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EDITORIAL

As We See It

In his recent Budget Message the President includes $10.5 billion for "Military and Economic Assistance" to foreign peoples. "The Foreign Aid Program" is the more popular term for the item. It includes all sorts of things (details are not yet fully available) from weapons, ammunition and the like to what has become familiarly termed Point Four activities. This is one of the portions of the President's spending plans which is expected to meet the most vigorous opposition in Congress, which is vaguely uneasy about fiscal extravagance—and even more uneasy about any attempt to reduce outlays which are believed to capture votes. The program as envisaged by the President and others includes much of what used to be termed political loans in the good, old days of imperialistic rivalries. It was then often hardly other than a form of international bribery. It is even more to be so classified now. It is to be so denominated, of course, quite without reference to the profit, national or otherwise, which may or may not result from it.

But there are a good many in the country who are growing a little restive about this continued super-generosity of the national government. Those who doubtless with the utmost sincerity believe in it are, therefore, much inclined to find a way to change this label carrying the word "aid" to some other term which might make the program a bit more acceptable to the great rank and file. One of the most outspoken recent arguments of this kind comes from the pen of a former chief of the Economic Cooperation Administration, Paul G. Hoffman, now director of the Ford Foundation, who in last Sunday's issue of the New York "Times" has this to say:

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Funds Accelerate Utilities Buying

By HENRY ANSBACHER LONG

Survey and analysis of investment companies' fourth quarter portfolio operations also reveals increased interest in chemical and rail shares; and continuing popularity of food, radio, electrical equipment, natural gas, steel, and textile issues. Medium of convertible preferred gains adherents. Cash reserves decreased by buying and payment of year-end capital gains dividends.

Mr. Long's tables detailing fourth quarter portfolio changes and cash position appear on pages 29 and 30.

During the final quarter of 1951, investment companies stepped up their tempo of buying by 15% over the previous period, and cut back their selling by approximately the same amount. Half of the funds covered in this survey, as contrasted with a third in the previous quarter, for this reason and also to make capital gains dividend payments dug into reserves of cash and governments. (Where the option was offered to stockholders to reinvest their year-end distributions in additional stock, generally from two-thirds to three-quarters took up the additional shares, thus preventing a greater drain on cash backlogs.)

Henry A. Long

The buying of the utility shares, even with the exclusion of issues acquired through the exercise of rights, exceeded the marked enthusiasm shown for these securities earlier in the year and approximated 16% of all portfolio additions. Chemicals were bought on balance, in contrast with the predominant selling of the previous quarter and the rails again came into favor with purchases doubling the amount of sales. Popularity of the food shares eclipsed that of the third quarter and a wider margin of pur-

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Closing In!

Opposition voiced to SEC proposal to implement Independent Offices Appropriation Act. Asks if taxing power of Congress has been delegated to executive agencies. Stresses injustice of annual registration fees imposed on brokers and dealers and their selling employees. Analyzes dangers inherent in a self-sustaining Commission. Other industries may be similarly affected. Congressional control of the purse strings as a deterrent to a rampant lust for power. Warns of danger of slip-in provisions in legislation.

The Securities and Exchange Commission has just issued a release entitled "Notice Of Proposal To Adopt and Amend Rules With Respect To Fees and Charges By The Commission."

The SEC announces that the release is issued ". . . to implement the provisions of *Title V of the Independent Offices Appropriation Act of 1952*".*

This release quotes a paragraph from this Act which seems to indicate the Congressional purpose to be that every Federal Agency shall be self-sustaining.

Then follows the Commission's proposal of changes in fee schedules, and new fees in areas within which the SEC has previously made no charges, and of new rules to effect these—all with the declared purpose of making the Commission "self-sustaining."

Among these innovations and changes are: (1) an annual registration fee running from $30 to $2,500 (depending upon value of total assets) payable by Registered Investment Companies; (2) an annual registration fee from $500 to $25,000 (based upon corporate balance sheets) payable by Registered Holding Companies and Certain Exempt Holding Companies; (3) an annual registration fee of $50 payable by investment advisers;

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SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 42.

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, nor are they to be regarded, as an offer to sell the securities discussed.)

This Week's Forum Participants and Their Selections

PETER BALL
Partner, Ball, Burge & Kraus, Cleveland, Ohio
Member, New York Stock Exchange

International Business Machines Corp.

The increase in paper work resulting from expansion of mass production techniques and the many reports required by all branches of the government can be expected to continue for many years. These developments combined with the trend toward higher wages have increased the need for improving the productivity of clerical staffs. One of the accepted methods of accomplishing this is the further mechanization of office work.


Peter Ball

International Business Machines Corp. is in an unusually favorable position to capitalize on the need for such mechanization. Electronics have widened the applications of office machines, and IBM has achieved more in applying electronic principles in this field than any other company. The accelerated demand for all types of electric accounting machines is evidenced by the steps taken by the company to expand its manufacturing facilities and increase the number of machines in the field. Additions at Poughkeepsie will practically double the size of that plant, while a new factory in Canada will also mean a considerable addition to capacity. The Canadian plant will serve the company's expanding business in that country and in other countries throughout the world.

Recent expansion of the company's operations justify the opinion that when the excess-profits tax is eventually repealed net income can be expected again to show gains similar to those reported after World War II. However, two phases of the defense program seem likely to restrict IBM's expansion in profits for the present. The company's sales of war material, which can be expected to increase over the near term, provide only a nominal profit as compared to the profit reported on the company's regular business. Of more importance is the adverse effect on profits of higher corporate taxes, especially the excess-profits tax.

The effect of transitions from war to defense economies, as well as the reverse, on the company's revenues and profits is indicated in the following table (in millions):

Year	Gross Rev.	Inc. & Excess-Profits Taxes	Net Income
1939	$38.3	$2.2	$9.1
1940	44.9	3.4	9.4
1941-45 Av.	111.1	20.5	9.6
1946-49 Av.	148.7	16.0	25.9
1949	183.4	19.9	33.3
1950	214.9	27.8	33.3

As shown in the table, higher income tax rates and especially the excess-profits tax were principally responsible for net income during the war years remaining around 1940 levels despite a substantial increase in gross revenues. Although gross revenues increased less following the war than during the war, net income gained substantially. Lower tax rates and the repeal of the excess-profits tax permitted the company to carry through to net an increased percentage of gross income.

The company's nine months report for 1951 illustrates the current difference in before- and after-tax results. Although pretax net was up 25%, net after taxes declined 14%, amounting to $6.92 per share compared with $8.09 in the same period of 1950. Full year 1951 earnings will of course be lower than the $11.48 per share reported for 1950.

Despite increased taxes and possible dislocations arising from defense work, there are good reasons for believing that during the next ten years IBM common stock will again perform better than the Dow-Jones Averages by a wide margin, just as it did in the last ten. IBM's cash dividend of $4 provides a low return on a price of 204, but in addition to the cash a 5% stock dividend is also paid. Although the income is low, I believe that the excellent prospects which this stock affords for establishing profits over the long term will be gradually reflected in its market action.

A government suit against IBM, filed in January, alleging that the company monopolizes the tabulating industry, has had a slightly adverse effect on the stock, but would seem to provide a buying opportunity. A long-term vote of confidence in the company was expressed recently by the Prudential Insurance Co. by its action in agreeing to loan IBM $115 million for 100 years at 3¾%. IBM common stock is listed on the NYSE and, in my opinion, is a security suitable as an investment for individuals and institutions.

PAUL CHESTER
Baker, Simonds & Co.,
Detroit, Mich.

Ex-Cell-O Corporation

Shifting economic tides periodically bring to the fore companies which through technological development are able to lift themselves into the limelight of investment attraction. Usually progress is slow and must be accompanied by the untiring efforts of a vigilant management group which must take the "bitter" to gain the "sweet." Such a company, Ex-Cell-O Corp., has risen from the heart of dynamic Detroit.


Paul Chester

Started in 1919, Ex-Cell-O has expanded its product coverage through the years by acquisition of companies with complementary products. By development, refinement and sales promotion, these essential products have gained national importance and generally speaking consist of pasteurizers, milk and ice cream packaging machines, machine tools, cutting tools, and aircraft and other precision parts.

The larger plants of Ex-Cell-O are located in Metropolitan Detroit, and other plants in Fostoria and Lima, Ohio, and Garwood, N. J. The Lima plant was recently completed for the purpose of producing aircraft engine components. In total the plants represent a floor area in excess of 1,000,000 square feet.

Of especial importance for the long-term future is the "Pure Pak" division which produces automatic machinery for the packaging of ice cream, milk and other dairy products in sanitary wax-paper containers so familiar to the shopper. The milk packaging machines, well covered by patents, are leased out to dairies on a royalty and rental basis that returns approximately 65% annually of the average net book value of such equipment. Construction of these machines, started in 1936, was impeded by World War II. The 160 units owned by the company at the end of 1945 have since increased to over 1,700, representing an investment of approximately $15,000,000 net after depreciation charges of about $8,500,000.

Even though construction of additional packaging machines may be seriously curtailed by the defense effort, it is evident that income from this source, after all appropriate charges including Federal income taxes, substantially exceeds the present dividend rate of $2.00 per common share annually—a return of 4% at a price of $50 per share.

In addition to special purpose machine tools, Ex-Cell-O produces standard machinery such as boring mills, precision grinding spindles, lapping machines, thread and form grinders, tool grinders, and hydraulic power units.

Precision parts produced by the company cover turbo-jet engine rotor blade assemblies and other aircraft components, standard drill jig bushings, railroad pins and bushings, and textile spindles.

Sales for 1951 approximated the World War II peak of $65 million reached in 1943. Net earnings are expected to show in excess of $6 per share for 1951 which would be a new high in the company's history. Despite higher taxes the outlook for 1952 is excellent, with new records in sight for both sales and net earnings (estimated at $7 plus per share). The excess profits tax credit base is about $5,000,000.

Dividend disbursements have been modest because of the need for funds to reduce bank indebtedness and capital requirements in building the "Pure-Pak" machines which are placed under lease. Working capital has been

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EX-CELL-O CORP. STATISTICAL HIGHLIGHTS

Fiscal Year	Net Sales and Revenue	Net Profit	*Per Common Share Profit	*Per Common Share Dividends	*Equity per Com. Share
1935	$3,452,000	$329,000	$0.51	---	$4.23
1940	15,068,000	1,983,000	3.11	$1.53	8.19
1945	56,451,000	2,107,000	3.52	1.73	19.53
1950	35,530,000	3,548,000	5.55	2.00	31.86
1951	§65,000,000	§3,800,000	§6.00	2.00	§35.86

*Adjusted to present outstanding shares. §Estimate.

The Shady Side of UMT

By J. E. LeROSSIGNOL
Dean Emeritus, College of Business Administration
University of Nebraska

Dr. LeRossignol reviews developments and legislation which have led to the proposals for Universal Military Training. Analyzes effects of proposals of The National Security Training Commission and points out as factors on "the shady side" of UMT's glowing assurances and promises: (1) popular antagonism of Americans to militarism; (2) its heavy cost; and (3) its likelihood to prove useless, because of changes rendering training obsolete. Holds Selective Service is meeting emergency and all reserves needed can come from 18½ to 26 year-old manpower pool.

Let it be admitted that we are living in a dangerous world and that we are only beginning to realize how dangerous it is. Guarded by two oceans and fearing nothing from Canada and Mexico to north and south of us, we have long felt that no enemy could reach us and that, therefore, we had no need of vast armies to keep us safe. But we were awakened from our dream of peace by two world wars, and now that our former ally, Soviet Russia, is confessedly out to communize the world, we are hoping for the best but preparing for the worst.

J. E. LeRossignol

No wonder that our military guardians, who have always stood for preparedness, are not satisfied with the draft, which saved us twice, and now propose permanent peacetime conscription, which we have always hated, as the only sure way to safety.

Forty days after we entered the first World War, the Selective Service Act of 1917 was enacted, and under this law nearly 3,000,000 men were drafted. On the eve of the second war Congress passed the Selective Training and Service Act of 1940, and by the time we entered the war, some 15 months later, more than a million men had been trained and were ready for service. Before the end of the war about 10,000,000 men were inducted through the selective service boards.

The Act of 1940 was terminated in 1947, but soon, because of the aggressive foreign policy of Russia, Congress passed the Selective Service Act of 1948, for a two-year duration. Only a few men were inducted, and inductions were actually stopped at the end of January, 1949. But on June 20, 1950, after the North Koreans, backed by Russia, invaded South Korea, Congress extended the law until July 9, 1951, and provided for large and rapid increase in our armed forces. After that, by the amendment of June 19, 1951, the law was extended to July 1, 1955. Since the first passage of the Act in 1948, but mostly since 1950, about 700,000 men have been drafted and about 1,000,000 inducted as volunteers.

Selective Service, therefore, seems to have done its work well and there has been little criticism of it except in regard to exemptions and deferments and some favoritism on the part of local boards.

But for some years there has been a strong and growing movement among army officers and others looking toward a radical change in our military policy by which, in time of emergency, we might augment our forces quickly to form a large body of trained reserves instead of waiting for the draft to bring in raw recruits, who would have to be trained for a year or more before being ready for combat duty. Various proposals were made in Congress, including the Wadsworth-Gurney Bill of 1943, which came to nothing. But the movement finally culminated in a bill to enact Universal Military Training, which was vigorously pushed in Congress in the autumn of 1950 and early in 1951 by Congressman Carl Vinson, of Georgia, and had strong backing from President Truman, the Pentagon, the daily press, the Veterans of Foreign Wars, and the United States Chamber of Commerce, which, however, has reserved its final decision.

When the bill came before Congress in the spring of 1951 it met with much opposition from the general public and was in danger of failure. However, by a political maneuver, it was tacked on as a rider to Public Law 51, an emergency measure amending the Selective Service Act by extending the draft for four years and reducing the drafting age of boys from 19 years to 18 years and 6 months. The bill passed both houses, was signed by the President on June 19, 1951, and was cited as the "Universal Military Training and Service Act."

However, the military training part of it could not become law without later approval by both Houses of Congress. All that the Act really did, therefore, was to instruct the President to appoint a National Security Training Commission of five members who should prepare a broad outline of a program for UMT to be submitted to the Committees on Armed Services of both Houses, who are to report speedily to their respective Houses for final action. UMT, therefore, as its proponents say, was recommended *in prin-*

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Regular Features

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Bank and Quotation Record — Monthly, $30.00 per year. (Foreign postage extra.)

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Public Utility Stocks—A Haven and an Opportunity

By HAROLD H. YOUNG*
Partner of Eastman, Dillon & Co.
Members, New York Stock Exchange

Asserting utility stocks are finer and stronger today than ever before, Mr. Young contends that, despite lower dividend yields and price-earnings ratios, there are still attractive bargains in utilities. Says utilities securities are a haven against declining industrial profits due to higher taxes. Calls attention to larger buying of utilities securities by investment institutions, and lists several individual utilities, whose shares are now attractive as investments.

The situation in respect to public utility stocks is a little different today than it has been at times in the past. There have been periods in which those of us who have had continuing faith in public utility stocks have been "voices crying in the wilderness."


Harold H. Young

People have often been prone to find reasons why utility stocks have not been attractive or desirable. Over the years there have been many periods in which some popular notions have prevailed and have been consistently cited to support a negative view on utility stocks. These forebodings of doom have never been made good and utility stocks are finer and stronger today than ever before. On the other hand, we find that at present there is a strong demand for public utility stocks and investors generally are favorable to them.

From the standpoint of people like myself the situation is not one of unmitigated satisfaction, despite the pleasure of having people agree with you. The disadvantage is that we cannot point to bargains in the way we could when these stocks were less popular. Yields are lower and price-earnings ratios are higher than a year ago. However, there are still very good values and yields are unattractive only by comparison.

What has stimulated this demand? There are several factors at work and I will discuss a few of them. I have referred to utility stocks as a "haven." This ties in with the uncertainties as to the trend of business in the immediate future, especially as it affects industrial companies. I am not an economist, much less a seer, and I cannot undertake to say whether prevailing misgivings are warranted but I do know that they exist. Industrial earnings, generally speaking, have turned downward. Numerous industrial companies were less generous in their dividends at the end of 1951 than at the previous year end. The outlook for the dividends on industrial stocks is not altogether favorable and the integrity of some of these payments at current rate is in question.

Many people fear a rather substantial drop in general business activity should there be any lessening of the national emergency. This situation is conducive to caution on industrial stocks in many quarters. In some spots we find people who hold industrial stocks on which they have good profits and they do not wish to risk seeing the profits melt away. On the other hand, they do not want to sterilize the money. An excellent answer to the investors who are wrestling with this problem seems to be "put money in utility stocks" and that is what people are doing. That is where the idea of a "haven" comes in.

The outlook for the utility business is good. The demand for service is growing and the principal problem seems to be to provide facilities fast enough to keep ahead of the demand. The domestic business—the backbone of the industry—continues excellent. New appliances are going on the lines every month and this provides a continuing source of increased business as these appliances are in regular use. Industry is constantly seeking labor-saving devices and introduction of more machinery which means sale of more electricity to run motors or sale of gas for special processes.

If an industrial slump, about which some people are uneasy, should materialize, the utilities are cushioned. They would suffer principally from the loss of industrial business which, after all, represents only one segment of the revenues. Furthermore, those revenues would not all be lost because the companies are protected by rate structures including a demand charge covering the readiness to serve as well as an energy charge for actual consumption. Industrial business is the least remunerative and the dropping off of business would permit companies at the same time to suspend operations of their less efficient facilities.

In the electric industry many companies are still having to operate inefficient plants to carry the peak of business despite all the new equipment which has been installed. It would appear that this situation will prevail, in many cases, for some time yet.

Relatively Good Expense Control

Another feature of attractiveness about the utility picture is the relatively good control of expenses. Millions of dollars are going into new plant, and as this plant is installed, the companies get the benefits of most modern, efficient and economical operation. One of the outstanding examples here is the difference in operating cost of new electric generating units as against older equipment. Savings of a substantial nature are made in both fuel and labor. The amount of coal or equivalent fuel to produce a kilowatt-hour of electricity is much less in the new plants than in the old ones. Also, the number of employees required to operate a modern plant in relation to its capacity is much smaller than in the case of the old plants.

Many electric companies report that despite the increase in business they have had in recent years the increase in their number of employees has been very small. One of the favorable features of the electric business, in particular, is that business can be added in substantial volume without a corresponding increase in the number of employees.

Of course, one of the big talking points for the utilities is their position in respect to Federal taxes. When the excess profits tax was under consideration the industry made aggressive and intelligent presentations of its problem to Congress, and as a result, special provisions were written into the Act, as passed, permitting the utilities to earn a fair return on invested capital before becoming subject to the excess profits tax.

More recently, there has been another favorable development which relates to the electric companies only. In the 1951 Tax Revenue Act 3⅓% excise tax on sales of electric energy to domestic and commercial customers was repealed. This repeal was effective as of Nov. 1, 1951 whereas the increase in normal and surtax was retroactive to April 1, 1951. In 1952, however, the industry will have the benefit of this tax repeal for the full year. Companies with small industrial business get the most benefit and in some cases the repeal of the tax will offset substantially all of the increase in normal and surtaxes but even the companies with a large proportion of industrial business will get very significant relief.

Rate Increases

When increase in business and control of expenses have not been in sufficient degree to maintain adequate earnings, then the utility companies have recourse to rate increases. These companies, by law, are assured a fair rate of return on invested capital. There are varying concepts in different states both in respect to the statute, itself, and as to the administration of the statute by the Commission. This angle is one requiring special study but the general statement can be made that the utilities are assured a fair return.

One of the influencing factors as to the utility stock market, which may have important long-run implications, is the increased purchases by institutions. There has been more interest on the part of insurance companies, pension funds, trust departments of banks, and other buyers of this sort than has prevailed for some time. There is a more liberal attitude in many quarters toward the purchase of common stocks as a group and among conservative buyers, of course, public utility common stocks are very popular.

Last year legislation was passed permitting New York life insurance companies to buy common stocks for the first time and many people think there is a chance that a law may be enacted, giving New York savings banks privileges along this line. This is typical of the way the demand for common stocks has widened. Some observers ponder whether continuing demand from these sources may not put higher grade utility stocks in a different category than they have previously occupied.

It would certainly appear that demand for the utility stocks should continue strong until or unless there is a different feeling toward industrial stocks. If the time comes when people are disposed to reverse moves recently made and a flow of funds from utilities into industrial stocks takes place, then we may need to reappraise the situation. However, that time is certainly not here now.

Another consideration is the loss in favor on the part of preferred stocks. At one time private investors were the backbone of the preferred stock market but in recent years they have become much more interested in common stocks and are likely to continue so. Also, the institutions are much less interested in preferreds than they were a few years ago. This tends to focus more demand in the common stock part of the market.

I have spoken about the utility stocks as a "haven" and the title of my talk refers also to opportunities which are present. These opportunities exist in analysis and selection of stocks to get the best values. As against fears of lower industrial earnings, expectations are definitely for higher utility earnings in 1952. I see few, if any, dividend cuts in sight and, on the contrary, expect a continuing trend toward higher dividends. There was a generous number of increases in 1951 and also there have been some in 1952 with more to come.

Alert buyers will seek the best returns, quality considered. There is a certain degree of uniformity in utility company operations so a premium should be paid for a utility stock only if there is a firm conviction that the issuing company is outstanding enough to warrant it. Investors should keep their ears to the ground for prospective earnings and dividend increases as these are usually the forerunners of modest price increases. Values should be analyzed and compared with a careful watch for issues which are out of line.

Utilities as Institutional Investments

One thing which is going on at the present time is lengthening of lists of utility common stocks approved for purchase by various institutions. Less seasoned stocks

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*An address by Mr. Young before the Boston Investment Club, Boston, Mass., January 29, 1952.

The State of Trade and Industry

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

Practically no change in over-all industrial output for the country-at-large occurred in the period ended on Wednesday of the past week. Advances in some industries were offset by declines in others, but with the aid of many defense orders, aggregate output held about even with the high level of a year ago.

In the latest week for which data are available, that ended Jan. 5, initial claims for unemployment insurance benefits dropped 3%, but were 12% higher than a year before. Continued claims were 15% above a year ago.

Steel ingot production advanced for the fifth consecutive week to 100.1% of new capacity. This was only fractionally below the all-time high point reached six weeks ago.

This week it looked as if the steel industry were going to be the victim of a giant squeeze play—with labor on one side, government on the other and steel companies in the middle, according to the "Iron Age," national metalworking weekly. Some Washington circles were quite sure the steelworkers would get an increase of 15 cents an hour or more after window dressing before the Wage Stabilization Board had been completed.

But this increase would apply to the base rate. After suitable adjustment in the 32 different wage classifications, it would be found that the actual increase would really average 18½ cents an hour. This 3½ cent joker in the wage deck always shows up late in the game, this trade weekly observes.

Insistence of stabilization officials that the steel industry cannot get price relief until higher labor costs become an actual fact increases the danger of a strike. Steel companies will not agree to any wage recommendations unless they stand a chance of recouping direct labor costs through higher prices, "The Iron Age" points out.

If the steel industry doesn't get enough price increase to cover the higher wages—no matter what route the Administration decides to take—there will be a steel strike. It would come the last of this month, or in March, declares this trade authority.

But, before that happens, there is a strong chance the squeeze play may be completed. This would call for labor getting its 15 cents or more per hour, and steel companies falling short of getting what they consider to be the direct costs of such an increase, it continues.

If history repeats itself, as expected, this trade journal asserts, the sixth wage round is a practical certainty. It will be accompanied by higher steel prices, possibly to the tune of $5 to $7 a ton.

Industry sources say that prices would have to be raised $6 to $8 a ton to cover a 15 cents an hour wage boost. Adding $4 a ton to cover other cost increases under the Capehart Amendment,

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Business Man's Bookshelf

Cotton and Cotton Futures — New York Cotton Exchange, 60 Beaver Street, New York 4, N. Y. —paper.

Guidebook to California Taxes (1952) With Special Emphasis on Relationship to Federal Taxes—Russell S. Bock—Commerce Clearing House, Inc., 214 North Michigan Avenue, Chicago 1, Ill.—paper—$3.00.

Guidebook to New York State Income Taxes on Individuals, Partnerships and Fiduciaries—Residents and Nonresidents—Samuel M. Monatt — Commerce Clearing House, Inc., 214 North Michigan Avenue, Chicago 1, Ill. —paper—$3.00.

Practical Credits and Collections—H. B. Goldstein—Practical Credit Publication Co., 143 North Ninth Street, Newark, N. J.—paper—$5.00.

The 1951 Black Market Yearbook (in International Currency) —Franz Pick—The Roy Bernard Co., Inc., 14 East 62nd Street, New York 21, N. Y.

San Francisco Analysts Elect New Members

SAN FRANCISCO, Calif—William P. Held, President of the Security Analysts of San Francisco, has announced today the election of the following new members to the organization:

Regular Membership: Edmond G. Blackburn, Walston, Hoffman & Goodwin; Lewis P. Mansfield, Stephenson & Mansfield.

Associate Membership: Professor J. Knight Allen, Stanford Graduate School of Business; Donald L. Bell, Coast Counties Gas & Electric Co.; Richard I. Buckwalter, E. F. Hutton & Co.; Truman W. Carrithers, Davies & Co.

Mayer & Walker With First California Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Ralph E. Mayer, Allen L. Walker and Grant L. Witte have become associated with First California Company, 647 South Spring Street. Mr. Mayer was formerly with Paine, Webber, Jackson & Curtis and Waggenseller & Durst, Inc. Mr. Walker was with Gross, Rogers & Co. and prior thereto was an officer of Floyd A. Allen & Co., Inc.

Dobbs & Co. Will Admit Three to Partnership

Dobbs & Co., 50 Broadway, New York City, members of the New York Stock Exchange, will on Feb. 18 admit to partnership George A. Hussong, John J. Langan and R. Glynn Mays. Mr. Mays is office manager for the firm.

Oppenheimer Branch

Oppenheimer & Co., 25 Broad Street, New York City, members of the New York Stock Exchange have opened an office at Paris, France, 24 Rue Fedeau, with M. Frederick Montefiore as representative.

With Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

LINCOLN, Neb.—Jesse Pickard is now with Waddell & Reed, Inc., Barkley Building.

Observations . . .

By A. WILFRED MAY

Resuscitating the Stockholder

The "worth-more-dead-than-alive" condition of today's equity share is brought to the fore by a recent speech made by New York's State Superintendent of Banks (*"Bank Earnings, Book Values, 'Windfall Profit' Mergers," an address by William A. Lyon before the Annual Mid-Winter Meeting of the New York State Bankers Association, published in full in the "Chronicle" Jan. 31, 1952, p. 1*). Although Mr. Lyon treated only a relatively narrow segment of the problems involved, and the public highlighted out of context his criticism of "speculative" mergers (misunderstanding, too, as this writer has learned from a personal discussion of the matter, much of the author's intended meaning), the talk nevertheless constitutes a useful microcosm of a situation crucially important to today's financial, investment, and even political worlds.

A. Wilfred May

Today's Prevalence of Discount

Throughout today's financial world, abroad as well as in the United States, *discount* pervades—in direct contrast to the *premium* days of the 1920s. This applies to all relationships between market price and discernible asset value. Where the medium of the holding company is involved, conceiving of the whole as being worth less than the sum of its parts has been strikingly demonstrated in the utilities field in recent years, the actual occurrence of dissolution *per se* increasing the aggregate market pricing of the "package."

A continuing demonstration of this *discount* situation is furnished by the closed-end investment companies. Many of these issues, not enjoying the benefit of sales pressure which readily secures a buying *premium* of 9% or so for the open-end funds, sell at premiums ranging from 15-35%; such market pricing—as we have pointed out in previous columns—giving the buyer the concrete benefit of wiping out the management expense.

Then there is the miscellaneous holding company, such as

Continued on page 16

Keys to Insurance Company Strength

By SHELBY CULLOM DAVIS*
Formerly Deputy Superintendent of Insurance of N. Y. State; Partner, Shelby Cullom Davis & Co., Members N. Y. S. E.

Insurance expert offers scrutiny of following five elements as basis for appraisal of individual company health: balance sheet, income accounts, management, government supervision, and stockholder appraisal. Holds they are more important than traditional ratio figures. Urges importance of thoroughly going behind balance sheet and income statements. Demonstrates evidences of strength and weakness with five-year balance sheet and operating results of three companies.

There are many clues to insurance company health — clues everyone can follow and understand. I am going to mention five clues or tools with which we work.

Shelby Cullom Davis

The first tool is the company's balance sheet. On the left hand side are the assets — what the company owns; and on the right hand side are the liabilities—what the company owes. That little difference between N and E—owns and owes—is one of the keys to insurance strength.

The second tool is the company's profit and loss statement or income account. One year is not enough, for insurance operates in cycles. Five years should be a minimum. It is certainly important to know whether a company is making money or "losing its shirt." There are several angles to this, such as the difference between statutory underwriting results and the so-called adjusted underwriting results which takes into account the change in the premium reserve equity.

The third tool is our good friend the Insurance Department—and I mean exactly that. The Department is the friend in court of the policyholder, the vigilant protector of insurance company strength. Its reports of examination are required reading whenever there is any question of solvency.

The fourth tool in our kit is the body of the company's stockholders. Remember, they are constantly appraising their company's strength. Their money comes after the policyholders'—it is "out on a limb," so to speak. The stockholders think they are the forgotten men but they themselves don't forget—they watch trends, read reports and speculate about the future. And they express their opinion in the market for the company's shares, from ten to three every day, Saturdays, Sundays and holidays excepted. Day to day and week to week fluctuations are unimportant—but a prolonged sinking spell when a company's stock goes almost out of sight is a danger signal. It probably means, as they used to say in "Ole Man River"—somebody "must know something," it just doesn't keep "rolling along."

And, finally, our fifth tool is the insurance company's management itself. No company ultimately can be better than its management. Knowledege of management is all-important. Not just that part of management whose job it is to meet the public and who know how to put their best foot forward—but the men behind the men. Men make up the figures, and whether the figures are conservative or overly optimistic depends upon the judgment of the men responsible. We live in an age when news commentators get "behind the headlines" and writers get "Inside Europe" and "Inside the U. S. A." To understand an insurance company's strength one must get "inside" management and "behind" the figures.

Now let us turn to some specific examples where these five tools, balance sheet, income account, Insurance Department, stockholder appraisal and knowledge of management, might be helpful. Sometimes one tool will tell the story, sometimes it is necessary to use all five.

"A Tale of Three Insurance Companies"

I offer for your attention three Exhibits which might be termed "A Tale of Three Insurance Companies." Alas, two companies are no longer among the living, having departed this financial life in 1950 and 1951 respectively. The third is the picture of health which might be labelled Mr. America among insurance companies if such a crown were awarded. Actually it has been chosen because it was the first company to publish its financial report this year and which you may have noticed in the newspapers about ten days ago.

Now what was wrong with the picture in Exhibit A? At the end of 1949, Company X, which was a fire insurance company, presented a balance sheet with assets of $7,962,000. Total liabilities were only $5,959,000, leaving a surplus as regards policyholders—which is really stockholders' money but which is added protection for policyholders—of $2,102,000. Seemingly policyholders' surplus was about 35% of total liabilities, indicating 35% additional protection. And yet the patient died the following year. What went wrong?

There were many things wrong which the balance sheet on its face does not indicate. Only by going "behind" the figures of the balance sheet, particularly on the assets side, could potential trouble be detected. The first item "bonds" of $2,818,000 sounds very good, snug and secure—until one begins to poke behind the word "bonds" and find out what these bonds actually were. These days most of us think of bonds as U. S. Government bonds—but less than half of these bonds were those of the U. S. Government. Only $450,000 of these bonds were of states and municipalities, which are also high grade. More than $1,000,000 of these bonds were in miscellaneous industrial companies, many of them affiliated companies, which it was difficult to know anything about. The value of many of these bonds was extremely questionable.

The next item is "stocks." We are apt to think of stocks owned by insurance companies as being "blue chips" such as American Telephone, duPont, General Motors, General Electric and the like. But going behind this item "stocks" one found nothing of the sort. Only one-third of the $1,377,000 was in public utility, bank and railroad stocks with which the investor is familiar. The bulk or two-thirds was in the stocks of affiliated companies, stocks which had no ready market and whose worth was doubtful. Even the item "reinsurance recoverable" of $673,000 was somewhat suspect when one got behind this figure. One found in the Annual Statement as submitted to the Insurance Department that some of this reinsurance was with a small company domiciled in China about which little information was available; other reinsurance was with a small company in Cuba; a great deal of reinsurance was placed with a small mutual in Philadelphia about which not much was known. Another question mark here — as well as on the item "notes receivable" of $268,000. Thus by going behind the names on the asset side of the balance sheet there were good grounds for suspicion that all might not be well with Company X.

The Income Account

A study of the income account gave further cause for alarm. The company's expense and loss ratio had been above 100% in every year but one in the past five. Furthermore the company's underwriting was steadily getting worse. Its surplus to policyholders was steadily going down. Another big question mark there.

If one went to the Department of Insurance and read the most recent examination of the company by insurance examiners from several states, one learned that in 1946 the company's surplus had been reduced by $534,000 as the result of this triennial examination. In other words the Insurance Department examiners found that the company's surplus was actually $534,000 less than the company had published. This was further damning evidence.

What had the stockholders been doing all this time? Apparently they had not been asleep and they even probably had begun to worry. In 1946, before this report of the Insurance Department examiners became available, the stock sold as high as 9. In 1947, its range was a high of 3⅞ and a low of 1¼, quite a drop. In 1948 its range was a high of 2¼ and a low of 1¼. In 1949 its high was 1⅝ and its low was less than $1 a share, ⅞. The stockholders were thinking less and less of the company's outlook.

With all four of our tools showing signs of danger, it was not necessary to go much further. Despite the statement of surplus to policyholders of more than $2,000,000 at the end of 1949, the company ceased operations in 1950. This was no surprise to those who followed its affairs closely and who had constantly been applying the five tools. But if one believed everything he read, in particular the figure of more than $2,000,000 surplus as regards policyholders at the end of the preceding year, the demise must have come as quite a shock.

Let us turn now to Exhibit B, another sad case. Company Y, however, differed materially from Company X. It was a casualty company, in the first place, and in the second place it had already gotten into sufficient trouble by 1947 to go to the RFC for $5,000,000 of funds in order to keep going. Furthermore, there was no question that the management of this company was doing its level best to keep the company afloat and its integrity was unquestioned. It furthermore had the support of the Insurance Department and the good wishes of the entire insurance fraternity. What went wrong?

At the end of 1950 the company reported a surplus as regards to policyholders of $2,650,000. That seems like a lot of money. It was more than 20% of total liabilities which might have seemed an ample cushion. The assets on the left hand side of the company's balance sheet were "clean." Almost all of the bonds were U. S. Government bonds; there were very few stocks. All the items were "good" as it is said in banking.

The answer lies in an analysis of the income account but this is only a partial answer since the company registered improvement in its loss and expense ratio in every year until 1950 and these latter figures were not available until February, 1951. Underwriting results also showed steady progress. Stockholders appeared satisfied with the way affairs were going, the stock having reached its low of 2⅝ in 1947 at the time of the RFC loan, traded between 4⅞ and 3 in 1948, 6¾ and 2⅞ in 1949 and 7 and 3½ in 1950. What happened to change the situation?

Effects of Post-Korea Inflation

What happened was Korea, the rekindled inflation, a fresh outburst of reckless driving, upward trend in accident frequency and cost of settlements. The results of Korea, which affected all casualty companies, became known for Company Y when its 1950 income account became available a year ago. The statement showed a statutory underwriting loss of $2,796,000, clearly a danger signal inasmuch as the entire surplus to policyholders was $2,650,000. It was easy to see that another such year would wipe out the company's surplus. In addition, because of the inflation, claim settlements became more costly. Casualty claims, as you know, require some time for settlement. It became necessary to add to claim reserves. These reserves at the end of 1950 (the balance sheet item is "Losses & Adjustment Expenses") was $6,497,000. A year before it had been $5,066,000—and this additional $1,431,000 had to come from somewhere, which was from surplus. Company Y was killed by Korea just as surely as if one of the enemy's shrapnel had lodged in its heart.

That is why the five tools are not always sufficient to detect danger in its early stages. One must be aware of underwriting trends — before the figures are published. And this is possible for it was generally known in the insurance district that automobile lines turned very sour in the summer of 1950 and this particular company had 65% of its business in automobile.

It is not a pleasant task being a mortician and conducting post-mortems. Besides in insurance these are the exception—the rare exceptions—rather than the rule. For our final exhibit, Exhibit C, let us turn to a company in the very pink of financial condition and see just why this is so.

A Company "In the Pink"

First of all its balance sheet shows a surplus as regards policyholders of $185,195,000 and if we total up all the liabilities we find they come to only $84,702,000. So the policyholders' surplus exceeds all liabilities by 120% which is a tremendous cushion.

Turning to the asset side of the balance sheet the statement published in the newspapers revealed "Bonds & Stocks" of $249,902,000. If we consult the company's report to stockholders we find these bonds and stocks were of the highest grade, U. S. Government bonds, bonds of well known states and municipalities and some good grade railroad bonds and stocks of the "blue chip" category. Its largest common stockholdings were in such companies as Standard Oil of New Jersey, National Steel, Standard Oil of California, Union Carbide and International Business Machines. Every single name on the list is not only well known but enjoys an active market. Stocks of affiliated companies are also included since Continental owns 50% of American Eagle, Niagara Fire and Fidelity & Casualty. An examination of the Annual Reports of these companies reveals assets similar to that owned by the Continental and in general a strong financial condition.

The income account also shows a consistently profitable operation. The loss and expense ratio has been well below 100% each year. Including the change in premium reserve equity, which means the prepaid expenses such as commissions and taxes on premiums written, the company has made money

Continued on page 36

*A talk by Mr. Davis before the Greater New York Insurance Association, New York City, Jan. 28, 1952.

Business and Finance Speaks After the Turn of the Year

MORE BUSINESS FORECASTS

The following are some more of the opinions on the business outlook for the present year which, for various reasons, could not be accommodated in our ANNUAL REVIEW and OUTLOOK ISSUE of Thursday, Jan. 17 and subsequent issues. Remaining unpublished statements will be given next week.—Ed.

J. L. ATWOOD

President, North American Aviation, Inc.

Under the present defense mobilization program, the aircraft manufacturing industry will steadily increase production during the coming year, although it must be emphasized that we are working under conditions far different from the all-out "go-ahead" that prevailed just prior to World War II. In this instance it has been the national policy to attempt to expand the facilities and capacity for production at a greater rate than the actual production. Capacity is still limited greatly by shortages of critical machine tools, but the ensuing year should enable us to adjust many unbalanced factors that now exist. This policy is sensitive to changes in the international picture, and efforts to accelerate present schedules could occur at any time. In all probability the limiting factor in such efforts would be availability of engines, electronic apparatus, and the various other complex items of equipment and materials which even under our present schedules are in short supply although critical airframe machinery could govern in some cases.

J. L. Atwood

One very encouraging fact is that during the past year of partial mobilization there has been continued effort to improve existing airplane designs and to develop new designs to the point of operational readiness. As a result of this intensive development work, we will be producing improved aircraft during the coming year and in 1953. Fortunately there is no complacency concerning technical superiority either in the industry or in the air services, and I believe that this is one of the most important factors in our future air security.

Employment in the industry has increased considerably during the past year, and it has been estimated tnat, including all parts and components manufacturing, it may reach the million mark by the end of 1952. Accordingly, even under present schedules the aircraft production effort will occupy a place as one of the leading segments of the national economy. As an industry, we recognize the responsibility that this position carries—responsibility for conservation of manpower and materials and for delivering a full measure of value for every dollar expended.

From a financial standpoint, the industry anticipates a continuing increase in sales as the production program gathers momentum. The industry's net earnings, however, will be sharply affected by the excess profits tax provisions, and may actually be reduced during a period of increasing sales.

W. E. BIXBY

President, Kansas City Life Insurance Company

What most Life Insurance men appear to expect during the early months of 1952 is a continuation of the last six months of 1951. Obviously a radical change in the international situation might bring about an equally abrupt alteration of the business picture and in the event of a move out of the twilight zone into all-out war, or peace, the prospects differ mainly in character but not in degree. Should there be peace there is a great unfulfilled need for life insurance protection by those whose military duties have made life insurance hard to obtain, and it is well known that all-out war stimulates the popular incentive to save in life insurance as well as other modes of savings.

W. E. Bixby

Without radical changes in the international situation, there will probably be in 1952 a little more emphasis on the savings aspects of life insurance. It is now well known that although their disposable incomes increased, the people of the United States elected to save a larger proportion of them during 1951 than during 1950. As a matter of fact, it was a larger proportion than they had saved at any time since 1946.

Assuming that this preference will continue at least during the early part of 1952, and that because it is an election year there will be no violent tax increase, it seems that life insurance's normal share of the savings dollar will net the industry an increase in new business.

A great deal has been said recently about what some term the Blue Collar Market—the market for Ordinary life insurance that has developed among those of very modest means whose incomes have increased sharply in the last few years. Now, with higher incomes those same people can afford monthly, semi-annual or annual premiums.

On the investment side, life insurance companies during the past two years have experienced a gratifying increase in net income. After many years of declining earnings from operating under an interest rate structure that was maintained at an artificially low level by the easy money policies of Governmental agencies, it was high time that the fundamental demand and supply factors in the long-term capital market were permitted to reflect in rising interest rates on long-term money. Not only did this contribute in checking and moderating the strong inflationary pressures that have built up since the outbreak of war in Korea, but it also has begun to bring about a return to savers and financial institutions that is more in line with that received by other groups and enterprises in our economy.

The rising trend in long-term interest rates that developed in 1951 appears likely to carry over well into 1952. The demand for long-term funds by business should continue strong. Capital expenditures of American industry should remain high to meet the needs of our expanding war production program and essential civilian activities. At the present high price level, business generally will require large amounts of working capital to carry on its normal operations. Moreover, with heavy taxes and higher costs cutting into profit margins, there may not be as many funds generated from the retained earnings as was true in previous years of the postwar period. Although new construction, particularly home building, is tapering off, the level is still high by previous peacetime standards and the volume of new mortgage loans should absorb the amount of funds allocated by institutions and others for such investment.

Looking at the supply side of the long-term capital market it appears evident that life insurance companies and other financial institutions will not have as much money to invest as in recent years. For one thing life insurance companies are entering 1952 with commitments for loans and investments of probably around $4 billion. Of this amount about $2½ billion should be taken down within the first six months of the year. This means that a large part of the prospective excess of income over disbursements of life companies for this period is already committed for and the pressure to seek new outlets thereby relieved.

In the second place life insurance companies and other institutional investors appear unlikely to continue the heavy liquidation of government securities which has been an important source of funds for new investment during the last few years. In fact for the industry as a whole, U. S. Government security holdings have been reduced to about 15% of assets which compares to 19% held at the end of 1939. Many companies have reduced their Government securities to about the minimum they wish to hold for liquidity or primary reserve purposes regardless of the reluctance to take losses that further liquidation would involve. Another factor tending to curtail insurance company investments is the slower rate of loan prepayments that has accompanied the tighter long-term mortgage market.

In view of these facts, coupled with the broader investment opportunities of insurance companies through more liberal investment statutes and the development of new fields, it would appear that 1952 should be a good year for institutional investors. Insurance companies should take advantage of these opportunities to strengthen the quality of their portfolios and improve yields and thus be in a better position to serve their policyowners and the general public over to years ahead.

E. F. BULLARD

President, Stanolind Oil and Gas Company

With military and civilian requirements continuing to grow, the oil industry looks forward to a substantial increase in demand for its products during 1952. Domestic demand will be up about 7%. While this is not as great as the 8% gain of 1951 over the previous year, it still represents a sizable gain in total barrels.

E. F. Bullard

In all probability, domestic crude production will not experience that great an increase. This will be true for three reasons:

(1) Our exports will drop off. These have been abnormally high because of the Iranian situation, but the drain on U. S. sources is being eased as the world supply of petroleum is adjusted.

(2) Imports of crude and products into this country will resume the upward trend which was interrupted by the Iranian dispute.

(3) Production of natural gas liquids will exhibit continued growth, thereby reducing in some measure the demand for crude petroleum.

There is no question that the industry will be able to meet every demand for its products during the coming year. In the event of an all-out war, there would necessarily be civilian rationing in order to fulfill military requirements. Essential civilian needs would, of course, be taken care of.

Nineteen fifty-one was a record year for the discovery of new fields, with a 19.8% increase over the previous year. Final figures are not yet available, but there is every reason to believe that additions to our proven reserves will be at least as sizable, and probably more so, than in 1950, in spite of record production.

The extent to which these new discoveries will be developed during 1952 depends chiefly upon how much steel is available. If the industry is given quantities adequate to carry out its contemplated drilling program of 43,000 to 44,000 wells, then both development and exploratory drilling should proceed along orderly lines. It is essential that this be done.

There continues to be no need for the construction of commercial-size synthetic fuel developments. The large number of discoveries of new oil fields, particularly vast new areas such as the Williston Basin in the Dakotas and Eastern Montana, reflects the industry's ability to continue supplying all our needs from reserves of natural petroleum. As long as this is true, the effort in the field of synthetic fuels should be confined to research and pilot plant levels. The Williston Basin, incidentally, should witness a significant development in 1952. On the basis of discoveries so far, it is potentially one of the biggest oil reserves found in recent years.

Over-all, the petroleum industry looks forward to an excellent year in 1952, provided it is not hampered by shortages of critical materials, increased taxes, and unnecessary and restrictive government controls.

E. S. EVANS, JR.

President, Evans Products Company

If the medium-sized manufacturer is equipped and ready to stop making baby buggies and start making bomb castings, he can, with luck and ingenuity, convey the exigencies of a fast-changing civilian-military production program to the profit side of his ledger.

If he is poorly equipped and slow on the uptake, he has found himself caught in an economic strait-jacket; he has watched the defense orders go to his competitors; he has watched his skilled manpower go to other jobs because he hasn't enough work to keep them busy; he has watched the red ink rise in his company's corporate business barometer.

Edward S. Evans, Jr.

For many years in our company we have followed a policy of putting our eggs in several baskets. Normally, we make such seemingly unrelated things as wood battery separators, heaters for homes, trucks and buses, and railroad car loading equipment.

During World War II we were making 54 components for all branches of the military service. Our aircraft and stampings divisions took precedence over most of our civilian production. That story is being repeated today.

One of the fears nagging at the minds of businessmen in our economic bracket—$25,000,000 to $50,000,000 in sales—is that the world tension will suddenly ease, leaving us and our factories stranded in midstream. As insurance against that eventuality, we must look ahead and plan ahead. Right now, even though our own productive facilities are being used more and more for military output, we have new products and new models on our drafting boards and in our testing laboratory ready to help take up the slack when the nation no longer needs guns and bombs.

Every manufacturer must know his markets to maintain his competitive position in peacetime. Now is the time when he must explore adjoining markets to make the maximum use of his plant, manpower and distribution facilities and plot the area where his production may be sopped up in our half-war economy and its successor to avoid a condition of inadequate distribution. As for manpower, the manufacturer who diversifies his production program is in far better position to stabilize his working force than the manufacturer whose fortune is bound closely to a narrow production program.

D. C. EVEREST

President, Marathon Corporation

Regardless of the many factors affecting general business, the consumption of paper and paperboard and the products made therefrom will in 1952 exceed any previous year in the history of the United States. Through new uses and the increase in the use of products previously developed and due to rapid increase in population, the consumption of tonnage required to meet the demand is bound to exceed 1951. Since 1945, consumption of paper and paperboard has increased over 50%, and now exceeds over 400 pounds per capita per annum in spite of the great growth in population during that period of time. Few people realize this.

D. C. Everest

Government expenditures will have great effect on paper and paperboard consumption and may interfere with the mills being able to meet civilian demand. No one ever heard of any major government agency returning any appreciable amount of its appropriations to the Federal Treasury. 1952 is also an election year and it promises a hot campaign on the part of both Republicans and Democrats. This always brings about increased use of newsprint, groundwood book papers and poster papers.

The increased use in food packaging and papers used in mass interplant feeding both add to the demand on

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W. A. M. Fuller

William A. M. Fuller, an investment broker in Philadelphia for more than 50 years, passed away at his Whitemarsh home at the age of 72. Mr. Fuller was originally associated with Drexel & Co. and later headed the firm of W. A. M. Fuller & Co. More recently he has been with Reynolds & Co.

Dealer-Broker Investment Recommendations and Literature

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

Banks—Comparative analysis of 40 representative banks as of Dec. 31, 1951—Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y.

Bank Stock Review—With recommendations—Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y.

Cement Industry—Review—Dean Witter & Co., 14 Wall Street, New York 5, N. Y.

Comparative Condensed Statements of the Government of Canada and the Provinces for fiscal years ending up to Oct. 31, 1950—A. E. Ames & Co., Incorporated, 2 Wall Street, New York 5, N. Y.

Equipment Trust Certificates—Semi-annual appraisal—Stroud & Company, Incorporated, 123 South Broad Street, Philadelphia 9, Pa. Also available are semi-annual appraisals of **City of Philadelphia** and **Philadelphia School District Bonds.**

Facts and Figures From Wellington Fund—Revised folder—W. L. Morgan & Co., 1420 Walnut Street, Philadelphia 2, Pa.

Government Bond Portfolios—Breakdown—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y. Also available is a breakdown of the **Sources of Gross Income.**

Griffith Letter—Background material to prepare for balance of 1952; analysis of 47 Canadian gold mines plus field trip to Homestake, and the Griffith Letter for one year, all for $100—B. Barret Griffith and Company, Inc., Colorado Springs, Colorado.

Mutual Funds Make Small Living Trusts Feasible—Booklet—Mutual Funds Department, Kidder, Peabody & Co., 10 East 45th Street, New York 17, N. Y.

New York Bank Stocks—79th consecutive quarterly—comparison of leading banks and trust companies of New York—New York Hanseatic Corp., 120 Broadway, New York 5, N. Y.

New York City Banks—Tabulation of U. S. Government Portfolio distribution—The First Boston Corporation, 100 Broadway, New York 5, N. Y.

Over-the-Counter Index—Booklet showing an up-to-date comparison 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 13-year period—National Quotation Bureau, Inc., 46 Front Street, New York 4, New York.

Portfolio Management—Selected list of common stocks in the current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also available is a brief analysis of **Gar Wood Industries** and a discussion of American Productive Capacity.

Public Utility Common Stocks—Tabulation—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y.

Tokyo Market—Quotations on major stocks tabulated by industries—Nomura Securities Co., Ltd., 1-1 Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan.

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American Airlines, Inc—Memorandum—Freehling, Meyerhoff & Co., 120 South La Salle Street, Chicago 3, Ill.

American Optical Company—Special report—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis.

American Phenolic Corporation—Analysis—Dempsey-Tegler & Co., 210 West Seventh Street, Los Angeles 14, Calif.

Atok-Big Wedge Mining Co. Inc.—Analysis—J. May & Company, Inc., 32 Broadway, New York 4, N. Y.

Bausch & Lomb Optical Co.—Memorandum—Troster Singer & Co., 74 Trinity Place, New York 6, N. Y.

Central Vermont Public Service Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Federal Machine & Welder Company—Analysis—Cohu & Co., 1 Wall Street, New York 5, N. Y. Also available is an analysis of the **Tobin Packing Co., Inc.**

Flying Tiger Line, Inc.—Memorandum—Aetna Securities Corp., 111 Broadway, New York 6, N. Y.

Gear Grinding Machine—Write-up—Lerner & Co., 10 Post Office Square, Boston 9, Mass. Also available are write-ups on **National Company, Riverside Cement "B,"** and **Seneca Falls Machine.**

General Railway Signal—Analysis—Lober Brothers & Co., 30 Broad Street, New York 4, N. Y.

Glidden Company—Analysis—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

Jefferson Electric Company—Analysis—Bond, Richman & Co., 37 Wall Street, New York 5, N. Y.

Kellogg Company—Bulletin—Remer, Mitchell & Reitzel, Inc., 208 South La Salle Street, Chicago 4, Ill.

Maine Central Railroad—Information—Raymond & Co., 148 State Street, Boston 9, Mass. Also available is information on **Thermo King Railway.**

Newport Steel Corporation — Bulletin — Gartley & Associates, Inc., 68 William Street, New York 5, N. Y.

Pittston Co.—Bulletin—Wm. M. Rosenbaum & Co., 285 Madison Avenue, New York 17, N. Y.

Seneca Oil Company—Analysis—Genesee Valley Securities Co., Powers Building, Rochester 14, N. Y.

Texas Illinois Natural Gas Pipeline—Memorandum—Barclay Investment Co., 39 South La Salle Street, Chicago 3, Ill.

West Indies Sugar Corporation—Special report—Lee Higginson Corporation, 50 Federal Street, Boston 7, Mass.

NSTA Notes

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York (STANY) Bowling League standing as of Jan. 31, 1952 are as follows:

TEAM	Pts.
Kumm (Capt.), Ghegan, R. Montanye, Krassowich, Manson	66
Goodman (Capt.), Weissman, Farrell, Valentine, Smith	57
Mewing (Capt.), G. Montanye, M. Meyer, LaPato, Klein	57
Bean (Capt.), Lax, H. Frankel, Workmeister, Ried	55
Donadio (Capt.), Rappa, O'Connor, Whiting, Demaye	54
Serlen (Capt.), Gold, Krumholz, Young, Gersten	48
Krisam (Capt.), Gavin, Gannon, Jacobs, Murphy	48
Hunter (Capt.), Craig, Fredericks, Weseman, Lytle	48
Leone (Capt.), Tisch, O'Marra, Nieman, Bradley	46½
Burian (Capt.), Siepser, Gronick, Growney, Kaiser	43½
H. Meyer (Capt.), Swenson, A. Frankel, Wechsler, Murphy	39
Greenberg (Capt.), Siegel, Cohen, Strauss, Voccoli	38

200 Club

Mewing	219
Meyer	200
Leone	209
Burian	214

5 Point Club

Ricky Goodman
Walt Mewing

NATIONAL SECURITY TRADERS ASSOCIATION

Henry Oetjen

H. Russell Hastings, Crouse & Company, President of the National Securities Traders Association, has appointed Henry Oetjen of McGinnis & Co., New York, as Chairman of the Public Relations Committee of this organization.

