and without prior capitalization ahead of the common stock, thus entitling it in part to the higher market capitalization enjoyed by bonds and preferred stocks.

#### Insurance Company Holdings and Potentialities

Life insurance companies in New York State may buy pre-ferred and common stocks up to 3% of admitted assets, or one-third of assets, whichever is lesser. Overall, in 27 States and the third of assets, whichever is lesser. Overall, in 27 States and the District of Columbia they are definitely authorized to invest in commons (one being limited to bank stocks), with 5 additional states appearing to have somewhat uncertain permission. The total of stocks held by all life companies has risen from \$280 million in 1948, to \$414 million in 1949, to \$585 million in 1950; but the latest amount still represents but 0.9% of their total assets. The picture implies both further relaxation of the law, as well as growing holdings within the present restrictions.

Similarly, fire insurance companies which are permitted to invest in common stocks, now hold them only to the extent of about 20% of their assets. The Casualty companies presently have 14.2% of their assets in equities.

14.2% of their assets in equities.

Such use of the common stock medium is by no means unrestricted. With the New York fire companies, 50% of their reserves must be in government or the highest grade corporate bonds. In the case of casualty companies, an amount equal to the minimum capital required by law for a domestic stock corporation, must first be placed in U. S. and State bonds or mortgages; all securities must be income paying; housing equities must be issued only to insurance companies; and various prohibitions against insolvent companies, on voting power, against certain foreign investments, and against concentration of more than 10% of its assets in one institution are spelled out.

#### Market Pump-Priming From Pension and Mutual Funds

Market Pump-Priming From Pension and Mutual Funds

Pension funds provide another new market pump-primer; even though its immediate effects may be exaggerated. The annual cash flow here, now proceeding at an annual rate of \$1½ to \$1½ billion, should soon rise to \$5 billion. To what degree the present trickle going into equities will grow, is problematical, but that there will be a long-term rise seems assured. Higher yield from the fund's investments can reduce the contributions by employers, or enable them to increase benefits to their employes to offset the possible inflation-prompted decreasing purchasing power of the pension dollars (a rise in interest earned from 2½ to 3½ means an increase of the benefits to employes of approximately 22%, through compounding). Rising yield in the event of inflation can also help the employer's problem of gracefully disposing of superannuated and totally disabled employes.

Reverting to our previous dividend yield "take-home" dem-

Reverting to our previous dividend yield "take-home" demonstration, the pension funds whose dividends are tax-free, enjoy a kind of market free ride in getting the full "take-home" yield—now a liberal 6%—from which gross figure most other investors now a liberal 6%—from which suffer sizable tax divestment.

The Mutual Funds, of course, are another agency importantly bringing into the market demand side the badly-needed low-bracket community. Their highly aggressive distributing efforts are importantly abetted by some new state laws. New Hampshire permits savings banks to invest up to 5% of deposits in equities provided that they are mutual funds; and other states (eleven newly this year) permit trustees to use the shares of mutual funds, subject to the *Prudent Man* principle.

As a Speculation, we offer

\$299,500

# ALASKA TELEPHONE CORPORATION

**6% Twenty Year Convertible Debentures** 

DATED AUGUST 1, 1951

(Interest payable monthly)

DUE AUGUST 1, 1971

Price \$100 each

Offering Circular from your Investment Dealer or the undersigned.

# TELLIER & CO.

ESTABLISHED 1931

42 Broadway, New York 4

Telephone Digby 4-4500

October 9, 1951

#### The Net Long-Term Effects

To the capital requirements of the economy, the cornerstone of our capitalist structure, this coming-of-age of the common stock supplies a tremendously needed substitute for the tax-emasculated erstwhile comparatively esoteric souces of such capital investment.

On the stock market the effects, particularly over the shortterm, are more uncertain. Over the long-term, continued growth in popularity and respectability of the equity share seems assured. But short-term market depressions of a major nature will probably deter trustees, in reminding them and their public of the traditional "dangers" of the common stock. Conversely, there can be little doubt that the current bull market has fanned the flame.

The "window-dressing" and avoidance-of-blame motives here too are extremely important, in their effect on portfolios, both on the proportions of institutional funds maintained in the equity section, and in the selection of issues. They will here too stimulate the illogical behavior of increasing holdings in rising markets and the converse; and they will accentuate the already too prevalent "Blue-Chip-itis" trend of inordinately blowing up the market price of the "elite" minority of the market favorites.

To the profit-seeking individual investor, this "Blue Chipitis" increases his constructive opportunities to benefit from detecting those issues via sound appraisal, whose value will be recognized and more highly capitalized later on by the Prudent Man community. A sound form of gainful style-merchandising!

# Railroad Securities

## St. Louis-San Francisco: New Mexico & Arizona Land

St. Louis-San Francisco. The common forged ahead to successive new highs for the year and sympathetic buying was attracted to the preferred stock and the con-vertible income bonds. The pre-ferred is convertible into common in the ratio of two-for-one. The income bonds are convertible at the rate of 30 shares of common for each \$1,000 face value of bonds at any time up to, and including, Dec. 31, 1951. Thereafter the conversion privilege changes to 25 shares for each \$1,000 bond.

The immediate cause for the run-up in Frisco securities was the spectacular rise in the price of New Mexico & Arizona Land com-pany stock. These shares traded on the New York Curb as low as on the New York Curb as low as 8% earlier this year, and at 18 at the opening last Friday morning. Monday morning the stock sold as high as 31½. Frisco has a controlling stock interest in this company, owning 500,258 shares. This is the equivalent of 0.4 shares for each character of Fried and the statement of t each share of Frisco common outstanding. At Monday's price of 31¼ the value of this holding was equal to \$12.50 a share on the Frisco common, representing almost 40% of the market appraisal of the latter. of the latter.

On the record it would be impossible to attribute any such sub-stantial value to this holding. New Mexico & Arizona is a land com-Mexico & Arizona is a land company whose holdings represent lands granted to the old Atlantic & Pacific Railroad which makes up part of the present Frisco System. As of the end of last year it held outright some 790,000 acres and had mineral rights to another 561,000 acres. The properties and mineral rights are located in Arizona and New Mexico, as would be indicated by the name of the company. About its only other asset was represented by \$921,000 of government bonds. At least up to the present time this land has not been productive of any great profits. profits.

Earnings per share on the New Mexico & Arizona Land stock last Mexico & Arizona Land stock last year amounted to only six cents. Mainly this came from rental of grazing rights. The company paid a dividend of \$0.25 a share, the first since 1936. Oil drilling operations have been going on for some time on properties in the general vicinity of the land held by the company but very little has been done on the properties of New Mexico & Arizona Land. No drilling was done at all last year and as of the end of the year only about seven thousand acres were subject to oil and gas leases. The recent excitement, then, has not been based on oil possibilities. It has been based on hopes that important uranium deposits have been discovered.

All references to uranium discoveries are, of course, strictly "thush-bush" on the basis of no

coveries are, of course, strictly "hush-hush" on the basis of national security. Because of this secrecy it is rather easy to stimu-

Specialists in

RAILROAD SECURITIES

Selected Situations at all Times



25 Broad Street ... New York 4 N .Y Telephone Bowling Green 9-6400, cit embers Nat'l Assn. Securities Dealers, Inc.

There was a lot of excitement late a considerable speculative inlate last week and early in the terest through the medium of rucurrent week in the securities of mors. So far as can be determined St. Louis-San Francisco. The combine there has been nothing more submon forged ahead to successive stantial than such rumors to according to the stantial than such rumors to according to the successive stantial than such rumors to according to the stantial than such rumors to the stantial than such rumors to the stantial than such rumors to according the stantial than such rum count for the recent rise in New Mexico & Arizona Land stock and the consequent increase in specu-lative interest in Frisco securities. Many people who should be in a position to know are convinced that the rumors in this case have very little basis in fact or pros-

Even though the recent advance in Frisco securities has been predicated largely on the indirect result of rumors which may well prove to be false, it is the opinion of many rail analysts that the common even now is probably not particularly overpriced on its own merits. The stock is on a regular \$3.00 annual dividend basis and its earning power is high. Last year per-share results, before sinking and other reserve funds, reached \$6.92. Even after such funds, available earnings amounted to \$6.83. As with other companies in the territory, Frisco was hard hit by July floods. Even at that, share earnings showed some improvement for the first seven months as a whole. For the full year the company should earn around \$6.00 a share, affording more than adequate protection for the recent dividend rate. Even though the recent advance

## **Huhn President of** Investors Brokers

Jack B. Huhn, of Bache & Co., was elected President of the Na-tional Association of Investors' Brokers at a meeting of the Board

ng of the Board of Governors in New York. In addressing the meeting Mr. Huhn stated, "It is gratifying to witness the steadily broadening ownership of American American industry. Our association is mindful that this places greater re-

sponsibility on those in the securities business for meeting the public and handling its funds. Our aim is to exercise constant vigilance. With this in view, stant vigilance. With this in view, we are instituting for our members in cities throughout the country educational programs similar to those which we have been conducting in New York City and Chicago for the last 12 years."

Other officers and members of the Board were chosen as follows:

Executive Vice-President: Raymond J. Laude, Goodbody & Co.,

Secretary: E. William Ohman, E. F. Hutton & Co., Chicago.

Treasurer: Milton Leeds, Pershing & Co., N. Y.

Chairman, Executive Committee: Thomas B. Meek, Francis I. duPont & Co.

Regional Vice-Presidents: Frank M. Collins, Hornblower & Weeks, Chicago; George W. Martyn, W. E. Hutton & Co., Philadelphia; Al-bert J. Curley, Bache & Co., Detroit.

### GOVERNORS

New York: Richard M. Ross, Dean Witter & Co.; Armand Fon-taine, Merrill Lynch, Pierce, Fen-ner & Beane; Robert J. Davidson, Fahnestock & Co.; Donald C. Blanke, Eastman, Dillon & Co.;

Alfred Elsesser, Kidder, Peabody & Co.

& Co.
Chicago: William H. Higgins,
Paine, Webber, Jackson & Curtis;
George B. Deacon, Thomson & McKinnon

Philadelphia: William H. Ar-nold, Eastman, Dillon & Co.

Detroit: Walter Auch, William Roney & Co.

Los Angeles: Walter E. Wesp,

Los Angeles: Walter E. Wesp, Francis I. duPont & Co. Seattle: Arthur J. Lattimer, Jr., Merrill Lynch, Pierce, Fenner &

Little Rock: James R. Vinson, Shields & Co.

## With Morgan & Co.

(Special to THE FINANCIAL CHI LOS ANGELES, Cal.—Harry L. Lee and Kenneth D. Russell have become associated with Morgan & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Lee was formerly with Mitchum, Tully & Co. and Pacific Company of California. Mr. Russell was previously with J. A. Hogle & Co., Fewel & Co. and Merrill Lynch, Pierce, Fenner & Beane

## With Sutro & Co.

(Special to THE FINANCIAL CHI SAN FRANCISCO, Calif.—Alfred J. Barnston has been added to the staff of Sutro & Co., 407 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

## Paine, Webber Adds

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.-Edward V. Mazurkiewicz has been added to the staff of Paine, Webber, Jack-son & Curtis, 111 Pearl Street.

### With Vermont Secs.

BRATTLEBORO, Vt.—George A. Mark is with Vermont Securities, Inc., 67 Main Street.

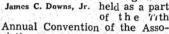
## With Hopkins, Harbach

LOS ANGELES, Cal.—Kenneth E. Mangum is now affiliated with Hopkins, Harbach & Co., 609 South Grand Avenue, members of the Los Angeles Stock Exchange. He was formerly with Noble, Tulk &

# Foresees Increased Mortgage Financing During 1952

James C. Downs, Jr., President of Real Estate Research Corpopation of Chicago, tells ABA members 1952 demands for mortgage financing will be greater than average of past decade despite government restrictions.

years, James C. Downs, Jr., President of Real Estate Research Corporation of Chicago, told the Annual Meet-ing of the Savings and Mortgage Division of the American Bankers Asso-ciation at The Stevens Hotel, Chicago. The meeting was held as a part of the 77th



ciation. Claming that mortgage lending is more and more a consumer financing activity, Mr. Downs said: "The next year will see a record number of potential property users of all types. Both business and individuals will have peak purchasing power and a high canacity to support mortgage capacity to support mortgage

"The sharp decline in mortgage activity during the past few months was not caused by any months was not caused by any change in the demand for mortgages, but rather by a radical and arbitrary shift in the mortgage money market. As is always true in a managed economy, the regulations which were adopted turned out to be an overcorrection."

Looking ahead to next year, Mr. Downs pointed out that mortgage money is already becoming more plentiful as the result of high earnings and a reaction from the post-Korean buying splurge. He predicted that competition for loans would grow keener by the early part of 1952 and that loans would be available for veterans' mand for all types of prophousing at terms recently ap- has grown faster than supply.

Basic mortgage financing demands in 1952 will be greater result of developments in the than the average of the past 10 years, James C. Downs, Jr., Presical action.

As to the influence of the national security program on 1952 construction, Mr. Downs said: "Up to now there has been no real "Up to now there has been no real shortage of materials for home construction, even at the high rate of building which has marked the past few months. Whereas certain metals will be in short supply and others will be restricted, neither of these factors will cause major curtailments in single-family home starts."

The outlook for financing new

The outlook for financing new construction of apartment buildings, hotels and certain classes of commercial buildings is definitely clouded by government restrictions and a lack of risk capital. Declines in mortgage lending in these classifications will keep 1952 from being as good a year as any from being as good a year as any of the last three, according to Mr. Downs.

Commenting on the major current emphasis on inflation, Mr. Downs told the bankers that the commodity dollar—which he said reflects the value of real estate and mortgage collateral—has gained value for six straight months. months.

"Johnny Public has not by any means lost his confidence in the U. S. dollar," Mr. Downs claimed. "During the past several months, he has saved more of them for future use then he did for many months. Classically, one of the prime objectives of the U.S. saver is to buy or pay for his home."

Referring to recent claims that real estate demand has fallen off in a number of sections of the country, Mr. Downs said that in spite of the building boom, demand for all types of property

This is not an offering for sale or an offer to buy or a solicitation of an offer to buy these shares. The offering is made only by the Prospectus.

40,000 Shares

# The Harshaw Chemical Company

4½% Convertible Preferred Stock (\$100 Par Value)

Price \$103.00 per Share

Copies of the Prospectus may be obtained in any State from only such of the several Underwriters named in the Prospectus, including the undersigned, as may lawfully offer these securities in such State.

## McDonald & Company

Eastman, Dillon & Co. Hemphill, Noyes, Graham, Parsons & Co.

Dean Witter & Co. Blair, Rollins & Co. Shields & Company

Paul H. Davis & Co.

F. S. Moseley & Co.

Merrill, Turben & Co.

The First Cleveland Corporation

Hayden, Miller & Co.

Riter & Co.

October 9, 1951

# We Face a Tough Job!

This is a real pleasure for me to be here with you on this occasion. I notice that the president stated extend greetings from the Treasury. You would

know, I ad-mire the mire the hardy charac-ter of the banking fra-ternity of this country. They are not con-tent with those periodic those periodic greetings from the Treasury that they get at home. They have to put it

John W. Snyder on the pro-gram when they are away from home having a good time. They want to stay case-hardened, I guess, to the facts of life.

I am happy to be here for many reasons, particularly because this is sort of an anniversary to be here enjoying the wonderful hospitality of this great city, and to be back here after five years with the American Bankers Association the American Bankers Association. the American Bankers Association. It was five years ago at this time that I gathered here with you as a very new Secretary of the Treasury. Chicago, somehow, has a way of doing things in a big way because I recall at that time that was the bigget Corporation. that was the biggest Convention that the A.B.A. had ever had; and now, five years later, they have one still bigger.

Five years ago, we gathered here to take a look into the future. The war had been over a number

\*Remarks by Secretary Snyder at First General Session of the 77th Annual Convention of the American Bankers Association, Chicago, Ill., Oct. 2, 1951.

of months, and we were just beginning to face up to the problem lead us. that had to be met and the reconstruction, the reorientation of our economy after that terrible world conflict. We faced with a great deal of concern the problems that were ahead of us. We program weren't too sure of our path head a huge day huge days weren't too sure of our path head a huge days weren't too sure of our path head a huge days weren't too sure of our path head a huge days weren't too sure of our path head a huge days weren't too sure of our path head weren't too sure of our path head us. lems that were ahead of us. We weren't too sure of our path because it was unchartered. We emerged from the war with a terrible obligation, a great debt better our fand, to better the livand economic problem; and we were not quite certain as to the appropriate measures to take to solve them. During those five years, I think that as bankers we have done exceptionally well in overcoming the problems, trying as they were. Disappointing as some of the occasions turned out to solve in the long run, we have we enter into this defense program, and that is to build up a huge defense program, using the materials and the labor that could have been so well applied to the terrible obligation, a great debt better our fand, to better the living conditions, and to better the operations of our country. We have found it necessary during these past five years of great ing these past five years of great courage, sacrifice, and wisdom to help other nations, peace-loving nations, to find themselves again after a wartorn experience. Those we enter into this defense program, and that is to build up a huge defense program, using the materials and the labor that could better our fand, to better the living conditions, and to better the operations of our country.

We have found it necessary during the materials and the labor that could be a huge defense program, using the materials and the labor that could be program, and that is to build up a huge defense program, and the labor that could be a huge defense program, and the labor that could be a huge defense program, and the labor that could be a huge defense program, and the labor that could be a huge defense program, and the labor that could be a huge defense program, and the labor that could be a huge defense program, and the labor that could be a huge defense program, and the labor that could be a huge defense program, and the labor that could be a huge defense program, and the labor that could be a huge defense program, and the labor that could be a huge defense program, and the lab some of the occasions turned out to be, in the long run, we have had five years of exceptional high level of economy. Our own banks are in better shape than they have ever been in the history of the country; deposits are higher at this time; and the Treasury Department for five years has had a net surplus of over \$8 billion. Our national debt at the time we gathered here in 1946 was \$270 billion. Today it is \$255 billion, so we have come through those five years even though they were troublesome, even though in pretty fine shape. But now we are gathered here again five years later and facing an even greater had a respite for a few months in which it sort of leveled off. But tougher to face because we did hope that five years ago we were going to have a long peace period in which we could straighten out come affairs towards a stable pros-

our affairs towards a stable prosperity. Today we don't know

By HON. JOHN W. SNYDER\* Secretary of the Treasury

We find it necessary to do a very unhappy and a very dis-tasteful job, a very distasteful program, and that is to build up

the distribution of the personnel and equipment around the world grow, those pressures are going

where our present path will to take out of our civilian economy a great deal of labor and a great deal of the raw materials and the products which are going to bring a definite pressure of inflation when we consider the high level of national income that program and that is to build up

we have today.

So the best insurance that we can possibly take out at this time is to encourage the largest possible volume of savings from these

better our land, to better he ing conditions, and to better the operations of our country.

We have found it necessary during these past five years of great courage, sacrifice, and wisdom to help other nations, peace-loving nations, to find themselves again after a wartorn experience. Those tolks are allied with us today as we enter into this defense program which is trying us so sorely in gram which is trying us so sorely in the months and possibly the years ahead. But it is a job that every active part in.

Encourage Savings

Encourage Savings

The first is the matter of encouraging savings—savings in any it form—if we want to stabilize the rough with the standing for equip—the senending for equip—the senending for equip—the senending for equip—the senending for equip—the standing on our ability

with high levels of income watch that discourages savings is definitely guilty of the and the person that discourages savings is definitely guilty of the and the person that discourages savings is definitely guilty of the said son that discourage savings in defense or inflation.

If we do not encourage people controls is for you to do a bang-up to volume of their earnings in the form of savings of some sort—and I know it is a tough job to pass on a number of occasions.

If we do not encourage people controls is for you to do a bang-up to wolt may a large on on a number of occasions and the person that discourages said so on a number of occasions and the person that discourages is definitely guilty of the and the person that discourages as id on the few for inflation.

If we do not encourage people controls is for you to do a bang-up to but way at this time a large on on a number of occasions and the person that discourages and they use of savings of some sort—and I hope a good sprinkling of them will be in United States but we have to take a look that, we are going to be faced with a terrific problem of spendary that, we are five during the entry in the future; and if that loan is for something that is less essential

period because it gave courage to the people who had those savings to go out and spend their current

og out and spend their current earnings more freely.

I do urge you, each of you, to encourage savings to the greatest possible extent in the months ahead.

#### Support Credit Restrictions

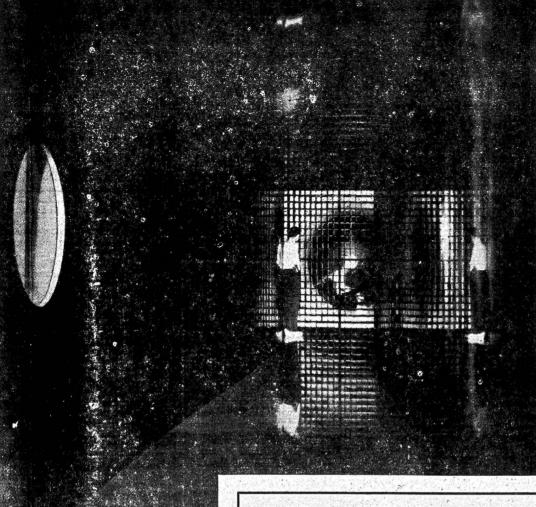
The other item is one which is ternity, and that is the matter of the proper administration of credit. That, to you bankers, is a real responsibility. We don't like controls. I know I don't, and I don't think you do. You have said so one a number of credits.

important bearing on our ability banking fraternity is going to apto carry our economy along at a proach this job with great courage very high level in the postwar and great determination.

to the ladies ... God bless them! Nothing is so swiftly exploded as the old placed among the truly "great" perfume myth of a "man's world"...when it gets classics of all time. tangled up with anything dear to the heart A wise woman knows she will be rememof a woman! bered by her perfume. Whether you know it So if it seems unlikely to you that a new or not ... you'll discover it one day, too. perfume can affect the lives of bankers, busi-And when you do, you'll know why such a ness men or steel magnates-then you simply feminine thing as perfume came to belong do not know your ladies. What's more, you in the lives of men. don't know METEOR! We humbly dedicate the fragrance of METEOR is the new Coty concept in per-METEOR to the ladies ... God bless them! fume. True to its name, it is destined for stardom. Unlike the spectacle for which it was named, however, METEOR de Coty will not vanish in one sudden burst of beauty. The ladies will see to that! This dramatic new fra-

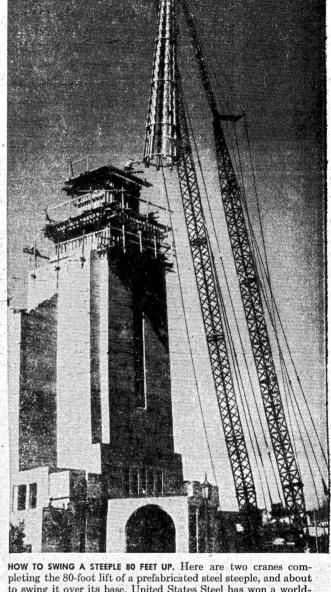
tized for FRASER...

grance will be loved-taken to their hearts-

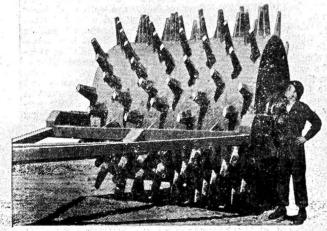


CAVE OF THE WINDS. This largest "supersonic", wind tunnel in the world—at the National Advisory Committee for Aeronautics, Lewis Laboratory, Cleveland-is nautics, Lewis Laboratory, Cleveland—is capable of providing air velocities up to twice the speed of sound for aeronautical research. The tunnel's testing chamber measures 8 by 6 feet, and has flexible walls of highly-polished U-S-S Stainless Steel for plates, specially made by U.S. Steel for this vital defense project.

# Only STEEL can do so many jobs so well



pleting the 80-foot lift of a prefabricated steel steeple, and about to swing it over its base. United States Steel has won a worldwide reputation as fabricators and erectors of steel work for everything from football stadia to church steeples, from bridges

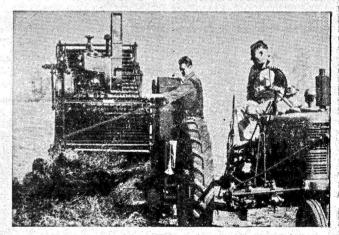


GIANT SHEEPSFOOT ROLLER. Army Engineers find this odd-looking, 36-ton steel roller a very useful tool for compacting and leveling off fill in the construction of airstrips. Although the defense program will require increasing amounts of steel, the constantly-expanding steel-producing facilities of United States Steel should enable it to supply steel for many essential everyday uses, too.



This trade-mark is your guide to quality steel

FACTS YOU SHOULD KNOW ABOUT STEEL. In 1951, the American steel industry must be able to purchase 30 million tons of high grade scrap outside the industry, if it is to achieve the record steel production goals set for it by our defense program. Memo to manufacturers, farms and proprietors of auto "graveyards"; Turn in your scrap! It means money for you, more steel for America!



NEW WAY TO GATHER GOOBERS. This new peanut combine threshes along the row where the peanuts are grown, gathers up nut-laden vines, picks them clean, and deposits the mulch to condition the soil for the next crop. In tests, it has reduced harvesting manhours per acre from 30 to 4, lets two men do the work of 12, saves \$40 an acre. Making steel for such equipment, U.S. Steel helps build a more productive America.

Listen to ... The Theatre Guild on the Air, presented every Sunday evening by United States Steel. National Broadcasting Company, coast-to-coast network. Consult your newspaper for time and station.

# UNITED STATES STEEL

GUNNISON HOMES, INC. . NATIONAL TUBE COMPANY . OIL WELL SUPPLY COMPANY .

Helping to Build a Better America TENNESSEE COAL, IRON & RAILROAD COMPANY . UNION SUPPLY COMPANY . UNITED STATES STEEL COMPANY

UNITED STATES STEEL EXPORT COMPANY . UNITED STATES STEEL PRODUCTS COMPANY . UNITED STATES STEEL SUPPLY COMPANY . UNIVERSAL ATLAS CEMENT COMPANY . VIRGINIA BRIDGE COMPANY

# Our Money System Has an Inflation Bias

In our Convention city of Chi-cago 55 years ago, William Jen-nings Bryan delivered one of the most masterful political orations of all time.



Twenty thousand men and women went mad with an irresistible enthusiasm when Bryan uttered the final sen-tence: "You shall not press down upon the brow of labor this crown of thorns; shall not

Dr. Arthur A. Smith cify mankind upon a cross of gold." The great political issue of that day was cheap moneymore money. Bryan and the free-silverites lost in 1896, but the fetish of cheap money was not dead. It lives today.

Most people take money for granted. They view it simply as what they use to pay for things, and generally their money problem is how to get more.

Yet this commonplace, everyday tool of commerce called money is one of the most difficult of all economic phenomena to under-stand. What it is; where it comes from; of what it is made; what it does; what it is made; what it does; what it is worth and why—those and countless other questions baffle us, if and when we ponder them. But since money is so intimately and thoroughly bond up with the nation's economic welfare, a well grounded understanding of it must be of the highest importance not just understanding of it must be of the highest importance, not just to officials charged with decisions of monetary administration, but to all of us whose votes influence official acts in a democratic so-ciety. Our economy is frequently referred to as a money economy, a pecuniary society, because every a pecuniary society, because every phase of its industrial activity involves money in one or more relationships.

A mystery yet to be solved is why after centuries of experience man has not mastered the money device, but persists in repeating again and again mistakes of the past, and like a moth returning to a flame, seems never to divest himself of illusions about money.

himself of illusions about money.

Perhaps a part of the answer lies in the fact that the nature and character of money have evolved through the centuries, changing as progressive economic developments demanded new and different behavior on the part of monent behavior on the part of mon-ey. Thus, there has always been something to learn about money as it assumes new roles. Or per-haps money is only a neutral thing and its behavior merely rething and its behavior merely reflects the little understood, subtle courrents of real economic processes; and all the while, we attribute the causality to innocent money. Or maybe in money's behavior is mirrored a cross section to fus fully comprehend any-ager any, of us fully comprehend any-

way.
Whatever the explanation, we Whatever the explanation, we know that history records indelibly in nation after nation a general misunderstanding and confusion of mind about the nature and functions of money. In the midst of numerous popular fallacies, the wonder is that money systems have served as well as they have.

#### U. S. Dollar a Recapitulation of Man's Confusion

The history of our American dollar is in many respects a re-capitulation of much of man's confusion. Now in the last half

\*An address by Mr. Smith at the 77th Annual Convention of the Ameri-can Bankers Association, Chicago, Ill., October 1, 1951.

By ARTHUR A. SMITH\* Vice-President and Economist. First National Bank in Dallas, Dallas, Texas

Pointing out fetish of cheap money lives today, bank economist lists as unsolved mystery why man persists in repeating money mistakes. Cites history of dollar as example, and contends our money planners fail to observe the instability they generate. Warns money engineers may wreck us on rocks of inflation and thus hasten end of capitalism. Holds expansion of national debt is basis of excess money, with "cheapest dollar in our history." Concludes deflation is both intolerable and destructive, and vicious spiral of inflation may not be stopped because "patient is unwilling to take the cure."

even at the expense of complete abandonment of the free enter-

own economic status.

Our experience to date has not been encouraging. Apparently the planners who would stabilize the nation's economy on a permanently prosperous level and bring recurity for the masses fail to security for the masses fail to observe the instability generated by their own plans.

(1) An unstable currency abchange of goods in the market place and attaches undue weight to speculation on the value of money itself.

(2) Industrial strife between workers and employers is pro-moted by a constantly rising cost of living

(3) Fair contracts involving deferred payments are impossible when the value of money is not reasonably steady.

(4) Depreciating money discourages saving; and under certain circumstances actually makes saving impossible for many peo-

Maybe political pressure from the electorate themselves will not permit proper and effective management necessary to gain the ends that money managers believe possible, since, in the process of managing, the selfish interests of some may be denied by decisions intended to promote the general interest. Probably a more nearly correct explanation, however, lies in the fact that even the keenest minds among economists, bank-Maybe political pressure from

a bearer of options, and a banking reserve; but at the same time
we expect it to submit to "conscious social, artificial control" as
an energizer or stimulant of economic activity in an authoritatively directed plan toward permanent full employment, a stable
price level, and an appropriate
utilization of our capital and resources. Noble as these expectations may be, it is seriously doubtful whether all can be realized
together; some might be possible
only at the expense of others, or
even at the expense of complete
abandonment of the free enterabandonment of the free enterard. We liked to think of its as price dear or automatic—beyond political tinknomic and social philosophy, or donment, whatever automatic perhaps, better still, upon one's qualities it had were vielding to own economic status. automatic—beyond political tink-ering. Yet long before its aban-donment, whatever automatic qualities it had were yielding to elements of management. To those who naively believed gold to be impervious to political will, it must have come as a severe shock when the President reduced shock when the President reduced the pure gold content of the standthe pure gold content of the stand-ard dollar by 40.9% in 1934. One fore we were ready to accept thing is certain: the gold coin them. On the other hand, the standard was not the answer to money engineers may wreck us the problem of instability. Great on the rocks of inflation and ha-upheavals continued to plague us. Sten the end of capitalism.

Many conflicts arise over dif-ferences in business cycle theory. Fortunately, we know a great deal more about business fluctuations than we used to, thanks to improvement in analytical techniques and more accurate statistical measures; but we still are far from substantial accord on the basic forces which generate the cycles; and, therefore, we are training on the treatment of the cycles. at variance on a treatment of the disease. Too frequently our thinking mixes cause and effect. ing mixes cause and effect. We observe unemployment, reduced consumer spending, low incomes, liquidation, and frozen credit as inevitable accompaniments of depression. So we may jump to the conclusion that they are the causal factors and offer a program designed to treat the symptoms and not the real sources of infection. Monetary and fiscal policy may be turned into "pump-priming" through easy money and credit, public works and relief, price support programs, production controls, and government deficits—all of which

of the twentieth century, our bewilderment seems none the less as we grope again for a "satisfactory" money—one that will perform the traditional monetary functions and at the same time perform some modern economic miracles.

We not only want our money to serve as an efficient medium of exchange, a common denominator of value, a standard of debt payments, a storehouse of value, gled futilely to maintain both a bearer of options, and a bank-gold and silver as automatic standing reserve; but at the same time ard money; but the result was or how to distribute properly to her people. But here again we may confuse cause and effect and be tempted through monetary and fiscal policy to undertake to achieve a wider distribution of claims to what is produced, the assumption being that somehow the economic processes concentrate too much income in the action of the economy. Of course expediency might impel the use of monetary and fiscal techniques assumption being that somehow the economic processes concen-trate too much income in the hands of too few for the good health of the economy. Of course expediency might impel the use of monetary and fiscal techniques instead of the reforms necessary to remove the basic causes of the to remove the basic causes of the maldistribution.

Money Engineers May Wreck Us

At any rate, today money is being required to play more than its traditional part in the eco-nomic drama; and as a consequence, the so-called problems of money have become inseparably intermeshed with problems of economics generally. In the colli-sion between those who hold that the fundamental trouble lies deep in the economic structure and those who contend that it is financial, the latter to date have dominated authoritatively. Historians of the future may record this fact as a fortunate circumto deter hasty and ill conceived modifications or reforms in the

It could be true, as some assert, nat we are in the midst of a great economic revolution, and in great economic revolution, and in our efforts toward adaptation we are straining every economic institution to the utmost, including money. For certain, we have witnessed in this generation far reaching changes in our economy and in the way it functions. We and in the way it functions. We have seen the role of government expand to the point where large expand to the point where large segments of private business now generally concede their depend-ence upon government decisions. Attempts to dam the currents of change by invoking the Constitucurrents of tion have proved scarcely more than temporarily successful. Ju-dicial interpretation generally has been suited to the occasion, testifying to the flexibility of that grand document and, perhaps a little, to the imagination of the Justices of the Supreme Court, but more to their political philosophy. At times, however, it was a clear case of bend or break—and the Constitution bent.

make democracy do more for him economically—higher prices for his produce and his labor, cheaper money with which to pay his debts, lower freight rates to move his crops to market, an income tax based on ability to pay, lower in-terest rates and more borrowable funds to finance a farm or to make and harvest a crop or to buy a home, and freedom from industrial monopoly.

trial monopoly.

All groups at times attracted considerable following, but at no time were they strong enough to win control of the Federal Government. Nevertheless, they left their legislative marks in the Silver Purchase Acts of 1878 and 1890, the Interstate Commerce Act of 1887, and the Sherman Anti-Ttrust Act of 1890. They lost in their efforts to block the resumption of specie payments in 1879 and were decisively beaten in the election of 1896 over free silver. The Supreme Court turned victory into defeat on the income victory into defeat on the income tax. Efforts to reform the banking system and to create a guaranty of banks deposits had to await a more propitious time.

Many "radical" objectives for which minority groups of that period contended, and in some instances fought bitterly, eventually came to be realized either by constitutional amendment or by legislative process. Foremost were the direct election of United States Senators, the income tax, prohibition, and suffrage for women all of which required amendments to the Constitution; the regulation of child labor, minimum wages, reduced hours of work, unemployment insurance, old age insurance, workmen's compensation, limitation upon the use of the injunction in labor disputes, establishment of in labor disputes, establishment of a Department of Agriculture, and a Department of Labor, crop in-surance and the support of farm prices, public works expenditures in times of industrial depression, the estate tax, the taxation of interest on Federal Government bonds, postal savings, the insurance of bank deposits, the retirement of national bank notes, and the creation of an electic gurrange. the creation of an elastic currency

me creation of an elastic currency—all by acts of Congress.

Not realized, but continually urged, were public ownership of the railroads, telephone and telegraph systems, coal mines, and utilities; the direct election of President; compulsory arbitration of labor disputes; free and unlimited coinage of silver; payment of the

disputes; free and unlimited coinage of silver; payment of the Federal debt in legal tender paper money; the recall and referendum, except in a few stases.

It is abundantly evident, then, that reforms sought in money and banking, while of great import in themselves, have been only partial manifestations of something of far larger magnitude—an economic and political revolt against a system frequently plagued by panics and depressions from whose consequences — unemployment, foreclosures, liquidation, bankruptcy and fear of insecurity—millions of people innocently suffered. Nevertheless, because of the vital and prominent role money plays in our economy, the gove fered. Nevertheless, because of the vital and prominent role mon-ey plays in our economy, the gov-ernment's sovereign power over it, and the popular confusion about its behavior, undue blame has been placed from time to time upon money as the culprit responsible for the people's eco-nomic troubles. One cannot study correct explanation, however, lies in the fact that even the keenest minds among economists, bankers, ers, and public officials differ on the question of the true and fitting monetary policy which should be followed.

Conflicts in Thinking of Experts

Conflicts in Thinking of experts, Many concede the potential benefits of a managed currency but fear the risk of abuse that accompanies authoritative discretion. Money control, as they view it, places too

the charge that money was controlled by a powerful few against the interest of the many. Banks, particularly large banks and those with international connections. with international connections, were commonly accused of manipulating the money supply to raise or depress prices, to make huge profits, and to control the economic and political life of the nation.

It was contended for more than a century, and still is, that private corporations (banks) should be divested of all power over money; that the issuance of money and the regulation of its value were essential powers of sovereignty and belonged to the people through their government. This contention, of course, stemmed from the assumption that government could and would regulate the value of money in the general interest by It was contended for more than money in the general interest by appropriate increases or decreases in the supply of legal tender and by proper control of bank credit which, in time, had come to be the equivalent of money.

It was thought that privileged power generally forced the trend of money value upward, increasing the hardships upon common people and dooming them to eco-nomic dependency. The metallic standard money system was supposed to have made the plot easy because it set up a mechanism under which "the money interests," "trust," "Wall Street," "invisible government," and "the big bankers" could exercise extensive discretionary powers and manipulate cretionary powers and manipulate values in their own behalf.

values in their own behalf.

Whatever merit there might have been in these contentions and fears, the cheap money advocates could point to the facts that in every great crisis the metallic money system broke down and redemption ceased; that private speculation in gold sometimes verged upon national scandal as in the case of "Black Friday"; and that interest rates were always high. Likewise, they could always high. Likewise, they could point to the concentration of wealth in vast business combinations whose monopolistic powers fostered numerous abuses against smaller competitors and sumers; to the flagrant manipulations of commodity and securities prices; and to the defiant "public be damned" attitude of some who sat in the seats of economic might —much of which was exposed in the writings of the "Muckrakers" after the turn of the century.

# Cheap Money Advocates Not Deterred

However, repeated warnings of However, repeated warnings of the dangers of irredeemable pa-per money and unrestrained ex-pansion of credit, based upon numerous historical examples, seemed not to deter the forces driving for a currency whose sup-ply would be unrestricted. Nor do such warnings deter them to-

The Postal Savings Act, adding The Postal Savings Act, adding a limited banking function to the United States Post Office Department; the Federal Reserve Act, partially integrating the nation's commercial banking and introducing flexibility in our money; and the Federal Land Bank Act, providing easier long-term mortgage credit to agriculture, were early major breaches in the old early major breaches in the old order. The Panic of 1907 had been the last straw.

But the floodgates were not opened until the thirties. In the interim, World War I had occupied our attention; and

which undoubtedly worked hardship upon debtors, discouraged production from time to time, and production from time to time, and production from time to time, and probably aggravated the swings of the business cycle.

Fear of the Money Power

From Shay's rebellion to Jackson's war on "the Bank" Bryan's war on "the Bank" Bryan's money changers in the temple," the popular fancy has been captured many times by the charge that money was con
which undoubtedly worked hardship upon debtors, discouraged provacy, even though somewhat production from time to time, and the bad international dustrial activity. Other steps in ment constantly collides with dustrial activity. Other steps in ment constantly collides with dustrial activity. Other steps in ment constantly collides with dustrial activity. Other steps in ment constantly collides with dustrial activity. Other steps in ment constantly collides with dustrial activity. Other steps in ment constantly collides with dustrial activity. Other steps in ment constantly collides with dustrial activity. Other steps in ment constantly collides with dustrial activity. Other steps in ment constantly collides with dustrial activity. Other steps in ment constantly collides with dustrial activity. Other steps in ment constantly collides with dustrial activity. Other steps in ment constantly collides with dustrial activity. Other steps in ment constantly collides with dustrial activity. Other steps in ment constantly collides with dustrial activity. Other steps in ment constantly collides with dustrial activity. Oth and credit were revived, this time finding aid and comfort not so much in the Marxian philosophy as in the economic theories of

#### Abandonment of the Gold Standard

We abandoned the gold coin standard and set up in its place a kind of modified gold bullion standard, pretty much as a compromise with the old order. Gold was nationalized and its dollar value legally set substantially above its former price as part of a deliberate plan of cheapen mon-

law constituted the major reforms in commercial banking.
Under the theory of compensatory spending, the government intentionally operated with an unbalanced budget.

unbalanced budget.

Greatest of all stimulants was World War II, about 60% of the cost of which was met by deficit financing. The strongest nation in the world did not have the courage to tax herself sufficiently to keep inflation under reasonable control. Instead we chose to pay higher prices rather than higher taxes, and got saddled with a na-

the volume of bank eligible and ineligible securities and to determine the short- and long-term debt gives it almost as much control over the money supply as the Federal Reserve authority has.

Whereas, 'the chief criticism hurled at the national banking system was that its note circulation was limited by too few government bonds, today it can be said that we are plagued with the problem of an excess money supproblem of an excess money supply derived from conditions under which the government debt can be readily converted into money.

Lack of courageous leadership, always essential in a democracy even in the face of defeat at the polls, can be charged with the serious inflationary condition which has developed in the United

In other countries, bad inflation has generally come from the ravages of war. But we did not have a single bomb dropped on our homeland, and none of our production facilities were destroyed. Instead, we expanded them and amazed the world with our capacity to turn out goods.

#### Going Down the Inflation Road

We have gone quite a distance down inflation road, but we can go much farther—and likely will. We certainly are not going to

Continued on page 30



# Four avenues to complete and satisfying Correspondent Bank Service

Through every channel of communication, the correspondent banking facilities of National City are continually at the disposal of banks throughout the world. Night and day, around the clock they provide speedy, accurate, dependable service . . . service that meets every requirement of modern correspondent banking.

Constantly, from our 54 overseas branches in major trading centers of the world, come up-tothe-minute trade reports. Our credit files contain current facts and figures concerning hundreds of thousands of firms and individuals in this country and abroad. Our 67 branches which blanket Greater New York enable us to keep a finger constantly on the pulse of this all-important area.

These world-wide facilities working for your bank, combined with the personal, interested attention National City devotes to the problems of correspondents-will prove a definite asset to officers and customers of your bank. We cordially invite you to use these four avenues to complete and satisfying correspondent service.

Around the Clock Transit Service Credit Information Collections Complete Foreign Facilities Cooperation in Financing Local Industry Underwriting and Dealing in State and Municipal Bonds Safekeeping—Other Security Transactions Personalized Service **Complete Trust Service** 

# THE NATIONAL CITY BANK OF NEW YORK

Head Office: 55 Wall Street, New York 15, N. Y.

67 Branches in Greater New York and 54 Branches Overseas. Correspondent Banks in every commercially important city of the world.

First in World Wide Banking

## CITY BANK FARMERS TRUST COMPANY

(Trust Affiliate of The National City Bank of New York)

Head Office: 22 William Street, New York 15, N. Y.

mber Federal Deposit Insurance Corporation

# Bankers Must Fight to Preserve Our Economy

As the first backsliding black sheep in a banking family of sev-eral generations, I am especially privileged today to address the



A m erican Bankers Asso-ciation; but I speak to you as to individ-uals, for as-sembled in sembled in this hall is a substantial part of the thinking leadership in the world of banking and finance. Never before in the history of the nation has

your leadership been so badly needed, your voices so necessary to avoid the dangers that lie

These are not times for traditional sedateness in the banking fraternity nor for mere pious analysis of the value of loan collateral. Storm signals are flying in the very financial structure of the the very financial structure of the first print and the future of the structure this nation, and the future of the world is literally on your door-

By what means it arrived there is too long a story for this morn-ing, but suffice it to say that all of the dilemmas of our tormented day did not just happen. They have had their, seeds deep in the furrows of history, nurtured by both indolence and aggression, by intelligence and stupidity, by selfishness and Utopian dreams, as well as by the statesmanlike efforts of countless men of goodwill throughout the world. All of these forces of power and of frustration have left their imprint on the crowded course of human events: and these same forces are unpredictable future.

President, Cornell University, Ithaca, N. Y.

Head of great university warns financial tinkering and government extravagance is weakening nation and asserts our economy cannot survive without militant and aggressive leadership of bankers and financiers. Cites government wasteful spending and the fast growing gargantua of higher and Ligher taxes. Points out efforts to raise living levels of underprivileged peoples will lead to nation's bankruptcy.

self-evident, that all men are en-dowed by their Creator with certain inalienable Rights, that among these are life, liberty and the pursuit of happiness. That to secure these rights governments

freedom. It was not new; other men had sought it from the beginnings of recorded history. Some had attained it, and with their republican government had built up rich civilizations, which had risen to great heights of cultural and material well-being, and then withered again stultified by the withered again, stultified by the eventual emergence of arrogance in government and public clamor for the fulfillment of promises beyond the power of any govern-ment to give. History is strewn with the wreckage of nations who have gone down to ruin under the insidious belief that government can answer all of the problems of harried peoples.

#### Weak Link in Nation Is Financial Tinkering

But in all recorded history, man's experience with successful democracy has been brief, sporadic and beset with dangers.

I am convinced that the Amer-

ican way of life as we know it will not survive these turbulent days of revolutionary change without the militant and aggressive leadership of our bankers and financiers. No banker would all financiers. No banker would allow any customer to get into the position of our Federal Government, living extravagantly and wastefully be yond its means, fostering inflation, borrowing increasingly, and wastefully consuming the nation's raw material resources, with little heed for tomorrow. While the danger point of government debt is largely determined by the psychological temper of the people, should we not look to the bankers of America to be everlastingly and vocifica to be everlastingly and vocif-erously and aggressively pointing out the dangers and the consequences of unmitigated profligacy?

In this mad dance of the billions, our public debt has increased 250 times over 1910 and increased 250 times over 1910 and taxpayer is getting value received is six times as much as it was 11 from the 2.523 employees of the years ago. Interest alone on the Office of the Housing Expediter. In every case in history, the years ago. Interest alone on the carrying us hurriedly forward weak link in the structure has public debt is now nearly six with dramatic suddeness, into an been financial tinkering in a na- times the debt itself of 40 years tion living beyond its means. In ago. In the last four years our some cases it has led to debase- Federal Government has spent read the Federal budget and to ment of the currency and ruinous \$12 billion more than in all of the make known to your Congres-\*An address by Pres. Malott before the Second General Session of the 77th ment of the currency and ruinous \$12 billion more than in all of the Annual Convention of the American Bankers Association, Chicago, Ill., Oct. 3, 1951. inflation; in some cases it has 150 years from 1789 to 1939. In

It has been 175 years since our paved the way for tyrannical only three years in the past 20 founding fathers struggled with seizure of government powers; in has the annual budget of the govthe American declaration of free-still others it has wiped out the ernment been balanced, and new educated and cultured classes and "We hold these truths to be given way to barbarism and chaos." additional civilian employees are being added at the rate of about one every 43 seconds, day and night, week in and week out. night, week in and week out. Nearly one in every four people of the poulation is regularly receiving a check from the Federal Government for services, for relief, for pensions, or for participation in agricultural programs.

On the rolls of the great Federal bureaugust is a growing arms of

on the rolls of the great Federal bureaucracy is a growing army of Federal spenders. The public gets only occasional glimpses of our fiscal operations, such as the dis-covery a few days ago that the Army and Air Force were planning for two radio and television programs at a total cost of \$688,000, and that there is overlapping, and duplication, and chaotic administration in many a division of government.

You and I might well inquire if it is necessary to have 7,139 employees of the National Advisory Committee for Aeronautics; why there should be 35,928 em-Commission; whether many of the 59,194 empolyees of the Department of Interior, for instance, could not be eliminated; and whether the Do we need, and can we afford, as much government as is now being saddled upon us?

I hope you have taken time to make known to your Congressional leaders your point of view on this vital matter.

#### Docility to Regimentation

The American people with farmers are willing to accept our civilization? regimentation if it's their kind: labor a scarce commodity.

do not and cannot pervade gov-Service cannot grade men in loyalty, vision, integrity and teamwork; it leaves little to hope and ambition, but merely allays fear, not hasten progress, while per- enslaved. formance below average is not a retarding influence.

calls for ever higher and higher ing Russian communism. fast-growing gargantua. Concern today is human misery. incentives for wealth which lie at leadership. the foundations of our economy.

and sales taxes—take their toll, until today the tax bite on an automobile is nearly 50% of the cost; on a railroad ticket costing \$12.75, taxes claim \$2.25; on 14 cents worth of gasoline, the average tax take is 11 cents; taxes eat up \$2 on every \$4 telephone call; and for every 10 cents spent for bread, one-half is the measure of the tax lug.

This is a throttling yoke which in times of huge and abnormal spending can be carried, but with the slightest recession the clamor for more government programs of relief and aid will arise and with it the costs of government will mount. Then, if the tax burden is too great, there follows a panicky swing to government control and operation; and our freedom, slowly and insidiously and under the hue and cry of emergency, recedes as in the cases of many another great civilization before us.

American need strength—not only economis strength, but the strength of an intelligent and vocal electorate under the leader-ship of those in the community who have the respect of the people, and the judgment to dis-tinguish between immediate advantage and long-term stability.

#### Non-financial World Problem

Now, of course, all of the prob-lems of the world on our doorstep are not financial, nor can any one hold the bankers entirely responsible for the accumulating dilemmas of this harried world.

Education has a large share of the responsibility for a literate citizenry, but education is neither self-propelled nor self-supporting, and depends upon the will of the people—a will which has not been overly firm or insistent when we realize that today we are spending in this country \$216 billion for all in this country \$2½ billion for all public elementary and high school education, yet the nation's tobacco bill is \$4 billion a year, while \$9 billion flow annually into alcoholic beverages. Is it the measure of the relative importance of things that the citizens of this nation believe the cocktail hour to be roughly four times as important as the 12 first and formative years in the preparation of America's greatest raw material, alarming docility are becoming the young people who will so accustomed to regimentation. The shortly inherit the trusteeship for

No dinner table conversation in businessmen cry for it, particu- the length and breadth of our land larly under threats of depression; tonight would be complete withworkmen seek it if it will make out a discussion of the long shadow of communism with its The master planners who would sinister implications for our ecobring us Utopia under govern- nomic, political and social future, ment aegis fail to realize that the as intriguers and plotters behind incentives of private enterprise the Iron Curtain scheme and plan for our downfall. The gnome in ernment operations. The Civil the Kremlin may be waiting, counting on the unwillingness of us Americans to tighten our belts, or waiting with stubborn assurance for the day when free capiin a milieu where ability and talism will have spent its subperformance above average do stance, and its people become

Yet it seems clear to me that the problem of America's respon-Meanwhile the Administration sibility is not alone that of meettaxes to meet the costs of this outstanding problem in the world is expressed that excess profits downtrodden peoples in India, taxes will kill the sources of ven- Asia and Africa constitute the ture capital, that income taxes greatest threat to world stability, will destroy the wealth, and the the greatest challenge to our

Our eyes must be focused upon But hidden taxes, too-excises Asia rather than so exclusively



\$177,399,184.45 growth in resources
...in only 15 years

Dec. 31, 1945—\$48,831,961.74

Dec. 31, 1948—\$126,450,707.78

Aug. 31, 1951—\$192,656,833.65

At your command are the management and the exceptional quality of service which have made possible this unusual record of banking growth in New Jersey.

F. RAYMOND PETERSON, Chairman of the Board
C. Wesley Bensen, Vice Chairman
Benjamin P. Rila, President
Andrew De Ritter, Senior Vice President
Albert J. Baisch, Jr., Executive Vice President
PETER CIMMINO, Executive Vice President
NATIONAL BANK
AND TRUST COMPANY
Poterson and Clifton, New Jersey

Mamber Federal Reserve System: Mamber Federal Deposit Insurance Corporation



upon Europe Every Russian could die this morning, every Communist be obliterated, and this problem of under-privileged millions would still remain.
These people now know, as the world shrinks closer together, that their poverty and misery is not necessary, that there are ways of life that will bring a measure of life that will bring a measure of security and dignity to those who seek the means. They know that capitalism has food and money, and medicines, and good houses, too. They also know that Russian communism has promised them some measure of order, some food for their stomachs, the opporfood for their stomachs, the opportunity for literacy.

We of the democratic countries. however, have no program for them at all, except the unimple-mented and vague promises of Point Four; and they are suspi-cious of our wealth, of our imperialism, of our multiple-minded lack of a firm conviction in our relations with them.

As some one has pointed out, we too often fail to realize the condi-

tion of other peoples, somehow assuming they possess the same backgrounds, the same opportunities, the same general status which we enjoy ourselves. Yet such an assumption could not be farther from the truth.

Most people in Asia will go to bed hungry tonight. Most people in Asia can neither read nor write. Most people in Asia live in grinding poverty. Most people in Asia have never seen a doctor. Most have never seen a doctor. Most people in Asia have never heard of democracy. Most people in Asia have never known civil liberties. Most people in Asia believe anything would be better than what they have, and they are determined to get it. Most people in Asia believe that the freedom of these autorypics means the freedom. free enterprise means the freedom of western colonial powers to exploit Asians. Most people in Asia distrust people with white skins. Most people in Asia are determined never again to be ruled by foreigners.

This is the back-drop against which American foreign policy must be formed and implemented. Only the sentimental "do-gooder" would suggest that we solve the problem of these underprivileged races, spread over the vast areas of Asia and Africa, by gifts from of Asia and Africa, by gifts from the acknowledgedly rich resources of America. We have neither enough money, enough skilled technicians, nor enough raw ma-terial resources to bring satisfac-tion to those untold millions of struggling people. We should go down to bankruptcy in any such attempt.

Nor can we bring economic, political, and social salvation to those great Asiatic centers of world destiny, by encouraging private enterprise under our free enterprise system. Private enterprise cannot enlist its stockholders' property to provide literacy, good roads, better health and hygiene, or stable governments to peoples on the far side of the

It cannot be done by imperialism because the shackles have been loosened, and these people and their leaders have glimpsed a way of life in which they will no longer be subservient to foreign domination and to a foreign government's control.

Our aid and responsibility, therefore, is to help through a cooperative, friendly program, whereby capitalistic nations and newly awakened peoples work together, in a program which has some chance of eventual success, in filling stomachs and in alleviating misery. This need be no sketchy

implemented specifically by us. Assuredly it does not mean cramming our form of government and our way of life down the throats of other nations and other peoples. We can furnish them some scientific and technical help. We can cooperate to broaden the educational opportunities for their nationals in our institutions of higher learning. We can extend limited and emergency help to start their our belief in their rights to freedom and self-determination. This latter is the most important step of all, and lies in a field of nego-

and idealistic program, but can be confusing because of the pressures of European politics and their in-evitable implications of Europe's age-old imperialism in Asia, as we inaugurate the vital task of arming Atlantic pact nations.

