Funds Accelerate Utilities Buying

By HENRY ANSCHACHER LONG

Survey and analysis of investment companies’ fourth quarter portfolio operations 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 climb, but C&GS increased 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 is contrasted with a third in the previous period, for this reason and also to make capital gains dividend payments into reserves of cash and governments. (Where the option was offered to stockholders to reinvest their year-end distributions in additional stock, few, if any, from two-thirds to three-quarters took up the additional shares, thus preventing any greater drain on cash balances.)

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 purchasing interest leaves these companies in the lead for the upcoming year.

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. Warnings of danger of slip-ins 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; (4) a fee of $10 for the filing of an application for registration, and (5) a fee of $100 for an application for renewal of registration.

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 underwriters in our “Securities in Registration” Section, starting on page 14.

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Closing In!

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**The Security I Like Best**

A continuous forum in which, each week, a different group of experts in the investment and advisory field naturally act as spokesmen, give their reasons for favoring a particular security.

(The paragraphs in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

**PETER BALL**

Partner, Ball, B urge, & Kraus, Detroit, Mich.

Member, New York Stock Exchange

International Business Machines Corp.

The increase in paper work resulting from the further mass production techniques and the many reports required by all brokers, the government can be expected to continue for many years. These developments combined with the trend toward mechanization of clerical and production work to obtain the accepted methods of accomplishment, place this particular company in a favorable position to capitalize on the need for improved production in the electronics industry. IBM has achieved more problems with electronic principles in this field than any other company. The accelerated demand for all types of electronic equipment, which is the standard, the company can be expected to continue. The company, which was founded in 1910 by IBM, was recently able to sell $3.5 billion worth of the stock abroad, which was held by the company for 10 years. IBM's dividends are expected to increase gradually. Although the sales are low, I believe the company's future is without the long term will gradually reflect itself in its market action.

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Public Utility Stocks—
A Haven and an Opportunity

By HAROLD H. YOUNG

Partners of Eastman, Dillo & Co., Members, New York Stock Exchange

Ascertaining 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 utility securities are a haven against declining industrial profits due to higher taxes. Calls attention to larger buying of utilities by investment institutions, and lists several individual utilities, whose shares are now attractive.

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." 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 we do not have never been good utility and stock 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 the 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, although there are still very good yields and values 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 usual motives as to the trend of business in the immediate future, especially as it affects individual and institutional investors. I am not an economist, much less a seer, and I have no desire 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 than they were a year ago. 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 less than a continuation of national prosperity. 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 take the risk seeing the profits melt away. On the other hand, they do not want to sterilize the money. All excellent answer to the investors who are in this position is 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 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—has been strong. As these appliances are going on lines every day and the continuing source of increased business as these appliances are being ordered and placed, some are naturally seeking labor-saving devices and introduction of modern 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 uncertain, should materialize, the utilities are cushioned. They would suffer principally from the loss of the 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, to a certain extent, with a demand charge covering the readiness to serve as well as an energy charge for actual consumption. Industrial business is the ideal market for the utilities and a dropoff in business would not weigh against the companies at the same time to suspend operations of their less efficient facilities.

In the electric industry many companies are still having to write off 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 up-to-date installation. One of the outstanding examples is the operation of new electric generating units as against older equipment. Savings of a substantial nature are made in both fuel and operating costs, and with the installation of the new plant, more than one operation is made 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 to the contrary. Thus the increase in business has been in recent years the increase in the number of customers. The employees has been very small. One of the favorable tax rates, attracted the electric utilities, in particular, is that business can be added in substantial volume without a corresponding increase in the number of employees.

One of the chief talking points for the utilities is their position in respect to Federal taxes. When the excess profits tax was imposed, the utilities made aggressive and intelligent presentations of their problem to Congress, and as a result, special provisions were made for them which permitted 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 primarily to the electric companies only. In the 1951 Tax Revenue Act 30% excise tax on sales of electricity was levied against commercial customers. This tax which is not really appropriate for the industry, and the utilities are being taxed, and as a result, the excess profits tax will be 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 to a large extent, and not been in sufficient degree to maintain adequate earnings, then utility companies have recourse to rate increases. These companies, by law, are assured a fair rate of return on invested capital. There are varying states in different states both in respect to the present statute, itself, and as to the administration of the statute by the Commission. This one is one requiring specific evidence of a specific kind before the general statement can be made that the utilities are assured a fair return.