The National Securities Traders Association is the largest organized group of individuals in the securities business, having a membership of almost 4,000.

Mr. Oetjen states that the creation of a national public relations committee is being planned to assist him which will include representatives of the 30 important NSTA affiliated regional associations.

COMING EVENTS

In Investment Field

Feb. 8-9, 1952 (Chicago, Ill.)
Winter Meeting of Board of Governors of Investment Bankers Association at the Edgewater Beach Hotel.

Feb. 11, 1952 (Boston, Mass.)
Boston Securities Traders Association annual Winter dinner at the Copley Plaza Hotel.

Feb. 14, 1952 (Minneapolis, Minn.)
Twin City Security Traders Association annual winter party at the Normandy Hotel.

Feb. 21, 1952 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia Annual Mid-Winter Dinner at the Benjamin Franklin Hotel.

April 17, 1952 (New York City)
Security Traders Association of New York-Investment Traders Association of Philadelphia bowling tournament.

April 18, 1952 (New York City)
Security Traders Association of New York annual dinner at the Waldorf Astoria.

May 1-2, 1952 (Galveston, Tex.)
Texas Group of Investment Bankers Association Spring Meeting at the Hotel Galvez.

May 4-8, 1952 (San Francisco, Cal.)
National Federation of Financial Analysts Societies Fifth Annual Convention at the Fairmont Hotel.

May 9-10, 1952 (Los Angeles, Cal.)
National Federation of Financial Analysts Societies Fifth Annual Convention at the Ambassador Hotel.

May 14-17, 1952 (White Sulphur Springs, W. Va.)
Spring Meeting of the Board of Governors of the Investment Bankers Association.

June 6, 1952 (New York City)
Bond Club of New York outing at Sleepy Hollow Country Club.

Sept. 28-Oct. 1, 1952 (Atlantic City, N. J.)
American Bankers Association Annual Convention.

Oct. 19, 1952 (Miami, Fla.)
National Security Traders Association Convention at the Roney Plaza Hotel.

Nov. 30-Dec. 5, 1952 (Hollywood, Fla.)
Investment Bankers Association Annual Convention at the Hollywood Beach Hotel.

The Emergency Impact On Trust Investments

By MARCUS NADLER*
Professor of Finance, New York University

Dr. Nadler explains nature of present "emergency," how it has affected the nation's economy, and what lessons trust investment officers can learn from it. Says outlook for corporation net earnings in current year is not as bright as in past, but business activity and corporate capital outlays may continue heavy, unless there is change in international scene. Looks for shift in trust investment policy, with emphasis on bonds instead of equities. Predicts no further inflation in next two years, if proper balance between defense and civilian needs is established.

Seldom, if ever, have the problems which confront the investment officer of a trust company been so complex and so difficult as at present. The prime concern of a trust company is to preserve principal and to earn a going rate of income. Prior to World War II, the greatest reliance was placed on high grade bonds, and equities played a relatively minor role. During the war when the energies and the resources of the nation were mobilized for defense, government securities because almost the principal outlet for trust funds. Although the rate of return was not considered satisfactory, it was the best that could be obtained and the spread between governments and high grade corporates was narrow indeed. After the war when the purchasing power of the dollar began to decline rather rapidly and the integrity of the dollar began to be doubted, there was increasing concern by trust investment officers concerning the protection of the purchasing power of the corpus and the increase of current income. Bonds declined in favor, and the percentage of equities in trust portfolios rose considerably.

Marcus Nadler

Developments during 1951 have, however, caused many trust officers to pause, to take stock of the situation, and to inquire "what next?"—whether to continue increasing the percentage of equities or to again lay greater stress on investment in fixed-income securities.

The year 1951 demonstrated the vigor and the strength of the system of private enterprise. Industry produced not only increasing quantities of defense materials and capital producers' goods to permit a further expansion of the productive capacity of the country, but met the huge demands of the civilian sector of the economy and enabled business to accumulate record inventories. This must have raised a question in the minds of many a trust officer as to what would happen to corporate earnings when the defense program and corporate capital expenditures begin to taper off. Last year the tax burden on corporations was raised to a point previously unheard of in peacetime. Net earnings of corporations began to decline, and the outlook for 1952 as regards net profits is not particularly bright. The past year also witnessed a considerable increase in yields of high grade bonds, and toward the end of the year they reached levels not seen during the last fifteen years. Many a trust officer therefore must have wondered how long high money rates and high equity prices could co-exist. Above all, developments during 1951 raised the question whether this emergency would lead to a renewal of the forces of inflation and make advisable holding and acquiring additional equities, or whether with the termination of the present emergency we would witness a material decline in business activity and a decline in prices of equities.

The purpose of this talk, therefore, is to ascertain what the emergency is, how it has affected the economy of the country, and what lessons trust investment officers can learn from it.

The Emergency

In appraising the importance of the emergency, one must work on the assumption that it will not lead to another world conflagration. This assumption is basic. On any other assumption, all forecasts, predictions, and prognostications would become worthless. Another World War would be a great catastrophe and would have such far reaching economic, social, and political consequences that no one living today could visualize them. We know what effect World War II had on the economy of the United States. We know what the effects were on the purchasing power of the dollar, on taxation; yet the economic consequences of World War II are relatively small compared with what could happen in another World War when we would have to fight a formidable enemy not only from the military but also from the ideological point of view. In order to appraise the meaning of the present emergency, one has to work, therefore, on the following assumptions:

(1) The containment of Russian imperialism can be achieved only through strength—military as well as economic—of the United States and of the other free nations.

(2) A decline in armament expenditures to the level existing before the outbreak of the Korean War is out of the question. Military expenditures, although they may decline somewhat in the future after 1952 or possibly after 1953, will remain high; and for a considerable period we will have to maintain a large army and render economic and military assistance to our allies.

(3) Because of highly uncertain economic and social conditions prevailing in many parts of the Middle and Far East, new disturbances may arise. These disturbances, however, will be localized and will not lead to a general world conflagration.

(4) Once the Western World is strong enough from the military point of view to deter Russian aggression, the international political tension will ease and the danger of a major war may disappear. An economic improvement and an increase in the standard of living of the people in Western Europe will remove the danger of a further spread of international communism.

The present foreign and domestic economic policies of the United States are based to a considerable extent on the above assumptions.

Effects of Above Policy

Before analyzing what lessons trust officers can learn from the above assumptions, it is first necessary to analyze to the best of one's ability the effects of the above policy of strengthening the economies of the free world to avoid a third World War. These are already becoming apparent and may be summarized briefly as follows:

(1) The productive capacity of the country has been substantially increased and is still steadily mounting. Capital expenditures by corporations have been exceedingly large and will continue at a high level at least during the first half of 1952. The increased productive capacity of the country is based on the realization that it will enable the United States as well as the free world to maintain a strong defense program for an indefinite period of time and over the longer term contribute to an ever increasing standard of living as measured by the consumption of goods and services, although in the immediate future, i.e., for the present year (1952), the standard of living may have to decline somewhat.

(2) The constant increase in capital expenditures by corporations, accompanied as it was by rising wage rates and full employment, has led to a considerable increase in the cost of doing business, with the result that the break-even point of many corporations has risen considerably. How high or low a break-even point actually is is not easy to determine. It is also extremely difficult to state whether the break-even point can be reduced once business activity begins to decline.

(3) To avoid large Federal deficits, taxes on corporations as well as on individuals have been increased considerably. While it is to be hoped that some time in the future a reduction in taxes will take place, yet as conditions are at present there is no reason to believe that taxes will be reduced to or below the level existing prior to the outbreak of the Korean War.

(4) The increased cost of doing business and the rising level of taxation, coupled with the growing volume of business activity, have made business more dependent on the commercial banks. This increased dependence will in all probability continue for quite some time and it already has brought about a material increase in short-term rates of interest.

(5) Finally, the increased cost of doing business and the high tax rates, as well as the increased dependence of business on the banks, have increased the trend toward mergers on the part of business concerns as well as banks.

If the appraisal of the emergency and its effects is correct, then one may make the further following assumptions:

(1) The emergency is not a preparation for war; and once the peak of the defense program has been reached, which should be some time either at the end of 1952 or 1953, armament costs will either level off or decrease. In any event, the percentage of the gross national product absorbed by the defense program, estimated at the peak to reach about 20%, should decrease.

(2) Capital expenditures by corporations under these circumstances will also decline. Already there is evidence of a reduction in such expenditures by corporations not engaged directly or indirectly in the defense effort.

(3) Once these two developments occur, competition will be keen, and a downward readjustment in business activity will develop. The only thing unknown is how severe this readjustment will be and how long it will last.

An assessment of the emergency thus raises a number of problems which the trust investment officer

Continued on page 24

*An address by Dr. Nadler before the Third Session of the 33rd Mid-Winter Trust Conference, sponsored by Trust Division of American Bankers Association, New York City, Feb. 5, 1952.

Pennsylvania Brevities

PHILADELPHIA — Last week, directors of Philadelphia Transportation Co. voted unanimously to postpone until Feb. 29 consideration of the fare increases recommended by its Executive Committee a few days earlier.

The proposed new schedule, the sixth fare boost sought within the last five days, came as a surprise maneuver and presented something of a switcheroo in the usual pattern of labor-management shadow boxing. For the last several years, the Transport Workers Union has made its customary demands for wage increases in anticipation of the expiration of existing contracts and has fortified its action by strike threats. This time the company moved first.

The decision to postpone its vote was made by the board "to avoid criticism of acting with undue haste and to give an opportunity to the city's representatives on the board to familiarize themselves with the many complex problems involved."

The five city representatives on the 20-man board, including Mayor Joseph S. Clark, Jr., were elected to membership on Jan. 31.

In defending the need for higher fares, Charles E. Ebert, PTC President, said that without increased revenues the company cannot avoid losses in 1952. He pointed out that the company's wage bill went up $2,350,000 in 1951 and a further increase of $1,175,000 will take effect next June.

If, as seems probable, the directors vote on Feb. 29 to proceed with filing the increased schedules with the Pennsylvania Public Utility Commission, Mayor Clark has asserted his intention of carrying his opposition to that body. The PUC may, at its discretion, postpone its decision in such matters for a period or periods not exceeding six months, pending further investigation.

As proposed, the present 15-cent single vehicle cash fare would be retained, but the three-tokens-for-40 cents rate would be eliminated. An exchange to another vehicle would cost three cents. Suburban zone fares would be increased from eight to ten cents.

The new rates are estimated to add $5,172,000 to annual revenues.

* * *

Pittsburgh Rwys. in Black

PITTSBURGH—Although final figures for 1951 have not been released, C. D. Palmer, President of Pittsburgh Railways Co., has indicated that the reorganized system will show net income of about $500,000 in its first year of operation, as against a small comparable deficit in 1950. Most of the improvement came in the final quarter as a result of fare increases which did not become effective until Sept. 10.

Mr. Palmer pointed out that the return was only about 1½% and far below the 6½% permissible on the accepted capital valuation.

Hearings are still in progress on claims for legal fees aggregating approximately $2 million filed against the company in relation to its 12-year period of bankruptcy. It is believed that claims finally allowed will total only a fraction of this amount.

* * *

Wire Rope Sale Disputed

SCRANTON — Counsel for Bethlehem Steel Co. has filed formal objections to a Special Master's recommendation that Bethlehem's purchase of Williamsport Wire Rope Co. in 1937 be ruled a fraud and that the sale be set aside.

The steel company, which acquired Williamsport's assets for $3,300,000 15 years ago, denies any knowledge of or responsibility for alleged irregularities which purportedly expedited the transaction. Net worth of Williamsport is now calculated to be in the neighborhood of $50 million.

The suit brought on behalf of the wire rope company's former stockholders (many of whom have never surrendered their original certificates) was first filed in 1946. It specifically charged that $250,000 "for administrative expenses" paid by Bethlehem to John Memolo, a Scranton attorney since disbarred, constituted a conspiracy to obstruct justice.

* * *

U. S. Lumber to Split

SCRANTON — Directors of United States Lumber Co. have called a special meeting of stockholders for March 24 to vote on a recommendation to issue three additional common shares for each present share outstanding. If approved, the new capitalization will consist of 470,656 common shares, par $1.

The company owns four producing natural gas wells in Clinton County, Pa., and has diversified interests in Mississippi.

* * *

Hosiery "Runs" Continue

READING — "Roll backs" may serve to keep stockings up, but applied to wages they haven't effectively supported efforts to keep the industry alive in the Berks County area.

Howard Hosiery Mills, Inc. has sent dismissal notices to its 250 employees, following within a month the closing of Rosedale Knitting Mills, formerly employing 300. Inability to compete with un-unionized wage scales in Southern mills was given as the reason in both instances.

* * *

Local Ford Plant May Close

Henry Ford 2d, in an interview in San Francisco last week, said the company was seriously considering closing its regional assembly plants due to uncertainties in materials allocations. Such a program, if followed, would threaten the continued operation of Ford's Chester, Pa., plant, at present housing regional and district sales offices and assembly facilities and employing 2,100 persons.

* * *

Autocar Company

Although inability to obtain important parts resulted in curtailed chassis shipments by Autocar Co. in the last quarter, sales for 1951 are expected to reach about $30 million, compared with $28,110,742 in 1950. Net is estimated at $1.70 per common share against 77 cents a year ago. Because of restrictions imposed by a $3 million RFC loan granted Autocar in 1950, no present payments are expected on the preferred issues which are currently $2.75 per share in arrears. Dividends may be paid only by special permission, which, to date, has not been requested.

* * *

Obeying That Impulse!

Max Hess, Jr., President of Hess Bros., Allentown department store, in his new book "Every Dollar Counts," notes that about 23% of all department store buying is unplanned and on the spur of the moment. On a national scale, Mr. Hess estimates impulse purchases aggregate $2½ billion annually.

* * *

Hearings on U.G.I. Plan

No objection is anticipated in respect to the plan of United Gas Improvement Co. to merge with seven of its operating utilities and cease to be a holding company. Hearings before the SEC are scheduled to be held in Washington Feb. 27.

* * *

Smith, Kline & French Earnings

Following the 1951 pattern increasingly portrayed by many enterprises, Smith, Kline & French Laboratories, pharmaceutical manufacturers, reports satisfactory increases in sales and gross revenues for the year, but a decrease in net attributable to a 28% rise in income and excess profits taxes.

Sales were $42,899,400, up 9.9% over the $39,037,037 reported in 1950. Earnings after taxes were $4,095,459, equal to $2.54 per share, compared with $4,864,158, or $3.01 in the previous year.

* * *

Hajoca Corp.—"Same Story"

W. A. Brecht, President of Hajoca Corp., manufacturers and distributing agents of plumbing and heating supplies, reports 1951 sales of $42,209,906 as being largest in company's history. However, the toll of higher taxes resulted in a decline to $6.90 per common share earnings, compared with $8.49 per share in 1950.

* * *

Last Call for American Bantam

PITTSBURGH—Nelvin A. Zurn, President, Zurn Mfg. Co., has been named by Federal Judge Gourley as trustee for bankrupt American Bantam Car Co. with instructions to file a plan for reorganization in from 30 to 90 days. In the alternative, Judge Gourley asserted, he will order the company liquidated and sold to the highest bidder. Several firms, including Thompson Products, have been reported sniffing the carcass.

* * *

Prudential Buys Building

PHILADELPHIA—The 21-story office building at 1528 Walnut St. has been sold to the Prudential Insurance Co. and released on a long-term basis back to the Tishman Realty & Construction Co. of New York. The Tradesmens National Bank & Trust Co. occupies the basement, street, second and third floors. Other tenants occupying one or more full floors of the building include New York Stock Exchange members Reynolds & Co. and Yarnall & Co.

* * *

Lukens Steel Co.

COATESVILLE — Net sales of Lukens Steel Co. for the 52 weeks ended Oct. 27, 1951, jumped to $80,546,418 from the $52,935,861 reported for the preceding fiscal year. Per share earnings rose to $11.16 per share from a comparable $6.04.

* * *

Pennsylvania Punch Board

According to advance schedules reported to the "Oil & Gas Journal," oil and gas operators plan to drill 1,915 new wells in Pennsylvania in 1952, an increase of 177 over the 1,738 completed last year. Thirty-five are listed as "wildcats" seeking yields from unexplored formations and the remaining 1,880 will be drilled in already established fields.

Operations in 1951 resulted in 776 new oil wells, 239 natural gas wells, 653 as auxiliary or service wells in older fields and 70 "dusters."

Dean Witter Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Alfred Handfuss, William H. Hurt, Oscar M. McClure, Ralph E. Phillips, Jr., Victor N. Schimp, and William D. Stauffer are with Dean Witter & Co., 632 South Spring Street.

Bateman, Eichler Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—G. M. Gifford has been added to the staff of Bateman, Eichler & Co., 453 South Spring Street, members of the Los Angeles Stock Exchange.

James Ebert Adds

(Special to THE FINANCIAL CHRONICLE)

BAKERSFIELD, Calif.—Oliver Sacks has become associated with James Ebert Company, 120 Chester Avenue. He was formerly with King Merritt & Company, Inc.

With Daniel Reeves Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Charles H. Richards has become associated with Daniel Reeves & Co., 398 South Beverly Drive, members of the New York and Los Angeles Stock Exchange. Mr. Richards was formerly with Walston, Hoffman & Goodwin and Morgan & Co.

John Sheldon Joins Eastman, Dillon Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — John G. Shledon has become associated with Eastman, Dillon & Co., 135 South La Salle Street. Mr. Sheldon was formerly associated with F. S. Yantis & Co., Incorporated in the municipal department.

Stanley Swiech Forms Own Inv. Firm

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Stanley I. Swiech has opened offices at 141 West Jackson Boulevard to engage in the securities business. Mr. Swiech was formerly for a number of years with J. P. O'Rourke & Co.

With Adams-Fastnow

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—James A. Hague has been added to the staff of Adams-Fastnow Company, 215 West Seventh Street, members of the Los Angeles Stock Exchange.

With Barbour, Smith

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Ralph E. Alexander has become connected with Barbour, Smith & Company, 621 South Flower Street, members of the Los Angeles Stock Exchange.

Joins Barth Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Mark O'Donnell has become associated with J. Barth & Co., 404 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Blyth Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Frank B. Stone has become associated with Blyth & Co., Inc., Russ Building.

Two With Blyth & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John L. Herrick and Paul R. Modrell have joined the staff of Blyth & Co., Inc., 215 West Sixth Street.

Two With Hill Richards

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Cal.—James L. Beebe and James C. Newman are affiliated with Hill Richards & Co., 621 South Spring Street, members of the Los Angeles Stock Exchange.

Business in an Election Year

By RAYMOND RODGERS*
Professor of Banking, New York University

After analyzing business conditions relating to earnings, taxes, new business patterns, and the like for the months ahead, Dr. Rodgers advises businessmen, as cautionary steps, to: (1) keep waste at minimum; (2) keep in good cash position; (3) go easy on borrowing, especially for expansion; and (4) do not indulge in false sense of security, even though working overtime on defense orders.

In 1776, in a book with the long title of "An Inquiry into the Nature and Causes of the Wealth of Nations," Adam Smith advanced the thesis that an "invisible hand" inexorably transmutes the efforts of each person seeking his own individual economic gain into social benefit and progress for all. This world-famous book was the first step in transforming the art of **political economy** into what later became known as the **dismal science of economics.** (As you former students will recall, the economics professors helped to make it dismal!) Without in any way implying that economics ever became a **science,** it nonetheless must be recognized that the wheel has turned "full circle" and once more the phrase, the **art of political economy** must be used to present a realistic view of our economic process.

Raymond Rodgers

With a "managed" money and credit, with a "managed" public debt of over a quarter of a trillion dollars, and with a "directed" economy, especially the price and wage interference with the classic method of allocation of resources, the art of political economy becomes of paramount importance to every man, woman and child in this country, to say nothing of unborn generations, and the other free peoples of the world!

Far from the "let alone" policies advocated by the classical economists, our government, by many statutory enactments, and even more administrative rulings and practices, has gone far in the direction of assuming responsibility for the successful and full (expanding economy) operation of the entire economic system of the country. (This, of course, does not mean that bureaucrats will accept the responsibility for the adverse developments which will materialize from time to time!) It does mean, however, that the government directly, and indirectly through its agencies, intervenes in the economic process. **This intervention will reach new heights in 1952!**

The conjuncture of military action in Korea, world-wide defense against Communism, rearmament to meet the Russian threat of world conquest, and a bitterly contested Presidential election, gives the sitting President and the National Administration ample excuse for any action thought necessary!

The Washington "patriots" will not forget for one moment that 1952 is an election year. This burning realization will color their judgment and affect their every action. Politics — modern style — will not only rule the airwaves, it will affect the uneasy balance between defense and civilian production; it will affect wage and price decisions; it will affect tax rate decisions; it will even affect military and truce decisions!

*An address by Dr. Rodgers before the Banking and Finance Seminar of the Dean's Day Home-Coming for Commerce Alumni of New York University, New York City, Jan. 26, 1952.

Historically, election years were years of business hesitation; a slowing up due to the uncertainty of the outcome could always be counted on. But, since 1933, all of that has been changed. Today, the exact opposite is true. The New Deal practitioners taught the lesson of "spend and spend; and elect and elect"; and certainly the Fair Deal, or Truman Deal, practitioners have evidenced no bias against spending! So, we may confidently —or mournfully, as the case may be—count on increased spending this year.

In the calendar year 1951, armament spending **increased,** on an annual basis, at the rate of nearly $2 billion each month. This mounting rate of expenditure continues, as the **annual rate of increase** planned for 1952 is $2 billion **each month.** Put on a monthly basis, we averaged $2.6 billion for combat equipment each month in calendar 1951 but will try to spend an average of $4.6 billion each month this year! Please note: this is the arms spending timetable if no big war breaks out, and if Korea continues on a cold war, or changes to a truce, basis. But, if for any reason, the need becomes more urgent, defense spending will be stepped-up even higher than the $55 billion rate expected by the end of June, or the $60 billion rate which Assistant Defense Secretary McNeil, on Jan. 21, said would be reached some time in 1953, **and continued indefinitely.**

Some of you have heard me scoff at government "pump-priming," especially as practiced in the early thirties; but I submit, defense spending at the rate of $50 to $60 billion each year is not "pump-priming"—**it is, instead, a new way of life for the American economy!**

Non-defense spending also will continue at high levels. Although the President in his Budget message requested $1 billion less for non-defense spending in the next fiscal year (beginning June 30), that is, in fiscal '53, it is doubtful that the Congress, with an election coming up, will be in a saving mood. Of course, Congress will talk a great deal about economy, but when it comes to voting, don't expect too much!

Taxation

Increasing expenditures obviously mean a continuation of heavy taxation. In fact, if this were not an election year, taxes would undoubtedly be increased. However, your conscience need not bother you about the taxes you are paying now, especially to the Federal government. The biggest prewar Federal revenue was $7.2 billion in 1941, and the World War II peak was $44.8 billion in 1945, but in the current fiscal year $63 billion will be extracted, and the President estimates that $71 billion will be taken in fiscal 1953!

Total Federal, state and local taxes during the current fiscal year will be about $84 billion, which is far more than the wartime peak in 1945, and almost 5½ times the pre-war total of 1940!

This tremendous burden of taxation will have much greater consequences on business than many people yet realize. With Federal income tax rates alone reaching an overall ceiling of 70% on all profits, but reaching 82% on so-called "excess" profits, the following undesirable consequences seem inevitable:

(1) Extravagances will multiply in business.

(2) Lower costs will not be aggressively sought.

(3) Fewer businesses will be started.

(4) Expansion of existing enterprises will be slowed up.

(5) Tax evasion will increase and business morality will decline.

These all add up to a lower standard of living. But, probably the most important adverse consequence will be that financing from internal sources will become more difficult, and loans more necessary—and, of course, more risky!

The Business Pattern

As for the business pattern in the months immediately ahead, you don't need a crystal ball to know that activity will be at a high level.

The increasing military expenditures, the heavy government expenditures for non-defense purposes and the large capital outlays of corporations guarantee that the **hard goods** and **capital goods** fields will operate practically at capacity.

Consumer durable goods, however, are approaching a new demand and supply relation. Heavy inventories in this field and distressed selling have tended to hide the basic trends. But, in fact, total production of all consumer durable goods in the latter months of 1951 was some 40% lower than in the comparable months in 1950. More particularly, the permitted rate of production on major household appliances is to be cut back a further 10% by the N.P.A. in the second quarter of this year, which will bring production down to 45% of the pre-Korea levels. The impact this continuing low level of production will have on inventories is obvious.

Soft goods are an entirely different matter. The sellers' markets in these products are definitely things of the past. Competition in soft goods is here to stay. The consumer is once more King, and properly so!

While it is true that decreasing availability of consumer durable goods will cause purchasing power to spill over into the soft goods fields, this effect should not be over-rated. What is more important, employment will be at high levels with high wages and overtime, and the soft goods industries will unquestionably get their share of the increased disposable income. The extent to which this is done, however, will depend on the values offered and the aggressiveness shown in seeking business. If the soft goods industry rises to this opportunity and quits mourning the passing of the dealers' market, it may do better in the months ahead than during the last three quarters of 1951.

Business Earnings

While business volume will be high, earnings—both before and after taxes—will continue to decline. Profit margins are not as long on defense production as on civilian goods, and higher wages, higher costs, higher taxes and strict renegotiation policies on the government contracts will probably reduce net profits, after taxes, a further 12 to 15% in 1952.

Moreover, regardless of the unprecedented defense spending, and the unprecedented corporate spending for expansion, the consumer, as always, will hold the key to business prospects in the months ahead. In 1951, from March onward, despite rising personal income, despite enormous holdings of liquid assets, despite assurance of future job security because of the defense program, and despite increased social security, spending **declined** and **saving** increased to very high levels. If people continue to save at the recent high rates, it will have an important effect on the business pattern, so keep your eye on the rate of saving. And, remember, it will take real values to reverse that tide!

Conclusions

Although we can look to the future with a fair degree of optimism, nonetheless, caution is definitely indicated. Businessmen, even though taxes press in the other direction, should:

(1) Do everything possible to keep waste and extravagance to a minimum, as precedents once established are difficult to break.

(2) Give special attention to their cash position, as more dollars are needed to do business than ever before.

(3) Go as easy as possible on borrowing, especially for expansion.

(4) Not be lulled into a false sense of security — even though working overtime on defense orders. Although the heavy defense spending period has been lengthened, it will not continue forever. So, be ready with products, methods and organization for the trial by fire in the competition which lies ahead.

And now, my parting consolation is: If you businessmen worry enough about these things, you won't have to worry about Old Age!

Schizophrenia Hits the Stocks

By IRA U. COBLEIGH

Author of "Expanding Your Income"

Preview of 1952 fission fashions in cushy Corporate equities

We have all watched with fascination, and frequently with profit, the new look a company acquires when it strikes oil or natural gas. It doesn't matter much what the primary business of the enterprise is. It can be a company like U. S. Leather, moving swiftly from hides to hydro carbons; Northern Pacific switching from diesel to derrick; St. Regis Paper adding petroleum to pulp; or Long Bell Lumber suggesting a parlay from pine to petrol. It seems nowadays that any ordinary stock that sniffs of oil gains market altitude.

Ira U. Cobleigh

Well, let's face it—not every company is going to strike oil; but the next best thing that can happen to stocks, market wise, is the rumor or reality of a stock split-up. Just look at the records of eight leading companies' shares, in about a year and a half—long enough for new shares to become seasoned (Table I):

While on the list, Allied Chemical and General Motors appeared to benefit but slightly from the split, observe the juicy gains in Amerada, Searle and Standard of New Jersey. Splits never seem to hinder the market progress of commons, and they often provide the market equivalent of jet propulsion.

Last year, more than 150 companies split their stocks. This pronounced trend does not derive from mere slavery to financial fashion. Splits have in actual practice been found to serve a number of useful purposes:

(1) They conserve company cash allowing the lion's share of earnings to be retained for expansion.

(2) They are preferred by wealthy investors who seek capital gains rather than fat cash dividends.

(3) They increase the number of stockholders by bringing shares into a more popular (lower) price range.

(4) Wider ownership often sets the stage for subsequent successful stock sale to the public.

(5) They are the visible evidence, and the result, of expanded earnings and increased surplus. They are usually tributes to effective and progressive management.

(6) They are good financial advertising.

When, on Jan. 8, 1952, American Can announced a 4 for 1 split, the stock ran up to 128 (a 12 point increase) within three trading days. Look at Atlantic Refining in the past week, bounding up on the prospect of division. As a matter of fact you could make a rather impressive list of Who's Who on the Exchange just by setting down the share splitters. American Smelting and Refining, Standard of California, Atchison, Ashland Oil and Refining, Fairbanks Morse, McDonnell Aviation, to name just a few, all split their commons 2 for 1 in 1952; and in most cases the combined cash dividends this year on the shares will exceed the dividend rate on the old stock. American Seating Co. and American Marietta have just announced 2 for 1 splits.

Something new has been added to certain recent 100% stock dividends—a scheme to let big stockholders sell some stock without losing control. This device is to split the old shares into one new share of A (without voting privilege) and one new share of B which votes. Mr. Fatcat then sells out a wad of A, taking a worthy capital gain (taxable at 26%); and still has just as big a management voice as he ever had. This idea is no wooly brainchild of a dreamy economist. It's real. Talon, Inc. and Parker Pen Co. have already executed this alphabetical fission; and M. A. Hanna Co. has voted to do so. From a control standpoint, it's sort of eating your cake and having it too. This gimmick does, however, have one important drawback—it's no good if you want your shares listed on the New York Stock Exchange. They have a ground rule there against common shares in the same company with different per share voting power.

So far, we've talked some interesting history—all about companies that have divided their stock, and the pleasing market gains that ensued. That doesn't help you very much right now, does it? What you want to know is, if splits up have proved almost sure fire for market gains, which issues are the likely splitters right now? It used to be that nobody talked stock dividends unless a stock sold above 100. Now we have to lower our sights, and argue backwards. In practice, for popular acceptance, the favorite range for new shares to sell (at the start) is in between 30 and 45. That makes any stock now selling above 60 on our list of "possibles." It also helps if the present number of outstanding shares is quite small—for instance, Zenith with 492,000 shares. Earnings have to be good — very good — and the company is usually an expanding one having need, in the visible future, for additional capital.

Before I set down for you my 1952 list of stock dividandies, certain rumor-recurrent issues should, it seems to me, be eliminated. American Telephone and Telegraph seems no logical candidate for splitting. Too much character has been built up with that $9 dividend for 32 consecutive years; and if certain provincial, less informed, and remote Tel and Tel shareholders heard their stock was selling at 80 (after say, a 2 for 1 split) they would never get over the shock! U. S. Gypsum is another unlikely one. They have something in their by-laws, I believe, that would, unless deleted by stockholder vote, prevent a stock split. Another one much talked about, Texas Pacific Land Trust, doesn't figure in my book. They don't need money to expand; fact is they bought in 12,800 shares in 1951. Also, it seems to me there's a lot of management pride in International Business Machines in the fact the stock is a $200 blue chip. They might feel they had lost caste a bit, if their common traded in the fifties, after a split.

So after screening out the foregoing, I arrive at the accompanying list of candidates most likely to split in 1952 (Table II):

One advantage you have in reading this article, over other attempts at crystal gazing, is there's no vagueness — a specific prediction is made, 2 for 1, 3 for 1, and so forth. Of course, there is not the slightest reason for you to place reliance in these guesses; except that all of these companies are, right now, in a position where consideration of split-ups is highly logical. Also, look over this list and you'll find you wouldn't be ashamed to find it in your own safe deposit box. As mentioned earlier, it is no coincidence that split ups occur among the best earning, best managed, enterprises. Stock dividends are, in many respects, a mark of investment excellence, a badge of corporate distinction.

Certain it is that if a free choice were given to invest in two equivalent companies, you would surely decide on the one most likely to split its stock; and such selection would, on past record, be a paying market strategy. We may not see, for a long time, a fantastic 100 to 1 split like TXL in 1926, but only last year, we saw Pfizer and Merck go 3 for 1 and Consolidated Mining 5 for 1. There'll be things like that in 1952; all we have to do is find them, and wait for our certificates to multiply.

And while you dig and search for stocks that will "blossom like the rose," why not let me reduce the matter to a verse form that will remind you, in a haunting sort of way, of your quarry:

Schizophrenia hits the stocks,
Two for one, and that's a lot,
Twice as many shares in view
Splitting stocks may be the
ones for you.

TABLE I

Stock	Market Price 6/2/50	Split	Market Price 2/1/52	Equivalent Price for Old Shares
Allied Chemical	254½	4 for 1	72	288
Amerada	124	2 for 1	160	320
General Motors	90½	2 for 1	51⅜	102¾
Gulf Oil	68½	2 for 1	57	114
Charles Pfizer	74⅜	3 for 1	40	120
Phillips Petroleum	67⅞	2 for 1	52¾	105½
G. D. Searle	63½	2 for 1	60	120
Standard of N. J.	76½	2 for 1	83½	167

TABLE II

	Price About	Cash Dividends 1951	Split Prediction
Amerada	160	$2.50	3 for 1
American Cyanamid	118	4.00	3 for 1
Atlantic Refining	84	4.00	2 for 1
Cities Service	106	5.00	3 for 1
General Tire	62	3.50	2 for 1
Hercules Powder	75	3.00	2 for 1
Kennecott Copper	88	6.00	2 for 1
Pure Oil	65	2.50	2 for 1
Rohm & Haas	150	1.60	3 for 1
Standard of Indiana	78	2.50	2 for 1
West Virginia Pulp & Paper	80	4.00	2 for 1
Zenith Radio	72	3.00	2 for 1

Vickers Brothers Is Formed in New York

Vickers Brothers has been formed with offices at 37 Wall Street, New York City, to engage in the securities business. Partners are Sydney G. Vickers, Jr. and J. S. Vickers. Sydney G. Vickers was formerly with Aigeltinger & Co. and Hemphill Noyes, Graham, Parsons & Co. J. S. Vickers was with Harris, Upham & Co.

SEC Moves Office In New York City

The Securities and Exchange Commission has announced that its New York Regional Office moved on Jan. 31, 1952, from 120 Broadway, to 42 Broadway, New York 4, New York. Mail may be addressed to Peter T. Byrne, Regional Administrator. The new telephone number will be Whitehall 3-3460.

With Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Raleigh V. Kirk has joined the staff of Waddell & Reed, Inc., 408 Olive Street.

With Reynolds & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John W. Eustice has become affiliated with Reynolds & Co., 208 South La Salle Street. He was formerly with Dempsey-Tegeler & Co.

Joins Kentucky Co.

(Special to THE FINANCIAL CHRONICLE)

LOUISVILLE, Ky.—Lucien L. Kinsolving has become connected with The Kentucky Company, Louisville Trust Building.

Landry, Alexander Adds

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La.—William B. Barnett has become affiliated with Landry, Alexander & Co., Marine Building, members of the New Orleans Stock Exchange.

What's Ahead for Stock Market?

By N. LEONARD JARVIS*
Partner, Hayden, Stone & Co.
Members New York Stock Exchange

Mr. Jarvis, contending stock prices in comparison with other forms of property have lagged behind the general rise in money values, points to major changes with respect to investing in recent years, as (1) injection of pension fund and trustee buying of common stocks; (2) increasing popularity of so-called "growth" stocks; and (3) increasing acceptance of continuous inflation by man in the street. Stresses selectivity as keynote of stock market.

During the past year, or more, the American public has been hearing quite a bit about inflation from the officials in Washington. These remarks may have been motivated partly by the knowledge or fear that it might take place and hence, they probably desired to create the type of activity that would prevent it. Furthermore the government's program in some respects has been to put in effect various restrictions and high taxes, the passage of which legislation would be facilitated if the public were to accept the inflation thesis and I believe that the public has become aroused and that it has become frightened as to the future value of the dollar and that, in many respects, it has been buying common stocks as a hedge.

N. Leonard Jarvis

Although income taxes reduced last year's corporation profits to $18.1 billion, from the 1950 peak of $22.8 billion, earnings were still slightly better than twice 1929 results. The severe impact of taxes last year is readily discernible when it is noted that the 1951 pretax income of $44.8 billion was $3.4 billion above that of the year earlier. However, despite the decline in net income and attesting to the financial strength of the nation's business economy, estimated dividend payments last year of $9.5 billion were $300 million more than 1950 disbursements. Although present market prices, as measured by Dow-Jones Industrial Averages, are close to the high level established in 1951, high-grade, sound common stocks still provide generous yields and are selling at relatively moderate price-earnings ratios, which factors should continue as strong underlying forces in the stock market picture. With investment grade equities providing a return on capital in the neighborhood of 6% it is only reasonable to expect that funds from pensions, savings banks and other institutional investors should continue to flow into the equity market.

Let us just look at the relationship of stock prices to book values. Since 1937, when the Dow-Jones Industrial average book value was $88.30 a share, over $100 has been plowed back into these companies to bring the book value on Dec. 31, 1950 up to $194.20 a share. The book value as of Dec. 31, last is possibly substantially higher although no figures are as yet available. The 1937 high Dow-Jones Industrial average was selling about 120% above its book value, while today it is only around 32% above. If common stocks today were to sell at the 1937 ratio to book value, the Dow-Jones Industrial averages would have to rise to 427. Not only has the advance in stock prices today been small in relation to the substantial increase in book values over recent years but it has also been moderate in relation to the tremendous inflationary rise in other segments of our economy. In 1937, income to individuals equaled $71 billion but as of November, 1951, disposable personal income was running at the rate of $225 billion, an increase of 217%, whereas the Dow-Jones averages have risen since 1937 by the small amount of 39%. From the standpoint of the increase in the population's liquid resources, the market advance has also been extremely moderate. Last month demand deposits of the Federal Reserve member banks stood at $54.2 billion, or up about 266% over the 1937 total of $14.8 billion. If stocks were priced today in relation to the demand deposits in the same ratio as at the 1937 peak, the averages would be selling at 772. In relation to currency in circulation too, the rise in stock prices has been moderate. Back in 1937 there were $6.6 billion of currency in circulation while this figure on Jan. 5, 1952 stood at $29.1 billion, an increase of about 341%. The averages would stand at 800 today were they selling at the same ratio to currency in circulation as prevailed at the 1937 market top.

How about other forms of property? In 1937 the Bureau of Labor's Commodity price index stood at 86.3. Up until January, 1952, the index had risen to 177, an increase of 105%. Again using the same relationship, the averages would have to rise to 400. Building costs have risen from 197 to 406 as of January, 1952, an increase of 106%. The Dow-Jones Industrial averages would stand at 400 in order to continue the same ratio. The rise in the value of farm property has way outrun the advance in common stocks. The Department of Agriculture's index of farm lands has risen from 85 to 206 as of November, 1951, an advance of 248%, and the Dow-Jones Industrial averages would have to rise to 677 in order to complete the same picture. Consequently, it does not look as if common stocks are inflated.

Major Changes With Respect to Investing

It seems to me that there have been three major changes with respect to investing over recent years. One has been the injection of pension fund and trustee buying of common stocks. The effect of this development has been to emphasize the quality stocks and to push their prices rather strongly as against the medium grade stocks. I think if you made a study of the advance in insurance company shares for 1951, you would find that about 10 or 12 of the leaders would show price advances as against 20 to 30 of the not so well known showing a decline, a very significant and illustrative development. Next we have the investment public turning to so-called growth stocks. I say so-called growth stocks because many stocks are now being touted as growth stocks by various institutions but are really not growth issues at all. This, however has been an important item in the advance of the chemicals, the pharmaceuticals and glass.

Thirdly, there has been an increasing acceptance of the thesis of inflation by the man on the street in the past year and this has become a one-way street. Accordingly, even he has come into the market as indicated by the increase in the number of purchases of odd lots. It is difficult to give you any accurate estimate as to the number of shares or amounts of dollars that have gone into pension fund purchases but it is my opinion that purchases for pension fund accounts have been somewhere in the neighborhood of $200 to $300 million in the year 1951 and that this figure is likely to be exceeded in the year 1952. Purchases for the account of investment companies of the open-end type have been increasing at a very rapid rate during the last few years. Net total assets of open-end investment trusts as of the year 1940 totaled $447 million, whereas at the end of 1949 this figure amounted to $1,973,000,000 reflecting sales for the year at $385 million. In the year 1950, net assets totaled $2,530,000,000 reflecting sales for the year of $518,000,000. As of Sept. 30, 1951, the total net assets of open-end investment companies reached the gigantic size of $3,045,000,000 indicating sales of $480 million for the first nine months of 1951. These figures are based on statistics for 98 of the open-end funds.

The chronic bears for some time have been arguing that the poor old bull market is on its last legs and they have also brought out the arguments supplied by the declining bond markets. If I had charts which would illustrate the divergent market action of various groups, I could show that the keynote of the market for the past year or more has been selectivity. Last year the rubbers, chemicals, oils, proprietary and ethical drugs, aircraft manufacturing, investment trusts of the leverage type, copper, lead and zinc, installment financing, office equipment, farm equipment, machine tools, air transport, bituminous coal, natural gas and utilities did reasonably well. On the other extreme, meat packing, textiles, grocery chains, shipping, sugar, baking, automobiles, iron and steel, hard and soft beverages, foods, anthracite coal, carpets and rugs, printing and publishing, railroad equipment, automotive equipment, insurance, tobaccos, papers, dry goods chains, retail merchandising and leathers (except U. S. Leather which turned into a natural gas company) did very poorly. In viewing the market as a whole then, it is absolutely necessary to recognize the character and the volatility of the various groups as the potentials in each group are different and each group requires individual study.

I have indicated that a number of industries should do reasonably well in 1952. I believe in addition to those which I have already mentioned that electric power companies are expected to hold even or improve slightly. Railroad revenues could show moderate gains in the coming year, reflecting increased traffic and possibly higher rates. Aircraft manufacturers and machine tool builders should show earnings improvements. Textile and department stores could recover from last year's disappointing performance. With large military orders, the radio and television industry should also realize a favorable profits recovery. Meat packers and food chains could score a satisfactory improvement and rubber and tire companies will continue to enjoy heavy overall demands. Some technicians have been concerned with the tight credit conditions, but, in my opinion, these factors should only have a minor bearing on the trend of stock prices, as brokers' loans of about $675 million are insignificant in relation to the approximate $107 billion valuation of listed stocks. Although I can see a moderate decline in 1952 profits on an overall basis, it is doubtful whether there will be any major reductions in dividend rates.

This is a political year and political expediency indicates that no hard line will be held on wages, farm prices, or other spots where strong political pressure is felt. Although production may decline in many lines, such as in household items and building construction, production for defense purposes could reach an annual top of about $65 billion, as against some $30-$35 billion last year. Incoming orders will probably reach their peak of the year in the first half and deliveries will continue to rise well into 1953 and into 1954. Consumers' disposable income, which is income left after taxes, may rise another 6%-7% to about $217 billion.

There are many bears throughout Wall Street circles, probably as many as there were at the beginning of 1951. Those conservative investors who have been following the market through interpretation of banking figures have been increasingly bearish since last January. Cyclical students have been increasingly bearish since February, 1951, and many institutional investors have shown less interest in stocks since July, 1951, and many have increased their considerable cash reserves. Customers' free credit balances with member firms alone as of Dec. 31, 1951, were high amounting to $824 million. The fundamental analysts have also become cautious and now show increasing pessimism. From my point of view, I find that one has to have a challenging front towards the market and that good profits can be made this year in many groups and specific situations. While general market weakness could develop from time to time, perhaps around the middle of March when large tax settlements must be made, I am very doubtful whether any such reaction will carry below the November lows of 255, or the June lows of 242. Nearly 200 listed companies last year either split their common stock or paid stock dividends to shareholders. This figure may be exceeded in 1952.

*Excerpts from speech of Mr. Jarvis, delivered at the "Banking and Finance" seminar held in conjunction with the Dean's Day Home-Coming for Commerce Alumni, New York University School of Commerce, Accounts, and Finance, New York City, Jan. 26, 1952.

Airplane Accidents

By ROGER W. BABSON

Mr. Babson, in reviewing causes of airplane accidents, and their dangers both to passengers and to persons at home, says needed remedy is to discover some partial insulator of gravity. Reveals work toward that end of Gravity Research Foundation.

Last week you read that 85 people have been killed in airplane accidents during the preceding 38 days in Elizabeth, N. J., and yet nothing is being done about it. I believe it is a crime against the American people for the airplane companies not to do more to prevent such accidents. It is true that they can insure their planes so as to get a new one when a plane is destroyed, but no insurance can replace lives which they destroy. In my humble judgment, their attitude is all wrong.

Roger W. Babson

Cause of Accidents

A few airplane accidents occur from running into mountains during fog or storm. These are being eliminated by the latest modern altitude instruments and by radar. With good working instruments and bright-eyed pilots these accidents should no longer occur.

The major cause of airplane accidents is their engine trouble or wing failure or some other breakdown which causes the airplane to drop to the ground and the gas tanks to explode. This throws the gasoline all over the occupants. Some electric spark starts the fire and the passengers are all smothered or burned to death. In short, "Old Man Gravity" is responsible.

Your Home May Be Destroyed Tonight

This means that these fatal accidents will continue and increase in number and severity as more planes fly and the size of the planes increases. When the airplane companies advertise they have the biggest planes, they do not tell you that the bigger the plane the more dangerous it will be for all concerned when it falls. Moreover, many believe that the bigger planes are more liable to fall.

It is not only those who travel in planes who are running the increasing risk as bigger planes are built. Every reader of this column, including those who never use air travel, is likewise subject to great danger, as was evidenced in Elizabeth, N. J. An airplane going over your house tonight may fall on your house and cover it with gasoline, causing your entire family to be burned up.

The Needed Remedy

There is only one means of preventing these accidents. This is to discover some partial insulator of gravity, although helicopters may also help in solving the problem. Insulators exist for light, noise, fire, air, heat, cold, magnetism, electricity and even atomic energy. The work of the Gravity Research Foundation at New Boston, N. H., is helping to discover a partial insulator for gravity. This Foundation believes that the airplane companies could discover an alloy which would partially insulate gravity if they would only combine and spend the money to do so. When a partial insulator is discovered the exterior of all planes would be covered with this alloy. The weight of the plane would then be so reduced that a fall need not cause a fatal disaster. Besides, the plane and contents would be so much lighter it would be much less liable to engine and other difficulties and hence less liable to fall.

How Airplane Companies Reply

The airplane companies claim that scientists say it is impossible to discover a partial insulator for gravity. My answer is that when I was a student at the Massachusetts Institute of Technology I was taught that it would be impossible to use commercially heavier-than-air machines. Professors taught us that only balloons and dirigibles would be practical.

Scientists have discouraged many great inventions in use today, claiming that they were impossible. The Babson Institute has the third largest collection in the world of Sir Isaac Newton's writings and we believe that if he were here today he would agree that gravity could be partially overcome. I ask every reader to take an interest in this problem because some airplane may fall on your house tonight and burn up you and your family.

Walter M. Wells Joins Shearson, Hammill Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Walter M. Wells has become associated with Shearson, Hammill & Co., 9608 Santa Monica Boulevard. Mr. Wells was formerly an officer of Maloney & Wells, Inc.

Robinson Partner in Model, Roland & Stone

Davis Joins Firm

Model, Roland & Stone, 76 Beaver Street, New York City members of the New York Stock Exchange, announce that Roy Desmond Robinson of London, England, has become a general partner in their firm.

Howard C. Davis formerly with the Guaranty Trust Company of New York, is also now associated with the firm.

Cooney Heads Hirsch Mutual Fund Dept.

Hirsch & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, announce that William L. Cooney has become associated with the firm as manager of its newly established Mutual Funds Department. He was formerly with Harris, Upham & Co.

Harold B. Arnberg has joined the firm as a registered representative in the main office.

From Washington Ahead of the News

By CARLISLE BARGERON

Some of the most fanciful stuff to come out of Washington these days deals with the question of whether President Truman will or will not run again. It is a saving theme for the daily columnist when his noodle finds it impossible to turn out anything else.

Carlisle Bargeron

To keep the theme going, leaving it in a shape that it can be brought out again on another dull mental day, the trick of the trade is never to write with finality, never make the statement definitely as to whether he will or will not run again. Get a new angle, talk to one of his "friends" one day and write that it can be passed on directly from the feed box that the man is tired, feels he has served his country well, has a right to retire and is looking over the field of those who might possibly fill his shoes. But if you wish again to return to this theme—and it is an awfully long time between now and July—you had better leave such a loophole as this: "Now, while the President would dearly love to lay down the office to another, it may be that he won't be able to locate a worthy successor, one who can honestly carry on as he has carried on, and therefore, he, Truman, may decide he must make the sacrifice again."

This writer has never at any time had the slightest doubt about Truman's intentions. I claim no intimate contacts or feed box stuff either. But I did ask one of his confidants, several weeks ago, what he thought the President might likely do. This fellow made no pretense of Truman's having told him or hinted anything to him. But he replied very promptly:

"Don't be silly; the President has never lived who wanted to leave the White House."

The soundness of this observation has governed me in my consideration of Truman's intentions. I didn't know or work with George Washington, Thomas Jefferson or Abraham Lincoln. My life with Presidents, so to speak, began with Calvin Coolidge. And he didn't want to leave the White House. He wasn't tired or worn-out with the burdens of the Presidential office in the slightest.

But in his day and time it would have been shocking to the country had he openly sought another term. Others, however, had started a "draft" movement and there has never been any doubt in my mind that he hoped up until the time of Hoover's nomination at Kansas City in 1928, that it would succeed.

Roosevelt knocked the coyness of tradition into a cocked hat and went pretty ruthlessly after the third term. For a while he played the game that Truman is now playing; that he wanted to quit and that the field was wide open for other aspirants. One Paul McNutt began making headway, and the Roosevelt hangers-on, thinking the mantle was to be McNutt's, began jumping on his bandwagon. This was serious and the inner Roosevelt crowd took firm action. One member slyly told newspapermen one day that Internal Revenue was probing McNutt's income tax returns to see if he had reported his "poker winnings." That was the end of the McNutt candidacy and a warning to any other aspirant not to make any trouble. So at Chicago, several months later, there were no contenders and Roosevelt permitted himself to be drafted.

The difference between what Roosevelt accomplished and what Truman hopes to accomplish, however, is that New Deal Senators and New Deal labor and political bosses were enthusiastically for Roosevelt. His renomination meant maintenance of the status quo for the riders on the merry-go-round; none of the hazards of having to guess right on whom the next nominee would be.

Similarly, there were genuine demands for the drafting of Coolidge. It came from Senators, office-holders and patronage dispensers who didn't want to gamble on a new nominee. A new President even of the same party means a lot of upheavals in political positions and prominence. Every new President brings in his own crowd; sooner or later, he gets rid of his predecessor's appointees.

It is this political truism that caused Truman to say smugly a few days ago that regardless of primaries, he could have the nomination again if he wanted it.

But what is unusual about the current situation and what must give him pause, is that there is none of the enthusiasm among the drafters—those who owe their political meat and bread to him — as there was among the drafters of Roosevelt and Coolidge. The drafters seem to be of the mind that they will draft Truman if that is his will but they don't particularly like it. You would think they would be tickled to death because they won't have to deal with the uncertainties of a new nominee. They go right along in their jobs and positions of power, assuming, of course, that the Democrats win again. But they don't seem to feel this way. Take Senator Joe Humphrey, for example. He is the stalking horse for Truman in Minnesota. He says he is for the great Harry Truman's reelection. But there is a hollowness in his voice. All over the place you see these fellows bobbing up and saying they are certainly for Harry Truman, but adding, "if he runs again, and if he doesn't, I'm for, etc."

This is not the way of the true drafter. He will not hear of any suggestion that his man is not running again; he is insistent that he is the only man who will do so. There seems to be none of this feeling among those whom Truman must count upon to "draft" him. It is strange because I think that Truman would, by odds, be the best candidate, with Eisenhower unavailable to them, the so-called Democrats could put up.

Consumer Spending And Saving in 1952

By LEO BARNES*
Economist, Prentice-Hall, Inc.

Dr. Barnes, before forecasting consumer behavior in 1952, reviews consumer spending in various categories during past year. Notes spending lag by consumers in 1951 was not only a correction of earlier over-buying, but feeling that more individual cash reserves are required to match current inflation. Predicts, however, in 1952, total consumer spending for soft goods, hard goods and services combined is likely to rise a bit closer to levels warranted by available buying power, on other hand, predicts consumer savings will be slightly reduced.

What consumers do with their record spendable cash in 1952 will partially be determined by what they did—and didn't do—with it in 1951. Let's therefore take a close look at the 1951 record. What did consumers do with their dollars? Why did they behave the way they did?


Dr. Leo Barnes

1. Total Personal Spending for Goods and Services in 1951

Since last spring, consumers have been tantalizing the economist, annoying the merchants, baffling the manufacturers, and amusing the skeptics. While, by and large, they've put more spendable cash into their pockets than ever before, they haven't been spending their money. Instead, they've been saving it at virtually the highest peacetime rate on record. In the second quarter of last year, consumers' liquid savings increased by $3.2 billion—more than in *all four* quarters of either 1950 or 1949. In the third quarter of last year, consumers' liquid savings soared once more, to $5.7 billion—the highest quarterly total since the end of World War II. Preliminary figures for the fourth quarter of the year suggest that savings rose once again, possibly to as much as $6 billion in liquid form.

For the year as a whole, consumers saved more than 8% of their spendable income, one of the largest non-war savings ratio on record.