These are some of the areas where we as citizens can extend a pervading influence, as we undertake the task of leadership which we have inherited - interited from our Colonial forefathers who never dreamed, as they sat true standard bearers of a great courageous, or little by little we ventures. We can firmly announce around the village stores and ar- and emancipating doctrine. But shall surrender those great freegued for their individual freedom, that in a short 175 years, America thrust into the indefensible posi- paid such a desperate price, and would become a mighty empire, tion of seeking to protect the statrustees, and the only hope of the tus quo... Our tradition is not tees for those in the generations tiation where we have been most future for a large part of the static, but is constantly dynamic. down the distant future.

world's two and a half billion Our tradition strikes off chains.

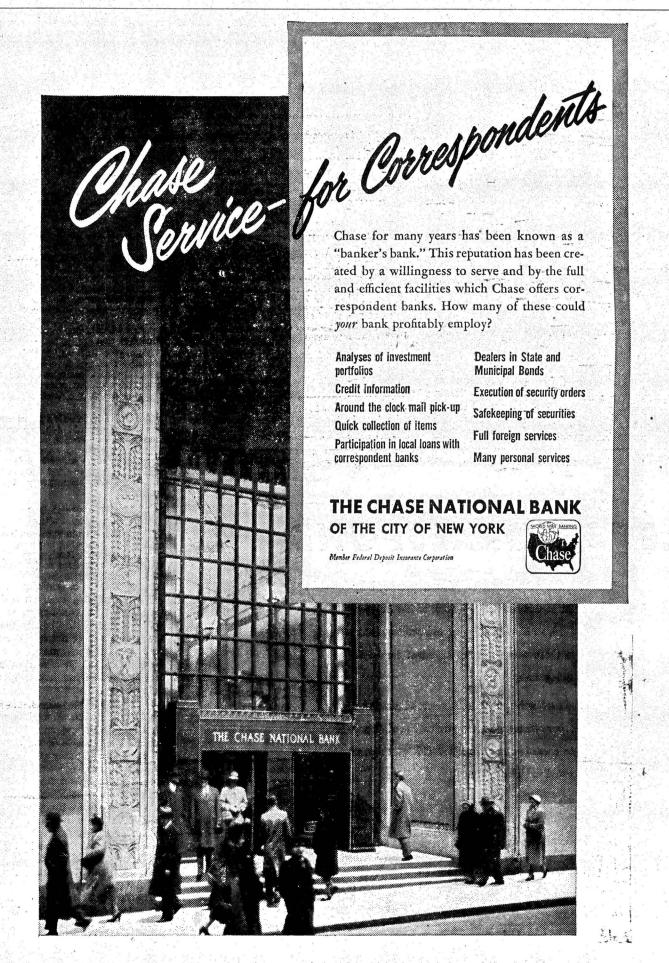
If all of this sounds reactionary to you, I must challenge you in that point of view. We stand in human history as the greatest rev-olutionaries of all times—not just we Americans but all of us in the free nations.

As a great newspaper editor has recently put it:

we have allowed ourselves to be doms for which our forefathers

Totalitarianism would put them back on again."

These are stirring times. The issues are clearly before us. The bankers of this nation have both a stake and-let me emphasize ita responsibility in America's future. Either we free Americans "We in the western world are the will stand firm and clear and for which we now stand as trus-



# U. S. and the World Today

Six years ago with the end of the war in the Pacific, America moved into the driver's seat of the world. I doubt if history



shows another six years so decisive and meaningful in terms of shaping the future of the nation. of the nation and its people. Recently I

had the great privilege as spokesman for three million Legionnaires of seeing most of the people

Erle Cocke, Jr. and places of critical interest to Americans around the world. est to Americans around the world. I wanted facts and reactions that might have a bearing on the thinking and policy-making of The American Legion. I wanted most of all to see first-hand the results of the worldwide rehabilitation effort for which American citizens have sacrificed these six

side is losing the Cold War. Nothing has happened since to reverse that belief.

We are losing the war of ideas because we are selling the wrong ideas to the wrong people.

We are losing the economic war because we have encouraged our allies to assume the philosophy of the handout.

We stand to lose the military war unless we lay down firm and practical lines of mutual coopera-tion.

### Millions Not Sold on America

There are millions of Europeans and Asians this side of the Iron Curtain who are not sold on

\*An address by Commander Cocke be-fore the Second Session of the 77th An-nual Convention of the American Banker Association, Chicago, Ill., Oct. 3, 1951.

By ERLE COCKE, JR.\* National Commander of the American Legion, Dawson, Ga.

Basing his conclusions on visits to people and places of critical interest to Americans, Commander Cocke states: (1) our side is losing Cold War; (2) we are selling wrong ideas to wrong people; (3) we are failing in the economic war because our allies look for "handouts"; and (4) we may lose the military war unless we lay down firm and practical lines of mutual cooperation. Warns against perpetual foreign aid.

To the great majority of those people, we stand literally for imperialistic capitalism. We can perialistic capitalism. We callaugh off the phrase as the Rus sians use it, but we cannot laugh off the fact that multitudes who are not Russians and not Communists beliave it nists believe it.

The one lesson which they crave and could understand is the lesson of the American Revolution.

years past.

Observations made at that time form the basis of the brief message I am privileged to leave with you today.

I came back convinced that our leave yet and again genuine uprisings aimed at throwing off oppression.

But the end result in almost every In all of modern history, that is time and again genuine uprisings aimed at throwing off oppression. But the end result in almost every instance has been merely a divernstance has been merely a diversion of ruling authority from one power group to another—and the people have found themselves still dormant and still dominated.

Failure to allow for this fundamental difference between the plain citizen of America and the plain citizen elsewhere has cost us dearly in the war of ideas. It has led us to hold the promise of re-turn to the "good old days." Think of what that means! Most of the vantage-and no practical difference - in trading in communism for what came before.

The characteristic of the American system that sets it apart from the people—whose support and un-

America. The reason is that they all others is economic freedom of have never been told what America has to offer them as individual. It is this freedom, permitting the individual to go as viduals.

To the great majority of those people, we stand literally for image and intellectual liberty a tangible relation of derstanding are essential to real unity.

As matters stand today, the United States occupies the top position, economically and military in the free world. We have talk to real unity.

The common man of the Old World has no such license. Even in the more progressive countries, he remains an economic prisoner of ancient caste customs that tie him to the soil or the shop or the uniform. Wealth and power still belong to the few: there is a low ceiling for the many.

These are the so-called "down-trodden masses" to whom the Communists direct their appeal. By our standard, they are down-trodden—and they are looking for an answer, or at least a change. The tragedy is that we in America who own the best answer yet devised have let the Communists

We must correct that mistake by expanding our foreign informational campaign and by making certain that it carries the right story to the right people. The right story is the story behind our fabulous wealth and production and living standards—the story of people who live under or next to and living standards—the story of communism have never known the farmer and worker and busi"good old days." They see no ad- nessman and of how free enterprise reconciles the best interest of the individual with that of the nation. The people we must reach are the common people—the majority of

United States occupies the top position, economically and militarily, in the free world. We have no serious challenger for first place—and almost no prospect of

Now that may appear to be good from the American standpoint. submit that the opposite is true.

# Our Large and Hungry Families Of Satellites

What we actually have is a very what we actually have is a very large and hungry family of economic satellites. We can hope—as many of our leaders are fond of hoping—that Russia will be overthrown by unhappy dependents. But the chance is equally great that Arenize will collors first in that America will collopse first in the attempt to keep our dependents happy.

The American Legion advocated a program of foreign aid after World War II. We supported the Marshall Plan because we believed strong allies to be essential in the struggle for peace-and the countries of Western Europe were helplessly weak. But we never supported and do not now support a policy of perpetual aid for any foreign nation.

Dollars do not win friends for America: they merely silence enemies. Dollars ladled out over a long period of time contribute not to the strength of a friend but to his appetite.

The great danger five years ago was that we would deny or dely too long our obligation to provide a crutch for European economy. The great danger today is that we will deny or delay too long our obligation to take away that crutch.

#### Must Reappraise Our Give-Away Policy

There is a certain risk involved these days in urging restraint or reappraisal of our foreign aid program. One who does so immediately lets himself in for criticism as an isolationist or reactionary.

While deploring such an attitude, The American Legion will not be guided by it. I believe that the time has come not only for a reappraisal of our economic giveaway policy but for a realization that it must be terminated by a definite date.

It is said that such a move would turn all Europe against us. That is a naive and mischievous notion. Those people do not cherish our patronage; they are human as we are, and they want nothing more than to be out from under our dominance-standing on their own feet as equals. But being human, they also will not kill the golden goose. So long as Uncle Sam is an RFC for the world, they will continue to draw on it-and their own initiative cannot help but suffer in the process.

desirable in some areas, chances are a 100-year Marshall Plan would not do the job.

If further reason for winding up the economic aid program were needed, we have it in the new and overriding importance of military

There is no question about our capacity for continuing heavy eco-nomic aid for several years more. We have what it takes to carry on a large scale military aid program. But we cannot safely undertake both burdens at the same time.

We should be frank. We should be positive. We should be explicit.

We should serve notice on all We should serve notice on all of our partners that the era of wholesale handouts is over. We should explain, without apologizing or gloating, that future American policy in this regard must conform to certain facts of American life.

Among these, and most important, is the good health of our own national economy.

Most Europeans are convinced today that the United States is one big dollar factory. They feel that the aid we give is limited only by our selfishness. It is to their advantage as well as ours that they know better. If cutting off economic aid and policing military aid gives them a jolt, then well and good. It may be that a jolt is what is needed to get the point across.

Secondly, the American people will be just as patient and just as sympathetic as the record of self-effort on the part of our allies permits us to be.

The fact is not generally appre-The fact is not generally appreciated in Europe today. The attitude I encountered was one of watchful and very doubtful waiting. It was as if they expected us to pull out of the continent as soon as the novelty of being there wears off.

We know better. We know that We know better. We know that self-interest alone would compel us to accept responsibilities abroad from now on. But we are not going to help any one who is able but unwilling to help himself. The burden of proof in that case rests upon the other side—and we are not only justified but obligated to watch it carefully.

Thirdly, there can be no turning back in this country to appeasement of Stalen's Russia.

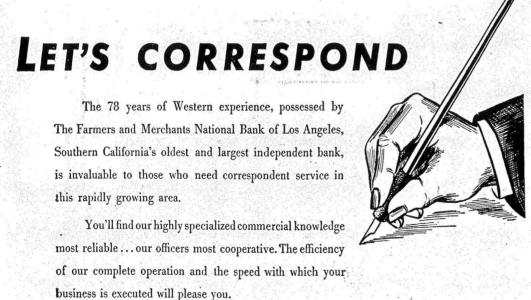
I think the attitude of thousands of Legionnaires whom I have addressed and heard over the sum-mer months sums up pretty well the feeling of most Americans. It is positive and clear—and it goes something like this:

We went into the last war hoping that victory would spell peace for years to come. We won the victory, paid high for it—and saw most of its fruits given away. Our leaders continued to trust Russia continued to trust Russia long after her actions belied her words. Now we are paying for that mistake with American lives in Korea and with the comfort and security and happiness of Americans everywhere.

Stalin closed the door on peace. Only he can open it, and his gun must be checked first.

We believe that peace will be won. But the winning of it may well entail giving up for the rest of our lives the way of life to which Americans are accustomed.

We believe that the cause of free America will prevail—not be-cause it is destined to be but because with God's help we will find the leadership and united strength to see us through. That has been The Marshall Plan has reached the record of America in the past. the point of diminishing returns. I for one welcome the opportunity It has run the course prescribed and the challenge to protect it in • for it. If the results are less than the future.



Southern California's Oldest, and Largest Independent Bank

FOURTH AT MAIN (54) LOS ANGELES MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



# Air Power and the Future Air Age

In the first part of my talk I want to make some observations on the current aircraft production program. It seemed to me that



you would exyou would expect me to say something on this subject; and because I am quite close to it and because It and because
I doubt that
there is real
public understanding of it,
it does seem
appropriate to
dwell on it

dwell on it.
In the second part of my remarks. I

my remarks, I want to say something of what I think the future in the air holds for us—if we want it. You might call it the philosophy of the Air Age, since I think of the future in the air as very much more than just airplanes and engines. But

the air as very much more than just airplanes and engines. But more important than either I want to put my finger on the bridge we have to build to get from this current stage over into the new age.

I honestly believe that considering the amount of money we are spending on it, there is little understanding of what the air program really is. I think the man on the street thinks the program is bigger than it really is. I think he thinks we are going to get it quicker than we are, and I don't think he knows why it has to cost so much.

On that historic morning in June of last year when the Asian hordes swarmed over the 38th parallel, the American air industry was plodding along at a fairly steady rate of production—indif-ferent though the totals were. The monthly production of the en-tire industry for both Air Force and Navy was only 200 or 300 air-planes per month. Suddenly the President called for an immediate President called for an immediate increase in the number of planes to be delivered and also asked that the air industry be given make-ready contracts which could ultimately produce 50,000 planes per year. It was strongly reminiscent of that same clarion call that went out by President Roosevelt in the spring of 1940 when he too called for 50,000 planes and the industry then responded, "we can do it."

This time industry was older and wiser, and it knew the pit-falls. Notwithstanding these, it took the government at its word, and with the same determination and with the same determination it showed before, we started in all over again. Soon industry leaders were traveling to Washington for direction. Internally we started to overhaul our whole tempo and plan of building. We engaged in a constant series of studies as to how production could be increased, having in mind all the new and different types of planes. A few orders were placed by the government; but after some weeks, one thing became patently clear. It was this: industry could move faster and more positively than government.

### Effect of Korea

Immediately after the call of Korea, industry responded with all the pent-up enthusiasm and all the pent-up enthusiasm and desire to do something. But as the weeks drifted by without the fast action the public expected, gradually the realization came over us that the program was not and probably could not be what people had originally thought when the first flush of North Korea was over. I know from my own experience that soon after the call I was confronted on all sides call I was confronted on all sides by members of the public and

\*Address by Mr. Gross before the First General Session of the 77th Annual Convention of American Bankers Associ-ation, Chicago, Ill., Oct. 2, 1951.

By ROBERT E. GROSS\* President, Lockheed Aircraft Corp., Burbank, Calif.

Deploring lack of understanding of nation's air program, and what it means for future transportation, executive of a leading aircraft producer predicts further improvement and development in both "space" planes and individual carriers. Describes pattern of our air program and why cost of modern aircraft has greatly increased. Foresees future use of individual-flying planes.

businessmen with questions as to how hard we were working. The assumption on their part always was that we were going wide out. When I told them that no, we were working only a 40-hour week—no third shift—and that our planned acceleration would by agreement with the government not yield any substantial additional production

had a different program. How do these programs differ? This is really asking, how do world conditions differ now in 1951 from them in 1940?

Well in the first place, in 1940 the lines were clearly cut; we knew who our enemy was; there was no doubt about it. Germany was on the march in Europe, and Japan soon attacked us from the East. The lines were formed East. The lines were formed quickly; everybody was friend or foe. There was no question of arguing whether beef and gasoline had to be rationed. We were at

Today all this is different. We are neither at war, full out, or at peace full out. We have some peace full out. We have some stout and declared allies who are ready to stand and be counted. But the real enemy does not show. And ironically enough this time, the very people who were lined up against us then are now at the set were the standard or the least sympathetically on our side, and the nation that was on our side last time is pushing trouble for us all over the world.

enough of the right weapons to protect us without bankrupting the country and destroying the very forms we are fighting to preserve? How could we get enough arms to protect us soon with the government not yield any substantial additional production for between a year and a year and a year and a half, they were horrified. One avoid a life of scarcity? If we had thing finally shone through like a light: it was the fact that the call light: it was the fact that the call end? Finally and most important of 1940 was one thing and was of circumstances: the call of Korea—the call of 1950—was something to reall of 1950—was something to responsible to the segretary periods have the ad a different program. How do these programs differ? This is to defend ourselves from our own ditions differ now in 1951 from nations or their bases, then we nations or their bases, then we need a certain kind of an Air Force. It would consist almost entirely of long range bombers to strike abroad and interceptors to protect our shores. If, on the other hand, we were to take the plan of sending our forces to Europe hand, we were to take the plan of sending our forces to Europe and with the help of our continental allies try to contain it there and fight from Europe, then we should have a very different Air Force. This one would contain many medium bombers, many ground support and attack planes and assault transports. If we were to take the third route and say that Asia is the center of gravity, then a combination of the two types of Air Force is going to be needed. Each of these would be different, each would have a difdifferent, each would have a dif-ferent cost, and we couldn't af-ford to have all three at the same time. There were the real reasons why our program couldn't be touched off overnight. Before it

It was against this insane back-could be jelled for keeps, the eleground that our government had ments that went to determine it to plan. How could we buy had themselves first to be determined.

Not willing to act too quickly and not able to wait indefinitely, there emerged back in the autumn of 1950 the pattern of our air proof 1950 the pattern of our air program today. A middle ground prevailed. The architects of the plan proposed the authorization of the 70 group Air Force patterned largely after the Troops for Europe plan but with certain diversifying elements. The acceleration was to be modest but unmistakably potent. It was generally to treble the rate of output in a little over two years. It was to be done on a 40-four week, and above all on a 40-four week, and above all it was to be laid on top of the output of civilian goods rather than taking precedence and cut-ting into it. The decisions were taken; the die was cast.

With the make-ready phase not With the make-ready phase not quite over, we are already steepening the acceleration to equip a 95-group Air Force with mostly new planes in 1952. Our Air Force has already activated 87 groups, but this has been done only by using many old planes. This is a long way from the 243 groups that we had in World War II or the 96,000 planes the aircraft industry built in the one year 1944. built in the one year 1944.

Now I thnk we're going to have a very good Air Force. I think it's going to be respectable in size. But I doubt if our Air Force is as big as the average man thinks it is, and I have reservations as to whether we'll get this Air Force as soon as he thinks we will. The as soon as he thinks we will. The one great compensation is that our Air Force will be one of high quality, and the 95 groups will do very much more than 95 groups

of World War II planes could have

The next questions are obvious: What is this new Air Force costing and why does it cost so much? Why all these billions for an Air Force less than half as big as what we had in the last war? Well, as for cost, the current proposed national budget calls for defense expenditures of around \$56 billion. About \$20 billion of that will go to the Air Force. The Air Force, in turn, will spend more than \$11 billion of its money on air equipment. The Navy will spend over \$4 billion on aviation. Altogether, a total of \$151/4 billion on military procurement for air! Out of every defense dollar earmarked for military procurement, 48 cents—almost half—is going to the aircraft industry. You gentlemen, therefore, and all Americans certainly have an interest in the airplane and in the industry that produces

#### Why Airplanes Cost So Much

Now the reasons airplanes cost so much more today than ever efore are three:
(1) All of our normal elements

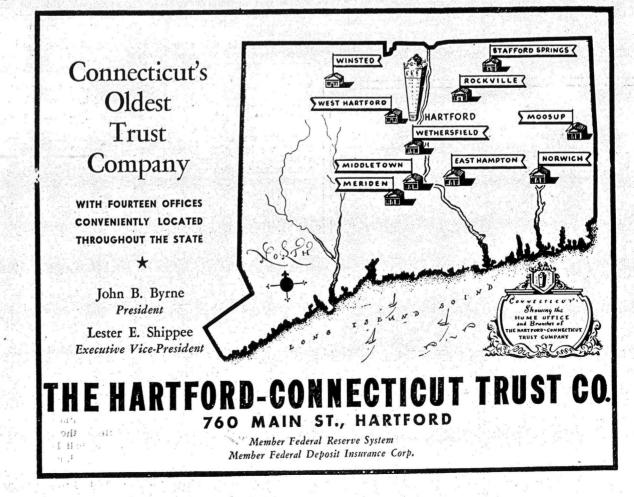
of cost are up;
(2) Today's airplane is different and is two to three times the airplane that World War II's airplane

(3) We practically stopped building any airplanes in 1945, 1946, and 1947.

I'm not going to spend any time talking about the way our labor, materials, manpower, and equipment are a problem to us, because you know that anybody in America that is making anything big is having to face these problems. In ica that is making anything big is having to face these problems. In short, we are competing with civilian industries for manpower, materials, parts, and equipment. I'm not attempting to refute the national policy, which is to keep civilian production going and to keep war (or defense) production going too. I happen to be one of those who believe that, all things considered, it would be wrong to completely subjugate our civilian industry to the demands of our defense program. I am saying,

Continued on page 34

Continued on page 34



# Economic Freedom vs. Economic Security

The philosophy underlying the doctrine of economic freedom and the ideology of economic security is not new. History records the History records the

William A. Reckman

under the doctrine of eco-nomic free-dom which a f f o r d e d opportunity to those who embrace it, and the fall of those same nations when the people become less enterprising and accepted increasing aid from govern-

ment to the end that they become puppets of the State.

Briefly, economic freedom is a product of private enterprise, free trade, competition, production, and thrift, generated by incentive of the profit system which offers a reward in proportion to ability, integrity and efforts expended. The function of government is in the role of umpire to see that the rules of fair play are observed.

Economic security is an ideology, expressed or implied, to care for the needs of the individual by a managed economy, under gov-ernmental control. This ideology has its roots in various isms except Americanism. It is part and parcel of government by individuals instead of government by

Since the birth of Christ, there Since the birth of Christ, there have been about forty billion people on this earth; but not more than 3% of them have ever known freedom as we understand it. That is precisely why no other nation, since the beginning of time, has ever possessed the spiritual strength, the material wealth, and the productive exactive which and the productive capacity which we now enjoy.

# Pilgrims Were Communists-Temporarily

Surprisingly, the Pilgrims were Communists for about three years. On July 1, 1620, before sailing on the Mayflower, they agreed that all profits and benefits from trade, traffic, trucking, working, fishing, or any other means of any person

\*An address by Mr. Reckman before the meeting of the Savings and Mortgage Division, 77th Annual Convention of the American Bankers Association, Chicago, Ill., Oct. 1, 1951.

By WILLIAM A. RECKMAN\* President, Savings and Mortgage Division, ABA President, Western Bank & Trust Co., Cincinnati, Ohio

Midwestern banker, in commenting on the conflict between the communistic ideology of economic security and the free enterprise system of personal freedom and individual independence, warns nation is drifting toward totalitarianism, and the American economy is rapidly changing into a system that has brought starvation and suffering to the rest of the world. Condemns price, wage and other economic controls, and concludes surrender of individual opportunity should not be traded for economic security.

or persons should be equally di- life. vided. Governor Bradford's diary ourse tells how many of the colonists at Plymouth were starving in 1623. The experience that was had in this common cause, which in effect was a "welfare" state, tried for several years amongst Godly and sober men, may well evidence the vanity of the conceit of Plato and other ancients, applauded by some at later times, that the taking away of property and bringing a community into a commonwealth would make them happy and flourishing—as if they were wiser than God. Many sold their clothes and bed coverings; others became servants to the Indians and would put wood and dians and would cut wood and fetch water for them for a cap full of corn; others fell to plain full of corn; others fell to plain stealing, both night and day, from the Indians, of whom they grievously complained. It well appeared that famine would continue for another year unless some way could be devised to prevent it. At length, after much debate with his advisers, Governor Bradford gave way that every man should be free to plant for his own use and trust to himself. This plan proved successful, for it made all hands very industrious. Thus our own forefathers learned what hands very industrious. Thus our own forefathers learned what mankind has experienced over and over again—that the welfare state is the road to ruin.

### Nation Faces Critical Decision

Our American civilization is no accident. It exists because it was founded squarely upon the concept of human liberty. It exists because we have learned to defend the rights of the individual and to respect the dignity of man.

But for many years now have been surrendering these God-given rights, bit by bit, in the search of an even better way of life. Instead of striking out for the world to take the wealth of ourselves, along the path of freedom, we have chosen instead to follow slowly, but steadily, in the way, redistributing the wealth, despairing footsteps of Europe, even though there can no longer be any doubt that the road ahead will lead us into economic and political slavery.

Whether to abandon that road now, while there is still time, or whether to permit human liberty to perish from its last great refuge on this earth, is the most critical decision that this nation has faced

since 1776.

In a public speaking contest participated in by-seven finalists chosen from New York City high schools, all contestants delivered papers on the subject, "The World I Want." Again and again the word "security," together with all its synonyms, reoccurred through each paper. Not once did these youngsters use the word "opportunity." This word, which once tunity." This word, which once symbolized the American way of life, seemed to have no meaning for these young Americans. What has happened to these young Americans? I believe that most people will agree that there has been a slow, but sure, growth of willingness to trade opportunity for security in America.

The greatest security of all, of purse, is spiritual security—an unfailing faith in the benevolence of God.

The most unusual security on arth—and the one which we take most for granted—is political se-curity. It is the right of free men to control their own government and to enlarge or diminish its powers at will. We call that human liberty.

There was in this country a century ago a widely established system of economic security under which large numbers of people were guaranteed work, food, were guaranteed work, food, clothing, shelter, and all the basic necessities of life from the cradle to the grave. But that system was abolished by the Civil War. You see, we called it slavery. There we had right before our eyes the perfect example of ultimate misery which results when economic security is purchased at the expense of economic freedom.

# Ten Commandments Are Basic Laws of Civilization

Ever since Moses came down from the mountain, the Ten Com-mandments have been the basic law of civilized man. They are the laws upon which this nation was founded, and they are as inexorable today as they were in the days of the Pharoahs. But that never occurred to us. We had to have change for the sake had to have change for the sake of change, so we set up new laws and new principles. We did not stop to think how dangerous it would be if this doctrine, which we wrote so brazenly into our statutes here at home, were suddenly to be applied to our international affairs. It did not occur to us that if we ourselves proclaimed the right of men to take the wealth of others by political force, we could hardly deny the force, we could hardly deny the right of the "have-not" nations of

Americans by force of arms.
So we went merrily along our way, redistributing the wealth, but not necessarily on the basis of need nor always to the children of misfortune. The controlling factor in most cases was the ability of the recipients to deliver a bloc vote at the polls. In time bloc vote at the polls. In time, some of these groups became so proficient in the art of voting that we conferred upon a privileged few of them the right to break the Commandments all by themselves without ever bothering the government about it.

I could sum up in a single sentence the lessons from the unhappy experience of nations all over the world—there is no security without freedom; there is no hope without opportunity; and there is no progress without incentive.

Is it not amazing as well as alarming that the American people, living in the midst of plenty, would now be willing to embrace another kind of system? Yet this is exactly what is hap-pening. The American economy pening. The American economy is rapidly changing into a system that has brought starvation and suffering to the rest of the world. To prove the validity of this statement, consider the elements which from the other systems in use throughout the world. Our system is not based upon a theory. It is as system that grew in a natural way out of the character of our people. The three major elements in that character were love of freedom, ambition and incentive.

Freedom meant, among other things, that a man could choose his way of life.

Ambition meant that he wanted to live a better life and develop larger opportunities for his chil-

Incentive existed in abundance as it did in no other place in the

characteristics have been whittled down and undermined. They have

been replaced by a political anaesthetic called security. Can't we realize that there can be no ma-terial security for any one without the production of the things that make for security?

#### Scores Social Security

Probably the most clear-cut example of our lack of faith in individual freedom is found in the compulsory social security pen-sion system administered by the Federal Government which has spread so rapidly over our country. I would guess that few persons here would abolish this system, even if they could. The reason, I believe, is this: few persons believe that individual freedom and personal responsibility for one's own welfare offer the greatest possible security in an admittedly insecure world. It appears that we Americans no longer believe that a free person in a free country can or will voluntarily provide for the welfare of himself, his family, and his handicapped or temporarily unfortunate neighbor. In contradiction of our own Declaration of Independence, we appear to be dom and personal responsibility Independence, we appear to be rapidly becoming a nation of dependents. That philosophy of despair is summed up in the ques-tion that is heard whenever the subject of security by dependence on government is discussed: "Would you let them starve?"

Let us consider the implied meaning of that question. To me it says, if people are free and responsible for their own welfare, they will starve. It says that we have rejected Christ's teachings on love and charity. It says that we—through our churches and other voluntary organizations—can not or will not care for the unfortunate among us. It says that a free economy results in starvation instead of progress and prosperity. It says that freedom is a failure and that, for our salva-tion, we must turn to the authoritarian concept of government-guaranteed security. I believe this is an outright rejection of the original American belief in free-dom of choice and personal re-sponsibility for one's own decisions and actions.

# Government-Guaranteed Security Means Mass Starvation

Few, if any, would find fault with the announced goal of our social security program—that is, freedom from want in old agebut even if we are willing to incur the dangers to our freedoms which arise when we maximize the importance of "freedom from want in old age," we still must accept the question, "will it work as it is now administered by gov-

-SPECIALISTS IN-

# United States Government Securities

State and Municipal Bonds

# C. J. DEVINE & CO.

48 Wall Street, New York 5

Chicago • Boston • Philadelphia • Washington • Pittsburgh Cleveland • Cincinnati • St. Louis • San Francisco

Direct Wires to all Offices

U. S. Governments Municipals Public Utilities Industrials Railroads Equipment Trusts Canadians **Preferred Stocks** 

Bank Acceptances

## SALOMON BROS. & HUTZLER

Members New York Stock Exchange SIXTY WALL STREET, NEW YORK 5, N. Y.

Private wires to

BOSTON CLEVELAND

PHILADELPHIA HARTFORD

CHICAGO SAN FRANCISCO

gitized for FRASER

ernment?" As proof of the error a planned economy and a conduction, and all the rest. I believe their posterity; namely, the enjoyof our present approach, let us troiled people. Thus we surthat no other person, or groups of ment of life and liberty, with the
look at the nations of the world render in the most vital battle, persons, is capable of doing so.
where governments exercise the battle of ideas, even before For that reason, I propose that property, and pursuing and obgreater degree of control over a shot is fired! What will it profit these decisions and the problems where governments exercise the greater degree of control over their people. There you will find the lowest standards of living. The siren song of government guaranteed security-has brought guaranteed security—has brought mass privation to the citizens of those nations. Look at Britain and her promise of security from the cradle to the grave. The democratic vote of the British people has brought them compulsory labor and a permit from government to purchase limited supplies for their daily substance. I will not undertake to list all of the many freedoms we have

of the many freedoms we have surrendered in the United States —the restraints against freedom of choice that we have voted against ourselves. But such a list would include controls over word include controls over farmers, businessmen, industrial workers, bankers, foreign traders, and other groups. It would include price controls, wage controls, rent controls, raw materials controls, controlled rates of interest inflated money artificially est, inflated money, artificially cheap credit, and controlled pro-duction. Each of these measures duction. Each of these measures has the effect of preventing hon-est persons from doing what they want to do or of forcing honest persons to do something that they do not want to do. As such, each is a clear-cut denial of freedom. Why has freedom been forsaken and forbidden in these vast areas

of our daily activities?

To me, the sad part of these controls is that even if we disregard the moral issues involved, I believe they will not accomplish what they are designed to do. I can find no evidence in history that they will work, and I believe the reason is clear. It is not, as is claimed, an attempt to control prices or materials; it is always an attempt to control people.

#### Controls Won't Stop Inflation

This brings us to the vital question: Will the price controls, wage controls, profit controls, and other against freedom now being instituted by government stop inflation and high prices in our country? I believe the answer is "no." I believe that fines against so-called black marketeers will not stop inflation, nor will prison terms stop it.

I concede that our government officials do wish to stop inflation. I suggest, therefore, that they consult the dictionary to find a definition of what they are trying to stop. They will find that inflation is defined as "a disproportionate increase in the quantity of money or credit, or both, relative to the amount of exchange of money or credit, or boom, relative to the amount of exchange business." That is, inflation is business." That is, inflation is caused by a disproportionate increase of money and credit relative to available goods and services. The question then is: who or what is responsible for increasing the supply of money increasing the supply of money and credit?

According to our Constitution, "Congress shall have the power... to coin money." By delegation of powers by the Congress, the Federal Reserve Board and the Treasury are in practical control of the overall credit policy followed by our banks. So we must conclude that the source of this could like with the source of this evil lies with government.

We are now engaged in a contest between our philosophy of living—namely, economic freedom—and that of a totalitarian state—namely, economic security. We have said again and again that it is our free way of life that it is our free way of life that gives us both spiritual and mate gives us both spiritual and material superiority over Russia and communism. Yet, when the crucial test between these two philosophies is imminent, we apparently feel compelled to adopt their system in order to prove that ours is best. We feel compelled to reject freedom and embrace the Communist idea of

us to defeat aggressive foreign nations who believe in a regimented people and government ownership of the means of production if, in this process, we accept the valid-ity of their doctrines for use here in the United States. That would indeed be a Pyrrhic victory!

#### Let People Make Decisions

Where then does this search of freedom lead us! What should we do? First, I want to say that I am quite sure that I am not capable of determining for 150-million have certain inherent rights, of

that no other person, or groups of persons, is capable of doing so. For that reason, I propose that these decisions and the problems connected therewith be returned to the people themselves.

In this time of grave national crisis, I believe we can obtain guidance from the wisdom of our founding fathers. I, therefore, commend for your consideration these Thomas Jefferson in the Virginia Bill of Rights, which was itself the foundation of our Declaration of Independence:

such things as wages, prices, pro- any compact, deprive or divest be free.

ment of life and liberty, with the means of acquiring and possessing property, and pursuing and obtaining happiness and safety.

"That no free government, or the blessing of liberty, can be preserved to any people but by a firm adherence to justice, moderation, temperance, frugality, and virtue, and by frequent recurrence to fundamental principles." to fundamental principles."

These, I believe, are the truths by which we must live if we are to be free!

We Americans have been free so long that most of us take our quite sure that I am not capable of determining for 150 - million have certain inherent rights, of about what is going on in the rest people their everyday economic which, when they enter into a of the world, we can hardly realand personal decisions concerning state of society, they cannot, by ize what it would be like not to

#### The Price of "Security"

We have been told again and we have been told again and again and are being constantly inoculated with the thinking that we should have no anxiety or care; in effect, that we should be permitted and encouraged to spend all we earn as long as we want to earn, and from then on a paternal government should assume the responsibility of our care and wor-

Is it the problem and responsibility of government to provide us with that kind of individual secu-rity? Would you then be willing to be told where you are going to work? Would you surrender the right to change jobs whenever you wished? Would you give up the right to own your own home? Would you give up the right to

Continued on page 38



Our Reporter on Governments

**■ By JOHN T. CHIPPENDALE, JR. ■** 

ence of very limited volume and activity, has been able to stem, in a not too sure fashion yet, the down-trend in quotations. Prices

have been able to recover in a moderate way because there was some assistance from the monetary authorities who entered the market in order to stabilize it around the then prevailing low

market in order to stabilize it around the then prevailing low levels. The market all along has been orderly, and even though it has been on the defensive there have not been any large blocks of long securities overhanging it that would need important official support in order to be absorbed. The dullness in the government market could be a forerunner of a change in trading trend and not a few in the financial district believe the lower limits of the trading range are being carried out now.

Market Feeding on Rumors

The government market appears to be responsive, at least in some measure again, to those old stimulants, limited "open market operations" and large "open mouth operations." Rumors were definitely strong that the powers that be had stepped into the breach and were supporting selected issues of the bank-eligibles, and the restricted obligations. This created a better tone in the

intermediate- and long-term obligations which resulted in quota-

tions being marked up without any appreciable change in volume

and activity because it is still very much a professional operation. As far as the indicated purchases of the marketable issues by the

Federal were concerned, these evidently were not very sizable

in the higher-income obligations. However, it would not be at all surprising if the monetary authorities should come into the

picture for support purposes from time to time, more for the effect psychologically than because of the need to absorb securi-

ties that are seeking a new home since there have been only negligible amounts appearing for sale. These could be very readily

absorbed in a more normal market that had a semblance of

breadth, volume and activity. However, as has been the case recently, buyers continue to be on the sidelines, which means

they are still cautious and are apparently willing to wait and see where the lower reaches of what seems like a new trading

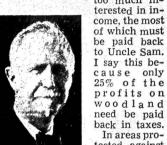
limits of the trading range are being carved out now.

The government bond market, although still under the influ-

# Woodlands as an Investment

By ROGER W. BABSON

Mr. Babson discusses woodlands as an investment. Says, in fire protected areas, woodland profits are sure, and ownership woodland is means of escaping part of income taxes. Finds increasing uses for various kinds of wood products.



of which must be paid back to Uncle Sam.

woodland need be paid back in taxes. In areas pro-tected against fires, wood-

Roger W. Babson should be slow, but sure.

With the demand for timber increasing more rapidly than the growth, it is evident that the price must constantly increase. This inmust constantly increase. This increase in demand is due both to the constant increase in population and also to the new uses for pulpwood and other species.

A few years back pulpwood was used only for newsprint, wrapping paper, etc. Today it is used for plastics, cabinets, cellophane and even wearing apparel. These and even wearing apparel. These new uses are increasing very fast. Hence, the two most valuable woods today are spruce for pulp and pine for timber. Hard woods are also becoming valuable for use in connection with furniture, tools and various utensils. In fact, the largest profit may be in stands of hard woods because they are now hard woods because they are now so very cheap.

#### Grafting of Trees

The grafting of fruit trees is very common. This applies particularly to apple, pear and orange trees. The best orange trees are valencias grafted on lemon roots. valencias grafted on lemon roots. Now experiments are being carried on to graft timber trees to get more valuable varieties and quicker growth. For instance, after cutting down an 18 inch pine tree, instead of permitting the stump to waste, a hole will some day be bored in the stump and a

Every investor is justified in owning some growing timber.
This applies especially to those in the higher brackets who are not too much interested in income, the most of which must be seen that some "seen that some the some that some the som With free gravity power, it will sometimes be possible to irrigate woodlands. The growth of trees is very dependent upon the moisture. When a tree is cut, it will be seen that some "growth rings" are over an inch thick, which was the growth during a rainy year. Other rings will be only one quarter inch thick, which shows the growth in a dry year. If woodland could be cheaply irrigated, the time required to grow good timber or pulpwood could be cut in halves.

The sap of very few hard wood

The sap of very few hard wood trees is now used. The outstanding example of useful sap is that of the maple trees from which maple sugar is obtained. We, however, use this maple sap merely because it is sweet. Sometime it will be found that the bitter saps of other trees contain valuable will be found that the bitter saps of other trees contain valuable medicinal qualities. These may help people suffering from high blood pressure, arthritis and similar diseases. Who knows but the key to the cancer problem will be found in the sap or bark of some hard wood tree. Today the bark is used mostly for tanning or dyeing. dyeing.

Looking into the future, we must not forget the leaves of trees. We know how valuable are the leaves of the tea trees of China, Malay and India. At one time the leaves of the mulberry tree were needed to raise silk worms. Yet, today not one hundredth of one percent of the billions of our hard wood leaves are utilized. I forecast that cutover land will some day, by well-walls morely for the cast that cutover land will some day be valuable merely for the leaves of the remaining brush. Marvelous new discoveries are ahead in connection with the use of grasses and other forms of vegetables which are now wasted.

### Something to Think About

Just a thought in closing. Has it ever occurred to you that trees can do something which you cannot do? Trees can draw up food tree, instead of permitting the stump to waste, a hole will some must lift our food up to our day be bored in the stump and a mouths and let it pass down thealthy ten-year-old graft will be inserted. This gives the new tree the benefit of the large root system of the old tree which has just through their "feet" against the pull of gravity. This means that

they have some undiscovered elements or vitamins which have great possibilities. Don't put all your money into any one thing; but don't go through life without owning a few trees.

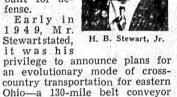
## Belt Conveyors as War **Defense Necessity** Urged by R. R. Head

H. B. Stewart, President of Akron, Canton & Youngstown R. R., cites need of such projects to alleviate heavy demands on nation's transportation system, particularly in present emergency.

In an illuminating address, "Belt Conveyors—Supply Lines for De-fense," which Harry Bartlett Stewart, President of the Akron,

Canton & Youngstown Railroad Co., delivered at the Cleveland City Club, the author advances rea-sons why he feels belt conveyor lines should be built for de-

fense.
Early in
1949, Mr. Stewart stated, it was his



system. The projected enterprise known as the River-Lake Belt Conveyor Lines, Inc. which proposes to link Lake Erie at Cleveland and Lorain with the Ohio River at East Liverpool, will, he stated, transport millions of tons of coal and iron ore, saving millions of dollars to the large and small consumers in this area. Mr. Stewart stressed the defense aspect in view of the prevailing critical world conditions making the con-

world conditions making the con-veyor system a defense requisite

Pointing out that the most critical transportation problem today is the shortage of freight cars, Mr. Stewart advocated the need for stewart advocated the need for every possible transportation fa-cility—truck, airplane, pipeline, lake vessel, barge line and con-veyor line, and maintained that all forms must be utilized to the fullest extent and additional arteries developed to handle the growing volume of defense production.

The better tone in the longer end of the list, according to reports, was not accompanied by much greater activity, even though some of those interested in investing funds did step into the market as it assumed a more constructive attitude. The short market continues to have no trouble in keeping its position in the spotlight.



## New Trading Area Developing

range are going to be established.

It is evident that money market followers are now of the opinion that the recent decline in quotations of the higherincome 'Treasuries is just one of those adjustments that come every so often in the bond market, especially when a new trading area is in the process of being marked out. It is believed there could be more pronounced swings in quotations of the larger yielding governments, and these changes may be more frequent than was the case in the past.

In other words, a more flexible market for the longer-term obligations appears to be in the process of being worked out, but this new trading area should not be as far down as the lows for the year, whereas the highs should likewise not exceed by too much if at all the tops that were made not so long ago. It is also believed the monetary authorities will not hesitate to interfere with the market trend if there be need for such a development in order to straighten it out, irrespective of the direction in which the movement may be going.

Although it may be a while before the longer-term segment of the market picks up in activity, a more flexible market should be a good trading one because as the upper and lower limits become more clearly defined there will be more of a tendency for the fast-moving operators to cash in on these price movements. However, at the present time there is so little volume that quotation swings do not mean too much. The professional element seems to be in the driver's seat, but that is not a very profitable operation for those concerned since there never was very much nourishment in taking in each other's washing.

## **Business on Order Basis**

Despite the thinness of the market, there has, however, been a modest amount of transactions consummated even though these have been done mainly on an order basis. The operations in the bank-eligibles seem to have involved the 1956/58s, and the 1956/59s on the buy side, with the September 1967/72s more or less dormant as far as activity is concerned. There is less pressure on the commercial banks now to invest funds in the longer government market, because of the increase in loans. The restricted issues have shown some signs of modest activity, but this consists largely of orders from the smaller non-bank investors. Pension funds seem to be doing very little aside from listening to not large offerings that appear from time to time.

The short-terms continue to be the best actors, with commercial banks, corporations and other non-bank buyers still keeping well invested in these securities. Treasury bills and most of the certificates appear to be the favored ones in this group.

# "Many banks...play a part in our investment program"

ASSETS of this substantial old company exceed one billion dollars, and are invested in every state in the Union.

Many banks, in serving their depositors, play a part in our investment program . . . by calling us in when the credit needs of their depositors involve longer term loans than the bank wishes to grant alone. We welcome such collaboration.

For better life insurance service, we maintain, from coast to coast, 1100 field representatives who are trained in putting life insurance to work to meet personal and business needs.

These career underwriters appreciate their close relationship with many trust officers in working together to solve the estate problems of our mutual

# The NEW ENGLAND MUTUAL

Life Insurance Company of Boston

First Mutual Life Insurance Company Chartered in America—1835

# Rearmament and the British Election

By PAUL EINZIG

Commenting on Mr. Attlee's decision to hold a general election, Dr. Einzig gives as his main reasons: (1) prospect of split in the Labor Party; (2) the economic difficulties ahead in rearmament, with lack of full support of Labor Party; and (3) realization that it is politically impossible to get consent of Labor Party to reduction of workers' living standard.

LONDON, Eng.—Mr. Attlee's decision to hold an early general election came as a complete surprise to most people. For the time chosen is anything but favorable from the point of view of the Socialist Party. The Gallup Poll and other public opinion surveys foreshadow a clear Conservative majority. Economic conditions in Britain are deteriorating.



Dr. Paul Einzi

foreshadow a clear Conservative majority. Economic conditions in Britain are deteriorating. Rations had to be cut and the cost of living is still rising. The handling of the Persian oil dispute by the government is subject to much criticism. It is true, economic experts foreshadow a further deterioration of the economic situation during the winter. Mr. Atlee would have been in a position, however, to mark time in the hope of an improvement next year. Instead he decided to challenge an election on Oct. 25, with the dice loaded against him. It looks as if he wanted his Party deliberately to relinquish the responsibility of holding office at the present time. If this is the correct explanation then he may have been influenced by two reasons. The one is that, owing to the prospects of economic difficulties, he would prefer to see the Conservatives in office. The

other is that he realizes the imperative necessity of rearmament but feels that he may not get adequate support from his party to enable him to carry it out. While the first of the two possible reasons would indicate a remarkable lack of public spirit, the second would indicate a praiseworthy sense of public duty.

It is the duty of a government to stay in office in face of prospects of economic difficulties, especially if they are largely the result of the policies pursued by that government. Those who know Mr. Attlee well are convinced that it is not in keeping with his character to shirk this duty in the hope that his successor may be blamed for the expected deterioration of economic conditions. On the other hand it is conceivable that he wants to reliquish his post because he has come to the conclusion that a Conservative Government stands a better chance of steering the country through the coming period of economic difficulties. Above all, it is more than conceivable that he has realized that a Conservative Government is in a better position to carry out the much-needed rearmament.

The government must have realized by now that the coming economic difficulties and the increase of rearmament efforts call for sacrifices which could only be forthcoming on a large scale on the part of the lower income groups. Current civilian consumption must be cut substantially, and this problem cannot be solved by reducing the purchasing power of a few thousand rich people or even of a few hundred thousand well-to-do people. Any substantial reduction of civilian demand can only be achieved through the curtailment of the purchasing power of the tens of millions of the working classes and lower middle classes. Yet the Labor Party, while paying lip service to the need of making sacrifices, remains under the delusion that a curtailment of profits and dividends could cover the requirements, and that it is the government's duty not only to maintain the standard of living of the working classes but even raise it. The government is pressed to limit dividends and to distribute surplus profits among the workers. The result would of course be a net increase of the demand for necessities and a reduction of the demand for luxuries. It is difficult to see how that would assist rearmament.

A stage has been reached, or will be reached not later than next year's budget in April, at which the government would have to admit openly that the workers' standard of living must be reduced in the interest of overcoming the growing economic difficulties and in the interest of rearmament. Mr. Attlee must have realized that it would be politically impossible for his government to do so. He knows he would not be supported by his Party. Already he has been stabbed in the back by the Left-wing group of Socialists who embarked on an agitation against rearmament. He must be aware of the popular appeal of this agitation among the rank and file of his supporters. His choice was between yielding to ne pressure of Left-wing and reducing the scale of rearmament, and relinguishing his post in favor of Mr. Churchill who would secure at the general election the necessary support to carry out the full rearmament scheme and even to increase it further if necessary. It h been suggested recently that the government is inclined to we in on the rearmament question, and that Mr. Gaitskell is in f. . or of spreading the £4,700 million program over a longer period than the originally planned three years. On his return from Washington and Ottawa Mr. Gaitskell emphatically denied this. But if the government wants to uphold its program then there is no other course for Mr. Atlee than to cede his place to someone else who is politically in a position to carry it out. Hence the decision to fight a general election with the prospects of losing it.

Had Mr. Attlee not have taken this course the next few months would have witnessed a complete split in the Labor Party. Part of his followers would have been patriotic enough to favor full-scale rearmament even at the cost of lowering the standard of living of the working classes. A large number of Socialists, on the other hand, would have placed Party and class above country, and would have opposed any financial or economic measures that would have imposed sacrifices on those classes. The Attlee Government would have been forced out of office as a result of such a split in the Labor Party. It is understandable if Mr. Attlee prefers to leave office as a result of an adverse verdict of the electorate, with the unity of the Labor Party outwardly maintained.

## Joins Walston, Hoffman

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Ray—
mond H. Renehan has joined the
staff of Walston, Hoffman &
Goodwin, 265 Montgomery Street,
members of the New York and
San Francisco Stock Exchanges.

#### With Jackson Steiner

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—John Rigby, Jr., is with Jackson Steiner
& Co., Inc., 19 Lewis Street.

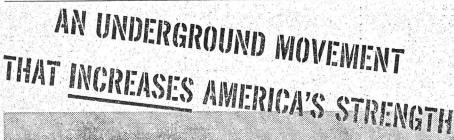
#### Joins Herbert Schwabe

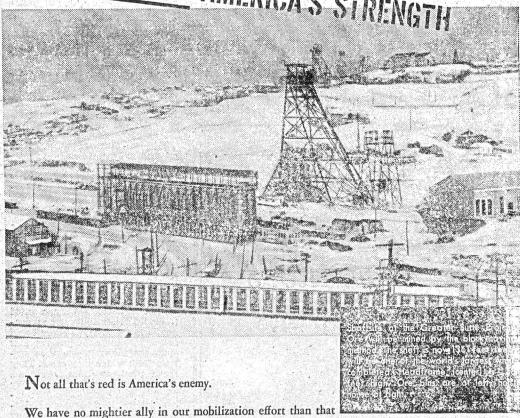
(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—Frederick

Crichton is now with Herbert B.

Schwabe, 50 State Street.





We have no mightier ally in our mobilization effort than that versatile red metal—copper.

The Greater Butte Project, pictured here, was begun by Anaconda in 1948. It will start delivering copper ore of low grade early in 1952 at the rate of 6,000 tons a day. Eventual output is expected to reach 15,000 tons a day, resulting in an increased copper production of 90,000,000 pounds a year. This is in addition to continued output of copper, zinc and manganese ores from existing underground mines.

This giant Montana project . . . but one phase in Anaconda's tremendous expansion, improvement and modernization program . . . will cost some \$27,000,000. Every dollar is a sound investment in America's defense today—in America's progress and prosperity tomorrow.

For copper, indispensable to military needs, is equally indispensable in time of peace. Wherever people live or work or play, you'll find copper doing more jobs and doing them better than any other metal. And when, in a more stable world, comfort and convenience are again the first consideration, no metal will do more than copper in helping to achieve them.



First in Copper, Brass and Bronze

The American Brass Company
Anacondo Wire & Cable Company
International Smelting and Refining Company
Andes Copper Mining Company
Chile Copper Company
Greene Canagaga Copper Company

Continued from first page

# We Are Departing From Founding Fathers' Concepts

their belief in and their love of the fundamental American principles and institutions, which have given them the opportunity to develop their self-reliance and independence. Above all, they are alike in their abiding faith in God Almighty.

There is no higher duty resting upon each of us as American citizens today than that to preserve and defend this country, its fundamental principles and institutions, its political and economic life, and the freedom and independence of its citizens from independence of its citizens from the attacks upon all these cher-ished heritages which are today being made both from inside and outside of this country. To accomplish this purpose, we must rededicate ourselves to the task; we must become fired with the patriotic zeal with which the signers of our Declaration of Independence were imbued when they concluded with these ringing words

"And for the support of this Declaration, with a firm reliance on the protection of Divine Providence, we mutually pledge to each other our lives, our fortunes, and our sacred honor."

The Fundamental Issue Today

Let us get to the fundamental sue involved in the struggle issue involved in the struggle taking place in this country and in the world today. The basic issue is: what is the position of the individual man with relation to his government? The absolutist philosophy says the individual man has no personal rights which the government is obliged to respect. The individual man exists spect. The individual man exists for the state; therefore, the gov-ernment or the men in control of the government can do anything it or they see fit, to or with the individual; there is no redress. That is slavery under whatever name it may be labeled. The struggle of mankind through the centuries for freedom as gleaned from the pages of history is the story of man's hopes, his aspira-tions, and his battles with his own despotic government for the right and opportunity to lead his own life; worship God in his own way; accumulate and be protected in the ownership of his own prop-erty; and be free from personal imprisonment, confiscation of his property, or the taking of his life by the government.

After centuries of struggle against their kings, the people of England in the Revolution of 1688 drove out the autocratic King

James II and placed William and Mary of Orange on the throne. They then thought they had secured their liberties, only to find that they had made Parliament supreme with completely unlimited power. They had thereby surrendered to Parliament the very rights and liberties which they had fought so long and so hard to secure from their kings.

In fact, it was against the arbitrary and unlimited power of the English Parliament as well as the acts of the British king that the American colonists revolted.

#### Tyrannical Parliamentary Government

Government

As late as 1946, the present Socialist government in England, in support of what its Socialist-controlled Parliament had done and proposed to do, declared through the Attorney General of England, Sir Hartley Shawcross: "Parliament is sovereign; it may make any laws. It could ordain that all blue-eyed babies be destroyed at birth." This from the Attorney General of Britain.

It is the extent of the power a government has—not the source of it—that is important. A tyran-

of it—that is important. A tyran-nical government drunk with power, even though elected by the people, may well go to greater lengths than a beneficent gov-ernment attaining power by force or by succession.

The present Socialist govern-ment in England, although elected ment in England, attnough elected by the people, has probably de-prived more Englishmen of more rights, privileges, and immunities, and has placed greater burdens on greater numbers of people than any of their most despotic kings would have dared to attempt.

Of course, when an absolute government falls into the hands of absolute utterly unmoral cutthroats as in Russia, then not only are their own people enslaved, but the freedom of all people is threatened. When a mad dog is loose, no one is safe.

So much for the old world and its historical domination of the individual by his government. Let us turn now to the new world.

Our forefathers left their homes in Europe and crossed a mighty ocean in fragile ships to make homes for themselves on a new continent because they wanted the political, religious, and eco-nomic freedom which they could not enjoy under the governments and economic systems in the counand economic systems in the countries from which they came. They faced peril, hardship, privation, and often death because they placed a higher value upon individual rights and personal liberty than the cost which they were called upon to pay in terms of personal and physical hardship. When the English government, of which they were citizens, attempted to impose its restrictions

tempted to impose its restrictions and decrees upon them to such an extent that it impaired and threatened to destroy their rights and liberties, they threw off the yoke of that government.

This action was not taken hastily or precipitately. They endured for years the ever increasing tyranny of a British king and a British Parliament until they felt that they could no longer endure it and retain their self-respect and their status as free men. The strength and depth of men. The strength and depth of their feeling was expressed for them when one of their fellow patriots announced his unalterable decision by declaring: "As for me, give me liberty or give me death." They took action only as stated in their Declaration of Laboratory of the state of Laboratory and their Declaration of L their Declaration of Independence:

"When a long train of abuses and usurpations, pursuing invariably the same object, evinces a design to reduce them under absolute despotism, it is their right, it is their duty, to throw off such government.'

With the issuance of their Declaration of Independence by the and establish such a government. American colonies, the die was The representatives of the several cast. The breach with the mother states came together in the con-

Two problems immediately confronted them. First, they had to win the war for independence which they were already Great Britain. Second, the had to establish a new central government under which they government under which they would have an opportunity to live their indvidual lives in dignity and freedom without the interference and harassment to which they had been subjected by their government.