One of the influencing factors as to the rate of any rate is which may have important long-term implications that are required by purchasing by instructions of the utilities. There has been more interest on the part of insurance companies, pension funds, trust departments of banks, and other buyers of this sort that has prevailed for some time. There has been a tendency in recent quarters toward the purchase of common stocks as a group and that group has been led by public utility common stocks. Of course, public utility common stocks are very popular.

Last year legislation was passed permitting New York life insurance companies to purchase common stocks for the first time and many people have been swayed to the view that a law may be enacted, giving them the same privileges as the stockholders along this line. This is typical of the way the demand for common stocks grows. Some observers ponder whether continuing demand from these sources may not put higher grade utility stocks in a different category than they have in previous years.

It would certainly appear that if demand for 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 re-examine more recently made and a flow of funds from utilities into industrial stocks takes place, the utilities would be able to reappraise the situation, however, if their present market is not so favorable.

Another consideration is the loss in favor on the part of preferred stocks. At one time private individuals and institutional investors who are more interested in preferred than they are in common stocks may have a tendency to focus more demand in the common stock market than in the preferred.

I have spoken of utility stocks as a "haven" and the title is certainly meaningful when one considers the opportunities which are present. These opportunities arise not only from the purchase and selection of stocks to get the best values. As against fears of lower dividends, preferred stocks 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 in the opposite direction.

There was a generous number of dividend increases in 1951 which have been some in 1952 with more to come.

Alert buyers will seek the best returns, quality considered. There is a large and growing group of utility officers who are in a unique position to know in utility company operations so that they have an enlightened view of a utility stock only if there is a firm conviction that the issuing company is well managed and that it warrant it. Investors should keep in mind the possible time value of respective earnings and dividend increases when they are usually the forermrunners of modest price increases. Values should be analyzed from the point of view of what issues are out of line with the rest of their class.

Utilities as Institutional Investments

One thing which is going on at the present time is a great increase in the list of utilities common stocks approved for purchase by various existing insurance companies and that is continuing.

The table below shows the status of the Boston Corporation Co.

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The Commercial and Financial Chronicle—Thursday, February 7, 1952
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. 9, initial claims for unemployment insurance benefits dropped 5%, 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, in 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 winding dressing before the Wage Stabilization Board had been completed.

But this increase would apply to the base rate. After suitable adjustment in the 22 different wage classifications, it would be found that the actual increase would really average 18½ cents an hour. This 3½ cent joke 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 free 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 see 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 an hour and having 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 round is a practical certainty. It will be accompanied by nationwide strikes, likely 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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FEBRUARY 1, 1952

**Dobbs & Co. will Admit Three to Partnership**

Dobbs & Co., 50 Broadway, New York City, members of the New York Stock Exchange, will on Feb. 16, admit to partnership George A. Huggin, John J. Langenbach, and Mr. May, an office manager for the firm.

**Oppeheimer Branch**

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

**With Waddell & Reed**

Mr. Waddell & Reed, Inc., 76 Beaver Street, New York City, is now represented in Canada by Mr. Waddell & Reed, Inc., 76 Beaver Street, New York City.

**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 "executive" 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 world.

Today's Prevalence of Discount

Throughout today's financial world, abroad as well as in the United States, discount periods—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 dissipation 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. In these issues, not enjoying the benefit of sales pressure which readily secures a buying premium of 9% or so for the open-end funds, will at premiums ranging from 15-35%, such market pricing—as we have pointed out to previous readers, allowing for the buyer the concrete benefit of wiping out the management expense.

Then there is the miscellaneous holding company, such as...
Keys to Insurance Company Strength

By SHELLY CULMUS DAVIS

Formerly Deputy Superintendent of Insurance of N. Y. State; Partner, Shelby Cullum 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, general government supervision, and stockholder appraisal. Holds they are more important than traditional ratio figures. Urges importance of thoroughly going behind balance sheet statement. Denounces 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 of these clues, each with which we are familiar:

1. The first tool is the company's balance sheet. On the left hand side are the assets of all kinds, and on the right hand side are the liabilities—what the company owes. This little difference between N and E—owners and owed—is one of the keys to insurance strength.