How explain this sudden decline in the "urge to splurge"? Is it a temporary aberration or a fundamental long-term economic change? Perhaps we can find the answer to these riddles by analyzing consumer spending in 1951 in somewhat greater detail.

2. Spending for Services

Spending for services continues proportionately far below the norms of pre-World War II experience. In 1929, 38% of consumers' spendable income went for services like rent, gas, electricity, recreation, transportation, medical care, insurance and education. In 1951, less than 30% of spendable income went for similar services. Rents took less than 10% of spendable income last year, compared with almost 14% in 1929. This low figure is due largely to rent controls. Ultimate elimination of rent control would undoubtedly send consumer spending for rent up to 11%-12% of their spendable income—thus cutting in on the cash available for other goods and services. In the postwar period, hard goods particularly benefited most from the abnormally low ratio of consumer spending on services, especially rents.

Interestingly, consumers are also now spending proportionately less on personal services and recreation. Blame the maid shortage, other labor shortages and television for that! In 1947, 2.2% of total spendable income went for personal services. Today the figure is 1.8%. In 1946, 2.3% of spendable income went for recreation. Today the figure is 1.8%.

Obviously, then, the lag in consumer spending for goods in 1951 can't be due to the higher cost of services.

3. Consumer Spending for Hard Goods

Spending for hard goods is back to 1947-1948 levels. For 1951, as a whole, spending for all hard goods took 12.2% of total consumer spendable income, the same ratio as in 1948, and close to the 12.6% ratio of 1947. Here, again, due to the extensive overbuying in the third and fourth quarters of 1950 and the first quarter of 1951, the propensity to spend on hard goods is correspondingly below normal now.

In 1951, consumers spent 4.8% of their spendable income on automobiles and parts, compared with 3.9% in 1947, 4.0% in 1948, 5% in 1949 and 6% in 1950. A "normal" propensity to spend for automobiles should be in the neighborhood of around 4%.

Much the same story is true for furniture, appliances and other household equipment. Consumer spending for this category reached a high of 6.4% in 1947 and in 1950. By the fourth quarter of 1951 it had dropped to 5.1%, slightly below a "normal" level of 5.2%-5.3%.

4. Spending for Soft Goods

Consumers' inclination to spend on soft goods was remarkably low in 1951, particularly in the case of clothing, shoes, and semi-durable house furnishings such as sheets and rugs. *In all these cases, the percentage of spendable income spent for the items covered was the lowest on record. For clothing and shoes,* only 8.85% of spendable income was used by consumers in 1951. A normal ratio is about 10%. In 1946, this ratio rose to 11.7%, from which point it has dropped steadily to the present low of about 8.5% in the fourth quarter of 1951.

Similarly, *textiles and semi-durable house furnishings* have dropped to 0.9% of spendable income in the fourth quarter of 1951 from a normal ratio of 1.1%. In both instances, part of the drop in the later part of 1951 is to be plained by the post-Korean overbuying in the second half of 1950 and the first quarter of 1951. Nonetheless, the correction for this overbuying has been greater than the amount of the overbuying since, as we've seen, the 1951 yearly average is below normal.

By contrast, consumer spending for food has been sustained at high levels throughout 1951.

Why the Spending Lag?

(1) The low consumer inclination to spend in most of 1951 is not to be explained by any shortage of supply, as was the case during World War II. This is evident, since the urge to spend decreased substantially in many soft goods areas, where supplies were abundant—in fact, more than abundant. In most hard goods lines, too, the shortage of customers in 1951 was greater than the shortage of materials—steel, copper, aluminum or other metals. In most lines, production in the second half of 1951 was below levels permitted by NPA quotas.

(2) **The lag in consumer spending in 1951 was not merely a correction for earlier over-buying in the post-Korean scare buying period.** On a statistical basis, the total amount of underbuying since last spring already exceeds the previous overbuying. Presumably, also, some overbuying is usually wasted (stuff is put away in closets where it deteriorates or is forgotten); so that normally the corrective underbuying phase should be both shorter and smaller than the previous overbuying phase—especially in a period when total income is rising.

(3) A partial explanation for the prolonged sag in consumer spending is the fact of inflation. Consumers may feel they need larger supplies of cash and other liquid assets to match the price inflation that has occurred since Korea. In June, 1950, consumers had about $168 billion in demand and time deposits, currency, defense bonds and other liquid assets. Since then, the cost of living has gone up about 11%; and the population has grown about 3%. In other words, to get back to the same equivalent liquid asset position as in June, 1950, consumers would have to have about 14% more cash and other liquid assets than they had just before Korea. That would mean about $190 billion in liquid reserves would be required to put U. S. consumers in the same relative financial position that they had before Korea. Right now, a good estimate of the total liquid assets of individuals is about $182 billion. By mid-year, liquid assets will probably be up to $90 billion as a result of high consumer savings. *Once consumers feel themselves again amply loaded with cash, they may then be inclined to spend a larger percentage of their available income.*

This theory certainly has its statistical attractions. However, it probably is also putting the cart before the horse. Surely, inflation is more the cause of spending than of saving. Most consumers generally save more because they have decided to spend less. By and large, they don't spend less because they've decided to save more. The total level of liquid assets is more a result than a cause.

To explain the lag in consumer spending, it thus seems that we must look for more fundamental causes. These causes would seem to be somewhat different for soft goods than for hard goods.

(4) **Soft goods.** There are at least three special factors that may have something to do with the soft goods lull:

(a) *Greater durability of so-called soft goods.* Thanks to new materials and more efficient manufacturing, clothing, shoes and other textiles last longer than they used to. This trend is likely to continue (neolite, nylon, dacron, etc.).

(b) *Greater informality accepted as a social custom.* Sport attire is more generally acceptable than formerly. Less going out as a result of television means less need for variety of clothing costumes.

(c) *Redistribution of income hits soft goods.* Connected with the former point is the fact that total national income is steadily being redistributed to favor low-income groups whose buying patterns are less concentrated on clothing than those of the middle- and high-income groups. When a poor family gets additional income it frequently buys a used car or a television set before raising its clothing standard of living.

Moreover, the inflation of 1950-1951 hit the middle classes harder than most other groups.

In contrast to union labor, which received several wage boosts, more than 20 million white collar workers, salesmen, small proprietors, etc., actually found that their optional spending power after higher taxes had declined rather than increased. This hurt clothing sales especially hard.

(5) **Hard Goods.** Three special factors that help explain the lag in hard goods are:

(a) *Higher prices of some hard goods, like autos.*

(b) *Tighter instalment credit.* Tighter credit rules took away some of the potential market for hard goods in 1951 and will probably continue to do so in 1952. However, tougher credit is usually only a temporary deterrent to consumers who want to buy. They just have to save a little longer to get up the necessary down payment and to maintain the larger monthly or weekly payments required. The trouble with the hard goods market is more fundamental than that. It is

(c) *Market saturation.* For many hard goods, the potential market is close to being saturated. Future business will be largely replacement rather than new business; and replacement volume will be lower. We have to contend here not only with the post-Korean buying spree which sent sales of most hard goods up to unprecedented peaks, but also with the above-average sales of hard goods during the whole postwar replenishment boom from 1946 to 1950.

Thus, by now most of the more than 50 million autos and trucks on the road have been built since the end of World War II. While there are still lots of prewar cars being used—witness the very high car scrappage rate last year, when 3,700,000 cars and more than 600,000 trucks were junked (an all-time record)—it's still true that car owners have more unused motor mileage stored up in their cars than at any time in history.

Much the same picture is true of most other consumer durables

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*An address by Dr. Barnes before the New York Institute of Credit, New York City, Jan. 30, 1952.

Robert Torpie With J. F. Reilly & Co.

Robert A. Torpie

Robert A. Torpie has become associated with J. F. Reilly & Co. Incorporated, 61 Broadway, New York City, in its trading department. Mr. Torpie was formerly with Merrill Lynch Pierce, Fenner & Beane.

Walston, Hoffman Adds Three in New York

Walston, Hoffman & Goodwin, members of the New York Stock Exchange and other leading exchanges, announce that Guy C. Icangelo, Howard F. Schroll and Ernest Cappel have become associated with the firm in New York City.

Mr. Icangelo, who was previously associated with a member firm of the New York Stock Exchange, is a graduate of University of Southern California and will be located at the firm's office in the Waldorf-Astoria. Mr. Schroll, who will be at the firm's office at 35 Wall Street, was formerly associated with a member firm of the New York Stock Exchange. Prior to that, he had his own securities firm in Jersey City, N. J., and was a registered dealer with the NASD. He was also formerly associated with the Guaranty Trust Company. Mr. Cappel will be located at the firm's 1370 Broadway office.

Seligman Partner in Kaufmann, Alsberg

Alvin W. Seligman on Feb. 15 will become a partner in Richard K. Kaufmann, Alsberg & Co., 61 Broadway, New York City, members of the New York Stock Exchange. Mr. Seligman was formerly a partner in Seligman, Lubetkin & Co.

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Observations . . .

Transamerica, or the somewhat more restricted Marine Midland Corporation which holds New York State banks.

In the case of each of these three categories, the market pricing is largely the result of psychological factors, such as prejudice reacting from former overpricing. The discount there has not stemmed from inadequate earnings. The pre-dissolved utility customarily sold at only about 8-to-10 times earnings; the closed-end investment companies have been giving relatively liberal ordinary-income yields; Transamerica last year yielded 6%-plus on the dividend, and 12½% on underlying earnings, and Marine Midland's mean dividend yield was a good 5.2%, and earnings yield 10%.

In the case of a multitude of good listed companies, as with these special categories, the market price represents a liberal "discount" from value—the value being based on various quantitative criteria. Over 100 listed companies are selling at less than their net working capital after deducting all prior obligations (cf. Standard and Poors compilation in the "Chronicle" Nov. 1, 1952 p. 35) and there are at least 40 representative industrial companies whose retained profits over the past decade alone exceed the current price of their shares (cf. "*Market Pointers*" by Francis I. du Pont & Co., Jan. 27, 1952).

These evidences of quantitative value, as well as the flight to blue chips, seem to be the result of the prevalent investment climate, accentuated by the confiscatory personal income tax brackets, realization of whose emasculating effect on stockholders' take-home pay is beginning finally to dawn on them.

The Bank Stock Discount

The situation with the commercial banks, whose shares customarily sell at liberal discounts from their asset values, on the other hand, results largely from the inability to net commensurate earnings or dividends. Earnings on capital funds by state banks were in 1950 only 5.77% in New York State and 5.41% in New York City; dividend related to capital funds being but 3.49% for the State as a whole and 3.59% for the City institutions. Market price equal to asset value therefore would obviously yield too little in terms of dividends and earnings. Hence adjustment for an adequate yield necessitates a lowered price, in terms of investor interest and also real value (value to the shareholder not being determined solely by the stored-up untouchable assets). So it is that the following market discounts from admitted book value (sometimes understated) are now prevailing for some New York City and other banks:—

Bank of New York and Fifth Avenue, New York	20%
Bankers Trust Company, New York	15
Chase National Bank, New York	19
Chemical Bank & Trust Company, New York	6
Guaranty Trust Company, New York	20
Irving Trust Company, New York	8
National City Bank, New York	14
Public National Bank, New York	14
Northern Trust Company, Chicago	42
American Trust Company, San Francisco	24
California Bank, Los Angeles	18
National Shawmut Bank, Boston	30
Manufacturers Trust Company, Detroit	19

Shareholder Rights

It is not a question of legal right, of course; but the fair interests of the shareholder include an adequate return on his assets; and in some authoritative opinion, even the effect of yield on the market price itself is relevant. Frequently advanced, the "if you don't like it, sell your stock" excuse is out of order. In any event, the new buyer backs away, and the interests of the economy are harmed through deprivation of new capital.

The obligation is due the shareholders of a public as well as of a privately-held business, to weigh realistically and objectively the propriety of liquidation when they are not getting a fair return from their invested assets. Such consideration may well lie wholly outside the question whether the interests of the public or outside shareholder are being subjected to those of the management, including insiders or controlling stockholders; and also is irrelevant to whether the inadequacy of earning power results from factors beyond management's responsibility.

Availability of proper implementation to remedy an inequitable earnings-on-assets situation should be taken advantage of; not merely becoming sidetracked to indulging in squawking at the government over confiscatory taxation, or in needling management. Liquidation via merger happens, perhaps too infrequently, in the industrial field. It has also been witnessed in the occasional open-ending of closed-end investment companies to take advantage of the prevailing popularity of the former-type of fund. In the bank stock field, fortunately for the shareholder, some remedy for his plight exists in the usefulness of a low-earning bank's assets, sometimes importantly for its branches, by another institution.

The Superintendent's Worries

Nine mergers of New York City commercial banks have occurred since 1948, the absorbed banks having had capital accounts of about $80 million. Superintendent Lyon is troubled about bank mergers, because thereby "the character and structure of our banking system are being shaped to that extent by purely speculative forces. It is only coincidence if that sort of thing operates in the public interest"; and because "windfall" profits allegedly ensue.

We believe that Mr. Lyon is troubled unduly. He has disclosed to this writer that by the term "windfall," which excerpt from his speech has drawn wide attention, he means a promoter's profit which is something not native or inherent in a situation; in lieu of its more popular dictionary definition as "a piece of unanticipated good fortune; lucky happening or gain, as a legacy." Surely there is no objection to the long-suffering under-water shareholder being stuck by the good fortune to get bailed out. And if it takes a promoter to bring this about, neither the presence of him or his fee lessens the constructive end result of the useful service for the buying bank and for the stockholder—activity promoting the public interest in the free market economy.

Also it must be remembered that the bank merger is subject to the approval not only of the buying institution's management, directorate, and shareholders; but also of the government authorities, including the State Banking and Federal Reserve authorities, and the FDIC.

Earnings and Socialization

To the extent that merger abuse does exist, it points up the necessity for increased earnings, now hindered by policies and conditions, both governmental and non-governmental. The barring of mergers or official screening of stock purchases, by government dictum, and the driving out of investor capital, would merely promote socialization—a conclusion likewise applicable to our entire corporate investment structure.

Coincidentally, we have just received the following relevant overseas observation in a letter from a British friend, a leading financial editor:

> *"The staid British investment trust movement has got the wind in its tail. It's raising its cash dividends left, right and center (although still being conservative) and is also paying out big bonuses in scrip. In fact, all this is to meet the familiar criticism that the trusts are worth more (a helluva lot more) dead than alive; some critics have opined all the trusts should be wound up! In part, there's a genuine desire to popularize the movement among working class savers to provide some antidote to Socialistic tendencies."*

Thus, in Britain too, there is direct positive correlation between investment return and anti-socialism.

In the case of bank stocks here:—pending the arrival of that happy time of adequate earnings power, there is no reason why the neglected shareholder should not take advantage of rescue via legitimate exercise of the profit motive, subject to the existing close regulation. Furthering the segregation of ownership and control offers no benefit to either the community or the shareholder. On the contrary, in fact, it would only lead to even further direction by the state.

Apponyi, Others With Dempsey-Tegeler Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Carl E. Apponyi, Arthur R. Bell, Joseph W. Lockwood, and Ann Trezise have become associated with Dempsey-Tegeler & Co., 210 West Seventh Street. Mr. Apponyi was formerly an officer of Holton, Hull & Co. Mr. Bell was with William R. Staats & Co. and Miss Trezise was with Revel Miller & Co.

Robert F. Bates Joins Pacific Coast Secs.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Robert F. Bates has become associated with Pacific Coast Securities Company, 634 South Spring Street. Mr. Bates, in the past, was manager of the trading department for the Los Angeles office of First California Company.

Jas. Johnston With L. F. Rothschild Co.

L. F. Rothschild & Co., 120 Broadway, New York City, members of the New York Stock Exchange, announce that James S. Johnston has become associated with the firm in its institutional bond department. Mr. Johnston formerly was with Dick & Merle-Smith and prior thereto with Bramhall, Barbour & Co. Inc.

Rees Heads Dept. for Baxter, Williams Co.

CLEVELAND, Ohio.—Leonard M. Rees has become associated with Baxter, Williams & Co., Union Commerce Building, members of the Midwest Stock Exchange, as manager of the Mutual Funds Department. Mr. Rees was formerly Cleveland manager for Hugh Johnson & Company and prior thereto was an officer of Saunders, Stiver & Co.

Sterling Area Reinforced

By PAUL EINZIG

Dr. Einzig, in reporting results of Conference of Commonwealth Finance Ministers in London recently, holds organization of Sterling Area has been reinforced by arrangements set up for systematic contact between the Governments involved. Says, despite difficulties and differences of views among Sterling Area members, system seems to be weathering storm.

LONDON, Eng.—It was widely expected that the Conference of Commonwealth Finance Ministers which was held in London between Jan. 15th and 21st would result in fundamental changes in the system of the Sterling Area. The optimists anticipated a considerable reinforcement of the system through the adoption of uniform measures aiming at the defense of the dwindling gold reserve. The pessimists feared that the system might not be able to withstand the strain of the crisis, and that conflicting views about the measures to be adopted might lead to its disintegration, or at any rate to its weakening. In reality the Sterling Area emerged from the Conference reinforced, though not to the extent hoped for by optimists. For the first time arrangements have been made for a more systematic contact between the governments of the Sterling Area. Hitherto the only contact was the occasional Conferences of Finance Ministers. In future, there will be "frequent and comprehensive consultations," and "steps will be taken within the next few months and from time to time to review progress on the measures now being taken and proposed." The contact is still far from being as close and systematic as between the Western European countries through the Organization of European Economic Cooperation and the European Payments Union. Nevertheless progress is being made in that direction.

Dr. Paul Einzig

What matters, from the point of view of those who attach importance to the maintenance of the Sterling Area, is that in spite of the differences that are bound to exist between the governments of Sterling Area countries, the system seems to be weathering the storm. It had been suggested that India and other underdeveloped members of the Sterling Area would insist that all the necessary sacrifices should be made by countries with higher standards of living. There is no evidence that such a line was in fact adopted or insisted upon during the Conference. All participants appeared to have recognized the need for making sacrifices in the interest of saving the Sterling Area.

It would have been too much to expect, however, that all countries should accept some uniform device to be applied indiscriminately. This was possible in earlier years when the measure consisted simply of a cut in imports from the Dollar Area. There was no difficulty then in arriving at the uniform decision of cutting down such imports by the same percentage. That crude device is being replaced, however, on the present occasion, by an elaborate system of measures directed not so much against the symptoms as against the fundamental causes. In addition to cuts of imports from the Dollar Area and from other countries outside the Sterling Area, various other measures are contemplated in the United Kingdom. Many of these measures could not be applied in other countries, or not to the same extent. It would be futile, therefore, to try to elaborate a formula that could be applied everywhere. Each country will work out its own measures, and the Conference confined itself to the elaboration of the guiding principles.

The statement issued at the end of the Conference declares that the only way to prevent recurrent drains on the central gold reserve is for every country in the Sterling Area strenuously to endeavor to live within the means which are, or can be, available to it. This may appear to be stating the obvious. Nevertheless, the Finance Ministers were right in stating it, in order to make it clear that their governments have no intention of depending on perennial outside support. The statement declared that the first and most important step was to ensure that the internal economy of each member country should be sound, and all possible measures should be taken to combat inflation.

It is in respect of such measures that each country has to work out its own salvation. The proposed reduction of capital investment in the United Kingdom could not be applied in underdeveloped countries such as India. On the contrary, in raw material producing countries capital investment is intended to be stepped up in order to increase raw material exports and to reduce raw material imports from outside the Sterling Area.

From the point of view of the measures to combat inflation and to place the member countries on a sound basis the attitude of the United Kingdom is of the utmost importance. For, while it is not enough if the United Kingdom is alone in adopting stern measures, the other countries could hardly be expected to do so unless the United Kingdom sets an example. In the past the guiding principle of the British Government was that the standard of living of the British people must not suffer. On that principle it was impossible to restore sound economic condition or to disinflate the inflated purchasing power. In the absence of inspiring example from the United Kingdom the other Commonwealth countries were also reluctant to make a real effort.

Today the situation is different. The present British Government realizes that, deplorable as it is, a reduction of the standard of living is essential in order to save the Sterling Area. While it will seek to achieve that end preferably through an increase of production, increased exports will be aimed at also through ruthless cuts in home consumption. The standard of living is no longer considered sacrosanct. It is realized that the standard of living had been raised since 1945 to a level at which it cannot be maintained. Rather than undermine the economic stability of the country by the continued bolstering up of an unsound position, Britain will face the need for a temporary setback in the progress towards a higher standard of living.

Once Britain can claim to have done this the governments of the other Sterling Area countries will be in a better position to propose and enforce austere measures. The combined effect of all these measures will undoubtedly reinforce sterling and will save the Sterling Area.

It is in anticipation of such a result that the statement issued by the Conference laid stress on the need for restoring the convertibility of sterling. There is no reason to expect the repetition of the absurd experiment of 1947 when it was hoped that a restoration of convertibility would produce a miraculous strengthening of sterling. It is now realized that this was putting the cart before the horse. The first step is to establish sound economic conditions, and then, not before, it will become possible to restore convertibility. If convertibility were to be restored in prevailing conditions, the gold reserve would be exhausted in a matter of hours.

S. F. Exchange Standing Committees

SAN FRANCISCO, Calif.—Mark C. Elworthy, Elworthy & Co., Chairman of the Board of Governors of the San Francisco Stock Exchange, has announced the following appointments to Standing Committees of the Exchange for the current year:

Ethics and Business Conduct—William H. Agnew, Schuman, Agnew & Co., Chairman; George W. Davis, Davis, Skaggs & Co.; Stanley R. Dickover, Elworthy & Co.; Howard J. Greene, Sutro & Co. and Harry Meyerson, Kaiser & Co.

Finance—Arthur R. Mejia, Harris, Upham & Co., Chairman; Arthur Gambarasi, Shaw, Hooker & Co.; Palmer C. Macauley, Davies & Co.; Robert F. Mulvany, Irving, Lundborg & Co.; and Berwyn E. Stewart, J. Barth & Co.

Floor Trading—Warren H. Berl, Edwin D. Berl & Son, Chairman; Joseph A. Johnson, Henry F. Swift & Co.; Neil L. Laughlin, Davies & Co.; Harold W. Lutich, Harold W. Lutich & Co.; Scott H. Stewart, Jr.; and John C. Traylor, Douglass, Van der Naillen & Co.

Listing — Richard P. Gross, Stone & Youngberg, Chairman; Ernest E. Blum, Bush Slocumb & Co.; Daniel J. Cullen, Walston, Hoffman & Goodwin; M. J. Duncan, Calvin E. Duncan & Co.; Edward C. Henshaw, William R. Staats & Co.; R. Russell Hodge, Frank C. Shaughnessy & Co.; Stanley E. Symons, Sutro & Co.; and R. W. Wild, First California Company.

Public Relations—Richard Lawson, Lawson, Levy & Williams, Chairman; H. Hodge Davidson, Bailey & Davidson; Charles W. Fay, Jr., Hooker & Fay; George J. Otto, Irving Lundborg & Co.; Paul A. Pflueger, Pflueger & Baerwald; Albert E. Schwabacher, Jr., Schwabacher & Co.; and Earl G. Steel, Davies & Co.

Schmick Vice-Pres. of H. M. Byllesby Co.

CHICAGO, Ill. — Franklin B. Schmick has become associated with H. M. Byllesby and Company, 135 South La Salle Street, and has been elected Vice-President and Director. Mr. Schmick has been in the investment banking business since 1930 and was a partner of Straus & Blosser, in Chicago from 1938 to 1952. He also is a Director of several Chicago industrial corporations.

The Business Outlook for 1952

By GARFIELD V. COX*

Dean, School of Business, University of Chicago
Chairman of the Board, South East National Bank, Chicago

According to Dean Cox, for early months of 1952, business is likely to follow mixed trends, marked by rising government expenditures and arms output, which will raise total national income and spending to all-time high in latter months of year. Foresees, during year, 9% increase in value of nation's output, 5% increase in volume of industrial production, and 4% rise in consumer prices.

For 1952 the dominant factor in this country's internal economic outlook springs from our relations abroad. This is so because of the hugeness of the projected rise of government spending for rearmament. The rate of spending for this purpose will be accelerated or retarded by the prospects of war or peace, by mounting or relaxing international tension. These developments will affect the rate of spending by business and by consumers as well.

Garfield V. Cox

Perhaps I should warn you that a professional lifetime spent in study of the working of America's system of private competitive enterprise yields no special insight into what the communist leaders of Russia and China may do this year. It does not even qualify one to predict how President Truman or our Department of State will respond to what they do.

Let me illustrate out of my own experience. A few days before the North Korean invasion of South Korea I presented at the Midwest Conference of the American Statistical Association a general business forecast covering the next 12 months. I assumed that no American armed forces would become involved in war within that period! Even had I been tipped off to expect this invasion, I doubt that I should have predicted that President Truman would at once send our own forces back onto the peninsula and into the fight. This forecast which I made was published. It appeared in print after our army had been committed in Korea. My forecast became one of the bloodless casualties of the war.

Basis of Forecast

The forecast I offer today is based on the risky assumption that international tension will continue through 1952 about as in recent months. As of today prediction of unlimited war in 1952 seems unwarranted. Efforts to gauge the economic effects of one would be futile in any case. On the other hand there seems small prospect that the communists will this year lull this country into reducing its rearmament goals.

I shall predict in terms of three broad measures. The most inclusive is the Department of Commerce figure for gross national income or product. The others are the Federal Reserve Board's index of the physical volume of industrial production, and the Bureau of Labor Statistics index of consumer prices.

Looking at the immediate past we note that for 1951 gross national product in dollar terms jumped 15% over 1950. Physical volume of industrial production increased 10% and consumer prices 8%. I predict that all three will average higher in 1952 than in 1951 but that for each of them the rise will be less than that of 1951 over 1950.

The boom with which 1951 opened faltered in the spring. The national income and price curves flattened, and industrial production declined by a few percentage points. For 1952 the reverse seems likely. The declines and sidewise movements will come in the early months, and most of the rise will occur in the second half of the year. To suggest the order of magnitude of the expected change I offer the following figures. Gross national product, which at annual rates is estimated at $328 billion for the third quarter of 1951, is expected to rise to $356 billion for the fourth quarter of 1952. The Federal Reserve index of industrial production, lately 218, may at first decline slightly, but will probably rise to an average of 230 in the last quarter of the year. The consumer price index, recently 188, is likely by then to average 196.

The expected rise in gross national product is based chiefly upon an estimate of the increase in the rate of rearmament. There are bewildering divergencies in the sets of figures that pour out of Washington about both current and anticipated rates of spending for defense. One source of confusion lies in the fact that the Office of Business Economics of the Department of Commerce times its figures on government spending for goods by date of delivery, not by date of order or by date of payment for the goods. I have made my own "guesstimate" after many hours of study of various official and semi-official projections that reflect differences in basic viewpoint, dissimilar statistical bases and differences in coverage.

I conclude that delivery of arms and spending for services related to national security will be running slightly more than $2 billion a month higher in the last quarter of 1952 than in the third quarter of 1951. At annual rates the increase is $25 billion. State and local spending for public works will be down a billion but wage and salary increases for Federal, state and local government employees will offset much of this billion.

I expect arms deliveries to rise slowly during the next few months and more rapidly as the year progresses. Our strategists have assumed that international tension may be great for many years and that all-out war is not its inevitable outcome. They have stressed expansion of basic industrial capacity and arms-making facilities rather than early volume output of tanks and planes. They have also been reluctant to freeze models at an early date. A fourth reason for the slow rise in arms output is not commendable. It is the continuing bottlenecks in machine tools for which a series of bad decisions made in Washington is largely responsible.

The expected huge increase in government spending will be partially offset by a predicted 18% reduction in gross private domestic investment. Construction in basic industries such as power and aluminum, and in a few defense lines, will be expanded or maintained. But non-defense industrial and residential construction, already reduced, will shrink somewhat further.

Business spending for equipment will also present cross currents. The totals, however, will hold at peak rates longer than will those for construction. By the last quarter of 1952, however, an overall decline will have begun.

Business spending for investment in inventory, which reached the amazing peak of $16 billion at annual rates in the second quarter of 1951, may well approach zero in some quarter of 1952. For the final quarter of the year, however, I predict a positive rate of $2 billion.

Net foreign investment is certain to be so small that analysis of the prospects can hardly repay one for the great amount of labor it involves. The latest reported figure is plus $1 billion. My "guesstimate" for the last quarter of 1952 is minus $1 billion. If my total for gross national product proves wide of the mark it will not be because of error on this item.

For the final segment of gross national product we turn to consumer outlays which represent over 60% of total spending. We have already mentioned that the rise in output, prices and national income so widely predicted for '51 faltered before the year was half over. Slowness of arms delivery was not the sole reason. A major factor was the remarkable increase in personal savings out of current income. In the third quarter of 1951 total personal income after taxes was up $18 billion from the same quarter of the year before. In the face of this huge increase in income the people as a whole did not increase their spending at all. Several factors contributed to this remarkable development. One was the tightening of consumer credit. Another was the over-buying consumers had done in the third quarter of '50 and the first quarter of '51. A third factor was the long period of heavy consumer buying of durable goods in 1947, '48 and '49. Finally, consumers concluded that rearmament was not going to encroach upon civilian output as much or as soon as they had at first expected. The result was a rate of savings rising to 10% of personal income after taxes.

What rate of saving may we regard as "normal" for these times? The average in 1947, '48 and '49 was only 3.8%. The average for the five quarters since Korea has been 6.8%. With consumer durables scarcer by late '52, with moderate restrictions on consumer credit continuing, and with the fear of a rapid rise of consumer prices abated, we may expect a rate of saving somewhat higher than the 6.8% average since Korea and lower than the peak rate of 10%.

Incomes will rise because of higher pay, more employment, slightly longer hours and increased farm incomes. Little if any change in personal income tax rates is in prospect for this year. Assume that by the last quarter of '52 personal incomes after taxes are up by $10 billion. Assume a consumer spending rate of 92% of income, or a saving rate of 8%. This gives for the last quarter of '52 a rate of consumer expenditure of $216 billion.

We turn now briefly to factors affecting industrial production. The prediction of a 5% expansion in physical output by the last quarter of '52 is already explained so far as demand is concerned. On the supply side it is accounted for by expectation of a somewhat greater than normal increase in the working force, some enlargement of productive capacity and improvements in equipment and processes. A strike in steel, coal or transport could obviously wreck any industrial forecast for the quarter in which it occurred.

The latter part of 1952 promises the rise in physical output which we once expected in 1951 but did not get. If it comes this year it will be less inflationary and will put less squeeze on the civilian economy than if it had come when most forecasters expected it. Delay has permitted expansion of production capacity in power, transportation and basic industries. It has allowed time to get higher personal income tax rates into operation. The lag in rearming, by dulling the expectation of inflation, has encouraged saving. This increased rate of personal saving, if maintained even in part through 1952, should enable the government to finance its expected cash deficit with less borrowing from the commercial banks.

Consumer Prices

Let us turn now to factors bearing on the level of consumer prices. For the stability of prices in 1951 some give the chief credit to direct government controls. I attach more importance to the tighter credit policy of the Federal Reserve authority, to the increased personal saving already mentioned, and to voluntary credit control by the commercial banks.

An important brake against a price rise for the early months of 1952 lies in the virtual certainty that the Federal Treasury will take from corporations and individuals several billions more cash than it pays out to them. Another restraint will be the persistence of ample inventories of durable consumer goods that may be in short supply by year's end.

On the likely assumption that no further increase in personal income tax rates will be voted for this year, the Federal Treasury will pay out several billions more cash in the second half of '52 than it takes in. Unless it takes steps to issue savings bonds more attractive than the present E bonds, it will probably have to borrow from commercial banks, thus generating some inflationary pressure as the year advances.

Generous crop yields this year would dampen a rise in the consumer price index. Poor yields would probably result in a price rise greater than I have predicted.

To summarize, the most probable course of business now seems to be mixed trends for the early months of '52 with rising government expenditures and arms output gradually lifting the total income and spending of the economy to new all-time highs in the final quarter of the year. The predicted highs, when compared with latest actual figures, amount to an increase of near 9% in dollar value of the nation's output, of 5% in volume of industrial production and of 4% in the cost of what the family buys.

*Summary of address by Dean Cox before the National Electric Sign Association, Chicago, Ill., Jan. 21, 1952.

Earl S. Hofstatter

Earl Stetson Hofstatter passed away at his home after an illness of some duration. Mr. Hofstatter was associated with Hemphill, Noyes, Graham Parsons & Co.

With Founders Mutual

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Clarence H. Bower has joined the staff of Founders Mutual Depositor Corporation, First National Bank Bldg.

With A. M. Kidder

(Special to THE FINANCIAL CHRONICLE)

FT. LAUDERDALE, Fla.—Leland C. Hunter is now associated with A. M. Kidder & Co., 207 East Las Olas Boulevard.

With Francis I. du Pont

(Special to THE FINANCIAL CHRONICLE)

WEST PALM BEACH, Fla.—Sylvester J. Martin is now with Francis I. du Pont & Co., 212 Datura Street.

Kunzer to Retire

Victor Kunzer, Jr. will retire from partnership in Rothschild & Co., Chicago, on January 31st.

AVCO reports for 1951

HIGHLIGHTS

	Year ended Nov. 30, 1951	*Year ended Nov. 30, 1950*
Consolidated net sales .	$286,598,113	$256,966,971
Consolidated net income .	$10,089,214	$12,635,633
Earned per common share	$1.10*	$1.65**
Dividends per common share	$0.60	$0.50
Net working capital . .	$87,933,721	$70,980,186
Net tangible assets *(net worth)*	$88,620,194	$81,273,695
Per common share . .	$9.07	$8.65
Per preferred share .	$514.00	$402.00
Number of stockholders .	63,288	57,119

**Based on 8,819,385 common shares outstanding at close of fiscal 1951.*
***Based on average number of common shares outstanding during fiscal 1950.*

BOARD OF DIRECTORS

VICTOR EMANUEL, *Chairman*
GEORGE E. ALLEN
IRVING B. BABCOCK
NEAL DOW BECKER
JOHN E. BIERWIRTH
JAMES BRUCE
MARTIN W. CLEMENT
C. COBURN DARLING
GEORGE A. ELLIS
JOSEPH B. HALL
CARLTON M. HIGBIE
ROBERT L. JOHNSON
LEROY A. LINCOLN
W. A. MOGENSEN
WILLIAM I. MYERS
BENJAMIN H. NAMM
THOMAS A. O'HARA
R. S. PRUITT
JAMES D. SHOUSE
ALBERT C. WEDEMEYER

AVCO MANUFACTURING CORPORATION

"A Family of Famous Names"

American KITCHENS

Steel wall and base cabinets, kitchen sinks, waste disposers, ventilating fans.

BENDIX HOME APPLIANCES

Automatic washers, dryers, ironers.

CROSLEY

Shelvador refrigerators, home and farm freezers, electric ranges, kitchen sinks and cabinets, television and radio sets and other home equipment.

CROSLEY BROADCASTING CORPORATION

Operates WLW, "The Nation's Station," Cincinnati, and WINS, New York; and television stations WLW-T, Cincinnati; WLW-D, Dayton, and WLW-C, Columbus.

HORN

Hydraulic loader attachments, shredders, wagon boxes.

~LYCOMING~

Aircraft and industrial engines, precision machine parts.

NEW IDEA

Spreaders, corn pickers, balers, hay rakes and loaders, power take-off mowers, grain and baled-hay elevators and other farm equipment.

SPENCER HEATER

Heating boilers for commercial and residential use, castings.

* * *

Avco also is helping keep America strong, with its plants and facilities engaged in the manufacture of electronic equipment, aircraft components, tank engines, auxiliary power units, military aircraft engines and other materiel essential to the defense program of our nation.

AVCO MANUFACTURING CORPORATION

420 LEXINGTON AVENUE, NEW YORK 17, NEW YORK

Securities Salesman's Corner

By JOHN DUTTON

Teamwork!

The reason some firms step out ahead of the crowd is that the man, or men, at the top, know how to engender a spirit of cooperation between all segments of the organization. The larger the firm the more important it is to eliminate the cold and impersonal attitudes of employees which are bound to develop, unless a conscientious effort is made to bring a realization to everyone that they are part of a team, and **that their work is important.**

I remember many years ago, when working as a salesman for a medium sized retail organization, that there was constant bickering between the salesmen and the cashier's department. Neither the salesmen nor the people who worked in the cage had any idea of the problems which had to be faced except in their own department. The head order clerk was always complaining. Orders were either written wrong, or given to him at the wrong time, and in his opinion the salesmen were a most unnecessary nuisance. No doubt he would have been glad if there were no sales department. Of course, he didn't think very much about how necessary salesmen were, and how much his having a job depended upon them. Some of the other people in the inside departments were also constantly complaining about the extra work the salesmen caused them to do. Stenographers took the attitude that they were doing a salesman a favor if they wrote a letter for him.

The salesmen also complained. They thought the fellows on the inside had a soft job. They would give all sorts of work to the cage, or to the statistical department that they could very well have handled themselves. They lorded it over the clerical departments, and no doubt tried to make themselves seem important, and other employees less so. All of this engendered friction. I sometimes wonder how we did get along so well under such circumstances. Finally the 1929 crash came along and that firm went out of business. It was only the momentum of the times that kept it going. There was no real foundation at the top, or anywhere else, and the business was absorbed by a much larger firm. Then the employees who were left, lost what little identity they had—and many lost their jobs completely.

A good organization will stand the strains and stresses of both good and bad times, because people who know the importance of teamwork will see to it that all employees share each other's interest in the common welfare. It is not enough to get a pay check at the end of the week, although some employees in recent years have been led to believe that all they can ever get out of a job is **money.** When hard times come jobs may once again be not so plentiful. Those firms that have built a solid relationship with their customers, with their employees and the employees with each other, will stand up. Any man or woman who can look forward to nothing more than doing the least work every day for the most money they can squeeze out of their employers, is going to find out, sooner or later, that such an approach is paved with regrets. This is not popular thinking today among many people—but it is still sound philosophy for all of us who work—whether we are executives, or clerical workers and salesmen.

Continued from page 4

Public Utility Stocks—A Haven and an Opportunity

are being explored and many are going into institutional hands for the first time. A great deal of buying has been concentrated in the past on old-line favorites like Commonwealth Edison, Detroit Edison, Houston Lighting & Power, Pacific Gas & Electric, Philadelphia Electric and Southern California Edison. Little imagination has been required to select stocks as familiar as these.

Intensive buying has spread and deservedly so to some stocks which have been in the hands of the public for a shorter period, such as Public Service of Colorado, Gulf States Utilities, Virginia Electric & Power and Cincinnati Gas & Electric. Returns from such stocks are now only a little over 5% and many buyers are searching for stocks of companies of unquestioned soundness but which yield a little more liberally. That is bringing attention to such issues as New York State Electric & Gas, Central Hudson Gas & Electric, Oklahoma Gas & Electric, Ohio Edison and Utah Power & Light—to mention only a few. These yield between 5½% and 6%. Incidentally, both New York State Electric & Gas and Central Hudson will benefit from rate increases and a modestly higher dividend is at least a possibility in these instances.

Comparisons will often show up values which have not been entirely obvious. Just recently I was interested to compare some figures pertaining to General Public Utilities, still available to yield over 6¼%, and American Gas & Electric, now yielding less than 5%. American Gas & Electric occupies an enviable spot in the esteem of investors. This stock, however, has been outstanding over 40 years whereas General Public Utilities stock has been in the hands of the public for only a half dozen years. People have not had the same opportunity to study and familiarize themselves with the General Public Utilities picture. Also, there are lingering prejudices because General Public Utilities is the successor to a holding company which was in ill repute. However, a reorganization program completely cured the ills of the past; present management is able, aggressive and honest.

Comparing price-earnings ratios and excluding from the General Public Utilities earnings results of the Philippine operations, we find that the two stocks sell on a reasonably comparable basis. The capital structure of General Public Utilities system is fully as conservative as that of American Gas & Electric and, in fact, it appears to favor the General Public Utilities. Territorial prospects seem not too different and in other respects there seems not too much to choose between the two systems.

This is by no means an invitation to sell American Gas & Electric for that is one of the excellent stocks of the industry, but if we want to use this as a yardstick, it does suggest that General Public Utilities is still not fully appreciated while it returns such a liberal yield.

I feel I can say that other integrated holding companies, as well, have not yet won full recognition although there is no question that progress has been made in this respect.

Southern Company has recently been at a new high but well it might be as earnings this year have been estimated from $1.15 to $1.20 per share, indicating a good improvement over last year.

West Penn Electric appears behind the market and so long as the present type of economy continues, in which heavy industry is at a high rate of capacity, this company will make further progress.

I think a stock like Central & South West Corporation should sell on the same basis as an operating company stock. In this connection I would point out that Houston Lighting & Power, paying an 80c dividend, has recently sold around 19½ while the Central and South West, paying a 90c dividend, has been available around 17. I think it would be an excellent move to sell the Houston stock to buy the Central & South West.

Last fall I had the pleasure of spending a week in the territory of the subsidiaries of Central & South West Corporation and was very much impressed by the potentialities of that area. You hear a great deal about what is going on in Houston but a similarly dramatic growth is going on in Corpus Christi, not too far away, within the service area served by Central & South West. I think there is a very fair possibility that the 90c dividend of Central & South West may be increased to $1 a share in the course of 1952.

Southwestern Public Service Company

While we are speaking about growth territories, and especially about Texas, I would like to note that Southwestern Public Service Company common is still about the most attractive of the stocks of companies in this general area. Anyone in a spot like mine has to be very humble about any success in making recommendations because all of us have plenty of skeletons in the closet as to errors of judgment we have made. However, if there is any one stock I have recommended to which I can point with pride as having made an excellent record, it is Southwestern Public Service Company which I have consistently recommended from the time the stock first came out in 1942. The company has had the advantage of excellent growth in the territory and I might note that the communities it serves in the Texas Panhandle, are still making some of the best showings among all of the Texas cities as to continuing rate of growth.

The management has been very alert and has done a fine piece of work in getting acceptance of its stock in financial circles. Within the recent past several institutional purchasers have asked me if they should not add Southwestern Public Service to their approved list so I know that the stock is getting wider recognition. In spite of this fact, it is available to yield around 5¾% which is a better return than most of the Texas utility stocks are affording.

Some of the investors in high income brackets are interested in the fact that the dividend on this stock is regarded for tax purposes as partly a return of capital rather than as tax income. This situation will continue for a few years.

Among the large companies, Niagara Mohawk Power seems not to have yet attained the recognition to which it is entitled and the stock has recently been yielding about 6¼% in contrast with yields of nearer 5% on a lot of the big company stocks. This is an improving situation. The dividend was increased not long ago and this fact has not yet been fully reflected in the price.

Another large company which is improving its status is Northern Indiana Public Service Co. This stock is in the over-the-counter market so is available for work by dealers in unlisted securities. The $1.40 dividend has recently been giving a yield around 5¾% which is not as high as some of the companies we have been talking about but I think there is a very good chance that the dividend will be increased this year. This company is benefiting from installation of new and efficient generating equipment reducing its dependence on purchased power. Also, it was the beneficiary of an additional supply of natural gas for its gas department in connection with the building of the new pipeline in Chicago which was put in operation December 1.

Among the stocks I expect to move into institutional circles in increasing amounts is that of Central Illinois Public Service Co. This stock, paying a $1.20 dividend, has recently been yielding between 6¼% and 6½% which is higher than you expect from a stock with institutional characteristics. Here is an example of a stock suffering from prejudices based on the reputation the company had in bygone days. However, before the company was cut loose by its former parent, Middle West Corporation, a great deal of additional cash was invested in the common stock equity. The amount of preferred stock outstanding was reduced and debt was refunded. The net result was that the financial structure was put on a thoroughly sound basis and an analysis of the various ratios will vindicate my statement that the stock has quality which warrants institutional interest. Last summer I spent four days in this company's territory and was favorably impressed with the diversification of business within the service area.

Another company divested by Middle West and put in sound condition before the distribution of its stock was Kentucky Utilities Company. This stock pays a $1 dividend and affords a return of just about 6%. Here again, I think people are influenced unduly by prejudices as to the company's former financial condition.

without giving due weight to the big improvement that has taken place in recent years.

Along this same line I call attention to Interstate Power Company whose shares were listed on the New York Stock Exchange for the first time in late 1951. I concede that this company had a rather unsatisfactory standing for many years but the company was recapitalized under the auspices of the SEC and is now in sound condition. With the lingering prejudices, however, the stock is returning over 6¾% on the 60c dividend.

A particularly interesting feature of this situation is that the company is planning to sell more stock this year but figures indicate that it should be able to increase per-share earnings in spite of the additional stock outstanding due to higher rates, new generating facilities and growth of business. Furthermore, the sale of common stock if carried through, as planned, should help bring the common stock equity at the end of this year close to 30% as against 27% last year. This will be a move toward putting the stock in position to command institutional attention. Bear in mind that the industrial business of this company is abnormally low and much that it does have is tied in with the processing of agricultural products so the company is not sensitive to wide swings in industrial activity.

There has been an improvement in the picture as to utility companies in the Pacific Northwest. One of the very constructive moves of the recent past was negotiation of a five-year contract by private power companies with the Bonneville Power Administration, supplanting year-to-year contracts previously in force. This removes one of the elements of uncertainty which has prevailed in these pictures.

While Mountain States Power stock is still available on the recent yield basis of around 7%, I think it is still worthy of attention for accounts where a high income, protected by satisfactory quality, is desired. I visited the Oregon properties of this company last year for the first time and was very much interested in the growth of the communities which this company serves.

A nearby company, also favorably affected by the new power contracts, is Pacific Power & Light. This company has the further advantage of increasing its power generating facilties through construction of a big new hydroelectric project known as the Yale Dam. After this dam goes into operation it will have the benefit of certificates for the rapid amortization of cost for tax purposes and this will probably give rise to dividends at a little later time which will be regarded as a return of capital for income tax purposes.

Smaller Companies

Better than average returns are available from some of the smaller companies, such as Central Electric & Gas, Southern Colorado Power, Iowa Southern Utilities and Western Light & Telephone Co. Many of these smaller companies are well worthy of exploration by investors as they have merit and promise for the future.

I would point out that opportunities often exist to purchase utility stocks which are behind the market, hold them for six to twelve months' period, and then exchange into other utility stocks which may be undervalued at that time after getting a satisfactory profit on the first commitments. This is where close analysis and familiarity with the different stocks and with the markets helps to pay off.

However, the basic appeal for utility stocks is and will continue to be relatively good income, protection from a type of business not subject to wide fluctuations, and good management.

In this latter connection I would point out that I have visited utility companies in nearly every State of the Union and am much impressed with the high caliber of the men who are operating this industry today. In short—I feel that utility stocks can be bought for institutional portfolios or can be sold to the clients of investment houses without causing any loss of sleep at night.

Joins J. M. Barbour

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Percival W. Brooks has become affiliated with John M. Barbour & Co., Citizens Bank Building.

Bailey-Davidson Adds

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Calif.—Robert E. Petersen has joined the staff of Bailey & Davidson, 2133 Fresno Street.

Leap Year No Stimulant To Marriages

NEW YORK, N. Y.—The common belief that marriages increase in leap year—of which 1952, of course, is one—has been exploded as a myth.

Dr. Louis I. Dublin

Since the Civil War period only twice, in 1896 and in 1920, has the marriage rate in a leap year been higher than in the year immediately preceeding and in the year following, reports Dr. Louis I. Dublin, chief of statisticians of the Metropolitan Life Insurance Company.

Despite woman's traditional privilege to propose, prospects of an increase in marriage frequency this year are unfavorable, Dr. Dublin continues, because the supply of available unmarried persons has been depleted by the spurt in marriages following the close of World War II.

Gordon With Hincks Bros.

(Special to The Financial Chronicle)

BRIDGEPORT, Conn. — Myron L. Gordon has become associated with Hincks Bros. & Co., Inc., 872 Main Street, members of the Midwest Stock Exchange. Mr. Gordon was formerly with Earl E. Bond Inc., and prior thereto conducted his own investment business in New Britain.

Geo. F. Martinek Co.

CEDAR RAPIDS, Ia.—George F. Martinek is engaging in the securities business from offices in the Iowa Theatre Building under the firm name of Geo. F. Martinek Company. Mr. Martinek was formerly with Dempsey & Co., T. L. Crabbe Co. and A. G. Heim Co.

A. J. Grenfeld & Assoc.

ALBANY, N. Y. — Arthur J. Grenfeld and Associates are engaging in the securities business from offices at 247 Lark Street.

G. I. Borger Opens

WASHINGTON, D. C.—George I. Borger, Jr. is engaging in the securities business from offices at 643 Indiana Avenue, N. W.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market, although still under the influence of the demand for the riskless obligations, does not appear to be quite as certain of its footing as it was in the immediate past. To be sure, the short market still has a very substantial demand in it, but some of the vigor may be leaving the old girl. This does indicate any very substantial setback because there is not likely to be any more of those year-end performances, which did neither the money markets nor the money managers any good. However, it could be (in spite of the fact the liquidity preference is still very strong) that this desire for riskless assets has been carried to the point where the law of diminishing returns is about to come into play, if it has not already done so in some instances.

The higher income obligations have put on a one-ring show in a three-ring tent, which in the parlance of the financial district means how long can this go on, unless more sizable buyers appear on the horizon. It is felt in some quarters that any time now the sellers could well outnumber the buyers.

Market for Long Bonds Vulnerable

Despite the favorable tone and trend in the long Government bond market, there is still plenty of skepticism around as to the ability of these obligations to continue the uptrend. Volume and activity in the higher income Treasury obligations is still light even though there has been a modest expansion in both of these categories recently. This is one of the reasons why not a few of the professionals have their fingers crossed when it comes to picking the near-term trend in the longs. Buyers of the higher income obligations are the same as heretofore save for the periodic ones that come into the market every now and then. This means that pension funds and private trust accounts have been and still are the leading acquirers of the higher income Government bonds. It is reported, however, that the private trust accounts have been more vigorous in the acquisition of the longest-term obligations than the pension funds. This may be one of the reasons for the better tone which has been evident in these obligations. Pension funds, according to advices, are not yet doing any important stepping-up in prices in order to get the highest income Government obligations. This would not be any change in the policy which they have been following for some time now.

Small life insurance companies, fire and casualty companies, as well as charitable organizations have also been doing some modest buying of these obligations. The combination of all these buyers of the longer-term has been sufficient, nevertheless, to have a favorable influence upon quotations of these securities, mainly because there have been no important or large sellers in the market. This latter is another of the reasons why there is not too much confidence in the betterment which has taken place in prices of the higher income obligations. It is being pointed out that if there should be sizable offerings of the longer-term Treasuries, there would not be enough buyers around to sustain the trend which has been on the constructive side for the past few weeks. However, it is believed as long as sellers are few and far between, as they appear to be for the moment, quotations of these securities are quite likely to remain on the favorable side.

Restricteds Have Following

The higher income eligibles, and those that will become eligible in the near future, have been attracting a bit more attention, with the former obligations again getting the bulk of the buying from the smaller out-of-town commercial banks. The near eligible restricted issues, it is indicated, have been under modest accumulation by pension funds and some of the private trust accounts. This appears to be a minor change in policy since these concerns, according to reports, have been inclined to buy mainly the issues which would give them the highest income.

Shifting to and from certain issues of the restricted bonds is one of the ways in which volume and activity is being improved, with the movement into the shorter-end of the group a bit more pronounced at this time.

The partially exempts, that is the three largest maturities, continue to be in demand, with both the large and small deposit banks interested in acquiring these securities. It is reported that a couple of fairly good-sized trades were effected recently in the 1958/63s and the 1960/65s.

The strength in the near-term issues is having a not unfavorable influence, despite minor adjustments, upon the 2% bonds and the set maturity issues, such as the 1⅜s, the 1½s and the 1¾s due in 1954 through 1956. This buying, it is indicated, is coming largely from Southwestern banks.

Although Federal was cleaned out of Treasury bills last week, the first time since April 8, 1942, it is not expected there will be anything very lasting about the shortage of these issues in the central banks, especially as the March income tax period rolls around.

R. V. Lyng Opens

MARTINSVILLE, N. J.—Ralph V. Lyng has formed R. V. Lyng & Co. with offices on Chimney Rock Road to engage in the securities business.

With Paul Rudolph

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—John W. Pugh is now with Paul C. Rudolph & Company, 127 Montgomery Street.

With Harris, Upham

(Special to The Financial Chronicle)

DELRAY BEACH, Fla.—Nelson C. Freeland is connected with Harris, Upham & Co., 512 East Atlantic Avenue.

Two With David Means

(Special to The Financial Chronicle)

BANGOR, Maine—Hope J. MacCaskill and Stuart D. MacDonald have become affiliated with David G. Means, 6 State Street.

Not Too Many, but Too Few!

Asserting that the productive capacity of our system is a greater deterrent to aggression than the United Nations, Senator Harry F. Byrd in a recent address said:

"We must strengthen, not weaken the productive capacity of America. The threat of war can be as destructive to our system over a period of time as war itself. I think the Russian purpose is to weaken us this way. They know that if our free enterprise system can be wrecked, our productive capacity will be so reduced as to put us at their mercy.

Harry F. Byrd

* * *

"We cannot help our Allies unless we are economically strong. We must protect the American dollar, the integrity of the American Government, the freedom of the American economy. We must balance the budget and cut off 400,000 from the 2,500,000 people on the Federal payroll. This could be done to give us more instead of less efficiency."

There are not too many, but far too few, Byrds in Congress.

Pros and Cons of the Gold Standard

February issue of "The Guaranty Survey," published by the Guaranty Trust Company of New York, noting recent interest in revival of a sound currency, points out implications of a workable international gold standard.

An editorial in the February issue of "The Guaranty Survey," the monthly publication of the Guaranty Trust Company of New York, analyzes the pros and cons of the Gold Standard under current international monetary and trade relationships, and reviews the virtues and faults, arguments and counter-arguments involving gold as a measure of value for money.