They had to win the war to save their lives as well as to gain their freedom and, therefore, be able to establish a permanent able to establish a permanent government under which they and their children could live. They their children could live. They were practical realists as well as idealists, and they had what had become traditional as the American saving sense of humor. Benjamin Franklin truthfully said: "We must all hang together, or assuredly we shall all hang senarately."

separately."

1 cannot here and now review their heroism in overcoming what seemed insuperable obstacles, and by their suffering and their blood winning for themselves and for us

our most precious heritage of American freedom.

The end of the war and the dawn of peace did not mean that dawn of peace did not mean that they stepped into a ready-made Utopia. They were almost com-pletely disorganized politically, and they were in desperate straits economically. Their next job was to establish a permanent central government under which they could live and enjoy the freedom which they had fought so valight. which they had fought so valiant-

which they had fought so valiantly, and at times it seemed so hopelessly, to attain.

They had no human legalistic background or precedent for the rights they wanted every man to enjoy. A God-fearing, religious people, they turned to God Almighty as the source of the rights and powers for which they and powers for which they

"When, in the course of human events, it becomes necessary for events, it becomes necessary for one people to dissolve the political bands which have connected them with another, and to assume among the powers of the earth the separate and equal station to which the laws of nature and of entire's Cod entitle them." nature's God entitle them . .

Again:

"We hold these truths to be self-evident: That all men are created equal; that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness; that, to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed."

They claimed the equal station for themselves to which the laws

for themselves to which the laws of nature and of nature's God entitled them. They held that all men—not just themselves, but all men—are endowed — not by any king or potentate or parliament, but by their Creator—with certain unalienable rights. That means that these rights are inherent, eternal—they are not to be taken away or usurped by any government regardless of its form or name, and including particularly the individual man's own government. for themselves to which the laws

#### Birth of Human Freedom

This was truly the birth of human freedom — not only in this country but in the world. It was a new concept. It swept aside the old-world concept of the unlimited power of the state over the individual citizen.

country was complete. There stitutional convention to achieve could be no turning back. They this purpose. They worked hard and they worked long. They tremendous immediate and long sought in prayer the guidance of range problems confronting them, and they faced these problems with limited manpower and inadequate physical resources.

Two problems immediately great British statesman, to be the confronted them. First they had most wonderful work eyer struck most wonderful work ever struck off at a given time by the brain and purpose of man.

The Constitution, with its Bill of Rights amendments, sets up almost more prohibitions as to what the government may not do than it gives grants of authority as to what it may do. Even then, after its grants of authority, they pro-vided in the Tenth Amendment the blanket restriction that all powers not delegated to the cen-tral government were reserved to the states or to the people. Most of their suffering—physical, men-tal, and spiritual—had been caused by the interjection of the hand of government — their own govern-ment—into their individual lives. The paramount thing they wanted government The paramount thing they wanted to accomplish was to prevent this from happening again at the hands of the government they were planning to establish. They were realists—they had learned the hand way of the tendency of men vested with governmental powers to expand and increase their powers and functions and perquisites at the expense of those governed. They wanted to put a stop to such a possibility in this country, once and for all.

#### Constitution Did Not Provide for A Planned Economy

We find nothing in their discussions or in the product of them providing for the establishment of an economic order, or any provision that the government should plan an economy for the people. They did not want the government to plan for them as individuals, or to look after their personal needs or wants. They did not want the government to pay them doles, to tell them how much and what they could plant, and buy their crops at higher than market prices. They had proved to their complete satisfaction that each of them could do those things to their complete satisfaction that each of them could do those things for himself. They accepted political government as a necessary evil. Our founding fathers wanted a minimum of government and a maximum of God-given freedom so that, with this freedom and the dignity vested in him as a son of God, a man could live his own God, a man could live his own life, make his own living, support his own family, educate his own children, accumulate and retain and dispose of his own property -all of which his own history and experience had demonstrated to



MEMBER
FEDERAL RESERVE SYSTEM - FEDERAL DEPOSIT INSURANCE CORP.

# Lo bankers in the other 47 states:

When your bank has title insurance matters in Pennsylvania, why not do as Pennsylvania bankers do: Refer your Pennsylvania title work to the world's oldest title insurance company-a company that's issued over a million title policies in this State.

# LAND TITLE BANK AND TRUST COMPANY

PHILADELPHIA

Broad and Chestnut Fifth and Chestnut

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

ernment—his own government—would just let him alone,

would just let him alone.

Another thing is noteworthy to reduce their time discussing what kind of a government would be the most efficient. They probably realized that a streamlined, absolute government with its power to make quick decisions and take prompt actions, if honest, intelligent, and high-minded, would in many respects provide the greatest efficiency. They wanted no part of any such government. They knew the inherent human limitations and weaknesses and the tendencies of their fellow men when vested with unrestrained power over their fellows. Without reference to efficiency, they therefore established a departmentalized government of three senarate departments. a departmentalized government of three separate departments, each intended to be largely ineach intended to be largely in-dependent of each other, and each intended to act, as a check and balance on the other. There is no evidence that they contemplated the likelihood that the executive would or could at times try to control the legislative department by turning off the spigot of governmental patronage from a mem-ber of the Congress who did not ber of the Congress who did not take the executive program, and turn it on for those who did what they were asked or told to do. They probably did not contemplate that the executive might attempt to remove a Supreme Court which differed with him on the constitutionality of parts of his program; and that, failing in that direct effort, his tenure of office could be continued so long that he achieved his purpose through his power of appointment.

# Constitution Provided for Individual Opportunity

Individual Opportunity
With the adoption of our Constitution, the doorway to individual opportunity and freedom was thrown open to our people. At long last, a political system had come into being which recognized and gave an opportunity for the development of the innate need, desire, and craving of man to be able to stand erect with his head high and, under God, work out, his own economic, political, and spiritual life. It was the dawn of a new day. of a new day.

This was the greatest impulse to the development and exercise of mental and physical energy and industry that this old world had ever known. It was the firm granite base upon which the American way of life could be built. The effect was almost miraculous. Men and women from other countries wanted to come to this new land and live their lives in this land of individual opportunity. They were ready and willing, and they proved themselves This was the greatest impulse ing, and they proved themselves able, to meet and conquer the hardships and perils of a pioneer life in a new land. With their muskets ever ready to protect their homes, they got down on their knees around their family firesides and thanked their God for the opportunity which they had to live their own lives as free

The story of the growth of this great country from its small and modest beginning to its present stature is a thrilling and unparalleled chapter in the history of mankind. It embodies the spanning of the continent from the Atlantic to the Pacific, with the sturdy nioneers crossing barren sturdy pioneers crossing barren plains, parched deserts, and towering, snow-clad mountains with dogged determination and unbounded courage. It tells of the inventive ingenuity of the American people who, because of their ambition, their initiatve, their industry, and their thrift, developed a productive capacity and thereby secured a standard of living never before equaled or even dreamed of in the history of this old world.

Productivity of the individual is the key to the American high standard of living. With only about one-fifteenth of the world's population and about the same proportion of the world's land area and natural resources, the United States has more than half the world's telephone, telegraph, and radio networks; more than a third of the railways; more than a three-quarters of the world's automobiles; almost half the world's radios; and consumes more than half the world's coffee and rubber, two-thirds of the silk, a quarter of the coal, and nearly two-thirds of the crude oil.

Now, what is the basic reason for the tremendous achievements of the people in this country of Productivity of the individual is

of the people in this country of

minds, the hearts, and the spirits of men, and which unleashed such a surge of mental and physical productive energy as the world had never witnessed.

had never witnessed.

Men work both mentally and physically to get something they want badly enough to cause them to make the effort—in the rational belief, based upon their observation and experience, that they can get it if they go after it, and can keep and enjoy it when they get it. They work when they have an incentive. That is the Ameircan system. If you want more than you have and are willmore than you have and are will-ing to pay the price in brain and brawn and thrift and intelligence and industry, there is no limit to

him that he could do if the government—his own government—his own government—would just let him alone.

Productivity—Key to High Living ours? Men found here in America what you can produce and what and then have the right, in his that individual freedom and operation of the could do if the government—standard that individual freedom and operation of the could do if the government—standard that individual freedom and operation of the could do if the government—standard that individual freedom and operation of the could do if the government—standard that individual freedom and operation of the could do if the government—standard that individual freedom and operation of the could do if the government—standard that individual freedom and operation of the could do if the government—standard that individual freedom and operation of the could do if the government—standard that individual freedom and operation of the could do if the government—standard that individual freedom and operation of the could do if the government—standard that individual freedom and operation of the could do if the government—standard that individual freedom and operation of the could do if the government—standard that individual freedom and operation of the could do if the government—standard that individual freedom and operation of the could do if the government—standard that individual freedom and operation of the could do if the government—standard that individual freedom and operation of the could do if the government—standard that individual freedom and operation of the could do if the government—standard that individual freedom and operation of the could do if the government—standard that individual freedom and operation of the could do if the government—standard that individual freedom and operation of the could do if the government of the government of the could do if the government of the government system goes. If you secure property or capital as the result of your legitimate efforts, you may keep and enjoy as a property right for yourself and your family right for yourself and your family that which you have acquired through your efforts; and the right to own and enjoy property is one of the most basic human rights. That kind of life and opportunity came to be known as the American way of life. It has opened new frontiers, both geographically and scientifically. It dug the gold out of the California mountains, and it broke the virgin sod of the great prairie states. The opportunity in this great country of ours for every man, The opportunity in this great country of ours for every man, woman, and child to set his goal

abilities, to achieve his ambition, is the fundamental reason for our success, both as individuals and as a nation. This freedom and these opportunities of the individuals and achieve the control of the individuals and the control of the individuals are the individuals. ual are what made this nation great. They must be preserved as a priceless heritage because the same things that made this nation great are the only things that can keep us great.

# The Trend to Subjugate the Individual

Today, both in the world at large and in this country, an effort is being made by centralized government to resubjugate the

Continued on page 28



"Our new National Teller's Machines...

# Speed Customer Service... Reduce Analysis Cost...Speed Teller Balancing!"

THE FORT WAYNE NATIONAL BANK says: "We now give faster service to customers ... teller produces customer's receipt faster with one operation ... it's now faster to cash several checks as a group because of the new List

"Separate batch total, and separate tape showing only cashed checks, are always available ... permits more frequent release of checks for proving and posting. All this reduces analysis cost.

Our tellers-who previously used both manual and machine methods of teller operation—now balance faster and easier since we installed Nationals."

Your customers and your bank can obtain the same advantages because of this combination of features found only on the National Teller's machine:

 Single form deposit ticket and receipt, automatically perforated for quick separation, speeds customer service.

- Built-in adding machine feature helps speed customer service ... and eliminates need for an extra adding machine in teller's
- · Six or more totals provide flexibility for many plans of oper-
- All transactions under locked-in control, assuring identical records for both depositor and bank.
- · Visible amount dials promote teller accuracy.
- Locked-in original-print audit tape (no carbons).

Call your local National representative for a demonstration and see how National's New Teller's Machine will speed customer service and teller balancing ... reduce costs ... increase efficiency.



THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO

Continued from page 27

# We Are Departing From Founding Fathers' Concepts

efforts are being made in many places and under many names and by many procedures. Some are open and direct physical attacks—others are indirect and are a battle for the minds of men which, they was a support of the minds of men which, when won, would enable them to take their true physical form.

take their true physical form.

In Soviet Russia and her subjugated satellites, though sometimes using the form of prostituted legal procedures, the actions are direct and physical, as evidenced by the murder and enslavement of those who do not bend the knee to, and obey the orders of, the dictatorship. Even the Russian government, dishonest and dishonorable in all its dealings both within and without its own country, has frankly deits own country, has frankly de-clared not only its objective but even the procedures and tech-niques to be used in achieving its

The Communists use force with prodigality and the greatest brutality when they think the time has arrived; but their standard procedure is to first soften up their intended victim by boring from within, using both ruthless paid agents and spies, and also utilizing even without their knowledge the ignorant and sometimes the superficial plywood times the superficial plywood idealists who do not see the end result of what is presented as a present human betterment idea or plan. They are working on this country in that way today.

Whether Russia is today the powerful and effective military machine which some proclaim, or whether she is the world's most colossal bluff and, because she is backward in technology, hated by the millions she is oppressing both inside and outside her bound-aries, and is rotten at the core, aries, and is rotten at the core, her government and her power would crumble like a house of cards if put to the acid test, I do not know. We must not, for the sake of our present and our future generations, misjudge her teriorated from within.

individual man and citizen. These potential. We must prepare for the worst even though we hope for the best. On the other hand, I am firmly of the belief that, with the quality of our people and our great productive capacity, if we prepare intelligently, putting first things first, and work industriously, individually, and collectively, up to our potential, this country can never be destroyed from without unless and until we first disintegrate and deteriorate from within from within.

The great Roman empire fell when the Roman citizens, once a proud title, lost their vigor, initiative, and industry by being fed at the public trough. The Roman Caesars, after conquering the barbarian tribes of the north and becoming rich and powerful, tried to have their people live on the the taxes and the labor of their the taxes and the labor of their iques to be used in achieving its rurpose.

The Communists use force with rodigality and the greatest bruality when they think the time as arrived; but their standard luxuries of life without work. Improved the received and the labor of their foreign slaves. To maintain themselves in power, the Caesars promised and gave to their citizens and soldiers not only the necessities but the circuses and luxuries of life without work. Improved the receiver and the labor of their foreign slaves. To maintain themselves in power, the Caesars promised and gave to their citizens and the labor of their foreign slaves. To maintain themselves in power, the Caesars promised and gave to their citizens and the labor of their foreign slaves. To maintain themselves in power, the Caesars promised and gave to their citizens and soldiers not only the necessities but the circuses and luxuries of life without work. Improved the citizens are considered in the citizens and soldiers are considered in the citizens and soldiers are considered in the citizens and soldiers are considered in the citizens and the labor of their foreign slaves. To maintain themselves in power, the Caesars and soldiers are considered in the citizens and considered in the citizens are considered in the c morality and laziness took their morality and laziness took their toll on the moral fibre and character of the Roman people. They deteriorated and distintegrated from within, and largely fell of their own weight.

On one of our southern coasts, where a large fish cannery had operated for many years throwing its refuse and garbage into the ocean, the seagulls in untold numbers of the coast. bers gathered there and lazily fed on the refuse. When the cannery ultimately closed, the seaguls starved by the hundreds of thousands. They had been fed by others for so long that they had lost the necessary knowledge and the desire to provide their and the desire to provide their own living; and they had raised generations of young seagulls who had not learned how to, catch their own fish and make their own living as self-reliant, free, and independent seagulls should do. They had disintegrated and deBritain an Example

The sorry state today of the once mighty Britain did not just come about overnight—no, and it did not just come since the war, with the present Socialist govern-ment. In fact, the present So-cialist government came as a result of what had taken place over some decades of what was falsely called liberalism. In 1911, when I was in college, with another student I worked my way on a cattle boat to England and took a bicycle tour through England and Scotland. On a growded tram-Scotland. On a crowded tram-car in Birmingham, England, I heard an elderly, intoxicated Englishwoman amusing the other passengers by declaring in a rau-cous cockney accent, "Yes, sir, Lloyd George made a lady of me, he did, by giving me a fixed income of five bob a week." Yes, the softening-up, disintegrating process under the name of liberalism had been going on for some decades, assisted, it is true, by the great suffering which occurred during the last war, before Eng-land openly espoused the present Socialist government on its plat-form of the socialization of busi-ness and industry. We see the pitiful spectacle of Britain, with an almost unlimited supply of coal as one of her few great na-tural resources, today under the government operation of the coal mines not only no longer able to export coal, but now actually seeking the import of two million tons of coal a year to keep her industries going.

Socialism does not offer an escape from Communism. It is a step toward Communism. In 1936, Mr. John Strachey wrote in his "Theory and Practice of Socializa".

"It is impossible to establish communism as the immediate successor to capitalism. It is, accordingly, proposed to establish socialism as something which we can put in the place of our present ent decaying capitalism. Hence, Communists work for the estab-lishment of socialism as a neces-sary transition stage on the road of communism."

Today that same Mr. Strachey is War Minister in the Socialist government of Great Britain.

I hope and pray that the citizens of Great Britain, bound to us

Governmental controls over the lives of the people, once established, have called for further controls and regulations to make the former controls more effective. Bureaus and administrative agencies, as adjuncts of the executive deposits of the executi tive department, have sprung up like mushrooms. Government employees have increased by leaps and bounds, running now into the millions; and that process is going on today at an accelerated rate — 17,198 civilian employees were added to the Federal payroll in July of this year. Government spending in meeting and some content of the second of the roll in July of this year. Government spending in peacetime, and for nonmilitary purposes in wartime, has gotten beyond all bounds. In the ten years between 1940 and 1950, the annual expenses of the Department of Commerce increased 1,049%, the Department of Labor 1,283%, and the State Department 1,634%. In 1929, the total expenditures of the Federal Government were less than two-thirds of the individual incomes of the people in the state of Cali-

thirds of the individual incomes of the people in the state of California alone. In 1949, a so-called peacetime year, the Federal expenditures equaled the individual incomes of all the people west of the Mississippi River, comprising between one-half and two-thirds of the land area of the United States. When the government has its hand in the till of every business, taking more than half of its earnings, and has its hand in the pocket of the individual, taking earnings, and has its hand in the pocket of the individual, taking up to 80% of his personal earnings, the incentive for the individual to put forth productive effort is destroyed. When the government, with its taxes and its regulations, is the greatest obstacle which the individual confronts in planning and meeting his economic problems, it is an inducement for the law evasion

fronts in planning and meeting his economic problems, it is an inducement for the law evasion which is undermining the moral fiber of our people. It is reflected in the wave of dishonesty and corruption which is sweeping the land today both outside and inside of the government.

Let me make it clear that I am not talking about the restrictions and the taxes necessary for an adequate, or what might later even prove to be a more-than-adequate, preparation for the protection of our country and its people from the foreign aggression now threatened. I know of no citizen who does not support such an adequate defense effort, whatever sacrifice it requires. When we are sending our sons to fight and die on foreign shores for the preservation of our American ideals, it is the duty of those of us at home to do our part fully and freely, but a part of that duty is to carry on at home the fight to save the ideals and principles

by ties of blood, language, and historically common traditions and institutions, may lift themselves from the quagmire in which they are now sinking before it is too late.

How We Have Departed From the Founders' Concepts

When we take stock of the situation in our own country today, it is startling to see how far we have departed from the fundamental concepts of our founding fathers, and how far we have traveled down the road toward state socialism. This general trend has been going on in this country for some years, but the pace at which it has been going has been tremendously accelerated in the last two decades. During that period of time, we have been living in one government declared period of emergency after another; and new periods of emergency are superimposed upon those previously declared. For each declared emergency, added powers to the central government have been asked for and largely granted by the Congress. Governmental controls over the lives of the people, once established, have called for further controls and regulations to make the former controls more effective former controls entirely former controls more effective former controls more effective former controls more effective former controls more eff

increase purchasing power.

In reply to thousands of letters which I have sent to members of this Association this year in support of the Voluntary Credit Restraint Program, I have found not one banker who has refused to cooperate in the program. I have received innumerable letters from them pledging their support, but asking why the government and its agencies do not do the same thing and set an example instead of soliciting and making the very loans which their banks have been declining to make as a part of the

loans which their banks have been declining to make as a part of the credit restraint program. I had no adequate answer to make.

Yes, even if by a demonstration of military strength we avoid an all-out war with Communist Russia, or even if such a war is forced upon us, which God forbid, and if we decisively win such a war at an appalling cost of human suffering and human life throughout the world—if as a part of that effort we have converted our free the world—if as a part of that effort we have converted our free political and economic systems into a regimented, government-controlled, socialized system of stateism, then we shall have lost the basic issue involved in our effort. How long does an emergency program have to continue before it becomes an established and regular procedure? How long will it take for a governmentand regular procedure? How long will it take for a government-regimented economy, established for the duration of a series of unending emergencies, to become the way of life of the American people? Those are some of the questions that millions of patriotic American citizens are greatly concerned about today.

If the Holy Bible had been an exposition of the scientific technological developments as of the day it was written, it would have been obsolete many centuries ago. As an expression of the relationship of man to his God and to his fellowman, it is eternal and is as applicable to man today as it was when it was written. No—the basic qualities of human nature have not changed through the centuries. Inspite of the popular conception of the youth of each generation to the contrary, I doubt if there is a man alive today who knows more about the nature of woman than did King Solomon, or a woman alive today who knows more about the nature Solomon, or a woman alive today who knows more about the nature of man than did Queen Cleopatra.

The colonial founders of our government who wrote our Constitution did not make a sudden and startlingly new discovery about human nature. They only recognized the long-standing and startly veryings and aspiretime and freely; but a part of that duty recognized the long-standing and is to carry on at home the fight to save the ideals and principles of the mind and spirit of man and of the mind and spirit of man and patterned a political form of government which they hoped and believed would allow the individual man to realize and attain his tures to unprecedented heights, at a time when inflationary pressure as spirations without interference

UNDERWRITERS

DEALERS

DISTRIBUTORS

Corporate Municipal Securities

Inquiries invited on Pacific Coast & Hawaiian Corporate & Municipal Issues

# DEAN WITTER & Co.

NEW YORK STOCK EXCHANGE SAN FRANCISCO STOCK EXCHANGE and other leading Stock Exchanges

14 WALL STREET, NEW YORK 5, N. Y.

BOSTON • SAN FRANCISCO • LOS ANGELES • SEATTLE • PORTLAND • HONOLULU

Direct Private Wires

## Back Door

I have the greatest confidence in the sound judgment of the American people if an issue is made clear to them. The American people would not vote for a Communist or Socialist form of government. But as has been said, "Socialism and collectivism do not always have to enter a country by the front door, especially if the black door is left ajar."

Many years ago Norman Thomas, the perennial candidate of the vote for government ownership, guaranteed employment, and other elements of socialism if they bear the labor of liberalism."

It is your job and mine, and that tality to do that which it would of every other American who has a stake in this country, to do his part to make this issue clear to the people of this country. We stated the issue very clearly:

must not allow creeping collectivism to come stealthily in by the work of law in which your neighback door. We must make it clear bor is entitled to the possession to achieve success lies not in less his productive exertions.

by his government. Those same instincts and aspirations are innately in the hearts and minds of men today. They are in your hearts and minds as they are in mine. They are not outmoded and outgrown. They are the beacon lights that lit the pathway of this nation as it attained its great heights of human progress and achievement.

We Want No Socialism by the Back Door

work. We must encourage and reward success—not tax it to death. Success is the hope of youth, and the proceeds of success are the only true security for old age. We must make it clear that it tends to corrupt the thinking of the people and to raise a new generation of men and dustry, thrift, intelligence, ambition, character, self-reliance, and independence pay off in terms of success both for the individual and the nation. Our whole history proves it. proves it.

proves it.

Our form of government was founded upon the principle of protecting even the single individual in his right to the proceeds of his productive labor in the form of property. To secure these rights—not to take them away—our founders said, "Governments are instituted among men." Confiscatory taxation of a minority to redistribute their wealth among other citizens may be effective as an instrument of practical politics. an instrument of practical politics, and it may be legal if the proper formalities are observed, but it is as, the perennial candidate of the Socialist Party for President, said: formalities are observed, but it is "The American people will never just as destructive of the morals vote for socialism, but they will and the character of a people as for government ownership, any other kind of misappropriation. It is even more dangerous tion. It is even more dangerous because it enables a group to use the government as an instrumen-

to the young that the opportunity of his property and the fruits of to achieve success lies not in less his productive exertions..., or productive effort but in more else you believe that you have a productive effort. We must make right through the government to productive effort but in more else you believe that you have a productive effort. We must make right through the government to adults that government take from your neighbor what he deficits leading to immense public produces without his consent bedebt, devaluation of the currency, cause you or somebody else needs and inflation only result in robing them of the capital which they have accumulated as the re-

raise a new generation of men and women who have not learned the fundamental importance of such qualities as industry, energy, initiative, a m b i ti o n, intelligence, training, economy, thrift, and other basic qualities essential to permanent success and progress as individuals and as a nation. This is what Thomas Jefferson thought about it: about it:

"To take from one because it is "To take from one because it is thought his own industry ... has acquired too much, in order to share with others who ... have not exercised equal industry and skill is to violate arbitrarily the first principle of association, the guaranty to every one of a free exercise of his industry, and the fruits acquired by it."

Almost a century ago John Stuare Mill, the great English economist, said:

mist, said:
"A people may prefer a free "A people may prefer a free government; but if from indolence, or carelessness, or cowardice, or want of public spirit, they are unequal to the exertions for preserving it; if they will not fight for it when it is directly attacked; if they can be deluded by the artifices used to cheat them of it; if, by momentary discouragement, temporary panic, or a fit of enthusiasm for an individual, they can be induced to lay their liberotes at the feet even of a great man, or trust him with powers which enable him to subvert their institutions—in all these cases they are more or less unfit for liberty; and though it may be for their

In a recent opinion in the case ambition, I live in the land of the of the conviction of 11 Commu-greatest individual freedom and nists, in discussing the reasons for opportunity that this old world the failures of fallen governments, Mr. Justice Jackson, said:

"Corruption, ineptitude, inflation, oppressive taxation, militarization, injustice, and loss of leadership capable of intellectual initiative in domestic or foreign affairs are allies on which the Communists count to bring opportunity knocking at their door."

In 1864 Abraham Lincoln said: "Let not him who is houseless pull down the house of another, but let him work diligently and build one for himself, thus by example assuring that his own shall be safe from violence when built.'

Benjamin Franklin, the sage of the American Constitutional Convention, declared:

"Those who would give up essential liberty to purchase a little temporary safety deserve neither liberty nor safety."

Let each of us here today re-dedicate ourselves to the faith of our founding fathers. Let us re member that the great progress of our people and of our country was

have the instincts, the character, and the hardihood, and are wor-thy to be the sons of American pioneers, let us each declare for himself—I am a free-born Ameri-

greatest individual freedom and opportunity that this old world knows or has ever known. I am willing to pay the price in brain and brawn to achieve success. The right to live this kind of a life is a part of my birthright, achieved at great sacrifice and handed down with great courage by my pioneer forefathers; and by all that is holy, I propose to pass that birthright down to my sons.

## **Gincinnati Exchange Allows NASD Members Commission Split**

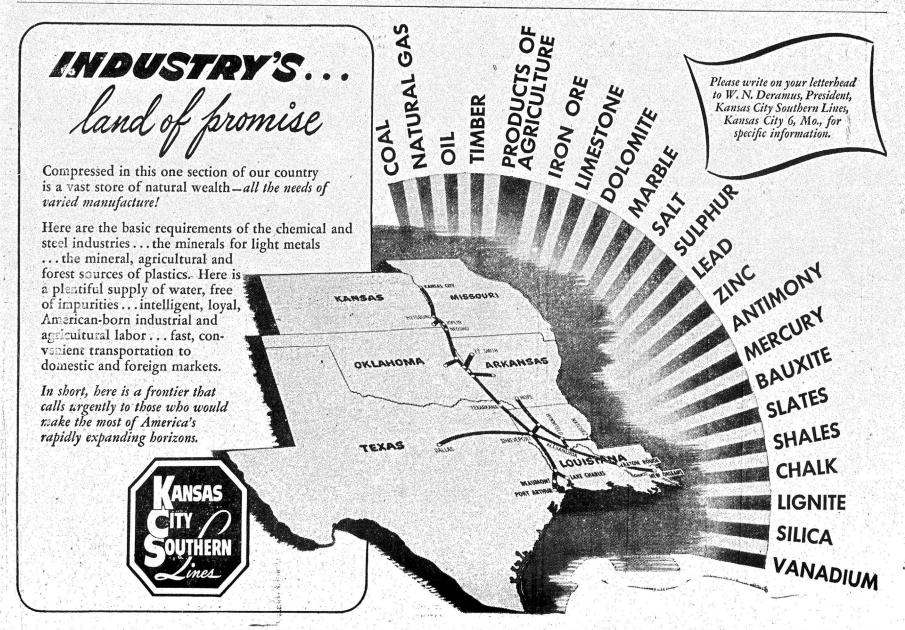
Effective Monday, Oct. 8, all members of the Cincinnati Stock Exchange will be permitted to transact business on the Cincinnatisact business on the Cincin-nati Stock Exchange for members of the National Association of Se-curities Dealers, Inc., for a com-mission of not less than 60% of the rates charged the general pub-lic.

This is in line with the trend of Regional Exchanges to pay part of the commission to the Securities Dealer who originates the order.

In the past only members of the Exchange could make a profit on exchange transactions.

C. H. Steffens, President, stated that this opens the door to greater volume of trading in all issues and is another example of the Cincinnati Stock Exchange extending the friendly hand of cooperation to the National Association of Se-curities Dealers, Inc. membership. One hundred and seven issues

are traded on the Cincinnati Ex-change about one half of which are also traded on the large Nacan, I am vibrant with life and tional Exchanges.



# High Taxes Seen As Inflation Spur

John L. Collyer, President of B. F. Goodrich Company, tells Farm Equipment Institute, whatever kind of taxes are levied, consumer pays them in higher prices.

L. Collyer, President of the B. F.
Goodrich Co.. told the annual
conference of
the Farm
Equipment
Institute at
the Edgewater
Beach Hotel,
in Chicago on
Oct. 3.

in Chicago on Oct. 3.

"Taxes can be levied on products, but the consumers pay the taxes in higher prices," Mr. Collyer stated. "They can be levied on services, but consumers pa



John L. Collyer

consumers pay them through higher rates and fees. They can be levied on the incomes of corporations and other business establishments, but it can be shown even here that consumers pay them."

Continuing, Mr. Collyer added:
"There has existed in the United
States a direct relationship between the level of taxation and
the cost of living. The reason for this can be established
by a study of the effects of taxes
on prices, particularly during periods of product shortages.

"Because of this relationship, if

fense period, we do those things graded.

Excessive taxation may cause necessary to maintain the integrity rather than retard inflation, John of the dollar, constantly seeking L. Collyer, President of the B. F. the utmost economy in the way degodrich Co.. told the annual conference of the Farm tom at all times.

"Should taxation reach the point "Should taxation reach the point where private savings are inadequate to support proper upkeep and expansion of the private means of production, the alternatives are either a declining standard of living as productive facilities wear out and population increases, or the take-over of industry by government in the futile dustry by government in the futile belief that bureaucracy can do with industry what bureaucracy, itself, has prevented private own-ership from doing.

"By 1960, it is estimated that the United States will have 20 million more consumers, of whom only five million will be in the normally employable age groups. Those at work are likely to face the task of supporting not only a larger number, but also a much larger proportion of the population than in any previous period of our history.

"If, at the same time, we must still man a vast defense produc-tion machine, and maintain armed forces capable of protecting our national security, productivity per worker over the next decade must "Because of this relationship, it increase by 30% or more, unless is imperative that, during the de- our standard of living is to be de-

"Such an increase in individual taxes either on consumption or not be stopped because the patient productivity can be attained only incomes.

by providing every American workman with more effective levied may be different, the means tools and greatly improved methods and greatly improved methods on individual taxes either on consumption or not be stopped because the patient is unwilling to take the cure. In levied may be different, the means is not only unwilling, he is unsubstitute that the constitution of the constitut

ods of production.

"Risk capital has a price based on investors' expectations of risk and return. Business, in order to attract needed capital from risk investors, must on the average earn the price of capital after taxes. This means that prices of goods and services must be high enough, regardless of business income tax rates, to make it pos-sible for business generally to pay capital its price after taxes. High corporate taxes then reflect them—the expanding scope and content selves in reasonable degree in of government functions, we may prices paid by consumers for ask whether such great capital goods and services. Nearly all needs can be supplied from pritaxes, in effect, become personal vate means."

incomes.

"The bases on which taxes are levied may be different, the means of collection may be different, and the relative burdens on individuals different, but they all tend to make their final resting places in the stopped because the patient is unwilling to take the cure. In fact, it begins to look as if he is not only unwilling, he is unable to take it.

To stop the dosages would assuredly be unpopular Therein lies. to make their final resting places in the consumer's pocketbook.

in the consumer's pocketbook.

"The amount of private capital needed is great. American industry will have to invest, during the 1950's, \$200 billion, or possibly more in 10 years, almost as many dollars, though of lower-buying power, as were invested in the last 30 years.

"With little apparent limit on the expanding scope and content

Continued from page 17

# Our Money System Has an Inflation Bias

return to the dollar any of the tion would permit the conversion value taken out of it. No one now of almost any asset into liquidity. living will ever see the day when Great public works programs, the dollar will again buy what it more foreign aid, restricted out-did in 1940. Today we have the put, and supported prices, to say cheapest dollar in our history. The forces to make it even expenditures, are additional props to be used.

Inflation is an insidious thing. Inflation is an insidious thing. Its disastrous consequences are generally not realized until it is too late to stop the process. In some respects it is like dope. The economy gets a boost out of it—everybody feels goods. Any efforts to shut it off must run headon into opposition from millions of people who think they are dong right well under it.

After inflationary seeds have been sown, some time elapses be-

been sown, some time elapses be-fore they sprout. Vast debts are contracted in the meantime when, as is true here, credit is the chief inflationary source. Then when it is proposed to check inflation, it is proposed to check inflation, millions of debtors immediately think in terms of how they are going to pay off their debts. As a rule, debtor classes in history have been cheap money advocates, and they are today. They want to pay their debts in cheap dollars. Then, too, we must not forget that Uncle Sam himself is the world's largest debtor. It is lars. Then, too, we must not for get that Uncle Sam himself is the world's largest debtor. It is seriously questionable whether the Federal debt can be managed, let alone paid off, with anything except cheap dollars.

# Deflation Is Both Intolerable and Destructive

In other words, we have ourselves in a predicament where deflation would be both intolerable and destructive. Yet the forces built up by inflation are bound to generate forces of reaction unless we take steps to check the fall. Unfortunately the checkthe fall. Unfortunately, the checking devices likely to be used are the same ones that caused inflation.

tion.

We must not forget that deflation is every bit as serious as inflation. Deflation means liquidation, defaulted debts, bank failures, business bankruptcy, unemployment, and all such undesirable conditions that make what we call depression. The people will not let the government sit idly by while all that takes place—and no administration wanting to stay in office or get in office

—and no administration wanting to stay in office or get in office would sit idly by anyway.

We are already committed by law to support the economy at any level from which it might threaten to fall. Remember we have an our statute books right threaten to fall. Remember we have on our statute books right now such laws as bank deposit insurance, social security, FHA mortgage insurance, and other measures which commit Uncle Sam to support the economy against inflation, including by no means the least—a banking law which with very little modifica-

Under the Employment Act of 1946, the government definitely and unequivocally assumed responsibility for managing the nation's economy to the end that there should be "maximum employment, production, and pur-chasing power." The law was passed so as to clear the way for passed so as to clear the way for action against the anticipated postwar recession. It stated "the continuing policy and responsibility of the Federal Government—to coordinate and utilize all its plans, functions, and resources" to achieve the goal set forth. Among the most potent of all the devices which the government will use which the government will use are bound to be money and credit.

#### Weakness of Money Management

Now it appears that we have reached the stage where we are using the money device for our economic ills like some people use stimulants for their physical ills. Greatest danger is that the underlying real causes of the trouble will not be corrected, and we shall continue the doping until it is too late to stop taking it. Certainly we know that our experience in recent years bears out the analogy. The dose of stimula-tion has had to be increased to

To stop the dosages would assuredly be unpopular. Therein lies the fundamental weakness of monetary management—and it always will be in a democratic nation. Strictly speaking, proper and offective money management. tion. Strictly speaking, proper and effective money management, as generally conceived and defended, is a two-way process. It must be used to check as well as to accelerate, but checking provokes such popular opposition from so many sources that even wise and honest central banking authority cannot function efficiently against the political force that interferes. The usual consequence is that regulatory decisions rarely come at the right time. This rarely come at the right time. This condition of zigging when they should be agging generates a degree of instability itself that tends to permeate the entire economy.

Whereas under the gold coin standard there was a deflation standard there was a deflation bias, under the money system now in effect there is definitely an inflation bias which stems no more from the system itself than from the will of those who dominate the political force behind it.
The value of money may easily
become a plaything of politics, if
it is not already.

#### Joins J. M. Batchelder

(Special to THE FINANCIAL CHRON BOSTON, Mass.—Lester A. King has become affiliated with Joseph M. Batchelder Co., Inc., 111 Devonshire Street, members of the Boston Stock Exchange, Mr. Kengl was previously with Merrill Lynch, Pierce, Fenner & Beane and Whiting, Weeks & Stubbs.

#### Joins First California

(Special to THE FINANCIAL CHRONICLE) SAN FRANCISCO, Calif.—Russell M. Dickson has joined the staff of First California Company, 300 Montgomery Street. He was formerly with Hannaford & Tal-

## Paul Rudolph Adds

bot and William R. Staats Co.

(Special to THE FINANCIAL CHRONICLE) SAN FRANCISCO, Calif.-John

C. Hoyt, Walter L. Meili, Joseph C. Michels, and John R. Reardon have joined the staff of Paul C. Rudolph & Company, 127 Montgomery Street.

#### T. G. Paulson Opens

(Special to THE FINANCIAL CHRONICLE) RICHMOND, Calif.—T. G. Paulson has opened offices at 1857 Carlson Boulevard to engage in the securities business.

## UNDERWRITERS — DISTRIBUTORS **DEALERS**

PUBLIC UTILITY, RAILROAD INDUSTRIAL and MUNICIPAL **SECURITIES** 

## W. C. Langley & Co.

Members New York Stock Exchange

115 Broadway

New York 6, N. Y.

Tel. BArclay 7-8800

Investment Bonds and Stocks



United States Government Securities International Bank for Reconstruction and Development Bonds

State, Municipal and Revenue Bonds

Industrial · Public Utility · Railroad Bonds and Stocks

Bank and Insurance Company Stocks

Canadian Bonds · Foreign Dollar Bonds

Underwriter · Distributor · Dealer

PITTSBURGH NEW YORK BOSTON SAN FRANCISCO PHILADELPHIA CLEVELAND

Private Wires to all offices

# **Our Federal Reserve System**

Chairman, Board of Governors of the Federal Reserve System

Stating time has come to reevaluate, reassess, and redetermine worth and effectiveness of the Federal Reserve System, Chairman Martin points out, though not perfect, the System is now the main bulwark of private banking, and there

should be mutual understanding and co operation, more than ever before, be-

tween the commercial banks and the Central Bank. Warns banks will be called upon to meet severe tests.

I appreciate very much the op-portunity to participate in this convention of the American Bank-ers Association. This is particu-

ers Association larly so, be-cause, as Chairman of the Board of Governors of the Federal Reserve System, I feel that we have a special dependence on, a real responsibility to one

another.

We are all painfully aware today of the mani-fold and over-

fold and overpowering complexities of our modern life. As bankers, dealing in media of exchange, we understand more clearly than ever before the ramifications inherent in our daily operations, which, like the proverbial pebbles tossed into the pool, set in motion forces with far-reaching repercussions. It was this realization that led originally to the creation of the Federal Reserve System.

Out of the increasingly un-

Out of the increasingly un-wieldy gyrations, the Franken-stein mechanics of an uncontrolled

\*Remarks of Chairman Martin before the 77th Annual Convention of the American Bankers Association, Chicago, Ill., Oct. 2, 1951.



lies in the creation of regional with the responsibility for formubanks, knit together by a national lating national credit policies and governing body in Washington rather than in the establishment of a central institution with authoritarian powers. Each Federal Reserve System is serve Bank and each branch office our private banking system. Withis a regional and local institution out a strong and independent Cenas well as part of a nation-wide tral Bank, private banking must not betray the foresight of those strong and independent Cenas with a private banking must not betray the foresight of those sissue was placed at par.

The proceeds, together with ever be conscious of the measure of freedom, we have enjoyed in treasury, were of the conscious of the measure of freedom, we have enjoyed in the seven be conscious of the measure of freedom we have enjoyed in the correct with any attempt to devery sphere of our life, to be concerned with any attempt to devery sphere of our life, to be concerned with any attempt to devery sphere of our life, to be concerned with any attempt to devery sphere of our life, to be concerned with any attempt to devery sphere of our life, to be concerned with any attempt to devery sphere of our life, to be concerned with any attempt to devery sphere of our life, to be concerned with any attempt to devery sphere of our life, to be concerned with any attempt to devery sphere of our life, to be concerned with any attempt to devery sphere of our life, to be concerned with any attempt to devery sphere of our life, to be concerned with any attempt to devery sphere of our life, to be concerned with any attempt to devery sphere of our life, to be concerned with any attempt to devery sphere of our life, to be concerned with any attempt to devery sphere of our life, to be concerned with any attempt to devery sphere of our life, to be concerned with any attempt to devery sphere of our life, to be concerned with any attempt to devery sphere of our life, to be concerned with any attempt to devery sp

no longer be permitted to rock our country back and forth every few years. The Central Bank was designed to minimize these convulsions, create more stable values, and thus make possible the smooth functioning of monetary machinery so necessary to promote the growth of the country and to improve standards of living. This was the purpose and this is the ideal.

Our present Central Bank is now nearly 39 years old and the time has come, it seems to me, when we must reevaluate, reassess and redetermine its worth and effectiveness.

Central banking in the United States has been adapted to the requirements of a free people with a minimum of government interference. The genius of the framerers of the Federal Reserve Act lies in the creation of regional banks, knit together by a national credit policies and receiting their every lating and credit policies.

Through their boards of inevitably lose the initiative it directors, the banks are in a posinow possesses. Too few bankers seem to appreciate this fact. It was too the values and the particular region never more important than now to which they belong and, at the seem to appreciate this fact. It was seem to appreciate this fact. It was too the chiral pank to understand and cooperate with commercial banks and for commercial banks to understand and support the Central Bank.

These are times when strange voices would lead us down roads elien to the concepts of our found-members. The health of each time has come, it seems to me, when we must reevaluate, reassess and redetermine its worth and effects the whole and it when we must reevaluate, reassess and redetermine its worth and effects the whole and it will be concepts of our found-members that the whole and it was set times when strange voices would lead us down roads elien to the concepts of our found-members that the whole and it was set times the voices would lead us down roads elien to the concepts of our

as well as part of a nation-wide tral Bank, private banking must not betray the foresight of those

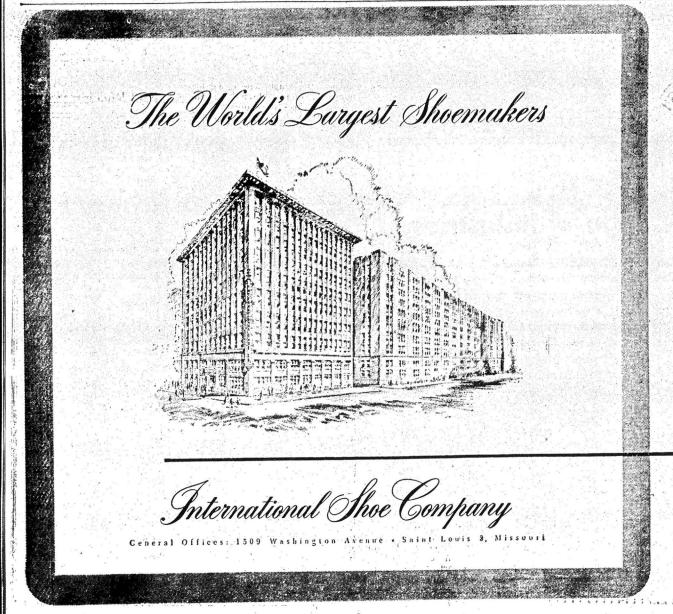
round to be essential to our economic stability. The banks, the people and the government realized that panics and crises, caused by periodic irregularities in the flow of our money supply, must in the creation of regional with the responsibility for formulating national credit policies and governing body in Washington supervising their execution.

The Federal Reserve System is certainly not perfect but it is unprive us of this freedom and to be concious of the measure of freedom, we have enjoyed in every sphere of our life, to be concious of the measure of freedom we have enjoyed in every sphere of our life, to be concious of the measure of freedom we have enjoyed in every sphere of our life, to be concious of the measure of freedom we have enjoyed in every sphere of our life, to de-

who have struggled so valiantly to maintain our self-government and the security of our democracy. In the next few years the bankers of America will be called upon to meet severe tests. They are already meeting successfully, in the Voluntary Credit Restraint Program in which they are so actively participating one of the degram in which they are so actively participating, one of the demands placed upon them. In this program, they have organized the managerial resources of the banking community in an educational program of benefit to borrower and lender alike. This has confounded the cynics and those who sneer at self-regulation. It will require real courage, vision, toughness, and stamina to continue this laudatory fight against inflation. I am confident that the bankers can meet the test, provided they are ever alert to the famous admonition, "... eternal vigilance is the price of liberty."

## FIG Banks Place Debs.

A successful offering of an issue of debentures of Federal Interof debentures of Federal Intermediate Credit Banks was made Sept. 18 by Macdonald G. Newcomb, New York fiscal agent for the banks. The financing consisted of \$77,650,000 of 2.20% consolidated debentures dated Oct. 1, 1951, and due July 1, 1952. The issue was placed at par.



# Producing ...

50 million pairs of shoes a year-more than 10% of all the shoes produced in the United States-for sale to men, women, and children.

# Employing ...

34,000 people in 53 shoe factories, 14 sales branches, 8 tanneries, a rubber plant, cotton mill, and more than 23 other supply plants and warehouses needed to provide materials for shoe manufacture and to effect the Company's world-wide distribution.

# Selling ...

200 million dollars worth of shoes annually to 30,000 retailers, large and small, located in all the 48 states, in U. S. territories, and in

## Owned ...

by more than 12,000 individuals and instituby more than 12,000 individuals and institu-tions—with no one person or organization holding as much as 3% of the 3,400,000 shares of Company stock issued—and maintaining for its stockholders an unbroken record of dividend payments for 38 years.

# Selling Divisions... ST. LOUIS - Roberts, Johnson & Rand, Peters,

Friedman-Shelby, Continental Shoemakers, Pennant Shoe Co., Accent Shoe Co., Vitality Shoe Co., Queen Quality Shoe Co., Dorothy Dodd Shoe Co., Winthrop Shoe Co., Conformal Shoe Co., V Footwear Co.

MANCHESTER, N. H.—Sundial Shoe Co., Great Northern Shoe Co., Hampshire Shoe Co.

Continued from first page

# ABA Holds 77th **Annual Convention**

Cal. W. Harold Brenton, President of The State Bank of Des Moines, of the ABA at its Diamond Anni-Iowa, was elected Vice-President, and William B. Gladney, President City on Sept. 27, 1950. of the Fidelity National Bank of Baton Rouge, La., was elected Treasurer.

#### C. FRANCIS COCKE President

C. Francis Cocke, who was elected President of the American Bankers Association at the closing session of the recent Convention, is President of The First National Exchange Bank of Roanoke, Roanoke, Va. Mr. Cocke was advanced from the Vice-Presidency of the Association.

Mr. Cocke is a native of Roanoke. He was graduated from the University of Virginia in 1908 and subsequently attended the University Law School. He was admitted to the Virginia bar in 1910 and later became a senior partner in the law firm of Cocke, Hazlegrove & Shackelford. During World War I he was a Second Lieutenant, Air Service Aeronautics; and in 1919 was elected the first Department Commender of the American ment Commander of the American Legion in Virgina.

Mr. Cocke was elected Vice-President and Director of The First National Exchange Bank of Roanoke in 1927 and was elevated to the Presidency in 1938. He has held a number of offices in the Virginia Bankers Association, including the Presidency in 1948-49. He was Vice-Chairman of the Virginia War Finance Committee from 1943 to 1948.

In the American Bankers Association, Mr. Cocke served as a Vice-President for Iowa and one member of the Committee on Fed- term as a member of the Execueral Legislation from 1941 to 1950 tive Council. He is currently a and as Chairman of that Commit- member of the Commerce and tee from 1946 to 1950. He was also Marine Commission. Chairman of the Federal Legisla-In 1949 he was elected to the As-

#### W. HAROLD BRENTON Vice-President

W. Harold Brenton, newly elected Vice-President of the ABA, was ed Vice-President of the ABA, was born in Dallas Center, Iowa. He attended Iowa State College where he received his A.B. degree in agriculture in 1920. In the same year he entered the banking busi-ness at Dallas Center.

In 1929 he was elected Vice-President of the Iowa-Des Moines National Bank in Des Moines, was President from 1931 to 1934, and since then has been a Director. Mr. Brenton later became active Mr. Brenton later became active in Minneapolis banking and until 1941 was Vice-President and Treasurer of the Northwest Ban-corporation. Subsequently he returned to Iowa as an active President and Director of 11 Iowa "Brenton Banks": Dallas County State Bank, Adel; Wright County State Bank, Clarion; Brenton State Bank, Dallas Center; The State Bank of Des Moines, Beaverdale, Des Moines; Eagle Grove National Bank, Eagle Grove National Bank, Eagle Grove; Palo Alto County State Bank, Emmetsburg; Poweshiek County National Bank, Grinnell; Warren County Bank & Trust Co., Indianola; Jefferson State Bank, Jefferson; First Na-tional Bank, Perry; and Benton County Bank & Trust Co., Vinton. He was elected President of the

Iowa Bankers Association in 1946. In the American Bankers Association he served two terms as

Mr. Brenton is President of

#### WILLIAM B. GLADNEY Treasurer

William B. Gladney, the new Treasurer of the ABA, is Presi-dent of the Fidelity National Bank Baton Rouge, Baton Rouge,

Mr. Gladney is a native of Natchez, Miss. He is a graduate of Ouachita Parish High School, Monroe, La., and of Wake Forest College, Wake Forest, N. C., Class of 1918.

Mr. Gladney began his banking career in the summer seasons dur-ing his school days and worked in three different Louisiana banks.

Returning from military service in World War I, he became As-sistant Cashier of the Citizens National Bank, Monroe, La., and con-tinued with that title in the suc-ceeding institution when the Citizens National was absorbed by the Ouachita National Bank. In 1926 he became Vice-President of the Bastrop Bank and Trust Company, Bastrop, La. In 1938 he was elect-ed Executive Vice-President of the Fidelity Bank and Trust Company at Baton Rouge, La., and in 1944 was elected President of the bank whose name is now the Fidelity National Bank of Baton Rouge.

#### The New President's **Acceptance Address**

Upon his election to the Presidency of the ABA, C. Francis Cocke made the following remarks to the Convention:

"In accepting this emblem of office, I do so with mixed emotions. First, it will always remind me of the many obligations I owe to the ABA; and, second, it will always bring back many happy recollections of my year of service to the ABA under the inspiring leadership of Mr. Shelton.

"The administration of your newly elected officers will be launched into a complex world, and we shall find our own country "The administration of fairly teeming with problems. The almost daily happenings are of such great moment that the strength of each of us is taxed to tive Council from 1946 to 1950. Brenton Brothers, Inc., which owns cope with them. The frightening Brenton Brothers, Inc., which owns cope with them. The frightening of the Na-and operates several thousand implications of the conditions both tional Bank sociation's Executive Council. Mr. acres of Iowa farm land, used in in this country and throughout the part of the ABA Conven-

the production of grain and live-stock. world are a challenge to us to do violent reactions which in turn our utmost to carry on the funda-mental principles of life of free all lives do live again until the men and our democratic form of government, both of which we have inherited. These inalienable rights are treasure in our hands which we must cherish and nur-ture. We must pass them on to the next generation unsullied and made even stronger and more stable, so that free men and their government shall not pass from the earth.

"In all these tasks the American Bankers Association has a very definite place of leadership, not alone in the field of banking. In every hamlet and every populous center in our country we must play our part. In our cities and towns we must not shirk the burdens of community life and com-munity government. The very strength of our national government stems from a strong and intelligent guidance in our comment, banking will come to naught.

"You have committed to us the responsibility of leadership; we have accepted the challenge with the assurance that you will stand back of us, as you have stood in the past. By your presence here you have instilled in us the determination that we must measure up to the tasks before us.

this honor; and I pledge to you that I will use whatever talents I may command to carry forward the work of the American Bankers Association."

## Comptroller of Currency Addresses Convention

Among the prominent guests at the Convention were Secretary of the Treasury John W. Snyder, whose remarks are published

elsewhere in today's issue, and Preston Delano, Comptroller of the Currency. Mr. Delano, in an informal talk informal talk before the annual meeting tion, urged that bankers and supervis-



ing authorities
work together to insure accurate internal audits in banking insti-

"Internal audits are not limited to big banks which contain a force for that purpose," Mr. Delano said. "A small bank can also do a very good job by ingeniously seeing that its officers and its personnel are all crosschecked with other officers and personnel in their officers and personnel in their duties, by also asking for enforced vacations, by adequate surety bond coverage."

Mr. Delano said, "There appears to be an increase in the number of defalcations. I don't need to tell this group that in bank examinations the primary function

"We are working with you on this matter. We are strengthening our techniques, improving our methods all the time in all matters relating to bank examination, in-cluding those of the detecting of fraud, but I think you can give us a big help.

"It is our misfortune, we of this generation, to be born in a great period of unrest and of difficulty. thistorically, it seems to be true result of which depends as fully that every so often society goes on an orderly and just economy as into some sort of ferment and on the force of arms. Economic

next period a ferment arises.

"We are in one of those periods of ferment without a doubt, and it is a truism to tell you bankers that you can help in that because one of the important parts of our country's compage is the court. country's campaign is to control unnecessary credit, and is to sell as many savings bonds as possible with the idea of stopping and of arresting inflation."

#### NEW DIVISION PRESIDENTS

The following were elected as Presidents of the Four Divisions of the American Bankers Asso-

Charles H. Buesching, President of the Lincoln National Bank & Trust Co., Fort Wayne, Indiana, was elected President of the Na-

was elected President of the National Bank Division.
Guy Sturgeon, President of the Bank of Commerce, Sheridan, Wyoming, was elected President of the State Bank Division of the

of the State Bank Division of the American Bankers Association.
Joseph W. White, Vice-President of the Mercantile Trust Co., St. Louis, Mo., was elected President of the Trust Division.
Joseph Earl Perry, President of Newton Savings Bank, Newton, Mass., was elected President of the Savings and Mortrage Divisions.

the Savings and Mortgage Division.

Albert L. Muench, Secretary of "Again, let me thank you for the New York State Bankers Asis honor; and I pledge to you sociation, New York City; was last I will use whatever talents elected President of the State Asiana Command to corner forward. sociation Section.

#### Membership Continues to Rise

It was reported by T. J. O'Brien, Chairman of the ABA's Organiza-tion Committee, that on Aug. 31, 1951, 98.4% of the banks of the United States were members of the Association, the highest percentage in its 76-year history. Mr. O'Brien is Vice-President of the Second National Bank, Houston,

During the past year, the ABA increased its membership by 137, bringing the total to 14,332 banks, 2,198 branches, and 163 members in foreign countries, an aggregate in foreign countries, an aggregate of 16,693 members. In addition to being 98.4% of the nation's banks by number, this figure represents over 99% of the banking resources of the United States.