2. 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 stockholders' money. But it is not sufficient to this, since the difference between statutory underwriting results and the so-called adjusted underwriting results which takes into account the change in the premium reserve equity.

3. The third tool is our good friend the Insurance Department—and I mean exactly that. The Department is the friend of the policyholder, the vigilant protector of insurance company strength. Its reports of examination and its reports of investigation are always available. The fourth tool in our kit is the body of the company's stockholders. Remember, they are constantly appraising the company's strength. Their money comes after the policyholders—it is "out on a limb," so to speak. The stockholders are the forgotten men, but they themselves don't forget—\(v\) they watch trends, read reports and speculate about the future. And they express their opinions on the strength of the market for the company's shares, from ten to three every Saturday, Sundays, holidays and Mondays. 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. Knowledge management is all-important. Not only is the management of the company whose job it is to meet the public and who know how to put their best foot forward, it is supposed to be behind the men. Men make up the figures, and whether the figures are conservative or overly optimistic is the judgment of the men responsible. We live in an age when news commentators get behind the headlines and writers get "inside dope" and "inside the U. S. A. To understand an insurance company's management and "behind the figures"

Now let us turn to some specific examples where these five tools bring results. Let us imagine an account, Insurance Department, stockholder appraisal and knowledge about the company. The company has been in the business for 1900 and 1910 respectively. The third company, 

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MORE BUSINESS FORECASTS

The following are some more of the opinion statements for the last six months which, for various reasons, could not be accommodated in our ANNUAL REVIEW and OUTLOOK ISSUE of Thursday, Jan. 17 and Friday, Jan. 18, 1952. Reprinted 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 volume to such an extent that demand for the basic raw materials will be made up to a large extent of the needs of the defense industry. It is probable that barely prior to World War II the need for the immediate establishment of national policy to attempt to expand the facilities and reduce costs of the aircraft industry will be so acute that the limiting factor in such efforts will be the availability of raw materials, electronic apparatus, and the various other types of specialized equipment and materials which even under our present schedules are in short supply although critical aircraft machine shops are handling heavy volume production.

One very encouraging fact is that during the past year or so the major producers have planned to improve existing airplane designs and to develop new ones in an effort to reduce costs. As a result of this intensive development work, we will be producing improved aircraft during the coming years to the extent that together with the technical superiority either in the industry or in the air service, and I believe those of the most important factors in our future air security.

Employment in the industry has increased considera-

bly during the past few months. Fortunately there has been no decrease in demand as a result of the peak of the industry in the early part of the year. Accordingly, even under present schedules the aircraft producers are in a position to place a number of the leading segments of the national economy. As industry, we recognize the responsibility that this position carries—responsible for the establishment of a higher level of living for all industry and materials and for delivering a full measure of value for every dollar expended.

From a financial standpoint, the industry anticipates a meaningful increase in sales as the production program gathers momentum. As a result, the industry will be able to earn more dollars to pay for the increased costs of the past years and those ahead.

W. E. BIXBY
President, Kansas City Life Insurance Company

While the life insurance men appear to expect during the early months of 1952 a continuation of the gains of the past six months of 1951. Obviously a radical change in the international situation now is unlikely. Now, with higher incomes due to better business and higher employment, the business of the insurance business is growing and almost level to in a better position to meet the needs of the American public.

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 demand growth of 1951 over the previous year, it still represents a sizable gain in total barrels.

In all probability, domestic crude production will not participate in this growth. In fact, it may be the cause of the market for crude oil now.

E. F. Bullard

3. Production of natural gas liquids will exhibit continued growth. "There is no question that the industry will be able to meet every demand for its products during the coming year. In fact, it is the only industry that has had to reduce its production during the past six months and in the year to date. This year, the industry is in a position to meet its obligations to the government as well as to the public. The company's plans for the future are all designed to meet these obligations. In the long run, the company's plans are all aimed at maintaining a balanced production and consumption of natural gas liquids.