In covering the implications of an international Gold Standard, the "Survey" states:

"Technically, a country is on a full gold standard if its currency is freely exchangeable for gold, domestically and internationally, at a fixed rate, subject perhaps to a small handling charge. At present the United States is on what may be described as a *de facto* international gold-bullion standard. The Treasury buys gold from, and sells gold to, foreign central banks and governments at a fixed rate, although the law does not clearly require it to do so. Persons in the United States cannot exchange their money for gold and are not allowed to own gold for monetary use. Most foreign countries have not only placed restrictions on redemption of their currencies in gold but also on exchange of those currencies for others.

"A workable international gold standard implies much more than the fulfillment of these technical conditions. It implies also that changes in gold reserves will be allowed to exert their natural effects on credit, demand, and prices, for it is through these effects that the gold standard works. Under an international gold standard, an increase in gold reserves in any country should tend to cause an expansion of credit and money in circulation, an increase in demand, and a rise in prices. The country's merchandise imports should tend to increase and its exports to decrease, resulting in an import surplus to be paid for in gold. In a country whose gold reserves have decreased, the opposite effects should occur. In this way the distribution of gold should be kept relatively even, and exchange rates and price levels in approximate balance over the long term.

"Hence, a country on the international gold standard is not only obligated to meet the technical requirement of gold convertibility, but also to base its monetary and credit policy or practices on changes in gold reserves and to avoid interfering with the automatic gold-standard mechanism by such devices as direct controls or excessive restrictions on imports and exports of merchandise. Unless these implied obligations are observed, the gold standard cannot work as intended."

Answering the question, "Is the Gold Standard obsolete?" the article remarks:

"There is a widespread tendency to regard currency redeemability as an outmoded device, a relic of the 'horse-and-buggy' era. 'Managed' currency is defended on grounds of principle, as well as of present expediency and necessity. Defenders of the present monetary regime maintain that anything which is generally acceptable can serve as money, and that paper money meets this requirement so long as it is properly 'managed.'

"They contend that the real test of currency stability is the general price level and that gold convertibility did not meet that test, since wide price swings occurred under the gold standard. They point out that the automatic adjustment of gold holdings and price levels under the gold standard took place through alternate expansions ond contractions of credit which were harmful and costly in their effects on production and employment. Some of them even question the desirability of long-term currency stability, believing that full employment is a more important objective and that this can be best promoted by a gradually rising price level, rather than a stable one.

"The foregoing brief and over-simplified outline of the main proposals, arguments, and counter-arguments is perhaps sufficient to indicate the extraordinary difficulty and complexity of the problem. Some arguments on both sides are tenable on grounds of principle. As for their practical validity, this can be determined only by trial. Even trial can yield only partial answers, because in economic affairs it is seldom possible to try both (or all) alternatives.

"Experience does, however, throw some light on the problem. It is true that the gold standard fell far short of the goal of perfect currency stability, in the sense of price stability. It is true also that its automatic regulatory action was harsh, sometimes intolerably so, necessitating temporary suspensions of the rules. On the other hand, it is equally true that the gold standard provided a foundation or norm of value which held price fluctuations within bounds over long periods. It furnished a connecting link between national currencies and national economies, holding each in some degree of conformity with the others. It imposed severe penalties on governmental extravagance and loose fiscal practices.

"The contention that proper methods of money 'management' can provide an adequate substitute for the gold standard, holding the value of money approximately stable for unlimited periods, may or may not be theoretically defensible. As a practical matter, it has never been done except for short periods. A few countries of Western Europe have recently followed restrictive monetary policies without free currency convertibility. In general, however, the verdict of history so far is against the advocates of 'managed' currency."

Halsey, Stuart Offers Central Ill. P. S. Bonds

Halsey, Stuart & Co., Inc. on Feb. 1 publicly offered $5,000,000 first mortgage bonds, series D, 3⅜%, due Feb. 1, 1982, of the Central Illinois Public Service Co. at 102% and accrued interest. The bankers were the successful bidder for the bonds on Jan. 29, naming a price of 101.35%.

The proceeds from the sale of the bonds, and from the sale of 50,000 shares of 5¼% cumulative preferred stock, are to be used by the company for a part of its extensive construction program.

The company is engaged principally in furnishing electric energy to communities in 61 counties and gas to communities in 12 counties in Central and Southern Illinois. For the 12 months ended Oct. 31, 1951 about 92% of the operating revenue was derived from the sale of electricity and about 8% from the sale of gas. Among the larger cities served are Quincy, Mattoon, Canton and West Frankfort.

Merl McHenry Partner In J. Barth & Co.

SAN FRANCISCO, Calif. — J. Barth & Co., 404 Montgomery Street, has admitted Merl McHenry as a general partner, effective Feb. 1. McHenry had been with Bank of America for 22 years and was Vice-President in charge of trust activities for Northern California. He is an attorney, a graduate of the Harvard School of Business Administration and of Stanford Law School.

J. Barth & Co. are members of the New York Stock Exchange and other Exchanges.

Mr. McHenry's admission to the firm was previously reported in the Chronicle of Jan. 10.

Two With Neary, Purcell

(Special to The Financial Chronicle)

LOS ANGELES, Calif.— Chester J. Janicki and Loren L. Noble have become connected with Neary, Purcell & Co., 210 West Seventh Street, members of the Los Angeles Stock Exchange. Mr. Noble was previously with Marache Sims & Co.

Servomechanisms, Inc. Common Stock Offered

Van Alstyne Noel Corporation and associates on Feb. 5 offered 350,000 shares of common stock of Servomechanisms, Inc. at $5 per share.

Of the total offering, 250,000 shares are being sold by the company, and 100,000 shares are being sold for the account of selling shareholders. The company will apply its portion of the net proceeds to augment working capital and for such other corporate purposes as the board of directors may from time to time determine.

Servomechanisms, Inc. is engaged in the engineering, development and production of automatic electro-mechanical control instrumentation and equipment which fall under the broad scope of servomechanisms. A servomechanism might be described, says the prospectus, as an automatic control device which has the feature of continually checking on its own operation and automatically correcting for any errors in its performance. This action, based on feeding a sample of the output back to the input, comparing it there with the "command" signal, and correcting for any differences, results in a continuous self-balancing action which, by appropiate instrumentation, can be applied to a great variety of control problems.

The company's unfilled orders at the end of November, 1951, both prime contracts and subcontracts, were approximately $8,000,000, with additional contracts being negotiated. Although the company is at present concentrating its production for military use, its products have many uses in industrial application.

With Francis I. du Pont

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Jack Newman has become associated with Francis I. du Pont & Co., 722 South Spring Street. He was formerly with Morgan & Co. and Daniel Reeves & Co.

Robert Lane Has Joined Neergaard, Miller Co.

Neergaard, Miller & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, announce that Robert Lane is now associated with the firm in its research department. Mr. Lane was formerly with Delafield & Delafield.

With Lester, Ryons

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Paul R. Coughlin has been added to the staff of Lester, Ryons & Co., 623 South Hope Street, members of the New York and Los Angeles Stock Exchanges.

Railroad Securities

New York Central

The December earnings report of New York Central, released last week, was an interesting document, as was, to a somewhat lesser degree, the company's performance for the full year 1951. Taking the bare figures of gross revenue and net income for December at face value, it would appear that the road had done a truly remarkable job in finally getting costs under control. Gross revenues for the month were off more than $15 million from a year earlier. In sharp contrast, net income, at $6,377,658, was almost $2 million higher than in December, 1950. It is also interesting to note that the December net accounted for some 43% of the full year's earnings, believed to be an unprecedented proportion for that month.

Although freight revenues themselves were somewhat lower in December, 1951, than in December, 1950, by far the major proportion of the revenue decline was due to a cut of almost $14 million in mail pay. That drop is not significant. Both months included accruals for retroactive mail pay increases, the adjustment having been about $18 million in December 1950, and $3.4 million in December 1951. As a minor offset to the declines in freight and mail revenues the passenger business improved somewhat, with revenues from that source up $681,000. Where did the economies come from to offset this revenue decline?

One significant, and discouraging fact, is that with freight volume off, passenger traffic up only modestly, and mail business, ex-adjustments, apparently virtually unchanged, the all important transportation costs were again higher than in the like 1950 month. The primary saving was in maintenance charges, particularly for equipment. Maintenance of equipment costs were cut $8,141,355, or more than 50%. This is particularly significant when it is realized that presumably the December 1951 figure was inflated by reversals of earlier charges for amortization of defense facilities. Maintenance of way accruals were not off so drastically but they were down somewhat more than $3 million.

In the aggregate, maintenance outlays for the month were cut by $11,161,733. This offset some 68% of the combined drop in revenues and increased transportation costs. This was augmented by a sharp drop in Federal income taxes. In December 1951 there was a credit of $430,041 in this account against a debit of $7,889,555 a year earlier. It was the aggregate of the maintenance and tax influences that allowed the company to make such a favorable year-to-year showing in December. For the year as a whole, and even though Federal income taxes were cut more than $11.6 million, earnings on the common dipped to $2.28 from $2.84 in 1950. With the December results, the overall 1951 earnings were considerably better than had been estimated in most quarters.

Based on estimates filed with the ICC in connection with the rate case, Central management is looking forward to some improvement in revenues in the current year. However, operating expenses and taxes will also go up and the company forecast a drop in non-operating income. With rates unchanged, and with costs holding steady at the levels prevailing at the beginning of the year, the management estimates 1952 net income at $9,586,000, or $1.49 per share of stock. If the full rate increases now being sought were in effect throughout the year this estimate would be increased to $5.72 a share. It is generally expected that some further freight rate increases will be granted in the present proceedings, probably in time to be effective around the first of May. Granting of the full increase is doubtful and obviously what relief is granted will be in effect only part of the year. Meanwhile, with rail traffic generally continuing below year-earlier levels, and with unfavorable weather conditions in parts of the service area, it appears unlikely that the road's January results will provoke any great enthusiasm. February, however, should show wide improvement over last year.

Monsanto Chemical Common Offered by Smith, Barney Group

Smith, Barney & Co. headed a nation-wide group of 144 members which on Feb. 5 offered to the public 400,000 shares of common stock (par $5) of Monsanto Chemical Co. at $98 per share.

Net proceeds from the sale of the additional shares will be added to the general funds of Monsanto Chemical Co. and used, among other things, to further the company's expansion program, which involves capital additions to plants and facilities.

Monsanto Chemical manufactures a widely diversified line of chemicals and allied products. Representative products include heavy chemicals, intermediates, plastics, plasticizers, phosphorous compounds, medical and fine chemicals, rubber chemicals, solvents, insecticides and herpicides, special synthetics and numerous miscellaneous chemical products.

Net sales of the company and its consolidated subsidiaries during the year 1951 amounted to $272,845,034 and net income to $23,477,884.

Upon completion of the present financing outstanding funded debt and capital stock will comprise $30,000,000 of 2.65% debentures due 1971; $66,000,000 of 3¾% income debentures due 2,002; 150,000 shares of $3.85 dividend preference stock; and 5,268,189 shares of common stock.

Joins Mitchum, Tully

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Mary C. Deegan is now associated with Mitchum, Tully & Co., 650 South Spring Street. Miss Deegan was previously with First California Company.

Oscar Dooly Adds

(Special to The Financial Chronicle)

MIAMI, Fla. — Harold M. Van Husan is with Oscar E. Dooly, Ingraham Building.

Complete Financing of Bonds Of Triborough Bridge Authority

George E. Spargo, (right), General Manger of Triborough Bridge and Tunnel Authority, is shown receiving from Henry H. Egly (left), Vice-President of Dillon, Read & Co., Inc., check covering proceeds of sale of $215,000,000 Revenue Bonds of the Authority, which was the largest public financing of its kind ever undertaken. Dillon, Read & Co., Inc., headed group of underwriters who publicly offered the bonds.

Continued from page 9

The Emergency Impact On Trust Investments

must consider carefully. Briefly they are:

(1) What effect will the emergency have on security values, both stocks and bonds: (a) in the immediate future, i.e., during the present year and possibly 1953, and (b) in the long range future?

(2) What procedure should one follow? Should one proceed on the assumption that the business pattern will be about the same as before World War II, which after a prolonged period of inflation was followed by a serious depression, or will it assume new characteristics? Should the investment policy be based, as it was prior to 1946, primarily on preserving principal for the remainderman in terms of dollars; or should greater emphasis be placed on maintaining the purchasing power of the corpus and of the income? Should one revert to the old policy of buying bonds and reduce the percentage of equities, or should one continue to hold a large percentage of the corpus in equities? Are bonds to be regarded as obsolete investments which no longer fit in a trust portfolio?

These questions are difficult and complicated and not easy to answer. A careful analysis of the economic impact of the emergency should enable one, however, to reach certain conclusions.

The Impact and the Duration of the Emergency

Since the aim of the free world is to contain Soviet aggression by strength and does not represent preparation for war, the economic consequences of the emergency defense program are quite clear and obviously will be entirely different from the consequences of World War II. Whereas during the second World War about 50% of our gross national product was devoted to the military effort, the rearmament program as envisaged at present will absorb only about 20% of the gross national product at the peak. Moreover, the productive capacity of the country is today much greater than at the end of the war. Since 1946 huge sums have been invested in new plant and equipment so that today not only is our productive capacity greater, but also productivity has been increased. Hence, even at the peak of the defense program, the supply of commodities available for civilian consumption, with certain notable exceptions, particularly those utilizing scarce metals, ought to be greater than perhaps ever before.

While the military strength is being increased and the supporting capital expenditures by corporations for defense continue large, business activity will remain at a high level. The inflationary forces will continue to operate in the economy, although barring unforeseen events, they ought not to be as great as during the first nine months after the outbreak of hostilities in Korea. During this period, the demand for credit and capital will be considerable; and hence money rates are not likely to decline. While the increased volume of business activity will lead to a rise in gross profits of corporations, net profits after taxes will, in the aggregate, be smaller than during 1950 and 1951. Moreover, there is a possibility that increases in wages will not be accompanied by a corresponding increase in productivity or in the prices of manufactured goods; and this will depress further earnings of corporations. However, one may assume that earnings of most corporations will be large enough to pay the regular dividends although toward the end of 1951 it had already become evident that dividend payments were on the decline. It is generally believed that total dividends paid out by corporations during 1952 will be smaller than in 1951 and in 1950.

By the end of 1952 or sometime in 1953, the defense effort should reach its peak; and the same may be expected of corporate capital expenditures. Then both military expenditures as well as capital outlays by corporations will either level off or decline. The decrease, of course, will depend on the international political situation. The effects of a decline in military as well as capital expenditures will be considerable on the economy of the country. The fact should not be overlooked that the pent-up demand for housing and durable goods at that time will not be as great as after the termination of hostilities in 1945. Although the output of durable goods and of housing in 1952 will be smaller than in 1950 and in 1951, yet measured by prewar standards, the output of these goods will still be very high.

Effects of Decreased Defense Expenditures

The economic consequences of a decline in military expenditures as well as capital outlays by corporations may be summarized briefly as follows:

(1) A decline in business activity. The pattern of business during 1949 and developments in the soft goods industry during 1951 offer at least a clue as to what one may expect.

(2) The sellers' market in all lines will disappear. Competition from abroad may be greater than any time in the last two decades. Under these circumstances, commodity prices will either level off or witness a moderate decrease.

(3) A decline in gross corporate profits will have a much more serious effect on net earnings even if excess profits taxes are eliminated by the Congress. Net earnings of corporations will be smaller than they have been during 1950 and 1951.

(4) A decline in business activity, particularly if accompanied by a moderate decline in commodity prices, will lead to a decline in demand for capital and credit. Moreover, once the dangers of inflation have been eliminated and the forces of deflation begin to operate in the economy, it is fairly certain that the policies of the Reserve authorities will undergo a change and that they will endeavor to stimulate business through low money rates and easy money market conditions. Developments in the money market may be again similar to those which prevailed during 1949.

(5) Under the above-described conditions, bond prices should increase and equity prices should decline.

The above is merely an attempt to visualize the business pattern that may develop as a result of the rearmament program. It is evident that certain modifications may take place. Above all, the timing, while extremely important, is almost impossible to determine because it involves not only international political developments as well as domestic developments but also the psychological reaction of individuals and business leaders to such developments. Thus a change in the international political scene would have an important bearing on the speed and magnitude of the rearmament program. Moreover, the 1952 Presidential election may be a very crucial one; and the outcome of the election may determine whether the political and economic trends which set in about two decades ago will continue or whether a new economic policy will be adopted by the United States. While these uncertainties make it extremely difficult to pin-point the timing and to predict with any degree of accuracy what the details of the business pattern will be, the broad outline is more or less as here indicated.

The above, however, should not be taken to forecast a serious depression in the United States of the magnitude that occurred in the early '30's. The economy of the country is too dynamic, and the economic and political changes that have taken place over the past two decades are so great that they almost automatically preclude a depression of the magnitude of the early '30's accompanied by large scale unemployment and sharp breaks in values. By the same token, so long as it is the avowed policy of both political parties to continue with the farm support policy one cannot visualize a major break in commodity prices. Again, the economic developments during 1949 indicate how commodities act even though business activity is decreasing. Because the cost of doing business is high and a material decline in business activity is not envisaged, one may expect that the dependence of business on the banks will continue large; and, therefore, a return to money rates as they existed prior to the outbreak of the Korean War is also not to be expected.

Investment Policy

If the above analysis of the economic consequences of the present emergency is correct, it follows that sometime during 1952 or 1953, depending on the speed and magnitude of the defense program, a change in the investment policies of trust companies may take place. This would mean that greater emphasis would be placed again on bonds, and a relatively smaller proportion of the portfolio would consist of equities. Unless some other unforeseen event occurs which would result in scare buying by the public and business, it would seem that the greatest decline in the purchasing power of the dollar has already taken place and that any decline that may take place during the peak of the rearmament program will be only moderate in character and not all-embracing. Once the rearmament program and capital expenditures by corporations begin to taper off, the forces of inflation will give way to the forces of deflation. Under these conditions, the protection of the purchasing power of principal and income from now on should not be as important as it has been since the end of the war and particularly since the outbreak of hostilities in Korea. Moreover, yields on bonds have increased considerably in the last few months and are today more attractive than has been the case for a great many years.

A change in the investment policy of trust companies sometime during 1952 or 1953 is indicated not only because of the changed trends that one may expect in the security markets, i.e., between stocks and bonds, but also because reasonable judgment based on the business outlook would dictate such a policy. The outlook for business after military expenditures and capital outlays by corporations begin to taper off is, to say the least, uncertain. The general consensus seems to be that a decline will take place. The difference in opinion is only as to the degree of the decline. When the outlook becomes highly uncertain, reasonable judgment would indicate the adoption of a more cautious policy in the investment of trust funds. Of course, when the shift from stocks to bonds should take place and to what extent will have to be determined by the individual trust officer based on his own judgment and on the position of the individual beneficiary of a trust. Only by taking into account the broad outlook for business and the general trend of commodity and security prices as well as of money rates can the trust investment officer use reasonable judgment and protect to the best of his ability the interests of the beneficiary and the remainderman.

Conclusions

(1) The emergency arising out of the Korean war is not temporary in character and will not come to an end with the termination of hostilities in Korea. The emergency has set in motion forces which will be long felt in the economic and social life of the country. From now on for an indefinite period of years, the military expenditures of the United States will be larger than ever before in peacetime, thus not only keeping total Federal expenditures at a high level but also taxes at rates which have never existed previously in peacetime. The number of men and women in the services will continue to be large, thus affecting the labor supply; and the production of defense products will play a much more important role in the future than in the past.

(2) The present emergency has not only changed the expected business pattern during 1950-52, but it will continue to influence business activity in the future. It has greatly stimulated capital expenditures by corporations; it has brought about a material increase in the productive capacity of the nation; it has renewed the spiral between prices and wages, thus permanently increasing costs of production. It has contributed to an increase in the break-even point of many corporations, and the effects thereof will be fully felt when business activity begins to decline.

(3) The initiative taken by the United States Government in the Korean conflict has definitely established the United States as the leader of the free world and has thus imposed on us responsibilities and burdens previously carried by other nations. From now on, any political incident throughout the world and particularly among the free nations is bound to find its reflection in the organized markets for securities and commodities of the United States. The novelty of the experience as well as the lack of proper information will tend to aggravate this situation and result in wider swings in prices of commodities and securities traded on organized exchanges.

(4) While the aftermath of the Korean War has had a favorable effect on business activity, it has at the same time made the economy more rigid and more susceptible to a downward swing when defense expenditures and capital outlays by corporations begin to taper off.

(5) The prime problem arising out of the emergency is how to strengthen the military might of the free world and at the same time keep the economy not only of this country but of other free nations healthy, to prevent a further increase in prices of commodities and at the same time increase the standard of living of the people.

(6) As far as trust companies are concerned, the time is approaching for a reappraisal of the ratios between stocks and bonds held in the portfolios of trusts. While it is quite possible that the excessive swings of the business cycle have been eliminated, yet it is fairly evident that the economy in the future will witness material ups and downs with the opposite effects on bond and equity prices. It is generally agreed that once military and capital expenditures begin to decline, a downward readjustment in business is likely to take place. It is therefore necessary to inquire whether sometime during 1952 or 1953 it may not be advisable to reduce the proportion of equities and increase the proportion of bonds.

(7) If a proper balance between defense and the civilian needs is established during the present and the next year, the danger of inflation will have been largely eliminated. Since the return on bonds has increased considerably, investing in fixed-income-bearing obligations has become more attractive than during the last decade or so. If the tapering off of military expenditures and of capital expenditures by corporations is followed by a decline in business activity, as is generally expected, and if the break-even point cannot be reduced rapidly, even a moderate decline in gross income can have a pronounced effect on net income of many corporations. The investment policy of a trust company and particularly the ratio between bonds and equities is always based on prudent judgment which in turn is derived from an analysis of all known forces that may influence markets. The economic visibility right now is low, and hence more than usual caution is warranted.

Canadian Securities

By WILLIAM J. McKAY

Referring to uncertainties in the economic and financial situation in Canada during the current year, despite generally prosperous conditions, the recent survey of the Canadian Bank of Commerce makes some pertinent comments, which are deemed worthy of publication in this column:

"Whenever attempts are made to project emerging economic trends it is not unusual to discover, in a dynamic economy particularly, the existence of uncertainties, significant in recent years in the degree to which they influence or distort the course of previously established trends," the Canadian Bank of Commerce points out in closing its review of the year 1951. "At present three or more factors are evident which suggest that the year ahead is no exception," is a further comment.

Elaborating on these three factors, the review states:

The uneasiness engendered by the possibility of further acts of aggression underlies many decisions. Military observers have not discounted the possibility of conflict in Southeast Asia and the Mediterranean. We know now the significance of the Korean War although the far-reaching consequences of American action await historical perspective. We can trace for business and industry some of the results: the upward movement of wholesale prices, panic buying and increases in the cost of living. Further conflict (which we do not seek) well could mean a more intensive military program than that planned, with all that such activity could bring.

"The second uncertainty is the course of wages in 1952 (and beyond). The persistence of inflationary forces seems to invite continued upward adjustments to offset their impact. While the widely accepted cure seems to aggravate rather than temper wage demands, the treatment nevertheless continues. What, therefore, may be expected by way of cost increases awaits the unfolding of labor policy.

"High levels of industrial employment over anything more than the short run require a counterbalancing rate of consumption. Another uncertainty thus centers on what has been called "consumer psychology." It is usual to assume that as income rises a wider pattern of spending follows. Yet in the past 12 months we have witnessed a fairly substantial increase in income over 1950, while estimates of retail sales indicate no significant increase in physical volume, and possibly some decline. It may well be that panic buying late in 1950 swelled the volume of retail sales while last year indirect controls effected some restriction. Whether consumer demand will continue at the same rate through the year ahead is open to question; whether the partial relaxation of credit curbs will alter consumption attitudes awaits the test of time.

"Two general trends appear certain to continue: military preparedness and resource development. We can expect, therefore, in the light of the acceleration in defense production evidenced in the last quarter of 1951, that there will be a steady increase during the coming months, possibly reaching a peak early in 1953. We can also expect continued emphasis on the expansion of primary production and on resource development. These efforts will require additional labor, steady capital investment and construction materials.

"The first quarter of this year seems likely to be marked by continuing dislocations and unfavorable comparisons with the same period of 1951. It must be remembered, however, that in most respects the first quarter of 1951 was abnormal, that retail sales, industrial production and employment were enjoying a period of activity wholly unrelated to the normal seasonal trend, and that this period does not, therefore, offer a valid statistical basis of comparison. The factors currently at work are so diverse, and in some respects so inimical, that the forecast for the first half of the year, and certainly until the 1952-53 budget sets the pattern, must be "low visibility." With total employment rising above last year's level and unemployment taking the same upward trend as a result of local or seasonal factors and low mobility, the labor situation is probably without precedent. Dragging sales of consumers' goods may be expected to receive a fillip from the payment of old age pensions, and the impact of the defense program, which in some industries is already sustaining and in others increasing the rate of activity, is expected to grow steadily by the second quarter of the year.

"Should we be fortunate enough to hold to the course set early in 1951 we can expect further increases in the volume and value of production during 1952. This expanded production will go a long way towards relieving inflationary pressures which even now are less intense than they were six months ago. The rapid rise in the cost of imported raw materials such as textiles and rubber, which characterized the first part of 1951, seems unlikely to be renewed at a comparable rate; retail trade is due for some revival and should be in better balance than in 1951. The demand for scarce industrial materials does not seem likely to slacken, however, and unremitting pressure from labor for upward adjustments in wage rates means a similar adjustment in costs; the time lost in wage disputes works against the increase in production which is so sorely needed. We can, therefore, expect continued tight supply situations, particularly in strategic materials, as military preparations grow apace; and dislocations and disturbances as the military meshes with the civilian machinery. In a free market economy this is a natural and understandable accompaniment — in this lies our strength."

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

William J. Driscoll and James E. Hellier, former Assistant Vice-Presidents, have been elected Vice-Presidents of **Chemical Bank & Trust Company, of New York,** it was announced on Feb. 4 by Harold H. Helm, President. Mr. Driscoll, formerly at Chemical's Rockefeller Center Office will now take charge of the Commercial Banking Division at the bank's 30 Broad Street Office. Mr. Hellier will continue as one of the loan officers of the bank, with headquarters at 165 Broadway.

Horace C. Bailey, formerly Assistant Vice-President of **National Shawmut Bank of Boston,** has been elected Assistant Vice-President of **Chemical Bank & Trust Company, New York,** it was announced on Feb. 1 by Mr. Helm, President of the Chemical. A member of the Class of 1937 at Harvard College, Mr. Bailey spent two years with West Point Manufacturing Co., West Point, Ga., and in 1939 transferred to Wellington Sears Co. in New York. He served in the Navy from 1942 until 1946 as a Lieutenant and upon his release joined the National Shawmut. Mr. Bailey is the son of Harry L. Bailey, former President of Wellington Sears Company, textile commission house. At Chemical, Mr. Bailey will be associated with the group of officers handling the bank's business in the Southeastern states.

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Advancement of Alfred R. Thomas, Vice-President, to become associated with General Management of the **Guaranty Trust Company of New York** was announced on Feb. 4 by J. Luther Cleveland, Chairman of the Board. Mr. Thomas has been a Vice-President since 1943. His career with the Guaranty Trust Company has been identified with its banking relationships in the Western States. A past President of the California Bankers Association, he once was Executive Vice-President of the First Trust & Savings Bank of Pasadena, Calif. Previously he was with Blyth & Co. and Chase Securities Co. Early in World War II he served the War Production Board in Southern California.

* * *

Irving Trust Company of New York, announces the promotion of H. Miller Lawder from Assistant Vice-President to Vice-President. Mr. Lawder has had wide experience in the Company and presently is assigned to the district which serves the bank's customers from Chicago to the West Coast.

* * *

J. Stewart Baker, Chairman of the **Bank of the Manhattan Company of New York,** has announced the appointment of John E. Heyke, Jr., to the Brooklyn Committee of the Bank, and the appointment of John M. Nosworthy to the Bronx Committee. Mr. Heyke is Executive Vice-President of the Brooklyn Union Gas Co. and a Trustee of the Brooklyn Savings Bank. Mr. Nosworthy is a Trustee, and Assistant to the President of the Bronx Savings Bank.

* * *

Arthur E. Lodge has been appointed Assistant Mortgage Officer of the **Bay Ridge Savings Bank of Brooklyn, N. Y.,** David B. McVean, President, announced on Jan. 28. Mr. Lodge has been with the bank since 1929. He is a graduate of the American Institute of Banking. He also attended New York University and the United States Army Finance School at Fort Benjamin Harrison.

* * *

The First National Bank of New Rochelle, N. Y., with common stock of $750,000 and the **Bronxville Trust Company of Bronxville, N. Y.,** with common stock of $500,000, were consolidated effective at the close of business Jan. 11. The consolidation was effected under the charter of the First National Bank of New Rochelle, and under the title of **First Westchester National Bank of New Rochelle.** At the effective date of consolidation, the consolidated bank had capital stock of $1,250,000, divided into 62,500 shares of common stock of the par value of $20 each; surplus of $1,200,000; and undivided profits of not less than $150,000.

* * *

At their annual meeting on Jan. 8 the stockholders of **The National State Bank of Newark, N. J.,** approved the 33⅓% stock dividend proposed the previous month. The Newark "Evening News" of Jan. 8 reporting this said:

"The National State dividend shares affect stockholders of record today, payable immediately, with one share being distributed for each three held. In increasing the capital funds out of surplus, the total number of shares is raised from 15,000 to 20,000. Fractional certificates will be redeemable in cash after Feb. 29."

* * *

F. Raymond Peterson, Chairman of the Board of the **First National Bank and Trust Company of Paterson and Clifton, N. J.,** has announced the transfer of $1,500,000 from undivided profits to surplus. After giving effect to this transfer which was authorized by the Board of Directors, capital remains at 150,000 shares of $25 par value common stock, or a total of $3,750,000. Surplus is now $5,250,000. At Dec. 31, 1951 undivided profits stood at $5,003,912.83.

* * *

William R. K. Mitchell, President of the **Provident Trust Company of Philadelphia,** announced on Feb. 4 the following promotions: S. Francis Nicholson from Trust Investment Officer to Assistant Vice-President; William L. Muttart and Frank G. Royce from Trust Officers to Assistant Vice-Presidents; John H. Webster, III and Norman E. Walz from Assistant Trust Officers to Trust Officers; and Henry Ecroyd from Assistant Trust Investment Officer to Trust Investment Officer. John T. Macartney and Harold M. Shaw have been appointed Assistant Trust Officers.

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Directors of **Lincoln National Bank of Washington, D. C.,** on Jan. 8 recommended doubling of the capital stock from $400,000 to $800,000. In noting this, the Washington, D. C. "Post" added in part:

"A special meeting of stockholders to vote on the plan has been set for Feb. 25. Richard A. Norris, Executive Vice-President, said that under the plan 4,000 additional shares of $100-par stock will be issued. Of this amount, 2,000 shares will be distributed pro rata among the shareholders as a stock dividend.

"The 2,000-share balance of the new issue will be sold at $200 a share. Present stockholders will be accorded rights to buy the new shares in proportion to their respective holdings at the time the capital increase become effective Norris said."

* * *

At a special meeting held on Jan. 18 stockholders of the **Republic National Bank of Dallas, Texas,** unanimously approved the proposed $6,000,000 increase in capital and surplus, it was announced jointly by Karl Hoblitzelle, Chairman, and Fred F. Florence, President. Warrants representing rights were issued to stockholders to purchase 150,000 shares of additional stock. Stockholders were entitled to purchase one share of new stock at $40 per share for each six shares held. The right by stockholders to purchase the new stock was required to be exercised by Feb. 6. The proceeds of the new capital increase will be divided equally between capital and surplus, increasing the capital from $18,000,000 to $21,000,000 and the surplus from $18,500,000 to $21,500,000 or a combined capital and surplus of $42,500,00. Including undivided profits in excess of $4,600,000 and reserves of more than $3,500,000, the increased capital and surplus will provide for a capital structure of over $50,000,000. The new stock was underwritten by a syndicate of investment bankers headed by Walker, Austin & Waggener; First Southwest Company and Dallas Rupe & Son.

* * *

At the annual meeting of the stockholders of **The Farmers & Merchants National Bank of Los Angeles,** 15 promotions were announced by the bank's President, V. H. Rossetti. The following were promoted to Vice-Presidents: Oscar T. Lawler, A. M. Gaines, A. E. Oliver and John N. Hunt; promotions to Assistant Vice-Presidents were L. Figueroa, R. Hellmuth, Walter M. Scott, J. F. Holland and Howard C. Kerr; those promoted to Assistant Cashiers were J. E. Trott and George Clark. Four promotions were made in the Trust Department as follows: N. F. Wheeler and J. C. Wright to Vice-Presidents and Assistant Trust Officers; M. Freis to Assistant Vice-President and Assistant Trust Officer and W. H. Ferris to Assistant Trust Officer.

* * *

The United States National Bank of Portland, Oregon, elected three new Vice-Presidents at the annual meeting of the shareholders and directors held in January. E. C. Sammons, President, also announced the election of five new Assistant Vice-Presidents, five Assistant Cashiers and three Assistant Managers. The newly-created Vice-Presidents are Herbert Ambler, P. L. Metschan and L. C. Smith. Mr. Ambler joined the United States National Bank in 1930 when the West Coast National was acquired. He has been at the Citizens branch in Portland since 1933 and was named an Assistant Vice-President in 1943. Mr. Smith, is on the staff of the United States National's Ladd & Bush-Salem branch in the capital city. He entered the banking field with the old U. S. National Bank in Salem in 1909. At the time the United States National of Portland purchased the Salem bank, Mr. Smith became Assistant Manager of the new branch. He was chosen an Assistant Vice-President in 1940. Mr. Metschan started with the United States National in 1929. He was named an Assistant Vice-President in 1946 and in July of that year became manager of the Roseburg branch. He returned to the head office in Portland in 1948. New Assistant Vice-Presidents include M. C. Barcus, Thomas A. Crowe, C. H. Labbe, L. G. Lloyd and Stanley H. Makelim, all at the head office. Staff members named Assistant Cashiers are T. L. Jones, John F. Otto and A. S. Sirianni, head office; E. J. Schmitz, Citizens branch, and L. R. Fisher, Ladd & Bush-Salem branch. New Assistant Branch Managers are R. W. Schriber, Metropolitan branch, Portland; G. H. Neuman and W. E. Ritchie, Ladd & Bush-Salem branch.

The United States National Bank's branch in Sheridan, Oregon, moved into new quarters on Jan. 26, according to announcement by President Sammons. An open house marked the occasion. The Sheridan branch was established in March, 1949, following the purchase of the First National Bank of Sheridan. B. C. Swails is Branch Manager and G. Palmer Byrkit is Assistant Manager.

* * *

Stockholders of **Seattle - First National Bank of Seattle, Wash.,** are being offered rights to subscribe to 100,000 shares of common stock of the bank at the rate of one new share for each six shares held of record Jan. 15. The right to purchase the new shares at a subscription price of $50 per share expires on Feb. 20. A group of 21 underwriters, headed by Blyth & Co., Inc., has agreed to purchase from the bank all unsubscribed shares at the original subscription price. Of the $5,000,000 to be received by the bank from the sale of the 100,000 shares, $2,000,000 will be added to its capital stock and $3,000,000 to its surplus account.

Seattle-First National traces its founding to June 16, 1870, when Dexter Horton and David Phillips established Seattle's first bank, Phillips, Horton and Company. For the next 10 years, it was the only bank in Seattle. In 1872 the name was changed to Dexter Horton & Co., and in 1910, upon grant of a national charter, became the Dexter Horton National Bank. On Nov. 1, 1929, the Dexter Horton National Bank was consolidated with the First National Bank of Seattle (chartered 1882) and the Seattle National Bank (chartered 1890) under the name of the First Seattle Dexter Horton National Bank. The corporate name was changed to First National Bank of Seattle in 1931. The bank became statewide in operation in 1935 with the acquisition of the Spokane and Eastern Trust Company and its branches. At that time the present name was adopted. In the formation of its branch banking system, a total of 39 banks have been acquired through purchase and consolidation; the bank has established 12 other banking offices, which bring the total of banking offices serving the state of Washington to 52.

* * *

John H. F. Turner has been appointed an Assistant General Manager of the **Bank of Montreal,** (head office Montreal) it is announced. For the past five years, Mr. Turner has served as superintendent of the foreign department, travelling widely for the bank in Europe and America. During the war, Mr. Turner served with the Wartime Prices and Trade Board as cotton administrator for three years. Previously, he was Assistant Manager of the bank's main office in Montreal.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Bank Stocks

There was little change in the relative size of the large commercial banks of the country during 1951.

At the end of the year there were 18 banks with over one billion dollars in deposits or the same number as of Dec. 31, 1950. While there was a gain of between 6% and 7% in deposits for the year, the increase was general with the result that most banks showed a gain for the year.

Bank of America NT & SA of San Francisco with an increase of 10% in deposits maintained its position as the largest bank. Deposits now total $6.8 billion and are the highest in the history of the bank.

National City Bank of New York and the Chase National Bank of New York rank second and third respectively in terms of size. Both of these institutions showed an increase in deposits for 1951 and maintained their relative position.

Guaranty Trust of New York with an increase of 7.9% in deposits became the fourth largest bank passing Manufacturers Trust of New York which showed a small decline in deposits.

The two large Chicago banks, First National and Continental Illinois National, switched places. For a number of years these banks have been approximately equal in size as measured by deposits. Last year Continental Illinois National because of a greater gain in deposits became the largest Chicago bank. First National had held that distinction a year earlier. The difference in size is not large with Continental Illinois having deposits of $2,480,279,725 and First National $2,477,371,530.

Acquisitions and mergers influenced the deposits and relative size of several banks. Bankers Trust of New York advanced to eighth position from ninth, primarily as the result of deposits gained through merger with Commercial National Bank & Trust in May of last year.

Of the larger banks, Chemical Bank & Trust showed one of the best gains in deposits last year. On a percentage basis the increase amounted to 14.4%. This was sufficient to advance the bank to ninth from 11th place in the ranking of size. As with Bankers Trust, the deposits of Chemical were aided by outside acquisitions. On March 15, 1951 Chemical acquired the National Safety Bank & Trust with approximately $102 million in deposits.

Security-First National Bank of Los Angeles moved down in its relative size position from eighth to 10th. While the bank showed some gain in deposits, it did not equal that of Bankers Trust or Chemical Bank.

Mellon National Bank & Trust Co., of Pittsburgh continued to gain in reflection of the growth of the bank and acquisitions.

There were only minor changes among the other billion-dollar banks. While most of them showed increased deposits, the gain was not large and had little effect upon the relative position.

In the table below the deposit totals of the past three years and the relative size are shown for the 18 billion-dollar banks in the country. It is interesting to note that of the 18 largest banks nine or one-half are located in New York. The remaining nine show fairly wide geographical distribution.

	Deposits — As of December 31st			Rank		
	1951	1950	1949	'51	'50	'49
Bk. of Amer., San Fran.	$6,815,866,795	$6,191,705,871	$5,775,110,029	1	1	1
Nat. City Bank, N. Y.	5,442,946,549	5,130,853,626	4,669,251,863	2	2	2
Chase Nat. Bank, N. Y.	5,149,631,444	4,871,424,028	4,384,572,391	3	3	3
Guar. Trust Co., N. Y.	2,699,811,617	2,503,010,000	2,299,855,999	4	5	5
Manufac. Tr. Co., N. Y.	2,569,980,634	2,581,949,234	2,281,747,791	5	4	6
Cont. Ill. Nat., Chicago	2,480,279,725	2,378,443,252	2,348,174,296	6	7	4
First Nat. Bk., Chicago	2,477,371,530	2,404,786,934	2,278,611,344	7	6	7
Bankers Tr. Co., N. Y.	1,944,292,047	1,642,085,318	1,431,527,783	8	9	11
Chem. Bk. & Tr., N. Y.	1,775,158,558	1,552,289,582	1,449,655,700	9	11	9
Sec.-First Nat., Los Ang.	1,737,027,725	1,702,042,138	1,602,887,763	10	8	8
Mellon Nat. Bk., Pitts.	1,686,895,477	1,496,586,540	1,217,153,534	11	12	14
Hanover Bank, N. Y.	1,663,228,374	1,616,865,824	1,448,101,335	12	10	10
First Nat. Bk., Boston	1,495,148,775	1,432,029,521	1,376,694,768	13	14	12
Nat. Bank of Detroit	1,471,260,301	1,487,070,109	1,293,840,784	14	13	13
Bk. of Manhattan, N. Y.	1,253,199,083	1,212,071,132	1,127,809,682	15	16	15
Irving Trust Co., N. Y.	1,241,432,770	1,218,560,042	1,052,448,028	16	15	17
Cleveland Tr. Co., Cleve.	1,193,940,026	1,154,364,995	1,058,372,953	17	17	16
Amer. Tr. Co., San Fran.	1,094,400,071	1,018,097,266	937,432,332	18	18	18

Bankers Underwrite Raytheon Offering

Raytheon Manufacturing Co., a leading producer of electronic equipment, is offering to holders of its common stock, rights to subscribe to 434,189 additional shares of the company's common stock. Priced at $8 per share, the stock is being offered at the rate of one additional share for each four shares held of record on Feb. 4, 1952. An underwriting group headed jointly by Hornblower & Weeks and Paine, Webber, Jackson & Curtis will purchase from the company all shares remaining unsubscribed at the close of the subscription period on Feb. 18, 1952.

Raytheon will use the proceeds from the financing to replace current assets used in plant expansion and to increase working capital to support a substantially greater volume of business. The company currently has a backlog of orders for the U. S. Government aggregating $171,000,000.

Through four major divisions, Raytheon Manufacturing Co. produces radar, underwater sound apparatus, industrial electronic devices, television and radio receiving sets and related tubes, as well as a wide variety of special purpose, subminiature and power tubes. Immediately prior to the Korean conflict, approximately two-thirds of the company's electronic business was for commercial customers, and the balance for the government. While the proportion has been reversed since the Korean war, and is expected to remain so for the next 18 months, Raytheon is continuing to engage in the development of products and electronic applications of value in a peacetime economy.

Dammes, Koerner to Admit Wm. P. S. Earle, Jr.

Dammes, Koerner & McMann, 36 Wall Street, New York City, members of the New York Stock Exchange, will admit William P. S. Earle, Jr. to partnership Feb. 15. Mr. Earle was formerly a partner in Shean, Earle & Co. and Jewett & Shean.

Dillon, Read Group Underwrite Utility Stock Offering

Dillon, Read & Co. Inc. heads a group of investment bankers underwriting an offering by Southwestern Public Service Co. of 251,540 shares of additional common stock to its common stockholders. The subscription warrants entitle the common stockholders to subscribe for the new stock at $17.50 per share at the rate of one share for each 13 shares held of record at the close of business on Jan. 30, 1952. The subscription warrants, which expire at 4 p.m. (EST) on Feb. 14, 1952, give holders the additional right to subscribe at the same price, subject to allotment, for shares not taken by stockholders upon exercise of their preemptive rights.

Dillon, Read & Co. Inc. will act as dealer-manager of a group of securities dealers in soliciting the exercise of subscription warrants.

This is the sixth consecutive annual offering by Southwestern Public Service Co. of common stock through the issuance of warrants giving stockholders the additional right to subscribe for shares not taken on preemptive rights and utilizing the services of a group of soliciting dealers, both of which techniques were developed by the company in 1947 and have since that time been widely used by other utilities.

The utility company proposes to use the proceeds of the sale of the new common stock and of $10,000,000 new first mortgage bonds which are to be placed privately through Dillon, Read & Co. Inc., for the construction of additions and improvements to its properties or to repay bank loans obtained for that purpose. The company estimates that it will spend approximately $21,800,000 for construction during the fiscal year ending Aug. 31, 1952.

The company is principally engaged in the generation, distribution and sale of electric energy in a territory which includes the Texas and Oklahoma Panhandle, the South Plains region of Texas and the Pecos Valley area in New Mexico. The population of the territory served is approximately 675,000. For the twelve months ended Nov. 31, 1951 total operating revenues were $22,475,787 and net income applicable to the common stock was $4,447,540.

With Coburn & Middlebrook

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—Wallace I. Frosch is with Coburn & Middlebrook, Incorporated, 100 Trumbull Street.

Continued from first page

Funds Accelerate Utilities Buying

chases over sales appeared in the steel, textile and auto issues. Buying of radio, electrical equipment and natural gas companies continued at about the same pace as three months earlier.

Mixed Attitudes Toward Oils

Opinion appeared to be fairly well divided on the petroleum and non-ferrous metal stocks with buyers slightly on the ascendent. The outlook on the merchandising shares was also mixed contrasting with the bullishness earlier in the year. Building construction and equipment issues represented the only group to be sold on balance.

Convertible Preferreds

Although the primary function of this survey is to analyze the common stock holdings of the funds, attention is properly called to the interest of many managements in the convertible preferred issues. Wellington has shown a preference for good grade convertible senior issues and Axe-Houghton "B" likewise added several convertible preferred stocks to its holdings during the quarter. Fifteen percent of the portfolio of Boston Fund is invested in preferred senior equities, almost two-thirds of which are convertible issues. Even more interesting is the fact that all the preferred stocks held by the Wisconsin Investment Company—representing seven companies — are convertibles. The Johnston Mutual Fund, two-thirds of whose holdings of preferreds are convertible, points out that this type of security is "largely immune to the rising trend of interest rates."

However, when conservatism keynotes a company's investment policy, there may be objections to too high a percentage of such holdings under conditions which currently prevail. Witness the statement of Francis F. Randolph, Chairman of the board of the Whitehall Fund, appearing in that company's annual report: "Bonds and preferred stocks convertible into the common stocks of the issuing companies are considered suitable investments for Whitehall Fund when the common stock risk involved is in keeping with the Fund's essentially conservative nature. The Fund's portfolio included a substantial proportion of convertible securities for several years. During 1951, however, such securities increased in popularity in the market and it became increasingly difficult to find issues that suited the Fund's investment requirements. As a result, convertible securities were reduced to 12.53% of net assets at the end of 1951 as compared with 22.18% a year earlier."

Transactions in certain industrial categories of other investment companies in the Seligman group, of which Whitehall is one, are also interesting. The airlines, namely Eastern and American were sold by Tri-Continental, Capital Administration and National Investors. The former two funds as well as Broad Street Investing Corp. bought rather heavily into the steel stocks. Other transactions in a fairly representative number of issues of a single industry worth noting were the acquisition of shares of food chains by the Boston Fund; new commitments in bank stocks by the Delaware Fund; and the liquidation of coal securities by Bullock Fund and Nation-wide Securities. (On the other hand, General American Investors added further to its major holding of Pittsburgh Consolidation Coal.)

Portfolio Newcomers

Several individual issues were relative newcomers to the portfolios of the investment companies. These included Eli Lilly and Co. "B", acquired by Adams Express, American International, Investors Mutual and Massachusetts Investors Trust; B and L Associates controlling Wilshire Oil Company, representing a group purchase made by the Lehman Corp. and Vitro Manufacturing and Public Service of New Mexico bought by Axe-Houghton Fund "A", this utility also being added to the portfolio of the Axe-Houghton "B" Fund. Other new purchases were Woodward Iron bought by Republic Investors; Muskegon Piston Ring by the Dreyfus Fund; Jefferson Standard Life Insurance Co. by the Eaton and Howard Stock Fund and Massachusetts Investors Second Fund; the Lincoln National Life Insurance Co. by the Investment Co. of America; Braniff Airways by the Delaware Fund (appearing frequently, however, in the specialized aviation funds); Murray Co. of Texas and Harshaw Chemical 4½% convertible preferred by the Bowling Green Fund; and H. P. Hood and Sons 6% preferred by the Fidelity Fund.

General Portfolio Composition

Analysis of individual and group portfolio holdings would not be complete at this particular time without brief mention of general portfolio composition and diversification. This is so because during the year just closed more has transpired to confirm the respectability of the investment company under the law than ever before during the life of this comparatively new financial institution. Of course we refer to the legislation enacted in almost a dozen state jurisdictions, as well as the decision of the court of last resort in still another, specifically legalizing the use of investment company securities by trustees according to "prudent man" principles. This certainly does not open up the door wide for all companies and one questions whether prudence recognized under the law, would sanction for the majority of trusteed accounts the lack of industrial diversification existing in many portfolios today.

Concentration in Oils

The heavy concentration of oil issues held in many portfolios as an inflation hedge is interesting. For example, American European Securities held 44.2% of its assets in oil shares and three-quarters of such holdings were in two issues —Amerada and Louisiana Land and Exploration. United States and Foreign Securities, (excluding its holdings of U. S. and International) was 43% in oils; the latter subsidiary company was invested a third in petroleum stocks with one-half of this entire amount represented by Amerada. General American Investors held 37% of its total assets in the securities of oil and natural gas companies; while Lehman Corp. was almost 32% so invested. The funds' profits in most of these holdings are huge. (Lehman's investment of \$14½ million was valued at the year-end at \$45⅔ million.)

Generally, one finds less concentration in individual groups among open-end funds than exists in many closed-end companies. There are exceptions here, however. For example, as of the end of 1951, Incorporated Investors was invested 24.3% in oil and natural gas stocks, Massachusetts Investors Trust held 24.5% in these issues and State Street Investment Corp. was thus invested to the extent of 27% of assets, (about a quarter of which included cash).

Notes of Caution

Certain notes of caution appear scattered throughout the year-end statements. The first of these concerns the immediate period, the other two, the longer range outlook. The trustees of the New England Fund state in their 21st annual report that "there are no conclusive signs as yet that the recession in certain consumer lines is over, although inventories have been gradually worked down to more manageable proportions in the last few months." Their policy is "to continue the present conservative balance in the Fund's holdings until their is additional evidence that consumer purchases together with increasing rearmament expenditures show more likelihood of reversing this trend."

The trustees of the Shareholders' Trust of Boston state at the year-end: "It must be recognized . . . that plant expansions and improved techniques have increased the ability of industry to meet a very high level of demand, that consumer psychology and spending habits can minimize inflationary pressures and that for many industries a buyer's market will continue to exist short of all-out war. It is likewise important to note that the armament and business expansion programs cannot continue indefinitely to play such an important role in the support of the economy. While no change in investment policy is presently contemplated, the foregoing considerations are of increasing significance and in the not too distant future may dictate important changes in the composition of the portfolio."

And lastly, a few words again from Francis Randolph, Chairman of the boards of the five companies sponsored by J. and W. Seligman: "Even though the problems of adjustment to conditions of less effort on rearmament do not at present appear imminent, the business cycle is well advanced and business activity appears to lack the buoyancy of more recent years. Thus, more than in 1951, the prudent investor in 1952 will watch for further signs of maturity of the business cycle, and will emphasize the basic investment principles—careful selection of individual securities, spread of risk by diversification of selection, and constant and continuous supervision of securities owned."

Utility Purchases

Favorite company among the utility issues was Central and Southwest Corporation, which also shared top preference in the preceding quarter. Nine funds purchased a total of 103,600 shares, three making new commitments; two sales equaled 25,000 shares. Southern Company, also one of the leading favorites in the third quarter, was second choice among the managers during the current period. Five trusts added to portfolio holdings and two others made initial purchases totaling 101,100 shares. No stock was liquidated. Seven funds likewise bought 30,093 shares of General Public Utilities. But share volume of selling was heavier than the buying as 45,100 shares were disposed of by only two managements. Consolidated Edison of New York and Niagara Mohawk Power were third best liked issues, six trusts purchasing 23,500 shares of the former and 28,000 shares of the latter. There were single sales of each one of these stocks. Five funds bought American Telephone and Telegraph as compared with only three purchases in the third quarter of the year. Holdings were lightened in two other portfolios. Middle South Utilities also found favor with five managements, while a sixth completely eliminated the issue from its portfolio. Purchases of 8,800 shares contrasted with the lone sale of 40,000. Kansas Power and Light and Public Service of Colorado were each added to existing holdings in three portfolios and represented initial commitments in a fourth. There were two offsetting sales in each of these utilities. Three companies each acquired shares of Central Illinois Public Service, New England Electric System and Public Service Electric and Gas.

Several power and light issues were purchased partly through the exercise of rights. These included Consumers Power, 48,768 shares of which were added to ten portfolios, and Public Service of Indiana of which 25,240 shares were acquired by six funds. Additions of Long Island Lighting made by four companies also were stimulated in part through the distribution of rights.