In 21 states and the District of Columbia, every bank is a member of the Association; and in eight states, only one bank is a nonmember. The states with 100% membership are Arizona, Ar-kansas, California, Delaware, Flor-ida, Georgia, Idaho, Iowa, Louisiana, Michigan, Montana, Nevada, New Mexico, North Carolina, North Dakota, Oregon, Utah, Ver-mont, Virginia, Washington, and Wyoming.

The ABA has members in every The ABA has members in every state in the Union and in Alaska, Bermuda, Brazil. Canada, Cuba, France, Great Britain, Hawaii, India, Japan, Mexico, Philippine Islands, Puerto Rico, Salvador, and the Virgin Islands.

#### **Resolutions Adopted**

At the Second Session of the Convention, on Oct. 3, the follow-

aminations the primary function ing resolutions were adopted:
of bank examiners is to appraise ing resolutions were adopted:
of bank examiners is to appraise ing resolutions were adopted:
of bank examiners is to appraise ing resolutions were adopted:
of the American Bankers Assoassets, management and see that ciation pledges its support to the great non-partisan program for increasing the Nation's armed strength. This country must be attempt to punish dishonesty strong to promote peace and prewherever it exists.

"We are working with you on this matter. We are strengthening freedom and opportunity for the pure techniques improving our individual man. This Nation must individual man. This Nation must be ready to seek this objective with firmness and patience, with humility and without giving provocation.

"To this end the Nation must cherish its economic strength as well as build its military strength, for we face a long struggle, the result of which depends as fully

# **Eaton Products Serve a** Wide Range of Industries

THE LIST of customers which Eaton Manufacturing Company is privi-leged to serve includes the best-known and most respected names in practically every basic industry-leading manufacturers of automobiles, trucks, tractors, airplanes, Diesel engines, domestic appliances, machine tools, farm machinery, construction equipment. Every major railroad, public utility, and communications system in some way uses Eaton products.

These are companies which demand the finest parts, equipment, and materials. To serve them is in itself a testimonial to the quality of products which Eaton makes, and to this company's dependability as a source

EATON PRODUCTS-Sodium Cooled Valves • Poppet Valves • Free Valves • Tappets • Jet Engine Parts • Hydraulic Valve Lifters • Valve Seat Inserts • Motor Truck Axles • Permanent Mold Gray Iron Castings . Rotor Pumps . Spring Lock Washers . Snap Rings · Cold Drawn Wire · Heater-Defroster Units · Stampings · Leaf and Coil Springs · Dynamatic Drives, Brakes, and Dynamometers

# EATON MANUFACTURING COMPANY

General Offices: CLEVELAND 10, OHIO

Plants: CLEVELAND . MASSILLON DETROIT . SAGINAW . BATTLE CREEK . LAWTON VAS R MARSHALL . KENOSHA . LONDON, ONTARIO

## Heads of ABA Divisions and State Association Section









threatened. In the past year we have suffered one of our history's severe inflations interrupted only by the current breathing spell. Our

"Overspending in all these directions at once exhausts critical raw materials, strains the seams of the economic fabric, builds up bureaucratic controls, imposes inordinate and destructive taxes, works injustice to millions of our ordinate works injustice to infinition of our people, and impairs the freedoms we are seeking to defend. The American productive machinery has performed marvels, but we shall slow its operations if we overload it.

"The only realistic corrective is restraint in public and private effort to balance the Federal budg-spending and this is a job for the et through the passage of three and have taken leadership in in-

this spending requires scrutiny. We cannot safely allow the Military alone to determine military spending. There should be an informed and critical check on

show no reduction. Even after full ing has been through bank of is-allowance for changes in the buy- sue policies. We commend steps ing power of the dollar, the non-taken for restraining credit under allowance for changes ...
ing power of the dollar, the nondefense expenditures of the national government are excessive in
today's economic crisis. Methods
must be found for reducing such
avtravagance.

The banks of this country have
recognized their responsibility

weakness could undermine our Administration, for Congress, and tax bills since Korea. At the same security as truly as could deficiencies in arms.

"Our economic strength is now priority in times like these, even the country's economy. Looking forward, we must seek ways to reduce the need for these taxes by reducing expenditures.

by the current breathing spell. Our present government and private programs now threaten the resumption of inflation. We have been and are now trying to do too much at one time, for we are coupling a huge military and foreign aid program with continued national, state and private spending excesses which breed deficit financing by government, business "While government spending is largely responsible for the coun-"The expenditures of the Federal Government other than for national defense—as shown by defense purposes. Private spend-treasury reports—have increased ing must thus be ready to subject from \$2.5 billion in 1930 and \$7 itself to the same kind of rebillion in 1940 to \$25 billion in straints as we ask of government.

"One sound and darvate of the same kind of rebillion in 1940 to \$25 billion in straints as we ask of government."

"One sound and darvate of the same kind of rebillion in 1940 to \$25 billion in straints as we ask of government."

"One sound and darvate of the same kind of rebillion in 1940 to \$25 billion in straints as we ask of government."

stituting a program in the American tradition for voluntary credit restraint. The record shows that through this means an important influence has been exerted in eduinfluence has been exerted in educating and persuading both borrower and lender as to the need for keeping credit within bounds. This Association asks the continued conscientious cooperation of lenders and borrowers in carrying out this program.

"Government lending agencies should be subject to the same tests as banking is imposing on itself. Banks are meeting and are prepared to meet the essential credit needs of large and small business and agriculture while conforming to the principles of the credit restraint program.

"Another form of restraint of spending which is peculiarly within the bankers' province is the encouragement of thrift so that much of the money created in this great boom may be saved rather than spent. This Association asks all bankers to reexamine their facilities for encouraging savings We again pledge our support of the Treasury's Savings Bond pro-gram. In the sale of these bonds the government and the people incur an obligation to maintain their value in terms of purchasing power. To the extent that gov-ernment debt can be placed in the hands of non-bank investors we avoid its inflationary influence on expansion of credit.

"Our objective as custodian of people's money is to preserve the value of the American dollar. We commend the emphatic statement by the Secretary of the Treasury that the value of the dollar must remain tied to gold through the maintenance of the present gold price of \$35 an ounce. We look forward to the day when gold can play a still more direct and effective part in the stabilization of

"The success of all these efforts will depend not so much on resolutions passed here, as on what is said and done by bankers and the people in their own communities.

"The American Bankers Association is deeply appreciative of the

the American Bankers Association is deeply appreciative of the hospitality shown the delegates to the Convention by the Chicago banks, our hosts. This is the 10th convention of this Association to be held in the City of Chicago. We also appreciate the help and assistance of the press, the hotels and other civic organizations, all of whom have contributed to our pleasure

'To James E. Shelton, our President, we extend our thanks for his leadership during the year. To the other officers, staff and our friends we wish to express our sincere gratitude and appreciation."

# Next Convention to Be Held in Atlantic City

Before adjournment, it was announced by C. Francis Cocke, new President of the ABA, that the Association's Convention next year will be held in Atlantic City, N. J., during the period from Sept. 28 to Oct. 1, 1952.

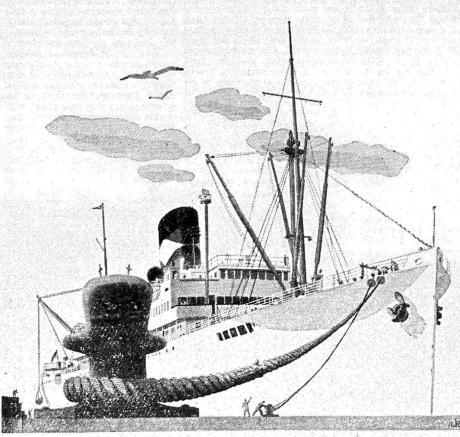
## **Armstrong Heads Dept.** For Van Alstyne, Noel

Van Alstyne, Noel & Co., 52 Wall Street, New York City, mem-bers of the New York Stock Exchange, announce that George H. Armstrong has become associated with the firm as Manager of its institutional department. Mr. Armstrong was formerly with New York Hanseatic Corp.

#### Joins Wallace Bouden

(Special to THE FINANCIAL CHR NEW ORLEANS, La.-C. Grevemberg has joined the staff of Wallace Bouden & Co., California Company Building.

# A TIE THAT BINDS



To SOME, it's just a hawser—the means of securing a ship to its wharf. But to many others it's a symbolic link that helps bind together the Americas . . . that stretches from the great ports of the United States to the friendly nations of Middle America.

Each year thousands of passengers . . . thousands of tons of cargo cross the sea between the Americas. From the Caribbean countries come coffee, abaca, bananas, sugar . . . southbound go refrigerators, automobiles, cosmetics, electrical equipment . . .

For more than half a century, the Great White Fleet has been an integral part of this Inter-American commerce. Today, the gleaming white ships, the dependable service, and the extensive facilities at tropical and domestic ports all combine to strengthen this tie that binds the Americas.

# GREAT WHITE FLEET UNITED FRUIT COMPANY

General Offices: 80 Federal St., Boston 10, Mass.

BRITISH HONDURAS

COLOMBIA

COSTA RICA

CUBA · DOMINICAN REPUBLIC · EL SALVADOR · GUATEMALA

HONDURAS

JAMAICA, B.W.I.

NICARAGUA

PANAMA
 CANAL ZONE

Continued from page 21

# Air Power and the **Future Air Age**

we should change the policy. I simply say that, the policy being what it is, we cannot expect our civilian products and our defense products at one and the same time, and we must expect to be late as long as we try to do both.

I do, however, want to talk to you about the other two elements that account for the high cost of airplanes that are not so obvious. One of these is the very nature of plane. today's airplane. By comparison

however, that in my opinion it is bat aircraft are virtual labyrinths not possible to superimpose our of the most sophisticated auto-defense program on the civilian matic devices requiring pilots and production—and still get both at crews who are practically scientists.

tists.

Ten or fifteen years ago, the accent in design of a military airplane was placed on the airframe, the engine, and the propeller. They were the big three items, and they represented close to 85-90% of the airplane. They also represented 85-90% of the cost of the finished fighting weapon. Less than 10-15% of the money and efthan 10-15% of the money and effort was spent on the rest of the

Today it's all different. Again with today's version, yesterday's looking at the whole weapon as military airplane was little more the end product, those percentthan a power-driven kite, a fistful ages have shifted considerably. It's of metal, and often operated by a probably fair to say that nearer swashbuckling pilot. Today's com- 50% of the design and the cost is

expended on airframe and engine. They're still important. But the real point is that today's planes have devices and installations that the old airplanes just didn't have: automatic fire control systems, tracking systems, radar systems, air refueling systems. These new and different elements now amount to at least half of the cost and the work in a modern air-plane. In the old days the plane itself was the thing; today the plane is merely a carrier.

A patrol bomber built early in

World War II was loaded with 103 pounds of instrumentation. But today's counterpart has 582 pounds. I remember a particular plane produced in 1944 which carried almost 1,000 pounds of electronic items. The comparable plane of today has well over 5,000 pounds. The nerve center for the flight deck of a new Navy plane contains 12 miles of wiring.

But I should point out that the performance of these new planes is worth it. Take a typical fighter performance of these new planes is worth it. Take a typical fighter of World War II and a typical fighter of today. The old plane had a fighting altitude of 25,000 feet. The new one is right at home at 50,000. The old one did 400 miles per hour, the new one 650 plus. Normally this World War II fighter could fly war missions only during clear daylight weather. But the new fighter, with radar and other special equipment, is available round-the-clock, day or night, any kind of weather. Performance is wonderful stuff, but performance costs money. You may be able to get a bargain out of buying a second-rate airplane or a second-rate Air Force, but just try to get a bargain out of using one. gain out of using one.

Furthermore, to attain these performances the modern airplane has to be heavily built of tougher materials. Its construction is different—completely different—than that of the old ones. World War II planes, generally speaking, were made of very thin outer skins. They had a great deal of internal bracing which carried most of the primary structural loads. The outside skin was just that—a skin, a covering. Today the situation is just reversed. The outside skin is much tougher and outside skin is much tougher and thicker and actually does a lot of the load-bearing. The internal bracing is much simpler. In other words, the World War II airplane carried its load from the inside der why the great aircraft industry with all its wartime plants suddenly needs new plants, new machine tools, and new equipment. On the surface they have a point, At the peak of the last a point. At the peak of the last war, America's aviation industry had a covered floor space of 175 million square feet. So it must seem appalling that that same plant and equipment that turned out 96,000 airplanes in one year is hard put to get up to 10,000 or 15,000 a year today.

very heavy equipment, such as skin mills, spar mills, and stretch presses that we didn't even have in World War II. All that equipment takes money! The largest hydropress in the world unless. the Russians have one—an 8,000; ton machine to form tougher met-als, which costs \$34 million—is being bedded down in our plant now, and it's just one of hundreds upon hundreds of items we've had buy to build these new air-

To emphasize that today's air plane is more complicated and therefore more costly to build, I'll say it this way. In 1943, we figured that for a very specialized

radar and electronic job we could get along with one such technician get along with one such technician for every thousand employees. Today, we need one out of 24 to be such a technician. In 1943, one out of 22 was an engineering employee. Today, one out of eight. That's how complicated and technical aircraft manufacture has become and the complex of the com come—and a major reason why it's more costly.

But in accounting for the high

cost of air power, no small part of the costs are due to these presentday elements like labor and materials, but instead to the sins of the past. Our cost of aviation today is not high just because of the high cost of the things we are doing today, but instead because of the things we didn't do in 1945, 1946 and 1947. That's the trouble with our air program today-and it's the only absolutely basic thing that is the matter with it!

When you see a beautiful new airplane standing on the runway gleaming in its glory and just off a production line, you see an article that I think epitomizes the longest, the most complicated, and the most for fluor production efthe most far-flung production effort of all time. I'm speaking now about articles that we make in some respectable quantity production. A battleship is complicated and takes a long time, but we only make one or two!

The airplane is no longer just a The airplane is no longer just a frame, an engine, and a propeller. The end product that we call the airplane is really an assemblage of thousands of individual products that all have in themselves to be invented, developed, manufactured, and then housed in the mother structure that itself has to be invented, developed, adopted, tooled and manufactured. This long and costly process represents a time cycle of five to seven years for the mother structure itself, to for the mother structure itself, to say nothing of the years of devel-opment of the various systems, accessories and installations that make the whole an integrated thing. All these thousands of manufactured products have to be seasonably fed into the master plane production process. Every-thing has to be there at the right time! The parts and pieces come time! The parts and pieces come from every State in America and some from foreign countries. This is no small-time, single-process show that can be stopped and started by the snap of a finger. This is the learner to be stopped. bracing is much simpler. In other started by the snap of a finger. This words, the World War II airplane is the longest manufacturing river carried its load from the inside in the world! It's the Mississippi out—while the modern plane, to of manufacturing, and you can't a much larger degree, carries its get the big water out of the mouth load from the outside in. But this of the river if you once shut it off means a whole new manufacturate the source. Once you shut it ing procedure. Many people wonderly turn it on and get the water with all its wartime plants. Out of the mouth It's got to flow. out of the mouth. It's got to flow just so fast and just so far and pick up its feeders along the line, and in the end you've got the big water at the mouth!

#### Postwar Reduction in Airplane Production

But with the military victory in Europe, we shut our airplane river right off, right at the source! In the month of March, 1944, we produced over 9,100 military planes. Within a period of one month, Well, part of it is this: We're building completely different air-planes. Quantity has nothing to we dropped from 2,800 to less do with it. Processing is the than 800. By the following sumproblem—and these new ones take very heavy equipment, such as skin mills. spar mills, and stretch

Several dry years went by.
Then suddenly someone discovered that Russia had an air force. "Where did they get it?" force. "Where did they get it?" every one asked This is how they got it—they just didn't ever stop building the one they had, as wedid. We let our stream run sodry, however, that back in 1946 and 1947 it looked as though America wouldn't even have a small Air force. small Air force.

But a group of farsighted men took note of the worsening world conditions in 1947 and began to urge immediate rebuilding of our

Air Force. The President's Temporary Air Policy Commission and the Hinshaw/Brewster Congressional Board came up with virtually the same recommendation; namely, rebuild aircraft production on a gradually intensified scale!

So, in 1948, we began to turn the water back in the stream. But it was that shutoff in 1945 that is now costing us the time and the big money. We, as manufacturers, have been trying to stress this fact for years. Yet there's still a general and widespread lack of appreciation for the time-lag in aircraft production. Stopping and starting this complicated process of aircraft manufacturing is not as simple as merely telling the plane-maker to stop and start. It means letting these hundreds of contributing organizations go out of the air business and making them find other lines to keep busy with—only to find that years later when we do try to get them back feeding us again, they aren't so keen to come back, or able to.
Why should they be? By that
they can't just drop whatever
they're doing and serve us all
over again. Here is the hard core of it:

In the 20 years between World War I and World War II, we spent an average of less then \$28 million a year for air, only to find that to dig us out of World War II we had to spend \$28 million a day, and for four years! We spent an average of about \$1½ million a year in the years 1946, 1947, 1948. Now we're having to spend \$15¼ billion one year, and if conditions get worse—and they can; and if Senator Lodge's proposal for a 150-group Air Force were for a 150-group Air Force were to be adopted—and it may have to be—it would call for \$32 billion in fiscal '52, \$27 billion in fiscal '53, and \$37 billion in fiscal '54. The transfer of the feast of the factor of '54. That's what the feast or famine, turkey one day and feathers the next costs us.

#### Should Have Long Range Program

When then will the American people learn that steadiness in moderation rather than enormity in a crisis is better and cheaper. Air power is expensive enough in itself; but when we add to it this itself; but when we add to it this insane cost of stopping and starting, we do two things: first, we run the cost up into the stratosphere: second, when we let our guard way down, we lay ourselves open to world attack, and the money we think we save in so-called fair weather we have to quadruple to dig us out of foul. Steadiness rather than size in the pinches is the thing. It will cost pinches is the thing. It will cost



FEDERAL RESERVE SYSTEM - FEDERAL DEPOSIT INSURANCE CORP.



## GRACE NATIONAL BANK

HANOVER SOUARE, NEW YORK

Statement of Condition, September 30, 1951

#### RESOURCES

Cash in Vault and with Banks					\$ 38,914,733.37
Demand Loans to Brokers, Secured .					1,800,000.00
U. S. Government Securities	1		3.1	•	48,408,456.08
State, Municipal and other Public Se	cur	itie	s.	•	6,250,881.14
Loans and Discounts			•		30,265,174.27
Stock of Federal Reserve Bank	9.0				210,000.00
Customers' Liability for Acceptances					3,177,444.21
Accrued Interest and Other Assets .					413,862.69
					\$129,440,551.76

#### LIABILITIES

Capital Stock       \$4,000,000.0         Surplus       3,100,000.0         Undivided Profits       1,149,224.6	0
Deposits*	. 113,052,404.21 . 3,817,269.53
Less Own Acceptances in Portfolio 862,367.9	
Reserve for Contingencies, Interest, Expense, etc	c. 667,502.26
	\$129,440,551,76

\*Includes U.S. Government Deposits aggregating \$3,501,737.79.

#### DIRECTORS

ROBERT F. C. BENKISER

C. R. BLACK, JR. President C. R. Black, Jr., Corporation

Hugh J. Chisholm nt, Oxford Paper Co.

CHESTER R. DEWEY

DAVID DOWS

ROBERT E. DWYER Executive Vice-President Anaconda Copper Mining Company

JOHN C. GRISWOLD President Griswold and Company, Incorporated

CLETUS KEATING Kirlin, Campbell & Keating

D. C. KEEFE Ingersoll-Rand Company F. G. KINGSLEY Chairman of the Board, Mercantile Stores Company, Inc.

CLARK H. MINOR Honorary President, International General Electric Co., Inc.

B. H. OEHLERT, JR. Vice-President W. R. Grace & Co.

WILLIAM M. ROBBINS Vice-President General Foods Corporation

HAROLD J. ROIG W. R. Grace & Co.

JAMES H. SHARP Financial Vice-President Merck & Co., Inc.

ANDREW B. SHEA President Pan American-Grace Airways, Inc.

FRANK C. WALKER Chairman, Executive Committee, Comerford Theatres, Inc.

The Grace name has been identified with domestic and international banking and commerce for almost a century.

EMBER FEDERAL DEPOSIT INSURANCE CORPORATION

while the all-out and all-in route will cost us more and get us into trouble. These \$30-billion-a-year crises would never come up if we keep our guard up all the time, and it only need cost a fraction of

the way we've been doing it for the last 30 years!

In addition, a modest-but-steady, long range air program would have given us a running would have given us a running start in emergencies such as this one today. It would have permitted the industry to hold together some of its highly skilled work team in the lean years. It would keep both the industry which builds the planes and the Air Force which uses them stripped down, clean, up-to-date, and ready to go. It's a lot easier to get to 60 miles an hour if you're already going 15 or 20 than if already going 15 or 20 than if you're standing still.

Finally, a long range air program would support the constant research and development neces-sary to produce airplanes of the future. For by its very nature, the development of aviation requires continual improvement and bet-terment — and that means continual experimentation, continual searching for newer and ideas to produce newer and better airplanes.

Enact and support this long range air program and I can bring you great promise of wondrous things that can and will be done. Even right today I can allude

to three or four definite projects all within our grasp in the fore-seeable future and all stimulating to the imagination. I will just mention them in the order in which I think they can be de-veloped. The first and most ob-vious is the ultramodern airliner that must come. Volumes have been written as to what the next completely new great airliner will be. Several types are promising, but one that I feel sure must be built would be something like built would be something like this: It would carry around 60 passengers in luxurious comfort and have a cruising speed of around 600 miles per hour. It must have range and operating char-acteristics that will make it a magnificent airplane for the runs from Chicago to Los Angeles and from Chicago to Los Angeles and New York. It must also have enough range to make it able to maintain dependable regularity of service in all weather, both ways across the Atlantic with one stop and be able to make it nonstop under certain conditions. Above all it must demonstrate an improvement over present operating costs and maintain if not improve the excellent safety factors built

into present-day airliners.

Much has been said about the fact that Great Britain bids fair to seize the supremacy of airline air from our U. S. industry because she is first in the field with a pure jet airliner. Having in mind what I have said about steadiness in air research and pro-duction, it would be well for all thinking Americans to see what the British Government was doing in the years 1945, 1946, and 1947 when we in America were doing little or nothing. In those signi-ficant years, the British Government encouraged the starting of several — not one — forward designs; and the five to seven years time span for the development having about matured, at least two of those brand new types will be carrying passengers this year or early next. How will you Ameri-cans like the prospect of seeing these planes digging into the business of your own airlines and air companies with the fruits of en-gineering manhours and money that could just as well have gone in here at home.

We Can Keep Our Air Security Actually this does not have to appen. With all credit to our happen. With all credit to our British friends whose courage and

less and keep us out of trouble I say it is still not too late to keep. The thing that keeps an airplane while the all-out and all-in route the supremacy of the airline air or a helicopter up in the air is to the supremacy of the airline air as we always have. Again with all due credit to them, I do not hon-estly believe that the British liners have the range to make them practical to operate over ocean routes; and I do not think they have low enough operating costs to make them profitable over land routes. So the race is not yet over—or won. An American design could easily be done that would accomplish the following times for twicel rung and do ing times for typical runs, and do it all at equal if not better profit margins than are now in style.

Los Angeles to New York, 4 hours, 2 minutes Los Angeles to Chicago, 2 hours, 56 minutes Chicago to New York, 1 hour,

17 minutes

Just to show you the capability and reliability of such an airplane, how's this: Flying 8 hours out of every 24 (this is less utilization, mind you, than present airplanes will do). one lone jet airliner could carry in one year across the Atlantic 26,600 first-class passengers. The Queen Mary is estimated to carry 39,000. Now if the jet could operate 10 hours a day (Eddie Rickenbacker does this with the Constellation) it could haul 33,300 in one year against 39,000 for the

Everywhere I go people say to me, "What about the guided missile? When do we get what?" This is such a vast subject that I will is such a vast subject that I will only pick off one little corner of it as one of these wonderful things we can do within a very few years. There are literally hundreds of different missile designs and types, and they can be broken down many ways—by one measuring stick or another. To date, the effectiveness of all kinds of missiles as far as we know all over the world is limited because over the world is limited because they are of relatively short range. The reason they are short range is because the guidance systems are limited in effectiveness. It's not hard to build just a missile of any range, long or short; it's not too hard to build short range guided missiles; but up to now it's been awful hard, if not im-possible, to build a long range guided missile. The long range guidance systems, not the missile, is the key. That's the prize—that's what the race all over the world for-and we must and can win

In plain language, we must have a guidance system that can guide beyond the horizon. How do you bend a beam around the curve of the earth's-surface? The German flying bombs—the V-1 and V-2—were guided by clock-type steering apparatus that was pre-set so many seconds this way, 'so many that—but it could not be for long range and could not be accurate. I cannot speak of it here; but I am sure we have a fine start on this problem; and if we get it, it will soon be possible to put this guidance system on something that resembles a fighter plane, power it with the same kind of engines we now use in fighters, and shoot it off for its target. Think what that will save us all! Not only will it be accurate, but it will cost only a fraction of a big bomber; and most sacred sav-ing of all, it will not carry the precious irreplaceable complement of 10 to 20 young American men. This can well prove to be the intercontinental guided missile!

#### The Individual Flying Plane

People often ask me why we People often ask me why we don't have more individual flying — you know, with every man owning and flying his own plane. Well the reason is because we don't have the plane. The ordinary type airplane takes too much space to land in and can't hover or stand still in the air, and the beliconter that con stand still page British friends whose courage and helicopter that can stand still pays enterprise I am the first to salute, too big a price for being able to.

force the wing or the rotor blades through the air. I'll just make you another of my expensive predictions. Given the development encouragement of a permanent program and a little leasure, we can come up with an entirely new concept of flight. Instead of dragging the wing or rotors through the air, I think that by creating a pressure differential between a pressure differential between the inside and the outside of the wing we could drag the air through the wing—not the wing through the air. Wouldn't that be something? Then the wing could stand still, rise vertically, fly at high or slow speed in any direc-tion. Just the ticket for the every-man's airplane! It probably would have to embody the principles of have to embody the principles of boundary layer control and have a ducted fan engine, which in it-self would take \$10- to \$15-mil-

on the right! When we get it, we'll call it the "Little Dipper"!

Finally, those of you who have felt the predictions of the space ship were the abberations of the mildly insane, I must ask you in all seriousness to be a little more charitable toward those who are working on this problem. Of all the things I have mentioned, the practical space ship is certainly the farthest away, but I will tell you this and now—that within the present state of the art and with you this and now—that within the present state of the art and with developments we know positively will be here shortly, we already know that a space ship can be constructed and could achieve the miracle of space flight. It would embrace the principle of probably three stages of propulsion which would arrive it in the space regime. At this area in the universe, its minimum speed for an indefboundary layer control and have its minimum speed for an indefaducted fan engine, which in itself would take \$10- to \$15-mil-per hour. The next step, as yet beyond our knowledge, would be how to get it back safely to a landing either on this earth or if you, the line for that one forms to the moon, how to carry enough

I will respond that 20 years ago those same people would have said we would never have knowledge of the first stage—and we do have and the rest will come!

So I say all these things can come and I believe that they will. These are all things that we know we can do now or rather soon. But they are only the beginning—not the end. As each one of these and other imminent questions are solved, science—her tions are solved, science—her tempting finger constantly beck-oning us forward—will show us new fields in which to work. The solution of one will but lead to the challenge and solution of an-other, until at last will come the answers to mysteries that have kept mankind in ignorance and restriction for centuries.

In my heart I know there is a Continued on page 36

# MANUFACTURERS TRUST COMPANY

Condensed Statement of Condition—September 30, 1951

RESOURCES	
Cash and Due from Banks	\$ 749,756,957.08
U. S. Government Securities	870,872,901.31
U. S. Government Insured F. H. A. Mortgages	71,395,674.02
State, Municipal and Public Securities	57,980,029.34
Stock of Federal Reserve Bank	3,595,050.00
Other Securities	24,986,920.96
Loans, Bills Purchased and Bankers' Acceptances	805,497,276.77
Mortgages	15,444,256.25
Banking Houses	16,006,843.85
Other Real Estate Equities	256,818.40
Customers' Liability for Acceptances	8,624,431.73
Accrued Interest and Other Resources	5,523,738.54
	\$2,629,940,898.25
LIABILITIES	
Capital	
Surplus 69,444,000.00	
Undivided Profits	\$ 157,367,935.23
Reserves for Taxes, Unearned Discount, Interest, etc	17,297,014.43
Dividend Payable October 15, 1951	1,511,700.00
Outstanding Acceptances	9,159,819.60
Liability as Endorser on Acceptances and Foreign Bills	6,638,070.41
Cash held as Collateral or in Escrow	13,529,784.56
Deposits	2,424,436,574.02
	\$2,629,940,898.25
the second secon	

United States Government and other Securities carried at \$119,190,910.62 are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law.

#### - DIRECTORS .

EDWIN J. BEINECKE
Chairman, The Sperry & Hutchinson Co.
EDGAR S. BLOOM
Chairman, New York and Cuba
Mail Steamship Co.
ALVIN G. BRUSH
Chairman, American Home
Products Corporation
CHARLES C. CLOUGH
Administrative Vice-President
LOUB. R. CRANDALL Administrative Vice-President
LOU R. CRANDALL
President, George A. Fuller Company
CHARLES A. DANA
Chairman, Dana Corporation
HORACE C. FLANIGAN
President JOHN M. FRANKLIN
President, United States JOHN GEMMELL, JR.
Clyde Estate

PAOLINO GERLI President, Gerli & Co., Inc. FREDERICK GRETSCH Chairman, Lincoln Savings Bank of Brooklyn JOHN L. JOHNSTON
Director, Lambert Company OSWALD L. JOHNSTON Simpson Thacher & Bartlett HARRY C. KILPATRICK Senior Vice-President KENNETH F. MacLELLAN
President, United Biscuit Compost America

JOHN T. MADDEN
President, Emigrant Industrial
Savings Bank

JOHN P. MAGUIRE
President, John P. Maguire &
Co., Inc.

GEORGE V. McLAUGHLIN Executive Committee Executive Committee
C. R. PALMER
Director, Cluett Peabody & Co., Inc.
GEORGE J. PATTERSON
President, Scranton & Lehigh
Coal Co. WILLIAM G. RABE HAROLD C. RICHARD New York City HAROLD V. SMITH
President, Home Insurance Co. L. A. VAN BOMEL
President, National Dairy
Products Corporation
HENRY C. VON ELM
Honorary Chairman

Head Office: 55 Broad Street, New York City

MORE THAN 100 BANKING OFFICES IN GREATER NEW YORK

Member Federal Deposit Insurance Corporation

DEFENSE IS YOUR JOB TOO-BUY U. S. DEFENSE BONDS

## Air Power and the **Future Air Age**

and beyond this immensity of air and space there lies a new way of life, and we can be rewarded with her fruits and powers—if we will. New airplanes and power systems are but on the threshold of this long corridor of searching, which at the other end may well hold the very secret of Eternal Life!

The land on this earth is lim-Ited; we know its dimension, and we have worked well this land. So also we know the sea—we know its size, and for generations it has transported us and given us food and other products. But each of these in themselves is limited, limited until we augment them with the secrets of the age of air—the third and perhaps the greatest element in this Philosophical Trinity of Land, of Sea, of Air.

This is the great medium—the most vast of all; and yet about it the least is known. From its trackless expanse can come more energy from other planets than mathematicians can compute, and through its limitless space we can someday move — earthbound no longer!

It can even make us realize how small our own world is and make the peoples of this weary world stop beleaguering one another and spend their strength and resources on constructive measures for mankind, rether these converges are strongly as the strength of the convergence. kind rather than on war among

We must be practical; we must arm; we must at frightful cost have these things—many of them actually in being. We must be ready to fight if we must to protect our homes and families—and wire will! we will!

But down the long corridor of Time there must be another way. Surely there is a Power that is stronger than anything on this earth. When our men of science solved the mystery of the atom, we may have thought and it may well be that it heralds a new way of life. But I propound that there is still a greater source of power Street.

whole new world waiting for us and energy and we must reverenting the mysteries of the air. Within ly and patiently devote ourselves and beyond this immensity of air to finding it. If it does exist—and and space there lies a new way I believe it does—then mortals of life and we can be remarked though we are though we are, our help must come in the future as it has in the past by lifting up our eyes. For truly our help will come from the skies, for this — this is the Age

#### W. T. Kitchen Joins White Co., St. Louis

ST. LOUIS, Mo. — William T. Kitchen has become associated with White &

Company, Mississippi Valley Trust Building, members of the Midwest Stock Ex-change. Mr. Kitchen has recently been with the Los Angeles office of Dempsey-Tegeler & Co. Prior thereto he was with Scherck, Rich-



W. T. Kitchen

ter Co. and in the past was a partner in Kitchen Murphy and Kitchen & Co. in

#### With B. C. Christopher

KANSAS CITY, Mo. - Irwin Westfall has become connected with B. C. Christopher & Co., the Board of Trade Building, members of the Midwest Stock Exchange.

#### Joins Slayton Staff

(Special to The Financial Chronicle)
ST. LOUIS, Mo.—Carl D. Baue of has become affiliated with Slayton & Company, Inc., 408 Olive

#### **Investment Banking Course Announced**

CHICAGO, Ill. — The Investment Bankers Association of America announces that its correspondence course in Investment Banking, offered in cooperation with the School of Business and Home-Study Department of the University of Chicago, is now the proposed for a preliment Begietzetions.

tribution of Investment Banking to the Financing of Business En to the Financing of Business En-terprise; Sources of Corporate Funds—Stocks; Sources of Cor-porate Funds—Bonds; Sources of Short-term Funds; Interest Rates and the Cost of Funds.

PART TWO—Security Analysis: Financial Statements and their Interpretation (I); Financial Statements and their Interpreta-Statements and their Interpretation (II); The Analysis of Public Utility Securities (I); The Analysis of Public Utility Securities (II); The Analysis of Railroad Securities (II); The Analysis of Railroad Securities (II); The Analysis of Industrial Securities; The Analysis of United States Government Securities; The Analysis of Municipal Securities; The Analysis of Foreign Securities and Analysis of Foreign Securities and The Analysis of Real Estate Securities; The Analysis of Investment Company Securities; Corporate Stocks as Investments; The Business Cycle and Security Prices.

PART THREE — Problems in the Financing of Corporations: Dividend Policy and Holding Companies; Mergers and Consoli-dations; Refinancing and Reorganization (I); Refinancing and Reorganization (II).

PART FOUR—The Marketing of Securities: Origination and Distribution of New Issues (I); Origination and Distribution of New Issues (II); The Securities Exchanges; The Over-the-Counter Markets; Governmental Regulation of the Securities Markets tion of the Securities Markets.

PART FIVE—Investment Policy: Investment Policy for Individuals; Investment Policies of Commercial Banks and Companies; Investment Policies of Insurance Companies.

## **McDonald Group Offers** Harshaw Chemical Stk.

An underwriting group headed by McDonald & Co., Cleveland, on Oct. 9 offered 40,000 shares of of the Harshaw Chemical Co. of-fering price is \$103 per share to yield about 4.36%.

Each share of preferred stock is convertible for a period of ten years into two shares of the company's common stock and the issue is provided with a fixed sinking fund of \$80,000 per year plus an additional amount based on earnings.

The company, with plants in Cleveland and Elyria, Ohio, and Gloucester City, N. J., is engaged chiefly in the manufacture and sale of chemicals and chemical products primarily for industrial consumption.

H. S. WHITE, Asst. Agent Coburn Middlebrook Adds

(Special to THE FINANCIAL CHRONICLE) BOSTON, Mass.—Frederick M. York is now associated with Coburn & Middlebrook, Incorporated,

75 State Street.

Continued from page 6

## The Outlook for Natural Gas

#### **Future Discoveries**

Natural gas occurs in nature with oil. It was generated by the same geologic processes, is found by the same techniques and is generally discovered in the search Home-Study Department of University of Chicago, is now open for enrollment. Registrations are accepted at any time and applications, with the full tuition of \$40, should be sent to the Home-Study Department of the University of Chicago, 1375 East Sixtieth Street, Chicago 37, Ill. Inquiries for information and applications may be sent to Erwin W. Boehmler, I. B. A. Educational Director, 33 South Clark Street, Chicago 3, Ill.

Included in the course will be:

PART ONE—The financing of The Con
Will same geologic processes, and is to generally discovered in the search of for oil. Hence, the future of both search of the oil and gas that exist, but are yet to be discovered, will require great effort and increasing toosts per barrel and per thousand cubic feet. It will require deeper and deeper drilling, where the cost at great depths increases as a high exponent of the depth, and it will take operations in 50 feet of the course of the Gulf Coast where a high exponent of the depth, and it will take operations in 50 feet of water off the Gulf Coast where a steel drilling platform may cost \$1,500,000. And in the case of gas, it will require the extension of the present main lines by a gigantic pipe line net work to gather from every square mile found productive, and pulling well pressures down to the last pound.

Until recently, gas has been

duction, the ratio has been de- now would need to pay more. But creasing moderately. those prices were for gas that was known and contracted for when the three large lines bringing gas to New York State were originto New York State were originated. It is the reserves of gas that has yet to be found that is going to be expensive and in the long-range future this undiscovered supply will be much larger, more difficult to find, and more expensive that the that the supply supply the supply suppl sive than that now under contract.

#### Risks of Exploration

The future reserves not yet found will be obtained by extensive exploration. The selection of drilling sites will be based upon geology, geophysical surveys of underground strata, and all of the scientfic techniques known and to be invented. Such technical scientfic techniques known and to be invented. Such technical methods may indicate the strati-graphic nature of the subsurface but they cannot show whether or not the underlying strata contain oil or gas. They may reduce the probability of dry holes but only by drilling can oil or gas be found. The results of drilling rank wild-cats, that is, tests intended to find ductive, and pulling well pressures down to the last pound.

Until recently, gas has been available to the major pipe line companies in a buyers' market ploratory Drilling of the American where at first the producer had no choice but to sell. When Tennessese Gas Transmission Company organized its supply in 1943-1944, mittee and its helpers include the producers were glad to get 5 cents per Mcf. In fact, it was the producers needing an outlet that put Tennessee Gas on the map. Later, Transcontinental contracted for its basic supply at 7 cents, then Texas Elstern at 7½ cents, then Texas Illinois agreed to pay up to 10 cents, and any new line to start

Ratio of Successful Tests to Total Rank Wildcats 1944-1946.

#### Ratio of Successful Tests to Total Rank Wildcats, 1944-1946

Located by technical surveys	12.4%	100	A SEWAN
Located by nontechnical methods	5.0%		
Total successful tests (not dry holes)	11.1% or	1 in	9
Tests finding fields of 1 million barrels of	reserves:	1 in	44
Tests finding fields of 10 million barrels of	reserves:	1 in	243
Tests finding "fields of 50 million barrels of	reserves:	1 in	967
*Major fields			

#### Ratio of Successful Tests to Total Rank Wildcats Drilled and Financed in 1950

rotar	11.2%	
By Major Companies	17.6%	
By Minors and Independents	9.2%	

#### Classification of Rank Wildcats Drilled and Financed in 1950

15%	200		HOUSE TO
y	Major	Companies	249
y	MILLIOIS	and Independents	769

on the chance of striking oil; that these employ geology and technical methods to a smaller degree than the majors, but by sheer number of trials they find the new oil. The Spindletop field was found 50 years ago by Captain Lucas after the United States Geological Survey and the Standard Oil experts rejected the possibilities. The East Texas oil field, the largest reserve ever found in the Ities. The East Texas off field, the largest reserve ever found in the United States, was discovered by Dad Joiner on a shoestring after the area had been passed up by the majors

The risks of the oil finder The risks of the oil finder are many. Besides the high probability of getting a dry hole, he faces the unpredictable turn of the oil market. As a matter of fact, the success of discovery, if large enough, may in itself bring about a lower price of oil. When Mr. Joiner had spent his last cent and the last dollar he could borrow to discover oil in East Texas, his discovery brought on new production of a million barrels per day which the market could not take which the market could not take

<sup>2</sup> Frederic H. Lahee, "Exploratory Drilling in 1950," Bull. Amer. Assn. Pet. Gcol., Vol. 35, No. 6 (June, 1951), pp. 1123-1141.

These ratios bear out the pre-vailing belief in the producing in-dustry that the new fields of the country are largely found not by War I the price of 36 gravity Middustry that the new fields of the could find a buye...

country are largely found not by the well-heeled major companies, but by the many small companies tive, has ranged from \$3.50 per and independent operators who are willing to risk their savings and is now \$2.57. The oil production the chance of striking oil; that these employ geology and technological producer always faces severe company for the chance of the chance of striking oil; that the chance of striking oil; the chance of strikin petition. If potential output exceeds demand, the price may fall or his production may be proor his production may be pro-rated, or both. As a producer of fuel he must compete with coal and even with the product of the sister industry, natural gas.

The finding of oil and natural gas has been accomplished by pioneers, by operators willing to take chances in the hope of high returns, and in a political atmosphere where they were not afraid of confiscation if they struck oil. The Russians, with larger territory and large potential reserves, have not done so well. have not done so well.

#### Attempts to Regulate Natural Gas Production

Production

Congress passed the Natural Gas Act in 1938 regulating interstate gas transmission companies, but specifically exempting "the production and gathering of natural gas." There has naturally arisen cases of overlapping of regulatory jurisdiction at the border line where gas passes from producing properties into interstate transmission lines. The State Conserva-

# From 1871, Aiding in the Development of Canada

## Make this Bank Your Correspondent in Canada

Complete modern banking facilities are available to you and your clients. Inquiries are invited regarding Export-Import trade in Canada, agents, plant locations, Foreign Exchange regulations.

NEW YORK AGENCY: 49 WALL STREET A. W. RICE, Agent

#### E. A. QUACKENBUSH, Asst. Agent HEAD OFFICE—TORONTO

Branches across Canada and in London, England Private wire connects New York, Montreal and Toronto offices

gitized for FRASER

tion of the Federal Power Commission over the producing and gathering of natural gas by producers other than transmission companies. The Kerr Bill was passed by the Congress in 1950, but vetoed. Thereafter, the Federal Power Commission brought an action against Phillips Petroleum Company to ascertain whether the Commission has jurisdiction over the production of its natural gas. On July 18, last, the Commission found in a 4-to-1 decision that it did not have such jurisdiction. If sustained, the decision that it did not have such jurisdiction. If sustained, the decision will have a far-reaching effect in encouraging the search for the future supply of natural gas, so important to the long-term soundness of the gas utility industry.

dustry.

I cite this because of the opposition that developed against the Kerr Bill by consumers far removed from the scene of natural gas producing operations with little insight into the problems of the wildcatter. The business of producing and maintaining production is entirely different from that of distributing gas. One thrives or fails on the taking of risks and is highly competitive. The other, being franchised and protected against competition in its territory, enjoys a status of permanency paralleling the continuance of the population and industry served. The oil and gas producer must be compensated for his risks or he will not go further to find the next field. The average total cost of a wildcat in this country now approximates \$90,000 in country now approximates \$90,-000. Would you invest \$90,000 in a wildcat venture with one chance a wildcat venture with one chance in nine of getting your money back and one chance in 44 of mak-ing a good thing of it if you were going to be regulated down to 6% return on your cost if you struck oil? That is what the shooting was about—that and the possibil-ity that the oil companies might later he regulated on their other later be regulated on their other operations if the Power Commis-sion once started on their gas production.

The successful oil companies, of course, earn a rate of return in excess of 6%, especially in good times. For a group of 30 of the larger oil companies, the composite rate of return on borrowed and invested capital has been as follows:3

remu—	Return
1934-35	5.3
1937-39	6.7
1940-42	6.7
1943-45	8.1
1946-49	13.4
1950	12.7

The rate of return on strictly producing companies is higher. But these are the successful companies. No one reports the losses of the companies and hundreds of independent operators who fail. Herbert Hoover says, regarding the rewards for the search of gold:4

"If all costs are included, gold mining is an unprofitable business in any country. It is certainly no business for amateurs. But the lure of the occasional great strike maintains a steady stream of fol-

3 Frederick G. Coqueron and Joseph E. Pogue, The Chase National Bank "Financial Analysis of Thirty Oil Companies for 1950"—June, 1951.
4 Herbert Hoover, "Engineering's Golden Age," Collier's Magazine, March 3, 1951.

search for oil. The profits of the large oil companies and the successful discoveries by independents are colorfully overemphasized by the public. But no one hears much about the failures in business and the enormous amounts spent by unsuccessful wildcatters and the promoters using other people's money in the attempt to get rich out of oil. Counting everything, it is questionable whether the overall results of exploring for oil and gas make it a profitable business. I wouldn't know. But in any case, it is a pursuit fraught with many hazards, it is no game for amateurs, and it warrants the hope of high reward to the successful. And it takes the prospect of real profit to induce the oil and natural gas finders of this country to carry on, in exploring for new supplies needed to keep the gas carry on, in exploring for new supplies needed to keep the gas coming.

tion Commissions had long since regulated the production of oil piper."

New York City area at about 29 is another demand for Texas gas dered them by the natural gas particularly as to maintaining conservation and protecting the correlative rights of neighboring producers. To clarify the limits of Federal jurisdiction, the Rizley-Moore Bills were brought before Congress in 1947, followed by the Kerr Bill introduced in 1949. These bills were designed to remove any doubt as to the meaning of the Natural Gas Act by definitely excluding jurisdiction over the producing and the producing and the producing and the producing gas gas at locations with New York—that is the cluding the 9/20 of one cent per Mcf gathering tax just enacted in Texas gas dered them by the natural gas cents. The gas transmission companies and about 29 is another demand for Texas gas dered them by the natural gas cents. The gas transmission companies and about 29 is another demand for Texas gas dered them by the natural gas cents. The gas transmission companies and about 29 is another demand for Texas gas dered them by the natural gas with New York—that is the public offinets and producers in far—away fields and the risks they use of Gulf Coast gas at locations must take in exploring for new featurely as to more with New York—that is the public offinets and producers. The profits of the search for oil. The profits of the search for oil. The profits of the search for oil. The profits of the public in some degree to the search for oil. The profits of the search for oil. The profits of the search for oil. The profits of the public in some degree to the search for oil. The profits of the public in some degree to the search for oil. The profits of the public in some degree to the search for oil. The profits of the public in some degree to the search for oil. The profits of the public in some degree to the search for oil. The profits of the public in some degree to the search for oil. The profits of the public in some degree to the search for oil. The new York utility buying Texas 22 cents for transportation, it will gas gets the gas, but it pays for ultimately be worth much more gas plus transportation—about than 10 cents if utilized near the source, where little transportation at present competitive prices in the New York City area for oil, and Texas to keep natural gas coal and natural gas, the advantage on a strictly but basis is 5 to for the benefit of the Damned 10 cents per Mcf in favor of nat-ural gas. That is what creates the prevailing heavy demand for nat-ural gas in the Northeast and in turn the competitive demand for new gas supplies in Texas and Louisiana.

carry on, in exploring for new supplies needed to keep the gas coming.

In obtaining their requirements of natural gas up to the present time, the utilities for the Northeastern States have been in competition for their supplies with other sections of the country, Coast for 7½ cents per Mcf is now particularly the Pennsylvania-Gas purchased along the Gulf coast for 7½ cents per Mcf is now being hauled an average distance of 1,600 miles for delivery in the Gulf coast for 7½ cents per Mcf is now being hauled an average distance of 1,600 miles for delivery in the Morth Central States. But there should recognize the service ren-

and Texas to keep natural gas from being exported to the North for the benefit of the Damned Yankees who have plenty of coal anyway—but to retain their gas for the use of industry that may be induced to move to Louisiana and Texas and thereby help those tates grow states grow.

#### Conclusion

The gas utilities in the New York-New England area should be able to obtain a sufficient supply of natural gas for many years

State utilities and their customers the basic objective should be to see that the gas keeps coming.

#### With King Merritt

(Special to THE FINANCIAL CHRONICLE)
ORLANDO, Fla. — Lenox H.
Rand is with King Merritt & Company, Inc.

#### With Waddell & Reed

(Special to The Financial Chronicle)
SARASOTA, Fla.— Charles W.
Lonsdale is with Waddell & Reed,

#### Merrill Lynch Adds

(Special to THE FINANCIAL CHRO PALM BEACH, Fla.—Houston, Cox, Jr., has been added to the staff of Merrill Lynch, Pierce, Fenner & Beane, Bassett Building.

89,934,000.00

83,867,317.01

35,636,371.23

1.00

# Society for Savings in the city of cleveland

Founded 1849

#### STATEMENT OF CONDITION TRUSTEES September 30, 1951

Warren Bicknell, Jr.

Robert F. Black
President, White Motor Company Irving C. Bolton
Vice President, The Warner & Swasey Co.

Harold T. Clark, Attorney

Frank M. Cobb
Director, Cleveland Electric Illuminating Co.

T. J. Conway
President, Fisher Brothers Co.

Frederick C. Crawford
President, Thompson Products Company

John S. Crider

Ernest C. Dempsey
Attorney, Squire, Sanders & Dempsey

George Durham
President, Wheeling & Lake Eric Company Randolph Eide
President, The Ohio Bell Telephone Company

Mervin B. France

Dwight P. Joyce .
President, The Glidden Company Frank C. Lewman

Chairman of the Board, Richman Brothers Company James L. Myers
President, The Cleveland Graphite Bronze Co.

Laurence H. Norton
Director, Columbia Transportation Company Drake T. Perry, Vice President and Secretary, Harshaw Chemical Co.

Henry S. Sherman Chairman of the Board

Herman L. Vail, Attorney, Sayre, Vail & Steele

John S. Wilbur Cleveland Cliffs Iron Company

Arthur P. Williamson
President, Dill Manufacturing Company



LIABILITIES

Surplus . . . . . . . . . . . . . . . . . \$ 12,000,000.00 2,440,091.92 Reserve for Taxes, Expenses and Dividends on 1,457,102.19 Savings Deposits . . . . . . . . . . . . . . . . 217,750,449.94 5.275,027.67 Other Deposits . . . . . . . . . . . . . . . Deferred Credits and Other Liabilities . . . . 2,406,046.49.

RESOURCES

(Less Reserves)

Cash on Hand and Due from Banks . . . . \$ 18,337,993.69

Other Investments . . . . . . . . . . . . 12,469,827.37

Interest Accrued and Other Assets. . . . . 1,083,206.91

Total.....\$241,328,718.21

Total....\$241,328,718.21

United States Government Obligations. . . . (Including \$13,200,000.00 as Lawful Reserve)

First Mortgage Loans on Real Estate . . . .

Other Loans and Discounts. . . . . . . . .

Bank Parking Lot-W. 3rd & Frankfort Ave..

Bank Premises-127 Public Square . . . . . .

A House Security and Uninterrupted Dividends to Five Generations of Savers

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

## Economic Freedom vs. **Economic Security**

Figure first the cost. For any government to attempt to provide such a thing would not only bank-rupt the nation, but it would also completely destroy business and free enterprise by taxation and would send its people into slavery.

All that a government spends must eventually be recovered through some form of taxation. Every public job is supported by dollars taken from taxpayers, Who would be the taxpayers? Corpora-tions, you say. Where would the capital for business come from except from the government, for certainly no other person would have the need to save capital nor the incentive to invest it in such a nonprofit business.

America grew strong by the toil of our people. But there must be an incentive to toil. The incentive is profit, and profits saved and invested in capital goods create wealth which constantly improves our standard of living. Our people under a system of economic proves our standard of fiving. Our people under a system of economic freedom prosper to the degree of individual initiative, ability, and desire, until we as a nation are looked upon as the rich uncle of the world.

#### The Present Picture

What has happened? The two world wars within one generation destroyed a vast amount of our national resources, production and savings. We got heavily in debt— some statements have been made that our total debt is about equal to our total resources—I don't think any one knows exactly.

We made mistakes during the

20's which we magnified during the 30's in an effort to correct. Taxes have become so large as to destroy in some instances the incentive to produce, thereby destroying the source of new savings for investment in capital goods. Prices became distorted and increased to a level that the exchange of labor for goods through the medium of money leaves very little for springs of the transport little for savings after taxes are

Competition to produce shifted to competition to purchase. Higher wages were demanded, increasing the money required to purchase without increasing production of goods wanted, resulting in further increase in prices, a decline in the value of the dollar—a reduction in real wages.

Then another competitive factor

on the demand side enters the pic-

attend the church of your own ture. Many people abroad, we are choosing, or even the right to told, must have food because worship? mind cannot function clearly, and communism might be the choice of these people. We are told that billions of dollars must be loaned or given to certain European countries. Again I do not question the propriety of these requests. Our Congress will answer the question for you and me. But let us be honest with the American people in considering these re-

Our friends abroad cannot eat dollars. They want our food and supplies to help them get on their feet. We are told perhaps 15 to 20 billions of dollars may be required.

Where does that leave the forwhere does that leave the forgotten man and woman of yesterday who by hard work and industry accumulated a reasonable amount in savings for today? Many of these people invested their savings in the safest investment in the world—United States Government bonds—which have a top interest rate of 2½% fully top interest rate of 2½%, fully taxable, which interest, when related to price of food and necessities of life, has depreciated to a very nominal yield, and may ne-cessitate the sale of principal.

Now there is no reason why one should object to living up the principal. Death taxes will consume it if he does not. But one does not know how long he will live and which will run out first, his money or his span of life.

#### Road to National Socialism

These conditions make for a fer- security? tile field for the doctrine of eco-nomic security. Young people see what tragedy has befallen their what tragedy has befallen their elders. They are taught that it is the function of government to provide for the people. Do not confuse the obligation of the people in a free capitalistic society to accept social responsibility with the ideology of economic security under governmental control. The former encourages people trol. The former encourages people to become and remain self-de-pendent, while the latter encourages people to become dependent on government, with the inevit-able result of a controlled economy leading to national socialism.

Ancient Rome, Greece, and—more recently — Italy, Germany, and Russia are striking examples.

The issue between economic freedom and economic security is not an issue upon which we in America ballot at the polls, but rather one of choice by the way in which we approach the problem in our everyday manner of living. If we believe that America is a rich, prosperous, and progressive nation, in which the standard of living increasingly improved from one generation to another because the system of free entercause the system of free enter-prise, with its regard for hard work and thrift, is fundamentally sound, then let us do something about it to stop the increasing trend toward regimentation under the promise of the demagog and politician that we will have security when we reach the other shore—but with an empty purse.

Is it necessary to trade opportunity for security? Must we throw

away our heritage as Americans in order to have security?

Gentlemen, you are thinking men. You accepted as a heritage the fruits of labor of a previous generation. With that heritage was and or a proportibility to the proportion of the proportio endowed a responsibility to pre-serve that which was given unto you, and an obligation to pass it on to the succeeding generation with some contribution by your-self toward an ever increasing standard of living as the American way of life.

I shall close with a quotation

entitled:

CREED OF LIFE Isn't it strange that princes and kings And clowns who caper in sawdust rings And ordinary folks like you

and me Are building for eternity? To each is given a bag of tools
An hour-glass and a book
of rules

And each must build ere his time has flown A stumbling block or a or a stepping stone.