Selling of the utilities, which amounted to only a third of the total over-all purchases, was concentrated in relatively few issues. North American was the least popular stock, four trusts disposing of 63,255 shares. Heaviest liquidation was in the holdings of the recently open-ended Blue Ridge Mutual and Massachusetts Investors Trust. Virginia

Continued on page 31

Balance Between Cash and Investments of 63 Investment Companies

End of Quarterly Periods September and December, 1951

	Net Cash & Gov'ts Thous. of Dollars —End of— Sept.	Dec.	Net Cash & Gov'ts Per Cent —End of— Sept.	Dec.	Invest. Bonds & Preferred Stocks Per Cent* —End of— Sept.	Dec.	Com. Stks. Plus Lower Grade Bonds & Pfds. Per Cent —End of— Sept.	Dec.
Open-End Balanced Funds:								
American Business Shares	9,164	7,872	24.8	22.0	25.5	30.6	49.7	47.4
Axe-Houghton Fund "A"	3,984	4,502	20.7	21.9	11.8	9.1	67.5	69.0
Axe-Houghton "B"	1,471	813	6.9	3.7	22.9	23.3	70.2	73.0
Boston Fund	2,686	3,586	3.7	4.8	42.4	42.9	53.9	52.3
Commonwealth Investment	3,358	3,930	8.6	9.3	19.2	18.9	72.2	71.8
¶Dreyfus Fund	147	152	21.1	19.1	6.6	5.8	72.3	75.1
Eaton & Howard Balanced	4,382	4,778	5.8	6.2	30.6	29.6	63.6	64.2
Fully Administered Fund—Group Secur.	3,156	3,311	51.1	53.5	9.4	9.1	39.5	37.4
General Investors Trust	298	235	12.2	10.0	10.7	11.0	77.1	79.0
Investors Mutual	10,298	9,669	3.4	3.0	27.3	28.6	69.3	68.4
Johnston Mutual Fund	240	253	19.6	19.0	13.5	13.7	66.9	67.3
§Mutual Fund of Boston	58	137	3.0	6.7	36.8	31.7	60.2	61.6
National Securities—Income	549	636	2.4	2.8	18.8	18.7	78.8	78.5
Nation Wide Securities	3,414	3,441	19.1	19.0	28.1	29.1	52.8	51.9
George Putnam Fund	3,159	2,445	6.3	4.6	21.1	22.8	72.6	72.6
Scudder Stevens & Clark	7,570	6,838	20.3	18.8	26.2	27.3	53.5	53.9
Shareholders Trust of Boston	440	311	6.6	4.6	18.0	19.1	75.4	76.3
Wellington Fund	30,562	29,021	16.3	15.0	21.8	22.5	61.9	62.5
Whitehall Fund	106	53	4.8	2.4	44.7	44.8	50.5	52.8
Wisconsin Investment Co.	601	526	13.9	11.4	5.3	7.4	80.8	81.2
Open-End Stock Funds:								
Affiliated Fund	4,349	3,883	2.9	2.3	0.6	0.3	96.5	97.4
Bowling Green Fund	157	113	19.4	14.2	21.3	18.0	59.3	67.8
Blue Ridge Mutual Fund	6,714	5,637	22.0	23.3	None	None	78.0	76.7
Broad Street Investing	1,492	308	6.3	1.3	4.8	6.3	88.9	92.4
Bullock Fund	2,063	2,277	16.3	18.0	0.5	None	83.2	82.0
Delaware Fund	170	321	1.6	2.7	1.5	1.5	96.9	95.8
Dividend Shares	17,673	15,766	17.4	15.5	None	None	82.6	84.5
Eaton & Howard Stock	1,171	1,356	10.5	10.8	2.0	2.3	87.5	86.9
Fidelity Fund	5,418	3,754	8.8	5.9	3.3	0.9	87.9	93.2
First Mutual Trust Fund	33	44	1.1	1.6	73.6	73.1	25.3	25.3
Fundamental Investors	4,286	4,406	3.9	3.8	0.8	0.4	95.3	95.8
General Capital Corp.	3,584	2,105	22.7	16.6	None	None	77.3	83.4
Group Securities—Common Stock Fund	103	137	4.4	5.0	None	None	95.6	95.0
Incorporated Investors	8,252	6,864	7.2	6.1	None	None	92.8	93.9
Institutional Shs.—Stock & Bond Group	1,477	1,100	52.2	48.0	None	None	47.8	52.0
Investment Co. of America	3,187	3,011	20.3	18.4	1.0	0.3	78.7	81.3
Investors Management Fund	528	211	3.7	1.5	1.2	0.6	95.1	97.9
Knickerbocker Fund	9,099	9,660	58.0	61.8	8.9	7.0	33.1	31.2
Loomis-Sayles Mutual Fund	3,478	4,050	33.5	36.6	10.5	11.2	56.0	52.2
Loomis-Sayles Second Fund	3,854	4,170	32.0	33.7	10.4	11.9	57.6	54.4
Massachusetts Investors Trust	9,683	12,289	2.2	2.8	None	None	97.8	97.2
Massachusetts Investors 2nd Fund	1,746	2,131	5.4	6.3	None	None	94.6	93.7
Mutual Investment Fund	167	176	14.8	12.8	30.6	30.4	54.6	56.8
National Investors	523	709	1.9	2.6	None	None	98.1	97.4
New England Fund	1,160	1,196	25.0	24.1	8.3	10.5	66.7	65.4
Republic Investors	324	610	5.8	10.6	22.9	22.1	71.3	67.3
Selected American Shares	1,892	2,496	8.5	11.1	None	None	91.5	88.9
Sovereign Investors	18	5	3.9	1.1	6.0	6.8	90.1	92.1
State Street Investment Corp.	23,936	25,543	23.5	23.9	0.3	0.1	76.2	76.0
United Income Fund—United Funds, Inc.	4,088	2,948	7.9	5.5	2.7	2.7	89.4	91.8
Wall Street Investing Corp.	611	665	20.0	21.1	None	None	80.0	78.9
Closed-End Companies:								
Adams Express	3,122	2,864	5.7	5.3	1.6	0.6	92.7	94.1
American European Securities	1,187	1,354	9.2	10.6	6.3	5.1	84.5	84.3
American International	1,547	684	6.1	2.7	2.2	0.8	91.7	96.5
Capital Administration	188	233	1.8	2.2	16.6	16.5	81.6	81.3
General American Investors	8,672	8,134	15.7	15.7	4.3	None	80.0	84.3
General Public Service	1,021	694	8.0	5.5	None	None	92.0	94.5
Lehman Corporation	16,067	15,171	11.4	10.5	0.4	0.4	88.2	89.1
National Shares Corp.	3,363	2,500	25.8	19.8	3.4	3.6	70.8	76.6
††Overseas Securities	66	92	1.9	3.2	None	None	98.1	96.8
Tri-Continental Corp.	1,723	1,376	1.1	0.9	15.0	14.3	83.9	84.8
†U. S. & Foreign Securities	2,589	2,666	4.5	4.5	0.7	0.7	94.8	94.8
U. S. International Securities	5,078	4,220	8.1	6.8	0.3	0.5	91.6	92.7

—FOOTNOTES—

*Investment bonds and preferred stocks: Moody's Aaa through Ba for Bonds; Fitch's AAA through BB and approximate equivalents for preferreds. †Portfolio exclusive of securities in subsidiary or associated companies. §Name changed from Russell Berg Fund. ¶Name changed from Nesbett Fund. ††September figures revised.

—SUMMARY—

Change in Cash Positions of 61 Investment Companies
(Period—Fourth Quarter, 1951)

Open-End Companies:	Plus	Minus	Unchanged	Totals
Balanced Funds	8	10	2	20
Stock Funds	13	13	3	29
Closed-End Companies	4	7	1	12
Totals—All Companies	25	30	6	61

Changes in Common Stock Holdings of 44 Investment Management Groups

(September 28-December 31, 1951)

Transactions in which buyers exceed sellers—or sellers exceed buyers—by two or more management groups. Issues which more managements sold than bought are in italics. Numerals in parentheses indicate number of managements making entirely new purchases or completely eliminating the stock from their portfolios.

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
		Agricultural Equipment:		
4(1)	9,700	Caterpillar Tractor	None	None
6	17,100	Deere and Co.	3,500	3(1)
None	*None*	*J. I. Case*	*5,600*	*2*
		Auto and Auto Parts:		
4(1)	17,000	Chrysler	500	1
4(2)	18,500	General Motors	None	None
3(1)	800	Timken Roller Bearing	None	None
		Aviation:		
5(4)	12,700	Eastern Airlines	17,000	2
5(1)	16,100	United Aircraft	1,440	3
2	*1,500*	*Douglas Aircraft*	*3,400*	*4(3)*
		Beverages:		
2	5,000	Canada Dry Ginger Ale	None	None
None	*None*	*Distillers Corp.-Seagrams*	*8,100*	*3*
		Building Construction and Equipment:		
5	865	American Seating[1]	None	None
3(2)	55,000	Georgia-Pacific Plywood	None	None
None	*None*	*Affiliated Gas Equipment*	*16,400*	*2*
1	*400*	*Crane Company*	*16,900*	*3(2)*
None	*None*	*General Portland Cement*	*5,000*	*2(1)*
None	*None*	*Lone Star Cement*	*32,200*	*2(2)*
None	*None*	*Masonite*	*14,000*	*2(2)*
1 (new)	*1,500*	*National Lead*[2]	*(new) 14,000*	*4*
			(old) 3,000	*1(1)*
		Chemicals:		
4(2)	32,300	Air Reduction	None	None
16(1)	6,274¼	Dow Chemical[3]	10,513	3(1)
12	18,187	Eastman Kodak[4]	11,320	4
5(2)	9,800	Inter. Minerals & Chemical	None	None
3(1)	17,100	Mathieson Chemical	None	None
7(1)	19,700	Union Carbide	3,700	5(1)
None	*None*	*American Agricultural Chemical*	*1,200*	*3(1)*
1	*1,200*	*Hercules Powder*	*10,900*	*4(1)*
None	*None*	*Newport Industries*	*3,100*	*2(1)*
		Containers and Glass:		
5(1)	14,300	American Can	None	None
		Drug Products:		
2(1)	1,300	Abbott Laboratories	None	None
7	18,115	Colgate-Palmolive-Peet[5]	29,250	4(2)
3(3)	23,000	Eli Lilly and Co. "B"	None	None
4	10,600	Parke Davis and Co.	100	1
2	5,400	Sterling Drug	None	None
		Electrical Equipment:		
6(1)	15,200	General Electric	2,600	3
3(1)	3,500	McGraw Electric	None	None
3(2)	5,100	Motorola	None	None
5(2)	11,700	Philco Corp.	46,935	2(1)
8(3)	19,300	Radio Corp. of America	1,500	1
4(1)	18,000	Sylvania Electric Products	1,000	1(1)
2(1)	4,600	Zenith Radio	None	None
6	*6,800*	*Westinghouse Electric*	*10,400*	*8(3)*
		Financial, Banking and Insurance:		
2	900	American Surety	None	None
2	1,100	Associates Investment Co.	None	None
3(3)	11,000	Bank of Manhattan Co.	None	None
2(1)	6,500	Chase National Bank	None	None
2	2,100	Chemical Bank and Trust	None	None
6(2)	13,400	C. I. T. Financial Corp.	4,800	2(2)
4	7,100	Commercial Credit Co.	2,600	2(1)
2(1)	1,100	Continental Ill. Nat. Bank & Tr.	None	None
3	1,600	First National Bank of Chicago[6]	None	None
2(2)	13,000	Jefferson Stand. Life Ins. Co.	None	None
2	11,600	Marine Midland	None	None
3(1)	21,000	National City Bank of N. Y.	4,000	1
None	*None*	*U. S. & Foreign Securities Corp.*	*900*	*2*
		Food Products:		
2(2)	4,700	Borden Co.	None	None
3(2)	2,600	Corn Products Refining	100	1
3	6,500	General Foods	None	None
2(1)	4,500	National Biscuit	None	None
3(1)	6,200	National Dairy Products	9,300	1
3	3,400	Standard Brands	None	None
7(3)	13,600	United Fruit	6,900	3(3)
3	11,000	Wilson and Co.	None	None
None	*None*	*Cuban Atlantic Sugar*	*26,700*	*2(1)*
		Machinery and Industrial Equipment:		
2(1)	1,300	Bullard Co.	None	None
4(2)	22,000	Dresser Industries	2,000	1(1)
2	3,700	National Acme	None	None
4	*17,300*	*Fairbanks Morse*[7]	*5,800*	*3(2)*
None	*None*	*Foster Wheeler*	*1,100*	*2(1)*
		Metals and Mining:		
14(3)	34,870	Aluminium, Ltd.[8]	1,620	3
3(1)	10,200	Aluminum Co. of America	500	1
4	1,730	American Metals[9]	420	2(1)
3(3)	1,300	Anaconda Copper	1,100	1
3(2)	1,600	Cerro de Pasco Copper	200	1(1)
2(2)	1,600	Consolidated Mining & Smelting	None	None
2	800	New Jersey Zinc	None	None
2	*2,500*	*Kennecott Copper*	*4,700*	*5(2)*
None	*None*	*West Kentucky Coal*	*16,000*	*2(2)*
		Natural Gas:		
11(2)	97,163	Columbia Gas System[15]	500	1
3(2)	22,000	El Paso Natural Gas	None	None
5(2)	14,900	Panhandle Eastern Pipe Line	None	None
3	21,000	Republic Natural Gas	13,290	1
2	4,600	Tennessee Gas Transmission	None	None
2(1)	80,657	Western Leaseholds, Ltd.[16]	None	None
2	*175*	*American Gas & Electric*	*9,700*	*5*
1(1)	*1,500*	*Mississippi River Fuel*	*58,000*	*3(2)*
None	*None*	*Transcontinental Gas Pipe Line*	*65,000*	*2(1)*
		Office Equipment:		
4	2,758	Addressograph-Multigraph[10]	1,120	1
7	7,775	Remington Rand[11]	16,500	2
3(3)	4,100	Underwood Corp.	None	None
		Paper and Printing:		
4(1)	6,600	Crown-Zellerbach	None	None
4(2)	24,000	Dixie Cup[12]	None	None
2	6,000	Marathon Corp.	None	None
3(1)	22,000	Rayonier	None	None
6(1)	*15,500*	*International Paper*	*15,550*	*9(1)*
		Petroleum:		
5(1)	4,700	Continental Oil (Del.)	6,600	2
2(1)	3,200	Hancock Oil of Calif. "A"	None	None
2	800	Mid-Continent Petroleum	None	None
5	6,700	Pure Oil	1,500	2
2	5,300	Seaboard Oil (Del.)	None	None
3	6,500	Shell Oil	1,500	1(1)
7	4,630	Signal Oil and Gas "A"[13]	None	None
4(1)	15,000	Sinclair Oil	3,000	2
6(2)	28,500	Socony Vacuum	7,800	4(1)
4	15,900	Standard Oil of Ohio[14]	68,200	1(1)
2(2)	3,300	Texas Pacific Land Tr. (sub-sh. ctfs.)	None	None
2(2)	6,500	Tide Water Associated Oil	None	None
1(1)	*6,500*	*Amerada Petroleum*	*7,300*	*3(1)*
2	*3,100*	*Atlantic Refining*	*9,120*	*4(2)*
1	*500*	*Cities Service*	*16,975*	*6(1)*
3(1)	*18,100*	*Gulf Oil*	*47,300*	*6(1)*
None	*None*	*Louisiana Land & Exploration*	*55,600*	*3(2)*
3(2)	*1,100*	*Phillips Petroleum*	*14,100*	*6(1)*
None	*None*	*Warren Petroleum*	*4,500*	*2(1)*
		Public Utilities:		
5(2)	6,900	American Tel. & Tel.	2,000	2
2	2,000	Atlantic City Electric	None	None
2(1)	12,000	Brooklyn Union Gas	None	None
2	12,000	Carolina Power and Light	None	None
9(3)	103,600	Central and Southwest Corp.	25,000	2(1)
3(1)	7,900	Central Illinois Public Service	None	None
6	23,500	Consolidated Edison of N. Y.	27,000	1
10(1)	48,768	Consumers Power[14]	700	1(1)
2(1)	9,400	Delaware Power and Light	None	None
2	1,500	Florida Power Corp.	None	None
2(1)	15,700	Florida Power and Light	None	None
7(2)	30,093	General Public Utilities	45,100	2(1)
2(2)	12,600	Iowa Southern Utilities	None	None
4(1)	17,400	Kansas Power and Light	9,000	2(1)
4(1)	84,071	Long Island Lighting[14]	None	None
2	93,000	Louisville Gas & Electric	None	None
5(1)	8,800	Middle South Utilities	40,000	1(1)
5(3)	9,120	Montana Power Co.[17]	100	1
3	7,500	New England Electric System	8,000	1
2	2,000	New England Tel. & Tel.	None	None
6(3)	28,000	Niagara Mohawk Power Corp.	12,700	1
2(1)	6,600	Northern Indiana Public Service	None	None
2	300	Ohio Edison	None	None
4(1)	3,560	Public Service Co. of Colorado	21,600	2
6	25,240	Public Service of Indiana[14]	800	2
2(2)	23,000	Public Serv. of New Hampshire	None	None
3(1)	28,000	Public Service Electric & Gas	None	None
2	9,700	Rochester Gas & Electric	None	None
7(2)	101,100	Southern Co.	None	None
2	5,200	Utah Power & Light	None	None
2(1)	*2,000*	*North American*	*63,255*	*4*
None	*None*	*St. Joseph Light and Power*	*8,500*	*2*
1	*5,000*	*Virginia Electric and Power*	*9,650*	*3*
		Radio and Amusement:		
3(1)	8,900	Columbia Broadcasting "A"	None	None
3(1)	10,600	Columbia Broadcasting "B"	500	1
2	7,000	Paramount Pictures Corp.	None	None
4(2)	10,400	United Paramount Theatres	2,500	1(1)
		Railroads:		
4(1)	6,100	Atchison, Topeka & Santa Fe	1,300	2(1)
6(3)	6,900	Chesapeake and Ohio	1,000	1(1)
5(1)	7,900	Chicago, Rock Island & Pacific	6,500	3(3)
3(2)	9,900	New York, Chicago & St. Louis	800	1
5(3)	12,800	Northern Pacific	1,000	1(1)
4	13,000	Southern Pacific	2,300	2(1)
3	7,800	Union Pacific	None	None
None	*None*	*Erie Railroad*	*20,000*	*3(2)*
		Railroad Equipment:		
None	*None*	*General Amer. Transportation*	*6,000*	*2*

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
Retail Trade:				
5	16,800	Allied Stores	12,600	3(1)
3	4,200	Western Auto Supply	None	None
2	12,500	Woolworth	None	None
3	*18,700*	*Federated Department Stores*	*17,600*	*5(1)*
Rubber and Tires:				
7	10,200	Goodrich	23,500	4
4(1)	*12,800*	*Goodyear*	*9,800*	*6(3)*
None	*None*	*United States Rubber*	*900*	*2(1)*
Steels:				
2	8,000	Allegheny Ludlum	None	None
7	26,900	Bethlehem Steel	500	1
5	525	General Refractories 18	None	None
4	15,800	National Steel	3,000	1
5(1)	24,700	Republic Steel	6,000	2(1)
6(1)	36,100	United States Steel	4,000	3(1)
Textiles:				
7(1)	15,800	American Viscose	1,500	2
2(1)	1,600	Cluett Peabody	None	None
5	10,900	Robbins Mills	8,100	1(1)
4(2)	25,600	J. P. Stevens	5,200	2(2)
3(1)	37,000	United Merchants and Mfgrs.	59,600	1
Tobaccos:				
5(1)	19,300	American Tobacco	2,000	1
4(1)	33,500	Liggett and Myers	None	None
4	4,050	Philip Morris	None	None

SUMMARY

Balance Purchases and Sales Portfolio Securities 61 Investment Companies

	Bought	Sold	Matched	Total
Open-End Companies:				
Balanced Funds	12	1	7	20
Stock Funds	18	6	5	29
Closed-End Companies	0	6	6	12
Totals—All Companies	30	13	18	61

FOOTNOTES

1 660 shares received as 5% stock dividend.
2 Three-for-one split-up not listed in table.
3 3,361¾ shares represent 2½% stock distribution.
4 Acquisitions result from 10% capital dividend.
5 4,490 shares declared as 5% stock dividend.
6 1,580 shares represent 20% stock dividend.
7 16,700 shares received in two-for-one stock split-up.
8 11,980 shares received as 10% stock distribution.
9 Additions other than 200 shares from 5% capital declaration.
10 1,221 shares from 3% stock dividend.
11 3,125 shares represent 5% dividend in stock.
12 10,000 shares result from two-for-one split-up.
13 2,810 shares from 5% declaration.
14 Purchased in part through rights.
15 38,813 shares acquired through rights. Basis: one-for-ten old shares.
16 Part received in exchange for old securities in capital revamping.
17 Part received as distribution from Electric Bond and Share.
18 475 shares received as 5% stock dividend.

NOTE—This survey covers 63 investment companies, but purchases or sales of funds sponsored by one management group are treated as a unit. For example, the several companies sponsored by Calvin Bullock are considered as having the weight of one manager. Individual portfolio changes of the two Loomis-Sales Funds are not surveyed.

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Funds Accelerate Utilities Buying

Electric and Power was lightened in three portfolios and there were two sales of St. Joseph Light and Power.

Chemicals

Union Carbide was the favorite chemical with the bulls in marked contrast to its leadership among the least popular issues of this group during the previous quarterly period. Six portfolio additions and one initial commitment totaled 19,700 shares. The volume of five offsetting sales was only 3,700 shares. International Minerals and Chemical, also sold on balance during the previous three months of the year, was currently liked by five managements, two of which made new purchases. Selling of this issue had apparently dried up completely. Neither was there any liquidation in Air Reduction which represented initial commitments in two portfolios and additions to two others. Eleven increases in the holdings of Dow were solely due to the 2½% stock dividend, but five others totaling approximately 2,900 shares, resulted from management's purchases; three sales equaled 10,513 shares. 17,100 shares of Mathieson Chemical were acquired by three trusts with no liquidation. Hercules Powder was least liked in this group, four funds disposing of a total of 10,900 shares. American Agricultural Chemical and Newport Industries were also sold on balance. Transactions were more numerous in Monsanto Chemical but opinion was about evenly divided. Seven purchases of 12,000 shares contrasted with six sales totaling 16,800.

The Railroads

Purchasers favored Chesapeake and Ohio in the carrier section as three managements increased holdings and a like number made initial commitments totaling 6,900 shares. Although opinion had been fairly well divided during the third quarter, volume of the two purchases made at that time was five times that acquired during the present period under review. The next most popular issues, Northern Pacific and Rock Island, were the only rails to be bought on balance both currently and during the previous three-month period. Five trusts acquired 12,800 shares of the former and 7,900 shares of the latter carrier. Southern Pacific and Santa Fe were each bought by four companies; there were two offsetting sales in each of these issues. Also bought on balance by three managements each were Union Pacific and Nickel Plate. Volume of total purchases of each of these stocks almost matched, 7,800 shares of the former comparing with 7,900 of Nickel Plate. Concentrated selling was confined to the stock of Erie, a total of 20,000 shares being eliminated from two portfolios and decreased in a third.

Food Issues Popular

Strong popularity for the food stocks during the current period was indicated by the fact that over-all purchases were five times sales. United Fruit, the only issue to be sold on balance during

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Funds Accelerate Utilities Buying

the previous quarterly period, currently shifted in status to become the most popular issue in this industry among the trusts. Four portfolio additions and three new acquisitions totaled 13,600 shares. Three other managements completely eliminated the stock from their holdings. Old favorites such as General Foods, Standard Brands and National Dairy Products were also well-liked, three funds making purchases of each. There was one lone sale of National Dairy. Corn Products Refining and Wilson and Co. likewise were each acquired by three trusts. Two initial commitments were made in Borden totaling 4,700 shares, while National Biscuit also found favor with two managements. Only issue to be sold on balance was Cuban Atlantic Sugar, two sales totaling 26,700 shares.

RCA Again Well-Bought

The radio and electrical equipment issues were paced by Radio Corporation as during both the second and third quarters of 1951. Eight funds bought a total of 19,300 shares, three of which represented initial commitments. One lone block of 1,500 shares was sold. General Electric, upon which opinion had been divided in the previous quarter, was currently the next most popular issue as six trusts acquired 15,200 shares. Half as many managements lightened holdings totaling 2,600 shares. Philco was also liked as three funds added to portfolios and two others made original purchases. Volume of total acquisitions, however, was only one-quarter of that resulting from sales made by two other companies. Sylvania Electric was liked by four trusts, the same number making purchases in the third quarter of the year. Another fund currently eliminated the issue from its portfolio. Three managements each bought McGraw Electric and Motorola; there was no offsetting liquidation in either stock. Westinghouse was the only company in the group to be sold on balance, five trusts lightening holdings and three others completely eliminating shares from their portfolios. Selling volume of 10,400 shares was partially offset by six purchases amounting to 6,800 shares.

The Natural Gas Group

Although, as noted earlier in this survey, over-all transactions in the natural gas group approximated those of the previous quarter, individual issues currently favored by investment managers differed from those in the earlier period. Columbia Gas System was one of the top favorites, even after allowing for shares acquired through the exercise of rights. Eleven trusts bought 97,163 shares of this issue and four of these purchases were only in part induced by the incentive offered by the rights. Two of these latter represented initial commitments. One lone portfolio sale equaled 500 shares. Also well bought was Panhandle Eastern Pipe Line, two managements making new purchases and three others adding to portfolio holdings. There was no liquidation in this issue. Neither was there any selling in El Paso Natural Gas, 22,000 shares of which were acquired by three trusts. The same number of funds bought Republic Natural Gas while Tennessee Gas Transmission was added to two portfolios. In contrast to action taken on this latter pipe line company was the complete elimination of Transcontinental Gas Pipe Line from the portfolios of United States and Foreign and United States and International Securities Corporations and the reduction in the holding of this stock by General Public Service. Value of the investments of the two former companies approximated one-half million dollars each. Five managements also lightened commitments totaling 9,700 shares in American Gas and Electric. Mississippi River Fuel was completely eliminated from two portfolios and holdings were decreased in another. Sales equaled 58,000 shares.

Enthusiasm for Steels

Increased enthusiasm for the steel stocks was highlighted by the popularity of Bethlehem which also had been the favorite issue in the previous quarter. Seven managements added a total of 26,900 shares to existing holdings while there was only one relatively light portfolio sale. United States Steel was almost as well regarded, six trusts acquiring 36,100 shares. However, offsetting liquidation was somewhat heavier than in Bethlehem, as three funds disposed of their stock. Republic Steel also shared in the popularity of this group as five investment managers added 24,700 shares to their holdings. Two other companies sold 6,000 shares. National Steel was well-bought by four trusts and Allegheny Ludlum, which had been a top favorite in the third quarter of the year, was acquired by two managements.

Activity in Textiles

While also favored in the previous three-month period, the balance of purchases over sales in the textile issues was more pronounced during the current quarter. American Viscose was the favorite stock, seven funds acquiring 15,800 shares; offsetting sales of two others totaled 1,500. Next popular issue in this group was Robbins Mills, top favorite of the September quarter. Five companies added 10,900 shares to holdings while a sixth eliminated a block of 8,100 shares from its portfolio. Two managements made initial commitments in J. P. Stevens while two others added to shares already held. Purchases totaled 25,600 shares, offset in part by sales of 5,200 shares. United Merchants and Manufacturers was also liked by three trusts whose acquisitions totaled 37,000 shares. One large portfolio sale of 59,600 shares was made by Massachusetts Investors Trust which still retained 150,000 shares at the end of the year. Two managements also bought 1,600 shares of Cluett Peabody.

General Motors and Chrysler were favored in the auto group, four funds purchasing 18,500 shares of the former stock and the same number of trusts adding 17,000 shares of Chrysler. In the third quarter of the year Chrysler also had been bought on balance, although Motors was sold. Opinion was almost evenly divided on Studebaker, two acquitions of 2,000 shares offsetting a single sale of 2,500. Timken was favored among the parts manufacturers, three companies making purchases, one of which represented an initial commitment.

The Airlines

Despite the selling of Eastern Airlines by the Seligman group, noted earlier in this article, that transport company was favored on balance during the period. Four trusts made initial commitments and a fifth added to holdings making a total of 12,700 shares. A second management lightened holdings in addition to the Seligman Funds. Other trusts were also active in the stock of American Airlines so that opinion was almost evenly divided with four purchases of 42,000 shares offsetting only three sales of 78,700 shares. There was likewise a division on United Airlines. Among manufacturers United Aircraft was favored on balance by five funds. Douglas was sold by four companies, three eliminating the stock from their portfolios.

Bank and Finance Company Stocks Bought

Several New York City bank stocks were liked by investment managers. The Bank of Manhattan Co., in which there had not been any trust transactions during the previous quarter, was newly acquired by three funds. A total of 11,000 shares was bought. The same number of managements purchased 21,000 shares of National City, one of which represented an initial commitment. Two companies each bought shares in Chase, Chemical Bank and Trust and Marine Midland. Single purchases were made of Irving and New York Trust, while opinion was divided on Bankers and the Guaranty. Three acquisitions of stock in the First National Bank of Boston resulted in part from the exercise of rights. Among the finance companies, C.I.T. Financial Corporation was well bought, six funds adding 13,400 shares, two of which represented new commitments. Four trusts added a total of 7,100 shares of Commercial Credit to existing holdings. There were two sales of each of these leading finance companies. Associates Investment Co., a smaller factor in the industry, was also purchased by two managements.

Parke Davis was the favorite among the drug issues, four companies adding 10,600 shares to present holdings. Excluding shares received as a 5% dividend, four purchases of Colgate-Palmolive-Peet matched four sales, two of the latter of which represented portfolio eliminations. Share volume was heavier on the selling side of the market. Three initial acquisitions were made of Ely Lilly "B" totaling 23,000 shares while two purchases each were made of Sterling Drug and Abbot Laboratories.

The Paper Issues

Crown Zellerbach was the feature of the paper stocks, four trusts buying 6,600 shares, one of which represented a new holding. Rayonier was also liked by three funds and Marathon Corporation by two. Selling was concentrated on International Paper as nine managements sold 15,550 shares, one completely eliminating the issue from its portfolio. Share volume of six purchases paralleled that of the sales. Among rubber stocks, Goodrich was very well bought, seven trusts adding 10,200 shares to portfolios; four sales equaled 23,500 shares. Goodyear by contrast was sold on balance, three companies lightening holdings and three others eliminating the issue from their holdings. United States Rubber was also lightened.

The Tobaccos and Liquors

The tobaccos were generally favored. 19,300 shares of American Tobacco were acquired by five managements with one offsetting sale. Four funds also each purchased Liggett and Myers and Philip Morris. Opinion was divided on Reynolds, however, three sellers offsetting a like number of buyers. Liquor stocks showed little activity with Distillers-Seagrams an unpopular issue as a total of 8,100 shares were lightened in three portfolios.

Within the container and glass group little concentrated activity was evident on balance except in American Can. Five trusts acquired a total of 14,300 shares of this premier container security with liquidation entirely absent. In the broadcasting and amusement group, buyers continued to look with favor on both Columbia Broadcasting "A" and "B" stocks, three funds acquiring each. Paramount Pictures and also United Paramount Theaters were both liked, two purchases being made of the former and double that amount of the latter.

Cooling off Toward Merchandising

In contrast with the favor shown to the merchandising issues during the previous part of the year, enthusiasm cooled down and over-all opinion was fairly well divided. Allied Stores continued to rank the favorite as during the second and third quarters of the year. Five trusts bought 16,800 shares while three offsetting sales amounted to 12,600. Western Auto also was bought on balance as 4,200 shares were added to three portfolios. Woolworth also was liked by two managements. These latter two issues had been bought on balance during the two previous quarters as was Allied. Federated Department Stores was the only member of the merchandise group to be sold as five companies disposed of 17,600 shares. Three purchases about balanced the share volume of sales. Opinion was divided on both Montgomery Ward and Sears Roebuck as during the previous quarter. Five sales of Montgomery Ward totaling 8,300 shares were offset by six purchases equaling 10,700 while there were three funds on each side of the market in Sears with share volume about balancing out. Gimbel and Bond Stores were also fairly well divided between buyers and sellers.

The Building Stocks

Least popular issue among the building stocks, the only group to be sold on balance, was National Lead after giving effect to the three-for-one stock split-up. Five sales consisted of 14,100 shares of the new stock and 3,000 of the old, the latter of which represented a portfolio elimination. Crane was also removed from two portfolios and lightened in another. Sales equaled 16,900 shares. Another issue to be completely disposed of was Lone Star Cement 32,000 shares of which were sold by two funds. Masonite met with similar treatment by two managements while General Portland Cement was only eliminated by one trust and lightened by a second trust. Georgia Pacific Plywood, in contrast, was bought by three companies, two of which made initial commitments. Purchases totaled 55,000 shares. American Seating, the major portion of whose stock increase resulted from a 5% stock melon, also was bought by two funds during the period.

The Metals

Aluminium, Ltd. was the favorite among non-ferrous metals, nine trusts adding a total of approximately 23,000 shares, three of which represented new commitments. Of course, giving effect to the 10% stock dividend, additions would be even greater and would appear in fourteen portfolios. Aluminum of America was also liked by three funds, purchases totaling 10,200 shares, one of which represented an initial commitment. In contrast to these aluminum companies, Reynolds Metals and its associated U. S. Foil "B" were sold lightly on balance. Three new acquisitions were made in Anaconda while there were two initial purchases and one portfolio addition of Cerro de Pasco. Consolidated Mining and Smelting and New Jersey Zinc were each liked by two managements. Kennecott was sold on balance by five trusts, two eliminating the issue from portfolios. Sales of 4,700 shares were partially offset by two purchases totaling 2,500. Also eliminated by two companies was West Kentucky Coal.

Petroleum Transactions

Over-all transactions were fairly well divided on either side of the market in the petroleum issues. In the previous quarter these stocks were sold on balance. Socony Vacuum Oil was the top favorite. Six funds acquired a total of 28,500 shares, two of which made initial commitments. 7,800 shares were sold by four companies. Pure Oil also was liked, five trusts adding to portfolio holdings while two others lightened commitments. Five managements also acquired 4,700 shares of Continental Oil of Delaware; there were two offsetting sales. Sinclair and Standard of Ohio were each bought by four companies, a portion of the latter issue being acquired through the exercise of rights. Signal Oil "A" was bought by three managements in addition to the increased shares received from the 5% stock distribution. Tidewater, Hancock of California "A" and Texas Pacific Land Trust certificates were also each added to two portfolios. Pronounced selling was concentrated on fewer issues. Cities Service, Gulf Oil and Phillips Petroleum were each sold by six funds. Atlantic Refining was eliminated from two portfolios and lightened in two others while profit taking in both Louisiana Land and Amerada appeared in the lists of three companies. There were four transactions on each side of the market in Standard Oil of New Jersey, and also a fairly even division of opinion on Texas Co.

Coverdale & Colpitts Admit Two Partners

Coverdale & Colpitts, 120 Wall Street, New York City, consulting engineers, announce that Samuel P. Brown and G. Harold Warfield have been admitted to partnership in their firm.

Public Utility Securities

By OWEN ELY

Potomac Electric Power Company

Potomac Electric Power Company (PEPCo) serves the City of Washington and the remaining territory in the District of Columbia (about 70 square miles), also 566 square miles in surrounding counties in Maryland, plus a very small area across the Potomac River in Virginia containing the Pentagon. The company has about 280,000 customers, 69% being located in the District of Columbia. The Pentagon Building is the largest customer, requiring about 30,000 kw capacity. The suburban territory served in Maryland has been growing rapidly. This growth seems apt to continue not only in the residential and commercial categories, but also in the large Government installations such as the Naval Hospital, the Air Force Base in Andrews Field and the White Oak Naval Ordnance Laboratory.

Ten years ago the District of Columbia accounted for 83% of kwh sales but the proportion has dropped to 68% due to suburban growth, construction of the Pentagon, etc. This area has practically no important industries, the principal business being the Federal Government. Hence the company is not subject to the usual cyclical influences which result from industrial activity. Regarding the future of Federal employment, while there has been some talk of decentralization, the space occupied by Federal agencies which have moved out of Washington is quickly taken by others, so that the company should continue to enjoy the stability from its present setup.

There are 726 "customers" representing Federal Bureaus or offices, which contribute about 18% of total revenues. In addition to the Pentagon with its big load, the National Institutes of Health will ultimately have a load of about 35,000 kw. District of Columbia offices contribute about 4% of revenues, 39,000 commercial and industrial customers furnish 43%, and 240,000 residential customers 29%. The latter use about 2,142 kwh per annum compared with the national average of 1,972.

During the period of 1947-51 revenues have increased 56% to $42 million, and the investment in plant grew 52% to $192 million. The capitalization was increased by debt financing in 1948, 1949 and 1950 and by sales of common stock in 1949 and 1950.

While the company has been subject to restrictive regulation in the District of Columbia, it has obtained two increases in electric rates in the past four years. In July, 1948, an increase of about 10% ($2.7 million), was obtained and last February an increase of 6.5% ($2.6 million) became effective. The company has for many years had in effect a so-called "Modified Sliding Scale Plan" of income regulation. This established a basic rate of return of 5½% on a weighted, depreciated, original cost rate base. It provided for a Deferred Credit Account into which the company at the end of each year must transfer one-half of any earnings in excess of the basic return, or from which it may take into income the amount by which earnings are less than the basic return. This would appear to furnish a "stabilizer" to keep earnings at the basic rate of return.

The Plan worked fine as long as rates were being reduced, but when they proved deficient the District Commission took a hand and its actions in effect retarded rate increases under the Plan. Thus in the recent periods of inflation and expansion the company has failed to earn the basic return allowed by the Plan, with the result that withdrawals have been made from the Deferred Credit Account, which was used up at the end of 1950.

In July, 1950, the company filed applications with the District, Maryland and Virginia Commissions for increases in rates to produce some $3.6 million additional revenue. On Feb. 12, 1951, the District Commission determined that an over-all increase of $2.6 million was warranted, and the rates went into effect. But an individual consumer of electricity then filed an appeal in the United States District Court, and Capital Transit Company and the United States Government also appealed. Filing of briefs is now scheduled to be completed Feb. 20, and oral argument is expected April 7 and 8.

Any decision of the District Court could be carried to the Courts of Appeals and the Supreme Court. If the appeals should ultimately be generally successful, PEPCo would probably be required to refund to its customers the amount of excess revenues which at Dec. 31, 1951, amounted to $1,430,000. After taxes, $653,-000 of net income is estimated to have been realized, equal to about 15¢ a share.

President R. Roy Dunn, in his recent talk before the Luncheon Forum of the N. Y. S. S. A., estimated that with a favorable decision in the rate case, future earnings might approximate $1.20 (without allowance for dilution). In the 12 months ended Sept. 30, $1.09 was earned. The present dividend rate is 90¢.

During the past 10 years, PEPCo's expenditures for expansion of facilities have exceeded the total net investment in property and plant accumulated during the period 1896-1941. During the years 1942-51 construction approximated $108 million, of which $82 million, or over 75%, has been added in the past five years. In this period there has been a $49 million increase in long-term debt and a $20 million increase in common stock equity. Of the latter, $17.7 million was received from the sale of common stock in 1949 and 1950 and about $2.3 million from retained earnings.

In recent years the company has had ample steam generating capacity (including 35,000 kw firm power under interchange agreements). However, the first increase in capacity since mid-1950 is scheduled for the fall of 1952, and the sharp increases in summer peak loads estimated for this year and next year may not be quite provided for. A substantial increase in generating capacity set for the spring of 1954 should provide some margin of reserve for that year, however.

Three Join Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Robert V. Carey, Ralph Kempner, and John P. Sheather have joined the staff of Paine, Webber, Jackson & Curtis, 626 South Spring Street. Mr. Carey was formerly with Bateman, Eichler & Co.; Mr. Kempner with E. F. Hutton & Company, and Mr. Sheather with Francis I. du Pont & Co.

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As We See It

"In this first public statement upon his return to Washington Senator Connally, Chairman of the Senate Foreign Relations Committee, expressed the opinion that foreign aid should be cut. If by 'foreign aid' he means gifts to foreigners by our government, I will go further than the Senator; I will say that 'foreign aid' should be eliminated entirely.

"But 'foreign aid' as we generally use the term, and as Senator Connally specifically used it, is something quite different. In fact, it is an unfortunate and inaccurate phrase. 'Foreign' denotes something alien to us; 'aid' denotes charity. What we call 'foreign aid' is neither of these; it is not alien to us and it is a vital part of our basic program. It is not aid at all; it is insurance and enterprise. Instead of speaking of 'foreign aid' we should be speaking of 'world investment.'

"I am profoundly convinced that there are occasions in which the interests of the American people are best served by investing some of our dollars abroad. Such investments should be made not in terms of charity but because they will promote our prosperity by promoting world prosperity; or because they will increase our security by increasing world security; or because a few dollars spent wisely now will save us many dollars in the future. This is not philanthropy; it is hard-headed, free enterprise."

"Investment" Misleading

If the term "aid" as applied to the type of activity to which the President and these other gentlemen refer is misleading—which we are rather inclined to doubt—the word "investment" is likely to be infinitely more so. Of course, there are occasions when real investment of American dollars abroad is indicated by real investment considerations. There would be more of them if governmental policy both at home and abroad were more conducive to such ventures, and there should be more of them. But apart from removing obstacles which government itself has placed in the path of such ventures or permitted to develop there, these matters can be and ought to be left to take care of themselves. Private owners of funds are much better qualified to know or to determine what is wise and what is not in the form of investments both at home and abroad than any government politically selected and politically controlled could hope to be.

Now as to all these other ventures which could not be undertaken by private enterprise, they can be regarded as investments only in a highly specialized sense. At their very best they are to be regarded as investments only in the sense that fire departments, or police departments of cities or other political divisions may be so regarded; as the building of navies, air fleets, and armies together with their required equipments can be so denominated; as the provision for health protection and education at home may be so labeled.

Resistance Certain

The reader will carefully note the qualifying phrase, "at their very best." Gifts of food in times of dire emergency may win a favorable position in the minds of primitive peoples—at least for a time. It is far less certain that modern improvements and other large scale developments to protect peoples from future famines, or from future plagues or from poverty, would have the same consequences either short-term or long-term. Most of the programs necessary for such purposes would inevitably require drastic changes in the habits and modes of life of millions—in some instances, hundreds of millions—of people with their own traditions, their own superstitions, their own suspicions, and their own inertias.

If persistent reports are to be accepted even at half face value, the Kremlin is still desperately trying to alter the basic habits of the peasants in agricultural areas for the purpose of assuring larger and more dependable production of food. It has been able to succeed, so far as success has attended its efforts, only by tactics which obviously would be wholly out of the question for us in any foreign land in the world—or for that matter, even at home. Is there any one so naive as to suppose that effective introduction of modern agricultural techniques in India, for example, or any sort of modern industrial activities on a significant scale in any of a dozen countries or regions in Asia, would be a mere matter of providing machinery, equipment and a reasonable size corps of instructors or aids to teach the native population the use of these things?

A Stupendous Task

Is there any one so childish as to suppose that the drastic changes in the practices and in the routine of living among the vast hordes of India, Pakistan, Indonesia, Malaya or Indo China would be accepted gladly by these peoples with hearts filled with gratitude toward the United States and with readiness to join the "free nations" against "tyranny"? Of course, even the economic advantages of such changes would not be evident overnight, and resistance to change would be natural. Suspicion, natural in any event, would be fanned by native Communist agents. If in order to "win this battle" we shall first have to abolish hunger, misery and poverty, as the President recently said, and do so without alienating the natives, then we have undertaken a really stupendous task, which may or may not turn out to be an investment in any sense of the word.

In any event, it is not to be mentioned in the same breath with what is commonly understood by the investment of American dollars abroad.

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The Shady Side of UMT

ciple, but will not become law until passed by Congress and approved by the President.

National Security Training Commission

Very soon after the passage of the Act the President appointed the National Security Training Commission of five members—three civilians and two military men. The chairman was and is James W. Wadsworth, of New York, who has been both Senator and Representative from that State. The other Commissioners are William L. Clayton, of Texas, former Under-Secretary of State; Karl T. Compton, former President of MIT; Admiral Thomas C. Kincaid, and General Raymond S. McLain. In pursuance of their instructions they prepared a comprehensive report which was sent to Capitol Hill last October and is now before the two Committees on Armed Services. It will doubtless be used as a model for such legislation on UMT as may be brought before the present session of Congress.

The central feature of the program is based on a section of the Universal Military Training and Service Act which provides, in rather obscure language, that after passage of the necessary legislation, all American boys between the ages of 18 and 19, "who have not been inducted into the Armed Forces, shall be liable for induction into the National Security Training Corps as hereinafter established for initial military training for a period of six months."

The present plan seems to be that all youths are to register at the age of 18 and, after passing the physical examination, to be inducted into the corps at 18½. Volunteers may start at 17, after high school graduation and by permission of their parents or guardians. During the six months' period of training they will be under the general and continuing supervision of the Commission. After this period they are to be on reserve for 7½ years and to undergo such additional training as may be prescribed, or be called into active service.

In support of the program the Commission lists the following basic objectives: "(1) to insure the existence of an active training establishment which would substantially reduce the necessity of drawing upon regular units in time of mobilization; (2) to vitalize the National Guard and reserves by funneling into their organizations in peacetime a steady flow of basically trained personnel, thus reducing the time required for these components to achieve combat readiness; (3) to provide a pool of basically trained men ready for assignment with a minimum of refresher training and physical conditioning; (4) by reason of the foregoing to free regular forces more immediately for combat missions in the event of war; (5) to provide opportunity for the development of records of individual qualifications and thus to permit an orderly utilization of military personnel; (6) to impress upon the youth of the country its obligation to protect the institutions which give to American life its distinctive qualities, and their own importance to the nation in that supreme task."

This long paragraph does not complete the case in favor of UMT, for in the introduction to the report the Commissioners give several supporting arguments.

We need, they say, a long-time military policy which will provide for swift adjustment between periods of acute crisis which demand large standing forces and periods of relative calm which require smaller standing forces plus a large, trained and ready reserve, and make its might felt in the scales of world power. Such a policy we have never had, witness the fact that we were unarmed during the 1930s and again in 1946. "Approval of UMT is, in our judgment at once a recognition of these grave errors on our part, and a partial reassurance that they will not recur."

Again, the Commissioners call attention to the menace of Communism in saying: "Because the leaders of the Soviet Union actively seek to impose their absolute authority over the rest of the world, the United States and all free society are inexorably engaged in mortal struggle with Soviet Communism which will continue until the basic conflict is resolved or reconciled." For all of that, rather inconsistently, they envision a reduction of our regular armed forces, for they say:

"When it has been operative over a reasonable period of time, and assuming a vigorous reserve program, UMT should permit reduction in the size of the standing forces, thereby reducing the heavy financial burdens and social dangers which large regular forces involve upon society."

As to the training which the boys of the National Security Training Corp are to receive, the Act required that it be suggested and carried out by the several military departments according to the policies and standards of the Commission and subject to the approval of the Secretary of Defense. When there shall be full scale operation it is expected that there will be about 800,000 trainees, of whom 50% will be assigned to the Army, 22% to the Air Force and 28% to the Navy and its affiliated Marine Corps.

Evidently, the military departments are more or less apprehensive about the additional burden involved, for the report reads: "Assuming commencement of the UMT program in the near future, the three military departments have advised the Commission that it must be accomplished as a function separate from the functions of the regular forces. In the light of the urgent demands of the present and the foreseeable future for instantly ready- and battle-worthy forces, the UMT programs should be so conducted as to strengthen, not weaken, the combat capabilities of the forces in being." If so, one wonders where the Training Corps will get the trainors for 800,000 trainees

The military departments also point out that satisfactory results can only be achieved if the UMT program is closely related to an effective reserve program of formal schooling extending, in most cases, beyond the initial training period of six months. That means, apparently, that during the reserve period of 7½ years the members of the Corps are to be "funneled into the National Guard" or some other organization in which they will continue their training and be war-worthy soldiers when called into active service. However, the Commission has not clearly explained just what is expected of trainees on reserve. Besides, the National Guard doesn't want them.

As to the outlines of specific programs prepared by the military departments, the Army suggests for its 400,000 trainees one week to process in; 17 weeks of common basic and individual training for combat arms and designated services, and common specialist training, all branches; 7 weeks plus of specialist school training; 6 weeks basic unit and leadership training, and 1 week to process out. Then, to make up for the short time given to specialist school training, which in the regular Army requires 20 weeks, the Army hopes to persuade a small number of trainees to volunteer for extended training in order to complete the longer courses.

What Army Hopes to Accomplish

Here is a statement about what the Army hopes to accomplish that is worth quoting:

"The objectives of the Army UMT program would be: (1) to provide basic training in the combat arms which will substantially reduce the period of training required upon mobilization; (2) to teach discipline, teamwork, orderly habits, and harmonious living in order to facilitate ready adjustment to military life in the event of national emergency; (3) to develop courage, boldness, initiative and other attributes of leadership; (4) to condition trainees physically to demands of life in the field and to develop habits conductive to enduring physical fitness; (5) to inculcate in the trainee an understanding of the world-wide responsibilities of the United States and the reasons why his military training is essential to the national existence."

The programs suggested by the Air Force, the Navy and the Marine Corps are, of course, much more elaborate and difficult than those of the Army, and one wonders how much of them the trainees can master in six months.

As to the costs of the whole program, they are hard to estimate because full implementation is not in prospect for several years, and the probable extent of inflation or deflation is unknown, and possible changes in pay scales, materials and world conditions are also unknown. For all of that the miltary departments have estimated the first year's cost at $4,187,983,600, and the recurring annual cost at $2,158,746,200 for a fully implemented program.

"These figures are based on the following assumptions: (1) a total of 800,000 trainees per year in the four basic training programs; (2) a training period of six continuous months; (3) a ratio of one overhead person to every two trainees, and (4) no dependent housing for trainees and very little dependent housing for the training cadre."

The Commissioners must have been staggered by these enormous costs, for they say:

"The Commission wishes to emphasize the extremely tentative nature of all the estimates and considers them of value only as they indicate the general order of magnitude of costs that may be expected. . . . However, we must record our judgment that the proposed ratio of one overhead person to every two trainees appears exorbitantly high and that the Commission and the Congress should make every effort to ascertain the validity of the ratio and to achieve minimum overhead costs generally."

But, strange to say, the whole program for UMT is nullified by Public Law 51, the very Act that so strongly recommended it—in principle, of course—for that law reduced the age of draftees under Selective Service from 19 to 18½ years, thus making it impossible for UMT to get anything like 800,000 trainees from the same manpower pool. Therefore, under the caption, "When Can the Program Begin"? the Commission has this to say:

"It is clear that the armed forces are now drawing on the principal of the available manpower pool, as defined by the provisions of Public Law 51 (i.e., those men in the age groups 18½-26 who are not exempt or permanently deferred from military service). This means that maintenance of the present military force of 3½ million is requiring the extraction from the pool each year of more men than are entering it at the age of 18½."

The prospect, then, is extended military service for all available young men, so that, for lack of manpower, the UMT program cannot be put into full operation before the expiration of the Selective Service Act in the year 1955, and if the emergency should continue after that the implementing of the program would be still further postponed.

For all of that, the Commission insists that the program be enacted into law without delay and suggests a small-scale experimental program for some 60,000 young men at an estimated cost of $398,895,210 for the first year and annual recurring costs of $179,291,680.

In fact, such a proposal was submitted to Congress in October, 1951, to allow 60,000 boys between the ages of 17 and 19 to volunteer for six months' training, to be followed by 18 months of active service. They would receive from the beginning the pay of draftees —$75 per month—while trainees would receive but $30, and they would serve as members of the "National Security and Training Corps Pilot Plan." Evidently, the advocates of UMT are determined to push their program through by hook or by crook.

The Shady Side

The National Security Training Commission and other advocates of UMT have presented their case in an effective and almost convincing way, so that many people have been carried away with it because of the high standing of its proponents and the allure of a plan that promises to save us from the menace of Communism and restore the sense of security that we had before the First World War. But doubts arise and will not be put down and, in view of the urgent demand for a speedy decision of this vital issue, one is tempted to look on the shady side of the glowing assurances and promises, and that is not hard to find.

As Americans who have always been more or less suspicious of militarism and yet have endured the draft in time of war, we are staggered when asked to consent to conscription in time of peace and adopt the Prussian system from which many of us have fled and which has had such tragic consequences in Europe and throughout the world. True, it has been adopted by many countries, but we have thought that, because of our prosperity and power and our distance from danger, we might meet our enemies, as in the past, with our regular armed forces and a drafted citizen army, by which we have won all our wars, though coming close to disaster twice in recent years.

Unquestionably, we have been frightfully negligent in the past, as when we demobilized after the first and second world wars and made it possible for revolutionists and totalitarians to sow the dragon's teeth of Communism and Nazism. Surely, we have learned our lesson and will not be caught napping again. With armer forces of 3½ million men and equipment of every sort rapidly increasing and the help of our allies we should be able to meet the present emergency and to carry on after that without peacetime conscription. If not, our young men will have to take at least two years of intensive military training instead of the paltry six months of UMT.

In view of our dislike of militarism it is interesting to see that our military friends are trying to make their plans more palatable by a change of names. Formerly we used to discuss universal conscription in Germany and other foreign countries quite calmly because we thought it would never come to us. But when peacetime conscription was first proposed it was called universal military service, then universal military training, and now it goes under the more euphemistic and appealing title of "National Security Training Corps," to which it should be a great honor and privilege to belong. But peacetime conscription under any other name is as hateful as ever and we will have none of it except as a last resort.

The question now arises as to whether the boys of UMT could get in six months enough training of the right sort to make them much more competent than raw recruits when called from the reserves to service in the armed forces. Even if their training were up to date in every way, the effects of it would rapidly wear away or become obsolete during their reserve period of 7½ years in civil life. Of course, they will be required to take refresher courses with the National Guard or some other organization, and training in camp, but even so they would require months of additional training when called to active service. Even units of the National Guard, as Gen. Mark Clark has said, require from seven to nine months to fit them for active service.

In fact, the Commission's report is very non-committal as to the duties of UMT reservists, but Sen. Richard B. Russell, Chairman of the Senate Armed Services Committee, is more candid in this respect, for he is quoted by the "U. S. News" of Feb. 1, 1952, as saying: "You could start the UMT program at 18, give these men their six months' military training, then they would go right into the reserves, and when they reached the age where the Draft Act was operating, 19½ or 20, they would then go into 18 months' service to equal the 24 months' service that the other men had put in." If so, UMT proposes a system of training superimposed on that of the Selective Service Act, which would cause confusion if it were put into full operation under present conditions. But, of course, that will not now be done.

The proponents of UMT seem to be very sure that the boys in question will be well and basically trained and be ready for active service with a minimum of additional training, but many competent critics have serious misgivings about that.

In the New York "Times" of March 30, 1948, Mr. Bernard Baruch, though favoring UMT, is reported to have said: "I greatly doubt that six months is long enough. . . . Anything less than a year, I fear, is worse than nothing." And on Dec. 19, 1950, President Conant, of Harvard University, wrote: "Neither the present Selective Service Act nor proposals for universal military training seem to give promise of assuring a continuing armed force of 3 to 3.5 million men. A training program provides only reserves; what is needed is a force in being. What seems to be required is a universal military service of two years for all able-bodied youth before they take their places in the industrial life of the country."

Mr. Hanson W. Baldwin, military editor of the New York "Times" and a former naval officer, writing in July, 1947, went so far as to say: "The Army is strongly supporting a great deception—a defensive and obsolete conception of war. . . . Peacetime courses — particularly the universal training plan — is a horse and buggy military policy in an atomic and missile age."

Elsewhere Mr. Balwin said: "The great expense of any such training program, its probable concentration in training large numbers of men in methods certain to be obsolete before the next war, and the resultant overemphasis on the creation of a large semi-trained reserve might —and probably would—hamper the development of far more important security measures, an adequate intelligence system, a comprehensive research program, industrial mobilization, finely trained services of professional soldiers, sailors, and airmen ready for instant action, and capable leaders."

Mr. Baldwin said also in the New York "Times" of May 4, 1949: "Attack can come to the United States, and we can attack any enemy, only through the air or by the sea. In the initial phase of any war, what is of primary importance, using any weapons, is combat by the air and the sea. Emphasis, therefore, should be on insular strategy, on air-sea strategy, as opposed to mass army strategy."

Another writer on the subject, Prof. Alonzo T. Myers, Chairman of the Department of Education in New York University, writes in January, 1951, as follows: "The successful defense of our country depends upon our readiness to meet an attack with overwhelming power immediately available. Specifically, it means that we must have ready for immediate duty powerful, well-trained air, naval and mobile ground forces. UMT makes no contribution toward such a state of immediate readiness. In fact, the diversion of trained military personnel to UMT training duties would work against such a state."

In this connection it is worth noting that the UMT boys are not to be members of the armed forces, but of a separate organization, the National Security Training Corps, and that, lacking the specific objectives of war service, their training in a given time would be necessarily less effective than that of draftees under the Selective Service system. They would be training for the armed forces but not in them, as though preparing for a profession which they might never practice. They would be preparing for war in the abstract, not in the concrete, and would, therefore, lack the incentive of actual conflict.

For this reason, if no other, raw recruits, though at first lacking the basic training of the UMT men, might soon catch up to them and in the end become just as good soldiers. If so, the results of UMT would not be worth the costs incurred — the game not worth the candle.

Certainly, the costs of the UMT program will be enormous, estimated by the military departments at $4,187,983,600 for the first year and $2,158,746,200 for each and every later year, or something like $20,000,000,000 for a period of eight years. These figures include the costs of military personnel, major procurement and production, operation and maintenance, replenishing of military equipment, and vast expenditure for acquisition and construction of real property.

The estimates are quite illusory, for no one knows just what personnel will be needed—what personal and real property must be acquired, nor what the costs might be in case of inflation. Besides, inasmuch as the pay of the 800,000 trainees is to be only $30 per month as compared with $75, for draftees under the Selective Service system, there is likely to be agitation for equal pay which, if successful, would greatly increase the total costs. Indeed, if one may judge by the estimates of military engineers of the costs of irrigation and other public improvements, one might safely guess that the costs of UMT could be twice or three times as much as those indicated above.

These astronomical figures might well give us pause and reason to think that so many billions of dollars would give us better value if spent on aircraft, carriers, launching sites, guided missiles, rockets, robots, atomic weapons, tanks, task forces, scientific research and, last but not least, improvement in our neglected intelligence service. The costs of the proposed program would not be too great if there were results to justify it. But what should we have after a year or so of full-time UMT? A million of half-trained reservists, some soldiers still in training, an excuse for reducing the armed forces, a false sense of security and permanent peacetime conscription.

We are told that the present emergency requires immediate action, that the proposed pilot plan for the training of 60,000 volunteers will cost a trifling half-billion dollars for the first year, and that, as Sen. Millard Tydings has said: "If we do not pass UMT during the present emergency we shall never get it."

But, in so far as UMT is concerned, there is no emergency, for it is a long-time program to be put into effect, if at all, after the present emergency shall be past. Also, the little pilot plan is not intended to accomplish much beyond committing us to a program which will not in the near future reduce the size of our standing army, remove the draft, or pacify Soviet Russia.

Selective Service, in fact, is meeting the emergency in a good way and should be able to get all the reserves needed from the manpower pool between the ages of 18½ and 26. Moreover, these men can be trained for active service long before they can be fully equipped and transported overseas.

There is really no need to rush UMT legislation through Congress during the present session, and it is not likely to be done during this Presidential election year. Even Gen. J. Lawton Collins, who favors the Act, is reported to have said the other day before the House Committee on Armed Services that universal military training is important on a long-range basis, but that it would have no immediate effect on the nation's security.

There is time, therefore, for further consideration of UMT and alternative plans for the training of reserves, and Congress may well take to heart the wise words of General MacArthur to a Congressional committee in May, 1951, when he said: "I should advise most seriously, if I were considering (Universal Military Training) that I would wait and get through the emergency that faces us now, and then on what has resulted, and what exists then, I would sum up the facts and make my decision."

Gallagher Elected By Arkwright Club

James J. Gallagher, Vice-President of the Marine Midland Trust Company of New York, 120 Broadway, and for 14 years prior to 1951 Vice-President in charge of the bank's Chambers Street office, was elected President of the Arkwright Club of the City of New York yesterday at the organization meeting of the new board.

Charles B. Gulick, Jr., of William E. Hooper Sons Co. was elected Vice-President; H. M. Zimmermann, McCampbell & Co., Inc., was reelected Treasurer; and C. Scott Lewis, Fairforest Finishing Co., reelected Secretary.

Mr. Gallagher succeeds as President Ralph M. Allaire of Utica & Mohawk Division, J. P. Stevens & Co., Inc.

The following were named Chairmen of principal club committees: House Committee, Louis C. Murphy, Columbus Coated Fabrics Corp.; Membership Committee, Henry Heinbockel, Neuss Hesslein Co.; Finance Committee, George K. Boday, The Hanover Bank; Entertainment Committee, C. Scott Lewis, Fairforest Finishing Company; Affiliations Committee, Ralph M. Allaire, Utica & Mohawk Div., J. P. Stevens & Co., Inc.

30 Years for Green, Ellis

Green, Ellis & Anderson, 61 Broadway, New York City, members of the New York Stock Exchange, celebrated the 30th anniversary of the firm's founding with a dinner Feb. 1 at Fraunces Tavern for all members of the firm's staff.

With C. A. Botzum

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—William D. Bradford, Robert W. Hocking and Raymond J. Hulen have become affiliated with C. A. Botzum Co., 210 West Seventh Street.

Joins the Broy Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif—C. G. Loewenstein has become connected with The Broy Company, 110 Sutter Street, members of the San Francisco Mining Exchange.

Adds Two to Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif—Norman Barratt and Donald G. Savage are now with Quincy Cass Associates, 523 West Sixth Street, members of the Los Angeles Stock Exchange.

Continued from page 2

The Security I Like Best

maintained at a level of approximately $6,500,000 to $7,500,000 in recent years. It is probable that future payments will be supplemented by an occasional stock dividend to satisfy stockholders' requests for a more liberal policy. Dividend has been paid every year since 1936. At present there are 638,709 shares outstanding out of 2,000,000 shares authorized.

The management group is composed of men who have made their way through the organization over the years and are dedicated to a policy of conservative expansion to be financed in the most economical manner without diluting the shareholders' equity.

Net worth of $6,500,000 at the end of 1941 has risen to more than $22,500,000 at the end of 1951. The equivalent equity per common share rose from $10.90 to more than $35 per share.

The common stock of Ex-Cell-O Corp. is fully listed on the New York Stock Exchange and Detroit Stock Exchange.

CHARLES A. TAGGART

Pres., Charles A. Taggart & Co., Inc., Philadelphia, Pa.

Central Soya Co., Inc.

While I have written before about stocks with exceedingly long dividend records through wars and depressions, I now turn to one which has paid cash dividends since 1941 only, in which year they were initiated. There has been no interruption since, and the stock dividends before and after 1941, have been handsome. The stock is that of Central Soya Co., Inc. The company started in 1934 and its first year of operation, to Aug. 31, 1935, resulted in sales of $1,247,000. These sales increased each year, with one exception, to $127,000,000 for the fiscal year ended Aug. 31, 1951. With no yearly interruption working capital has increased from $170,559 to $20,974,000; fixed assets (net) from $7,562 to $17,131,000; net worth from $180,848 to $28,849,000; and net income after taxes with two exceptions, from $42,948 to $4,553,000.

Charles A. Taggart

It is my opinion that such growth can continue, because the production and processing of soybeans is still a young industry in the United States.

This is emphasized by the increasing uses found for soybean derivatives. One such derivative is Lecithin, a very unusual substance which possesses unique and valuable properties in the manufacture of many foods and industrial products. While Lecithin is a natural constituent of the cells of practically all vegetable and animal tissues, it is impractical and uneconomical to extract it from most of these sources.

Quoting from a folder issued by the company, "For many years Lecithin was considered a laboratory curiosity and was produced only in small quantities at a very high cost. In recent years, however, the use of Lecithin has become practical and widespread because of the economical large-scale production of commercial Lecithin from soy oil.

"The production of Lecithin from soy oil at a relatively low cost has enormously increased its use. Lecithin has piqued the curiosity, interest and ingenuity of chemists in many fields; and new uses and applications for it are being discovered at a rapid rate. As a result, many industries are utilizing ever-increasing quantities of Lecithin for a wide variety of purposes.

"The Lecithin used by the commercial trades should not be confused with chemically pure Lecithin, which is used only in the fine chemical field. While chemically pure Lecithin and commercial Lecithin bear the same common name, there is a marked difference in the composition of the two products."

Central Soya's operations comprise two divisions. Though independent economically, they work together to obtain the best results for all. One division takes care of raw soybean purchasing, storage and processing; sales of crude soybean oil, Lecithin and soybean meal to refineries, food processors and animal feed manufacturers. The other division is engaged in the manufacture, promotion and distribution of concentrated and mixed animal feeds utilizing important tonnages of the company's soybean meal in addition to other purchased ingredients. As this is being written, I have before me publications of the feed division in the form of "Management Manuals," "For Hogs," "For Poultry," "For Turkeys," "For Beef Calves," "For Broilers" and "For Dairy Cattle." Each manual is complete with illustrations and instructions pertaining to the particular subject. I mention these by way of impressing the reader with the management's aggressiveness.

Processing plants, manufacturing facilities and storage elevators are located in the heart of the major soybean producing areas at Decatur, Indiana, Gibson City, Ill.; Marion, Ohio; Harrisburg, Pa., and Memphis, Tenn.

The capitalization of Central Soya Co., Inc., consists of $9,800,000 2⅞% serial notes due March 1, 1953 to March 1, 1971, and 989,956 shares of no par value capital stock with a stated value of $19,800,000. The earned surplus as of Aug. 31, 1951, amounted to $9,045,419. The current position was strong as usual with current assets of $28,116,603, including cash of $11,545,819, exceeding current liabilities of $7,142,071 by $20,974,532.

Earnings for the fiscal year ended Aug. 31, 1951, amounted to $8,546,605 before taxes and $4,553,361 after taxes. The net after taxes was equal to $4.60 a share. In the first quarter of the new fiscal year the company had sales of $35,967,838 and earned $0.97 a common share after increased taxes. The amount earned before taxes was equal to $2.03 a share. The quarterly figures are subject to audit.

Now let us consider an early stockholder. Not necessarily one who was in on the ground floor, but one who purchased stock in May, 1939, after the first 100% stock dividend. He could have purchased Central Soya stock at that time for $16½ a share, or $1,650 for 100 shares. In 1945, he would have received a 20% stock dividend; in 1946, a 150% stock dividend; in 1950, a 50% stock dividend. Today, he would have 450 shares, worth at the time this is being written, $39 a share, or $17,550. That is a pretty good capital gain—962% on my slide-rule. There have been cash dividends, too, and in 1951 they totaled $1.60 a share.

Finances have been carefully handled and, notwithstanding the great expansion of the business, capitalization remains conservative, with the stock preceded by only $9.8 million long-term promissory notes.

The stock of Central Soya Co., Inc., is traded over-the-counter and I would consider it a very desirable investment for one who is more interested in capital gains than current cash income. Based on the cash dividends now being paid (a quarterly of 40 cents has been declared payable Feb. 15), the stock yields about 4%.

Continued from page 6

Keys to Insurance Company Strength

every year! The surplus to policyholders increased 75% during the past five years.

No other tests are necessary when a company passes its financial test with such flying colors. While the Continental is an outstanding example of financial strength many other companies could also be signalled out for their impregnable financial condition.

You may have heard about ratios; that if certain ratios are met, then the financial condition is satisfactory. Here are some of the ratios generally used:

(1) High grade bonds, cash and premium balances should cover all liabilities except policyholders' surplus. The reasoning behind this is that these liabilities, unearned premium reserve, loss reserve, reserve for taxes, conceivably might have to be paid off. It is very unlikely, for example, that all policyholders would cancel and demand their return premiums—but it is still possible. Therefore, it is argued, sufficient high grade assets should be on hand to be converted into cash in order to be able to pay off all liabilities—the famous 1 to 1 ratio.

Personally I believe this ratio is too conservative for the age of inflation in which we live. In the past 6 years we have seen U. S. Government bonds decline 10% while the highest grade common stocks have advanced 30%. I'm not going to open up this big subject of bonds versus stocks except to say that the Insurance Law stipulates that only 50% of unearned premiums and loss reserves be covered by cash and the highest grade investments. In my opinion a coverage of 50-75% is entirely satisfactory, provided the other assets are sound and of good quality.

(2) Policyholders' surplus should equal unearned premium reserve, another famous 1 to 1 ratio. This ratio also appears out of date. As long as underwriting is consistently profitable and assets are soundly invested, there is no reason why unearned premium reserve cannot be double policyholders' surplus, a 2 to 1 ratio and in certain circumstances even more. This is particularly true because of the extensive development of excess reinsurance which cushions the stock of catastrophe. Since surplus is the policyholders' bulwark against catastrophe, it follows that a greater volume of business can be written and unearned premium reserve assumed if surplus is safeguarded by excess reinsurance. The company hardest hit proportionately by the Thanksgiving hurricane of 1950, the second greatest disaster in American insurance history, lost only 10% of its surplus. While 10% is not a small amount, it is remarkable that the effect of this catastrophe could be held within such limited bounds.

(3) Casualty loss reserves. The search for a ratio that can determine the adequacy of casualty loss reserves is almost as old as that for the Fountain of Youth. Should they be equal to unearned premium reserve, twice as large as unearned premium reserve—and how much? Surely there must be some answer—but in candor there isn't. A company settling its claims very quickly without going to trial will have lower loss reserves than one with many unsettled claims on the books. Loss reserves will also vary as to profitability of business and as to class of business. The only tests one can make as to adequacy of loss reserves are in comparing like companies with similar classes of business, profit margins and claim practices. Where one company's loss reserves under these circumstances are substantially lower than another it is quite proper to ask why. An examination of the Annual Statement submitted to the Insurance Department will also show on page four whether the company's loss reserves are producing additions or deductions from surplus. This is a good indication of adequacy.

In the final analysis, in my opinion, the test of ratios is less significant than the use of the five tools I have mentioned earlier. The ratios contribute to an analysis of the strength of the balance sheet, it is true. So many other factors enter in, however, that a safe ratio for one company might be unsafe for another. Figures by themselves can be deceiving.

Balance sheet, income account, Insurance Department, shareholders' appraisal and judgment of management — these are the tools I commend to you. And with these tools, gentlemen, if I may paraphrase a recent distinguished visitor to these shores, you will finish the job.

Taylor Co. Adds Heintz

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Howard W. Heintz has joined the staff of Taylor and Company, 170 South Beverly Drive. Mr. Heintz was formerly with J. B. Hanauer & Co. and E. F. Hutton & Company.

EXHIBIT A (Dec. 31, 1949)

COMPANY X — REQUIEM 1950

Assets		Liabilities		
Bonds	$2,818,398	Unearned Premiums		$2,280,866
Stocks	1,377,459	Loss Reserves		385,797
Cash	1,014,276	Taxes		155,422
Premium Balances	1,598,487	Salaries, commissions etc.		206,744
Reinsurance Recoverable	673,383	Treaty Reinsurance Funds		824,131
Notes Receivable	268,700	Due Reinsurers, Agents, etc.		1,995,102
Miscellaneous	211,973	Miscellaneous		111,618
		Total Liabilities		5,959,680
		Capital paid up	1,000,000	
		Net surplus	1,102,296	
		Policyholders' Surplus		2,102,296
Total	$7,962,676	Total		$7,962,676

FIVE YEAR TRENDS

	Surplus to Policyholders	Loss & Expense Ratio	Statutory Underwriting Results	Change Premium Reserve Equity
1945	$4,857,000	99.7%	*$304,000	$236,000
1946	3,020,000	105.8	*523,000	158,000
1947	3,395,000	107.0	562,000	*715,000
1948	2,026,000	111.5	*284,000	*63,000
1949	2,003,000	126.4	*322,000	*255,000

*Loss.

EXHIBIT B (Dec. 31, 1950)

COMPANY Y — REQUIEM 1951

Assets		Liabilities		
Bonds	$11,940,005	Losses & Adjustment Expenses		$6,497,085
Stocks	729,400	Commissions, Taxes, etc.		297,399
Mortgages	8,540	Unearned Premiums		5,127,484
Cash	651,623	Reinsurance Treaty Funds		188,854
Agents Balances	1,522,387	Other Liabilities		27,831
Reinsurance Recoverable	103,182	Unauthorized Reinsurance		41,618
Accrued Interest	29,371	Excess Statutory Loss Reserves		241,665
Equity R. F. C. Funds	77,887			
Other Assets	10,000	Total Liabilities		12,421,936
		Capital Paid-up	1,730,000	
		Net Surplus	920,459	
		Policyholders' Surplus		2,650,459
Total	$15,072,395	Total		$15,072,395

FIVE YEAR TRENDS

	Surplus to Policyholders	Loss & Expense Ratio	Statutory Underwriting Results	Change Premium Reserve Equity
1946	$2,550,000	125.9%	*$2,463,000	$204,000
1947	3,354,000	119.0	*1,838,000	*14,000
1948	2,159,000	109.1	*1,174,000	181,000
1949	5,023,000	102.2	*85,000	*94,000
1950	2,650,000	125.5	*2,796,000	224,000

*Loss.

EXHIBIT C (Dec. 31, 1951)

CONTINENTAL INSURANCE COMPANY

(Example of Financial Strength)

Assets		Liabilities		
Bonds & Stocks	$249,902,639	Unearned Premiums		$60,940,613
Real Estate	143,554	Losses in Process of Adjust.		15,836,679
Agents Balances	6,733,824	Reserve for Reinsurance		686,306
Interest Accrued	501,433	Reserve for Taxes & Expenses		5,254,000
Cash on Deposit & in Office	8,051,936	Reserve for all other Liabilities		1,984,168
All other Assets	4,564,245	Contingency Res.	1,850,113	
		Capital	25,000,000	
		Net Surplus	158,345,751	
		Policyholders' Surplus		185,195,865
Total	$269,897,632	Total		$269,897,632

FIVE YEAR TRENDS

	Surplus to Policyholders *	Loss & Expense Ratio	Statutory Underwriting Results	Change Premium Reserve Equity
1947	$108,976,000	95.3%	*$1,598,000	$5,928,000
1948	112,428,000	89.1	2,512,000	6,421,000
1949	135,947,000	81.1	15,491,000	2,222,000
1950	166,945,000	92.9	6,214,000	641,000
1951	185,195,000	92.0	3,605,000	1,548,000

*Loss.

Continued from page 5

The State of Trade and Industry

would bring the total price increase to $10-$12 a ton. But the squeeze play will reduce that figure, perhaps by half, concludes "The Iron Age."

Steel Output to Set Second Highest Tonnage Record This Week

Market attention is focused on steel prices at the moment, says "Steel," the weekly magazine of metalworking. What may prove to be another hassle appears in the making. Senator Capehart threatens a bill repealing his price amendment to the economic controls law if it is used to increase steel prices in conjunction with a wage hike. This is significant since the government stabilizers last week proposed to the industry a formula under the Capehart amendment for determining ceiling prices. Actually, it is not certain just what this action means for it is not clear what, if any, price adjustments will result. Repricing of products would be permitted to reflect cost increases incurred between the outbreak of the Korean war and last July 26. But what about higher costs since the latter date? And what about an offset to a possible sharp wage hike now apparently in the making? These questions are being asked as the steelmakers seek to determine upon a course of action pending further meetings with OPS, adds this trade weekly.

Tie-up of wages and prices complicates the whole pricing problem. The steelmakers are in an increasingly uncomfortable position with a wage hike threatening on the horizon. Adjustments under the Capehart formula, at best, would cover only a part of their cost increases since Korea. They would in no way serve as an offset to a wage increase which possibly might warrant price increases up to $9 or $10 per ton alone. Generally, the steelmakers would prefer that a unifrom price increase be allowed rather than irregular upward adjustments, varying from company to company, under the Capehart method. However, continues "Steel," there is no way of determining at this stage the extent of possible price increases under the Capehart formula.

Wage-price determination can be expected soon and expectations are that late this month you probably will know how much you will have to pay for steel. Meanwhile, producers are quoting prices at unchanged levels, states this trade paper.

More signs of easier supply conditions are appearing as the mills receive order cancellations from civilian goods manufacturers affected by production cutbacks. Whether this easier supply situation will prove temporary pending adjustment to greater defense production remains to be seen, "Steel" notes. Cutbacks in civilian goods are largely reflected, but increasing production of the mills as more facilities come into operation also is a factor. Producers are meeting difficulty moving seconds and rejects. More openings are reported in rolling schedules and increasingly larger tonnage is being offered for prompt shipment. Buyers are becoming more cautious in ordering with inventories up, and more talk is heard of lifting allocation controls. Last week controls were lifted from chrome stainless steels, concludes this trade journal.

The American Iron and Steel Institute announced this week that the operating rate of steel companies having 93% of the steel-making capacity for the entire industry will be 100.6% of capacity for the week beginning Feb. 4, 1952, equivalent to 2,090,000 tons of ingots and steel for castings, an increase of 0.5 of a point above last week's production of 2,079,000 tons, or 100.1% of rated capacity which recently was revised upward.

A month ago output stood at 98.3%, or 2,041,000 tons. A year ago production stood at 96.7%, or 1,933,100 tons.

Electric Output Declines Slightly From Previous Week

The amount of electric energy distributed by the electric light and power industry for the week ended Feb. 2, 1952, was estimated at 7,572,432,000 kwh., according to the Edison Electric Institute.

The current total was 43,989,000 kwh. less than that of the preceding week. It was 473,047,000 kwh., or 6.7% above the total output for the week ended Feb. 3, 1951, and 1,510,337,000 kwh. in excess of the output reported for the corresponding period two years ago.

Car Loadings Drop 2.6% Below Preceding Week

Loadings of revenue freight for the week ending Jan. 26, 1952, totaled 727,933 cars, according to the Association of American Railroads, representing a decrease of 19,729 cars, or 2.6% below the preceding week.

The week's total represented a decrease of 56,233 cars, or 7.2% below the corresponding week a year ago, but a rise of 91,999 cars, or 14.5% above the comparable period two years ago, when loadings were reduced by restricted coal mining operations.

Auto Output in U. S. Advances 11% Above Week Ago

Motor vehicle production in the United States the past week, according to "Ward's Automotive Reports," rose to 95,119 units, compared with the previous week's total of 88,535 (revised) units, and 140,397 units in the like week a year ago.

Passenger car production in the United States rose last week about 11% above the previous week, but fell about 38% below the like week of 1951.

Total output for the current week was made up of 70,446 cars and 24,673 trucks built in the United States, against 63,523 cars and 25,012 trucks last week and 113,128 cars and 27,269 trucks in the comparable period a year ago.

Canadian output last week rose to 3,430 cars and 2,955 trucks, against 3,306 cars and 2,881 trucks in the preceding week and 7,820 cars and 2,767 trucks in the similar period of a year ago.

Business Failures Advance in Latest Week

Commercial and industrial failures rose to 164 in the week ended Jan. 31 from 142 in the preceding week, Dun & Bradstreet, Inc., reports. Casualties slightly exceeded the 159 of a year ago but were well below the 1950 total of 199. Failures were down 48% from the 318 recorded in the similar week of 1939.

Casualties with liabilities of $5,000 or more rose to 140 from 115 in the previous week and 123 in the comparable week of 1951. All of the week's increase occurred in this group.

Wholesale Food Price Index Moves Slightly Higher in Second Weekly Rise

Another slight rise in the Dun & Bradstreet wholesale food price index last week brought the Jan. 29 figure to $6.61, from $6.60 the week before. The current level represents a drop of 7.8% from the $7.17 recorded on the corresponding date a year ago.

The index represents the sum 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.

Wholesale Commodity Price Level Shows a Slightly Lower Trend in Latest Week

Commodity trends were irregular the past week with the general level moving slightly lower. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., finished at 308.63 on Jan. 29, as compared with 309.16 a week earlier, and with 326.61 on the corresponding date a year ago.

Movements in leading grain markets were mixed. Wheat prices fluctuated in a narrow range. The undertone was mostly firm despite disappointment over the failure of some large contemplated export purchases to materialize. Some unexpected buying by French interests lent support to the market.

Marketings of both wheat and corn declined sharply during the week as the result of heavy snows and extremely low temperatures.

Feed demand for corn was more active, reflecting continued heavy consumption of corn throughout the belt due to the record number of cattle reported on feed. There was some liquidation in oats with final prices down slightly from a week ago. Rye was irregular but showed independent strength at times. Trading volume in grain futures on the Chicago Board of Trade declined moderately last week. Daily average purchases totaled 35,000,000 bushels, as compared with 40,000,000 the previous week, and 36,000,000 in the 1951 week.

Spot coffee prices were steady; demand turned quiet at the week-end, following the substantial purchases by roasters early in the month. The domestic raw sugar market firmed up a little as a better demand developed at the slightly higher level. Domestic demand for refined sugar remained light. Lard prices moved lower largely in sympathy with weakness in fats and oils. Export lard business was moderate with fair sales reported to Austria and Holland. Hog prices closed firmer at Chicago as buyers readily absorbed the moderate receipts.

Spot cotton prices were irregular and moved over a fairly wide range with closing quotations down moderately from a week ago.

The easiness was largely influenced by reports of continued slowness in the goods market, a lag in price-fixing operations, and indications that military procurement may be curtailed by as much as 30%, starting July 1. Cotton ginnings for the season through Jan. 16, according to the Bureau of the Census, totaled 14,508,000 bales, or about 50% more than the volume ginned to the same date last season.

Trade Volume Suffers From Customary Seasonal Dullness—Wholesale Orders Sustained at High Level

The usual seasonal lull in retail trade continued in the period ended on Wednesday of last week as shoppers spent slightly less than in the prior week. As during recent weeks, the total dollar volume of retail sales did not approach the unusually high level of a year ago when shoppers bought avidly in anticipation of scarcities which failed to develop, states Dun & Bradstreet, Inc., in their current summary of trade.

Total retail volume in the period ended on Wednesday of last week was estimated to be from 3 to 7% below that of a year ago. Regional estimates varied from the levels of a year ago by the following percentages:

New England —2 to —6, East, South, and Southwest —1 to —5, Midwest and Pacific Coast —6 to —10, and Northwest —5 to —9.

As many merchants prepared for the coming season, the total volume of wholesale orders held at the high level of the preceding week. Bolstered by orders for defense needs, total wholesale purchasing continued to be slightly higher than that of a year ago, although the dollar volume was smaller due to price declines. Swollen inventories in some lines, particularly textiles and appliances, continued as order volume remained near recent levels. The number of buyers attending many wholesale markets dropped noticeably from the prior week, but remained higher than a year ago.

Department store sales on a countrywide basis, as taken from the Federal Reserve Board's index for the week ended Jan. 26, 1952, declined 14% from the like period of last year. In the preceding week a similar decrease was registered below the like period a year ago. For the four weeks ended Jan. 26, 1952, sales declined 15%. For the year 1951, department store sales registered an advance of 3% above the preceding year.

Retail trade in New York last week compared rather favorably with the like period a year ago, being only 4% lower. This was attributed in part to adverse weather in the 1951 week, which held sales down.

According to Federal Reserve Board's index, department store sales in New York City for the weekly period ended Jan. 26, 1952, decreased 16% below the like period of last year. In the preceding week a decrease of 15% was recorded below the similar week of 1951, while for the four weeks ended Jan. 26, 1952, a decrease of 19% was registered below the level of a year ago. For the year 1951 volume advanced 4% above the like period of the preceding year.

Continued from page 15

Consumer Spending And Saving in 1952

—even t.v. sets. Almost everyone who is going to buy a t.v. set in areas where t.v. stations can be received already has one. Increasingly, t.v. sets will have to be sold on a replacement basis.

In short, the 1951 lull in consumer spending for hard goods was in considerable measure due to the hard fact of durable goods saturation which lie behind previous U. S. recessions. Strictly from the economic point of view, it was surely a fortunate coincidence that rising spending for defense goods and industrial plant in 1951 offset just about all of the decline in consumer spending for hard and soft goods.

Outlook for 1952

What does the previous analysis imply for consumer spending in 1952? When—if ever—will consumers be ready to spend the record totals of spendable cash they will have?

(1) **Business in clothing, shoes and textiles will improve over recent levels**—most manufacturers and merchants say that it could hardly get worse than it has been. The improvement will probably not be sensational. Even if additional war scares develop in Malaya, Burma or other areas, consumers aren't likely to start another scare-buying spree in soft goods. But new fashions, new fabrics and much more attractive prices will enable soft goods' merchants to show very pleasant plus signs in comparison with year-ago figures. Of course, first quarter comparisons will be up against the scare-buying period of January and February, 1951, so that in most cases they'll still make poor reading. But after heavier income tax payments have been made next March 15, the improvement in year-to-year sales comparisons will be increasingly noticeable for soft goods merchants.

(2) **Hard goods.** If the basic cause of the lull in consumer spending for hard goods has been market saturation, not much improvement in hard good sales should be expected in 1952. Short of full-scale war, there will be no spending spree for hard goods. While inventories of most hard goods are down substantially from their peaks of last summer and fall, there probably will be enough supplies to tide consumers over until about mid-year. After mid-year, however, lack of metals rather than lack of customers may be the limiting factor on manufacturers' sales. However, the discrepancy between supply and demand is not likely to be very great at any time during 1952. Shortages are likely to be spotty and confined to the more popular makes of cars, refrigerators, t.v. sets and other household appliances.

Summary

Over all, in 1952, total consumer spending for soft goods, hard goods and services combined is likely to rise a bit closer to the normal levels warranted by available buying power. The rate of consumer savings will continue high in 1952, but probably not quite so high as in the third and fourth quarters of 1951. Price ceilings together with the moderate unavailability of some hard goods later in the year will help keep the unspent part of consumers' income at high level. Since spendable income will be rising, for 1952 as a whole, the total of consumers' savings may well exceed the 1951 total of about $18.5 billion, even though the rate of savings may be somewhat lower than in 1951.

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Last week's column was barely out of the typewriter and on its way to the composing room, when a spill came. Prices melted away like snow in a rain and volume picked up on the downside. All in all it must have been a disconcerting picture to bulls who were sitting by with a fistfull of long stock glaring at the Translux as the dreary news came across the ticker.

* * *

In writing last week's piece I warned that a reaction was in the wind. Using the analogy of railroad signal lights, I wrote "that when everybody agrees that the green lights are up permanently that's the time to start peering around the bend for the inevitable red light . . ."

* * *

As this warning was being given the familiar averages were strong at levels close to their old highs. The Dow Industrials were across 275; the rails better than 87. Consensus of market opinion at that time was that a new high was right around the corner. It was in the face of such belief that this column suggested, ". . . it is time to start thinking of grabbing some profits."

* * *

What has happened since is water under the bridge. What will happen from here on should be the prime factor.

* * *

Going back again to last week's column I want to point to the statement about oils, the leaders of practically every recent advance. I warned that staying with the oils might not work out to the trader's advantage. "Dont stay with them too long," I wrote, indicating it was not a one-way street.

* * *

If you'll take a look at investment trust portfolios you will note that anywhere from 22% to as high as 32% of their holdings are in oil stocks. I don't pretend to know how long they'll be held. But I'd hate to be long of them if for some reason—maybe a crude oil cut—they started to sell.

* * *

Basically I'm afraid the entire market, with some slim exceptions, will go lower before it will go higher. Maybe a real buying opportunity won't occur until another month or so. It's better to wait, however, and take a chance that inflation will take another slice out of your dollars, then put them into something that may be obtained cheaper with a little patience.

* * *

For some strange reason the amusement issues seem to be exceptions to the general decline. Among these are television and motion picture stock. With many of them still in the good yield area the present might be a good idea to consider switching into them.

[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.]

With Standard Inv.

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Ruth S. Adams and James L. Dopp have joined the staff of Standard Investment Co. of California, 87 South Lake Avenue.

Stephenson, Leydecker

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — Isaac B. Aylesworth has become affiliated with Stephenson, Leydecker & Co., 1404 Franklin Street.

Halsey, Stuart Group Offers Utility Bonds

Halsey, Stuart & Co. Inc. heads a group which is offering $12,000,000 Louisville Gas & Electric Co. 3⅛% first mortgage bonds, series due Feb. 1, 1982, at 101.467% and accrued interest. The group was awarded the bonds on its bid of 101.01%.

The company will use the proceeds from the sale of the bonds in a broad expansion program necessitated by heavy demands for service in its territory.

The bonds may be redeemed by the company at prices ranging from 104.47% to 100%, and for sinking fund purposes only they may be redeemed at prices ranging from 101.44% to 100%.

Louisville Gas & Electric Co. is an operating public utility principally engaged in supplying electricity and natural gas to an estimated population of 500,000 in Louisville and its vicinity.

Among those associated with Halsey, Stuart & Co. Inc. in the offering are: Merrill Lynch, Pierce, Fenner & Beane; The Illinois Co.; Thomas & Co.; Fauset, Steele & Co.; Mullaney, Wells & Co. and Byrd Brothers.

Halsey, Stuart Group Offers Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. and associates are offering $4,110,000 Illinois Central RR. series HH 2⅞% equipment trust certificates, issued under the Philadelphia Plan, at prices to yield from 2.00 to 3.00% for maturities ranging from Aug. 1, 1952 to Feb. 1, 1967. Offering is being made subject to Interstate Commerce Commission authorization.

The certificates, to be unconditionally guaranteed as to payment of principal and dividends by endorsement of the carrier, will be secured by 1,000 fifty-ton 16-door drop-bottom all steel gondola cars with an estimated value of $5,500,000.

Other members of the offering group are L. F. Rothschild & Co.; Freeman & Company; and McMaster Hutchinson & Co.

Lee Higginson Group Offers Marathon Stk.

A nationwide group of underwriters headed by Lee Higginson Corp. on Feb. 5 offered publicly 400,000 shares of Marathon Corp. common stock (par $6.25) at $27.25 per share.

The proceeds are to be added to the company's general funds to be used for its expansion program. Marathon Corp. is a major producer of protective packaging for food.

Other principal underwriters in the group include: Blyth & Co., Inc.; Smith, Barney & Co.; Lehman Brothers; Clark, Dodge & Co.; Robert W. Baird & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane; Union Securities Corp.; Kidder, Peabody & Co.; F. S. Moseley & Co.; Paine, Webber, Jackson & Curtis; The Milwaukee Co.; A. C. Allyn and Company Inc.; Central Republic Company (Inc.); Harris, Hall & Co. (Inc.); W. E. Hutton & Co. and Dean Witter & Co.

Paul Rudolph Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Paul W. Blanchard, Jr., E. C. Robert Bobadilla, Arthur G. Cook, Joseph L. Lonigro, Robert L. Love, A. L. McNitt, Fred G. Michaelis, William P. Wright and Zadig Zadigian are now with Paul C. Rudolph & Company, 127 Montgomery Street.

Continued from first page

Closing In!

and (4) increases in the present fees for photo-duplications, and a charge for each certification.

One of the most significant provisions of the SEC "Proposal" is an annual registration fee payable by brokers and dealers of $50, plus $10 for each "officer, partner, employee, etc., engaged in selling securities or supervising such activity."

In the interest of securities dealers and brokers we have waged a constant battle for years against some of the actions of regulatory bodies in the securities field.

It has been our editorial policy to alert the dealers and brokers, not only against what was happening but also against evils that we foresaw and which should be guarded against.

This latest SEC proposal calls for stock taking.

What is the lot of the dealer and the broker today?

He is controlled by an agency, the SEC, which, although created in an emergency, has continued to function for 17 years. With this agency he must register. To it he must render periodic financial reports. It may, at any time, and for as long as it chooses, attend at his office and examine all or any of his books and records, interrogate his customers and what not at will.

This is an agency which has made it clear, infinitely clear, since its inception, it does not recognize that the American system of free enterprise of necessity calls for mark-up practices being determined by trade custom and competition through free markets, and not by arbitrary fiat. An agency that has as a consequence gone merrily on its way directly, and indirectly through its auxiliary, the National Association of Securities Dealers — under the guise of righteous indignation—to change trade custom in the securities field with respect to mark-ups without any consideration of the economic consequences. It is an agency which—despite the current stimulus of an inflationary element that will not always be present—caused a securities industry spokesman to say recently:

"We have seen large issues of securities sold for small profits. And we have transacted much of our business at some risk and little gain. Dealers in the over-the-counter industry have been circumscribed in their ability to earn adequate profits through fear and other circumstances beyond their control. As a result, many of us are growing old, all too quickly, in pursuit of security for our old age. The majority of us have not been able to set aside sufficient surplus to provide for our future security as have people in other industries. It will probably mean an increase in sales margins for our securities which remain ridiculously low in comparison with sales margins on other products. The glamor of Wall Street has been somewhat dimmed and the young men do not clamor today to enter our industry which has been living on the heritage of reserves accumulated in the past."

It is an agency whose concept of justice is thoroughly alien to American principles. The dealer or broker is discouraged from appealing from charges arising under the Maloney Act, since, the record will show, in numerous instances where an appeal was taken, the penalty meted out to the petitioner was actually increased.

Yes, indeed, the lot of the dealer and the broker is a sad one.

We are unalterably opposed to the latest SEC proposal which, additionally, includes charges for certain exemptive filings, and the qualification of trust indentures. All of this is wrong.

However, the provision arousing our particular ire is one requiring brokers and dealers and their sales employees to pay annual registration fees.

Our anger is prompted by the additional heavy burdens placed upon those who have been so long suffering.

Already many have fallen by the wayside—some weak, some strong—and it is difficult to say whose tomorrow it will be. We are saddened by the casualties.

There was a time when much was said about the "big" and the "small," and reference to those "on the fringe" was frequent. These are vanishing distinctions. The maw of the regulating octopus knows no satiation.

Brokers and dealers who are NASD members are already assessed in the form of membership fees for the regulatory supervision which is being exercised over them. Therefore the present charges which the Commission seeks to exact amount to taxation, not fees for regulation. It is clear that, as such, these fees and charges are illegal because the power to tax does not rest with the SEC but with the Congress, and Congress has no right to delegate such power.

The Securities Exchange Act of 1934, which gave birth to the Securities and Exchange Commission, recites in part in Section 2: "For the reasons hereinafter enumerated, transactions in securities as commonly conducted upon securities exchanges and over-the-counter markets are affected with a national public interest which makes it necessary to provide for regulation and control of such transactions. . . ."

If it is the "national public interest" which is being served, and it is intended that the people generally are to be benefited, then the public generally should bear the burden, and brokers and dealers should not be harassed by the additional hardships of double fees and charges which amount to improperly delegated taxation.

Title V of the Independent Offices Appropriation Act provides in effect that the fees and charges are to be fair and equitable. Can it be said that these proposed charges are fair and equitable when similar charges are already made against brokers and dealers who are NASD members and in the light of the Securities Act which says that it is passed in the interest of the public generally? Why are brokers and dealers expected to pay these fees and charges under these circumstances? Doesn't it amount to class legislation and hence discrimination?

A self-sustaining SEC is to us a terrifying prospect. In the past, at least, the fact that the Commission had to go to the Congress for its budget requirements acted as a measure of restraint on its lust for power. Where that lust will carry it, and how the investment banking and brokerage business will fare, in the light of this current proposal makes us shudder.

It may be argued that since under Title V these fees and charges are required to be paid into the Federal Treasury, the SEC will nevertheless be compelled to go to the Congress for its budgetary appropriations. However, there will be little inclination by Congress to appropriate less than the amount that the Commission can raise through its proposal.

The Commission will be enabled to virtually plan its own budget by increasing fees and charges and imposing new fees and new charges when it wants a larger budget appropriation. Truly, the Commission is closing in and innocent heads will fall.

The trouble with a great deal of our legislation is that frequently there are "slip-in provisions." These provisions are little publicized. The Independent Offices Appropriation Act is, as its title indicates, a bill making certain appropriations. The preamble of the bill states: "Making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the Fiscal Year ending June 30, 1952, and for other purposes."

Into this appropriation legislation there has crept Title V which, to our mind, is clearly alien to the purpose of the Bill and may be considered a sort of a rider.

Had Title V been publicized prior to its passage and the possibilities under it been properly understood, there would have been, in our opinion, a terrific storm of protest against its passage, particularly among those in the securities field.

And others—in different fields—are similarly affected.

This points up the necessity of being on constant guard, not only in the securities field but everywhere, against "slip-in provisions."

The SEC has issued its Release No. 3433 giving interested persons until Feb. 20, 1952, to comment upon the proposal.

It is vital that the securities industry be heard in opposition. A representative group should be organized immediately for that purpose which, together with the representatives of all existing securities groups, should work in harmony to voice emphatically their objections to the proposal.

Congress must exercise a strong arresting hand on the SEC. One way, the most effective, is by control of the Commission's budget.

It is clear to us that Congress does not have the Constitutional right nor did it intend to delegate its taxing power or to create any class legislation. Yet these very abuses are, in our opinion, being created through the device of the SEC proposal, with the Commission using Title V as a justification.

Superficially, of course, the object of the plan appears to be laudable. Each and everyone of us would favor any measure designed to reduce the expenses of the Federal Government. It is, however, a source of deep regret that members of Congress did not readily perceive the pitfalls and dangerous consequences inherent in this project. Patently, it is nothing less than an assault on the rights and privileges of a minority group to pursue their chosen professions on the same basis of equality and independence guaranteed by the Constitution to all citizens of the land.

Under these circumstances, there is a compelling need that Title V be immediately repealed, and Congress will render a marked public service by turning to that task at once.

[The Editor of the "Chronicle" would appreciate receiving comments on the views expressed above or on any related phases of the subject under discussion. They will be published anonymously if the writer states he does not desire to have his name revealed. Letters should be addressed to Editor, The Commercial & Financial Chronicle, 25 Park Place, New York 7, N. Y.]

**Herewith is the text of Title V:*

TITLE V—FEES AND CHARGES

It is the sense of the Congress that any work, service, publication, report, document, benefit, privilege, authority, use, franchise, license, permit, certificate, registration, or similar thing of value or utility performed, furnished, provided, granted, prepared, or issued by any Federal agency (including wholly owned Government corporations as defined in the Government Corporation Control Act of 1945) to or for any person (including groups, associations, organizations, partnerships, corporations, or businesses), except those engaged in the transaction of official business of the Government, shall be self-sustaining to the full extent possible, and the head of each Federal agency is authorized by regulation (which, in the case of agencies in the executive branch, shall be as uniform as practicable and subject to such policies as the President may prescribe) to prescribe therefor such fee, charge, or price, if any, as he shall determine, in case none exists, or redetermine, in case of an existing one, to be fair and equitable taking into consideration direct and indirect cost to the Government, value to the recipient, public policy or interest served, and other pertinent facts, and any amount so determined or redetermined shall be collected and paid into the Treasury as miscellaneous receipts: *Provided,* That nothing contained in this title shall repeal or modify existing statutes prohibiting the collection, fixing the amount, or directing the disposition of any fee, charge or price: *Provided further,* That nothing contained in this title shall repeal or modify existing statutes prescribing bases for calculation of any fee, charge or price, but this proviso shall not restrict the redetermination or recalculation in accordance with the prescribed bases of the amount of any such fee, charge or price.

Bankers Offer Owens-Corning Fiberglas Stk.

A nationwide group of 133 underwriters headed by Goldman, Sachs & Co., Lazard Freres & Co. and White, Weld & Co. are offering to the public today 630,000 shares of common stock of Owens-Corning Fiberglas Corp. at a price of $35.75 per share. In addition, approximately 240 dealers are participating in the offering.

The offering represents the first public issue of the common stock of the company, which was organized in 1938 by Owens-Illinois Glass Co. and Corning Glass Works to continue the development of fibrous glass products. 450,000 of the shares are being issued by the company and an aggregate of 180,000 are being sold in equal amounts by Owens-Illinois Glass Co. and Corning Glass Works, which will then each own one-third of the common stock of the company.

The company's two largest product groups are Fiberglas "wool," used as an insulating and sound control material, and Fiberglas textile products, consisting of strands, yarns and cords, used by other companies in the manufacture of electrical insulation and decorative and industrial fabrics, and as reinforcements for plastics, papers, twines and rubber goods.

Net sales of the company in 1951 were $97,449,452, income before Federal taxes on income, renegotiation and flood loss was $21,570,757, and net income was $6,064,750. The capitalization of the company will consist of $25,000,000 of promissory notes, due Sept. 1, 1975, and 3,149,364 shares of common stock.

New York Stock Exchange Weekly Firm Changes

On Feb. 14, the New York Stock Exchange will consider the transfer of the Exchange membership of the late John L. Weeks to John K. Weeks; of the late Arthur J. McKenna to Donald M. Belin; and of the late W. Schuyler Smith to Newman Pearsall.

Mutual Fund Assoc. Adds

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Donald H. Buck, Don R. Davis, Ray E. Hummel, Donald M. McRae, O. Glenn Orr, and Victor L. Sommerin are now associated with Mutual Fund Associates, 127 Montgomery Street. All were formerly with Paul C. Rudolph & Company.

Gould, Witham With Mann & Gould

(Special to The Financial Chronicle)

SALEM, Mass. — Clinton R. Gould has rejoined Mann & Gould, 70 Washington Street, members of the Boston Stock Exchange. Robert M. Witham has also become associated with the firm. Both have recently been with Harris, Upham & Co.

With Merrill Lynch Co.

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Donald Beringer, L. Mayo Brodie, Jack Carroll, Herbert C. Eggleston, A. Victor Kivel, William G. Livingston, Betty Ann Morgan, George R. Purvis, and Paul A. Randolph are now associated with Merrill Lynch, Pierce, Fenner & Beane, 523 West Sixth Street.

Joins W. E. Hutton

(Special to The Financial Chronicle)

DAYTON, Ohio—Willard W. Carr has become associated with W. E. Hutton & Co., 42 North Main Street. He was formerly local manager for the Ohio Company.

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:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Feb. 10	100.6	100.1	98.3	96.7
Equivalent to—					
Steel ingots and castings (net tons)	Feb. 10	2,090,000	2,079,000	2,041,000	1,933,100
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output — daily average (bbls. of 42 gallons each)	Jan. 26	6,194,300	6,196,500	6,204,100	6,065,700
Crude runs to stills—daily average (bbls.)	Jan. 26	¶6,584,000	6,639,000	6,763,000	6,483,000
Gasoline output (bbls.)	Jan. 26	21,649,000	22,056,000	22,478,000	21,106,000
Kerosene output (bbls.)	Jan. 26	2,865,000	2,872,000	2,523,000	2,873,000
Distillate fuel oil output (bbls.)	Jan. 26	10,391,000	9,606,000	10,522,000	9,954,000
Residual fuel oil output (bbls.)	Jan. 26	9,222,000	9,121,000	9,371,000	9,905,000
Stocks at refineries, at bulk terminals, in transit and in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Jan. 26	133,861,000	131,310,000	122,558,000	126,261,000
Kerosene (bbls.) at	Jan. 26	21,180,000	21,864,000	25,528,000	16,446,000
Distillate fuel oil (bbls.) at	Jan. 26	66,450,000	69,783,000	83,792,000	58,997,000
Residual fuel oil (bbls.) at	Jan. 26	38,725,000	39,716,000	42,684,000	40,378,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Jan. 26	727,933	747,662	501,956	784,166
Revenue freight received from connections (number of cars)	Jan. 26	663,873	676,675	521,721	725,514
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Jan. 31	$212,468,000	$309,273,000	$159,136,000	$235,102,000
Private construction	Jan. 31	106,358,000	242,207,000	69,701,000	156,215,000
Public construction	Jan. 31	106,110,000	67,066,000	89,435,000	78,887,000
State and municipal	Jan. 31	58,672,000	50,000,000	73,871,000	65,308,000
Federal	Jan. 31	47,438,000	17,066,000	15,564,000	13,579,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Jan. 26	11,220,000	11,330,000	7,855,000	11,410,000
Pennsylvania anthracite (tons)	Jan. 26	857,000	944,000	616,000	974,000
Beehive coke (tons)	Jan. 26	147,200	148,000	122,000	159,600
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1935-39 AVERAGE = 100	Jan. 26	240	259	265	278
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Feb. 2	7,572,432	7,616,421	7,148,620	7,099,385
FAILURES (COMMERCIAL AND INDUSTRIAL)—DUN & BRADSTREET, INC.	Jan. 31	164	142	126	159
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Jan. 29	4.131c	4.131c	4.131c	4.131c
Pig iron (per gross ton)	Jan. 29	$52.72	$52.72	$52.72	$52.69
Scrap steel (per gross ton)	Jan. 29	$42.00	$42.00	$42.00	$47.75
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Jan. 30	24.200c	24.200c	24.200c	24.200c
Export refinery at	Jan. 30	27.425c	27.425c	27.425c	24.425c
Straits tin (New York) at	Jan. 30	121.500c	121.500c	103.000c	183.000c
Lead (New York) at	Jan. 30	19.000c	19.000c	19.000c	17.000c
Lead (St. Louis) at	Jan. 30	18.800c	18.800c	18.800c	16.800c
Zinc (East St. Louis) at	Jan. 30	19.500c	19.500c	19.500c	17.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Feb. 5	96.65	96.53	96.39	101.43
Average corporate	Feb. 5	109.79	109.42	108.16	116.02
Aaa	Feb. 5	114.46	114.08	112.75	119.82
Aa	Feb. 5	113.12	112.75	111.62	118.80
A	Feb. 5	108.34	107.80	106.92	115.43
Baa	Feb. 5	103.47	103.30	102.13	110.34
Railroad Group	Feb. 5	106.04	105.34	103.80	112.93
Public Utilities Group	Feb. 5	109.79	109.42	108.34	115.82
Industrials Group	Feb. 5	113.70	113.50	112.75	119.20
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Feb. 5	2.73	2.73	2.74	2.39
Average corporate	Feb. 5	3.18	3.20	3.27	2.85
Aaa	Feb. 5	2.93	2.95	3.02	2.66
Aa	Feb. 5	3.00	3.02	3.08	2.71
A	Feb. 5	3.26	3.29	3.34	2.88
Baa	Feb. 5	3.54	3.55	3.62	3.15
Railroad Group	Feb. 5	3.39	3.43	3.52	3.01
Public Utilities Group	Feb. 5	3.18	3.20	3.26	2.86
Industrials Group	Feb. 5	2.97	2.98	3.02	2.69
MOODY'S COMMODITY INDEX	Feb. 5	452.0	456.7	462.8	533.4
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Jan. 26	187,558	193,052	153,591	204,050
Production (tons)	Jan. 26	201,284	204,021	203,923	242,721
Percentage of activity	Jan. 26	85	85	86	104
Unfilled orders (tons) at end of period	Jan. 26	376,678	392,482	333,224	659,349
OIL, PAINT AND DRUG REPORTER PRICE INDEX — 1926-36 AVERAGE = 100	Feb. 1	145.5	145.9	147.1	152.2
STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE—SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—					
Number of orders	Jan. 19	37,290	40,248	26,929	50,996
Number of shares	Jan. 19	1,056,792	1,122,380	774,374	1,547,897
Dollar value	Jan. 19	$49,687,391	$54,174,482	$34,369,715	$68,725,311
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Jan. 19	28,899	27,542	24,487	51,227
Customers' short sales	Jan. 19	203	225	122	471
Customers' other sales	Jan. 19	28,696	27,317	24,365	50,756
Number of shares—Total sales	Jan. 19	806,863	770,803	678,350	1,467,551
Customers' short sales	Jan. 19	7,554	7,701	4,316	17,492
Customers' other sales	Jan. 19	799,309	763,102	674,034	1,450,059
Dollar value	Jan. 19	$35,065,905	$32,714,977	$27,959,465	$58,418,339
Round-lot sales by dealers—					
Number of shares—Total sales	Jan. 19	201,000	182,340	212,650	475,230
Short sales	Jan. 19				
Other sales	Jan. 19	201,000	182,340	212,650	475,230
Round-lot purchases by dealers—					
Number of shares	Jan. 19	462,270	537,570	298,940	527,470
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR— 1926 = 100:					
All commodities	Jan. 29	176.3	175.9	177.2	182.1
Farm products	Jan. 29	190.8	188.9	193.7	198.3
Grains	Jan. 29	196.1	196.4	195.4	189.6
Livestock	Jan. 29	235.6	228.7	237.9	257.0
Foods	Jan. 29	185.8	186.2	189.2	184.2
Meats	Jan. 29	262.5	264.3	266.9	265.5
All commodities other than farm and foods	Jan. 29	165.2	*165.0	165.4	171.7
Textile products	Jan. 29	157.5	*157.8	159.7	182.3
Fuel and lighting materials	Jan. 29	138.9	138.9	138.8	136.4
Metals and metal products	Jan. 29	192.6	191.5	190.9	188.0
Building materials	Jan. 29	222.7	223.7	224.2	227.7
Lumber	Jan. 29	342.6	346.1	346.5	‡
Chemicals and allied products	Jan. 29	132.7	133.5	137.7	145.7

*Revised. ‡Not available. ¶Includes 478,000 barrels of foreign crude runs.