What will your stepping stone economic freedom or economic

## N. Y. Security Dealers **26th Annual Dinner**

Lawrence C. Marshall, President of the Bank of The Manhattan Company, will be the guest speaker at the 26th Anniversary Dinner of the

New York Security Dealers Association to be held at the Waldorf-As-toria Hotel on Friday, Nov. 9, it is an-9, it is an-nounced by Lloyd E. Lubetkin of Sebetkin & Co., betkin & Co., Chairman of the Annual Dinner Com-mittee. Other



Lawrence C. Marshall

members of the committee include, Hanns E. Kuehner of Joyce, Kuehner & Co., Vice-Chairman; Richard Barnes Vice-Chairman; Richard Barnes of A. M. Kidder & Co.; Harry MacCallum, Jr. of MacCallum & Co.; Leslie d'Avigdor of d'Avigdor Co.; Irving L. Feltman of Mitchell & Co.; John J. O'Kane, Jr., of John J. O'Kane, Jr. & Co.; J. Wm. Kumm of Dunne & Co.; Paul A. Gammons of Bradley, Gammons & Co.; John J. Connell of Amott, Baker & Co., Inc.; Elbridge Smith of Stryker & Brown; Robert M. Topol of Greene & Co.; bridge Smith of Stryker & Brown; Robert M. Topol of Greene & Co.; George Collins of Geyer & Co., Inc.; Stanley L. Roggenburg of Roggenburg & Co.; Herbert Singer of Singer, Bean & Mackie, Inc.; Charles E. Stoltz of C. E. Stoltz Co.; James Durnin of H. D. Knox & Co., Inc. & Co., Inc.

#### Irving S. Wynn

Irving S. Wynn who was formerly a partner in M. S. Wien & Co. passed away Sunday, September 23rd after a long illness.

# Public Utility Securities

#### Long Island Lighting Co.

Vice-President Robert G. Olmsted of Long Island Lighting Co. gave a recent talk before the Luncheon Forum of the New York Society of Security Analysts. He stressed the rapid rate of growth on Long Island, where population has gained 50% since the war. One-third of all new dwelling units constructed in New York State since the war (including the property of the pro the war. One-third of all new dwelling units constructed in New York State since the war (including apartments) have been in the company's territory. Revenues of the Long Island system have about doubled since 1945. Net income on a pro forma basis is not available for the year 1945, but the latest figure (for the 12 months ended Aug. 31) was \$4,320,000 compared with \$1,870,000 in 1947 and \$2,502,000 in 1946.

There has been some thought that this rapid growth would taper off, but Mr. Olmsted stated that the company obtained more new customers in the first eight months of 1951 than during the same period of 1950. Residential and commercial building has held up well; apparently builders have not thus far been handicaped by lack of materials, though there has been some tightness in mortgage funds. New building is expected to continue over two or three years at a fairly good rate despite the defense program.

Industrial consumption of electricity has never been large on

Industrial consumption of electricity has never been large on Industrial consumption of electricity has never been large on Long Island, but gains in industrial revenues have kept pace in recent years with the increase in residential; a large number of one-story factory buildings, mainly for defense industries, have sprung up on the Island, such as the group now being built on the site of the former Roosevelt Field, practically in the center of Nassau County.

Long Island Lighting's electric residential rates (3.57 cents per kwh. in the 12 months ended Aug. 31) are lower than for comparable companies in similar high-cost areas. The average rate has been reduced about 20% in five years and 5% in one year. Long Island's present electric plant capability is 357,000 kw. and it is planned to increase this by over 100% in the next four years, adding about 100,000 kw. per annum. The company is interconnected with Consolidated Edison and last year sold that company about 100 million kwh.

The company began to obtain natural gas from Transcontinental Gas Pipeline early this year, the daily amount since April being 35 million cf. This is used in the modern catalytic gas plant to mix 35 million ct. This is used in the modern catalytic gas plant to mix with steam and air, producing mixed gas with flexible btu. Thus far this mixed gas has had the same 550 btu content as the old manufactured gas, but in the later half of 1952 content will be raised to about 1,000 btu in an area comprising about 85% of the whole territory, but only one-third the number of customers. Results will be studied to see how-soon the richer gas should be extended to the remaining two-thirds of the customers. extended to the remaining two-thirds of the customers.

extended to the remaining two-thirds of the customers.

The increase in btu content of the gas will double the capacity of the pipe lines and permit taking on additional business at low investment cost. Current savings on natural gas are estimated at \$2.5 million per annum. In addition to using gas for mixing, the company has been able to burn some of it during the summer as fuel in its electric plants. Eventually they may go over entirely to natural gas, but at present no more gas is obtainable from the South, and in any event they wish to await completion of another loop line connection to Brooklyn Union Gas, across the Narrows, which will make deliveries more reliable.

Brooklyn Union Gas had been considering purchase of Long

Brooklyn Union Gas had been considering purchase of Long Island's gas properties but the two companies could not get together on terms and the deal has apparently been abandoned. At one time Consolidated Edison had a plan to obtain control of Long Island but this did not materialize, and while it has been rumored from time to time that new plans were under way, Mr. Olmsted stated (in reply to a question at the Forum) that he did not know of any recent developments in this connection.

Long Island's construction program between now and the end Long Island's construction program between now and the end of 1954 (87% electric) will require an estimated \$136 million. The company's current proposed financing will give the company about \$15 million in cash, which will take care of this year's remaining requirements and leave about \$2 million for next year. During the three years 1952-54 some \$20 million cash will be available from internal sources (depreciation, amortization and retained earnings) leaving shout \$100 million pay money to be obtained through leaving about \$100 million new money to be obtained through security issues.

Capital ratios, after the current financing is completed, will be as follows: 52% mortgage bonds and 9½% debentures, making total debt 6½%; preferred stock 6%; and common stock equity 32½%. During 1951 the company will have added \$5 million debt, \$10 million preferred stock, and about \$20 million from two sales of common stock, thus substantially improving the common stock equity

Mr. Olmsted forecast share earnings for 1951 at about \$1.19 the same as in 1950, despite a one-third dilution due to increased shares, and the sharp rise in federal taxes. By the end of the year, he estimated, earned surplus will have increased from \$1 million to \$4 million. The debt ratio will have been cut from 70% to 611/2%, and it seems rather unlikely that taxes will be increased again next year. The company will benefit next year by removal of the tax on electric energy. These factors may improve the chances for an increase in the dividend from the present 80-cent rate in 1952—some Wall Street interests had anticipated a \$1 rate originally.

Relations with the New York Public Service Commission are considered good. The Commission recently permitted the company to transfer \$3 million (about 90 cents a share) to earned surplus from the depreciation reserve, which the company at the time of the merger had claimed to be excessive. Mr. Olmsted estimated that earnings for the calendar year 1951 would approximate 6% on the rate base. Rates are still on an interim basis but were extended recently for six months, to March 31, 1952.

# Consultants on Municipal Finance

#### A Constructive Service to Municipalities

As Consultants on Municipal Finance we render a constructive planning service for Cities, States and other governmental units. This service includes experienced assistance in development of plans for new financing, reorganization of existing debt structures, planning the financing of self-liquidating projects, and financial public relations. WE DO NOT BUY OR SELL SECURITIES. We are pleased to cooperate with financial institutions and investment houses.

Wainwright, Ramsey & Lancaster 70 Pine Street New York 5, N. Y.

Telephone WHitehall 4-3540

Continued from first page

# As We See It

They Cried "Wolf! Wolf!"

And so it happens that many of those who are endeavoring to persuade the rank and file to "save" and buy savings bonds, or to take such other steps as may, in the judgment of the authorities, be in keeping with the needs of the time, find themselves in the position of having cried "wolf" so often that the public is now indifferent. What the next year will bring forth in respect of such matters as these we leave to the prognosticators. The factors involved in arriving at a definite opinion concerning this matter are numerous and complex; some sort of a conclusion is a necessity for many businessmen who must now as always plan ahead. We have no disposition to make light of the matter.

What does interest us even more, however, is the question of what this country and its economic and social life are going to be like when all this titanic effort to have both guns and butter in large quantities during the next year or two is over. As practical affairs are now shaping themselves, there are without doubt several dangers confronting us which are not encompassed in arguments or studies of the probable course of events during the next few years. Two of the most noteworthy of these, it seems to us, concern the value of the dollar and the degree in which the traditional institutions of this country will survive the

course of events as now laid out.

We are, of course, well aware that it is still possible that the course of rearmament may not reach the proportions predicted for it, or that the rate at which it is attained will be substantially slower than the authorities have been planning. It is likewise evident that estimates of tax receipts have not been very good. One must accordingly reserve judgment as to whether some of the things now forecast for the next year or two will actually materialize. But there can be no doubt at all that rearmament expenditures are now large and are growing. It is only a little less than certain that as such a program progresses further, shortages of certain key materials which are es sential to both rearmament and civilian production will put in an appearance. It is likewise evident that as yet, at any rate, the rank and file are not very much inclined to buy additional savings bonds. And one must suspect that there is a definite limit to the amount of additional tax revenue that can be raised by the means which the politicians seem inclined to use.

#### **More Controls**

There is the further fact that Washington has its mind set upon much the sort of controls as those which were the mainstay during World War II. And, of course, no one really knows whether this rearmament business is to go on for two more years or ten. Now, it is the nature of such things that the longer controls are continued, the more accustomed the rank and file become to them—or should we say the more reconciled they become to them. Such programs as these almost inevitably strike away some of the liberty to which the people have been accustomed, and it is very, very difficult ever to restore it. One has only to run over with his mind's eye the conditions under which he lived during the interval between the end of World War II and the beginning of the Korean conflict, and compare them with even the inter-war years of the 'Twenties, to realize what war does to the ways of life of peoples. If we are able to survive this rearmament period—assuming it is to be something approaching what it is now expected to be-without serious further damage to the American way of life we shall be fortunate indeed -or it will be the result of an alertness and an understanding which the rank and file do not display at the present moment.

But there are some purely economic questions which are difficult to fathom, and which carry within them the possibilities of serious trouble. Consider a rate of activity in this country sufficient to carry an enormous rearmament program, an aid program abroad which includes arms, and a high scale of living here at home. Obviously, we can escape ultimate inflation in such circumstances only if taxes are laid in amounts sufficient to cover the cost of producing those things which the private economy, including the consumer, cannot buy and does not want, or

else the difference is borrowed from bona fide investors who will not expect cash as soon as rearmament ends.

#### A Long Look

But he would have to be almost a Pollyanna to believe that matters will be handled this time in this way any more than they have been handled in this way in years past. The realist will expect inflationary pressures to rise -and he knows that when prices, particularly consumer prices, rise sharply demands for controls are heard and the politician is the last to feel any inclination to resist such pressure. There are times in human affairs when it is well to undertake a rather long look ahead. This seems to be one of them.

#### Halsey, Stuart Group Offers Assoc. Tel. Bds.

A group headed by Halsey, Stuart & Co. Inc. on offering \$10,000,000 first mortgage bonds, 3%%, series G, due Oct. 1, 1981 of Associated Telephone Co., Ltd. at 102.31% and accrued interest. The group won award of the bonds at competitive sale on Oct. 8 on a bid of 101.0859%.

Net proceeds from the sale of the bonds will be used for the construction, completion, extension and/or improvement of the company's facilities and in part to liquidate any short-term bank loans used for such purposes. The company estimates that gross property additions and betterments for the last five months of 1951 and for the year ending Dec. 31, 1952, will amount to \$9,944,000 and \$28,543,000, respectively. The company is engaged in the largest construction program in its history and it is expected that additional capital funds will be re-

quired.

The bonds may be redeemed at prices ranging from 105.31% to

Associated Telephone Co., Ltd. provides local telephone service in certain cities and communities increase production facilities for in Southern and Central California. At July 31, 1951 the company was serving 451,175 tele- Garfield and Fords, N. J. phones and had a backlog of 25,747 unfilled orders.

come of \$2,290,270.

## **Bankers Underwrite Heyden Chemical Stk.**

Heyden Chemical Corp. is of-, Heyden Chemical Corp. is of-, fering to its common stockholders of record Oct. 4 the right to subscribe to 53,300 shares of new \$4.37½ cumulative second preferred stock (no par value) at \$100 per share at the rate of one share of new preferred for each 20 shares of common stock held. The subscription offer which will The subscription offer, which will The subscription offer, which will expire Oct. 18, is underwritten by a banking syndicate headed by A. G. Becker & Co. Inc., and R. W. Pressprich & Co.

The new preferred is convertible prior to Oct. 20, 1961, into common stock at the rate of four shares of common for each share of preferred. The new stock is

of preferred. The new stock is subject to redemption beginning March 1, 1962, for the sinking fund at prices ranging from 1021/2 to 100.

The net proceeds will be applied toward carrying out an \$8,500,000 expansion program intended to double production facilities for antibiotics at the company's Princeton, N. J., division, and to increase production facilities for pentaerythritol, formaldehyde and Blyth & Co., Inc. toluene derivatives at plants at

The company expects to invest \$1,000,000 in a new formaldehyde For the 12 months ended July and pentaerythritol plant in Can-31, 1951 the company had net in- ada in a joint venture with Shawinigan Chemicals, Ltd.

## **IBA Ohio Valley Group Annual Fall Meeting**

CINCINNATI, Ohio—The Ohio Valley Group of the Investment Bankers Association of America Bankers Association of America will hold their annual Fall Meeting, in Cincinnati at the Cincinnati Club on Friday, Oct. 26. Laurence M. Marks, Laurence M. Marks & Co., New York City, President of the IBA, and Murray Hanson, attorney for the IBA, will be honored.

#### Gilchrist, Bliss Adds

Gilchrist, Bliss & Co., 488 Madison Avenue, New York City, members of the New York Stock Exchange, announce that Walter Streng has become associated with them as customers' broker.

## **New Stranahan, Harris Corporation Formed**

TOLEDO, Ohio — Stranahan, Harris & Co., a new corporation, has been formed with offices in the Ohio Building. Officers are Erbee M. Bancroft, President; Leonard I. Marryott, Oscar W. Hirscheld, Frank E. Keene, and Orville W. Desmond, Vice-Presidents; and Wilfred H. Schliesser, Secretary. dents; and Wilfred H. Schliesser, Secretary. Ross Harris and George S. Wade

who were associated with Stran-ahan, Harris & Co., Inc., are now with the new corporation.

## **Ray Boland Joins Stone** & Webster, Chicago

CHICAGO, III.—Stone & Webster Securities Corp., 33 South Clark Street, announces that Ray

#### With Harris, Upham Co.

CHARLOTTE, N. C.—W. M. Archer, Jr., and Theodore P. Van Zanten have become associated with Harris, Upham & Co., Johnston Building.

# **BANCO DE PONCE**

Ponce, P. R.

Branches in Puerto Rico

San Juan Guayama Cabo Rojo Santurce Caguas Utuado

Arecibo Arrovo Aibonito Aguirre

New York Agencies

51 Broadway Telephone: DIgby 4-1140 153 East 116th Street

We cordially invite the Trade and Banks to use our facilities for the prompt and efficient collection of their export bills on Puerto Rico. We specialize in the handling of collections and commercial letters of credit financing.

Our New York Agencies are fully equipped for the handling of all export, import and interstate banking transactions.

> CAPITAL AND RESERVES Over \$4,000,000.00

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

# Canadian Securities

continuing Policy

(2) McColl-Frontenac Oil, a subsidiary of the Texas Company, and the Union Oil Co. plan to exings on six applications for permits to export natural gas from the Province. There is now every indication that at last a definite decision will be made. cision will be made that will have a revolutionary influence on the Dominion's natural gas industry.

As in the case of oil the Alberta government has been extremely conservative concerning the development of the enormous resources of natural gas in the Province. Before allowing the export of gas it has made every effort to assure that domestic development on the province of the control of the mands can be amply satisfied.

It is now evident that proven reserves include a huge surplus available for transmission south of the border. According to recent estimates placed before the Con-servation Board the present reservation Board the present re-coverable reserves are now in the neighborhood of 8,000 billion cubic feet, a total almost double that indicated at the commence-ment of the hearings. Recent dis-coveries in Southern Alberta, which are conveniently located for eventual export to the United States, alone account for 800 bil-lion cubic feet of new reserves. lion cubic feet of new reserves.

A large contribution to this total has been provided by a Canadian newcomer in the field, Britalta Petroleums Ltd., whose new field in the Many Island-Medicine Hat area of Southeast Alberta has al-ready estimated reserves exceed-ing 500 billion cubic feet. Unlike the gas produced in the northern regions of the Province the type of gas found in the south is of the "sweet" variety which can be immediately piped without the necessity of the otherwise expensive "scrubbing" process.

The Alberta government now has to make its belated choice between the many U.S. and Canadian contenders for the right to export gas from the Province. The principal interests involved in the undermentioned pipeline projects are the following: (1) Prairie Pipe Lines Ltd., which is affiliated with the Pacific Northwest Pipeline Corporation, a subsidiary of the Fish Engineering Corporation of Houston, Texas. In connection with a proposed line from Texas to the Pacific Northwest including Vancouver, it is also planned to run a feeder line to tap Alberta gas.

#### **CANADIAN BONDS**

GOVERNMENT PROVINCIAL MUNICIPAL

CORPORATION

**CANADIAN STOCKS** 

A. E. Ames & Co. INCORPORATED

> Two Wall Street New York 5, N. Y.

WORTH 4-2400

NY 1-1045

Fifty Congress Street Boston 9, Mass.

Co. has projected a pipeline from Trail, British Columbia, via Van-couver to the Pacific Northwest.

(4) Western Pipe Line Co., controlled by Winnipeg interests, envisages a pipeline which would serve Winnipeg and Regina and also Minneapolis & St. Paul in Minnesota.

(5) Canadian Delhi Oil Co., a subsidiary of the Delhi Oil Co. of Texas, proposes to construct a pipeline from Calgary which would eventually serve Toronto and Montreal.

(6) The Westcoast Transmission Co., backed by Pacific Petroleums, Sunray Oil Co., and Tide Water Associated Oil of California, have in mind a pipeline which would run from Edmonton, through Van-

Whichever of these interests are eventually given the green light to proceed with their programs, there is little doubt that Canada in is little doubt that Canada is on the threshold of an era of dynamic development of her erstwhile Cinderella natural-gas industry. Pre-viously overshadowed by the spectacular growth of Western oil, it now appears that search for stra now appears that search for strategically located natural gas is likely to take pre-eminence over oil. It is only necessary to consider the tremendous growth in the past two decades of the natural-gas industry in this country to appreciate the vital importance of the development of the Dominof the development of the Domin-ion's vast resources of natural gas. Not only is natural gas the cheapest basic fuel but it also has manifold other industrial uses. Pipelines afford a relatively cheap and highly convenient means of transportation especially in a country such as Canada. It can logically such as Canada. It can logically be anticipated therefore that in the immediate future there will be intense activity north of the border directed towards the dis-covery of new sources of natural gas and the construction of oil and

During the week both the ex-During the week both the external and internal sections of the bond market were subjected to continued pressure arising from liquidation of previous holdings to make way for the mounting volume of recent new issues. The Canadian dollar on the other hand was distinctly firmer despite the imminence of the Nov. 1st maturity of the Dominion 134% notes turity of the Dominion 134% notes which are, or have been, widely held by U.S. short-term investors. The principal feature of the stock markets was the strength of the Western oils which reached a new all-time peak. Confusion regard-ing the effect of the new Canadian regulations concerning the marketing of gold was reflected by the irregular movement of the gold stocks. The performance of industrials and base-metals also mixed although C. P. R. still continued in popular demand.

#### To Be Nielsen, Gordon Co.

Effective Oct. 15, the firm name of Nielsen, Gordon & Hall, 120 Broadway, New York, members of the New York Stock Exchange, will be changed to Nielsen, Gordon & Co.
On Oct. 18, Arthur J. Kennedy

will be admitted to partnership in

#### Wade Bros. Admit

Wade Bros. & Co., 60 Beaver Street, New York City, members of the New York Stock Exchange, will admit Edward Modet to part-

Continued from page 3

# Defense Preparedness as a

sible. We must have the maximum flexibility in our economy and industry so that we can devote a changing proportion of the nation's effort to peace, preparation for war, or even all-out war, as conditions may dictate. This requires a new kind of cooperation between industry and government, especially on the part of those especially of the part of t especially on the part of those established manufacturers who must assume the responsibility for prime contracts for the larger or highly technical military items that are now necessary to victory in war. These manufacturers are the ones who have contributed so much to our high standard of living and who have great responsi-bilities in our peacetime activities. They have large work forces and established peacetime businesses that may have to be curtailed in varying degree to make way for defense or war production.

The current experience of General Motors Corporation, in re-establishing production of military equipment, indicates that the country has not had an adequate or practical industrial mobilizaor practical industrial modifica-tion plan since the end of active war in 1945. The current emer-gency is again being met with emergency measures which are emergency measures which a exorbitant in cost, disruptive the civilian economy and may not be adequate in time.

As long ago as the spring of 1945 and before the shooting had stopped in World War II, General Motors made the following statement in its report to shareholders for the year 1944:

"It has been well said time and again that we must win not only the war but the peace. The win-ning of the peace might be de-fined as the development of ways and means to insure over the years to come our economic, political and personal freedoms. The elimi-nation of armed conflict is fundamental in such a concept. How successfully that objective can be accomplished we do not know, but we must strive with all our power to that end. If we are to face the realities, and not take another change on being cought another chance on being caught 'too late with too little,' we must learn from present experience and reverse our prewar concept as to the importance of military preparedness.

"After the war, if we are to win the peace, we must continue to move forward by maintaining for preparedness equally close liaison between the armed services and industry. This calls for unceasing application of the day-to-day developments of science and indus-try to the improvement of war materiel and methods of manufacture, so that American industry shall ever be ready to set in motion quickly, if needed, its vast powers of mass production for war with minimum changes in plant the war, in human life and also in material values, might have been importantly reduced and the war shortened if we had been better prepared." and machinery. The cost of

Americans are not war minded. In the past we have not even felt In the past we have not even felt the necessity for maintaining in-dustrial and military prepared-ness. Therefore, some 12 years ago when we realized the possi-bility of becoming involved in a rapidly spreading war we were forced to feverishly construct new facilities for defense production facilities for defense production and plan the conversion of our

face the necessity of preparing our country to defend itself, but find the special facilities constructed at great expense in the World War II period largely liquidated or converted to peacetime production. The country cannot afford to repeat this mistake. We must profit by our experience in World War II and what has happened since.

#### Solving Conversion Problem

Following World War II the fa-cilities built for the account of the government under the super-vision of various manufacturers and operated by them on war work were promptly turned back to the government when the shooting stopped. Such plants as the one built by the Ford Motor Company at Willow Run, the big engine plant built by the Chrysler Corp. in Chicago, the bomber plant built in Cleveland by the Fisher Body Division of General Motors, the Curtiss-Wright plant in Columbus, the aircraft engine plant near Chicago, built by the Buick Division of General Motors, along with hundreds of other plants built for war production, were all turned back to the gov-ernment. Hundreds of thousands of employees who worked in these plants were laid off. There was no definite plan for the use of the plants, the re-employment of the workers or recognition that such plants might again have to be used for production of military materiel.

The great majority did not share Mr. Hoover's conviction that "America . . . could not make last-ing peace." In line with national policy, manufacturers converted their plants and facilities to peacetime production as quickly as possible. War production orders were canceled, and practically all military production stopped. Our peace-loving nation turned from war and planning for war to peacetime pursuits. Americans acted as though world peace had been assured and there would never be another war. Now world events have forced us to realize that for an indefinite number of years preparedness must be a con-

tinuing policy for Americans.

We know now that these same companies which built and equipped the war plants in World War II and which along with their employees made the great production effort that contributed to victory, again face the obligation and necessity of accepting their share of the defense production load. They again face the neces-sity production-wise of being able move quickly and effectively the event of a worsening world situation.

It is this matter of preparedness "with minimum changes in plant and machinery" that I want par-ticularly to emphasize tonight.

If we must have an adequate and flexible mobilization plan for an indefinite period, we must develop ways and means for inte-grating capacity for the produc-tion of military materiel with the production facilities required for the manufacture of consumer and producer goods normal to a peacetime economy. We cannot afford either the time or money inci-dental to the acquisition of facilities for the production of military materiel each time a war or threat of war disturbs us.

#### What Should Be Done

I am proposing that manufacturers who are expected to assume

responsibility for the production of the larger and highly technical military items be prepared to operate dual-purpose plants which can be used in three ways: for combined production, for total war production, or for total civilian production. New plants now being constructed as part of the defense and essential civilian program should be constructed with this objective, and existing changed to defense production, should be organized so that they are flexible for these same three purposes. Definite agreements and understandings should be worked out by the government through out by the government, through its defense agencies, with these manufacturers for preserving the possibility of this type of dual operation for at least 10 years and for renewing such agreements for several generations if necessar

It would appear to be time for this country to:

(1) Decide that we need a permanent national defense program:

(2) Recognize that manufacturing industry is one of the major elements of such a program and must be kept prepared at all times to produce military equipment to the latest specifications and de-

signs and, on short notice, in adequate quantities to meet full war requirements: (3) Provide legislation such as may be required to permit long-time contracts between the defense departments and industrial concerns for the custody and maintenance of such special or excess manufacturing facilities as may be required for war production and which also will permit to the extent possible utilization or dual-purpose plants and facilities at all times in the interests

of maximum production and stable

employment. These points are not entirely new and serious efforts have been made to accomplish in part some of these same objectives, particularly in the last few years. We now have a unified National Defense Establishment, a National Security Resources Board, the War Munitions Board and many other boards. Many patriotic citizens have accepted appointments our defense establishment. Much progress has been made, but the most fundamental and probably the most important element of a sound national defense gram has not yet been provided

The most important element in an adequate industrial defense plan must provide for the immediate employment of industrial labor with experienced supervision and management in its normal location and in a type of military production most closely associated with peacetime production. This can only be done through the medium of dual-purpose plants. Since a good defense plan should also provide for maintaining commercial production at an adequate industrial defense taining commercial production at the maximum level possible at all times, we must be able to produce our normal defense requirements with a minimum of dislocation of commercial production, and we must be able to expand defense production to a considerable degree without totally eliminating commercial production. Even in the case of total war all consumer productions are productions of the case of total war all consumer than the case of total war all consumer to the case of total war all consumer t production cannot be stopped completely nor any of it for an indefinite period of time.

The difference in time required to meet an emergency with dual-purpose plants might well be more important than the final possible saving in cost or even the avoid-ance of dislocation of employ-ment. It is essential that we also recognize that the time it takes to go to war is no longer the time it takes to train a soldier, but rather the time it takes to produce his equipment and arms. Furthermore, we all know that stockpiling of equipment and arms is a doubtful

technical developments would gradually affect production facilities but probably to no greater degree than commercial production facilities are being affected by technological progress and it is important that improved manufacturing techniques be applied to production for peace or war. If America has to fight we want the Tf newest and most effective weapons for our fighting men.

There are some large drawings here on the wall showing how a plant can be used for the produc-tion of jet engines and of auto-mobile body stampings and what portions of the plant would have to be special for each purpose. Also, a drawing showing how a plant could be used to assemble plant could be used to assemble airplanes and automobiles and the portions of the plant that would have to be special for each purpose. The drawings also clearly indicate the large percentage of the plant area that could be used for either or both purposes. Offices, cafeterias, locker rooms, hospitals, power plants, tool rooms, maintenance departments, railroad sidings. parking lots can road sidings, parking lots can easily be identified as useful and necessary for both purposes. Cer-tain parts of a dual-purpose plant such as the space and equipment for testing jet engines can only be used when jet engines can only be produced. Likewise, the space, foundations and heavy presses used for making large stampings could be used only for automobile production and would not be required in the manufacture of jet engines. But a large proportion of the manufacturing space could readily be made available for either purpose, and the necessary light equipment and assembly fix-tures for either or both types of production could be quickly moved in and out of such areas. Likewise, management employees, skilled employees and production workers would be immediately available and could readily be transferred from one type of work

to the other.

If such a dual-purpose plant were being used for all-out war production, the equipment special production, the equipment special for the peacetime products could be stored in the area that had been laid out especially for the kind of machines and processing equipment that could not practically or possibly be converted to war production. Likewise, if the plant were used entirely for civilian production, the special equipment for jet engine or aircraft production could be stored in the hangars or in parts of the in the hangars or in parts of the plants that were special for war production. Such plants could also be used for simultaneous produc-tion of both military and civilian items. The job opportunities of the employees working in such plants

defense measure because of the hundreds of thousands of workers if the people generally understand could properly take up this dual-never ceasing technical developass shifts are made from one type the dual-purpose plant idea, they purpose plant idea, and by helpment of military equipment. Such of production to the other. Dual-will approve it. as shifts are made from one type of production to the other. Dual-purpose plants, while giving the nation the security that would result from the ability to convert quickly from peace to war production, will at the same time put the emphasis on peace, not war. They will avoid the expense and waste of building and maintaining waste of building and maintaining large plants planned only for war production. They will avoid creating and maintaining organizations and businesses whose interests and profits would depend only on war production, and of creating jobs for hundreds of thousands of employees the support of the support ployees whose job security would depend on war or the preparation for war. Such a plan for dual-purpose plants is consistent with our American objective of promoting world peace through strength and preparadness. strength and preparedness.

## Dual-Purpose Plants Should Be Part of Established Industry

These dual-purpose plants should be operated and be a part of established industry. Our established industry is a remarkably efficient system for producing goods, and our high standard of living attests to its effectiveness. This system is essentially an in-This system is essentially an interdependent network of manufacturing concerns of all sizes—large, medium and small. As a matter of fact, if it were not for our marvelous American indus-trial system, including the larger companies with their hundreds of thousands of employees and their mass production accomplishments, we would not be confronted with this defense problem. Stalin or some other dictator already would be here.

#### Subcontracting to Continue

World War II demonstrated that this system operates equally well when war materiel is being pro-duced. In defense production the firms producing a finished product are prime contractors while those furnishing materials and parts are suppliers and subcon-tractors. Prime contractors have the engineering and other experience necessary to plan the produc-tion and procurement of all the parts and materials required for the complete job. They also un-derstand mass production, inspec-tion and quality control, and have the experience to use them effectively. In particular, they have had experience in dealing with subcontractors and suppliers and thus the individual production fatilities and empirical fathers. and experience of these many firms can best be used.

The smaller manufacturers, and

those which are usually referred to as subcontractors, will not usu-ally have to go to the same length as the large primary contractors in providing for special facilities and dual-plant operation. Their efficiency as subcontractors de-

tems.

employees would be reasona.

There would be no plants.

idle without competent custodia.

at times when they were not being used for war production. The ability to convert quickly to war production would be preserved. Of great importance, also, the properties could be quickly and flexibility converted back and forth from one purpose to the other without great expense.

During periods of limited defense production and as a part of the arrangement, the manufacturer who had such a dual-purpose plant would have the obligation of maintaining pilot lines if a sted and of keeping up to refer if a and of keeping up to refer if an all-out men. was scheduled to produce if a large military program again became necessary.

If instead of such dual-purpose plants, separate plants are planned—those producing war materials exclusively and those producing war materials war, should leave the government towar, should leave the government open-minded in an effort to work out such a plan. I am sure that,

the dual-purpose plant idea, they will approve it.

I believe the suggestions I am

making could be the nucleus of an industry preparedness plan that an industry preparedness plan that will be practical, workable and sound for all concerned. I believe it will go a long way in providing for continuing preparedness at a cost which with good management the nation can sustain. The success of the plan will, of course, depend on the full cooperation of government, industry and labor. Obviously, we are faced with the necessity of developing some sound plan for maintaining industrial preparedness. Since promo-

trial preparedness. Since promotion of industrial preparedness was one of the important purposes for which the American Ordnance ing capital and mode seem to me that the Association company.

promptly make a real contribution to the welfare of our country.

## **Tellier Offers Alaska** Tel. 6% Conv. Debs.

Tellier & Co. are offering \$299,-500 Alaska Telephone Corp. 6% 20 - year convertible debentures, series A, maturing Aug. 1, 1971 at par. Interest on the debentures which are available in \$100, \$500 and \$1,000 denominations, is payable monthly.

Proceeds from the sale of the debentures will be used for working capital and for the expansion and modernization needs of the

The new debentures will be convertible at any time into 25 shares of common stock for each \$100 principal amount of debentures. They will be redeemable at any time at \$110 on or before Aug. 1, 1956 and at 105% thereafter, plus accrued interest in each case.

Alaska Telephone Corp., with headquarters in Juneau, provides telephone and utility services in the Territory of Alaska. The company serves approximately 1,400 subscribers in Seward, Wrangell, Nenana, Skagway, Haines, and Palmer Negotistions are being Palmer. Negotiations are being conducted for the acquisition or installation of telephone systems in other towns or cities, which the company believes can be obtained as soon as the proceeds from the present financing are available.



#### This little fellow says emphatically ... "These are My Toys" ... It's natural for him to say this, and he's the capitalist of tomorrow . . .

He may decide to be tomorrow's farmer or clerk or business executive or mechanic or scientist or almost anything he wants to be. But that's not the most important thought right now . . .

This is . .

This is ...

He can be the capitalist of tomorrow because our competitive enterprise system says he will be free to work where and when he will, to save, to invest, to spend. He will choose his work for his own particular kind of satisfaction. He will save for his own self-interest, but that helps everybody. He may invest to his own advantage and that makes work for others. For there is now, and must continue to be, incentive! An incentive that is realistic... that creates... that helps produce more.

We at Minneapolis-Moline hope to do business with this young American. We hope to help him grow... and in turn his growth will help our growth... and our growth will again create more and better opportunities for more people.

This is the chain reaction of good living that the competitive incentive system brings out... And our competitive enterprise system is the incentive system... the American way... WHERE ability and the willingness to work and to produce, still earn a deserved dividend... WHERE competition stirs everyone to do his level best.

The world has never known a better system or plan of progress for all mankind. Let's guard this way of life . . . our American Heritage. It's been mighty good to a lot of people—and if we take care of it, the best is yet to come. The most important thing about America is that it is the land of hope, of promise, and of progress for our children.

Our part in the American parade of progress is the manufacture of a complete line of Modern Farm Machines, Visionlined Tractors and Power Units for modern farming and industry.

Sold and Serviced by MM Dealers and Distributers Everywhere



MINNEAPOLIS - MOLINE MINNEAPOLIS 1, MINNESOTA

#### With Florida Secs.

(Special to THE Fr Special to The Financial Chronicle,
ST. PETERSBURG, Fla. — Bernard B. Dunn is now affiliated with Florida Securities Company, Florida National Bank Building.



NATIONAL SECURITIES & RESEARCH CORPORATION 120 BROADWAY, NEW YORK 5, N. Y.



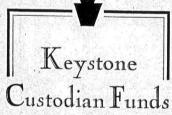
## BULLOCK **FUND**

A MUTUAL INVESTMENT FUND

Prospectus from your investment dealer or

#### CALVIN BULLOCK

Established 1894 One Wall Street New York



Certificates of Participation in

INVESTMENT FUNDS investing their capital in

BONDS (Series B1-B2-B3-B4)

PREFERRED STOCKS (Series K1-K2)

COMMON STOCKS

(Series S1-S2-S3-S4)

The Keystone Company 50 Congress Street, Boston 9, Mass.

Please send me prospectuses describing your Organization and the shares of your ten Funds.

Name	 			******
Address	 *******	•••••		
		100	ate	

## Mutual Funds

**■** By ROBERT R. RICH **■** 

 No preferreds were owned.
 The management made plain that the present defensive position is in no respect permanent but is, a highly liquid and price-stable buying reserve. Historically, the Fund's most aggressive position was taken at the beginning of the present advance in June, 1949, when 80% of total assets was invested in common stocks.

"Further inflation over the long A term appears inevitable," says so Harold X. Schreder, economist for a the fund's management, "but it to is by no means clear that this re means an uninterrupted advance in prices of common stocks. Stock prices follow their earnings and dividends even during an infla-tion—a turn downward of either earnings or dividends can cause price unsettlement. This is a time for caution and our investment policy expresses exactly that."

Other funds under this management usually do not undertake to shift their aggressive - defensive position but remain fully invested, each in the specific security indicated by the fund's objective.

INCORPORATED Investors announced Monday the inauguration of its Systematic Investment Plan for the periodic purchase of its shares on a convenient basis. This systematic investment plan has been cleared for use in most states.

Under the plan an investor may send a regular sum monthly, bi-monthly, or quarterly, to purchase shares of Incorporated Investors. All dividends will be automati-cally reinvested if the investor so

The Bank of America National The Bank of America National Trust and Savings Association in Los Angeles will act as agent for the investor under the plan. The Bank will invest each payment received from an investor in as many full and fractional share credits of Incorporated Investors credits of Incorporated Investors as the payment will buy at the offering price in effect on the day it is received. No extra charge to the investor is involved in the operation of the plan.

The minimum initial investment must be at least \$50 and subset.

must be at least \$50 and subsequent investments must be \$25 or more. Investors may make paymore. Investors may make payments of any amount over the minimum specified and may withdraw from the plan at any time without penalty. All applications under the plan will be handled through regular investment dealers.

FOR THE EIGHTH consecutive year, an independent board of judges for the Financial World Annual Report Survey has judged the current Annual Report of National Securities Series to be the best of the investment funds industry. The hypore "Oscar of the investment funds in the inve the best of the investment funds industry. The bronze "Oscar of Industry" trophy will be awarded to Henry J. Simonson, Jr., President of National Securities & Research Corporation on Oct. 29, 1951, at the Annual Report Awards Banquet in the Grand Ballroom of the Hotel Statler in New York.

More than 5,000 corporation More than 5,000 corporation annual reports were submitted in this national survey, the eleventh in the series, and these were judged in one hundred industrial classifications of "Best of Industry" awards.

The jury who made the first

classifications of Best of Incattry" awards.

The jury who made the final selections is headed by Dr. Carman Blough, research director of the American Institute of Accountants, and he was assisted by

STRONG DEFENSIVE position Dr. Pierre R. Bretey, President of was reported by The Fully Adthe National Federation of Finanministered Fund of Group Securicial Analysts Societies; Elmer ties, with 60% of total assets Walzer, financial editor of the invested in corporation bonds of United Press; Denny Griswold, highest rating, government bonds and cash and 40% in common stocks of high quality on October dent of the National Society of Art Directors Art Directors.

Weston Smith, Executive Vice President and originator of the annual report surveys, will present the "Oscar of Industry" trophies at the annual awards banquet, which will be attended by more than 1,300 business and innucial executives from all even financial executives from all over the United States and Canada.

NOTE OF CAUTION sounded by the chairman of Del-aware Fund in his weekly report to the board of directors, when he remarked, "The continued strength in the stock market, despite generally lower current earnings statements, and the gradually increasing returns available on bonds, is eroding one of the strongest points of the present level of prices — the favorable comparsion between yields on stocks and on bonds.

"The erosion has not gone far, but the direction is toward a point where bond yields will attract certain investment funds away from stocks.

The fund chairman added, "There may be periods of consolidation or digestion to be faced. Our generally conservative purchases have been made with this in mind."

THE STATE OF New Hampshire has placed Selected American Shares on the list of legal investments for savings banks in that state. Securities on this list are also specifically legal for insur-ance companies and trustees in New Hampshire.

Some of the qualifications a mutual fund must meet in order to be placed on the legal list include:

- (1) Registration as an open-end company under the Investment Company Act of 1940.
- (2) Authorization for sale in the state of New Hampshire by the Insurance Commissioner.
- (3) The company must be at least 10 years old and have net assets of at least \$10 million.
- (4) The fund can have no outstanding bonds, debentures, or other evidences of indebtedness, nor any prior or preferred stocks.
- (5) It must have paid dividends from investment income in each of the latest 10 years, and it must not have made, during the two years preceding purchase, any distribution from realized capital gains except during the last month of its Federally taxable year.
- (6) The maximum sales charge may not exceed 71/2 % of the offering price.

Savings banks in New Hampshire cannot put more than 5% of their deposits in investment companies which have placed on the legal list, and may not invest more than 1% of their deposits in the shares of anyone company.

To date, the following funds have qualified for rock-ribbed, conservative New Hampshire's. legal list: American Business Shares, Boston Fund, Broad Street Investing, Century Shares Trust, Chemical Fund, Eaton & Howard Balanced and Stock Funds, Fidel-ity Fund, George Putnam Fund of Boston, Incorporated Investors Investors Management Fund, Massachusetts Investors Second Fund and Investors Trust, National Investors, Nation-Wide Securities, and Selected American Shares.

WELLINGTON FUND this year has been adding shareholders the rate of more than 1,000 month to boost the total number on Sept. 30, last, to an all-time high of more than 70,000. At the close of 1950, Wellington Fund had 61,000 shareholders.

The fund reported today (Wednesday, Oct. 10, 1951) that gross sales of shares to the public in the first nine months of 1951 amounted to \$33,090,000 and were at the rate of upwards of \$3,676,-000 monthly.

In the past nine months, shares utstanding increased at the rate of more than 118,000 monthly reach the record total of 9,184,551 outstanding on Sept. 30, last. This represents an increase of 1,064,389 shares over the number outstanding on Dec. 31, 1950.

The fund had total net assets of The fund had total net assets of \$187,040,605 on Sept. 30. As the Fund has grown the number of securities in the portfolio has steadily increased to provide greater diversification. On Sept. 30, 1951, a total of 308 different securities were listed in the portfolio. This compares with a total of 261 different securities in the portfolio on Dec. 31, 1950.

TAKING ADVANTAGE of certain tax-free provisions of the income tax laws may pose a problem to gift-minded persons who are also concerned with ultimate returns concerned with ultimate returns to their beneficiaries, Calvin Bullock points out in a newly-issued report. A cause for concern, the report says, lies in the possibility that the beneficiaries may be inexperienced in the management of the gift so that it will produce suitable income.

"With income taxes are foot-

"With income taxes as front page news," the report says, many individuals are giving "many individuals are giving more thought to the advantages of using certain tax-free opportunities while still available. By utilizing the \$30,000 Gift-Tax Exemption in one year and by using the \$3,000 Annual 'Exclusion,' one individual, who has not previously used any part of his lifetime ax used any part of his lifetime exemption, may give away \$33,000 without paying any gift tax.

"As a result of changes in the tax laws made in 1948 extending the 'community property tax principle,' a husband and wife, either of whom have not previously used any part of the exemption, may give his or her spouse \$66,000 during the year 1951 without paying any gift tax." It is explained that the \$66,000 figure includes \$60,000 Gift-Tax. Exemption plus \$6,000 Gift-Tax Exemption plus \$6,000 Annual "Exclusion." Assuming Assuming the continuation of the Annual "Exclusion" in future years, addion the same.

Scudder, Stevens & Clark Fund, THE WEEKLY Business Index of Axe-Houghton decreased moderately during the three weeks ending Sept. 20, but remained with the narrow range of 10 points where it has been since the first of the year

Axe-Houghton declared in its survey that the July figures of the Department of Commerce on new orders and inventories did not add much to what was known about the general situation on the basis of previous data.

"Manu-Axe-Houghton stated. facturers' inventories showed a further small increase from the already high level of June 30, and new orders showed a further de-cline. The ratio of new orders to cline. The ratio of new orders to inventories has now declined from 90 to 55. A decline of such severity in ordinary times would constitute a pretty reliable indication of an important downturn in general business activity; but these are not ordinary times, as clearly indicated by the circumstance that even after a decline of 24% seasonally adjusted, in of 24% seasonally adjusted, in new orders, they were neverthe-less higher than shipments, so that unfilled orders at the end of July were the highest on record.

The survey stated that in ordinary times there would be danger of cancellations, but at present a growing percentage of orders is for defense weather defense work or construction or other work connected with defense, so that of these two statistical indicators, declining new orders vs. high unfilled orders, it would seem under present circumstances that the high unfilled orders would be the one which could be expected to provide the most reliable indication of what is ahead.

**OPEN-END REPORTS** EATON & HOWARD BALANCED

FUND reported net assets on Sept. 30, 1951 of \$75,992,279 compared with \$69,923,792 on Dec. 31, 1950, with offering price per share respectively, \$33.94 and \$31.15. The five largest common stock holdings by industries were oil, power & light, insurance patural good. light, insurance, natural gas and chemical

In portfolio holdings, 61.5% were common stocks, 19.3% preferred stocks and 19.2% in bonds, short-term notes and cash.

EATON & HOWARD STOCK FUND reported net assets of \$11,-158,244 on Sept. 30, 1951 with an offering price of \$24.88 compared with \$6,826,865 and \$21.67 on Dec. 31, 1950.

The ten largest common stock holdings by industries were, in order, power and light, oil, rayon, textile, chemical, insurance, nattional gifts may be made based ural gas, electrical products, building, aviation and banking.



Fundamental Investors, Inc.



Manhattan Bond Fund, Inc.



Diversified Investment Fund

Diversified Preferred Stock Fund

Diversified Common Stock Fund

PROSPECTUSES AVAILABLE ON THESE MUTUAL FUNDS

48 Wall Street New York 5

HUGH W. LONG AND COMPANY

Chicago

## **Savings Banks Should Invest** In Some Common Stocks

Woolworth, and Standard Oil of Indiana. Without the right to buy common stocks the savings banks are excluded from investment in the prime securities of these companies and many more. The Trust Investment Study Committee of the New York State Bankers Association reports that 82 representative corporations have no bonds outstanding with the public and that many of our most successful industries such as food processing, drugs, containers and chemicals avoid financing through bonds as a rule. a rule.
These are, I think, cogent rea-

sons why savings bankers and savings bank depositors should seek authority to invest some modest portion of their funds in stocks. Beyond this, however, there are, I think, sound reasons of public policy for advocating such a

#### Public Policy

In an age when Communism tries to girdle the world, when Britain and others of our friends have embraced socialism and when even our own system of capitalism has been greatly modi-fied, capital—the plant and ma-chinery used to produce—remains the most important single source of strength and safety and prog-

All over the world there is a All over the world there is a great need for capital and a desperate need to mobilize the savings which made capital formation possible. It is not too farfetched to say that the struggle going on in the world today between Communist Imperialism and the Free World is a battle of production that will be won by the side with the biggest and best capital equipment.

capital equipment.

We start with a huge lead over our opponents, but Communist Russia is surely devoting a larger proportion of her total production to capital formation—to the buildother capital goods—than any other country has in all history.

In Russia capital is formed out

In Russia capital is formed out of the blood and sweat of the people, by holding down the living standard, by driving the workers, by cracking the lash over millions of slave laborers. Yes, Russia is building up her productive strength by the brutal, degrading methods of Communism.

In our country the only real source of capital formation is the savings of our citizens and the business enterprises they own. But individual savings, as I have said, tend more and more today to be channeled into institutions of thrift, such as life insurance companies and savings banks. Seven billion dollars a year comes to them for investment. them for investment.

It is not wise or appropriate, in

#### CLOSED-END REPORTS

An increase to \$67.75 in net An increase to \$67.75 in net asset value per share of Lehman Corporation during the first quarter of the fiscal year, ended September 30, 1951, was reported by Robert Lehman, President, in an interim report to stockholders. Net asset value, as of June 30, 1951, after deducting the dividends declared July 2, 1951, was \$60.09 per share. per share.

On September 30, 1951, there were 2,076,562 shares outstanding, an increase of 129,785 shares duran increase of 129,785 shares during the current quarter as a result of the subscription rights issued to stockholders. The net proceeds from the sale of these shares amounted to \$8,077,626. Total net assets on September 30, 1951 amounted to \$140,683,080.

savings made by business itself. In large measure, such venture capital must come from the savings of the many as they are chan-neled through our major thrift institutions. If this is not done we may find the flow of equity money inadequate to the requirements of American industry and then, of course, there will always be smooth-tongued fellows who will point out that the only remedy is a further tax on savings so that government can supply the needed capital capital.

We have left behind the times We have left behind the times when a relatively small group of wealthy people supplied the equity capital for industry while banks and insurance companies supplied the funded capital. As our national income is more widely diffused it is essential that more venture money come from the savings. ture money come from the savings of people of small means.

That is why I supported the leg islation two years ago to permit trustees to invest in common stocks and the legislation last year to permit insurance companies to invest in common stocks and that is why I now favor permitting savings banks to buy common stocks

As for the precise limitations that should be placed upon the purchase of equities by savings banks I am confident they can be worked out by consultation among your excellent committee, the Superintendent of Banks and the leaders of the Legislature.

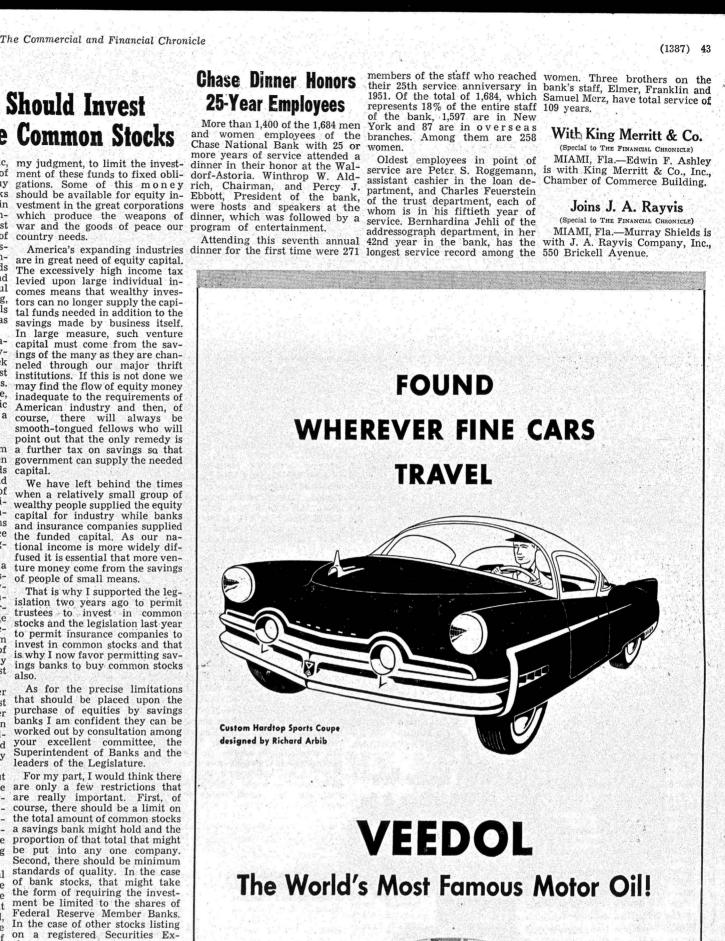
For my part, I would think there are only a few restrictions that are really important. First, of course, there should be a limit on the total amount of common stocks a savings bank might hold and the proportion of that total that might be put into any one company. Second, there should be minimum standards of quality. In the case of bank stocks, that might take the form of requiring the investment be limited to the shares of Federal Reserve Member Banks. In the case of other stocks listing on a registered Securities Exchange would be essential. All common stock investments should have an established dividend rec-

Finally, the Superintendent of Banks should be given clear au-thority to clip the wings of any savings banker who starts to fancy savings banker who starts to fancy himself as a smart trader and tries to deal in stocks for speculative gains rather than to invest for yield. There may be other needed restraints, but these seem to me most important and I personally would not like to see legislation of this sort burdened with the kind of detailed conditions which absolve a man from the responsibility of using his own judgment.

Approached in the guarded

Approached in the guarded fashion I have suggested, the proposition that savings banks should be allowed to buy common stocks should not frighten anyone. Our neighbors in New England and in Pennsylvania have not been frightened by this bold new idea.

Anything they can do, New York can do-better.



Your car deserves the most modern motor oil... **VEEDOL!** 





## Securities Salesman's Corner

**■** By JOHN DUTTON

#### The Giants Had It!

tioned by sportswriters as some-thing that can offset almost every other handicap. The great teams of the past—the Yankees of Ruth and Gehrig—the football teams of Notre Dame under Rockne-Joe Louis when he fought Schmeling
—the sports world offers untold examples. And now we come to this year's New York Giants; trailing by an almost insur-mountable deficit of 13½ games in August yet they made an unstoppable fight (to the top) which finally landed them in the World Series. Why is it that this team which finally found itself and just could not be denied, was flounder-ing around for two-thirds of the season? Here was the same collection of talent—the same team—the same manager; yet it became a changed organization and miraculously turned from a so-so aggre-gation of fifty-fifty losers into a pennant winner.

If you will check the records I believe that you will discover that the change in the Giants occurred at just about the time when they had dropped three in a row to their Brooklyn rivals. The team was then so far behind the document of the committee of wind the document of the committee of the it had no seeming chance of win-ning. But something happened. Out of an hopeless situation they play heads up ball. the strain and tension off they began to win. Slowly they chopped away at Brooklyn's lead — ten games behind—eight games—six games. No one gave those Giants a chance to overhaul the league leaders. But they kept on winning. They developed the winning habit. They pulled games out of the fire in the eighth and ninth innings. They were never through until the last man was out. until the last man was out. Brooklyn began to feel the pressure. The more the Dodgers pressed the less they accomplished. The games they won were scratchy. The Giants kept winning. You know the rest.

#### Selling Is Like a Contest

I am convinced that too often those of us who make our living persuading others, lose sight of the relationship between our the relationship between our mental attitude and our accomplishments. We have frowned upon the old time pep meetings, hip holeroo, and the sales contests that used to be part and parcel of many sales organizations. No doubt, there is no place in the securities business to in the securities business for high pressure selling. I am certain that there are times when it is best not to sell. But I am also convinced that you must be able to convey a feeling of absolute assurance that you do know what is advisfor your customers. You can't hem, haw and hedge about it, if you are going to guide them L. Moore & Co., brokers in muproperly. This necessitates that nicipal and corporate bonds and the securities dealer, broker, and stock.

The will to win is often men- salesman, must always be in command of a winning attitude. He must believe in his business, and in his abilities. He must have the the will to face each problem as it arises, firmly, and with complete confidence.

> As far as it is possible to keep on winning when you are ahead, it will work in the selling field, as well as in any other walk of life. The habit of winning, of making sales, of gaining new customers, is cumluative. I have proven this point time and again. I have seen men go out and hit a slump just like a ball player. The harder they tried the more they fell down. They fretted and fumed — they studied their approach — their studied their approach — their close — their prospects — they missed the close ones — nothing seemed to go right. Then all of a sudden it changed. They began to close the deals they never expected to sell. They sold people they didn't even think about, when they were trying so hard and going no place. Some of the and going no place. Some of the cases they expected to close fell flat, but new prospects came up and they bought. They made more money in a few weeks than they had made in months. They kept at it. Their mind became alert—they closed business that would have escaped them only a few earlier. They achieved momentum.

Remember that the Giants were counted out two months ago. Today, as this is written they are in the World Series. The will to win is the most potent force for progress and achievement of which man is capable of attainment.
With it the mountains have been scaled and the impossible has been accomplished. If you have it, any thing and everything is within your grasp. If you don't believe this then the Giants didn't win the pennant—it was all a Soviet plot.