	Latest Month	Previous Month	Year Ago
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of December	6,394	*6,289	6,780
BUILDING CONSTRUCTION PERMIT VALUATION IN URBAN AREAS OF THE U. S. — U. S. DEPT. OF LABOR — Month of November (000's omitted):			
All building construction	$529,995	$652,458	$730,665
New residential	287,210	358,957	387,078
New nonresidential	177,603	198,342	262,087
Additions, alterations, etc.	65,122	95,159	81,500
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of January (in millions):			
Total new construction	$2,127	$2,222	$2,094
Private construction	1,460	1,521	1,586
Residential building (nonfarm)	720	809	902
New dwelling units	650	715	830
Additions and alterations	57	80	55
Nonhousekeeping	13	14	17
Nonresidential building (nonfarm)	392	320	378
Industrial	179	147	129
Commercial	90	69	122
Warehouses, office and loft buildings	38	31	47
Stores, restaurants, and garages	52	38	75
Other nonresidential building	123	104	127
Religious	31	23	37
Educational	28	25	28
Social and recreational	9	7	19
Hospital and institutional	32	32	30
Miscellaneous	23	17	13
Farm construction	80	81	72
Public utilities	262	305	229
Railroad	30	34	26
Telephone and telegraph	29	32	34
Other public utilities	203	239	169
All other private	6	6	5
Public construction	667	701	508
Residential building	67	66	29
Nonresidential building	267	260	225
Industrial	83	86	36
Educational	128	116	112
Hospital and institutional	32	34	40
Other nonresidential building	24	24	37
Military and naval facilities	140	149	24
Highways	75	95	95
Sewer and water	45	48	55
Miscellaneous public service enterprises	10	11	12
Conservation and development	59	68	62
All other public	4	4	6
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of January (000's omitted):			
Total U. S. construction	$1,210,798	$829,173	$1,266,892
Private construction	723,139	502,183	682,593
Public construction	487,659	326,990	584,299
State and municipal	332,731	220,590	300,704
Federal	154,928	106,400	283,595
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM — Estimated short-term credit in millions as of Dec. 31:			
Total consumer credit	$20,610	$19,933	$20,097
Instalment credit	13,488	13,211	13,459
Sale credit	7,555	7,400	7,904
Automobile	4,039	4,100	4,126
Other	3,516	3,300	3,778
Loan credit	5,933	5,861	5,555
Noninstalment credit	7,122	6,722	6,638
Charge accounts	4,587	4,190	4,239
Single payment loans	1,435	1,422	1,332
Service credit	1,100	1,110	1,067
CONSUMER PRICE INDEX FOR MODERATE INCOME FAMILIES IN LARGE CITIES— 1935-39=100 — Adjusted as of Dec. 15:			
All items	189.1	188.6	178.8
All foods	232.2	231.4	216.3
Cereals and bakery products	190.4	190.2	177.7
Meats	274.6	278.6	253.8
Dairy products	213.2	210.4	194.0
Eggs	216.7	241.8	249.4
Fruits and vegetables	236.5	223.5	203.9
Beverages	346.8	346.6	327.5
Fats and oils	157.8	158.5	158.5
Sugar and sweets	186.4	186.7	184.9
Clothing	206.8	207.6	195.5
Rent	139.2	138.9	132.9
Fuel, electricity and refrigerators	144.9	144.8	142.8
Gas and electricity	97.5	97.4	96.8
Other fuels	206.6	206.3	201.7
Ice	156.3	156.3	151.5
House furnishings	210.2	210.8	203.2
Miscellaneous	169.1	168.4	160.6
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES—Month of November:			
All manufacturing (production workers)	12,915,000	*12,997,000	13,029,000
Durable goods	7,331,000	7,293,000	7,198,000
Nondurable goods	5,584,000	5,704,000	5,831,000
Employment indexes—			
All manufacturing	157.7	*158.7	159.2
Payroll indexes—			
All manufacturing	434.1	*434.2	414.6
Estimated number of employees in manufacturing industries—			
All manufacturing	15,899,000	*15,948,000	15,675,000
Durable goods	8,987,000	8,928,000	8,664,000
Nondurable goods	6,912,000	7,020,000	7,101,000
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of December:			
Earnings—			
All manufacturing	$67.36	*$65.81	$63.88
Durable goods	72.58	*71.01	68.32
Nondurable goods	60.44	*59.04	58.44
Hours—			
All manufacturing	41.2	*40.5	41.4
Durable goods	42.1	*41.5	42.2
Nondurable goods	40.0	*39.2	40.5
Hourly earnings—			
All manufacturing	$1.635	*$1.625	$1.543
Durable goods	1.724	*1.711	1.619
Nondurable goods	1.511	*1.506	1.443
NEW YORK STOCK EXCHANGE— As of Dec. 31 (000's omitted):			
Member firms carrying margin accounts—			
Total of customers net debt balances	$1,292,101	$1,278,851	$1,357,729
Credit extended to customers	39,640	40,804	120,670
Cash on hand and in banks in U. S.	381,101	394,301	399,013
Total of customers' free credit balances	823,773	805,242	890,288
Market value of listed shares	109,483,613	106,308,738	93,607,269
Market value of listed bonds	95,634,349	97,150,506	115,951,939
Member borrowings on U. S. Govt. issues	95,761	70,709	210,921
Member borrowings on other collateral	754,218	682,138	698,226

Business and Finance Speaks After the Turn of the Year

Continued from page 7

mills to supply these products. Opportunities for export will continue to increase due to pulp shortages abroad.

There will be a decided increase in the use of dissolving wood pulps used in the manufacture of explosives, cellophane, rayon and other synthetic fibres which require wood pulp as a basic raw material. Estimates of available wood pulp supply as set up by the Department of Commerce, Bureau of Census, include both chemical wood pulp used for dissolving purposes and for paper making. The chemical wood pulp producing facilities in both United States and Canada will be taxed to the limit to meet the increased requirements.

1952 will, in my opinion, be a year of great activity both in durable and nondurable goods. Earnings will generally be less due to the tremendous increase in Federal taxes. Shortages of strategic materials, particularly metals and chemicals, may seriously affect operations unless the government agencies administering the controls on these items show better sense than they have to date.

1952 will be another year of "muddling through" but we will do it the same as we have before.

R. H. HOGE

President, The Clark Controller Company

The Control Industry covers a considerable scope of light duty starting equipment and actuating devices up to and including very complicated processing systems that are custom built to individual orders. On an average most of the companies engaged in this field have on hand a considerable backlog of orders, some of which are on long delivery promises.

Robert H. Hoge

Since we have been going through a period of attempting to raise our productive capacity to the demands of incoming business nearly all of the manufacturers in this field must have on hand a considerable backlog.

Most of the orders in this backlog should be of a character that would not be canceled to any great degree even if the present business activities should slow down. Therefore, I feel confident that insofar as Net Sales Billed are concerned, production should continue to increase in our field throughout the entire year of 1952. There is considerable well grounded opinion in our industry that orders received may have passed their peak during the early part of 1951. Nevertheless, we do not foresee any sign of a substantial decrease in orders received in the immediate future. We would expect business to continue coming in at a very high level but probably not in some of the unprecedented volumes experienced in 1951.

Therefore, you can gather from the above comments that the expected business activity in the Industrial Control field presents an optimistic picture for 1952.

WILLIAM HOWLETT

President, Nesco, Inc.

1952 will be highlighted by a return to "business normalcy." At least, the return will be to as stable conditions as possible under our "guns and butter" economy.

1951 was a year of extremes—very good business during the first quarter while manufacturers were optimistic, distributors were building inventory, and consumers were purchasing; the second and third quarters found conditions much slower with manufacturer slowdowns, distributors' inventories well stocked and consumer resistance. A recovery came again late in the fourth quarter.

William P. Howlett

1952 should find business stabilized and less hesitant about future controls, higher taxes, and scarcity. Under CMP the material shortage was not too serious until late in the fourth quarter of 1951. Inventories, plus extra sources of supply, kept most businesses operating without a serious cutback. More shortages will probably develop in 1952 as the defense program reaches a high level. However, it appears that much of the economy has adjusted itself, and that substitute materials and new products will fill part of the gap caused by the shortage of certain critical metals.

Consumer saving was at an all-time high in 1951. Indications in 1952 will find the customers still reluctant to spend unnecessarily. There will be no mass reaction to threats of shortages and 1952 will be a year when aggressive salesmanship will be needed.

Generally, business will proceed cautiously but with a sensible calm attitude rather than the sporadic producing and wide-swinging plans of 1951. Naturally, the government controllers will have a great deal to say about business conditions, but within their narrowed scope of operations the businessman will be able to proceed in a normal manner and should find 1952 a reasonably profitable year—before taxes.

R. A. HUMMEL

President, Lone Star Cement Corporation

In the cement industry the 1952 prospects indicate a decline in residential building, a decline in private construction other than residential, and an increase in industrial building chiefly as a result of the expanded defense spending, and a continuation of work of military nature.

A substantial decline occurred in contract awards during the last quarter of 1951; quite obviously this will be felt in the early months of next year. This does not necessarily mean that the dollar volume will be off—as a matter of fact if the inflationary trend persists, the actual dollar volume for construction purposes may well exceed 1951.

The participation of the cement industry in available business from the standpoint of number of units sold may well decline to a point approximating 10% of 1951 volume. If this takes place it may be necessary to strengthen our price structure, in which event our dollar sales may compare favorably with 1951.

Each year following the close of World War II there has been a persistent urge on the part of all to build—this includes residences, factories, public buildings, highways and other types of construction. An extensive backlog of needed work still remains but the erosion of earnings through taxation has injected a note of caution, particularly when it becomes necessary to borrow to build. However, it is doubtful if this situation will have too serious an effect on 1952 prospects.

E. F. McDONALD, JR.

President, Zenith Radio Corporation

In times like these, the role of prophet is even more hazardous than usual.

The present is confused with economic paradoxes while the future is clouded by uncertainties.

Take the manufacturing industries, for example. Steel is generally considered to be in short supply and is under strict NPA allocations. Yet, some of the best minds in the steel industry can see no shortage ahead. Moreover, many of the products which use large amounts of steel —such as automobiles, heavy appliances, television receivers, etc.—are today in abundant supply.

Price tags on many products present still another paradox. We have been subjected to accelerated inflationary forces for more than a year. Wages and other costs have risen rapidly. Official figures indicate that the public has more money to spend than ever before. A broad program of price control has been put into effect, presumably to prevent further price increases. Yet many products—rugs, oils, fats, and certain types of hard goods—are offered today at figures well below their ceiling prices.

On the other hand, the cost of living index goes merrily upward in spite of price controls.

As for my own industry, radio and television: There was a sharp slump in television sales last spring, followed by a strong recovery that began in August and has continued at widely varying rates in different parts of the country. Present volume is satisfactory, but since production is restricted by allocations of raw materials it is well below last year.

The market for radio receivers, which was supposedly killed by television several years ago, is very good. In fact the sale of some types of radio sets has held to remarkably high levels.

The industry outlook for 1952 is dependent to a large extent upon the availability of materials and upon the unfreezing of television grants to permit the construction of new stations and the development of new markets.

The Federal Communications Commission has indicated that the governmental "thaw" will come early in 1952. Should this happen on schedule, and should materials be available for construction, there could be many new television stations on the air before our youngster year is out. The opening of these new markets will unquestionably provide a sharp increase in the demand for television receivers. Moreover, I am not impressed by gloomy talk about saturation of our present TV markets, for the simple reason that a high degree of saturation did not prevent astonishing expansion in recent years of the automobile, household appliance, and our own radio industries.

Any prediction for 1952 must, of course, be further qualified by the uncertain international outlook. If material restrictions are not relaxed we will not be able to build as many radio and television receivers in 1952 as this past year. Consequently, production may fall far short of demand, particularly if the FCC unfreeze occurs early in '52.

If an accelerated rate of rearmament is forced upon us, then civilian production will slip below the present outlook. Defense work will increase. Fortunately, the radio and television industry is capable of very rapid conversion to the production of military equipment.

Another development that may be felt in 1952 is subscription television. All the signposts point to it.

Television in the home is proving to be such a deadly competitor for sports promoters, that already many important sports events have been withheld from TV because advertisers could not pay the prices that promoters were forced to ask. Movie attendance has declined steadily since television became an important force in American life, but no advertiser has been able to pay the cost of presenting new, topflight motion pictures on the vidio screen. The only solution to the problem is subscription television, which will permit the charging of a fee for the home viewing of costly entertainment.

Early in 1951 Zenith conducted a limited commercial test of Phonevision, our method of subscription television, in the Chicago area. The results showed conclusively that the public wants such a service and is willing and eager to pay for the premium entertainment it brings to television.

We are applying to the Federal Communications Commission for the establishment of subscription television as a commercial service, and hope to have hearings and secure a decision long before 1952 has run its course. Should subscription television be authorized and established, it will bring a new era of prosperity for the motion picture industry, professional and college sports, the legitimate theatre, and the broadcasting industry. It will also materially increase the demand for television receivers in existing and immediately potential markets, and make television service available in many small communities where stations will not be able to exist from advertising revenues alone.

It's quite possible that 1952 may mark the inauguration of this great new service to the public.

WILLIAM F. WYMAN

President, Central Maine Power Company

During the past five years 221 new industries have located in Maine, some in existing plants, some in new buildings. And at the beginning of 1952 a number of other national concerns were showing considerable interest in Maine locations.

Wm. F. Wyman

As in most other sections, the further industrial growth of Maine is partially dependent upon the industrial building situation with its attendant restrictions on credit and materials. There are, however, two important factors working in the best interest of the State.

First, the diversification of industry has made itself felt increasingly each year since the end of the war and there are many indications that this trend will continue. Maine's economy is being considerably strengthened through these adjuncts to its major basic industries which tend to create a steady rate of employment through a wider variety of industries and through a steady market for the manufactured items by such parent companies as General Electric Company, Sylvania Electric Products, Inc., Bakelite Division of Union Carbon & Carbide, Ponds Company and the like which have located branch operations in Maine in recent years.

Second, is the State's recognition of the fact that something must be done to prevent the possible loss of some industries to other sections of the country and to promote the further expansion of industry here.

Steps are being taken to meet these situations by cooperative activities of State and local governments, management and labor.

For some years the Maine Development Commission has actively promoted the State's industrial advantages through various methods and with considerable success. A group of bankers, businessmen and interested citizens formed the Development Credit Corporation of Maine, an organization designed to aid the expansion of both existing and new industries by providing a source of risk capital not readily available through normal banking channels.

Action on the community level has been most satisfactory, with cities and towns aiding both new and existing industries to new locations through cooperative construction of new plants of modern design. In fact, management and labor, State and local governments, business and private citizens are all aware of their stake in Maine's industrial future, and each is doing his part to make this future a good one.

Perhaps defense orders should be listed as an "advantage," since they will play an important role in the industrial economy for 1952. Metal trades and shipbuilding, in particular, are devoting practically full production to defense orders, but, in general, such work must be considered temporary and apart from normal industrial activity.

Briefly summarizing some particulars of Maine's present industrial situation, we find that consistently high levels were generally maintained throughout 1951 and might well be expected to continue throughout 1952 in recreation, agriculture, sea and shore products, pulp and paper, wood products, metal trades, shipbuilding, and such specialties as electronic devices, plastics etc. Cotton and wool textiles and the shoe industry suffered cutbacks in Maine as elsewhere in 1951, but had recovered by the year's end and expect to show some improvement in the first quarter of 1952 and even more in the second quarter.

Maine's industrial situation in recent years has shown steady growth, diversification and modernization with a resulting favorable effect upon payroll stabilization. While forecasting the future is a precarious business at best, Maine's industrial outlook, based on its excellent past performance together with the efforts now being directed toward the State's development, warrant an optimistic prediction for the future.

Securities Now in Registration

★ **INDICATES ADDITIONS SINCE PREVIOUS ISSUE**
● **ITEMS REVISED**

★ **A. M. D. G. Publishing Co., Inc.**
Jan. 30 (letter of notification) 400 shares of $6 cumulative preferred stock (par $80) and 8,000 shares of common stock (par $1) to be offered in units of one preferred share and 20 common shares. **Price**—$100 per unit. **Proceeds**—To publish new magazine, "Jubilee," the first national picture monthly for Catholics. **Office**—150 Waverly Place, New York 14, N. Y. **Underwriter**—None.

★ **Albuquerque (N. M.) Associated Oil Co.**
Jan. 31 (letter of notification) 50,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—For oil and gas operations. **Office** — 626 First National Bank Bldg., Albuquerque, N. M. **Underwriter**—None.

★ **Allied Van Lines Terminal Co., Chicago, Ill.**
Jan. 31 (letter of notification) 27,500 shares of class A stock. **Price**—At par ($10 per share). **Proceeds**—To construct terminal. **Office**—1018 South Wabash Ave., Chicago 5, Ill. **Underwriter**—None.

American-Canadian Uranium Co., Ltd., N. Y.
Dec. 28 filed 850,000 shares of common stock (par 10c). Company will offer stockholders who purchased 10,327 shares under an earlier registration statement at $3.50 per share who desire to rescind the transaction, to cancel the transaction and refund $3.50 per share, or to refund $1.50 per share to those desiring to retain the stock. **Price**—$2 per share. **Underwriter**—None. **Proceeds**—To repay loans and other liabilities and for exploration expenses.

★ **American Chlorophyll, Inc., Lake Worth, Fla.**
Jan. 28 (letter of notification) 500 shares of common stock (par $1). **Price**—$18.50 per share. **Proceeds**—To E. A. Wadsworth, the selling stockholder. **Address**—Lock Drawer 231, Lake Worth, Fla. **Underwriter**—None.

American Fire & Casualty Co., Orlando, Fla.
Dec. 19 (letter of notification) 11,100 shares of common stock (par $10). **Price** — $27 per share. **Underwriter** — Guardian Credit Corp., Orlando, Fla. **Proceed** — For purchase of securities. **Office** — American Building, Orlando, Fla.

Arizona Mining Corp. (Del.)
Dec. 28 (letter of notification) 294,000 shares of class A capital stock, of which 194,000 shares will be sold by company and 100,000 shares by New Jersey Loan Co. **Price**—At par ($1 per share). **Underwriter**—W. C. Doehler Co., Jersey City, N. J. **Proceeds**—For new mill, tunneling and core-drilling expenses and working capital.

★ **Atlas Finance Co., Inc., Atlanta, Ga.**
Jan. 28 (letter of notification) 20,000 shares of common stock (par $10). **Price** — $15 per share. **Proceeds**—For working capital. **Office**—262 Spring St., N. W., Atlanta, Ga. **Underwriters**—Clement A. Evans & Co. and Norris & Hirshberg, Inc., both of Atlanta, Ga.; and Johnson, Lane, Space & Co., Savannah, Ga.

● **Basic Refractories, Inc., Cleveland, Ohio**
Jan. 2 filed 63,585 shares of common stock (par $1) to be offered to common stockholders at rate of one share for each five shares held as of Feb. 6. **Price** — $10 per share. **Underwriter**—None. **Proceeds**—To H. P. Eells, Jr., President, who is the selling stockholder. Statement effective Jan. 30.

Benbow Manufacturing Co., Burlingame, Calif.
Dec. 7 (letter of notification) 85,000 shares of capital stock (par $1), of which 10,000 shares are to be offered first to stockholders and 75,000 shares offered publicly. **Price**—$3 per share. **Underwriter**—None, but Davies & Co., San Francisco, Calif., acts as agent. **Proceeds**—To retire debt and for working capital. **Office**—1285 Rollins Road, Burlingame, Calif.

★ **Bloom Engineering Co., Inc., Pittsburgh, Pa.**
Jan. 31 (letter of notification) not to exceed 400 shares of common stock to be offered for subscription by certain key employees—only in the State of Pennsylvania. **Price**—$150 per share. **Proceeds**—For building program. **Office**—857 W. North Avenue, Pittsburgh 33, Pa. **Underwriter**—None.

★ **Botany Mills, Inc.**
Jan. 23 (letter of notification) 500 shares of 5% cumulative preferred stock (par $25). **Price**—At market (estimated at $13.50 per share). **Proceeds**—To Otto E. Kuhn, a director. **Underwriter** — None, but Goodbody & Co., John P. White & Co. and P. F. Fox & Co. all of New York, will act as brokers.

★ **Bowman Gum, Inc.**
Jan. 28 (letter of notification) 15,000 shares of common stock. **Price** — At market. **Proceeds** — To Harry and David V. Shapiro. **Office**—4865 Stenton Avenue, Philadelphia, Pa. **Underwriter**—Paine Webber, Jackson & Curtis, Philadelphia, Pa.

★ **British Columbia (Province of) (2/13)**
Feb. 1 filed $22,500,000 of 3⅝% sinking fund debentures due Feb. 15, 1977 and $7,500,000 of 3% debentures due serially Feb. 15, 1953-1957. **Price** — To be supplied by amendment. **Proceeds**—To pay Treasury Bills and notes previously incurred for construction program. **Underwriters**—The First Boston Corp. and A. E. Ames & Co., Inc., New York.

Brooks & Perkins, Inc., Detroit, Mich.
Jan. 2 (letter of notification) 25,511 shares of common stock (par $1). **Price**—$4.25 per share. **Underwriter**—Watling, Lerchen & Co., Detroit, Mich. **Proceeds** — To construct and equip a magnesium rolling mill. **Office**—1950 West Fort St., Detroit 16, Mich.

★ **Burchwell Co., Inc., Birmingham, Ala.**
Jan. 28 (letter of notification) 5,000 shares of class A 6% cumulative preferred stock. **Price**—At par ($50 per share). **Proceeds**—To buy small first mortgages on residences. **Office**—2130 First Ave., North Birmingham 3, Ala. **Underwriter**—None.

● **Burlington Mills Corp.**
Jan. 30, 1952, filed (by amendment) 2,500 shares of cumulative convertible preference stock (par $100). March 5, 1951, filed 300,000 shares of convertible preferred 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.

★ **Burnham Chemical Co., Oakland, Calif.**
Jan. 29 (letter of notification) 15,000 shares of capital stock. **Price**—$1 per share. **Proceeds**—To aid in securing Congressional legislation for the relief of the company. **Office** — 5653 College Ave., Oakland 18, Calif. **Underwriter**—George B. Burnham, 132 Third St., S. E., Washington 3, D. C.

Bush Terminal Buildings Co., N. Y.
Jan. 25 filed (1) $5,527,800 of 5% general mortgage 30-year income bonds due 1982; (2) 55,278 shares of 5% cumulative convertible prior preferred stock (par $50); and (3) 772,240 shares of common stock (par 10 cents), all to be offered in exchange (under a plan of recapitalization) for presently outstanding stocks as follows: For each share of 7% preferred stock held, one $100 5% bond, one share of 5% preferred stock and one share of new 10-cent par common stock; and for each share of $5 par common stock held, 50 shares of the new stock. **Underwriter**—None.

★ **Capital Feed & Seed Co., Phoenix, Ariz.**
Jan. 28 (letter of notification) 9,950 shares of common stock (no par). **Price**—$7.50 per share. **Proceeds**—For working capital. **Office**—312 So. 15th Ave., Phoenix, Ariz. **Underwriter**—None.

★ **Central Cooperative Wholesale, Superior, Wis.**
Jan. 29 (letter of notification) $200,000 of 4% promissory notes to mature in six years (in denominations of $100 each). **Proceeds**—To retire or renew maturing notes and for working capital. **Office**—1901 Winter St., Superior, Wis. **Underwriter**—None.

Central Illinois Electric & Gas Co. (2/8)
Jan. 18 filed 64,000 shares of common stock (par $15) to be offered to common stockholders of record about Feb. 8 at rate of one share for each 10 shares held with an oversubscription privilege; rights to expire about Feb. 21. **Price**—To be supplied by amendment. **Dealer-Managers**—Stone & Webster Securities Corp. and Allen & Co., both of New York. **Proceeds**—For new construction and to repay bank loans.

Central Illinois Electric & Gas Co. (2/26)
Jan. 23 filed $4,000,000 of first mortgage bonds, series due 1982. **Proceeds**—For construction program and to repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp., Central Republic Co. (Inc.) and Harris, Hall & Co. (Inc.) (jointly); Smith Barney & Co.; Harriman Ripley & Co., Inc. **Bids**—Expected up to 10:30 a.m. (CST) on Feb. 26.

★ **Chain Belt Co. (2/19)**
Jan. 30 filed $4,000,000 of 20-year sinking fund debentures due Feb. 1, 1972. **Price**—To be supplied by amendment. **Proceeds** — For construction and acquisition of new facilities. **Underwriters** — Morgan Stanley & Co., New York, and Robert W. Baird & Co., Inc., Milwaukee, Wis.

★ **Chain Belt Co. (2/19)**
Jan. 30 filed 81,512 shares of capital stock (par $10), to be offered for subscription by stockholders at rate of one new share for each six shares held on Feb. 19; rights to expire about March 6. **Price**—To be supplied by amendment. **Proceeds**—To retire $2,100,000 of 2% notes and for expansion program. **Underwriters**—Morgan Stanley & Co., New York, and Robert W. Baird & Co., Inc., Milwaukee, Wis.

● **Cinerama, Inc., New York (2/20)**
Jan. 29 filed $1,000,000 of 5% convertible debentures due 1957. **Price**—100% of principal amount. **Proceeds**—For production and exhibition equipment. **Business**—Exploitation of the so-called "Cinerama Process," a new method of photographic recording and projecting motion pictures. **Underwriter** — Gearhart, Kinnard & Otis, Inc., New York, on a "best-efforts basis."

NEW ISSUE CALENDAR

February 8, 1952
Central Illinois Electric & Gas Co.——Common
(Stone & Webster Securities Corp.; Allen & Co.)

February 11, 1952
United Canadian Oil Corp.——Common
(Aigeltinger & Co.)

February 13, 1952
British Columbia (Province of)——Debentures
(The First Boston Corp.; A. E. Ames & Co., Inc.)
Chesapeake & Ohio Ry.——Equip. Trust Ctfs.
(Bids to be invited)
Oliver Corp.——Common
(Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane; and Paine, Webber, Jackson & Curtis)

February 14, 1952
Keller Tool Co.——Common
(Paul H. Davis & Co.)

February 18, 1952
Dayton Rubber Co.——Common
(Lehman Brothers)

February 19, 1952
Chain Belt Co.——Debentures & Common
(Morgan Stanley & Co.; Robert W. Baird & Co., Inc.)
Delaware, Lackawanna & Western RR.——Equip. Trust Ctfs.
(Bids to be invited)
Koppers Co., Inc.——Common
(First Boston Corp.)

February 20, 1952
Cinerama, Inc.——Debentures
(Gearhart, Kinnard & Otis, Inc.)
Russell Reinforced Plastics, Inc.——Common
(Aetna Securities Corp.)
Southern Ry.——Equip. Trust Ctfs.
(Bids noon EST)

February 25, 1952
Mississippi Valley Gas Co.——Common
(Equitable Securities Corp.)

February 26, 1952
Central Illinois Electric & Gas Co.——Bonds
(Bids 10:30 a.m. CST)
Denver & Rio Grande Western RR.——Bonds
(Bids invited)
Delaware Power & Light Co.——Preferred
(Bids 11:30 a.m. EST)
Erie Forge & Steel Corp.——Preferred
(Lee Higginson Corp.; P. W. Brooks & Co.)

February 27, 1952
Trans World Airlines, Inc.——Common
(Offering to stockholders)

February 28, 1952
Chicago, Milwaukee, St. Paul & Pacific RR.——Equip. Trust Ctfs.
(Bids noon CST)

March 1, 1952
United States National Bank, Portland, Ore.——Common
(Probably Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane)

March 3, 1952
Daitch Crystal Dairies, Inc.——Common
(Hirsch & Co.)

March 4, 1952
Central Power & Light Co.——Bonds
(Bids to be invited)

March 5, 1952
Detroit Steel Corp.——Bonds
(Halsey, Stuart & Co. Inc.; Van Alstyne, Noel & Co.; Crowell, Weedon & Co.)
Detroit Steel Corp.——Preferred
(Van Alstyne, Noel & Co.; Crowell, Weedon & Co.)

March 6, 1952
Schering Corp.——Common
(Bids 3:30 p.m. EST)

March 11, 1952
Metropolitan Edison Co.——Bonds & Preferred
(Bids noon EST)

March 18, 1952
Interstate Power Co.——Bonds & Common
(Bids to be invited)

March 25, 1952
Southern California Gas Co.——Bonds
(Bids to be invited)

March 31, 1952
Mountain States Tel. & Tel. Co.——Common
(Offering to stockholders. No underwriting)

April 1, 1952
West Penn Power Co.——Bonds
(Bids to be invited)

May 20, 1952
National Fuel Gas Co.——Debentures
(Bids to be invited)

Coastal Commercial Corp.
Jan. 10 (letter of notification) $200,000 of debentures (in denominations of $300 and $1,000 each). **Price**—80% of principal amount. **Underwriter**—Israel & Co., New York. **Proceeds**—For working capital. **Office**—1440 Broadway, New York, N. Y.

Columbia Pictures Corp., New York
Dec. 26 filed 1,359 shares of common stock (no par). **Price**—At market (about $12.75 per share). **Underwriter**—None. **Proceeds**—To certain selling stockholders.

● **Consolidated Uranium Mines, Inc.**
Jan. 22 (letter of notification) 357,000 shares of common stock (par 7½ cents). **Price** — 42 cents per share. **Proceeds**—To pay outstanding production notes and for working capital. **Office**—522 Felt Bldg., Salt Lake City, Utah. **Underwriter**—Tellier & Co., New York. **Offering**—Being made today (Feb. 7).

Consumers Cooperative Association, Kansas City, Mo.
Jan. 24 filed $3,000,000 of 10-year 4½% certificates of indebtedness and $5,000,000 of 20-year 5½% certificates of indebtedness. **Proceeds**—$4,000,000 to be used to aid in financing construction of an agricultural nitrogen fixation plant to be constructed and operated through a subsidiary, The Cooperative Farm Chemical Association, and the remaining $4,000,000 to be added to general funds of the Association and used for all corporate purposes. **Underwriter**—None.

Crookes Laboratories, Inc., N. Y.
Jan. 17 (letter of notification) 4,751 shares of capital stock (par $1), to be offered to stockholders of record Jan. 24 at rate of 1 new share for each 20 shares held; rights to expire on Feb. 25. **Price**—$3.75 per share. **Underwriter**—None. **Proceeds**—For working capital. **Office**—305 East 45th St., New York 17, N. Y.

★ **Daitch Crystal Dairies, Inc. (3/3-8)**
Jan. 31 filed 147,000 shares of common stock (par $1), of which 125,000 shares will be offered by company and 22,000 shares by present stockholders. **Price**—To be supplied by amendment. **Proceeds** — To open additional supermarkets. **Underwriter**—Hirsch & Co., New York.

Dayton Power & Light Co.
Jan. 8 filed 256,007 shares of common stock (par $7) being offered to common stockholders of record Jan. 28 on basis of one share for each nine shares held; rights to expire on Feb. 15. **Price**—$32 per share. **Underwriters**—Morgan Stanley & Co. and W. E. Hutton & Co. **Proceeds**—To repay bank loans and for construction program.

● **Dayton Rubber Co., Dayton, Ohio (2/18-19)**
Jan. 30 filed 85,000 shares of common stock (par 50¢). **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter**—Lehman Bros., New York.

★ **Deardorf Oil Corp., Oklahoma City, Okla.**
Feb. 1 (letter of notification) 50,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—To B. C. Deardorf, the selling stockholder. **Office**—219 Fidelity Bldg., Oklahoma City, Okla. **Underwriter**—None.

● **Delaware Power & Light Co. (2/26)**
Jan. 29 filed 50,000 shares of cumulative preferred stock (par $100). **Proceeds**—For new construction and to repay bank loans. **Underwriters**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; W. C. Langley & Co.; White, Weld & Co. and Shields & Co. (jointly); Morgan Stanley & Co.; Blyth & Co., Inc. **Bids**—Tentatively expected to be received up to 11:30 a.m. (EST) on Feb. 26 at 600 Market St., Wilmington, Del.

★ **Detroit Steel Corp. (3/5)**
Feb. 5 filed $25,000,000 of first mortgage bonds due March 1, 1967. **Price** — To be supplied by amendment. **Proceeds**—To retire $13,950,000 of presently outstanding first mortgage bonds and for expansion program. **Underwriters**—Halsey, Stuart & Co. Inc. of Chicago and New York; Van Alstyne, Noel & Co., New York; and Crowell, Weedon & Co., Los Angeles, Calif.

★ **Detroit Steel Corp. (3/5)**
Feb. 5 filed 600,000 shares of convertible preferred stock (par $25). **Price**—To be filed by amendment. **Proceeds**—For expansion program. **Underwriters**—Van Alstyne, Noel & Co., New York, and Crowell, Weedon & Co., Los Angeles, Calif.

Diesel Power Corp., Pittsburgh, Pa.
Jan. 10 filed 475,000 shares of common stock to be offered first to holders of preferential rights for a limited time. **Price** — At par ($1 per share). **Underwriter** — Graham & Co., Pittsburgh, Pa. **Proceeds**—For development costs and working capital.

● **Erie Forge & Steel Corp., Erie, Pa. (2/26-27)**
Feb. 7 to be filed (by amendment) 200,000 shares of 6% convertible pfd. stock (par $10). **Price**—To be supplied by amendment. **Underwriters**—Lee Higginson Corp. and P. W. Brooks & Co., Inc., both of New York. **Proceeds**—To retire outstanding 5% first preferred stock at par ($100 per share) and for general corporate purposes.

★ **Factors Corp. of America**
Jan. 28 (letter of notification) $250,000 of 10-year 6% debentures (in multiples of $1,000 each) and 3,500 shares of common stock (par $1) in units of a $1,000 debenture and 14 shares of common stock. **Price**—$1,140 per unit. **Proceeds**—For working capital. **Office**—606 Widener Building, Juniper and Chestnut Streets, Philadelphia, Pa.—**Underwriter**—None.

● **Federal Loan Co. of Pittsfield, Inc.**
Jan. 21 (letter of notification) a maximum of 14,814 shares of $1.20 cumulative preferred stock (no par) being offered to stockholders of record Jan. 28 through negotiable stock warrants; rights to expire Feb. 20. Unsubscribed shares to be publicly offered (in which event number of shares offered will be reduced so aggregate price will be less than $300,000). **Price**—To stockholders, $20.25 per share; and to public, $21 per share. **Proceeds**—To expand business. **Underwriters**—Simon, Strauss & Himme, New York; and William N. Pope, Inc., Syracuse, N. Y.

Fenimore Iron Mines Ltd., Toronto, Canada
Jan. 25 filed 4,007,584 shares of common stock (par $1) and 2,003,792 common stock purchase warrants of which 2,003,792 shares are to be offered to present common stockholders at 75 cents per share (Canadian funds) on a basis of one new share for each two shares held. Subscribers will receive, for each share subscribed, a warrant to purchase one additional share at $1.25 (Canadian funds) per share until June 1, 1953, or an additional 2,003,792 shares. Unsubscribed shares will be offered by the company at the same price and carrying the same warrants. **Proceeds**—To finance drilling program. **Underwriter**—None.

★ **Fischer-Spiegel, Inc., Geneva, Ohio**
Feb. 1 (letter of notification) $140,000 of first mortgage 6% debenture bonds. **Price**—At par (in denominations of $500 each). **Proceeds**—For working capital. **Office**—North Eagle and Pleasant Sts., Geneva, O. **Underwriter**—None.

★ **Frigid Process Co., So. Pasadena, Calif.**
Feb. 1 (letter of notification) 5,000 shares of preferred stock (par $10) and 5,000 shares of common stock (par $1) to be offered in units of one share of preferred and one share of common stock. **Price**—$11 per unit. **Proceeds**—For working capital. **Office**—850 El Centro St., So. Pasadena, Calif. **Underwriter**—None.

General Credit Corp., Miami, Fla.
Dec. 29 (letter of notification) 75,000 shares of common stock (par $1). **Price** — $4 per share. **Underwriter**—George R. Holland Associates, Miami, Fla. **Proceeds**—For use in small loan subsidiary branches. **Office**—440 Biscayne Blvd., Miami, Fla.

★ **Gillette Safety Razor Co., Boston, Mass.**
Jan. 29 (letter of notification) 10,000 shares of common stock (par $1), to be offered to employees of company under Stock Purchase Plan. **Price**—At market (approximately $31 per share). **Proceeds**—For general corporate purposes. **Office** — 15 West First St., Boston 6, Mass. **Underwriter**—None.

★ **Globe Hill Mining Co., Colorado Springs, Colo.**
Jan. 29 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—Two cents per share. **Proceeds**—To repay loans and for mining equipment. **Office**—334 Independence Bldg., Colorado Springs, Colo. **Underwriter**—None.

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.

Gulf Insurance Co., Dallas, Tex.
Jan. 21 (letter of notification) 5,000 shares of common stock (par $10) to be offered for subscription by common stockholders at rate of one share for each 34 shares held; unsubscribed shares to be offered publicly. **Price**—$45 per share. **Proceeds** — For capital and surplus funds. **Address**—P. O. Box 1771, Dallas, Texas. **Underwriter**—None.

Hawkeye-Security Insurance Co.
Nov. 5 (letter of notification) 2,000 shares of 5% cumulative preferred stock (par $50). **Price**—At market (currently $50 per share). **Underwriter**—Quail & Co., Davenport, Ia., and Becker & Cownie, Des Moines, Ia. **Proceeds** — To six selling stockholders. **Office** — 1017 Walnut St., Des Moines 9, Ia. **Offering**—Temporarily delayed.

Hecla Mining Co., Wallace, Ida.
Jan. 17 (letter of notification) 3,000 shares of capital stock (par 25 cents). **Price**—At market (approximately $18 per share). **Proceeds**—To Mrs. M. K. Pollard, the selling stockholder. **Underwriter**—Thomson & McKinnon, New York.

Herbert Helmus-Hardware Corp.
Jan. 17 (letter of notification) 7,600 shares of class A common stock, 20,000 shares of class B common stock and 20,000 shares of preferred stock. **Price**—At par ($5 per share). **Underwriter**—None. **Proceeds**—For expansion and working capital. **Office**—1621 Nostrand Ave., Brooklyn, N. Y.

★ **International Glass Fibres Corp., Baltimore, Md.**
Jan. 28 (letter of notification) 200,000 shares of common stock. **Price**—$1.50 per share. **Proceeds**—For construction and working capital. **Office**—10 Light St., Baltimore 2, Md. **Underwriter**—George F. Breen, New York.

★ **Jamaica Water Supply Co.**
Jan. 31 (letter of notification) not to exceed 9,090 shares of common stock (no par). **Price**—At market (estimated at $22 per share). **Proceeds**—Together, with other funds, to reduce bank loans. **Underwriter** — Blyth & Co., Inc., New York.

★ **Jones (J. A.) Construction Co.**
Jan. 28 (letter of notification) $180,000 of common stock and $115,000 of preferred stock (number of shares and par value and price not available). **Proceeds**—To reduce debt and for working capital. **Office** — 1700 Brandon Road, Charlotte, N. C. **Underwriter**—None.

Kansas-Nebraska Natural Gas Co., Inc.
Jan. 14 filed 77,355 shares of common stock (par $5) to be offered first to common stockholders about Feb. 4 (for a 14-day standby) at rate of one share for each 10 shares held. **Price**—$20 per share. **Underwriters**—Cruttenden & Co., Chicago, Ill.; The First Trust Co. of Lincoln, Neb.; Harold E. Wood & Co., St. Paul, Minn.; Beecroft, Cole & Co., Topeka, Kan.; Rauscher, Pierce & Co., Dallas, Texas, and United Trust Co., Abilene, Kan. **Proceeds**—For new construction and to retire bank loans.

● **Keller Tool Co., Grand Haven, Mich. (2/14)**
Jan. 25 filed 86,750 shares of common stock (par $5). **Price**—To be supplied by amendment (expected around $13.50 per share). **Proceeds**—To reimburse the company in the amount of $574,825 for expenditures made for plant, property and equipment, and the balance for working capital. **Underwriter** — Paul H. Davis & Co., Chicago, Ill.

● **Keystone Custodian Funds, Inc., Boston, Mass.**
Jan. 28 filed 100,000 shares, series B-1; 25,000 shares, series S-3; 50,000 shares, series S-2; 25,000 shares, series K-2; 50,000 shares, series B-2; and 25,000 shares, series S-3. **Price**—At market. **Proceeds**—For investment. **Underwriter**—The Keystone Co. of Boston.

Koppers Co., Inc., Pittsburgh, Pa. (2/19)
Jan. 29 filed 250,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriter**—The First Boston Corp., New York.

Lindemann (A. J.) & Hoverson Co.
Nov. 28 filed 112,500 shares of common stock (par $1). **Price**—To be supplied by amendment. **Underwriter**—Sills, Fairman & Harris, Inc., Chicago, Ill. **Proceeds**—To eight selling stockholders. **Offering**—Date indefinite.

● **Maine Public Service Co.**
Jan. 15 filed 35,000 shares of common stock (par $10) being offered first to common stockholders at rate of one share for each five shares held on Feb. 4, with oversubscription privileges; rights to expire Feb. 25. **Price**—$15.25 per share. **Underwriters**—Merrill Lynch, Pierce, Fenner & Beane, and Kidder, Peabody & Co., both of New York. **Proceeds**—To repay bank loans and for new construction.

Marshall Field & Co., Chicago, Ill.
Dec. 19 filed 150,000 shares of 4½% cumulative convertible preferred stock (par $100). **Price**—To be supplied by amendment. **Underwriters**—Glore, Forgan & Co. and Lee Higginson Corp., New York. **Proceeds**—To retire bank loans. **Offering**—Indefinitely postponed.

● **McKay Machine Co., Youngstown, Ohio**
Jan. 14 (letter of notification) 6,399 shares of common stock (no par), being offered to common stockholders of record Jan. 31 at rate of one share for each ten shares held; rights to expire on March 17. Any unsubscribed shares will be offered to employees. **Price**—$25 per share. **Underwriter**—None. **Proceeds**—To pay for plant expansion and new equipment. **Office**—767 West Federal St., Youngstown, Ohio.

Merchants Petroleum Co., Inc.
Dec. 17 (letter of notification) 4,000 shares of common stock (par $1). **Price** — At market (approximately 65 cents per share). **Underwriter**—Akin-Lambert & Co., Los Angeles, Calif. **Proceeds**—To R. Wayne Hudelson, the selling stockholder. **Office**—639 So. Spring Street, Los Angeles 14, Calif.

● **Merritt-Chapman & Scott Corp.**
Jan. 15 filed 100,000 shares of 5½% cumulative convertible preferred stock (par $50). **Price**—$52.50 per share. **Underwriter**—Reynolds & Co., New York. **Proceeds**—For expansion program. Statement to be withdrawn.

● **Metals & Chemicals Corp., Dallas, Tex.**
Nov. 26 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Underwriter**—Beer & Co. and Binford, Dunlap & Reed, both of Dallas, Tex.; Carlson & Co., Birmingham, Ala., and Stuart Wyeth & Co. of Philadelphia, Pa. **Proceeds**—To purchase and install mill and for mining equipment and working capital. **Offering**—Originally scheduled for Dec. 5, but later withdrawn. Corporation is now considering increasing its financing and is now preparing a full registration statement for 162,500 shares, which is expected to be filed about March 14.

★ **Metro, Inc., Baltimore, Md.**
Jan. 25 (letter of notification) 3,150 shares of common stock and 1,500 shares of 7% cumulative preferred stock (par $10), the preferred and 150 of the common shares to be offered in units of 10 shares of preferred and one share of common stock. **Price** — Of common, $9.17 per share; and of units, $109.17 per unit. **Proceeds** — For working capital. **Office**—808 E. Fayette St., Baltimore 2, Md. **Underwriter**—None.

★ **Metropolitan Edison Co. (3/11)**
Jan. 30 filed $7,800,000 of first mortgage bonds due March 1, 1982. **Proceeds** — For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Union Securities Corp.; Drexel & Co.; The First Boston Corp.; White, Weld & Co. and Equitable Securities Corp. (jointly); Kidder, Peabody & Co.; Carl M. Loeb, Rhoades & Co. **Bids**—To be received at Room 2703, 67 Broad St., New York 4, N. Y., up to noon (EST) on March 11.

★ **Metropolitan Edison Co. (3/11)**
Jan. 30 filed 40,000 shares of new cumulative preferred stock (par $100). **Proceeds**—For new construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co.; Smith, Barney & Co. and Goldman, Sachs & Co. (jointly); Carl M. Loeb, Rhoades & Co.; Drexel & Co.; Harriman Ripley & Co. Inc. and Union Securities Corp. (jointly); Salomon Bros. & Hutzler; The First Boston Corp. **Bids**—To be received at Room 2703, 67 Broad St., New York 4, N. Y., up to noon (EST) on March 11.

★ **Mississippi Valley Gas Co. (2/25-26)**
Feb. 4 filed 400,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—From sale of stock, together with proceeds from private sale of

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$7,700,000 4½% first mortgage bonds due 1972, to be used to purchase gas properties of Mississippi Power & Light Co. The transaction is to be consummated on Feb. 29, 1952. **Underwriter**—Equitable Securities Corp., Nashville, Tenn.

Moore International Television, Inc., N. Y.
Dec. 5 (letter of notification) 299,000 shares of common stock. **Price**—At par ($1 per share). **Underwriter**—None. **Proceeds**—For production of films for television presentation and general working capital. **Office**—20 East 53rd Street, New York, N. Y.

★ **Moshannon Valley Gas & Oil Co., Inc.**
Jan. 18 (letter of notification) 6,000 shares of class A common stock. **Price**—At par ($50 per share). **Proceeds**—To lease and own, develop and operate gas and oil wells. **Office**—19 Water Street, Philipsburg, Pa. **Underwriter**—None.

★ **Myers (Cleve), Inc., Shreveport, La.**
Feb. 1 (letter of notification) 3,000 shares of preferred stock. **Price**—At par ($100 per share). **Proceeds**—To invest in real estate. **Underwriter**—None.

New Britain Machine Co.
Jan. 2 filed 70,000 shares of common sthock (no par) being offered to common stockholders of record Jan. 18 at rate of one share for each two shares held; rights expire on Feb. 29. **Price**—$20 per share. **Underwriter**—None. **Proceeds**—For working capital. **Business**—Manufacture of multiple spindle automatic screw machines, etc. Statement effective Jan. 21.

● **Niagara Mohawk Power Corp.**
Jan. 17 filed 20,196.1 shares of class A stock (no par). **Price**—At current market prices on the New York Stock Exchange. **Underwriter** — None. **Proceeds** — To United Corp., the selling stockholder. Statement effective Feb. 1.

★ **Noranda Oil Corp., San Antonio, Tex.**
Jan. 29 (letter of notification) 10,000 shares of common stock (par $1). **Price** — At market (approximately 75 cents per share). **Proceeds**—To Aristide M. Joncas. **Office**—2101 Transit Tower, San Antonio 5, Tex. **Underwriter**—C. K. Pistell & Co., Inc., New York.

★ **Oklahoma Gas & Electric Co.**
Jan. 30 filed $12,000,000 of first mortgage bonds due March 1, 1982. **Proceeds**—To retire bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); The First Boston Corp.; Equitable Securities Corp.; Lehman Brothers and Blyth & Co., Inc. (jointly); Harriman Ripley & Co. Inc. and Union Securities Corp. (jointly). **Bids**—Expected to be received some time in March.

Oliver Corp., Chicago, Ill. (2/13)
Jan. 24 filed 171,090 shares of common stock (par $1) to be offered for subscription by common stockholders of record Feb. 13 on basis of one new share for each five shares held; rights to expire on Feb. 27. **Price**—To be supplied by amendment. **Proceeds** — To reduce short-term bank loans from $17,500,000 to $12,500,000. **Business**—Farm equipment. **Underwriters**—Blyth & Co., Inc., Merrill Lynch, Pierce, Fenner & Beane and Paine, Webber, Jackson & Curtis.

★ **Oregon Fibre Products, Inc., Pilot Rock, Ore.**
Feb. 1 filed $2,500,000 5% sinking fund debentures due Jan. 1, 1968 (in denominations of $100 each); 5,000 shares of 6% cumulative preferred stock (par $100) and 50,000 shares of common stock (par $1) to be offered in units of $100 of debentures and two common shares or one share of preferred and two common shares. **Price**—$102 per unit. **Proceeds** — For new construction and equipment. **Business** — Softboard and hardboard plant. **Underwriter**—None.

Peabody Coal Co.
March 26 filed 160,000 shares of 5½% prior preferred stock (par $25). **Price** — To be supplied by amendment **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill. **Proceeds**—For construction program. **Offering**—Indefinitely postponed.

Peoples Finance Corp., Montgomery, Ala.
Dec. 19 (letter of notification) 15,000 shares of common stock (par $1). **Price**—$3 per share. **Underwriter**—Carlson & Co., Birmingham, Ala. **Proceeds**—To expand business. **Office**—5 South Court St., Montgomery, Ala.

★ **Phillips Packing Co., Inc., Cambridge, Md.**
Jan. 30 (letter of notification) 3,000 shares of common stock (no par). **Price**—At market (approximately $8.87½ per share). **Proceeds**—To Theodore Phillips. **Underwriter**—Alex. Brown & Sons, Baltimore, Md.

★ **Phillips Packing Co., Inc., Cambridge, Md.**
Feb. 1 (letter of notification) 2,000 shares of common stock (no par). **Price** — At market (about $8.62½ per share). **Proceeds** — To Albanus Phillips, Jr., the selling stockholder. **Underwriter**—Alex. Brown & Sons, Baltimore, Md.

★ **Pickering Lumber Corp., Kansas City, Mo.**
Jan. 31 filed voting trust certificates for 988,902 shares of common stock (par $7.50). **Trustees**—James M. Kemper, F. H. Dierks and H. N. Ess. **Underwriter**—None.

● **Pioneer Air Lines, Inc., Dallas, Tex.**
Nov. 29 filed 120,000 shares of common stock (par $1). **Price**—$12 per share. **Underwriter**—Cruttenden & Co., Chicago, Ill. **Proceeds**—To purchase new equipment. **Offering**—Temporarily delayed.

Public Telephone Co., Blair, Neb.
Jan. 18 (letter of notification) $80,000 of 4½% first mortgage bonds, series A, due Feb. 1, 1972 (in denominations of $1,000 each). **Price**—At 102%. **Proceeds**—For construction and corporate purposes. **Underwriter**—Wachob-Bender Corp., Omaha, Neb.

★ **Purolator Products, Inc.**
Jan. 22 (letter of notification) 8,850 shares of common stock (par $1) to be issued to Roland H. Burke and Darnall Burke (4,425 shares to each) in exchange for all of the 150 shares of outstanding capital stock of Petroleum Accessories, Inc. (Mich.). Of the 4,425 shares to each, 1,925 shares will be held for investment and 2,500 shares may be reoffered to public from time to time. The exchange was to have become effective on or about Jan. 28. **Price**—At market. **Office**—970 New Brunswick Avenue, Rahway, N. J.

● **Raytheon Manufacturing Co.**
Jan. 17 filed 434,189 shares of common stock (par $5) being offered first to common stockholders of record Feb. 4 on a basis of one new share for each four shares held; rights will expire on Feb. 18. **Price**—$8 per share. **Underwriters**—Hornblower & Weeks and Paine, Webber, Jackson & Curtis. **Proceeds** — To be added to working capital and used for general corporate purposes. **Business**—Manufacture and sale of electronic tubes and equipment.

★ **Reis (Robert) & Co.**
Jan. 29 (letter of notification) 7,000 shares of $1.25 dividend prior preference stock (par $10) and 40,000 shares of common stock (par $1). **Price**—$7.37½ per share for the preferred and $1.12½ per share for common. **Proceeds**—To Estate of Arthur M. Reis, deceased. **Underwriter** — None, but Lehman Brothers, New York, will act as broker.

● **Robinson (J. W.) Co., Los Angeles, Calif.**
Jan. 4 filed 100,000 shares of capital stock to be offered on a pro rata basis to stockholders of record Nov. 23, 1951 (approximately 33 in number) for a 30-day period, with an oversubscription privilege. Unsubscribed shares to be sold privately to individuals selected by company. **Price**—At par ($10 per share). **Underwriter**—None. **Proceeds** — For working capital. **Business** — Department store. Statement effective Jan. 28.

● **Schering Corp., Bloomfield, N. J. (3/6)**
Jan. 18 filed 440,000 shares of common stock (no par). **Underwriter**—None. Entire issue to be offered by the Attorney General of the U. S. as an entirety. Probable bidders: A. G. Becker & Co. Inc., Union Securities Corp. and Ladenburg, Thalmann & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and Drexel & Co. (jointly); F. Eberstadt & Co. Inc.; Allen & Co.; a new company to be formed by United States & International Securities Corp.; Dillon, Read & Co. Inc.; F. S. Moseley & Co.; Riter & Co.; The First Boston Corp.; Goldman, Sachs & Co.; Estabrook & Co. **Proceeds**—To the Attorney General of the U. S., the owner of the shares. **Business**—Manufactures and sells pharmaceutical and cosmetic products. **Bids**—To be received up to 3:30 p.m. (EST) on March 6 by Office of Alien Property, 120 Broadway, New York, N. Y. Statement effective Jan. 31.