## **Melville Moore Now** With Laidlaw & Co.

Laidlaw & Co., 25 Broad Street, ew York City, members of the New York



Melville L. Moore

Stock change, have that Melville L. Moore has become asso-ciated with the firm's mu-nicipal bond department. Mr. Moore had been with Finch, Wilson & Co. from 1945 prior to which he headed his own firm, M.

Prompt Wire Service

FOR BROKERS AND DEALERS To Western Markets in SPOKANE • DENVER • SALT LAKE CITY LOS ANGELES .

J. A. HOGLE & CO.

ESTABLISHED 1915 Members New York Stock Exchange and other Principal Exchanges

50 BROADWAY Tel.: WHitehall 3-6700

NEW YORK 4, N. Y.

Teletype NY 1-1856  Continued from page 5

## The State of Trade and Industry

to the June level, the department lished for succeeding three month stated. The totals were \$22,500 periods. Heretofore, authorized million for August, \$19,900 million CMP orders accepted by the mills for July and \$22,800 million for for delivery in a stated period June, department figures showed.
Sales of motor vehicles and ma-

chinery producers showed the biggest increases, boosting the dur-ables group sales about 7% over July. Non-durables also advanced, but not so much.

On Wednesday of last week the nation's railroads announced that they will ask the Interstate Commerce Commission to reconsider its decision allowing limited increases in freight rates. This was disclosed after a meeting in Chi-cago of traffic executives of all ragio of traffic executives of all major roads. The carriers will seek the full 15% advance originally requested last March. The ICC subsequently granted two boosts totaling 9% in the East and 6% elsewhere.

Construction as a whole slowed down somewhat in September by material shortages and government restrictions, but in-dustrial, military and public housing activities continued to expand, the United States Departments of Labor and Commerce reported. New construction put in ported. New construction put in place last month was valued at \$2,800,000,000 or 1% below both August and the like month a year Private undertakings of \$1,860,000,000 were off 2% from August and 11% from September, 1950.

Stock corporations receiving charters in the United States during August increased slightly to 6,500, from 6,428 (revised) for the month of July, Dun & Bradstreet, Inc., reports. The August total at 6,500 was 9.7% less than the 7,201 listed in the comparable 1950 month, and marked the twelfth consecutive month to show a year-to-year drop. Only ten states reported a gain in incorporations over the same month a year ago. charters in the United States over the same month a year ago.

New business incorporations for the first eight months of this year reached a total of 57,689. While this was slightly above the 1949 aggregate of 57,135, it was down 13.7% from last year's total of 66,830 for the eight months' pe-66,830 for the eight months' period, and was considerably less than the comparative figures for the years 1948, 1947 and 1946. Only three states—Arizona, Colorado, and Delaware—reported increases over a year ago for the cumulative period.

# Steel Output Scheduled This Week At 101.8% of Capacity Determined action is being taken by the National Production

Authority control authorities to clear the order log-jams in steel, aluminum and copper, says "Steel, the weekly magazine of metal-working. Failure of tonnage can-cellations to come through in anmagazine of metalticipated volume against preliminary allotments necessitates firm action to clear books of duplicate tonnage. Many consumers, large and small, still are unable to find takers for fourth quarter Con-trolled Materials Plan tickets. In steel, cancellations have not come to the mills in anything like pre-dicted tonnage. Through speeding up the machinery for canceling out duplications, NPA hopes to out duplications, NPA hopes to cut back sufficient orders on mill books to make way for currently stranded tickets, this trade jour-

Shipment arrearages from the third quarter intensifies the fourth quarter log-jam. Consequently, it was not surprising when NPA last week moved drastically to clear away carryovers. It ordered all unfilled third quarter orders not shipped by Oct. 7 must be charged by consumers against their fourth quarter allotments. The same cut-off date, seven days after expira-

ment, bringing them back about tion of a quarter, also is estabfor delivery in a stated period might be filled at any subsequent time and still be charged only against the allotment of the particular period originally named. This change in practice will penalize some consumers whose third quarter shipments were delayed through no fault of their own, but rather through delays occasioned by imposition of government di-rectives in mill schedules, states

this trade weekly.

The extent to which duplicate tonnage will be cleared from mill books by this action is uncertain. No one knows definitely how large the duplications are. While carryovers from third quarter were substantial in the various steel products, the steel mills have no way of determining to what extent any customer's tonnage is a duplication. In this connection, states "Steel," it is significant that cancellations still are the responsibility of the consumers, not the mills. Generally, the impact of the order will vary from product to product, and from district to district. In some items, the mills may find themselves with open space in rolling schedules before the fourth quarter ends, space that cannot be filled easily. In other products, however, bars for example, the tonnage of unplaced fourth quarter CMP tickets is so great any gaps appearing in mill schedules due to cancellations will

be quickly filled. Steelmakers, adds this trade publication, are moving cautiously in booking forward business. This applies even to first quarter tonnage. Few mills are accepting anything beyond that period except in the case of "must" defense requirements.

The American Iron and Steel stitute announced this week that stitute announced this week that the operating rate of steel companies having 93% of the steel-making capacity for the entire industry will be 101.8% of capacity for the week beginning Oct. 8, 1951, or a decrease of 0.8 of a point from a week ago.

This week's operating rate is equivalent to 2,035,000 tons of steel ingots and castings for the

equivalent to 2,035,000 tons of steel ingots and castings for the entire industry, compared to 102.6%, or 2,051,000 tons a week ago, and 100.0%, or 1,999,000 tons a month ago. A year ago it stood at 101.6% of the old capacity and amounted to 1,959,600 tons.

#### Electric Output Records Higher Level in Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended Oct. 6, 1951, was estimated at 7,155,921,000 kwh., according to the Edison Electric Institute.

Output in the latest reporting week showed a further moderate rise above the previous week.

The current total was 54,127,000 wh. above that of the preceding week; 642,214,000 kwh., or 9.9% above the total output for the week ended Oct. 7, 1950, and 1,— 706,024,000 kwh, in excess of the output reported for the corresponding period two years ago.

#### Carloadings Extend Gains of Previous Week

Loading of revenue freight for the week ended Sept. 29, 1951, totaled 864,573 cars, according to the Association of American Railroads, representing an increase of 263 cars, or 0.3% above the preceding week.

The week's total represented a decrease of 15,613 cars, or 1.8% below the corresponding week in 1950, but an increase of 206,445 a year ago. cars, or 31.4% above the comparation of 1949 when loadings in the grain markets at Chicago

were reduced by a strike of coal

## Auto Output Moves Up Slightly in the Latest Week

Combined motor vehicle production in the United States and Canada the past week, according to "Ward's Automotive Reports," advanced to 114,468 units, compared with the previous week's total of 113,973 (revised) units, and 177,853 units in the like week of 1950.

Passenger car production last week in the United States was about 7% higher than the previous week but about 40% below the like week of last year.

For the United States alone, to-

tal output dropped to an estimated 108,208 units from last week's revised total of 107,306 units. In the like week of last year output totaled 169,557 units. Canadian out-

put in the week totaled 6,260 units compared with 6,667 units a week ago, and 8,296 units a year ago.

Total output for the current week was made up of 85,823 cars and 22,385 trucks built in the united States and a total of 4,365 cars and 1,895 trucks built in Canada, against 4,640 cars and 2,027 trucks last week and 6,102 cars and 2,194 trucks in the comparable 1950 week.

#### Business Failures Drop Further

Commercial and industrial failures declined to 133 in the week ended Oct. 4 from 154 in the preceding week, Dun & Bradstreet, Inc., states. Casualties were down moderately from 1950 and 1949 when 154 and 182 concerns failed, but they fell sharply, 52%, below the prewar level of 279 in the comparable week of 1939.

Both large and small failures declined for the week and year.

All industry and trade groups except manufacturing had a de-cline in mortality during the week. Manufacturing casualties rose to 39 from 33. This line had more failures than a year ago, while there were declines from 1950 in other groups, with wholesale casualties off to one-third

their number last year.

The Pacific States accounted for most of the week's decrease in failures. Slight dips prevailed in four other regions including the East and West North Central. A larger number of casualties occurred, however, in Middle At-lantic, New England, South At-lantic, and in the West South Central States. Mortality was heavier than in 1950 in the New England and Middle Atlantic States and remained unchanged in the West North Central, South Atlantic, and West South Central States. The only marked declines from year appeared in the East Central and Pacific States.

#### Wholesale Food Price Index Gains 1 Cent in Week There was an increase of one

cent in the wholesale food price index, compiled by Dun & Bradstreet, Inc., last week, bringing the figure to \$6.79 as of Oct. 2. This was 4.5% above the year-ago level and exceeded the pre-Korea index of \$5.96 by 13.9%. Despite this latest rise, the index remained within two cents of the 1951 low reached on Sept. 18.

The index represents the total of the price per pound of 31 foods in general use and its chief function is to show the general trend of food prices at the wholesale level.

daily wholesale commodity price index moved within a nar row range last week, reported Dun & Bradstreet, Inc. After an initial rise, it fell and then climbed again to 302.77 on Oct. 2 compared with 300.28 a week ago and 290.72

remained rather desultory. However, continued unfavorable weather which hindered maturing and harvesting led to some strengthening of prices and widening of trading. Early receipts of Canadian wheat which proved to be unsatisfactory touched off a buying wave that soon subsided. Some traders were apprehensive that the delayed Canadian harvest would hamper expected deliveries.

More household goods were sold than in the preceding week but noticeably less than in the comparable week in 1950. There was a mild flurry of interest in television as the World Series and the coming football season stirred many shoppers. The demand for television sets was notably active on the Pacific Coast following the recent completion of the transcontinental network.

951

oal

ly

its,

ast

ous the

ted

re-th**e** 

ut-

ent

the 3**65** 

nd 102

ek

et, wn 949

the

res

go,

ird for

n-er nd

The spot market for wheat remained limited with active demand restricted to quality grain.

There were no reports of wheat sold for export. In contrast there was active demand for corn both for export and domestic use. There was a noticeable firming of corn quotations as many traders warily eyed their weather maps. Firmness continued to characwarily eyed their weather maps. Firmness continued to characterize the market for oats; offerings remained scanty as many farmers apparently fed their oats to livestock in preference to shipping at the present.

rading in the domestic flour markets subsided somewhat the last week; orders continued to be mainly for fill-in needs. While the spot demand for cocoa remained sparse, futures strengthened moderately, warehouse stocks continued well about a year ago. Although Bahia crop prospects were not especially favorable, the outlook in West Africa was quite auspicious. In the coffee markets spot demand remained heavy, while futures declined somewhat; total imports continued to lag bewhile futures declined somewhat; total imports continued to lag behind a year ago. Buyer demand for cottonseed oil stayed within a narrow range with no appreciable variation in futures prices. Cattle prices slipped slightly as market receipts expanded for the first time in many weeks; total marketing continued to be much smaller than a year ago. smaller than a year ago.

Hogs sold near peak levels as demand increased with the an-nouncement of new higher ceilings.

Marketings of lamb remained apparel. sparse with prices virtually un-changed; activity lessened with the approach of the holiday shut-

down of kosher slaughtering.

With the second largest cotton crop, 17.2 million bales, still in prospect, the domestic cotton markets. crop, 17.2 million bales, still in prospect, the domestic cotton markets continued quite active, with prices gaining steadily. Sales in spot markets were considerably above last week. Firming factors included largescale retention by growers, sizable entries into CCC loans, and indications of a broadening of export demand, which has been less than a year ago. Twice as many bales entered CCC loans as in the preceding week. Picking and ginning generally made good progress although labor shortages were reported in some sections. As during recent weeks buyer demand in textile markets improved, with some trade observers expecting the return of a sellers' market and the regaining of ground lost during the Level

Trade Volume Lifted to Level
of a Year Ago
Increased spending by many consumers in the period ended on Wednesday of last week lifted total retail trade to about the level of a year ago. However, as during recent months the actual unit volume of goods sold did not match the high level of a year earlier, states Dun & Bradsteet, Inc. in its latest summary of trade. Shoppers continued to devote a smaller share of their incomes to durable goods than they did a year ago.

In most cities throughout the

In most cities throughout the ation retailers of apparel chalked up larger sales figures than in either the previous week or the similar week a year ago. The demand for Fall clothing climbed most noticeably in the Middle West and Northwest where temperatures dropped. peratures dropped.

Attractive promotions helped to spur the interest in coats and suits which made the largest gains.

tinental network.

tinental network.

Housewives bought about as much food as during the preceding week and aggregate dollar volume continued to surpass the level of a year earlier. As in recent months, expensive cuts of beef and lamb were shunned as shoppers called for pork, poultry, processed meats, seafood and eggs; the consumption of eggs continued at record levels.

Total retail volume in the pediate ing a new and larger cont casting machine to be instal allegheny's Watervliet where a pilot model has been for experimental purposes.

Allegheny's Watervliet where a pilot model has been for experimental purposes.

Allegheny's Watervliet where a pilot model has been for experimental purposes.

Allegheny's watervliet where a pilot model has been for experimental purposes.

Allegheny's watervliet where a pilot model has been for experimental purposes.

Allegheny's watervliet where a pilot model has been for experimental purposes.

Allegheny's watervliet where a pilot model has been for experimental purposes.

Allegheny's watervliet where a pilot model has been for experimental purposes.

Allegheny's watervliet where a pilot model has been for experimental purposes.

Allegheny's watervliet where a pilot model has been for experimental purposes.

Allegheny's watervliet where a pilot model has been for experimental purposes.

Allegheny's watervliet where a pilot model has been for experimental purposes.

Allegheny's watervliet where a pilot model has been for experimental purposes.

Allegheny's watervliet where a pilot model has been for experimental purposes.

Total retail volume in the period ended on Wednesday of last week was estimated to be from down 2 to up 2% from a year ago. Regional estimates varied from the levels of a year ago by the fol-

order volume, were made at about the same rate as in recent weeks. The dollar volume of wholesale transactions remained somewhat below its 1950 comparative.

Commitments for Fall and Winter toggery continued to rise and orders measurably surpassed last year's levels. Women's coats, suits, and lingerie as well as men's furnishings and sportswear were orand lingerie as well as men's fur-nishings and sportswear were or-dered in more copious quantities. This rise was partly offset, how-ever, by a palpable reduction in the buyer demand for children's

apparel.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended Sept. 29, 1951, increased 2% from the like period of last year. A revision of the figures for the previous week shows no change from that of a year ago, but a decrease of 3% was registered for the four weeks ended Sept. 29, 1951. For the year to date department store sales registered an advance of 3%.

Retail trade in New York the

Retail trade in New York the past week was again held in check by unseasonably warm weather which resulted in a decline of 4% from the like week in 1950.

from the like week in 1950.

According to Federal Reserve Board's index, department store sales in New York City for the weekly period ended Sept. 29, 1951, decreased 3% from the like period of last year. In the preceding week a decrease of 8% was registered below the similar week of 1950. For the four weeks ended Sept. 29, 1951, a decrease of 5% was recorded below that of a year ago, and for the year to date volume advanced 6% from the like period of last year. volume advanced 6% like period of last year.

## Byllesby Representative

Bernard G. Vigurs has become associated with H. M. Byllesby and Co., Incorporated, 111 Broadway, New York City, as the firm's representative in Staten Island

#### Joins E. L. Hardin

(Special to THE FINANCIAL CHRONICLE)
SALISBURY, N. C.—Harold H.
Yount has joined the staff of E. L.
Hardin & Co., Inc., Wallace Build-

#### Cortez Inv. Co.

PATUXENT RIVER, Md.—John J. King is engaging in a securities business from offices here under the name of Cortez Investment Co. Continued from page 2

# The Security I Like Best

steel industry would result in of the company has been called significant savings in time, metal for Dec. 4, 1951 to approve in-and equipment. Development work creasing authorized indebtedness is under way and engineering from \$20 million to \$40 million. and equipment. Development work is under way and engineering studies are being completed covering a new and larger continuous casting machine to be installed at Allegheny's Watervliet plant where a pilot model has been used for experimental purposes

Allegheny Ludlum has obtained a license for a French process for the hot extrusion of steel. This involves placing the hot steel in a chamber which is closed at one end except for a die, the opening of which is in the shape of the desired product. When a powerful ram is applied at the other end, the metal is forced to squirt through the die to form a product almost ready for shipment. As mentioned previously, new facilities for the hot extrusion of steel are being built at the Watervliet plant and it is expected that many new applications for stainless steel will become possible as a result of the new process.

tunder way and engineering tudies are being completed covering a new and larger continuous asting machine to be installed at allegheny's Watervliet plant there a pilot model has been used or experimental purposes.

Allegheny Ludlum has obtained license for a French process for bot extrusion of steel. This surrance companies and a term bank surance companies and a term bank loan or loans of about \$8 million—a total of \$27,200,000. It was stated that the Board of Directors is giving consideration to an offering of about 81,000 shares of a con-vertible series of preferred stock to the holders of the common

These funds would be used to These funds would be used to assist in the financing of the expansion program and to provide funds for general corporate purposes. The capitalization of the company after this financing, would still be fairly evenly balanced in relation to the 1,626,167 shares of no paragraphs. plant and it is expected that many poses. The capitalization of the company after this financing, steel will become possible as a result of the new process.

It was recently announced that a special meeting of stockholders a special meeting of stockholders of the company after this financing, would still be fairly evenly balanced in relation to the 1,626,167 shares of no par common stock outstanding. The conversion terms of Fulton, Reid & Co., Union Commerce Building, members of the Midwest Stock Exchange.

of the proposed preferred have not yet been announced but the dilution of the common would be small even if the preferred is made convertible at a price close to the present market price of the

The announcement of this financing may have been partially responsible for the fact that the stock has not enjoyed much of an advance, during research advance during recent periods when the stock market as a whole was advancing. As the new plant facilities are brought into operation and some of the control of the stock market as a whole was advancing. As the new plant facilities are brought into operation and some of the current potentials become realities, the value in the Allegheny Ludlum stock may become more generally recognized.

#### With Sherman J. Brown

(Special to THE FINANCIAL CHRONICLE)

(Special to THE FINANCIAL CHRONICLE)
RICHMOND, Ind. — Pierre J.
Cole has joined the staff of Sherman J. Brown & Company, 10
North Eighth Street, members of the Midwest Stock Exchange.

#### Joins Fulton, Reid



When the power to control public money is taken from the hands of the people, its purchasing value inevitably becomes less and less. It has always been so. Since 1933, when the government abrogated the people's right to exchange paper money for gold, the value of the dollar has constantly descended.

The incentive to save is gone . . . expansion of production facilities is hampered. Kennametal Inc. is a case in point. We make hard cemented carbide tool materials which can triple production in metal-cutting and other vital industries. This is the type of industrial product that keeps America far ahead in technological advancement.

Investors have always before contributed much to the realization of American enter-

80°000

WHAT YOU CAN DO ABOUT THE GOLD STANDARD

Ask your Senators and Congressman if they wish to help restore the Gold Standard with sound money redeemable in gold coin on demand. Write to The Gold Standard League, Latrobe, Pennsylvania for further information. The League is a voluntary association of American citizens joined together to prevent collapse of our monetary system.

prise. Today, however, they are handicapped by high taxes, and hampered by all the uncertainties that go hand-in-hand with unsound money.

The public must again be given control of the government's purse strings. We must return to the Gold Coin Standard\* which gives the people the right to express lack of confidence in government policy, if necessary, by redeeming their currency for gold.

When this control has been restored to the people—wasteful government spending will be stopped—and American industry, of which Kennametal Inc. is a key enterprise, will be able to plan and produce with the vitality that exists only in a free economy.

Number 5 of a Series

# Latrobe, Pá.

WORLD'S LARGEST Independent Manufacturer Whose Facilities are Devoted Exclusively to Processing and Application of CEMENTED CARBIDES

Tomorrow's Markets Walter Whyte Says— **By WALTER WHYTE** 

If you've watched the market last week you've probably seen that the rails have followed the industrials and that for the first time in months both averages have been keeping pace. Of course the rails are still some points under such highs that would cause the Dow Theory followers to throw their hats high in glee. But on all sides the feeling seems to be that it will be only a question of time.

All this theorizing gives me a headache, particularly when I have no idea if the rails will may give you the opportunity follow the industrials, or vice you're looking for. versa. I have charts poked in front of me; I have various theories explained to me in careful language. But when they're all through I hardly know more than I knew be-

Be that as it may, it is quite likely that another upsurge of more than minor proportions will be seen in the near future. And just to confuse the issue, I don't think the rails will follow along.

What that will do to theories will be interesting to watch, though I have a suspicion that somebody will come up with some interpretations to explain everything away.

What to do in this market is of course a prime question. If you're long and have profits, my suggestion is to hold on and ride for a while longer. If you're out of the market your chief problem is what to

Let's take them point by point. If you have profits and cash in you'll have a large chunk taken away from you through taxes. If the income from these stocks is large enough it seems to me that selling should get more than

## **Pacific Coast** Securities

Orders Executed on Pacific Coast Exchanges

## Schwabacher & Co.

Members
New York Stock Exchange
v York Curb Exchange (Associate)
San Francisco Stock Exchange
Chicago Board of Trade 14 Wall Street New York 5, N. Y. COrtlandt 7-4150 Teletype NY 1-928

Private Wires to Principal Offices San Francisco—Santa Barbara Monterey—Oakland—Sacramento Fresno—Santa Rosa

casual consideration. Of Continued from page 4 course you take the chance that the stock will go down. But that's a chance you'll always have to take whenever you buy equities.

What to buy at this stage of the game poses a new series of problems. For the past few weeks, or maybe months, I've been stressing non-ferrous metals, oils and amusement stocks. They've all gone up since; some more than others But the outlook is that they'll go up still more. But if you buy them now the risk you take is much greater than it was weeks ago. Even technical corrections can carry them a lot lower than it would be comfortable to sit through. So I suggest that if you're not already in, wait and see what will happen. A minor shakeout in the next week or so

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

## J. Leo Gleason With Francis I. du Pont



J. Lee Gleason

WEST PALM BEACH, Fla.-J. Leo Gleason has become associated with Francis I. du Pont & Co., in their recently opened branch at 212 Datura Street. Mr. Gleason was formerly a partner of Thomas M. Cook & Company, in charge of the trading depart-

#### SPECIAL PUT OPTIONS Per 100 Shares

Armco Steel. @43 Dec. 7 Utd. Aircraft. @331/4 Dec. 7 225 00 Denn. RR... (2018/2 Dec. 3
Std. Oil N. J. (2070 Mar. 5
Int'l Tel & Tel. (2018/4 Dec. 24
Schenley Ind. (2014/2 Dec. 3
Loew's Inc... (2018/4 5 mos.
Reynolds Mtls. (2014/2 5 mos.
Chrysler (2014/2 5 mos.
Can Tire (2014/2 5 mos. 75.00 112.50 137.50 550.00 350.00 Gen. Tire .... @521/2 5 mos. 325.00

Subject to prior sale or price change Explanatory pamphlet on request THOMAS, HAAB & BOTTS Association, Inc. 50 Broadway, N. Y. 4, Tel. BO 9-8470

## The New York Stock Exchange

tions. He was the prophet of the essential position occupied by the Exchange in our nation's economy. He did a tremendous job for this institution and knew better than most that the Exchange's first obligation is to the public.
That obligation—which we must never forget—is and will remain my greatest responsibility. I am grateful for the heritage that Emil

Schram has left to me.

The primary duty of the Exchange is to provide the public with a free and ready market place where all who want to buy shares in America's greatest companies may do so conveniently and economically, where those who want to convert securities into cash can be served efficiently and quickly. It neither owns, buys or sells securities, but, through the exchange of ownership which it makes possible, it facilities the life-giving free flow of equity capital to American industry. That the transactions must be carried on with full disclosure and under a code of high ethical conduct is a code of high ethical conduct is implicit. I pledge every ounce of energy, courage, vigilance and influence which, God willing, I possess to the maintenance and continuing development of this all-important policy of just and equitable principles of trade.

Another maior function of the

Another major function of the New York Stock Exchange is to be an effective force in the perpetuating and strengthening of the productive free enterprise system of our country. Let us all agree that we have no rescent agree that we have no reason whatsoever to apologize for our American capitalism. Capitalism has put money to work producing more goods for more people at less cost. It has given employment and freedom to the citizens of our nation. It has armed us in time of war. It has provided material war. It has provided material benefits beyond the plausible dream of man. Perhaps the greatest fault of capitalism is that there are not more capitalists.

Capitalism of course is not an inflexible, full-grown doctrine. It must continue to evolve, must grow as any other healthy social organism grows. And we must foster that growth intelligently, we must not shirk our responsibility to aid in directing it toward serving the greatest number of serving the greatest number of

Recently, in a public address, the President of the United States asked this question: "Why is it that one country after another all over the world has turned to socialism?" This was his answer: "It is because those who ruled those countries did not know how to make free enterprise work for

the benefit of their people."

In America we have found one very practical way through which some of the added benefits of the free enterprise system are passed on directly to our people. It is through the ownership of common stocks, wherein people take the calculated risk of investing in American enterprise. Any American has the privilege and opportunity to become a part-owner of almost any sizable business enter-prise in the nation. This democratic opportunity for ownership is either non-existent or is enjoyed only on a limited scale elsewhere in the world, as is pointed out by the many foreign visitors to the Exchange.

As an owner of one share or more, Joe Doakes also acquires a direct stake in capitalism. For scientific surveys support what our common sense tells us must be true. People who have a personal financial stake in the risk-bearing

than oratory. A worker in a plant undoubtedly finds in his relation-ship with his employer that his self-interest as a worker over-shadows his self-interest as a shareholder in that company. But in his relationship to the rest of the economic system his self-interest as an owner will be stronger than the promises of soap-box orators or the blandishments of

crackpot economists.

Many Americans have already exercised their opportunity to own a part of this country's industrial might and thus share directly in some of the additional benefits of capitalism. The capitalists of today are likely to be the farmers who grow our food, the mechanics who fix our cars, the teachers of our children—any person who has learned that business can employ his or her savings productively. I believe that the full benefits of the American system can be realized only when many more millions of people participate in the ownership of America. Indeed I submit that the future strength of capitalism lies in no small measure in the extent to which the ownership of industry will be-come distributed across the land. Magnificent work is being done

by a growing number of our leading companies in encouraging the development of a nation of stockholding owners. These companies know that the owners of business are not only owners, but are also consumers and taxpayers. They are voters—they are public opinion

I want to tell you about a plan for furthering our joint efforts in this direction. We know what our main objective is: to broaden the main objective is: to broaden the base of ownership of our industries. But unfortunately we have no idea of how far we have come or how far we must go. I believe a national stockholder census taken with the aid of industry, the financial community and shareholding owners is imperative shareholding owners is imperative. Isn't it about time that we get down to bed rock and find out how many people in this country actually are shareholders? There actually are shareholders? There have been a number of estimates of the size of the stockholder population. These estimates have gaps of millions between them. They range from 5,500,000 to 20,000,000 people. The astonishing truth is that nobody knows with any degree of certainty just how any degree of certainty just how many stockholders there are. In other words, we are faced with a job which requires all the facts, skill and ingenuity at our command—but we don't even have the basic information, percessive for basic information necessary intelligent planning.

I became so impressed with the desirability of a national stock-holder census that I asked my colleagues at the Exchange to tak sampling of corporation opinion.
A pilot poll of listed companies
and of financial institutions seand lected at random indicated that industry and the financial com-munity were interested and would cooperate. They were asked if they would supply information about the number of people owning their stocks, the average size of holdings and the geographical distribution of their stockholders. Some of the executives even went so far as to forward with their replies the data we had hoped to get in the future.

Tonight, I think, is an appropriate-opportunity to announce that the New York Stock Exchange is undertaking the first stockholder census ever attempted. It is a huge project, but we believe that the benefits to be obtained will more

than match the work involved.

The Brookings Institution has agreed to collaborate with the Stock Exchange. This outstanding

gations, and will publish the

gations, and will publish the findings within a year.

As now contemplated, the census will embrace almost 5,000 corporations. Of that total, 1,071 are listed on the New York Stock Exchange; about 680 are on the New York Curb; about 600 (exclusive of dual listings) are on the several regional exchanges, and some 2,500 of the companies traded in the over the courte traded in the over-the-counter market. To eliminate duplication of holdings by any one individual, the basic data obtained from the corporations will be carefully adjusted by professional consultants, pased upon information secured through personal interviews with stockholders. The number of beneficial owners of stocks held in trust accounts, in the names of brokerage firms and banking in-stitutions, will, of course, be included.

Work on the project is already under way. I earnestly hope for the unlimited cooperation of all corporations and financial insti-tutions represented here tonight and indeed of all companies

everywhere.

For this survey will provide the answer to the question of who owns American industry. The political force of the real corporate dwnership in America will be highlighted for all to see. The sum of the people who have declared their faith in our free enterprise their faith in our free enterprise system will be spread across the record. We will then have the measure of American capitalism in action. I suspect that the survey will produce evidence that Main Street—not Wall Street—owns the nation's industries.

In urging millions more of our citizens to exercise their potential privilege of ownership, we must recognize the risks involved. Wider stock ownership is no panacea for Stalinism or Socialism. The purchase of common stocks is no royal road to riches. There is a risk involved in the purchase of any kind of property, whether it is a house, a share of stock, or a bag of diamonds. Only those who can afford to risk—namely, people with government bonds and savings in the banks, people with life insurance, people with emergency reserves in one The purchase of common with emergency reserves in one form or another—should be en-couraged to become shareholders.

Investors should understand that a share of ownership involves a calculated risk and that the value of the shares of even our strongest companies moves up and down from time to time as a result of a web of interrelated factors such as technological changes, govern-mental attitude and fiscal policy, changes in the management of the companies themselves, and mass psychology. Hence I used the word "calculated risk" advisedly. I had in mind careful and conservative investment based upon competent advice—certainly not the attitude illustrated by a story I heard recently.

Some years ago the Exchange ran an advertisement that was almost entirely cautionary. It urged investors to be guided by the facts and not to be influenced by tips and rumors. It said in part: "The grapevine bears a new crop of tips and rumors every day. Some folks may occasionally profit by them. But remember this: The grapevine will let you down just as surely as night follows day!"

Well, what happened? A few days after the advertisement appeared, a special delivery letter arrived at the office of the President. The writer wanted—and just as fast as possible—the latest edition of the publication entitled. The Grapevine

In reading history I have been impressed by the natural tendency of each era or age to believe that financial stake in the risk-bearing which keeps alive our productive free enterprise system are certain to have more interest in perpetuating and strengthening that system. Ownership speaks louder the order of age to believe that than match the work involved. It is contemporary problems are the match the work involved. It is contemporar

known, its condition is uncertain. with all of you just as quickly Undoubtedly the trip will be as I can. rough in spots. There is consider—Inscribed in concrete on the rough in spots. There is considerable lively discussion for example as to whether or not we should travel on Saturday mornings, and whether the high road or the low road of commission payments is the better. But these are problems of methods and means, not of objectives or ideals. As such they can be solved by application of the New York of the general good of the New York Stock Exchange.

For me the transition from the members of the New York Stock Exchange.

For me the transition from the members of the Exchange are engaged in a work of utmost importance to our nation. Together, let us carry it forward.

difficulties of the present. Contract of the present. Contract to this custom, I am happy to report optimistically that, in my opinion, the New York Stock is a with a keen awareness that I have my opinion, the New York Stock is an any problems to be solved. At any crisis. Nor are we at any down the Exchange's well-mapped road on the wheels of our present policies and programs, improving and strengthening them whenever we can. Although the route is known, its condition is uncertain. Undoubtedly the trip will be rough in spots. There is considerable lively discussion for example. It can count upon the route is considerable lively discussion for example. It can count upon the route is considerable lively discussion for example. It can count upon the route is considerable lively discussion for example. It can count upon the route is considerable lively discussion for example. It can count upon the route is considerable lively discussion for example. It can count upon the route is considerable lively discussion for example. It can be assistance in the future. From the lively discussion for example. It can be assistance in the future and that there are powe components can distort the divisor should be held constant by again using multipliers to adjust for a ments, up or down, in individual ments, up or down, in individual divisor should be held constant by again using multipliers to adjust for a ments, up or down, in individual ments, up or down, in individual divisor should be held constant by again using multipliers to adjust for a ments, up or down, in individual ments, up or down, in individual distors the "Average."

For our part, we would like to ments up or down, in individual ments, up or down, in chistorial Average."

For our part, we would like to ments up or down, in individual distors the "Average."

For our part, we for the "Average and by again using multipliers to adjust for American Telephone. We would feel more comfortable about the validity of the "Average."

It is hoped that this article will for A

Continued from page 11

# Should D-J Averages Be Revised?

deed, Woolworth showed a decline of 4.7% between December 31, 1948 and July 31, 1951.

We made no price adjustments for the value of American Telephone rights (to buy bonds) issued on two occasions, nor for the following stock dividends: Corn Products, 5% in 1951. Eastman Kodak, 5% in 1951. Eastman Kodak, 5% in 1951. Eastman Kodak, 5% in 1949 and 1950, and 10% in 1951. Standard Oil of California, 5% in 1949 and 1950. Neither did these result in a change in the divisor used in computing the "Industrial Average." Making an adjustment for these stock dividends, Corn Products and the comparison is sudded in this study. In that table we show the Dow-Jones in-Making an adjustment for these stock dividends, Corn Products and Standard Oil of Califernia still failed to do as well as the "Average" in two of the four periods, while Eastman lagged in all four periods.

# Little Correlation of Changes In "Industrial Average" and In Components

In Components

Our study has revealed how little correlation there is between percentage changes in the "Industrial Average" and its component stocks. We therefore felt that perhaps the "Average," distorted by a low divisor and including only thirty stocks, might have lost its ability to effectively measure market movements. Strange to say, however, the percentage fluctuations in the "Average fluctuations in the "Avera

Strange to say, however, the percentage fluctuations in the "Average" since the market low (98.95) on March 31, 1938, have closely paralleled those in the Standard & Poor's Index. The latter includes 365 industrial stocks and is weighted for the number of shares of each stock outstanding. The greatest discrepancy between the two averages was for the period between April, 1942 and May, 1946. During that time the "Dow-Jones Industrials" advanced 128.7%, while the Standard & Poor's Index of 365 industrials gained 161.5%. Presumably some of the d if ference was due to strength in low priced shares of which there is a greater representage. which there is a greater represen-tation in the Standard Index.

We attempted next to determine

whether the "Dow-Jones Indus-trial Average" is properly bal-anced as to industry representation. The basis of comparison was with the value of common stocks

New York Stock Exchange.

As of July 31, 1951, excluding the Railroad & Railroad Equipment group, there were 967 common stock issues listed, having a total market value of over \$92 total market value of over \$92 age" billion. These were divided into points. 26 industry groups. The Dow-Jones stocks fell into 17 of these groups. Groups not represented in

with industry group values on the New York Stock Exchange. A table showing the comparison is included in this study. In that table we show the Dow-Jones industry percentages, with and without American Telephone, compared with the Stock Exchange groups, including and excluding Utilities.

We are not happy about the low divigor used in computing the

low divisor used in computing the "Dow-Jones Average." Our study does not lend credence to our concern, but rather seems to confirm the merit of the "Average."

Nevertheless, we view with suspicion the steady decline in the divisor from 15.1 as recently as May 9, 1945, to the present figure of 6.72. Future stock splits or major stock dividends will further lower the divisor.

#### Dangers of Relying on Averages

There are a great many persons who rely on the "Averages" in who rely on the "Averages" in formulating investment policy. In brokerage offices all over the country one hears their phrase-ology: Double bottoms, line formations, triple tops, resistance points and the like. A number of services based on interpretations of the Dow Theory are sold. Thus services based on interpretations of the Dow Theory are sold. Thus the weight of buying and selling due to a particular pattern in the "Averages" can be substantial.

Using so low a divisor, it is easy to visualize a situation where

selective strength or weakness in one or two groups of stocks can create a misleading picture of the stock market. As an illustration, there are three oil and four chemical stocks in the Dow-Jones. This is omitting from chemicals Proctor & Gamble, so classified in the Stock Exchange grouping. Over a period of time it is conceivable that mixed movements in 23 Dow stocks could about balance out. If during this period we assume an average four point advance or decline in the seven oils and chemicals, the "Industrial Average" would change over four points.

Before its recent split, in about two months there was an advance groups. Groups not represented in of 32 points in Freeport Sulphur. the Dow-Jones were: Financial, This stock is not in the "Dow-Leather & Its Products, Office Jones Average," but if it were it

#### Comparison of Dow-Jones Industrial Average and Component Stocks

Dec. 31,48 to Dec. 31, 49 S 12.9 13.3 30.5 2.3 2.5 2.1 2.1 29.0 23.6	Dec. 31,'49 to Dec. 36, '50  17.7  15.1  —12.4  32.6  3.1  —13.3  51.6  2.2	Dec, 30,'50 to July 31, '51  9.5  24.6  19.8  13.5  4.0  5.2  4.4	Dec. 31,'48 to July 31, '51 45.4 62.4 36.9 58.1 4.5
13.3 • 30.5 2.3 — 2.5 22.1 — 1.1 29.0	15.1 12.4 32.6 3.1 13.3 51.6	24.6 19.8 16.5 4.0 — 5.2	62.4 36.9 58.1 4.5
- * 30.5 - 2.3 - 2.5 - 22.1 - 1.1 - 29.0	-12.4 32.6 3.1 -13.3 51.6	19.8 13.5 4.0 — 5.2	36.9 58.1 4.5
$\begin{array}{c} -2.3 \\ -2.5 \\ -22.1 \\ -1.1 \\ -29.0 \end{array}$	32.6 3.1 —13.3 51.6	13.5 4.0 — 5.2	36.9 58.1 4.5
2.5 22.1 1.1 29.0	3.1 —13.3 51.6	4.0 — 5.2	4.5
22.1 - 1.1 - 29.0	—13.3 51.6	4.0 — 5.2	4.5
22.1 - 1.1 - 29.0	51.6		0.4
_ 29.0		4.4	
_ 29.0	2.2		56.4
23.6		<b>—</b> 3.0	28.0
	<b>—</b> 5.0	5.5	23.8
33.6			102.1
		35 OF A 12 CO.	2.0
			43.7
			112.4
			61.7
			7.8
			21.5
			20.0
	_ 47		59.7
	— 8 1		14.0
	20.8		73.1
2.8			52.5
			58.1
			39.0
			43.5
			88.6
		Transfer and the second second second	81.7
8.5			58.6
14.0			54.2
14.3			73.3
			47.2
	- 9.1	<b>—</b> 2.8	<b>—</b> 4.7
			30.0
			23.7 58.2
	- 33.6 - 6.5 - 8.4 - 5.6 - 21.9 - 21.6 r 3.7 - 6.3 - 30.2 - 19.3 - 26.2 - 2.8 - 31.0 - 12.8 - 3.3 - 7.5 - 13.1 - 8.5 - 14.0 - 14.3 - 29.9	- 33.6	$\begin{array}{cccccccccccccccccccccccccccccccccccc$

Fluctuations in Dow-Jones Industrial Average Compared With Those in Standard & Poor's 365 Industrial Stock Index

	Dow	Dow-Jones		rd & Poor's-
Mar., 1938_	98.95		68.6	
Nov., 1938	158.41	+ 60.1%	10-3.5	+ 55.3%
Apr., 1939_	121.44	— 23.3	83.8	— 21.3
Sept., 1939	155.92	+ 28.4 •	102.7	+ 22.6
June, 1940	111.84	— 28.3 -	73.1	<b>—</b> 28.8
Nov., 1940	138.12	+ 23.5	89.5	+ 22.4
Apr., 1942	92.92	32.7	62.4	- 30.3
May, .1946	212.50	+128.7	163.2	+161.5
Oct., 1946	163.12	— 23.2	121.1	- 25.8
Feb., 1947	184.49	+ 13.1	135.5	+ 11.9
May, 1947	163.21	<b>—</b> 11.5	117.0	<b>—</b> 13.7
July, 1947	186.85	+ 14.5	133.8	+ 14.4
Mar., 1948	165.39	-11.5	117.9	<b>—</b> 11.9
June, 1948	193.16	+ 16.8	143.7	+ 21.9
June, 1949	161.60	<b>—</b> 16.3	115.6	<b>—</b> 19.6
June, 1950	228.38	+41.3	159.5	+ 38.0
July, 1950	197.46	· — 13.5	142.9	<b>—</b> 10.4
Sept., 1951	276.37	+ 40.0	206.7	+ 44.6

Industry Diversification of Dow-Jones Industrials and Those Listed on New York Stock Exchange, July 31, 1951

	Stock Exch. Excl. Util.	Dow-Jones Excl. A.T.&T,		Dow-Jones Incl. A.T.&T
Aircraft	_ 1.2%	1.8%	1.0%	1.7%
Amusement	_ 1.3	1.0	1.1	0.9
Automotive	_ 8.4	7.0	7.1	6.4
Building Trade	_ 1.5	3.8	1.3	3.5
Chemical		21.3	16.4	19.4
Electrical Equipment	_ 3.4	5.7	2.9	5.2
Farm Machinery	_ 1.2	2.0	1.0	1.8
Financial			2.0	100
Food Products and Bey		9.0	4.4	8.2
Leather and Its Product			0.3	
Machinery and Metals_		7.0	3.2	6.3
Mining		5.3	3.5	4.8
Office Equipment			1.1	
Paper and Publishing			1.8	
Petroleum and Nat. Ga		10.2	19.5	9.3
Real Estate			0.3	
Retail Trade		6.0	5.4	5.5
Rubber		5.5	0.9	5.1
Shipbuilding and Oper.			0.2	
Steel and Iron		8.4	3.9	7.7
Textile			1.8	
Tobacco		3.8	1.3	3.4
Utilities			15.2	8.8
Miscellaneous			1.0	
U. S. Cos. Oper. Abroac			1.3	
Foreign Companies		2.2	2.1	2.0

\*Railroad and Railroad Equipment group has been omitted from New York Stock Exchange values in each table.

The New York Stock Exchange industry percentages are based on total value of all listed common shares in each group, while the Dow-Jones is computed on the basis of one share of each of the thirty stocks.

was Continued from page 8

## **Dealer-Broker Invest**ment Recommendations and Literature

National Homes Corporation— Analysis—Kiser, Cohn & Shu-maker, Inc., Circle Tower, In-dianapolis 4, Ind.

Northern Indiana Public Service Company — Bulletin — Remer, Mitchell & Reitzel, Inc., 208 South La Salle Street, Chicago 4. III.

Northern New England Company
—Analysis—Ira Haupt & Co.,
111 Broadway, New York 6,
N. Y.

Placer Development Limited — Analysis—John R. Lewis, Inc., 1006 Second Avenue, Seattle 4,

Riverside Cement Companymemorandum—Lerner & Co., 10 Post Office Square, Boston 9, Mass. Also available is a mem-Mass. Also available is a memorandum on Gear Grinding Machine Co. and on Seneca Falls Machine Co.

Seneca Oil Company—Analysis— Genesee Valley Securities Co., Powers Building, Rochester 14,

Soundview Pulp Company—Scott
Paper Company Merger—Bulletin—Dean Witter & Co., 14 Wall
Street, New York 5, N. Y.
Southwest Gas Producing Co.
Memorandum—Rauscher, Pierce
& Co., Mercantile Bank Building, Dallas 1, Tex.

Standard Oil of Indiana-Memodum—Smith, Barney & Co., Wall Street, New York 5, randum-

Tennessee Gas Transmission Com-pany — Revised analysis — Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

Texas Engineering and Manufacturing Co.—Memorandum—Leason & Co., 39 South La Salle Street, Chicago 3, Ill.

Tide Water Associated Oil—Memorandum—Hirsch & Co., 26 Broad Street, New York 4, N. Y.

U. S. Thermo Control—Data—Raymond & Co., 148 State St., Boston 9, Mass. Also available is information on Thermo King Railway. Railway.

Vitro Manufacturing Company
Analysis — Floyd D. Cerf J.
Company, Inc., 120 South 1
Salle Street, Chicago 3, Ill.

West End Chemical-Circular-F. Reilly & Co., Inc., 61 Broad way, New York 6, N. Y. Alavailable is a circular on Lor Star Steel.

#### Baruch Oil Stock Sold

An issue of 260,000 shares of Baruch Oil Corp. common stock recently offered by Aigeltinger & Co., New York, have all been sold, it was announced on Oct. 8.

sold, it was announced on Oct. 8. The shares were originally offered at \$1 per share, and the ne proceeds will be used to pay cos of installing gathering lines and/or plants for six gas well commercially completed, and an balance will be used for workin capital and general expenses.

#### Curtis Lipton Co. Formed

(Special to THE FINANCIAL CHRONICLE) LOS ANGELES, Cal. - Curt Lipton is now engaging in th securities business from offices a 511 South Serrano Avenue, unde the firm name of Curtis Lipton Co-

#### With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE) LOS ANGELES, Cal.-Donald R. Tallman is now with Merrill Lynch, Pierce, Fenner & Beane, 523 West Sixth Street. He was formerly with Dean Witter & Cc.

## Are We Going Totalitarian?

we went to war on the grounds the kind of government, the way that their policies and practices of life, which, to keep from our were inimical to the well-being shores, we went to battle.

of the United States? Suppose we Is there a paradox here? Does

Excessive borrowings, which re-

Confiscatory taxation. Extravagant public works.

Subsidies to various groups of citizens.

Remember, these are the charexteristics of the totalitarian governments with which we went to war. To detect or identify a Communist maybe we should ask the question, "Do you approve of excessive borrowings, of a huge national debt, of deficit financing, of budgets unbalanced, of extrava-

Concentration of powers in the Chief Executive.

Sapping the independence of courts—remember Hitler's people's court?

Administrative law, that is, regulation by men rather than written statutes, and government by decree.

A planned economy

greatly enlarged bureau-

Rember again, in case you are confused, this is a description of the totalitarian countries.

Are you, Mr. Suspect, in favor supporter of, these poli-

To go on, we find-

Private investments restricted.

The individual denied the freedom to own gold.

Subversive forces encouraged. Class conflicts stimulated.

ncroachment upon freedom of the press ending in complete control.

There were attacks upon industry which destroyed its mo-ale, and created antagonisms, on the part of consumer and worker.

Then there is a fourth category which deals with military activities. Some believe these naturally and inevitably follow in totalitarian countries the economic and social course just described. I am informed by scholars, students of history, that the Welfare State nevitably moves into the Warfare State. There are some who con-tend that the military activities were necessary to meet the threats of other countries with different ideologies. Whatever the reason, the danger of destruction is as great from within as from without.

Here is the fourth and last category of totalitarian characteristics:

War scares—as Shakespeare put it, "foreign quarrels to busy giddy minds." Conscription of men for military

Huge military preparation.
Regimentation, in the name of war.

of industry farming of labor.

of the United States? Suppose we list the characteristics of our anyone recognize a deadly paralenemy countries in the years just lel? Are we, as suggested a mopreceding the war which we entered. I have before me a detailed picture of the policies in form? We must recall that in form? We must recall that in enemy countries in the years just preceding the war which we entered. I have before me a detailed picture of the policies in those countries, policies which led to war and ultimately, to final disintegration and destruction. We find, first—

We find, first—

le le? Are we, as suggested a moment ago, willing to accept the substance while fearful of the form? We must recall that in each of these totalitarian countries there was maintained the fiction of legalism, of a respect for the constitutional government.

In appearance each was operating In appearance each was operating A nuge national debt.

Deficits piled upon deficits, result of
Unbalanced budgets.

Under the laws of the land. Recall that the Reichstag met up to mask and showed himself as a real dictator. real dictator. The German courts still handed down decisions. The Fuehrer sacrificed himself, as does Stalin today, to the will of the people in a national election!

Such conditions led to economic and social bankruptcy and paved the way for a receiver, whose job was ruthless liquidation. This has ultimately come to every people who depended upon the State and were not vigilant enough to keep the State a servant of the indi-

rant public works, and of government subsidies?"

To carry on, here are other characteristics:

Some of those who honestly believe that they are not Communists, nor fellow travellers, either do not recognize the works of community and convince the convenient of the community and the convenient of th of communism or are deceiving themselves. Practically every one of the characteristics I have listed are to be found in greater or lesser degree in the United States today This is in no way to be considered as a partisan statement. The Donkey in power is no more an exponent of communism while traveling the road to complete totalitarian rule than the Elephant which bellows portifically that he will do it better.

The citizen should be vigilant. He should awake to the reality that if he is to survive as a free man he must assume the responsi-bilities of a free man. They canbilities of a free man. bilities of a free man. They can-not be delegated wholly to his political agents. He is the cus-todian of his own destiny. For him, a political campaign is 12 months long and every year.

#### Axle of Communistic Wheel

Thousands of publicity experts to carry out the government's program of indestripation.

Karl Marx pointed out the 10 things to do to bring about communism. They are the specific program of indestripation. munism. They are the spokes of the communistic wheel. The prin-cipal one, in fact, the axle, was to get control of the people's savings. Lenin later said that this was nine-tenths of the Socialist apparatus.

More recently the British social ist leader, G. D. H. Coles, said, "Before a labor government nationalizes any industry, it should nationalize the banks. With the banks in our hands we can take over other industries at leisure." This is the course Great Britain

took in changing over to social-

m. Our Washington administrators have control of the people's savings today. They allocate them as they please. Not through taxation alone, as great a "take" as that is. Washington is likewise that is. Washington is likewise borrowing and spending a large percentage of the savings repre-sented by life insurance policies, and those in savings banks as well withholdings as the compulorry withholdings from pay envelopes in the name of Social Security.

Following closely the first plank the Communist Manifesto, that is, the power to spend the people's savings, is that of wiping out all inheritances. No need to provide for your children. Even if the State left you any savings for such provision, it is unnecessary, for the State takes are of all. Here provision, it is unnecessary, for the State takes care of all. Hence, inheritance and estate taxes.

Such were, and are the chief long way in this direction. In 20 characteristics of totalitarianism, years Washington has collected

confiscation of property!

Communism is as communism

As a nation slides down the road to socialism and on to com-munism it does so by indulging in large government borrowings

large government borrowings.

We fell for the absurd doctrine of "Why worry about debt as long as we owe it to ourselves."

This doctrine was not homegrown. It was not spawned here. It is alien. The idea was brought here by a man who couldn't sell it to his own country. Or any other country. We Americans welcomed John Maynard Keynes other country. We Americans welcomed John Maynard Keynes and his bag of economic tricks. We had become a little uneasy as pursued our wayward course of borrowing and spending. His doctrine, cockeved as it was reassured us. It rationalized a policy that we weren't very certain of nor proud of.

Some of us are stupidly wondering why Great Britain continues to borrow billions from us, disregarding a Britisher's advice, which we accepted, that a nation is better off when it borrows from itself! There is a simple answer this somewhere. Maybe you have it.

The naked, unadorned fact is that big debts, and high taxes in Communistic Bible of Russia the Socialistic Bible of Great Britain are for leveling purposes. They are not primarily for revenue. They are for the purpose of equalitarianism. redistribute wealth. They are to

It is communism in a bottle with a foreign label, but we are drinking heavily from that bottle today.

#### Controls Over the Individual

Five powers a man needs in order to work his will upon his order to work his will upon his fellowman. They are the control of an individual's savings, of his production, of his wages, of his hours of work, and of the prices he must pay. These were the fundamental powers which Hitler and which Stellin has There had, and which Stalin has. There was no essential difference between Mussolini's Italy, Hitler's Germany and Stalin's Russia. All were autocracies.

During the past two decades the United States has moved in the direction of communism in respect to each one of these five controls.

As I have said, our safety lies in an awakened citizenship. The citizen must be on guard against accepting slogans and catchwords accepting slogans and catchwords for the substance of political changes. A wolf in sheep's clothing is still a ravening wolf. The citizen should speak out, unmindful of charges that he is a reactionary or a Jeremiah and Cassandra. After all, a reactionary exhorted us to return from the fleshpots of Egypt and the broad and primrose path to an earlier and primrose path to an earlier life of piety and self-reliance. After all, the walls of Jerusalem were battered down as Jeremiah predicted, and Troy fell as Cassandra truly forecast.

We must write over and over again the old copybook maxims: Honesty is the best policy. There is no substitute for work. Folly brings its own penalty. Right living brings its own reward. The market place is mightier than any legislative hall

The copybook headings will rise to haunt us if we do not heed them, as Kipling, the great poet-prophet, said half a century ago. Let me repeat for you the last four lines of his remarkable poem:

"And that after this is accom-plished, and the brave new world begins,
When all men are paid for exist-

ing, and no man must pay for his sins,

We must restore the good old American motto, "In God We Trust." "In Washington We Trust.'

Trust. In Washington We Trust' is un-American.
The Land of Gimme has a Declaration of Dependence; ours is still the Declaration of Independence.

tries of the Old World.

It is late, but there is yet time.

There is yet time to get back to the self-reliance of pioneer days. It is not too late to restore responsibility to the individual, to local communities, to the state. Yes, and to impress upon foreign people that God and the United States help those who help themselves.

Selves.

Such a course calls for patience. History points out that the strength of democratic action lies in the fact that people, as represented by local communities, stumble but rise again stronger because of the ordeal. Local rule is described as a raft where one's feet are always wet but the raft feet are always wet, but the raft never sinks.

We should not, in our impatience, attempt to supplant local effort by a strong central power, Again history shows that the strong central power becomes arbitrary and tyrannical, and the individual whose responsibility has been taken from him becomes weakling.

We in the oil industry owe much to America. It has given us free-dom to use the full sweep of our individual abilities. It has pro-vided a field of opportunity where competitive talents can engage in daily contests, where incentive is ever present. It has policed that contest with a greater degree of understanding than most other in-dustries have enjoyed. The oil industry early realized that there must be rules and conditions under which men can work in such a highly competitive field. It realizes today that there has been a rational application of these necessary rules on the part of government officials, State and Federal. Up to now, because of this intelligent attitude, the industry has been able to the state of the try has been able to move forward and petroleum and natural gas now furnish more than 55% of the nation's physical energy.

We in the industry owe much to such a form of government. We have made material payment on this debt. Petroleum products we have produced in abundance. They have been supplied without stint in peace and in war. They have been improved day by day. They have been provided at lower and lower prices.

With such a record, we might call the account balanced.

But we owe more. We to whom much has been given in the things of the spirit—intangibles but, oh how real-owe to free government more than lip service. If we believe this we should resolve here and now to work to preserve the Republic, to sacrifice time energy and thought to this pur-Each of us has a circle of pose. influence — some great, some small. In these circles we should resolve to devote ourselves to bring about a better understand-ing of the system in which we have worked and lived, and which has permitted each of us to get on and up in the world.

and spent ten billions of inheritations and a half billions more in estate taxes, and the states two as surely as Fire will burn, and a half billions more in estate taxes.

Make no mistake, these are capital levies! Or in plain language, confiscation of property!

Communism is as communism Trust" "In Washington We borted.

As surely as Water will wet us, There are those who are honest and idealistic, but who are impractical. They should be met on this ground. There are real Americans who see clearly and who sacrifice willingly. They should be singled out and supported. ported.

> I hope it is unnecessary for me a again to say that these groups cut irs across party lines. Fortunately, le- and to the credit of our people, we have in both parties men who we have in both parties men who are standing out against the easy we know it the grasshoppers will trends of today, men who are imhave ravaged the stores of the patient of the restraints placed upon the individual citizen. If an Immigration Problem. We shall be reduced to the level of the government-dominated countries of the Old World.
>
> It is late but there is yet time.

We should be quick to indignation and even to anger, when we see the constitutional guarantees an individual disregarded. Such a sight should bring pain to

a real American, a pain akin to that produced by a physical blow. Through the years man has yearned to be a free spirit. The culmination of his greatest effort is America. We must not shall not, lose that heritage. must not, we

## **Bankers Underwrite** Pub. Serv. of Ind. Sik.

Public Service Co. of Indiana, Inc., is offering to the holders of its common stock rights to sub-scribe at \$28.125 per share for 324,656 additional shares of common stock at the rate of one share for each 10 shares held of record on Oct. 8, 1951. Subscription warrants will expire at 3 p.m. (CST) on Oct. 24, 1951. The fi-

(CST) on Oct. 24, 1951. The financing is being underwritten by a group of 38 investment firms managed by Blyth & Co., Inc. The underwriters have agreed to purchase any unsubscribed shares. Proceeds of the financing will be used in connection with the company's construction program which for the period July 1, 1951 to Dec. 31, 1954, will require the expenditure of an estimated \$101, 182,000. The largest single proj-182,000. The largest single project in the program is the new Wabash River generating station. now under construction in which four units are expected to provide an aggregate of 360,000 kilowatts of rated capacity by December,

To provide additional funds for construction, the company tered into a bank credit agreement by which it may borrow up-to \$40,000,000 during the periodi prior to Nov. 1, 1953. As of Sept. 18, 1951, the company had bor-rowed \$14,000,000 under the bank credit agreement.

## Special Libraries Assn To Meet Oct. 18

The New York Chapter of the Special Libraries Association is holding its first meeting of the 1951 season on Thursday, October 18 at 7:30 p.m., at the Federal Reserve Bank.

Conducted by Mrs. Elizabeth W. Owens of Mercantile Trust Company of St. Louis, the meeting will be a Personal Finance Forum. will be a Personal Finance Forum. Speakers will be John T. Rosa, account executive of Merrill Lynch, Pierce, Fenner & Beane: Marion Stevens Eberly, director of women's division of the Institute of Life Insurance; and Catherine S. Pepper, in charge of new business development, National City Bank new business de tional City Bank.

#### Carlton A. Opel & Son Formed in New York

(Special to THE FINANCIAL CHRONICLE)

has permitted each of us to get on and up in the world.

We should evaluate our political leaders and those who would be leaders. There are those who Avenue, New York City, to engage are unduly selfish and ambitious. In the securities business. Carlton Their policies and promises A. Opel was formerly with Bache should be weighed on these scales. & Co. and Francis I. du Pont & Co.

# Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

Dusiness Activity		MCCK OI	month e	naea on	that date, or, in cases of quotation	ns, are as	of that c	late:
MERICAN IRON AND STEEL INSTITUTE: Indicated steel operations (percent of capacity)Oct. 14 Equivalent to— Steel ingots and castings (net tons)Oct. 14	Latest Week 101.8	Previous Week 102.6	Month Ago 100.0	Year Ago	BUILDING CONSTRUCTION PERMIT VALUA-	Latest Month	Previous Month	Year Ago
MERICAN PETROLEUM INSTITUTE:	2,035,000	2,051,000	1,999,000	1,959,600	— U. S. DEPT. OF LABOR — Month of July (000's omitted):  All huilding construction	\$700,541	\$986,643	\$1,066,790
Sept. 29	6,303,500 ¶6,558,000 21,085,000	6,297,950 6,550,000 21,752,000	6,231,800 6,666,000 22,140,000	5,903,450 6,051,000 19,624,000	New residential New nonresidential Additions, alterations, etc	375,160 223,072 102,309	688,062 202,036 96,545	640,60 314,05 112,13
asoline output (bbls.)	2,549,000 9,124,000 8,332,000	2,393,000 9,547,000 8,358,000	2,622,000 9,572,000 8,741,000	2,471,000 8,460,000 8,306,000	BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of August	6,500	6,428	7,20
Finished and unfinished gasoline (bbls.) at	-33,837,000	113,072,000 33,529,000 95,164,000	115,201,000 30,417,000 87,282,000	104,383,000 27,849,000 76,734,000	BUSINESS INVENTORIES, DEPT. OF COM- MERCE NEW SERIES — Month of July (millions of dollars):			
OCIATION OF AMERICAN RAILROADS	47,569,000	47,644,000	47,596,000	42,330,000	Manufacturing Wholesale Retail	\$40,400 11,700 18,600	*\$40,000 *11,900 *18,700	\$29,86 9,30 14,10
evenue freight loaded (number of cars) Sept. 29 evenue freight received from connections (number of cars) Sept. 29	864,573 702,392	864,310 693,041	829,391 680,468	880,186 731,004	COTTON PRODUCTION — IL S DEPT OF	\$70,700	*\$70,500	\$53,20
IL ENGINEERING CONSTRUCTION — ENGINEERING NEWS- RECORD: Oct 4 Private construction — Oct 4	\$421,940,000	\$335,092,000	\$160,461,000	\$287,974,000	AGRICULTURE—Estimates as of Oct. 1: Production 500-lb. gross bales	16,931,000	17,291,000	10,012,00
Private construction         Oct. 4           Public construction         Oct. 4           State and municipal         Oct. 4           Federal         Oct. 4	315,014,000 106,926,000 24,967,000 81,959,000	227,640,000 107,452,000 66,288,000 41,164,000	61,277,000 99,184,000 74,586,000 24,598,000	157,407,000 130,567,000 45,725,000 84,842,000	COTTON SEED AND COTTON SEED PROD- UCTS—DEPT. OF COMMERCE—Month of August: Cotton Seed—			
LOUTPUT (II S DIDEAU OF MANES).					Received at mills (tons)  Crushed (tons)  Stocks (tons) August 31	554,938 199,035 422,184	68,052 71,061 66,281	219,72 228,28 275,93
tuminous coal and lignite (tons) Sept. 29 nnsylvania anthracite (tons) Sept. 29 ehive coke (tons) Scpt. 29	11,050,000 937,000 131,500	*10,940,000 833,000 *136,000	10,595,000 872,000 127,100	11,610,000 1,030,000 159,900	Crude Oil— Stocks (pounds) August 31————————————————————————————————————	29,133,000 60,200,000	20,121,000 24,271,000	43,033,00 72,730,00
ARTMENT STORE SALES INDEX—FEDERAL RESERVE SYS- TEM—1935-39 AVERAGE = 100Sept. 29	327	*320	303	320	Refined OII— Stocks (pounds) August 31————————————————————————————————————	98,103,000 40,499,000	27,101,000 147,024,000 24,446,000	97,930,00 78,244,00
SON ELECTRIC INSTITUTE: ectric output (in 000 kwh.)Oct. 6	7,155,921	7,101,794	6,795,370	6,513,707	Cake and Meal— Stocks (tons) August 31	97,735,000 57,343	63,465,000 71,645	155,135,00 121,17
URES (COMMERCIAL AND INDUSTRIAL)—DUN & BRAD- STREET, INCOct. 4	133	154	116	154	Produced (tons) Shipped (tons) Hulls— Stocks (tons) August 31	92,222 106,524 18,914	32,880 51,002 20,157	104,67 119,49 72,96
N AGE COMPOSITE PRICES:  nished steel (per lb.)Oct, 2	4.131c	4.131c	4.131c	3.837c	Produced (tons) Shipped (tons) Linters (running bales)	44,104 45,347	16,963 26,130	54.61 55,28
g iron (per gross ton) Oct. 2 rap steel (per gross ton) Oct. 2	\$52.69 \$43.00	\$52.69 \$43.00	\$52.69 \$43.00	\$46.61 \$40.67	Stocks August 31 Produced Shipped Hull Fiber (1 000 b. belee)	51,557 63,819 50,467	38,205 21,308 22,083	51,56 68,23 81,56
AL PRICES (E. & M. J. QUOTATIONS): ctrolytic copper— Comestic refinery at	24.200c	04.000			Hull Fiber (1,000-lb, bales)— Stocks (August 31)————————————————————————————————————	489 484 # 131	136 †	1! 1! 1!
Domestic refinery at         Oct. 3           Export refinery at         Oct. 3           raits tin (New York) at         Oct. 3           ad (New York) at         Oct. 3	27.425c 103.000c 19.000c	24.200c 27.425c 103.000c 17.000c	24.200c 27.425c 103.000c 17.000c	24.200c 24.425c 106.000c 16.000c	Motes, Grabbots, etc. (1,000 pounds)— Stocks August 31 Produced	3,634 961	4,037 374	1,5° 1,3°
ad (New York) at Oct. 3 ad (St. Louis ) at Oct. 3 ac (St. Louis ) at Oct. 3 ac (East St. Louis) at Oct. 3	18.800c 19.500c	16.800c 17.500c	16.800c 17.500c	15.800c 17.500c	Shipped  EMPLOYMENT AND PAYROLLS—U. S. DEPT.  OF LABOR—REVISED SERIES—Month of	1,364	857	2,1
DY'S BOND PRICES DAILY AVERAGES:  S. Government Bonds	98.02 111.25		98.99 111.62	101.62 115.63	July: All manufacturing (production workers)	12,904,000 7,240,000	*13,053,000 *7,406,000	12,148,0 6,597,0
	115.82 115.04 109.97	115.82 115.24 110.15	116.22 115.24 110.52	119.82 118.80 115.04	All manufacturing	5,664,000 157.5	*5,647,000 *159.3	5,551,0 14
a	104.48 107.80 111.07 114.66	104.66 108.16 111.07 114.85	104.83 108.16 111.44 115.24	109.06 111.62 116.02 119.20		425.5	*435.5	367
DY'S BOND YIELD DAILY AVERAGES.					All manufacturing Durable goods Nondurable goods	15,829,000 8,855,000 6,974,000	*15,950,000 *8,996,000 *6,954,000	14,777,0 7,978,0 6,799,0
S. Government Bonds	2.63 3.10 2.86 2.90	2.63 3.10 2.86 2.89	2.57 3.08 2.84 2.89	2.38 2.87 2.66 2.71	LIFE INSURANCE—BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of July:			
a	3.17 3.48 3.29	3.16 3.47 3.27	3.14 3.46 3.27	2.90 3.22 3.08	Death benefits Matured endowments Disability payments	\$135,428,000 38,234,000 8,152,000	42,984,000 8,247,000	\$117,588,0 36,949,0 7,462,0
Oct. 9	3.11 2.92	3.11 2.91	3.09 2.89	2.85 2.69	Annuity payments Surrender values Policy dividends	22,550,000 54,131,000 48,788,000	22.512,000 57,296,000 65,101,000	21,183,0 50,442,0 44,147,0
Oct. 9  IONAL PAPERBOARD ASSOCIATION:	463.8	463.5	458.3	. 465.7	Total MANUFACTURERS' INVENTORIES & SALES	\$307,283,000	\$338,256,000	\$277,771,00
ders received (tons) Sept. 29 oduction (tons) Sept. 29 reenlage of activity Sept. 29	218,174	155,900 214,310 90	184,783 216,789 93	253,120 236,422 103	(DEPT. OF COMMERCE) NEW SERIES— Month of July (millions of dollars): Inventories:			
PAINT AND DRUG REPORTER PRICE INDEX 1926.3G	458,150	475,903	470,841	714,877	Durable Nondurable Total	\$19,520 20,828 \$40,348	*\$19,024 *20,715 *\$39,739	\$13,93 15,80 \$29,75
CK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-	148.9	149.1	149.2	137.6	Sales	19,898	*22,375	18,6
LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE—SECURITIES EXCHANGE COMMISSION: (d-lot sales by dealers (customers' purchases)—					-As of July 31 (000's emitted)  PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month	\$27,851,000	*\$27,809,000	\$27,010,0
Number of orders         Sept. 22           Number of shares         Sept. 22           Dollar value         Sept. 22           id-lot purchases by dealers (customers' sales)         Sept. 22	35,154 1,025,367 \$45,026,496	35,640 1,077,194 \$46,148,934	25,316 732,686 \$32,384,364	29,636 884,732 \$42,249,065	of July (in billions): Total personal income	\$251.6 166.1	*\$251.0 *166.4	\$222 143
fumber of orders—Customers' total sales Sept. 22 Customers' short sales Sept. 22 Customers' other sales	228	35,065 252 34,813	22,960 252 22,708	33,796 265 33,531	Total employer disbursements Commodity producing industries Distributive industries	169.6 74.5 45.7	*169.9 *75.2 *45.6	146 63 41
Customers' short sales Sept. 22 Customers' other sales	929,213 8,148	1,009,067 8,183 1,000,884	634,813 7,834 626,979	964,241 10,843 953,398	Service industries Government Less employee contributions for social insurance	20.2 29.2 3.5	*20.3 28.8	18 21 2
Number of shares—Total sales  Sept. 22	\$37,508,929	\$40,475,280 295,190	\$26,670,690 192,610	\$38,350,289 354,040	Other labor income Proprietors' and rental income Personal interest income and dividends	3.8 49.3 19.8	3.8 *48.0 *20.0	3. 45. 18.
Other salesSept. 22	281,400	295,190	192,610	354,040	Total transfer payments Total nonagricultural income PRICES RECEIVED BY FARMERS — INDEX	12.6 299.2	12.8 *230.1	12. 204.
Number of shares Sept. 22  Number of shares Sept. 22  NLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—	364,750	372,730	275,430	272,110	NUMBER — U. S. DEPT. OF AGRICUL- TURE — August, 1909-July, 1914—100—As of July 15:	* 1		
1926 = 100: commoditiesOct. 2	177.2 191.1	*176.7 *190.5	176.8 189.4	169.2 178.5	Unadjusted— All farm products Crops	294 252	301 263 240	26 23
Oct. 2   Livestock   Oct. 2   Code   Oct. 2   Code   Oct. 2   Code   Oct. 2   Oct. 3   Oct.	183.8 260.1 189.5	182.2 *260.0 *188.8	180.0 255.8 188.5	167.4 224.6 174.0	Food grain Feed grain and hay Tobacco Cotton	236 213 438 329	240 217 438 353	-22 19 38 27
Textile productsOct. 2  Fuel and lighting materials	284.7 165.3 159.1 138.8	282.1 *165.1 *159.5 *138.7	279.4 165.7 166.7 138.0	246.7 160.8 162.6 135.1	Fruit Truck crops Oil-bearing crops	175 204 317	200 189 358	21 200 26'
Metals and metal products Oct. 2 Building materials Oct. 2 Lumber Oct. 2	190.0 223.0 343.6	190.5 *222.6 *342.7	188.2 222.1 341.9	177.8 220.6 ‡	Livestock and products  Meat animals  Dairy products	332 414 272	335 422 269 217	287 371 232 173
Metals and metal products Oct. 2 Building materials Oct. 2 Building materials Oct. 2 Lumber Oct. 2 Chemicals and allied products Oct. 2  *Revised. \$Not available. \$Includes 542,000 barrels of foreign crude ru	190.0 223.0 343.6 141.0	190.5 *222.6	188.2 222.1 341.9 140.1	220.6	Livestock and products Meat animals	332 414 272 222	335 422 269 217	

# Securities Now in Registration

\* REVISIONS THIS WEEK . INDICATES ADDITIONS

#### New Registrations and Filings

Algam Corp., New York
Oct. 2 (letter of notification) 4,000 shares of class A common stock. Price—Approximately \$12 per share. Underwriter—None. Proceeds—For working capital. Address—c/o John Sloan, Vice-President, 420 Lexington Avenue, New York, N. Y.

American Box Board Co., Grand Rapids, Mich. Oct. 3 (letter of notification) 14,100 shares of common stock (par \$1). Price—\$21.25 per share. Underwriter—Paine, Webber, Jackson & Curtis, New York. Proceeds—To selling stockholders. Offering—Made Oct. 10 and

Anesco, Inc., Toledo, O.
Oct. 3 (letter of notification) 250 shares of common stock (no par) and 750,000 shares of preferred stock (par \$100).
Price—\$100 per share. Underwriter—None. Proceeds—For general corporate purposes. Address—c/o J. T. Berry, Nicholas Bldg., Toledo 4, Ohio.

California Tuna Packing Corp., San Diego, Calif. Oct. 4 (letter of notification) \$300,000 of 6% convertible sinking fund debentures due Oct. 1, 1966. Underwriter—Wahler, White & Co., Kansas City, Mo. Proceeds—For general corporate purposes. Office — 2305 East Belt St., San Diego 2, Calif.

Commonwealth Edison Co., Chicago, III. (10/30) Oct. 10 filed 1,716,500 shares of cumulative convertible preferred stock (par \$25) to be offered first for subscription by common stockholders on basis of one share of preferred for each eight common shares held. Price—To be supplied by amendment. Underwriters—Glore, Forgan & Co. and The First Boston Corp., New York. Proceeds—For new construction and to repay bank loans.

Consolidated Credit Corp., N. Y. (10/16)
Oct. 8 (letter of notification) 50,000 shares of 6% cumulative preferred stock (par \$5) and 50,000 shares of common stock (par \$1). Price—At par. Underwriter—None. Proceeds—For working capital. Office—33 West 42nd Street, New York 18, N. Y.

Continental Can Co., Inc. (10/25)
Oct. 5 filed \$15,000,000 of debentures due Oct. 15, 1976.
Price—To be supplied by amendment. Underwriters—
Goldman, Sachs & Co. and Lehman Brothers, New York.
Proceeds—For plant and equipment replacements and working capital. Meeting—Preferred stockholders will vote Oct. 22 on approving proposed debenture issue.

Continental Can Co., Inc. (10/25)

Oct. 5 filed 104,625 shares of cumulative convertible second preferred stock (no par or \$100 par) to be offered for subscription by common stockholders of record about for subscription by common stockholders of record about Oct. 24 at rate of one share for each 30 shares of common stock held; rights to expire on or about Nov. 8. Price—To be supplied by amendment. Underwriters—Goldman, Sachs & Co. and Lehman Brothers, New York. Proceeds—For plant and equipment replacements, and working capital. Meeting—Common stockholders will vote Oct. 22 on approving authorized issue of 250,000 shares of second preferred stock.

Eureka Corp., Ltd., Toronto, Canada
Oct. 9 filed 4,312,404 shares of common stock (par 25 cents—Canadian), of which 3,234,303 shares are to be offered to stockholders, on basis of two shares for each three shares held. Subscribers will receive for each three shares subscribed for, a warrant to purchase one additional share at \$1.25 per share—Canadian—within 18 months. Price—55 cents per share—Canadian. Underwriter—None. Proceeds—For working capital.

Family Finance Corp. (10/30)
Oct. 9 filed 80,000 shares of cumulative convertible preference stock, series B (par \$50). Price—To be supplied by amendment. Underwriters—Merrill Lynch, Pierce, Fenner & Beane and G. H. Walker & Co., New York. Proceeds—For general corporate purposes.

Florida Power & Light Co. (11/14)
Oct. 10 filed \$10,000,000 of first mortgage bonds due
Nov. 1, 1981. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart &
Co. Inc.; Carl M. Loeb, Rhoades & Co. and Bear, Stearns
& Co. (jointly); The First Boston Corp.; Harriman Ripley & Co., Inc.; Shields & Co.; White, Weld & Co.; Lehman Brothers. Proceeds—For new construction and
equipment. Bids—Expected to be received at 12 noon
(EST) on Nov. 14.



General Capital Corp., Boston, Mass.
Oct. 3 filed 150,000 shares of common stock (par \$1).
Price—At market. Underwriter—None. Proceeds—For

investment.

Goldoil Inc., N. Y.
Oct. 4 (letter of notification) 5,000 shares of capital stock (no par). Price—\$5 per share. Underwriter—None. Proceeds—To buy, sell, lease and develop oil properties. Office—110 East 42nd Street, New York.

Goodall Rubber Co., Trenton, N. J. (10/15)
Oct. 4 (letter of notification) 13,500 shares of class A common stock (par \$5) and 1,000 shares of 5% cumulative preferred stock (par \$100). Price—Of common, \$13.50 per share and of preferred, \$100 per share. Underwriter—None, Proceeds—To increase stock interest in Whitehead Brothers Rubber Co. and for working capital. Office—Whitehead Road, Trenton 4, N. J.

Goodall-Sanford, Inc. (10/26)
Oct. 5 filed 80,000 shares of preference stock (par \$50)
—convertible up to and including Nov. 1, 1961. Price—
To be supplied by amendment. Underwriters—Union
Securities Corp. and W. C. Langley & Co., New York.
Proceeds—From sale of stock, together with \$3,000,000 to be received from private placement of 15-year debentures, will be used to provide additional working capital required in connection with increased volume of business, and to reduce short-term loans.

ness, and to reduce short-term loans.

Hathaway (C. F.) Co., Waterville, Me.
Oct. 2 (letter of notification) 12,000 shares of 5.8% cumulative preferred stock (par \$25), with common stock purchase warrants attached. Price—To be supplied by amendment. Underwriter—H. M. Payson & Co., Portland, Me. Proceeds—For working capital.

Hydrocarb Corp., East Orange, N. J. (10/15)
Oct. 5 (letter of notification) 599,880 shares of convertible class A stock (par five cents). Price—50 cents per share. Underwriter—Stanley, Pelz & Co., Inc., New York. Proceeds—To purchase equipment, to repay notes payable and for other corporate purposes. Office—545. North Arlington Avenue, East Orange, N. J.

North Arlington Avenue, East Orange, N. J.

lowa Southern Utilities Co. (10/24)
Oct. 5 filed 79,048 shares of common stock (par \$15) reserved for conversion of 39,524 shares of 5½% convertible preferred stock which will be called for redemption. Starts on Oct. 24 and ends first week in November. Price—To be supplied by amendment. Underwriter—The First Boston Corp., New York. Proceeds—To reimburse company for money expended for redemption of unconverted portion of 5½% preferred stock.

Key Oil & Gas Co., Ltd., Calgary, Canada
Oct. 3 filed 500,000 shares of common stock. Price—At par (\$1 per share). Underwriter—None, but sales will be made by James H. Nelson, promoter and a director of company, of Longview, Wash. Proceeds—To drill well, for lease acquisitions and properties held pending development work, and for other corporate purposes.

Kimberly-Clark Corp. (11/12-13)

opment work, and for other corporate purposes.

Kimberly-Clark Corp. (11/12-13)

Oct. 5 filed 102,424 shares of 4% cumulative convertible preferred stock (par \$100), to be offered in exchange for outstanding 4½% cumulative preferred stock on a share-for-share basis, plus cash payment of 37½ cents per share; the offer to expire on Nov. 9. Price—To be supplied by amendment. Underwriter—Blyth & Co., Inc., New York. Proceeds—To retire unexchanged 4½% preferred stock. Underwriters have agreed to purchase a ferred stock. Underwriters have agreed to purchase a maximum of 37,424 shares of 4% preferred stock, providing at least 65,000 shares of 4½% preferred stock accept exchange offer.

Little Valley Oil Co., Lovell, Wyo. ct. 3 (letter of notification) 75,000 shares of common ock. Price—\$1 per share. Underwriter—None. Pro-leds—For drilling operations. Address—P. O. Box 544, Lovell, Wyo

Long Island Lighting Co.

Long Island Lighting Co.
Oct. 3 filed 100,000 shares of cumulative preferred stock, series A (par \$100). Underwriters—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., and First Boston Corp. (jointly); Kidder, Peabody & Co.; Harriman Ripley & Co. Inc.; Smith, Barney & Co.; W. C. Langley & Co. and Glore, Forgan & Co. (jointly). Proceeds—From sale of preferred stock, together with proceeds from proposed sale of about \$25,-000,000 of first mortgage bonds in December, 1951, will be used to retire \$14,493,400 of bonds of former subsidiaries, to pay off bank loans, and for construction program. program.

Long Island Lighting Co. (10/24)

Oct. 3 filed 524,949 shares of common stock (no par), to be offered for subscription by common stockholders of record Oct. 24, 1951, at rate of one new share for each seven shares held; rights expire Nov. 7 or 8. Price—To be supplied by amendment. Underwriters—Blyth & Co., Inc. and The First Boston Corp., New York. Proceeds—To reduce short-term loans borrowed for construction.

Mineral Products Co., Pittsburg, Kansas
Oct. 4 (letter of notification) \$225,000 of second mortgage 5% bonds to be offered to stockholders in ratio of \$300 of bonds for each share of stock held as of record June 30, 1951, with an oversubscription privilege. Price At principal amount. Underwriter—None. Proceeds—For equipment. Office—314 National Bank Bldg., Pittsburg, Kansas.

Nickel Offsets, Ltd., Toronto, Canada

Oct. 8 filed 500,000 shares of common stock (no par) to be offered for subscription by stockholders at rate of one

share for each five shares held. Price—\$2.25 per share. (Canadian funds). Underwriter—None. Proceeds—To repay loans from Cliff Petroleum Co. and for expansion program. Business — To acquire, explore and develop mining properties in Canada.

Pacific Gas & Electric Co. (10/24)

Oct. 3 filed 1,500,000 shares of redeemable first preferred stock (par \$25). Price—To be supplied by amendment. Underwriter—To be named later. Probably Blyth & Co., Inc. Proceeds—To finance, in part, the company's construction program struction program.

Pension Planners, Inc., Charlotte, N. C.
Oct. 1 (letter of notification) 400 shares of 4% preferred stock (par \$100), 2,000 shares of class A common stock (par \$10) and 2,600 shares of class B common stock (par \$25). Price—At par. Underwriter—None. Proceeds—For working capital. Office—205 South Church Street Bldg., Charlotte, N. C.

Radix, Inc., Huntington Park, Calif.
Oct. 1 (letter of notification) 100 shares of non-assessable common stock, of which 55 will be offered to public and 45 will be issued to Mrs. Edythe Persion to repay a \$4,500 cash advance by her. Price—At par (\$100 per share). Underwriter—None. Proceeds—For advertising and working capital. Office—6438 Templeton St., Huntington Park, Calif.

Sharon Steel Corp. (10/29)

Oct. 9 filed 174,137 shares of common stock (no par).

Price—To be supplied by amendment. Underwriter—
The First Boston Corp., New York. Proceeds—For expansion program and working capital.

Shellmar Products Corp., Mount Vernon,

Ohio (10/25)
Oct. 9 filed 100,000 shares of cumulative preferred stock (par \$50), convertible into common stock on or before Dec. 31, 1966. Price—To be supplied by amendment. Underwriter—Glore, Forgan & Co., New York. Proceeds—To retire 44% perferred stock and for additional capital expenditures ital expenditures.

Spotless Co., Inc., Richmond, Va.
Oct. 5 (letter of notification) 2,500 shares of common stock, to be issued under an employee incentive stock purchase plan. A pro rata part of the issue will also be offered to dissenting stockholders. Price—To employee, 15% less than the market (estimated at \$13.60 per share). Underwriter—None. Proceeds—For working capital. Office—1010 East Cary St., Richmond, Va.

Stiebel Shoe Co., Dallas, Tex.

Sept. 28 (letter of notification 9,000 shares of 8% convertible debentures (par \$10). Price—\$10.75 per share.

Underwriter—J. F. Perkins & Co., Dallas, Tex. Proceeds—To John M. Stiebel and Angel Sariego, the selling stockholders. Office—1508 First National Bank Bldg., Dallas 1 Tex Dallas 1. Tex.

U. S. Rubber Reclaiming Co., Inc.
Oct. 9 (letter of notification) 5,220 shares of common stock (par \$1). Price—At market (about \$6.25 per share). Underwriter—Eisele & King Libaire Stout & Co., New York. Proceeds—To trustees of Estate of Co., New R. A. Low.

Waukesha Motor Co., Waukesha, Wis.
Oct. 1 (letter of notification) 5,000 shares of common stock (par \$5). Price—At market (approximately \$19.50 per share). Underwriter—Merrill Lynch, Pierce, Fenner & Beane, Milwaukee, Wis. Proceeds—To E. G. Bach as Executor of the Estate of Isabel Hadcock.

#### Previous Registrations and Filings

Acme Industries, Inc., Jackson, Mich.

Sept. 12 (letter of notification) 14,840 shares of common stock (par \$1), of which 4,840 shares are to be offered to officers and employees of company and 10,000 shares to the public. Price—To employees, \$3.08 per share and to public \$3.50 per share. Underwriters—Stoetzer, Faulkner & Co. and Wm. C. Roney & Co., both of Detroit, Mich. Proceeds—To Estate of Roy C. Weatherwax, the selling stockholder.

Acro Manufacturing Co., Columbus, Ohio

Acro Manufacturing Co., Columbus, Ohio
Aug. 14 (letter of notification) 40,716 shares of common
stock (par 25 cents), to be offered to present stockholders at rate of four-fifths of a share for each share held
(unsubscribed shares to be sold to public). Price—\$7
per share to stockholders and \$8 per share to public.
Underwriter—None. Proceeds—For plant improvements
and expansion and for working capital. Office—2040
East Main Street, Columbus, Ohio.

Alabama Flake Graphite Co., Birmingham, Ala. July 12 (letter of notification) \$100,000 of 7% 20-year sinking fund bonds dated Jan. 15, 1949 and due Jan. 15, 1969 (in denominations of \$1,000 each). Price—At par. Underwriter—Odess, Martin & Herzberg, Inc., Birmingham, Ala. Proceeds—For plant expansion. Office—420 Comer Bldg., Birmingham, Ala.

Aluminium, Ltd., Montreal, Canada (10.19)
Sept. 21 filed 372,205 shares of capital stock (no par) to be offered for subscription by stockholders of record Oct. 19 at rate of one new share for each 10 shares held; rights to expire on Nov. 8. Price — To be supplied by amendment (not to exceed \$65-Canadian-per share). Dealer-Managers — The First Boston Corp. and A. E. Ames & Co., Ltd. Proceeds—For working capital to be available for expansion program. American Brake Shoe Co.

June 29 filed 50,000 shares of common stock (no par) to be offered to certain officers and key employees through a stock purchase plan. Price—To be not greater than the market price on the date of the offering, or no less than 85% of such price. Underwriter—None. Proceeds—To be added to general funds.

American Export Lines, Inc. (10/16)

Sept. 27 filed 123,521 shares of common stock (par 40 cents). Price—To be supplied by amendment. Underwriter—Union Securities Corp., New York. Proceeds—To certain selling stockholders.

American Investment Co. of Illinois

Aug. 16 filed 167,105 shares of \$1.25 cumulative convertible preference stock, series A (par \$25), being offered in exchange for common stock of Domestic Finance Corp., Chicago, Ill. on basis of one American share for each five Domestic common shares; the offer to expire on Oct. 25. Dealer-Managers — Kidder, Peabody & Co., New York, and Alex. Brown & Sons, Baltimore, Md. Statement effective Sept. 5.

\* Arkansas Power & Light Co.

Arransas Power & Light Co.

Sept. 5 filed \$8,000,000 of first mortgage bonds due 1981.

Underwriters — Equitable Securities Corp. and Central

Republic Co. who were awarded the bonds on Oct. 9 on
their bid of 102.239 for 3%s. Proceeds—For construction
and other corporate purposes. Offering—Expected today
at 103.254% to yield 3.45%. Statement effective Sept. 26.

at 103.254% to yield 3.45%. Statement effective Sept. 26.

Bell & Gossett Co., Morton Grove, III.

Sept. 27 (letter of notification) 1,000 shares of common stock (par \$5). Price—At market (approximately \$26.25 per share). Underwriter—Ames, Emerich & Co., Inc., Chicago, III. Proceeds—To Clarence E. Pullum, Vice-President, who is the selling stockholder.

Blackwood & Nichols Co., Oklahoma City, Okla., and Davidson, Hartz, Hyde & Dewey, Inc., Madison, N. J.

Sept. 27 filed \$2,000,000 of contributions in oil property interests (1952 fund) in amounts of \$15,000 or more. Underwriter—None. Proceeds—To acquire and develop oil property.

oil property.

Blair (Neb.) Telephone Co.
July 18 (letter of notification) \$175,000 of first mortgage 4% bonds, series A, due 1971. Price—101 and accrued interest. Underwriter — Wachob-Bender Corp., Omaha, Neb. Proceeds—To retire first mortgage (closed) 3½% bonds and to convert to dial operation.

Bloch Brothers Tobacco Co. (10/17)
Sept. 26 filed 50,000 shares of common stock (par \$12.50).
Price—To be supplied by amendment. Underwriter—
Fulton, Reid & Co., Cleveland, Ohio. Proceeds—To Forchild Corp., the selling stockholder.

Burlington Mills Corp.

March 5 filed 300,000 shares of convertible preference stock (par \$100). Price—To be supplied by amendment. Underwriter—Kidder, Peabody & Co., New York. Proceeds—For additions and improvements to plant and equipment. Offering date postponed.

Celanese Corp. of America (10/18)
Oct. 2 filed \$50,000,000 of 25-year sinking fund debentures due Oct. 1, 1976. Price—To be supplied by amendment. Underwriter—Dillon, Read & Co., Inc., New York. Proceeds—To redeem \$19,750,000 of notes and for capital expenditures and other general corporate purposes.

expenditures and other general corporate purposes.

\*\* Central & South West Corp. (10/16)

Sept. 10 filed 500,000 shares of common stock (par \$5).

Underwriters—To be determined by competitive bidding.

Probable bidders: Blyth & Co., Inc., Smith, Barney &
Co. and Harriman Ripley & Co., Inc. (jointly); Lehman

Brothers and Lazard Freres & Co. (jointly); The First

Boston Corp. and Merrill Lynch, Pierce, Fenner &
Beane (jointly); Kuhn, Loeb & Co.; Carl M. Loeb,
Rhoades & Co., Ladenburg, Thalmann & Co. and Wertheim & Co. (jointly). Proceeds—To be used to assist

subsidiaries to finance a part of their construction programs. Bids—To be received up to 11 a.m. (CST) on Oct.

16 at 20 No. Wacker Drive, Chicago 6, Ill.

Chance (A. B.) Co., Centralia, Mo.

Chance (A. B.) Co., Centralia, Mo.

Sept. 21 filed 50,000 shares of common stock (par \$5).

Price—\$12.50 per share. Underwriter—Stifel, Nicolaus & Co., Inc., St. Louis, Mo. Proceeds—To certain selling stockholders. Business—Manufacture and sale of earth anchors and other equipment used in communication lines. Offering—Expected today lines. Offering—Expected today.

Clary Multiplier Corp., San Gabriel, Calif.

Aug. 29 (letter of notification) 23,250 shares of common stock (par \$1). Price—\$5 per share. Undewriter—None. Proceeds—To reduce bank loans and for working capital. Office-408 Junipero St., San Gabriel, Calif.

Clinton (Mich.) Machine Co. Aug. 16 (letter of notification) 100,000 shares of common stock (par \$1). Price—At the market (estimated at \$2.75

stock (par \$1). Price—At the market (estimated at \$2.75 per share, but not more than \$3 per share). Underwriter—None. Proceeds—For working capital, including payment of accounts payable and purchase of inventory.

Coca-Cola Bottling Co. of St. Louis
Sept. 26 (letter of notification) 2,500 shares of common stock (par \$1). Price—At the market (approximately \$30 per share). Underwriter—G. H. Walker & Co. and Wm. F. Dowdall & Co., both of St. Louis, Mo. Proceeds—To Willard Cox, the selling stockholder. Office—2950 No. Market St., St. Louis, Mo.

Market St., St. Louis, Mo.

\*\*Consumers Power Co., Jackson, Mich. (10/17)
Sept. 20 filed 561,517 shares of common stock (no par), to be offered for subscription by common stockholders of record Oct. 17 at rate of one share for each 10 shares held; rights to expire on Nov. 2. Unsubscribed shares to be offered employees of company and its subsidiary, Michigan Gas Storage Co. Price—To be supplied by amendment. Underwriters—To be determined by com-

## **NEW ISSUE CALENDAR**

October 15, 1951

Goodall Rubber Co.....Pfd. & Common Hydrocarb Corp. Marine Midland Corp. (exchange offer)\_Common

October 16, 1951

.\_\_\_\_Debentures Warren Petroleum Corp.\_\_\_\_\_\_Debentures
West Virginia Coal & Coke Corp.\_\_\_\_\_Common
West Virginia Pulp & Paper Co.\_\_\_\_\_Debentures

October 17, 1951

Louisville Gas & Electric Co. \_\_Common Bonds Public Service Electric & Gas Co... Preferred
Robbins Mills, Inc. Preferred ----Preferred

October 18, 1951

Celanese Corp. of America\_\_\_\_ \_\_\_\_Debentures October 19, 1951

Aluminium, Ltd.

October 22, 1951 U. S. Vitamin Corp.\_\_\_\_\_Common Wisconsin Michigan Power Co.\_\_\_\_Bonds

October 23, 1951

American Consolidated Freightways\_\_\_\_Common Glen-Gery Shale Brick Corp.\_\_\_

October 24, 1951

Rockland Light & Power Co.
11 a.m. (EST) \_\_Bonds

October 25, 1951

\_Debentures Mulhens (Ferd.), Inc. 1:30 p.m. (EST) Common Shellmar Products Corp. Preferred

October 26, 1951

Goodall-Sanford, Inc. \_\_Preference October 29, 1951

Sharon Steel Corp.\_\_\_\_\_Common Utah Power & Light Co. noon (EST)\_\_\_\_\_Bonds October 30, 1951

West Texas Utilities Co.\_\_\_\_\_ November 1, 1951

Metals & Chemicals Corp .\_\_. Common Ritchie Associates Finance Corp.\_\_\_\_Debentures

November 12, 1951

Kimberly-Clark Corp. \_\_ November 14, 1951

Florida Power & Light Co. noon (EST)\_\_\_\_Bonds November 15, 1951

Silver Buckle Mining Co.\_\_\_\_Common

November 20, 1951 Gulf States Utilities Co.\_\_\_\_Bonds Pacific Telephone & Telegraph Co.\_\_Debs. & Stock Bonds

November 27, 1951

Erie RR \_\_Equip. Trust Ctfs.

December 10, 1951

Virginia Electric & Power Co ...

petitive bidding. Probable bidders: Morgan Stanley & Co.; Lehman Brothers; Harriman Ripley & Co., Inc. and The First Boston Corp. (jointly). Proceeds—For property additions and improvements. Bids—To be received up to 11 a.m. (EST) Oct. 17.

Consumers Public Service Co., Brookfield, Mo. Aug. 22 (letter of notification) 1,500 shares of 5% cumulative preferred stock. Price — At par (\$50 per share). Underwriter—None, but will be sold through Wachob-Bender Corp., Omaha, Neb. Proceeds—For liquidation of short-term notes and for further extensions and betterments of the company's electric property. Office—201½ No. Main St., Brookfield, Mo.

March 5t., Brookfield, Mo.

Continental Car-Nar-Var Corp., Brazil, Ind.

March 5 (letter of notification) 150,000 shares of common (voting) stock (par \$1). Price—\$2 per share. Underwriters—Sills, Fairman & Harris, Inc., Chicago, and Gearhart, Kinnard & Otis, Inc., New York. Proceeds—For working capital and general corporate purposes. Temporarily deferred.

Continental Electric Co., Geneva, III.

March 2 (letter of notification) \$300,000 of 6% sinking fund debentures due Dec. 1, 1975 (to be issued in units

of \$100, \$500 and \$1,000 each). Price—91% of principal amount. Underwriter—Boettcher & Co., Chicago, Ill. Proceeds—To retire indebtedness and for working capital. Offering—Postponed indefinitely.

★ Crown Drug Co., Kansas City, Mo.

Aug. 21 (letter of notification) by amendment \$300,000

4½% debenture convertible notes due Oct. 1, 1962 (in units of \$60, \$100, \$500 and \$1,000) being offered to common stockholders of record Oct. 1 on following basis: \$60 of notes for each 100 shares or less held; \$100 of notes for each 101 shares to 150 shares held; and stockholders owning over 150 shares. \$60 of notes for each notes for each 101 shares to 150 shares held; and stockholders owning over 150 shares, \$60 of notes for each 100 shares or fraction thereof held. Rights will expire on Oct. 22. Underwriters—Roger W. Babson, Wellesley Hills, Mass.; H. J. Witschner, Kansas City, Mo.; Business Statistics Organization, Inc., Babson Park, Mass.; or their nominees. Proceeds—To retire debt to RFC and for working capital. Office—2110 Central Street, Kansas City, Mo.

Deardorf Oil Corp., Oklahoma City, Okla.
Sept. 24 (letter of notification) 175,000 shares of common stock (par 10 cents). Price—40 cents per share. Underwriter—None. Proceeds—For operating expenses. Office—219 Fidelity Building, Oklahoma City, Okla.

Doman Helicopters, Inc., N. Y.
Sept. 20 (letter of notification) 3,000 shares of capital stock. Price—At the market (estimated at \$4 per share).
Underwriter—None. Proceeds—To Glidden S. Doman, President, who is the selling stockholder. Office—545 Fifth Ave., New York 17, N. Y.

Drayson-Hanson, Inc., Los Angeles, Calif.
June 4 (letter of notification) 50,000 shares of common stock (par 40 cents). Price—\$1.20 per share. Underwriter—Edgerton, Wykoff & Co., Los Angeles, Calif. Proceeds—To purchase real property and plant.

Fidelity Electric Co., Inc., Lancaster, Pa.
Sept. 26 (letter of notification) 2,000 shares of common stock (par \$1). Price—At market (approximately \$3.50 per share). Underwriter—Dunne & Co., New York. Proceeds — To J. D. Cleland, President, the selling stockholder.

Fosgate Citrus Concentrate Cooperative (Fla.) June 29 filed 453 shares of class A common stock (par \$100); 5,706 shares of 5% class B preferred stock (par \$100), cumulative beginning three years from July 10, 1950; 8,000 shares of 4% revolving fund class C stock (par \$100); 2,000 shares of 4% revolving fund class C stock (par \$50); and 4,000 shares of 4% revolving fund class C stock (par \$50); and 4,000 shares of 4% revolving fund class C stock (par \$25). Price—At par. Underwriters—None. Proceeds—To construct and equip frozen concentrate plant at Forest City, Fla.

★ General Acceptance Corp., Allentown, Pa.

\* General Acceptance Corp., Allentown, Pa. (10/25)
Sept. 28 filed \$5,000,000 10-year 3½% sinking fund debentures due Oct. 1, 1961. Price — To be supplied by amendment. Underwriter — Paine, Webber, Jackson & Curtis, New York. Proceeds — To prepay senior notes and other borrowings and for general corporate purposes.

Glen-Gery Shale Brick Corp. (10/23)
Sept. 28 filed \$2,000,000 first mortgage bonds, 5½% series, due 1971, with detachable warrants for purchase of common stock attached. Price — To be supplied by amendment. Underwriters — Lee Higginson Corp. and P. W. Brooks & Co., Inc., both of New York, and Warren W. York & Co., Allentown, Pa. Proceeds—To redeem \$831,400 bonds and repay \$500,000 bank loans and for expansion program. for expansion program.

Golconda Mines Ltd., Montreal, Canada
April 9 filed 750,000 shares of common stock. Price—
At par (\$1 per share). Underwriter—George F. Breen,
New York. Proceeds—For drilling expenses, repayment
of advances and working capital. Offering—Date not set.

Grand Union Co., New York
Aug. 7 filed 64,000 shares of common stock (par \$10)
to be issued pursuant to an "employees' restricted stock
option plan." Price—To be supplied by amendment.
Underwriter—None. Proceeds—For general corporate
purposes. Office—50 Church St., New York.

Helio Aircraft Corp., Norwood, Mass.
July 31 (letter of notification) 7,750 shares of common stock (par \$1) and 7,750 shares of common stock (par \$1) to be offered in units of one share of preferred and one share of common stock.

Price—\$25 per unit (\$20 for preferred and \$5 for common). Underwriter—None. Proceeds—For development and promotion expenses. Office—Boston Metropolitan Airport, Norwood, Mass.

Herff Jones Co., Indianapolis, Ind.

Herff Jones Co., Indianapolis, Ind.
Sept. 10 (letter of notification) 10,000 shares of class A preference stock (par \$1), to be offered to employees.
Price—At the market or less (approximately \$10 per share). Underwriter—For unsubscribed shares, City Securities Corp., Indianapolis, Ind. Proceeds—To Harry I. Horff President Herff, President.

J. Herff, President.

Hex Foods, Inc., Kansas City, Mo.

Aug. 1 (letter of notification) 89 shares of 6% cumulative preferred stock (par \$100) and 424 shares of common stock (no par). Price—For preferred, at par; and for common, at \$20 per share. Underwriter — Prugh, Combest & Land, Inc., Kansas City, Mo., will act as dealer. Proceeds—For plant improvements and general corporate purposes. Office—412 W. 39th St., Kansas City, Mo.

Heyden Chemical Corp.
Sept. 14 filed 53,300 shares of \$4.37½ cumulative convertible second preferred stock (no par) being offered for subscription by common stockholders of record Oct. 4 at rate of one preferred share for each 20 common

Continued on page 52

zhares held; rights to expire Oct. 18. Price — \$100 per share. Underwriters—A. G. Becker & Co., Inc., Chicago, and R. W. Pressprich & Co., New York. Proceeds—For expansion program. Statement effective Oct. 4.

Hollingsworth & Whitney Co. (10/16)
Sept. 25 filed 100,000 shares of common stock (no par).
Price—To be supplied by amendment. Underwriters—
Paine, Webber, Jackson & Curtis and Harriman Ripley & Co. Inc. Proceeds—To finance acquisition of southern timberland and for working capital.

Imperial Brands, Inc.
Aug. 20 (letter of notification) 50,000 shares of capital stock. Price—At par (\$1 per share). Underwriter—Floyd A. Allen & Co., Inc., Los Angeles, Calif. Proceeds—To purchase additional machinery and equipment and for working capital. Office—324 Hindry Avenue, Inglewood, Calif.

Inland Steel Co.

Aug. 27 filed 250,000 shares of capital stock (no par) to be issuable upon exercise of stock option issuable under the company's proposed stock option plan. Price—To be 85% of current fair market value of the stock. Proceeds—For working capital.

Keever Starch Co., Columbus, Ohio

Aug. 1 (letter of notification) 50,400 shares of common atock. Price — At par (\$5 per share). Underwriter—None. Proceeds—To finance inventories and to purchase capital equipment. Office—538 E. Town St., Columbus,

Los Angeles Drug Co. (Calif.)

Sept. 12 (by amendment) filed \$200,000 of 15-year 5% sinking fund debentures dated Oct. 1, 1951 and due Oct. 1, 1966, and 40,000 shares of capital stock (no par), the latter being offered first to stockholders of record Sept. 17 at rate of 45 of a share for each share held; rights to expire on Oct. 15. Price—Of debentures, at par (in denominations of \$100 each) and of the stock, \$10 per share. Underwriter—None. Proceeds—To increase working capital and to finance expanded merchandise inventory. Statement effective Sept. 14.

Louisville (Ky.) Gas & Electric Co. (10/17)
Sept. 26 filed 130,000 shares of common stock (no par).
Price—To be supplied by amendment. Underwriters—
Lehman Brothers and Blyth & Co., Inc. Proceeds—For property additions.

MacMillan (H. R.) Export Co., Ltd.,
Vancouver, B. C.
Sept. 26 filed 2;281,582 shares of class B capital stock (no par) to be offered in exchange for stock of Bloedel Stewart & Welch, Ltd. on the following basis: 44.54596 shares for each ordinary share of Bloedel; two-fifths of a share for each preference share of Bloedel. Following such acquisition, name of MacMillan Export will be changed to MacMillan & Bloedel, Ltd.

Maracaibo Oil Exploration Corp., Dallas, Tex. Sept. 20 filed 49,500 shares of capital stock to be offered to stockholders at rate of one share for each nine shares held. Price—To be supplied by amendment. Under-writer—None. Proceeds—To acquire new properties and for general corporate purposes.

Marine Midland Corp., Buffalo, N. Y.
Sept. 7 filed 223,352 shares of 444% cumulative convertible preferred stock (par \$50) being offered to common stockholders of record Sept. 28 on basis of one common stockholders of record Sept. 28 on basis of one share of preferred for each 25 shares of common stock held; rights to expire Oct. 16. Price — \$50 per share. Underwriters—The First Boston Corp. and Union Securities Corp. of New York; Schoellkopf, Hutton & Pomeroy, Inc. of Buffalo, N. Y.; and Granbery, Marache & Co., New York. Proceeds—To permit acquisition of an additional bank or banks, to expand the capital funds of one or more of the constituent banks, and for general corporate purposes. Statement effective Sept. 26. corporate purposes. Statement effective Sept. 26.

Marine Midland Corp., Buffalo, N. Y. (10/15)
Sept. 21 filed 276,000 shares of common stock (par \$5)
to be offered in exchange for all outstanding stock of Syracuse Trust Co. at rate of 2% shares of such common stock for each share of Syracuse stock (offer subject to acceptance by holders of not less than 80% of stock of Gyracuse). Underwriter—None.

Miles Laboratories, Inc., Elkhart, Ind.
Sept. 5 (letter of notification) 2,000 shares of common stock (par \$2). Price—\$16.75 per share. Underwriter—W. F. Martin, Inc., Elkhart, Ind. Proceeds—To Georgia C. Walker, the selling stockholder. Offering—Indefinite.

Montana Hardwood Co., Inc., Missoula, Mont.

Sept. 26 (letter of notifictaion) 2,970 shares of 6% redeemable preferred stock (par \$100) and 2,970 shares of common stock (par \$1) to be offered in units of one preferred and one common share. Price—\$101 per unit. Underwriter—None. Proceeds — To purchase land and erect plant. Office—123 West Main St., Missoula, Mont.

National Motor Bearing Co., Inc.
Sept. 26 (letter of notification) 3,200 shares of common stock (par \$1). Price—\$31.25 per share. Underwriter—Blyth & Co., Inc., Los Angeles, Calif. Proceeds—To Lloyd A. Johnson, President, who is the selling stockholder.

A. Johnson, President, who is the selling stockholder.

\*\*New England Gas & Electric Assn. (10/17)

Aug. 6 filed \$6,115,000 of 20-year sinking fund collateral frust bonds, series C, due 1971. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co. Proceeds—To purchase additional common stocks of five subsidiaries. Bids—To be received at 10 Temple St., Cambridge, Mass., up to 11:30 a.m. (EST) on Oct. 17. Statement effective Oct. 9.

a contract of the second of th

Norris Oil Co., Bakersfield, Calif.

Aug. 10 (letter of notification) 500 shares of capital stock (par \$1). Price—\$4.75 per share. Underwriter—Walston, Hoffman & Goodwin, Bakersfield, Calif. Proceeds—To Arthur W. Scott, Secretary, who is the selling stockholder. No general public offering is planned.

Northern Illinois Corp., DeKalb, III.
Sept. 13 (letter of notification) 5,138 shares of common stock (no par). Price—At market (not less than \$9 per share). Underwriter — None. Proceeds — For working capital.

Ohio Power Co. (10/30) Sept, 28 filed \$15,000,000 of first mortgage bonds due 1981 and \$7,000,000 of serial notes to mature annually on 1981 and \$7,000,000 of serial notes to mature annually on Oct. 1 as follows: \$250,000 annually in 1955 and 1956; \$500,000 annually 1957 through 1960; and \$750,000 annually 1961 through 1966. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.; Glore, Forgan & Co.; White Weld & Co. and Union Securities Corp. (jointly); Harriman Ripley & Co. and Stone & Webster Securities Corp. (jointly); Equitable Securities Corp.; Kuhn, Loeb & Co. Proceeds—From sale of bonds and notes (together with \$8,000,000 from sale of 1,700,000 shares of common stock to American Gas & Electric Co.) to retire \$14,000,000 bank loans and for new construction. Bids—To be received up to 11 a.m. (EST) on Oct. 30 at 30 Church Street, New York 3, N. Y.

Pacific Telecoin Corp., San Francisco, Calif.
Sept. 14 (letter of notification) 59,000 shares of common stock (par 10 cents). Price—50 cents per share. Underwriter—Gearhart, Kinnard & Otis, Inc., New York. Proceeds—For working capital. Office—1337 Mission St., San Francisco, Calif.

Pan American Milling Co., Las Vegas, Ne Pan American wining co., Las Vegas, Nev. Jan. 24 filed 200,000 shares of common stock. Price—At Par (\$1 per share). Underwriter—None. Proceeds—To purchase machinery and equipment, to construct a mill in Mexico and for general corporate purposes. Statement fully effective Aug. 29, 1951.

Parking, Inc., Boise, Ida.
Sept. 24 (letter of notification) 12,500 shares of common stock and \$25,000 of 5% debenture notes. Price—At par (\$10 per share) for stock and notes in units of \$500 each. Underwriter—None. Proceeds—To erect parking facility. Office—1002 Warm Springs Avenue, Boise, Idaho.

Peabody Coal Co.

March '26 filed 160,000 shares of 5½% prior preferred tock (par \$25). Price—To be supplied by amendment. Underwriter—A. C. Allyn & Co., Inc., Chicago, Ill. Proceeds—For construction program. Offering—Indefinitely contracted. postponed.

★ Pennsylvania Electric Co.
Aug. 30 filed \$5,000,000 of first mortgage bonds due
Oct. 1, 1981. Underwriters — Kidder, Peabody & Co., Oct. 1, 1981. Underwriters — Kidder, Peabody & Co., Union Securities Corp. and White, Weld & Co. (jointly) who were awarded the issue on Oct. 9 on their bid of 101.091 for 3s. Offering—Expected today at 101.625% to yield 3.29%. Proceeds—For construction program. Statement effective Sept. 27.

ment effective Sept. 27.

\*\* Pennsylvania Electric Co.

Aug. 30 filed 30,000 shares of cumulative preferred stock, series E (par \$100). Underwriters—Smith, Barney & Co. and Kidder, Peabody & Co. (jointly) who were awarded the issue on Oct. 9 on their bid of \$100.09 per share with a \$4.70 dividend. Offering—Expected today at \$103.25 per share to yield 4.55%. Proceeds—From sale of preferred together with \$3,300,000 to be received from Associated Electric Co. for 165,000 common shares, will be used to repay a \$2,500,000 bank loan and the remainder for new construction. Statement effective Sept. 27.

Phoenix-Campbell Corp., N. Y.

For new construction. Statement effective Sept. 27.

Phoenix-Campbell Corp., N. Y.

Sept. 20 filed 203,000 shares of capital stock (par \$1) and 100,000 warrants. Of the 203,000 shares, 100,000 will be reserved against the warrants and 3,000 shares have been purchased by the promoters. Price—For stock, \$10 per share; for warrants, 5 cents each. Underwriter—Morris Cohon & Co., New York. Proceeds—To acquire an interest in so-called "special situations" and for working capital ing capital.

Pittsburgh Plate Glass Co.
June 27 filed 450,000 shares of common stock (par \$10) to be offered to certain employees of the company and its subsidiaries under a stock option plan. Price—At 85% of the market price on the New York Stock Exchange at time options are granted. Underwriter—None Proceeds—For working capital.