★ **Shopping Bag Food Stores, Los Angeles, Calif.**
Jan. 28 (letter of notification) 9,677 shares of preferred stock (par $25) and 9,677 shares of common stock (par $1) to be offered in units of one share of preferred and one share of common stock. **Price**—$31 per unit. **Proceeds**—For working capital. **Office**—2716 San Fernando Road, Los Angeles 64, Calif. **Underwriter**—None.

★ **Stein Roe & Farnham Fund, Inc., Chicago, Ill.**
Feb. 4 filed 200,000 shares of capital stock. **Price** — At market. **Proceeds**—For investment. **Underwriter**—None.

● **Southwestern Public Service Co.**
Jan. 11 filed 251,540 shares of common stock (par $1) being first offered for subscription by common stockholders of record Jan. 30 at rate of one share for each 13 shares held (with an oversubscription privilege); rights to expire Feb. 14. **Price**—$17.50 per share. **Underwriter**—Dillon, Read & Co. Inc., New York. **Proceeds**—From sale of stock, together with funds from private sale of $10,000,000 new 3¾% first mortgage bonds due 1982, to be used to pay for property additions and to retire bank loans. Statement effective Jan. 31.

● **Spear & Co., New York**
Dec. 31 filed 9,026 shares of $5 cumulative convertible second preferred stock, (no par), of which 7,526 shares are being offered to common stockholders of record Feb. 5 at rate of 1 preferred share for each 12 shares of common stock held (other than holders of present second preferred stock owning common stock); rights to expire Feb. 29. The other 1,500 second preferred shares are to be sold to a selected group. **Price**—$105 per share. **Proceeds**—To A. M. Kahn and A. J. Kaminsky, two selling stockholders. **Business**—Furniture store chain. **Underwriter**—None. Statement effective Jan. 30.

★ **Sun Electric Corp., Chicago, Ill.**
Jan. 29 (letter of notification) 3 000 shares of 6% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Office**—6323 Avondale Ave., Chicago 31, Ill. **Underwriter**—None.

Texas Industries, Inc., Dallas, Texas
Jan. 11 filed $1,000,000 of 15-year 6% convertible debentures due Jan. 15, 1967. **Price**—To be supplied by amendment. **Underwriter**—Rauscher, Pierce & Co., Dallas, Tex. **Proceeds**—To be added to general funds. **Business**—Produces and sells lightweight expanded clay or shale aggregate under the trade name "Haydite" and manufactures and sells lightweight concrete masonry units, etc. **Offering**—Expected this week.

Trangulf Corp., Houston, Tex.
Jan. 25 (letter of notification) 25,000 shares of capital stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—1 Main St., Houston, Tex. **Underwriter**—Arthur I. Korn & Co., New York.

Tri-State Telecasting Corp., Chattanooga, Tenn.
Jan. 21 filed 20,000 shares of common stock (no par) and 2,000 shares of 5% cumulative preferred stock (par $100) (common stock to be sold only on basis of ten shares for each preferred share purchased). **Price**—Of common, $10 per share, and of preferred, $100 per share. **Proceeds**—For new equipment and working capital. **Underwriter**—Hugh P. Wasson, President of company.

● **United Canadian Oil Corp. (2/11)**
July 31 filed 1,000,000 shares of common stock (par $1). **Price**—At par. **Underwriter**—Aigeltinger & Co., New York (by amendment Jan. 8, 1952). **Proceeds**—For completion of well, for acquisitions, for drilling expenses, etc. and working capital. Statement effective Oct. 8.

★ **U. S. Vitamin Corp.**
Jan. 31 (letter of notification) 15,000 shares of common stock (par $1) represented by voting trust certificates, to be offered to employees. **Price**—$8.25 per share. **Proceeds** — For working capital. **Office** — 250 East 43rd Street, New York 17, N. Y.

★ **Uranium Exploration Co., Salt Lake City, Utah**
Jan. 31 (letter of notification) 100,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For equipment and working capital. **Office**—407 Pacific National Life Bldg., Salt Lake City, Utah. **Underwriter**—None.

★ **Val Sweet Corp., San Francisco, Calif.**
Jan. 28 (letter of notification) 18,750 shares of common stock to be offered to a selected group of individuals. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Underwriter**—None.

★ **Vanadium Corp. of America**
Jan. 23 (letter of notification) 8,811 shares of common stock (no par) to be issued upon exercise of options granted to employees on June 25, 1951. **Price**—$32.19 per share. **Proceeds** — For general corporate purposes. **Underwriter**—None. **Address**—420 Lexington Avenue, New York 17, N. Y.

Viking Plywood & Lumber Corp., Seattle, Wash.
Oct. 19 filed 22,500 shares of common stock (no par) to be offered to employee-stockholders in minimum units of 125 shares per unit. **Price**—$20 per share. **Underwriter**—None. **Proceeds**—To purchase 50% of capital stock of Snellstrom Lumber Co.

★ **Wel-Met Co., Kent, Ohio**
Feb. 1 (letter of notification) 1,500 shares of common stock (par five cents). **Price**—20 cents per share. **Proceeds**—For working capital. **Office**—110 Gougler Ave., Kent, O. **Underwriter**—None.

★ **Welex Jet Services, Inc., Ft. Worth, Tex.**
Jan. 25 (letter of notification) 2,000 shares of common stock (no par). **Price**—$20 per share. **Proceeds**—To W. H. Thompson, the selling stockholder. **Underwriters**—Barron McColloch, Ft. Worth, Tex.; Dewar, Roberston & Pancoast and Russ & Co., both of San Antonio, Tex.; and Laird & Co., Wilmington, Del.

West Penn Electric Co.
Dec. 28 filed 440,000 shares of common stock (no par) being offered for subscription by common stockholders of record Jan. 31 at rate of one share for each eight shares held; rights to expire on Feb. 18. **Price**—$28.75 per share. **Underwriters**—Lehman Brothers and Goldman, Sachs & Co. (jointly). **Proceeds**—To be invested in common stocks of three subsidiaries. Statement effective Jan. 22.

Prospective Offerings

Aeroquip Corp.
Jan. 4, Don T. McKone, Chairman, announced that consideration was being given to the possibility of equity financing. On Feb. 18, stockholders will vote on increasing authorized common stock to 1,000,000 from 750,000 shares, and on issuance of 37,500 shares as a 5% stock dividend. **Underwriter**—Watling Lerchen & Co., Detroit Mich. **Proceeds**—For additional working capital.

Allied Electric Products, Inc., Irvington, N. J.
Nov. 9, Nathan Chirelstein, Chairman, said it is probable that the company within a short time will register with the SEC an issue of long-term convertible debentures, part of which will be offered in exchange for any outstanding three-year convertible notes dated Nov. 1, 1951. **Underwriter**—Hill, Thompson & Co., Inc., New York.

★ **Allied Finance Co. of Texas**
Feb. 7 stockholders will vote on approving issuance and sale of $1,200,000 5½% cumulative preferred stock and $600,000 6% participating preferred stock (either privately or publicly as a whole or in series). **Proceeds**—To retire $600,000 outstanding preferred stock and for working capital.

● **American Can Co.**
Feb. 5 directors approved the raising of $50,000,000 of new money to provide for the company's plant improvement program and for additional working capital. C. H. Black, Chairman, said the board's plans call for providing half of the new money through the sale of debentures and the remaining $25,000,000 through the sale of additional common stock which would be offered to common stockholders for subscription. The details of the financing plan will be completed and announced at an early date. **Underwriter**—Morgan Stanley & Co., New York.

Atlantic City Electric Co.
Jan. 21, B. L. England, President, stated that the company expects to issue and sell $5,000,000 of first mortgage bonds during the first half of 1952, and $4,000,000 of preferred stock in the last half of the year. **Underwriters**—For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Drexel & Co. (jointly); Union Securities Corp. and Smith, Barney & Co. (jointly); Lehman Brothers; White, Weld & Co. and Shields & Co. (jointly). Previous preferred stock fi-

nancing was done privately through Union Securities Corp. and Smith, Barney & Co. **Proceeds**—For construction program.

Bell Telephone Co. of Pennsylvania
Jan. 2 it was announced that company's construction program for next three years calls for the expenditure of $247,000,000 of which about $81,700,000 will be spent in 1952. **Underwriters**—For bonds to be decided by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Lazard Freres & Co. (jointly); Morgan Stanley & Co.; White, Weld & Co. and Union Securities Corp. (jointly); The First Boston Corp.

Bridgeport Hydraulic Co., Bridgeport, Conn.
Jan. 15 it was announced that company plans to offer to common stockholders 44,000 additional shares of common stock. **Price**—Between $24 and $26.75 per share. **Underwriter**—Smith, Ramsey & Co., Bridgeport, Conn. **Proceeds**—To finance improvements and additions and to liquidate short term bank loans. **Offering**—Expected in March.

Case (J. I.) Co.
Jan. 18 it was announced that stockholders will vote April 17 on increasing the authorized common stock from 1,200,000 shares, par $25, to 4,000,000 shares, par $12.50, and on issuance of two new shares in exchange for each share presently held. Following split-up, it is planned to set aside 100,000 of the new shares for sale to employees under stock purchase options, and to offer to common stockholders one new share for each five shares held. **Price**—To be determined later. **Underwriters**—Probably Morgan Stanley & Co. and Clark, Dodge & Co.

Central Louisiana Electric Co., Inc.
Jan. 21 it was reported that company planned to issue and sell $4,000,000 first mortgage bonds. **Underwriters**—If competitive, bidders may include: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blair, Rollins & Co. Inc., Lee Higginson Corp.; W. C. Langley & Co. and Carl M. Loeb, Rhoades & Co. (jointly). Previous bond financing was done privately.

Central Power & Light Co. (3/4)
Jan. 10 it was stated company plans issuance and sale of $10,000,000 first mortgage bonds, series D, about March 4. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., A. C. Allyn & Co., Inc. and Bear, Stearns & Co. (jointly); Blyth & Co., Inc., Harriman Ripley & Co., Inc. and Stone & Webster Securities Corp. (jointly); Kidder, Peabody & Co.; The First Boston Corp.; Carl M. Loeb, Rhoades & Co.; Lehman Brothers and Glore, Forgan & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Salomon Bros. & Hutzler (jointly); Union Securities Corp. **Proceeds**—For new construction.

★ Chesapeake & Ohio Ry. (2/13)
Bids will be received on Feb. 13 for the purchase from the company of $8,250,000 equipment trust certificates to be dated March 1, 1952 and to mature in 30 equal semi-annual instalments from Sept. 1, 1952 to and including March 1, 1967. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

● Chicago, Milw., St. Paul & Pacific RR. (2/28)
Bids will be received by the company up to noon (CST) on Feb. 28 for the purchase from the company of $2,400,000 equipment trust certificates, series 00 to mature semi-annually over a period of 15 years. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Chicago & Western Indiana RR.
Jan. 23 company sought ICC permission to issue $52,500,000 of first and refunding mortgage bonds without competitive bidding. The bonds will be dated not earlier than March 1, 1952 and mature not later than Sept. 1, 1962. **Proceeds**—To pay at maturity $49,988,000 of 4% non-callable consolidated first mortgage bonds due July 1, 1952, and the remainder used for capital improvements.

City National Bank of Houston (Tex.)
Jan. 8 stockholders approved an increase in authorized capital stock (par $20) from $5,000,000 to $7,500,000 to provide for a 20% stock dividend and the sale of 75,000 shares of additional stock to stockholders on a one-for-four basis. **Price**—$40 per share. **Proceeds**—To increase capital and surplus.

City National Bank & Trust Co. of Chicago
Jan. 12 it was announced stockholders will vote Feb. 8 on approving a proposal to change presently outstanding capital stock from 50,000 shares, par $100, to 200,000 shares, par $25, in order to effect a four-for-one stock split-up. Following split-up, it is planned to offer for subscription by stockholders 40,000 additional new $25 par shares. The proposed financing has been objected to by certain stockholders. **Price**—$40 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Merrill Lynch, Pierce, Fenner & Beane and Central Republic Co. Inc.

Colorado Central Power Co.
Jan. 21 it was reported company may offer later this year rights to its common stockholders to purchase additional common stock (sufficient to raise $300,000 or less). **Proceeds**—To retire bank loans and for new construction. **Underwriter**—None.

Colorado Interstate Gas Co.
Dec. 26 SEC approved a plan filed by Mission Oil Co. and its holding company subsidiary, Southwestern Development Co. designed to effectuate compliance with the Holding Company Act. This development is expected to result in early registration of Colorado Interstate Gas Co. common stock, with Union Securities Corp. as probable underwriter.

Columbia Gas System, Inc.
Nov. 26 it was announced that it is the present intention of the company to sell securities in 1952 for the purpose of refunding the $20,000,000 of 2½% bank notes due June 15, 1952. The type or aggregate amount of securities which may be sold during 1952 cannot be determined at this time.

Consolidated Edison Co. of New York, Inc.
Jan. 2 company announced its plans to spend about $105,000,000 for new construction during 1952, of which it is proposed to raise $65,000,000 from new financing. It is presently borrowing $31,000,000 from banks. **Underwriters**—For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.

Consolidated Gas, Electric Light & Power Co. of Baltimore
Dec. 24 it was stated that company plans to issue and sell both stocks and bonds during 1952 to an amount sufficient to raise approximately $22,000,000. **Underwriters**—For bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and The First Boston Corp. (jointly); Harriman Ripley & Co., Inc. and Alex. Brown & Sons (jointly). The First Boston Corp., Alex. Brown & Sons and John C. Legg & Co (jointly) handled latest common stock financing, while White, Weld & Co. handled last preferred stock sale. **Proceeds**—For new construction. **Offering**—Expected in March or April.

Consumers Power Co.
Jan. 29, Justin R. Whitin, Chairman of the Board, announced that the magnitude of the company's expansion program, which will involve record construction expenditures of $53,000,000 in 1952, will entail additional financing this year.

Dallas Power & Light Co.
Jan. 23 company was reported to be planning issuance and sale of $6,000,000 first mortgage bonds, with registration expected in March for bidding in April. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Hariman Ripley & Co., Inc.; Equitable Securities Corp.; Lehman Brothers; Union Securities Corp.; Kidder, Peabody & Co.; Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane.

★ Delaware, Lackawanna & Western RR. (2/19)
Feb. 5 it was announced that bids will be opened Feb. 19 for the purchase from this company of $2,970,000 equipment trust certificates, series K, which will mature in 15 annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Lee Higginson Corp.; Harris, Hall & Co. (Inc.); The First National Bank of New York; Harriman Ripley & Co. Inc. and Lehman Brothers (jointly).

★ Denver & Rio Grande Western RR. (2/26)
Feb. 6 it was announced that the RFC will receive bids on Feb. 26 for the purchase from it of $8,700,605 par value of 4½% income mortgage bonds, series A, due Jan. 1, 2018. Probable bidders—Halsey, Stuart & Co. Inc.; Bear, Stearns & Co.

First National Bank of Portland (Ore.)
Jan. 23 it was announced company plans to offer to stockholders 200,000 additional shares of capital stock (par $12.50) at rate of one share for each five shares held. **Price**—$30 per share. **Underwriter**—None.

Florida Power Corp.
Jan. 11 it was announced that additional financing will be necessary to complete the company's construction program and it is contemplated that the balance of new capital needed will be obtained from the sale of common stock and first mortgage bonds. Company has borrowed $4,000,000 under a bank credit recently arranged which provides for short-term bank borrowings of not more than $10,000,000. Previous bond financing was done privately. Common stock may be offered to common stockholders, with Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane acting as agents.

Foote Mineral Co.
Dec. 24 it was announced company plans to increase authorized common stock from 300,000 shares (259,422 shares outstanding) to 500,000 shares of $2.50 par value. The company states that "there is no present plan of capital financing either of an equity type or loan." The directors, however, "are studying several plant expansion programs which may eventually require more capital." A group headed by Estabrook & Co. underwrote an issue of common stock to stockholders in April, 1951. Stockholders will meet Feb. 21.

Hammermill Paper Co.
Jan. 22 it was announced company plans public offering of additional common stock (par $5) following proposed two-for-one split-up of presently outstanding 287,020 shares to be voted upon by stockholders on Feb. 25. **Proceeds**—To be used for expansion program. **Traditional Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill.

Idaho Power Co.
Jan. 18, T. E. Roach, President, announced that the company's present plans consist of the sale this year of about 225,000 additional shares of common stock (par $20), but no preferred stock. **Underwriters**—Latest common stock financing in April, 1949, was handled by Blyth & Co., Inc.; Lazard Freres & Co.; and Wegener & Daly Corp. **Proceeds**—To repay bank loans and for construction program.

Illinois Central RR.
Nov. 16, the directors authorized, pending a favorable market, the issue and sale of up to $25,000,000 of consolidated mortgage bonds. **Underwriters** — May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Morgan Stanley & Co. **Proceeds** — To retire debt maturing in next four years and to replace depleted working capital.

Illinois Power Co.
Jan. 21 it was reported that the company was understood to be planning the issuance and sale of about $15,000,000 of first mortgage bonds. **Proceeds**—For new construction and to repay bank loans. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Union Securities Corp.; The First Boston Corp.; Harriman Ripley & Co., Inc. and Glore, Forgan & Co. (jointly); Kuhn, Loeb & Co.

★ Inland Steel Co.
Jan. 31 it was announced company plans issuance and sale of $25,000,000 first mortgage bonds and about $25,000,000 of convertible debentures (latter to be first offered to common stockholders). **Price**—To be announced later. **Proceeds**—For expansion program. **Underwriter**—Kuhn, Loeb & Co.

Interstate Power Co. (3/18)
Jan. 18 it was disclosed that company plans to issue and sell $2,000,000 of first mortgage bonds and 350,000 shares of common stock. **Underwriters**—To be decided by competitive bidding. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane; Smith, Barney & Co.; Salomon Bros. & Hutzler. Probable bidders for common stock: Blyth & Co., Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Smith, Barney & Co.; Harriman Ripley & Co. Inc. **Proceeds**—For construction program. **Registration**—Expected on Feb. 18. **Bids**—Scheduled to be received on March 18.

Kansas City Power & Light Co.
Jan. 4 company announced that it plans to issue and sell in 1952 about $12,000,000 principal amount first mortgage bonds (this is in addition to present preferred and common stock financing. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; Blyth & Co., Inc. and Lazard Freres & Co. (jointly); The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly); Smith, Barney & Co.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Equitable Securities Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly); Harriman Ripley & Co., Inc. **Proceeds**—For new construction.

Kentucky Utilities Co.
Dec. 10 it was reported company plans to issue and sell in April or May $12,000,000 30-year first mortgage bonds, series D. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Lehman Brothers and Salomon Bros. & Hutzler (jointly); Blyth & Co., Inc.; Union Securities Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly).

Leitz (E.), Inc., New York
Jan. 21 it was reported that the Office of Alien Property, 120 Broadway, New York, N. Y., plans to sell late in March all of the outstanding capital stock of this company, which distributed Leica cameras in the United States. Probable bidders may include: Allen & Co.

Martin (Glenn L.) Co.
Jan. 10 company announced plan to sell an estimated $6,000,000 of convertible debentures to a group of private investors and additional common stock to common stockholders. **Underwriter**—Smith, Barney & Co., New York. **Proceeds**—From sale of debentures to help meet production programs, and from sale of stock to retire debentures within six months.

Middle East Industries Corp., N. Y.
Oct. 31 it was announced company plans to expand its capitalization in the near future and to register its securities with the SEC preliminary to a large public offering, the funds to be used to build new industrial projects in Israel.

★ Mountain States Telephone & Telegraph Co. (3/31)
Jan. 25 it was announced stockholders will vote March 18 on increasing authorized capital stock (par $100) from 1,500,000 to 2,000,000 shares. It is planned to offer stockholders of record March 28 a total of 318,624 new shares at rate of one share for each four shares held; rights to expire about April 29. **Price**—At par. **Proceeds**—For repayment of indebtedness. **Control**—American Telephone & Telegraph Co. owns a majority (over 80%) of present outstanding stock. **Underwriter**—None.

● Narragansett Electric Co.
Jan. 31 it was announced company has applied to SEC for authority to issue and sell $7,500,000 of series C bonds due March 1, 1982. **Proceeds**—To repay bank loans incurred for construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; The First Boston Corp.; Lehman Brothers; White, Weld & Co. **Bids**—Expected to be received in March.

● National Fuel Gas Co., N. Y. (5/20)
Jan. 29 company applied to SEC for authority to issue and sell $18,000,000 of sinking fund debentures due 1977. **Proceeds**—To repay $11,000,000 bank loans and to loan $7,000,000 to subsidiaries. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp.; White, Weld & Co.; Harriman Ripley & Co., Inc. **Bids**—Expected on or about May 20.

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National Research Corp., Cambridge, Mass.
Jan. 21 it was announced stockholders will vote March 21 on increasing authorized capital stock from 125,000 shares to 600,000 shares, to provide, in part, for payment of a 200% stock dividend. It is also planned to make a public offering of a portion of the proposed authorized shares when market conditions are favorable. Latest financing in 1946 was made to common stockholders. Proceeds would be added to working capital. **Underwriters**—Probably Paine, Webber, Jackson & Curtis and The First Boston Corp. **Offering**—Expected in May.

New England Power Co.
Jan. 11 company received from SEC authority to increase authorized bank borrowings from $12,000,000 to $16,000,000. A major portion of this indebtedness may be financed through issuance of common stock to parent (New England Electric System) and first mortgage bonds early in 1952. **Underwriters** — For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Blyth & Co., Inc.; Equitable Securities Corp. and Blair, Rollins & Co. Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Harriman Ripley & Co., Inc.; The First Boston Corp.; Kuhn, Loeb & Co., Union Securities Corp. and Salomon Bros. & Hutzler (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly).

New England Telephone & Telegraph Co.
Dec. 20, F. A. Cosgrove, Vice-President, said a permanent financing program will have to be undertaken in 1952 to repay about $43,000,000 short-term bank borrowings. **Underwriters**—For bonds may be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. In case of common stock financing there will be no underwriting.

Northern States Power Co. (Minn.)
Jan. 16, B. F. Braheney, President, announced that company will have to raise between $30,000,000 and $32,500,000 this year to finance its construction program. About two-thirds of the amount needed will be in the form of debt issues and the balance common stock (about 1,100,000 shares) the latter issued first to common stockholders. **Underwriters**—To be determined by competitive bidding. Probable bidders for stock and bonds: Smith Barney & Co.; The First Boston Corp.; Glore, Forgan & Co.; Lehman Brothers and Riter & Co. (jointly); Equitable Securities Corp.; Union Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co. and White, Weld & Co. (jointly). Probable bidder on bonds only: Halsey, Stuart & Co. Inc.

Northwest Natural Gas Co.
Jan. 7 company filed amended application with FPC in connection with its plan to build a natural gas transmission system in the Pacific Northwest to transport gas from Canada to markets in Idaho, Washington and Oregon, with a portion to be returned to Canada for use in British Columbia. The estimated overall cost of the project is approximately $92,000,000. **Underwriter**—Morgan Stanley & Co., New York. **Financing**—Not expected until after Provincial elections in April.

Pacific Northwest Pipeline Corp.
Jan. 7 the company applied to the FPC for authority to build a 2,175-mile natural gas pipeline from southern Texas to the Pacific Northwest at an estimated cost of $174,186,602. The line is sponsored by Fish Engineering Corp. of Houston, Tex. Probable underwriters: White, Weld & Co. and Kidder, Peabody & Co., New York. (See also accompanying item on "Spokane Gas & Fuel Co.")

Penn Controls, Inc.
Jan. 11 it was reported company may file in February a revised financing proposal with SEC. The previous proposal to issue 100,000 shares of common stock (par $2.50) through F. S. Moseley & Co. was withdrawn on Dec. 21.

Pennsylvania Electric Co.
Jan. 5 it was announced that company plans to spend about $26,000,000 for expansion in 1952, to be financed, in part, by the sale of about $9,000,000 first mortgage bonds, $4,500,000 of preferred stock and $4,500,000 of common stock (the latter issue to parent, General Public Utilities Corp). **Underwriters**—For bonds and preferred stock to be determined by competitive bidding. Probable bidders: (1) for bonds—Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Union Securities Corp. and White, Weld & Co. (jointly); Kuhn, Loeb & Co.; A. C. Allyn & Co., Inc.; Equitable Securities Corp.; Shields & Co. and R. W. Pressprich & Co. (jointly). (2) for preferred—Smith, Barney & Co. and Kidder, Peabody & Co. (jointly); W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Kuhn, Loeb & Co.; Lehman Brothers and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co., Inc. **Offering**—Expected in mid-year.

Portland General Electric Co.
Jan. 22, it was disclosed the company will soon announce plans for sale of new common stock, or bonds, or both. **Traditional Underwriter**—Blyth & Co., Inc. **Proceeds**—To refinance, all or in part $9,000,000 of bank loans which mature May 1, 1952.

Public Service Electric & Gas Co.
Jan. 17 stockholders approved a proposal to increase the authorized preferred stock from 500,000 to 1,000,000 shares and to increase the limit of unsecured indebtedness. There are, however, no present plans for additional financing. In November, the company sold through Morgan Stanley & Co., Drexel & Co. and Glore, Forgan & Co. an issue of 249,942 shares of 4.70% cumulative preferred stock (par $100), thus exhausting the amount of presently authorized preferred stock.

Robertson (H. H.) Co., Pittsburgh, Pa.
Nov. 16 it was announced stockholders will in April 1952, vote on a proposal to increase the authorized common stock from 250,000 shares (all outstanding) to 1,000,000 shares in order to make additional stock available for such corporate purposes as acquisition of new properties, to provide additional capital funds or declaration of stock dividends.

Rochester Gas & Electric Corp.
Jan. 16, it was stated that the company plans to issue and sell $6,000,000 of preferred stock in March and an equal amount of general mortgage bonds in September. An issue of about $8,000,000 common stock is also planned, probably for the Spring of 1953. **Underwriter**—For preferred issue may be The First Boston Corp., New York. Previous first mortgage bond financing was done privately. **Proceeds**—To pay for new construction.

★ Russell Reinforced Plastics, Inc. (2/20)
Feb. 6 it was reported company plans to issue and sell 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For expansion. **Underwriter**—Aetna Securities Corp., New York.

San Diego Gas & Electric Co.
July 19, L. M. Klauber, Chairman, announced that the company plans to sell $10,000,000 of bonds early in 1952. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane; The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly); Lehman Brothers. **Proceeds**—For expansion program.

Seattle-First National Bank, Seattle, Wash.
Jan. 15 stockholders of record of that date were offered the right to subscribe on or before Feb. 20 for 100,000 additional shares of capital stock (par $20) on basis of one share for each six shares held. **Price**—$50 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Blyth & Co., Inc., and associates, who have agreed to buy any unsubscribed shares.

Southern California Gas Co. (3/25)
Jan. 18 it was reported that company plans to issue and sell $30,000,000 first mortgage bonds, series A. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and Harris, Hall & Co. Inc. (jointly); White, Weld & Co.; Blyth & Co., Inc. **Proceeds**—For construction program. **Registration**—Expected late in February. **Bids**—Tentatively scheduled to be received on March 25.

● Southern Ry. (2/20)
Bids will be received up to noon (EST) on Feb. 20 for the purchase from the company of $5,850,000 equipment trust certificates to be dated March 15, 1952 and due in 30 equal semi-annual instalments from Sept. 15, 1952 to March 15, 1967, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Harriman Ripley & Co. Inc. and Lehman Brothers (jointly).

Southern Union Gas Co.
Dec. 19 it was reported company is expected to do some equity financing before June 30, 1952. Traditional underwriter: Blair, Rollins & Co.

Southwestern Gas & Electric Co.
Jan. 18 it was reported company is planning to issue and sell $5,000,000 to $6,000,000 of new 30-year first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Salomon Bros. & Hutzler; Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly); Lehman Brothers; White, Weld & Co.; Harriman Ripley & Co., Inc.; The First Boston Corp. **Proceeds**—For 1952 construction program. **Bids**—Expected in March.

Tampa Electric Co.
Jan. 24 it was announced company plans to spend $52,000,000 for new construction and improvements in the next five years and expects to enter the new money market this year to finance its 1952 requirements. Latest bond financing was done privately. **Traditional Underwriter**—Goldman, Sachs & Co., New York.

Texas Electric Service Co.
Jan. 23 it was reported company was planning issuance and sale of $8,000,000 of first mortgage bonds and $5,000,000 of debentures, with registration expected in April for bidding in May. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Lehman Brothers and Blyth & Co., Inc. (jointly); Salomon Bros. & Hutzler; Harriman Ripley & Co., Inc.; Union Securities Corp.; Hemphill, Noyes, Graham, Parsons & Co. and Drexel & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); The First Boston Corp.; Carl M. Loeb, Rhoades & Co.

Texas-Ohio Gas Co., Houston, Tex.
Oct. 17 company applied to FPC for authority to construct a 1,350-mile natural gas transmission line extending from Texas into West Virginia. The project is estimated to cost $184,989,683. **Underwriter**—Kidder, Peabody & Co., New York.

Texas Power & Light Co.
Jan. 23 company was reported to be planning registration in February for sale about April 1 of $14,000,000 first mortgage bonds and $5,000,000 of debentures. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co.; Lehman Brothers; Blyth & Co., Inc.; Smith, Barney & Co.

Texas Utilities Co.
Jan. 23 it was reported company plans issuance and sale of 400,000 additional shares of common stock early in March. Groups: The First Boston Corp., Blyth & Co., Inc., First Southwest Co., Rauscher, Pierce & Co., Inc. and Dallas Union Trust Co. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Union Securities Corp.; Goldman, Sachs & Co. and Harriman Ripley & Co. Inc. (jointly).

Thiokol Corp., Trenton, N. J.
Nov. 16 directors authorized an offering to stockholders of about 23,539 shares of capital stock (par $1) on basis of one new share for each 13 shares held (with an oversubscription privilege). **Price**—$9 per share. **Underwriter**—Probably J. G. White & Co., Inc., New York. **Proceeds**—For expansion and working capital.

Trade Bank & Trust Co., New York
Jan. 15 stockholders approved increase in authorized capital stock (par $10) from $2,000,000 to $2,500,000, the additional 50,000 shares to be offered for subscription by stockholders of record Feb. 29 on basis of one share for each four shares held; with rights to expire on April 1. **Price**—At par. **Underwriting**—None involved.

★ Trans World Airlines, Inc. (2/27)
Jan. 30 it was announced company plans to offer for subscription by common stockholders of record Feb. 27 a total of 242,988 shares of common stock (par $5) at the rate of one share for each 10 shares held. **Price**—$21.25 per share. **Registration**—Expected on Feb. 8.

Transcon Lines, Los Angeles, Calif.
Nov. 19 it was reported company may be considering issuance and sale of additional common stock (par $10) which will involve about $200,000. **Underwriter**—Cruttenden & Co., Chicago, Ill.

United States National Bank, Portland, Ore. (3/1)
Jan. 8 it was announced company plans to offer to stockholders the right to subscribe for an additional 100,000 shares of capital stock (par $20) on basis of one new share for each six shares held. **Price**—$50 per share. **Proceeds**—To increase capital and surplus. **Offering**—Expected around March 1 to run for about 30 days. **Underwriters**—Blyth & Co., Inc., and Merrill Lynch, Pierce, Fenner & Beane, New York.

Virginia Electric & Power Co.
Dec. 12 it was announced that company expects to spend $40,000,000 or more for new construction in 1952, of which about $30,000,000 may be raised through new financing. The company is said to be considering a stock issue next spring and a bond sale in the fall. **Underwriters**—For stock, probably Stone & Webster Securities Corp. For bonds, to be determined by competitive bidding, with the following probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp.; Salomon Bros. & Hutzler; Stone & Webster Securities Corp.; White, Weld & Co.; Kuhn, Loeb & Co. and Wertheim & Co. (jointly).

Washington Gas Light Co.
Jan. 12 reported that company is considering plans to raise about $4,500,000 from the sale of additional common stock to its stockholders (there are presently outstanding 734,400 shares). **Underwriters**—The First Boston Corp. and Johnston, Lemon & Co. handled the offering last year to stockholders. **Proceeds**—Together with bank loans and other funds to take care of proposed $6,000,000 expansion program.

Washington Water Power Co.
Jan. 9 company applied to the SEC for authority to make bank borrowings of $40,000,000, the proceeds to be used to finance contemporarily, in part, the company's construction program. Permanent financing expected later this year. Probable bidders: (1) For stock or bonds: Blyth & Co., Inc.; Smith, Barney & Co. and White, Weld & Co. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); (2) for bonds only: Halsey, Stuart & Co. Inc.

West Penn Power Co. (4/1)
Dec. 28 it was announced company plans to offer $12,000,000 of first mortgage bonds early in 1952, probably in March. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Lehman Brothers; Blyth & Co., Inc.; W. C. Langley & Co.; The First Boston Corp. **Proceeds**—For construction program. **Registration**—Tentatively scheduled for Feb. 28. **Bids**—Expected to be opened April 1.

● Wisconsin Power & Light Co.
Jan. 23 it was reported company is planning issuance and sale of $8,000,000 of first mortgage bonds and $2,000,000 of convertible preferred stock (to preferred stockholders) and additional common stock (to be offered first to common stockholders on a 1-for-10 basis, with Smith, Barney & Co., New York, and Robert W. Baird & Co., Inc., Milwaukee, Wis., probably acting as dealer-managers for both issues). **Underwriters**—For bonds, to be determined by competitive bidding in April. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Kuhn, Loeb & Co.; Salomon Bros. & Hutzler; Equitable Securities Corp.; Smith, Barney & Co. and Robert W. Baird & Co., Inc. (jointly); Union Securities Corp.; First Boston Corp.; Glore, Forgan & Co.

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.

Our Reporter's Report

With the new issue market turning chiefly to equity securities this week it appears that a further hiatus is ahead in the debt security section of the corporate money market.

Despite the rather somber behavior of the seasoned equity market new offerings which came to hand were accorded a relatively favorable reception. This does not mean that they encountered a headlong rush of demand, but rather that they reflected the presence of substanial public interest.

Monsanto Chemical Co.'s offering of 400,000 shares of additional common was indicative of the general situation. Here the initial response to the opening of subscription books was a bit on the dull side but interest picked up as the stock market appeared to develop some recuperative power and while dealers might have been holding a little stock it appeared that the issue had moved up quite satisfactorily.

Where debt securities are concerned it was indicated that momentarily at least the situation basically is at least temporarily in favor of the vendor. Aluminum Co.'s big issue of debentures moved so well, as did the United Gas Corp. issue that the secondary market has recovered price-wise to a level where the few remaining remnants of recent deals have been worked off.

Cutting It Fine

Bankers who bought the $12,000,000 of first mortgage, 30-year bonds put up by Louisville Gas & Electric Co. for competing bids paid the issuer a price of 101.01 for a 3⅛% coupon, figuring out about $3.19 per $1,000 above the bid of the runner-up.

The group set a re-offering price of 101.467 for an indicated yield of 3.05% for the AA rated paper. Evidently prospective buyers figured this basis was a bit on the lean side for inquiry was reported lagging.

Meanwhile dealers went into the market to pickup other issues of the same rating where the current yields ranged from 3.08% to around 3.11%.

Trying on the Nerves

Investment bankers must find the current situation a bit trying on their nerves. Here they are assured that there is a plentitude of money seeking for investment, with shelves bare and virtually nothing in the way of new issues in sight.

More irritating, at the moment private deals are virtually as scarce as those for public offering though it is expected that these direct placement operations will pickup again in the next month or so.

Next week promises to be one of the dullest in years unless some negotiated underwriters should perchance be brought to the offering stage. Wednesday could bring 100,000 shares of preferred of Merritt, Chapman & Scott to market along with 171,090 common shares of the Oliver Corp. On the same day Chesapeake & Ohio Ry. will open bids for $8,250,000 of equipment trusts.

Thursday (Feb. 14) could bring public offering of 86,750 shares of Keller Tool Co. common. But that closes the book on next week's current prospects.

Treasury Market Outlook

Feeling in some quarters is that the Federal Reserve and the Treasury face the obligation of getting together on means of meeting monetary stringency which looms for the mid-March tax date.

One banker goes so far as to venture the opinion that, unless they do, what happened in the short-term Treasury market last December could prove mild by comparison with what could materialize on this occasion.

He points out that corporations must make provision for nine billions in taxes on that date and figures that 1.2 billion will be met by surrender of tax notes. Four billions will come from maturity or sale of governments, 2.75 to 3.5 billions from cash balances and the remainder from bank borrowings. Unless steps are taken to ease this potential squeeze he sees a heavy deficiency in banks' reserves position as a possibility.

Joins Stern, Frank

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Alfred N. Bennett has been added to the staff of Stern, Frank, Meyer & Fox, 325 West Eighth Street, members of the New York Stock Exchange.

With Waddell & Reed

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Leigh B. Freeze, Elvyn O. A. Johnson, Theodore J. Maresch, Elizabeth V. Terry, Margaret E. Williamson, and Percy V. Woodford have become associated with Waddell & Reed, Inc., 8943 Wilshire Boulevard.

Two With Mason Bros.

(Special to The Financial Chronicle)

OAKLAND, Calif. — Arnold G. Turner and Emolyn Johnson are associated with Mason Brothers, Central Bank Building, members of the San Francisco Stock Exchange.

With H. Irving Lee

(Special to The Financial Chronicle)

SAN JOSE, Calif.—Richard H. Anderson is now associated with H. Irving Lee & Co., First National Bank Building.

Curtis Lipton Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Sam Hartman and Anthony F. Rose are now connected with Curtis Lipton Co., 338 South Western Avenue.

With Marache Sims

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — William L. Farrington is with Marache Sims & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange.

Morgan Adds to Staff

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—E. DuRae has been added to the staff of Morgan & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange.

Joins Weil, Roth

(Special to The Financial Chronicle)

CINCINNATI, Ohio — Caldwell Sherrill is now associated with The Weil, Roth & Irving Co., Dixie Terminal Building, members of the Cincinnati Stock Exchange.

Three With E. F. Hutton

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Robert M. Fomon, Frank Smith Harryman, and M. Wallace Weldon are now with W. E. Hutton & Company, 623 South Spring Street.

Joins Reinholdt Gardner

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Harry A. Siemers is with Reinholdt & Gardner, 400 Locust Street, members of the New York and Midwest Stock Exchanges.

With Coburn & Middelbrook

(Special to The Financial Chronicle)

BOSTON, Mass.—Jeannette E. Thibault has joined the staff of Coburn & Middlebrook, Incorporated, 75 Federal Street.

E. E. Mathews Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — Norman D. McKenzie has been added to the staff of Edward E. Mathews Co., 53 State Street.

Joins Preston, Moss

(Special to The Financial Chronicle)

BOSTON, Mass. — William R. Kitchel has joined the staff of Preston, Moss & Co., 24 Federal Street.

With Waddell & Reed

(Special to The Financial Chronicle)

KALAMAZOO, Mich.—Thomas W. Peck is with Waddell & Reed, Inc.

Joins Westheimer Co.

CINCINNATI, Ohio—Ralph L. Gardner is with Westheimer and Company, 326 Walnut Street, members of the New York and Cincinnati Stock Exchanges.

With Merrill, Turben

(Special to The Financial Chronicle)

CLEVELAND, Ohio—Robert E. MacKenzie is now associated with Merrill, Turben & Co., Union Commerce Building, members of the Midwest Stock Exchange.

DIVIDEND NOTICES

Berkshire
FINE SPINNING ASSOCIATES INC

The Board of Directors of the Berkshire Fine Spinning Associates, Inc. has declared a regular dividend of 35 cents a share on the Common Stock, payable March 1, 1952, to stockholders of record February 15, 1952.

MALCOLM G. CHACE, JR.
January 31, 1952 *President.*

Burroughs

207th CONSECUTIVE CASH DIVIDEND

A dividend of twenty cents ($.20) a share has been declared upon the stock of BURROUGHS ADDING MACHINE COMPANY, payable Mar. 10, 1952, to shareholders of record at the close of business Feb. 8, 1952.

Detroit, Michigan Sheldon F. Hall,
January 29, 1952 *Secretary*

THE FLINTKOTE COMPANY

30 ROCKEFELLER PLAZA NEW YORK 20, N. Y.

A quarterly dividend of $1.00 per share has been declared on the $4 Cumulative Preferred Stock payable March 15, 1952 to stockholders of record at the close of business March 1, 1952.

A quarterly dividend of $.50 per share has been declared on the Common Stock payable March 10, 1952, to stockholders of record at the close of business February 25, 1952.

CLIFTON W. GREGG,
Vice-President and Treasurer

February 6, 1952

DIVIDEND NOTICES

CARLISLE CORPORATION

The Board of Directors has declared a dividend of 10 cents per share on the outstanding capital stock of the Corporation, payable March 3, 1952, to stockholders of record February 15, 1952.

FURBER MARSHALL, *President*

HARBISON-WALKER REFRACTORIES COMPANY

Pittsburgh Pennsylvania

January 31, 1952

Board of Directors has declared for quarter ending March 31, 1952 DIVIDEND of ONE and ONE-HALF (1½%) PER CENT or $1.50 per share on PREFERRED STOCK, payable April 19, 1952 to shareholders of record April 5, 1952. Also declared a DIVIDEND of FIFTY CENTS per share on the NO PAR COMMON STOCK, payable March 5, 1952 to shareholders of record February 11, 1952.

G. F. CRONMILLER, JR.
Vice President and Secretary

Allen B. Du Mont Laboratories, Inc.

The Board of Directors of Allen B. Du Mont Laboratories, Inc. this day has declared a regular quarterly dividend of $.25 per share on its outstanding shares of 5% Cumulative Convertible Preferred Stock payable April 1, 1952 to Preferred Stockholders of record at the close of business March 15, 1952.

PAUL RAIBOURN,
Treasurer

January 23, 1952

DU MONT *in all phases of television*

SEABOARD FINANCE COMPANY

COMMON STOCK DIVIDEND
68th Consecutive Quarterly Payment

The Board of Directors of Seaboard Finance Co. declared a regular quarterly dividend of 45 cents a share on Common Stock payable Apr. 10, 1952 to stockholders of record Mar. 20, 1952.

PREFERRED STOCK DIVIDENDS

The directors also declared regular quarterly dividends of 65 cents a share on $2.60 Convertible Preferred Stock, 33¾ cents a share on $1.35 Convertible Preferred Stock, 33¾ cents a share on $1.35 Convertible Preferred Stock, Series B, and 43 cents a share on $1.72 Convertible Preferred Stock. All preferred dividends are payable Apr. 10, 1952 to stockholders of record Mar. 20, 1952.

Jan. 24, 1952 A. E. WEIDMAN
Treasurer

DIVIDEND NOTICES

A quarterly dividend of 35c per share on the Capital Stock, par value $13.50 per share, has been declared, payable March 31, 1952, to stockholders of record February 29, 1952.

THE UNITED GAS IMPROVEMENT CO.
JOHNS HOPKINS, Treasurer
January 22, 1952 Philadelphia, Pa.

PEPPERELL MANUFACTURING COMPANY

Boston, January 31, 1952

A regular quarterly dividend of Seventy-five Cents (75¢) and an extra dividend of Fifty Cents (50¢) per share have been declared payable February 15, 1952, to stockholders of record at the close of business February 8, 1952.

Checks will be mailed by the Old Colony Trust Company of Boston, Dividend Disbursing Agents.

PAUL E. CROCKER, *Secretary*
160 State Street, Boston, Mass.

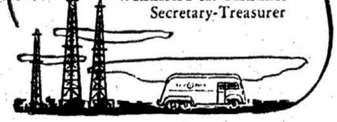
TECHNICAL OIL FIELD SERVICES

LANE-WELLS COMPANY

Dividend Notice

The Directors have declared a quarterly dividend of 30 cents on the common stock payable March 15, 1952, to stockholders of record February 20, 1952.

WILLIAM A. MILLER
Secretary-Treasurer



Esso

The Board of Directors of the

STANDARD OIL COMPANY
(Incorporated in New Jersey)

has this day declared a cash dividend on the capital stock of $1.00 per share, of which $.75 per share was designated as regular and $.25 per share as extra, payable on March 13, 1952, to stockholders of record at the close of business, three o'clock P. M., on February 11, 1952.

A. C. MINTON, Secretary

January 31, 1952.

Common and Preferred DIVIDEND NOTICE

Shreveport, La.
February 4, 1952

The Board of Directors of the Company has declared regular quarterly dividends of 25 cents per share on the common stock and $1.125 per share on the 4.5% convertible preferred stock of the company, both payable on March 1, 1952, to stockholders of record at the close of business February 8, 1952.

Secretary

TEXAS EASTERN Transmission Corporation

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—In going along with Chairman William McChesney Martin of the Federal Reserve Board on the two individuals he selected for the Board, President Truman, conservative Senators note, has made it possible for the Board to add important elements of strength.

One of these appointees was Abbot L. Mills, Senior Vice-President of the U. S. National of Portland, Ore. Mr. Mills rates as an outstanding commercial banker of 30 years' experience, and has been active in the Reserve City Bankers Association. His background, it is pointed out, gives the Board its first member with long practical commercial banking experience since the resignation of Marriner S. Eccles.

The other appointee was J. L. Robertson, Senior Deputy Comptroller of the Currency. Robertson is an unusual individual in governmental financial or other circles, in that he not only is totally disinterested in "empire-building," but has publicly shunned it.

Among other things, Robertson publicly backed and activaly supported a bill which Congress passed, removing certain archaic impediments to the transfer of a national bank to a state charter.

Under the former Eccles-McCabe leadership of the Federal Reserve Board, the Board backed the idea of using the power of bank examination to direct the broad channels of bank endeavor. In other words, the Federal Reserve would (in the past) have liked to have used bank examination as an arm of economic planning, encouraging banks to lend in deflationary times, or to refrain from lending in inflationary times.

Robertson gave this idea anything but aid and comfort. He took the view that bank examination existed for the sole purpose of checking into the soundness of the condition of banks, on behalf of depositors. He opposed having bank examiners substitute their judgment for the judgment of bank management on lending policies and economic trends.

The Deputy Comptroller also has a reputation for getting along with state supervisory officials, whereas there have been many scraps, most of them under cover, between state supervisors on the one hand, and the Reserve Board on the other, or between the state supervisors and the FDIC.

J. L. Robertson brings the Reserve Board its first member with an intimate knowledge of conventional bank supervision, both state and Federal, for perhaps the first time within the memory of officials now active in this capital.

* * *

Senator J. Allen Frear's proposal to subject corporations down to the $3 million level to the reporting requirements of the SEC may be held up as a result of the current study of the SEC by the Heller subcommittee of the House Interstate Commerce Committee.

Senator Frear, a Delaware Democrat, heads a Senate Banking subcommittee with jursidiction over SEC matters. Frear for the last two years has been sympathetic with the SEC's idea of netting itself jurisdiction over the unlisteds. However, the Senate subcommittee is somewhat hesitant to bring out major legislation affecting the SEC, while the House subcommittee is making a study. A final decision on whether to postpone the Frear bill until after the House group completes its study, has not been made, however.

* * *

Senator Richard B. Russell of Georgia is now slated to be the States' Rights candidate for President, anticipating that President Truman persuades the Democratic national convention next July to draft him for another term of reluctant service.

As reported in this column a few months ago, the preferred candidate was Senator Harry F. Byrd of Virginia. The insiders believe that Byrd is better known, especially outside the South, and might carry more votes.

Byrd's term as a Senator, however, expires with this Congress and he must stand for reelection this fall or retire. Since the prime purpose of the States' Rights movement is not to elect a President but to try to swipe enough electoral votes from Harry Truman to relieve him of making the sacrifice of another term of service, it is felt there is no point in sacrificing Byrd's prominent place in public life.

Dick Russell's term, on the other hand, does not expire until three years hence. He can run as the States Right condidate for President without giving up his Senate seat.

The southern conservatives have not decided finally whether they will "take a walk" if and after the Democratic national convention renominates Truman as they did in 1948, or whether they will hold a later rump convention. Sentiment leans toward the latter. It is still thought that the Dixiecrats won't put a candidate in the field if the GOP should nominate Eisenhower, on the theory that Eisenhower can carry much of the South and thus make it possible to defeat Truman.

* * *

The Budget Bureau is giving the "input-output" scheme reported in this space a few weeks ago, the toughest kind of a going over. So even if the economic planners should persuade the Budget bureau to OK a start on mass civilian industrial planning, the scheme is being delayed. It is a pretty safe bet that Congress would kick the thing over even if the Budget bureau approved the scheme, which is somewhat doubtful.

* * *

Labor has not forgotten that Senator Taft sold himself to labor in Ohio despite the "slave labor" Taft-Hartley law, so the well-heeled big walking delegates have figured a new strategy to put Taft on the spot with the rank and file of union labor.

Recognizing that Taft-Hartley is no more an effective bugaboo, the Big Labor boys have figured out that they can bring in a series of three or four special laws seemingly beneficial to labor, and "put Taft on the spot."

One of these is the proposed Neely mine safety law. This would provide for Federal mine inspection, and standing by itself, probably would pass. The boys are afraid to vote against it in an election year. However, Senator Hubert Humphrey of Minnesota, Americans for Democratic Action's gift to the membership of the Senate, proposes at a certain stage in the proceedings, to substitute a new bill for the Neely bill.

The new bill would set up a huge bureaucracy within the Labor Department to provide for Federal inspection and regulation of industrial safety in all industry. This has gotten even the "Fair Deal" boys worried. It looks like being a little too aggressive in offering the affections of government to the workingman. It will get a lot of people stirred up.

Other labor legislation being cooked up with the idea of making Taft take a position—against these bills the unions hope—are proposals to modify the Communist affidavit, the union shop, and restrictions against secondary boycotts. One of the prize proposals in this package is a bill which would raise the compulsory Federal minimum wage to $1.25 per hour.

In their zeal to "get Taft" the Big Labor boys are making a lot of their friends pretty sore. All of the House, of course, comes up for reelection, and a majority of the House voted for T-H, as well as a good many of the Senators up for reelection.

* * *

Some time during the next week the President is expected to send down his message outlining in detail the kind of materials and anti-inflation controls he desires. The main outlines of the President's proposals have already been made known at the opening messages the President sent to the new session.

The one clear attitude in Congress at the present moment is the almost complete apathy of the members toward anti-inflation schemes. The Congress cannot get worried at this time about the dangers of inflation.

Nevertheless, with obvious reluctance, Congress probably will extend the controls pretty much as they are now, for the reason that should inflation break out again later in the year the junking of controls would be used against them.

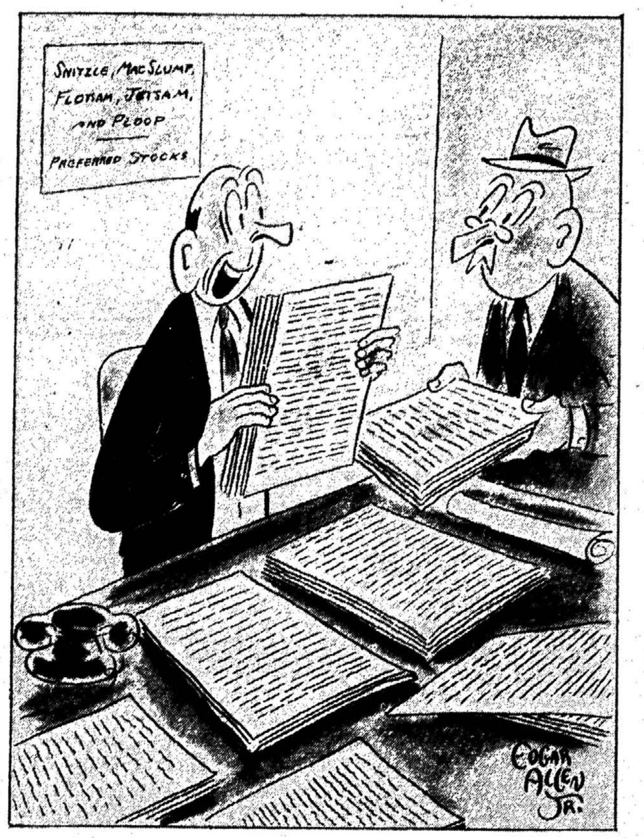
There will be a move to set a late date than July 26, 1951, for figuring increased costs in setting price ceiling relief. This, however, will get poor support even from the GOP members, and probably will fail.

Another possible development in connection with the extension of DPA will bear close watching. Some substantial elements within the Administration supports substantial decontrol by administrative action.

The theory of this is that if OPS should decontrol substantial sectors of the economy from price ceilings, it might be possible to sell an apathetic Congress on the idea of extending "standby" control legislation longer. In other words, by seeming to decontrol the OPS might be able to dissipate the alertness of Congress against arbitrary controls. The price would be legislation standing on the books which would give OPS freedom to reinstitute price regulation when inflationary pressures appeared or were imagined to appear—and after the national election was over.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

BUSINESS BUZZ



"— and this one is the prospectus for the prospectus!"

Dr. Knipfing V.-P. Of Albert Frank Agency

Dr. John R. Knipfing has been elected a Vice-President of Albert Frank-Guenther Law, Inc., advertising agency, according to Howard W. Calkins, agency Chairman. Dr. Knipfing holds a degree of Doctor of Philosophy from the University of Ghent in Belgium and has been associated with the agency since January, 1950 as an account executive. Previously thereto he had been an account executive with J. Walter Thompson & Co. for 14 years.

Two With Bache

Bache & Co., members New York Stock Exchange, announce that Sam Williams has joined the firm's Miami Beach office, 96 N. E. Second Avenue, and that Henry W. Veghte is now associated with the Schenectady office, 121 Wall Street, both as registered representatives.

de Simone Director

Guy de Simone of Security Adjustment Corporation, 16 Court St., Brooklyn, New York, has been elected a director of Michigan Seamless Tube Corporation of South Lyon, Mich., it has been announced. He is also a director of United Piece Dye Works, Phoenix Silk Corporation and Southwest Penn Gas Corporation.

With Barrett Herrick

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Tom Speak is with Barrett Herrick & Co., Inc.