Prugh Petroleum Co., Tulsa, Okla.
Sept. 25 (letter of notification) 60,000 shares of common stock. Price—At par (\$5 per share). Underwriter—Prugh, Combest & Land, Inc., Kansas City, Mo. Proceeds — To develop properties and retire indebtedness. Office — 907 Kennedy Building, Tulsa 3, Okla.

Public Service Co. of Indiana. Inc.

★ Public Service Co. of Indiana, Inc. Sept. 19 filed 324 656

Sept. 19 filed 324,656 shares of common stock (no par) being offered to stockholders of record Oct. 8 through subscription on a 1-for-10 basis; rights to expire on Oct. 24. Price—\$28,12½ per share. Underwriter—Blyth & Co., Inc. Proceeds—For property additions.

The second secon

\* Public Service Electric & Gas Co. (10/17)
Sept. 26 filed 249,942 shares of cumulative preferrer stock (par \$100). Price—To be supplied by amendment Underwriters—Morgan Stanley & Co., Drexel & Co. and Glore, Forgan & Co. Proceeds—For plant additions and improvements and to reimburse treasury for expenditions and the standard for extractions of long. tures made for such purposes and for retirement of long-

Ritchie Associates Finance Corp. (11/1)

Sept. 18 (letter of notification) \$200,000 of 6% 15-year debentures, dated July 1, 1951, to be issued in multiple of \$100. Underwriter—Cohu & Co., New York. Proceed —To retire debts and purchase building. Office-Church St., Frederick, Md.

★ Robbins Mills, Inc., New York (10/17)
Sept. 25 filed 166,864 shares of series A cumulative convertible preferred stock (par \$50) to be offered for subscription by common stockholders of record Oct. 15 a rate of one share of preferred stock for each five share of common stock held; rights to expire on Oct. 30. Pric—To be supplied by amendment. Underwriter—Dillor Read & Co. Inc., New York. Proceeds—For working

capital.

\*\* Rockland Light & Power Co. (10/24)
Sept. 21 filed \$6,000,000 of first mortgage bonds, series I due 1981. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Conc.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co., Union Securitie Corp. and White, Weld & Co. (jointly); Lehman Brother and A. C. Allyn & Co. (jointly); Stone & Webster Securities Corp.; Carl M. Loeb, Rhoades & Co. and Equitable Securities Corp. (jointly); W. C. Langley & Co. Estabrook & Co. Proceeds—To reduce bank loans and for construction program. Bids—Expected to be received on or about Oct. 24 at 11 a.m. (EST).

\*\* Silver Buckle Mining Co.: Wallace, Ida. (11/15)

★ Silver Buckle Mining Co., Wallace, Ida. (11/15 Sept. 25 (letter of notification) 290,000 shares of common stock (par 10 cents). Price—32½ cents per share Underwriter—Standard Securities Corp., Spokane, Wash and Kellogg, Idaho. Proceeds — To six selling stock holders. Address—Box 469, Wallace, Idaho.

Skyway Broadcasting Co., Inc., Ashville, N. C. Sept. 10 (letter of notification) 6,000 shares of commo stock. Price—\$50 per share. Underwriter—None. Proceeds—For construction and operating capital for a proposed tolerwising retains. posed television station.

Snoose Mining Co., Hailey, Idaho
July 19 (letter of notification) 1,000,000 shares of com
mon stock. Price—At par (25 cents per share). Under
writer—E. W. McRoberts & Co., Twin Falls, Ida. Proceed
—For development of mine.

Sonic Research Corp., Boston, Mass.
Sept. 25 (letter of notification) 9,000 shares of commo stock. Price — At par (\$20 per share). Underwriter-None. Proceeds—For working capital. Office—15 Charden St. Pasten. Mass. don St., Boston, Mass.

Southwestern Associated Telephone Co.

June 15, filed 17,500 shares of \$5.50 cumulative pre ferred stock (no par). Price—To be supplied by amend ment. Underwriters—Paine, Webber, Jackson & Curti and Stone & Webster Securities Corp., both of Net York, and Rauscher, Pierce & Co., Inc., Dallas, Texa Proceeds—To retire \$1,500,000 of bank loans and the belonger added to general comparets funds. Offering balance added to general corporate funds. Offering

Specialized Products Corp., Birmingham, Ala. Sept. 26 (letter of notification) 50,000 shares of commo stock Price—\$1 per share. Underwriter—Carlson & Co Birmingham, Ala. Proceeds—For operating capital an advertising costs. Office—2807 Central Ave., Birming ham 9. Ala.

Springdale Silica Sand, Inc., Spokane, Wash. Sept. 17 (letter of notification) \$250,000 of 10-year 59 sinking fund notes and 125,000 shares of capital stoc (par 10 cents) to be offered in units of \$1,000 of note and 500 shares of stock. Price—\$905 per unit. Under writer — None. Proceeds — For new construction an orking capital. Office-401 Symons Bldg., Spokane

Standard Products Co., Cleveland, Ohio
Sept. 24 (letter of notification) 30,000 shares of commo
stock to be offered for subscription by common stock
holders of record Oct. 4 at rate of one share for each 1
shares held; rights to expire Oct. 23. Price—\$8.50 pe
share. Underwriter—None. Proceeds — For workin
capital. Office—2130 West 110th St., Cleveland 2, Ohio

mg facilities and to repay loans.

★ Sundstrand Machine Tool Co.

Sept. 21 filed 94,064 shares of common stock (par \$5 being offered for subscription by common stockholder at rate of one share for each four shares held on Oct. rights to expire Oct. 24. Price—\$14.50 per share. Under writers—Shields & Co., New York; and Bacon, Whipp & Co. and Rodman & Linn of Chicago. Proceeds—For plant improvements and working capital. Statement effective Oct. 9.

Texas Southeastern Gas Co., Bellville, Tex.

May 16 (letter of notification) 19,434 shares of common tock to be offered to common stockholders through ransferable warrants. Price—At par (\$5 per share) Inderwriter—None. Proceeds—For working capital.

United Canadian Oil Corp., Washington, D. C. [uly 31 filed 1,000,000 shares of common stock (par 10 ents). Price—\$1 per share. Underwriter—None. Proceeds—For exploration and drilling activities.

ents). Price—\$1 per snare. Underwriter—None. Proceeds—For exploration and drilling activities.

k U. S. Vitamin Corp., New York (10/22-23)

sept. 28 filed 120,650 shares of common stock (par \$1).

Price — To be supplied by amendment. Underwriters—

Allen & Co. and Blair, Rollins & Co., Inc., both of New York. Proceeds—To repay \$1,000,000 loan from insurnace firm and \$700,000 bank borrowings, with the renainder added to working capital to be used for expansion program and other corporate purposes.

Utah Power & Light Co. (10/29)

Aug. 9 filed \$9,000,000 first mortgage bonds, due Oct. 1, 981. Underwriters—To be determined by competitive idding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Lehman Brothers, and Bear, Itearns & Co. (jointly); White, Weld & Co.; Salomon Bros. & Hutzler; First Boston Corp., and Blyth & Co., nc. (jointly); Union Securities Corp., and Smith, Barey & Co. (jointly). Proceeds—To repay bank loans and or construction program. Bids—To be received up to oon (EST) on Oct. 29. Statement effective Sept. 5.

Warren Petroleum Corp. (10/16)

lept. 19 filed \$15,000,000 sinking fund debentures due 1000 for the program of the

ept. 19 filed \$15,000,000 sinking fund debentures due 966 (subordinate), convertible through Oct. 1, 1961. rice—To be supplied by amendment. Underwriter—ferrill Lynch, Pierce, Fenner & Beane, New York. Proceds—To be used to purchase \$4,750,000 note of Deonian Co. held by Gulf Oil Corp. at face amount plus carried interest, and stock of Devenien. Co. and for crued interest and stock of Devonian Co., and for orking capital.

west Texas Utilities Co. (10/30)
ept. 24 filed \$3,000,000 of first mortgage bonds, series C,
ue Nov. 1, 1981. Underwriters—To be determined by
ompetitive bidding. Probable bidders: Halsey, Stuart
Co. Inc.; Hemphill, Noyes, Graham, Parsons & Co.
nd Drexel & Co. (jointly); The First Boston Corp.; Kider, Peabody & Co.; W. C. Langley & Co.; Union Securies Corp.; Equitable Securities Corp.; Harriman Ripley
Co.; Kuhn, Loeb & Co. and Lehman Brothers (jointly);
Hore, Forgan & Co.; Merrill Lynch, Pierce, Fenner &
Beane. Proceeds—To retire bank loans and for construcion program. Bids—Expected to be received Oct. 30.

West Virginia Coal & Coke Corp. (10/16)

West Virginia Coal & Coke Corp. (10/16)
pt. 25 filed 80,000 shares of common stock (par \$5).
rice — To be supplied by amendment. Underwriters—
the First Boston Corp. and Tucker, Anthony & Co. Proteds—For expansion program.

West Virginia Pulp & Paper Co. (10/16) ept. 24 filed \$20,000,000 20-year sinking fund deben-ures due Oct. 1, 1971. Price—To be supplied by amend-ment. Underwriter—Harriman Ripley & Co., Inc. Pro-eeds—For improvements and additions to plant and quipment. Western Reserve Life Insurance Co.

ine 12 (letter of notification) 10,000 shares of common ock (par \$10) to be offered for subscription by present ckholders at rate of one share for each two shares held. ice—\$20 per share. Underwriter—None. Proceeds rice—\$20 per share. Underwriter—None. Proceeds— or financing expansion program. Office—1108 Lavaca treet, Austin, Tex.

Wilcox-Gay Corp., Charlotte, Mich. ept. 13 (letter of notification) 165,250 shares of common tock (of which 82,625 shares represent stock to be issued in exercise of stock purchase warrants issued in conection with sale of 110,000 shares on or about Oct. 24). rice—At par (\$1 per share). Underwriter—None. Proceeds—For working capital.

wilson Brothers, Chicago, III.

ug. 3 filed \$2,200,000 of 5% sinking fund debentures
ue Aug. 1, 1966, with non-detachable common share
urchase warrants for the purchase of 154,000 shares of
ommon stock. Price—To be supplied by amendment.
Inderwriter—Blair, Rollins & Co., Inc., New York.
roceeds—To pay off outstanding indebtedness and for
ther corporate purposes. Offering—Indefinitely post-

oned.

Wisconsin Michigan Power Co. (10/22)
ept. 25 filed \$3,500,000 of first mortgage bonds due 1981.
Inderwriter—To be determined by competitive bidding.
robable bidders: Halsey, Stuart & Co. Inc.; Lehman rothers and Goldman, Sachs & Co. (jointly); Dillon, ead & Co. Inc.; Hemphill, Noyes, Graham, Parsons & Co.; The First Boston Corp.; Merrill Lynch, Pierce, Fener & Beane and Salomon Bros & Hutzler (jointly).
roceeds—From sale of bonds and \$2,000,000 of common tock (latter to Wisconsin Electric Power Co., parent) to e used for new construction and to repay bank loans.
sids—Expected to be received on Oct. 22.

# **Prospective Offerings**

Air Reduction Co., Inc.

ept. 12 it was announced company plans to issue and ell first to common stockholders about \$25,000,000 of umulative convertible preferred stock. Underwriters—forgan Stanley & Co. and Harriman Ripley & Co., Inc. roceeds—For plant expansion and for other general orporate purposes. Offering—Expected in November.

Alleghany Ludium Steel Corp.

oct. 2, it was announced that if stockholders on Dec. 4
pprove a proposal increasing the authorized indebtedess to \$40,000,000 from \$20,000,000, the company prooses to issue and sell about 81,000 shares of convertible

preferred stock to common stockholders, with probably The First Boston Corp. underwriting any unsubscribed shares. It is also planned to borrow \$5,000,000 during 1952 under arrangements previously made with seven institutional investors. In addition, a bank loan or loans totaling about \$8,000,000 is contemplated. The proceeds are to be used for the company's expansion program.

American Consolidated Freightways (10/23)
Sept. 14 it was reported that there may shortly be a public offering of about 100,000 shares of common stock.
Underwriters — Probably Blyth & Co., Inc., Walston, Hoffman & Goodwin and Shields & Co.

Atlantic Coast Line RR.

Sept. 14 it was stated that the company may refund its outstanding \$22,388,000 first consolidated mortgage 4% bonds due July 1, 1952. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Kuhn, Loeb & Co.; The First Boston Corp. Offering expected some time in

Bing & Bing, Inc.

Aug. 30 it was reported company is contemplating sale of additional common stock following approval of 3-for-1 stock split (approved Sept. 5.) Traditional underwriter: Lehman Brothers.

Canadian Atlantic Oil Co., Ltd.

Aug. 7, it was reported company expects to file in the near future a registration statement with the SEC covernear future a registration statement with the SEC covering approximately 1,150,000 shares of common stock (par \$2), following merger, which will be voted upon Sept. 4, into Atlantic Oil Co., Ltd. (a subsidiary of Pacific Petroleums, Ltd.), of Princess Petroleums, Ltd. (an affiliate of Pacific Petroleums) and Allied Oil Producers, Ltd., the consolidated company to change its name to Canadian Atlantic Oil Co., Ltd. Underwriters—Reynolds & Co. and Bear, Stearns & Co., New York.

★ Central Maine Power Co.

Oct. 5 company sought SEC authority to issue and sell \$7,000,000 first and general mortgage bonds, series T, due Nov. 1, 1981. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Coffin & Burr, Inc., and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler; Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); Lee Higginson Corp.; Harriman Ripley & Co. Inc. Proceeds—To repay bank loans.

★ Central Maine Power Co.

Oct. 5 company applied to SEC for authority to offer 315,146 shares of common stock (par \$10) for subscription by holders of 6% preferred and common stock, with exception of New England Public Service Co., which owns 48.46% of the presently outstanding common stock. Underwriters—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); Coffin & Burr, Inc.; Harriman Ripley & Co. Inc. Proceeds—To repay bank loans and for new construction. for new construction.

★ Chicago, Rock Island & Pacific RR. (10/16) Bids will be received by the company up to noon (CST) on Oct. 16 at the office of the Treasurer, Room 1136, La Salle Street Bldg., Chicago 5, Ill., for the purchase from it of \$5,250,000 equipment trust certificates, series K, to be dated Nov. 1, 1951 and to mature in 30 equal semi-annual intsalments from May 1, 1952 to Nov. 1, 1966, in-clusive—Probable bidders: Halsey. Stuart & Co. Inc.; Chicago, Rock Island & Pacific RR. (10/16) clusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Chicago & Western Indiana RR.

Chicago & Western Indiana RR.

June 2 it was reported company expects to be in the market late this year or early in 1952 with a new issue of approximately \$70,000,000 of first mortgage bonds, due 1981, of which about \$65,000,000 will be sold initially. Price—Not less than par. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Lee Higginson Corp.; Harris, Hall & Co. (Inc.); Drexel & Co.; Kuhn, Loeb & Co. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co., Inc.; First Boston Corp.; Lehman Brothers; Paine, Webber, Jackson & Curtis; Kidder, Peabody & Co. Proceeds—To refund \$49,988,000 of 4% non-callable consolidated first mortgage bonds due July 1, 1952, and to redeem \$13,747,000 first and refunding mortgage 4¼% bonds, series D, due Sept. 1, 1962. The remainder will go towards property improvements, etc. improvements, etc.

Colorado Fuel & Iron Corp.

Sept. 26, Charles Allen, Jr., Chairman, announced that the company plans to issue and sell \$30,000,000 of 4½% first mortgage bonds due 1972 and \$10,000,000 of 15-year debentures. The former issue may be placed privately and the latter issue offered publicly through Allen & Co., New York. The proceeds are to be used to redeem \$14,-367,500 of outstanding first mortgage 4% bonds and the remainder used to pay for construction of a new mill at remainder used to pay for construction of a new mill at Pueblo, Colo. Stockholders will vote Nov. 14 on approving financing program.

Colorado Interstate Gas Co.

Aug. 20 it was reported that the holdings of the Union Securities Corp. group of stock of Colorado Interstate (531,250 shares) will probably be sold publicly in October or November.

Consolidated Edison Co. of New York, Inc.

March 23 company applied to New York P. S. Commission for authority to issue and sell \$25,000,000 of first and refunding mortgage bonds, series H, due May 1, 1981 (in addition to \$40,000,000 series G bonds filed with the SEC on March 30). Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston

Corp.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly). Proceeds—To redeem a like amount of Westchester Lighting Co. 3½% general mortagage bonds due 1967. Offering—Postponed.

Consolidated Grocers Corp.

Sept. 21 Nathan Cummings, Chairman, announced company will undertake financing of \$5,000,000 to \$10,000,000 in connection with plans for expanding output of its eight divisions. Traditional underwriter: A. C. Allyn & Co., Inc., Chicago, Ill. Form or method of financing not determined as yet.

Cott Beverage Corp., New Haven, Conn.

Aug. 22 it was stated that the company plans issuance and sale of 30,000 shares of preferred stock (par \$10), each share to carry a bonus of common stock. Underwriter—Ira Haupt & Co., New York. Proceeds—For expansion program. pansion program.

pansion program.

Derby Gas & Electric Corp.
July 16 corporation received SEC authority to issue and sell \$900,000 of debentures to mature July 1, 1957 (placed privately with an institution) but reserved jurisdiction over the proposed issuance of approximately 12,500 additional shares of common stock (latter to be offered to public pursuant to a negotiated transaction). To be selected through competitive negotiation. Probable bidders: Allen & Co.; Union Securities Corp.; Smith Ramsay & Co.; Hincks Bros. and Paine, Webber, Jackson & Curtis (jointly). Proceeds—To be applied toward 1951 construction program. Offering — Expected in October.

Detroit Edison Co.

Detroit Edison Co.

March 19 it was announced company plans to sell approximately \$35,000,000 of first mortgage bonds early this Fall. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Coffin & Burr, Inc., and Spencer Trask & Co. (jointly); Morgan Stanley & Co.; The First Boston Corp.; Dillon, Read & Co. Inc. Proceeds—For construction program. program.

Dobeckmun Co.
Sept. 20 it was stated that company may probably offer in November or December 90,000 additional shares of common stock. Underwriter—Blyth & Co., Inc. Proceeds—For expansion program.

• Eastern Stainless Steel Corp.
Oct. 8 it was announced stockholders will vote Oct. 25 on increasing authorized capital stock to 750,000 shares from 500,000 shares, of which 420,000 shares are outstanding. Additional shares may be issued to stockholders, and the proceeds used for expansion.

El Paso Natural Gas Co.

El Paso Natural Gas Co.

Sept. 18 stockholders approved an increase in the authorized first preferred stock from 100,000 to 300,000 shares, the second preferred stock from 200,000 to 300,000 shares and the common stock from 3,800,000 to 5,000,000 shares; also authorized an increase in the aggregate principal amount of bonds issuable under the company's indenture of mortgage, dated June 1, 1946, from \$157,000,000 to \$300,000,00. Traditional Underwriter—White, Weld & Co., New York.

Erie RR. (11/27)

• Erie RR. (11/27)
Oct. 8 it was announced that company is considering sale on Nov. 27 of \$5,400,000 of equipment trust certificates, maturing semi-annually over a 10-year period, in order to finance about 80% of the cost of acquiring new diesel locomotives and gondola cars to cost about \$6,915,-000. Probable bidders: Halsey, Stuart & Co Inc.; Salomon Bros. & Hutzler; Harris, Hall & Co. (Inc.).

• Fedders-Quigan Corp.

Oct. 4 it was reported company plans issue and sale of \$3,000,000 cumulative convertible preferred stock to be offered for subscription by common stockholders of \$3,000,000 cumulative convertible preferred stock. Underwriter—Probably Allen & Co., New York. Proceeds—For working capital. Offering—Expected in mid-November.

Gulf States Utilities Co. (11/20)
Sept. 22 it was reported that the company plans to offer \$10,000,000 of first mortgage bonds. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); Stone & Webster Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Lehman Brothers; Carl M. Loeb, Rhoades & Co. and Lee Higginson Corp. (jointly. Proceeds—To pay off short-term loans and to provide the company with funds to carry forward its current construction program to the Spring of 1952, at which time company expects to undertake additional financing. Bids—Expected to be opened on Nov. 20. financing. Bids—Expected to be opened on Nov. 20.

Hahn Aviation Products, Inc.

Aug. 24 it was announced company proposes to offer 12,500 additional common stock (par \$1), in addition to 17,500 shares recently offered. Underwriter — None. Proceeds — For engineering, acquisition of machinery and other corporate purposes. Office—2636 No. Hutchinson St., Philadelphia 33, Pa.

Illinois Bell Telephone Co.
June 27 W. V. Kahler, President, announced that this company (approximately 99.31% owned by American Telephone & Telegraph Co.) plans issuance and sale, sometime before the end of the year, of 682,454 additional shares of capital stock to its stockholders. Underwriter—None. Proceeds—To repay short-term loans and for new construction.

Continued on page 54

#### Interstate Petroleum Co.

Sept. 11 it was reported that the sale of 38,433 shares of s B stock has been temporarily postponed. Under-ter—White, Weld & Co., New York.

Jacobsen Manufacturing Co., Racine, Wis.
Sept. 21 it was stated that company plans to issue and call approximately 120,000 additional shares of common stock. Underwriters—A. C. Allyn & Co., Inc. and Shillinglaw, Bolger & Co., both of Chicago, Ill. Proceeds— For working capital.

#### Lehmann (J. M.) Co. (N. J.)

Sept. 1 it was reported that the Office of Alien Property expects to call for bids in October on all of the outstanding stock of this corporation.

#### ★ Long Island Lighting Co.

★ Long Island Lighting Co.

Oct. 3 it was announced company plans to issue and sell in December about \$25,000,000 of first mortgage bonds. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Lehman Brothers; Kidder, Peabody & Co.; The First Boston Corp.; Union Securities Corp.; Equitable Securities Corp.; White, Weld & Co. Proceeds—From sale of bonds, together with proceeds from sale of 100,000 shares of preferred stock (par \$100), will be used to retire \$14,493,400 of bonds of former subsidiaries, to repay bank loans and for construction program. Additional Financing—It is further estimated that company will require approximately \$100,000,000 additional to complete the construction program through 1954. the construction program through 1954.

#### McKesson & Robbins, Inc.

May 24 it was announced stockholders will vote Oct. 23 on a proposal to increase authorized common stock by 500,000 shares to 2,500,000 shares in order to provide for a probable offering of additional stock to common stockholders. Probable underwriter: Goldman, Sachs & Co., New York. Proceeds will be added to working capital.

#### Mengel Co.

Aug. 10, Alvan A. Voit, President, stated that the company plans to spend from \$15,000,000 to \$20,000,000 for expansion, but that plans for financing have not yet been completed. Traditional underwriter—F. S. Moseley

#### • Metals & Chemicals Corp., Dallas, Tex. (11/1)

Oct. 3 it was stated company plans issue and sale of 100,-000 shares of common stock. Price—\$3 per share. Under-writer—Beer & Co., Dallas, Tex. Proceeds—For working capital, etc.

#### Mulhens (Ferd.), Inc., N. Y. (10/25)

Bids will be received at the Office of Alien Property, Department of Commerce, 120 Broadway, New York 5, N. Y., by 1:30 p.m. (EST) on Oct. 25 for the purchase from The Attorney General of the United States of 1,000 shares of capital stock (no par) at public sale, as an entirety. These shares constitute 100% of the issued and outcoming steels. outstanding stock.

#### • National Phoenix Industries, Inc.

Oct. 4, Walter S. Mack, President of National Power & Light Co. and Phoenix Industries Corp., announced that following consolidation of the two companies with and into a new corporation to be known as National Phoenix Industries, Inc. (to be voted upon Oct. 31), stockholders of latter (other than Phoenix) will be given the right to subscribe for 1,465,167 additional shares of common stock of the new company on the besides of the head. to subscribe for 1,465,167 additional shares of common stock of the new company on the basis of one-half share of National Phoenix stock for each share of National Power stock held, with an oversubscription privilege. Subscription rights will expire 21 days after the effective date of the merger. Arrangements have been made with a banking group to underwrite the issue. The price to stockholders will be approximately 20% below the average market quotation for such stock at or about the time of the merger. The proceeds are to be used for working capital. Underwriter—Reynolds & Co., New York City.

#### New England Power Co.

Sept. 6 it was reported that company plans to sell about 50,000 shares of preferred stock this Fall. Underwriters To be determined by competitive bidding. Probable bidders: Lehman Brothers; Equitable Securities Corp. and Carl M. Loeb, Rhoades & Co. (jointly); The First Boston Corp.; Merill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co.; The First Boston Corp.; W. C. Langley & Co.; Harriman Ripley & Co., Inc. Proceeds-To repay bank loans and for construction program.

#### New York Telephone Co.

Sept. 10 the company announced it plans to raise next year about \$100,000,000 from new financing for its construction program. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

#### Northern Indiana Public Service Co.

Oct. 4 it was stated that stockholders will vote Oct. 25 on increasing authorized common stock to 4,500,000 shares from 4,000,000 shares and on approving the creation of 240,000 shares of new cumulative preference stock (par \$25). Probable underwriters—Central Republic Co. Inc.; Blyth & Co., Inc.; and Merrill Lynch, Pierce, Fenner & Beane.

Pacific Power & Light Co.

June 29 it was announced company plans issuance and June 29 it was announced company plans issuance and sale of \$15,000,000 of mortgage bonds in the early part of 1952. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blair, Rollins & Co. Inc. and Carl M. Loeb, Rhoades & Co. (jointly); Lehman Brothers; W. C. Langley & Co. and The First Boston Corp. (jointly); Union Securities Corp.; Kidder, Peabody & Co.; Blyth and Co., Inc., White, Weld & Co. and Harris, Hall & Co., Inc. (jointly). Proceeds—To repay bank loans and for new construction (latter estimated to cost \$26,450,000). Company has a revolving bank credit of \$16,000,000.

Pacific Telephone & Telegraph Co. (11/20)
Aug. 15 it was announced company plans to issue and sell \$30,000,000 of 30-year debentures and 633,274 additional shares of common stock at par (\$100 per share) to present stockholders at rate of one new share for each nine shares held. Probable bidders for debentures: Hal-Brothers and Union Securities Corp. (jointly); White, Weld & Co. Proceeds will be used to repay bank loans and for expansion program. Bids—Expected to be re-

#### Parkersburg Rig & Reel Co.

Aug. 1 A. Sidney Knowles, Chairman and President, announced that the directors have approved in principle a plan to offer a modest amount (not exceeding \$300,000) of common stock for subscription by common stockholders. This may involve the issuance of 24,700 additional shares on a one-for-eight basis. There are presently outstanding 197,600 shares of \$1 par value. Probable Underwriter—H. M. Byllesby & Co., Chicago, Ill. Proceeds—For working capital For working capital.

#### Penn Electric Switch Co., Goshen, Ind.

Sept. 21 it was reported that company plans to issue and sell 100,000 additional shares of common stock. Underwriter—F. S. Moseley & Co., Boston, Mass. Proceeds—For expansion program and working capital.

#### Pennsylvania Water & Power Co.

July 25, stockholders approved issuance of 78,507 shares of cumulative preferred stock (par \$100). Proceeds will be used for expansion program.

Aug. 7, it was reported company may issue and sell \$8,000,000 to \$10,000,000 of first mortgage bonds. Probable bidders may include: Halsey, Stuart & Co. Inc.; Lehman Brothers; White, Weld & Co. Proceeds will be used for expansion program. Financing not considered

Philadelphia Electric Co.
Sept. 30 company announced that about \$200,000,000 will have to be raised through the sale of additional securities, spaced at intervals, and in amounts which will permit ready absorption by the investment market. The overall construction program has already cost \$217,000,000, and will require expenditures of about \$365,000,000 more in the years 1951 to 1956.

★ Public Service Co. of New Hampshire Sept. 25, it was reported company may issue and sell late in November 150,000 to 200,000 shares of additional comomn stock. Probable bidders: Kidder, Peabody & Co. and Blyth & Co., Inc. (jointly); The First Boston Corp.; Harriman Ripley & Co. Inc.

#### Public Service Co. of North Carolina, Inc

July 12 it was announced company plans to issue and sell several million dollars of first mortgage bonds in the Fall. In July last year, \$1,200,000 of bonds were placed privately with two institutional investors.

#### Rochester Gas & Electric Corp.

Aug. 1 it was announced that company expects to issue \$5,000,000 additional first mortgage bonds and additional debt securities or preferred or common stocks, bank borrowings, or some combination thereof, in connection borrowings, or some combination thereof, in connection with its construction program. The method of obtaining such additional cash requirement has not been determined. Previous bond financing was done privately. July 18, it was reported that the company expects to raise money through the sale of some preferred stock later this year. Underwriter—Probably The First Boston Corp., New York. Proceeds—To finance, in part, a \$10,000,000 construction program the company has budgeted for the next two years.

Ryan Aeronautical Co., San Diego, Calif.

Aug. 4 it was announced company plans to increase its authorized capital stock (par \$1) from 500,000 to 2,000,000 shares in order to place it in a position to do appropriate financing of some form of its own securities if and when advantageous to the company. The new financing may take the form of a general effecting for ties if and when advantageous to the company. The new financing may take the form of a general offering for sale to the public or granting of rights to stockholders; or the reservation for conversion of long-term indebtedness which could be issued with provision for convertibility into common stock. The company presently has outstanding 439,193 shares of capital stock, of which 45,350 shares are held by the wholly owned subsidiary, Ryan School of Aeronautics.

Ryan School of Aeronautics.

Schering Corp.
Oct 3 it was reported that the sale of the company's entire common stock issue (440,000 shares) was not expected for at least two months. The sale will be made to the highest bidder by the Office of Alien Property. Probable bidders: A. G. Becker & Co. (Inc.), Union Securities Corp. and Ladenburg, Thalmann & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co.; F. Eberstadt & Co.; Allen & Co.; new company formed by United States & International Securities Corp., Dillon, Read & Co.; F. S. Moseley & Co.; Riter & Co.

South Jersey Gas Co.

April 24 Earl Smith, President, announced company plans a bond issue of more than \$8,000,000 by fall of this year. Underwriters—May be determined by compeutive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Blyth & Co., Inc. Proceeds—To refund the presently outstanding \$4,000,000 of 4\% first mortgage bonds and repay outstanding short-term bank notes which are due before the end of the year.

Southern California Edison Co.

Aug. 29 it was announced company may have to raise approximately \$49,900,000 more through additional financing to take care of its 1951-1952 construction program. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Blyth & Co., Inc.; The First Boston Corp. and Harris, Hall & Co., Inc. (jointly). These bankers bid for the \$30,000,000 issue of 31/8 % first and refunding mortgage bonds which were sold last week. The nature, amounts and timing of the new financing cannot now be determined, and will depend in part on market conditions existing from time to time and may include temporary bank loans.

Southern California Gas Co.

April 4, the company indicated it would this year be in the market with \$18,000,000 of senior securities. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and Harris, Hall & Co. (Inc.) (jointly). Offering-Expected in the Fall.

#### Southern Natural Gas Co.

July 31 it was announced company has filed an application with FPC for permission to construct additional facilities to cost an estimated \$13,641,000, of which approximately \$9,187,000 is expected to be spent in 1951. Sept. 13 company announced it plans to offer to common stockholders of record about Oct. 4 the right to subscribe for additional common stock at rate of one share for each 10 shares held; rights to expire Oct. 23. Price \$8.50 per share. \$8.50 per share.

#### Sylvania Electric Products, Inc.

★ Sylvania Electric Products, Inc.
Oct. 10, it was announced that the company contemplates issuance and sale of not more than 200,000 shares of new convertible preferred stock (about \$20,000,000) and about \$25,000,000 of new 20-year sinking fund debentures. Underwriter—Paine, Webber, Jackson & Curtis. Proceeds—To retire \$17,200,000 of 3¼% debentures, to finance expansion program to cost more than \$18,000,000 and for working capital. Meeting—Stockholders will vote Nov. 19 on approving financing program.

#### Texas Utilities Co.

Sept. 24 it was reported company may issue and sell around 400,000 additional shares of common stock early in 1952. Probable bidders: The First Boston Corp. and In 1952. Probable bidders: The First Boston Corp. and Blyth & Co., Inc. (jointly); Union Securities Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly); Goldman, Sachs & Co. and Harriman Ripley & Co. Inc. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly).

Tide Water Power Co.

Sept. 17 it was reported company has applied to the North Carolina Utilities Commission for permission to borrow \$1,500,000 on 3% notes. These notes would be refunded through the sale of common or preferred stock. Traditional underwriters: Union Securities Corp. and W. C. Langley & Co., New York. Proceeds from notes to be used to pay for construction costs. be used to pay for construction costs.

#### United Gas Corp.

United Gas Corp.

Aug. 1, N. C. McGowan, President, announced that "it will be necessary to arrange for an additional \$50,000,000 to complete the total financing, and it is presently anticipated this will be done by the sale of first mortgage and collateral trust bonds during the latter part of the year." Underwriters—To be determined by competitive bidding. Bidders for an issue of like amount sold on July 24 were Halsey, Stuart & Co. Inc.; Morgan Stanley & Co., White, Weld & Co. and Equitable Securities Corp. (jointly); The First Boston Corp., Harriman Ripley & Co., Inc., and Goldman, Sachs & Co. (jointly). Proceeds—For expansion program of United Gas System and for other corporate purposes. rate purposes.

Virginia Electric & Power Co. (12/10)

Sept. 25, Jack G. Holtzclaw, President, announced the company proposes to issue and sell \$20,000,000 of first and refunding mortgage bonds. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Stone & Webster Securities Corp.; Union Securities Corp.; White, Weld & Co. Proceeds—For construction program. Bids—Expected to be opened on or about Dec. 10. Dec. 10.

#### Westinghouse Electric Corp.

Sept. 26, it was announced stockholders will vote Dec. 14 on increasing authorized indebtedness to \$500,000,000 from \$150,000,000 in connection with a \$296,000,000 expansion program. Company plans sale of debt securities the type and amount of which are undermined (may be private). Traditional underwriter: Kuhn, Loeb & Co., New York.

Wisconsin Public Service Corp.

Sept. 4 C. E. Kohlepp, President, announced company plans to build a \$12,000,000 steam turbine power plant in Marathon County, Wis. Method of permanent financing has not yet been determined. If bonds, probable bidders may include: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Harris, Hall & Co. (Inc.); Kidder, Peabody & Co.; Carl M. Loeb, Rhoades & Co.; Salomon Bros. & Hutzler; Union Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane; Shields & Co.

## **NSTA Notes**

& Beane, New York City; George Muller, Janney & Co., Philadelphia, and Hugh Schlicting, Wm. P. Harper & Son & Co.,







James B. Maguire





John Egan, First California Co., the retiring President Seattle. of the Association will be Chairman.

#### CLOSING NOTES FROM THE CONVENTION

Wilson, Johnson & Higgins of San Francisco presented all those attending the convention of the National Security Traders Association with two decks of San Francisco souvenir scenic playing cards (the cable cars and the Golden Gate bridge).

Mrs. Herbert Irish presented a handy sewing kit to all those attending, and Herbert Irish (Fairman & Co.) distributed money clips and a unique puzzle key ring which he was kept busy demonstrating. onstrating.

Samuel E. Magid, President of Hill Thompson & Co. New York, was the donor of beautiful corsages to all the ladies at dinner Oct. 3 with the compliments of his firm.

Floyd B. Odlum, President of the Atlas Corp., who was seated next to Commissioner Richard B. McEntire of the Securities and Exchange Commission, at the Oct. 3 dinner, brought a wave of laughter when he declared during his speech, "I have never felt as close to the SEC as I do tonight."

as close to the SEC as I do tonight."

Mrs. Ora M. Ferguson, of Merrill Lynch, Pierce, Fenner & Beane, Louisville, Ky., got so many bargains at Tia Juana, Mexico, that she had a very tough time closing her bag, and said for a while she thought she would have to call the "Chronicle's" own. Ed Beck or Commissioner McEntire to sit on them so she could got them to leak get them to lock.

#### SECURITY TRADERS ASSOCIATION OF NEW YORK

The Security Traders Association of New York (STANY) Bowling League standing as of Oct. 4, 1951, is as follows:

TEAM	Poin	its
Burian (Capt.), Siepser, Gronick, Growney, Kaiser		18
Leone (Capt.), Tisch, Pollack, Nieman, Bradley		17
Hunter (Capt.), Craig, Fredericks, Weseman, Lytle		17
Goodman (Capt.), Weissman, Farrell, Valentine, Smith	19-16	15
Mewing (Capt.), G. Montayne, M. Meyer, La Pato, Klein		14
Kumm (Capt.), Gehegan, R. Montayne, Krassowich, Mansor	1 1	14
Serlan (Capt.), Gold, Krumholz, Young, Gersten		13
Greenberg (Capt.), Siegel, Cohen, Sullivan, Voccoli		12
Krisam (Capt.), Gavin, Gannon, Jacobs, Murphy	1	10
Donadio (Capt.), Rappa, O'Connor, Whiting, Demaye		10
H. Meyer (Capt.), Swenson, A. Frankel, Wechsler, King		7
Bean (Capt.), Lax, H. Frankel, Werkmeister, Reid		3

200 Club

H. Meyer \_\_\_\_\_ 203 213 J. Manson L. Klein

5 Point Club "Duke" Hunter

#### DIVIDEND NOTICE



DIVIDEND NOTICE

The Directors of Daystrom, Incorporated (formerly ATF Incorporated) on September 25,1951, declared a regular quarterly dividend of 25 cents per share, payable November 15, 1951, to holders of record October 25, 1951.

American Type Founders offers the world's most complete line of printing equipment.

OPERATING UNITS:

AMERICAN
TYPE FOUNDERS

DAYSTROM

DAYSTROM FURNITURE

DAYSTROM INSTRUMENTS

DAYSTROM LAMINATES

## Our Reporter's Report

The calendar for the next week indicates that underwriters will be a busy segment of the financial population. Providing nothing happens marketwise to change current plans of issuers, it now appears likely that at least 14 new corporate undertakings will reach market.

And what is probably entirely to the liking of the bankers, no less than nine of these offerings will be handled via the negotiated route, leaving five to be decided through competitive bidding.

The bulk of this new business will involve the sale of senior and junior equity shares by corpora-tions. But the major operations cover debt securities of two in-dustrial corporations along with an offering of \$35,000,000 of bonds for the New Jersey Turnpike Authority.

Celanese Celanese Corp. of America 9 \$50,000,000 of 25-year debentures are expected to be brought to market next Thursday. The firm will use the proceeds to retire outstanding notes and to increase general funds.

Close behind will be Aluminium, Close behind will be Aluminium, Ltd.'s offering of 372.205 shares of no par capital stock due out the same day. The offering will be made first to stockholders of the company, but it is indicated that certain interests may forego exercise of "rights" for 147,436 shares, leaving this amount to be offered to the public. offered to the public.

#### New Issues Are Mixed

Judging by reports in dealer circles there was a rather mixed reception for new issues brought out this week. Pennsylvania Electric Co.'s small issue of \$5,000,000 30-year first mortgage bonds, carraying a 3%% coupon and priced to yield 3.29%, was reported to have been taken quickly.

But Arkansas Power & Light Co.'s \$8,000,000 of 30-year first mortgage bonds appeared a bit on the slow side, and the same was true in the case of Associated Telephone Co. Ltd.'s new offering.

The seasoned market still leaning a bit toward the ragged side, was not particularly helpful to those undertaking new flotations in the period.

#### Private Deals Compete

Bankers find that the major insurance companies and the larger pension funds still are able to attract enough in the way of private deals to take up any insurance serious slack in their investment programs.

With such operations through on an average 3.50% return, and with the makers of the loans just able to write their own terms for amounts and inden-ture provisions, they naturally are not inclined to go into the open market for issues purchased by

#### DIVIDEND NOTICE



#### THE COLUMBIA GAS SYSTEM, INC.

The Board of Directors has declared this day the following dividends:

Common Stock—No. 68 and No. 69

REGILAR OVARTERIY ... 204 per share.

EXTRA, 422 ... ... ... ... ... ... 304 per share.

TOTAL ... ... ... ... ... ... 305 per share payable on November 15, 1951, po holders of record at close of business October 20, 1951.

DALE PARKER

October 4, 1951

Secretary

bankers in competition with each other.

In municipals the situation is not entirely to the liking of those who market such securities. They keep going after new names for diversification, but if these don't move out immediately they appear to hang around for an indefinite time.

The situation generally, corporate as well as municipal, boils down to just this: if you have an issue today, priced right, and are fortunate enough to have a firm Treasury market or better yet an "up-tick," the bonds will go. But as one observer put it "You had better be on the beam."

#### Big Issues Ahead

new convertible preferred stock which will be offered first to common stockholders, but under-written by a substantial invest-ment banking group.

Among the other sizable pieces Among the other sizable pieces of new business projected for the near future is Continental Can Co.'s \$15,000,000 of 25-year debentures plus 104,625 shares of second preferred stock, the latter to be convertible, prior to 1961 and to be offered to common share holders with bankers to take down any unsubscribed portion down any unsubscribed portion.

Meanwhile Sharon Steel Co. has announced plans for the sale, by negotiation, of 174,137 shares of additional common stock which also will be underwritten.

#### With King Merritt

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Cal.—Paula M. Davis is with King Merritt & Co., Inc., Chamber of Commerce Building

#### Joins Calhoun Staff

(Special to THE FINANCIAL CHRONICLE)
SPARTANBURG, S. C.—Richard R. Williams is with Calhoun & Company, 1241/2 Morgan Square.

#### **DIVIDEND NOTICES**

#### CONSOLIDATED NATURAL GAS COMPANY

30 Rockefeller Plaza New York 20, N. Y. DIVIDEND No. 16

The board of directors THE BOARD OF DIRECTORS has this day declared a regular semi-annual cash dividend of One Dollar (\$1.00) per share and an extra cash dividend of Twenty-five cents (25¢) per share on the capital stock of the Company, payable on November 15, 1951, to stockholders of record at the close of business October 15, 1951.

E. E. DUVALL, Secretary October 4, 1951

# Avisco :

#### AMERICAN VISCOSE CORPORATION

Dividend Notice

Directors of the American Viscose Corporation at their regular meeting on Oct. 3, 1951, declared dividends of one dollar and twenty-five cents (\$1.25) per share on the five percent (5%) cumulative preferred stock and fifty cents (50¢) per share on the com-mon stock, both payable on November 1, 1951, to shareholders of record at the close of business on October 15, 1951.

WILLIAM H. BROWN Secretary

#### With Founders Mutual

(Special to THE FINANCIAL CHRONICLE)

DENVER, Col. — James P. Moyers has been added to the staff of Founders Mutual Depositor Corp., First National Bank Building.

#### John A. Dawson Adds

(Special to THE FINANCIAL CHRONICLE)
CHICAGO, III.—David R. Denis
has been added to the staff of
John A. Dawson & Co., 1 North La Salle Street, members of the Midwest Stock Exchange.

#### **Babb With Goodbody**

(Special to THE FINANCIAL CHRONICLE) BOSTON, Mass. - George Commonwealth Edison Co. of Babb has become affiliated with Chicago went into registration Goodbody & Co., 50 State Street. yesterday to cover \$42,912,500 of He was formerly with A. C. Allyn new convertible preferred stock & Co., Inc., and Bond & Goodwhich will be offered first to come win. Inc.

#### Rothschild Co. Opens

(Special to THE FINANCIAL CE

HOLLYWOOD, Cal.—James J. Rothschild and James J. Rothschild, Jr., have formed Rothschild & Co. with offices at 6331 Hollywood Boulevard to engage in the securities business.

#### DIVIDEND NOTICES

#### MIDDLE STATES PETROLEUM CORPORATION

COMMON STOCK DIVIDEND

COMMON STOCK DIVIDEND

A dividend of four per cent, payable in common stock, has been declared on the common stock of Middle States Petroleum Corporation, issuable on November 20, 1951 to stockholders of record at the close of business on October 17, 1951. Transfer books will not be closed.

G. B. LEIGHTON, Secretary.

October 5, 1951.

40 Cedar Street, New York 6, N. Y. Soil Investigations • Foundations Heavy Construction

The Board of Directors has this The Board of Directors has this day declared a regular quarterly dividend of 75¢ per share on the Preferred Stock and a quarterly dividend of 50¢ per share on the Common Stock, both payable on Nov. 1, 1951 to the stockholders of record on Oct. 19, 1951. of record on Oct. 19, 1951.

M. M. UPSON, Chairman of Board W. V. McMENIMEN, President Oct. 2, 1951

#### **ELECTRIC BOND AND SHARE** COMPANY

Two Rector St., New York 6, N. Y.

#### **Common Stock Dividend**

Common Stock Dividend

The Board of Directors has declared a dividend, subject to the approval of the Securities and Exchange Commission, on the Common Stock, payable December 14, 1951, to stockholders of record at the close of business November 9, 1951. The dividend will be payable in shares of The Montana Power Company Common Stock at the rate of 2.2 shares for each 100 shares of Electric Bond and Share Company Common Stock, No scrip representing fractional shares of The Montana Power Company, Common Stock will be issued to stockholders. The Company proposes to arrange for the Company proposes to arrange for the Company proposes to arrange for the Company of the Company to the company company proposes to arrange for the Company's dividend agent to handle fractional share equivalents for the stockholders.

B. M. BETSCH.

October 10, 1951.



# Washington . . .

Behind-the-Scene Interpretations from the Nation's Capital And You

WASHINGTON, D. C.—Should principle against controls, then to some one from the government request you to share your latest patent, secret process, or industrial know-how with the Europeans, for the sake of promoting Western European arms output, check with your industry representatives in the nation's capital first.

Whether the House will give powers the Senate voted on price control, remains to be seen.

\* \* \*

The entire question of price and wage control will come up with the same rancor as this year.

The chances are that your dustry or business representative, if he has been around at all, will tell you that you had better give the government man the brush-off. This is because the asking proclivities of officials for the most valuable trade and industrial recrets has got most of the pro-fessional business observers seeth-

Very few industrial processes or patents are applicable solely to arms production. These same processes or patents also are likely to have just as much use in production of civilian items, by the same European competitors who momentarily may be making

It is alleged by industry spokes-It is alleged by industry spokesmen here that officials who are so anxious to show private American know-how to the Europeans, are all but oblivious to the facts of life about competition. It does not seem to occur to them that they should labor to attempt to provide the utmost safeguards against furning American processes to work in competition with American industry. can industry.

Furthermore, it is pointed out, the only recompense the Administration offers under the Mutual Assistance Act is the Sec. 517 which authorizes an American firm to sue the government of the U. S. in the Court of Claims for demonstration. clamages.

Damages from foreign misappli-Damages from foreign misapplication of a patent or process may be legally difficult to prove fully. Until the Administration gets over the idea that vital private processes and patents costing American firms millions to develop are as free as the U. S. Treasury to every one except the U. S. taxpayer, the best thing is to buck the official suggestions for generosty on this front it is suggested. official suggestions for generos-ity on this front, it is suggested.

There are two explanations, close observers say, for the decicion of the Senate to reverse itcion of the Senate to reverse itself on price ceilings. The modification of the cost absorption formula voted by the Senate gives the Office of Price Stabilization exactly the broad legal authority it wants to do just about what it pleases, and the Senate vote was taken after all hands, even Chairman Maybank of the Banking committee, had declared initially they wouldn't have anything to do with modifying DPA the way the President asked.

The most fundamental reason why the Senate reversed itself was usiness indifference. Business Dusiness indifference. Business paid virtually no attention to the Administration drive to regain the abovers it lost when DPA was modified. Congressmen wanting to hold the line against the encroachment of controls reported they couldn't even stimulate business opposition by asking for it, much less receiving it spontancously. cously.

Second, the Democrats got mad at the handful of Republicans who immediately reacted "let's give lit is doubted that the Commies the President what he wants and show this thing up" after the President's message. If the Republicans were going to turn this around to a political trick after so

The entire question of price and wage control will come up with the same rancor as this year, during the first six months of the 1952, or pre-election session of Congress, since DPA expires June 30, 1952.

What is interesting in the light What is interesting in the light of this timing is that the Treasury, during the first few months of 1952, will be contributing to deflation rather than inflation. Whereas the actual budgetary deficit for the first quarter of fiscal '52 was \$2.6 billion, the deficit for the October-December quarter will approach \$5 billion. On the other hand, during the March quarter, when extension of DPA other nand, during the March quarter, when extension of DPA is before Congress, the Treasury will bring in a surplus of some-thing more than \$3 billion.

In other words, the Treasury aspect of economic affairs may operate to mitigate the forces of inflation sought to be slain by another price control law.

Referring to the fact that Civil Service practice usually evaluates the importance of a job, and hence the pay rating of the head of the division, section, office, etc., according to the number of employees supervised, Rep. Paul W. Shafer (R., Mich.) has come up with a not altogether impractical proposal for reducing the Federal payroll. Service practice usually evaluates

"Farmers have long had protection of State bounty laws which provide a financial incentive for getting rid of noxious animals or birds of prey that destroy crops or farm animals," he observed.

"Perhaps the same bounty idea could be applied profitably to the

could be applied profitably to the problem of decreasing the swarms of Federal officeholders and jobof Federal officeholders and jobholders who are devouring the nation's substance. Suppose key supervisory and personnel officials in the multitudinous executive departments, agencies, and commissions were given a cash incentive to reduce the number of their employees—say \$500 'a head' for every non-essential worker removed from the Federal payroll.

"Think it sounds silly?" Shafer

"Think it sounds silly?" Shafer as ked rhetorically. "Well, it couldn't possibly be as silly as the existing situation under which the key supervisory and personnel officials actually have a personal financial incentive to increase the number of their subordinates."

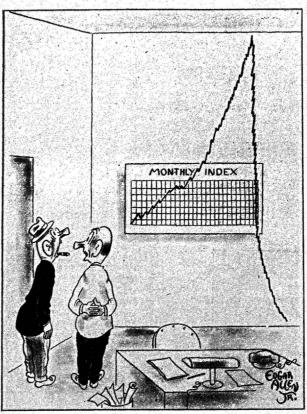
The outlook is for perhaps several months more of "Nineteen Eighty-Four" in Korea, to borrow the title of the late George Orwell's book which described the kind of a half-war, half-peace, amorphous kind of a war which has been going on. has been going on.

It IS true that the Commies have built up their forces during the lull devoted to arguing whether the belligerents should negotiate a cease fire.

It is also true that the U. S. forces also have been built up during this period.

around to a political trick after so
Yet, unless the Commies change
many Democrats had voted on their minds—which could happen

#### **BUSINESS BUZZ**



"Of course one slight drawback to this business is that it's a trifle uncertain at times!"

a cease fire.

Despite the first disposition of the Banking subcommittee of the Senate to refrain from touching Senate to refrain from touching the politically sacred Federal Deposit Insurance Corp., as reported in this column recently, the subcommittee did change its mind and de ci de to have something of a look-see into FDIC policy before confirming Chairman Maple T. Harl and member H. Earl Cook for new 6-year terms as FDIC directors.

At the insistence of the state bank supervisory officials, FDIC officials dropped their proposition that no bank could obtain deposit insurance unless it would agree perpetually to maintain its capital ratio at a percentage equivalent to the national capital ratio average for all banks with deposit

The state bank supervisors got a little assist from the propaganda put out by Messrs. Harl and Cook. One aspect of this was that they could not go out and negotiate with state officials while they remained unconfirmed. Another consisted of erroneous stories that if a bank failed the FDIC "couldn't pay a dime" to make good its deposit insurance liability. dime" to make good its deposit insurance liability.

This double pressure rather irked the members of the Banking committee, who were quick and clear in their reaction. The committee, however, finally recommended their renominations to the Senate Senate.

Meanwhile the Banking committee is checking into the ques-

for all people here can foretell—tion of whether the FDIC should there appears to be no prospect of always merge a failing bank with a strong bank, never putting an institution through liquidation. No firm conclusion can be reached on

> It is said that Persia has until just about Dec. 15 before folding up financially now that there appears to be almost no chance of an agreement with the British. By an agreement with the British. By that time, the government will be virtually bankrupt. The choice presented to the Truman Administration is to provide economic aid to Persia, most of it in actual dollars, or see Persia fall into the Russian orbit. The cost of saving Persia economically is said to be about \$45 million per year. Once Russia got control of the government of Persia, then U. S. oil concessions in Saudi-Arabia would be in line for Red pressure, so it is averred. is averred.

If Congress goes home soon then the Federal Trade Commission will have to postpone until 1952 its scheme to subject civil violations of its acts, like the antitrust acts, to treble damage suits. So also will be postponed until next year the drive of business to legalize freight absention express galize freight absorption express-ly where undertaken in good faith to meet competition.

(This column is intended to re-flect the "behind the scene" inter-pretation from the nation's Capital and may or may not coincide u the "Chronicle's" own views.)

## Business Man's **Bookshelf**

Economics of Armament Inflation. The Jules Backmanhart & Company, Inc., N. Y. City.

Foreign Tax and Trade Briefs-Foreign Tax and Trade Briefs—a collection and analysis of basic tax data for the principal nations of the world open to American investment and trade—Walter H. Diamond — Matthew Bender & Company, Incorporated, Albany 1, N. Y. and 149 Broadway, Ne w York 6, N. Y.—loose-leaf—\$25.00 (includes binder, up-to-date material and service for one year)

How to Read the Financial News—C. Norman Stabler—The New York Hearld Tribune, 230 West 41st Street, New York 18, N. Y.—paper—\$1.00

Major Problems of United States Foreign Policy 1951-1952— The Brookings Institution Washington 6, D. C.—paper, \$1.50: cloth, \$3.00

Man Was Meant to be Free-Hard Was Meant to be Free-Set-lected Statesments of Governor Harold E. Stassen, 1940-1951 — Doubleday & Company, Inc., 575 Madison Avenue, New York 22, N. Y.—cloth—\$3.50

Publications-list of "In Brief" pamphlets — The Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y.—paper

Timing Factor-Folder explain-

Year Book of Railroad Informa-tion 1951 Edition—Eastern Rail-road Presidents Conference, 143 Liberty Street, New York 6, N. Y.

1951 Yearbook of Private Placement Financing—E. V. Hale & Co., Board of Trade Building, Chicago 4. Ill.—\$35.00

#### Robert A. Haughey

Robert A. Haughey, limited partner in Carlisle & Jacquelin, passed away on Sept. 30.

Large Appreciation Potential WE SUGGEST

#### RIVERSIDE CEMENT CO. CLASS B (common) STOCK

A leading producer of cement in fast-growing Southern California. Analysis of this Company and

a review of the Cement Indus-try available on request.

Selling under \$14.00

#### LERNER & CO.

10 Post Office Square, Boston 9, Mass. Tel. HUbbard 2-1990

Allied Electric Products Kingwood Oil Standard Cable Texas Engineering & Mfg.

## Hill, Thompson & Co., Inc.

70 WALL STREET, N. Y. 5 Tel. WHitehall 4-4540

FIRM TRADING MARKETS FOREIGN SECURITIES

CARL MARKS & CO. INC. FOREIGN SECURITIES SPECIALISTS

> 50 BROAD STREET ... NEW YORK 4, N. Y. TEL. HANOVER 2-0050 ... TELETYPE: NY 1-971