D. C. EVEREST
President, Marathon Tanker Corporation

Regardless of the many factors affecting general busi-

ness, the consumption of paper and paperboard and the products made from them will increase by 5% over the previous year in the history of the United States. Through the use of new paper and paper products, the consumption of tonnage required to meet the demand is bound to decrease. This will reduce the production of paper and paperboard and increase the demand for the products. In 1952, consumption of paper and paperboard in the United States is expected to increase by 10% over 1951. This will result in a reduction of the consumption of pulpwood and other wood products. An increase in consumption of pulpwood and other wood products will lead to a decrease in the price of pulpwood and other wood products. This will be a great benefit to the forest industry.

Dr. Everest

The increased use of new products, such as those made from paper and paperboard, will have a great effect on paper and paper products. This will result in a decrease in the consumption of tonnage required to meet the demand and will reduce the production of paper and paperboard. This will result in a decrease in the consumption of pulpwood and other wood products. The increased use of new products will have a great effect on the economic activity of the forest industry. The increased use of new products will lead to a decrease in the consumption of pulpwood and other wood products. This will result in a decrease in the price of pulpwood and other wood products. The increased use of new products will also have a great effect on the economic activity of the forest industry.
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—To Webster, 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.


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


Government Securities on major stocks—Laidler, Russell & 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 Kenya, Tanganyika and Zanzibar Griffith Letter for second year, all for $100.—B. Barrett Griffith and Company, Inc., Colorado Springs, Colorado.

Insurers—Make Small Living Trusts Feasible—Booklet—Mutual Funds Department, Kidder, Peabody & Co., 10 East 44th Street, New York 17, 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 traded in the Dow-Jones Averages and the 35 over-the-counter industrial stocks listed in the National Quotation Bureau Averages, both as to yield and market performance over a 15-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 “Cleasings”—Franc I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also available is an analysis of Gar Wood Industries and a discussion of American Arbitrators.


Toledo Securities—a survey of major stocks—tabulated by industries—Nomura Securities Co., Ltd., 1-1 Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan.

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

American Luxury Properties—Special Report—Lowry & Co., 225 East Mason Street, Milwaukee 2, Wis.


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

Bancroft & Co.—Memorandum—Frost & 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 & Weller Company—Analysis—Cohn & 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—Arena Securities Corp., 111 Broadway, New York 6, N. Y.


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

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


Middle Western Bank—Information—Randle & Co., 148 State Street, Boston 9, Mass. Also available is information on Thermo King Railway.


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

Texas Illinois Natural Gas Pipeline—Memorandum—Barclay Securities Co., 120 South La Salle Street, Chicago 3, III.

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

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COMING EVENTS
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 Cities Securities Traders Association annual winter party at the Normanday Hotel.

Feb. 21, 1952 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia annual mid-winter dinner at the Franklin 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 and estate investments 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 stocks. 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 difficult as at present. The prime concern of a trust company is to preserve principal and earnings, at the same time, so doing, to reduce the rate of income from investments as little as possible. A war, in which the nation was mobilized for defense, put the resources of the nation to the test. The nation's two principal outlets for investment—government bonds and stocks—were not considered satisfactory, as the bond market failed to expand and the stock market was subject to violent minor fluctuations.

The war, however, did have its effect in the surge of industrial activity, but the results, as the price of raw materials and the general business climate showed, were not increased production, but the inflation of prices, and the general state of business activity; the value of the dollar began to be seriously questioned, turning the attention of the public toward the effect of inflation on the integrity of the dollar.

Investment officers were divided on the question of what the 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, we must weed off the assumption that it will not lead to another world configuration. This assumption is basic. On any other assumption, all forecasts, predictions, and propositions would become worthless.

Another World War would be a great catastrophe and would have such far-reaching economic, social, and political consequences that 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 business, on corporate activity. Whatever sequences of World War II are relatively small compared with what could happen in another World War when we have to fight on two fronts, 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 the union of a 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 1955, will remain high; for a considerable period we will have to maintain a large army and heavy economic and military assistance to our allies.

3. Because of highly uncertain economic and social conditions prevailing in many parts of the world, with the possibility of new disturbances arising, it is probable that the emergency will not lead to a general world configuration.

4. Once the Korean War 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 war of international conflict.

The present conditions of economic policy of the United States are based on 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 the best of any ability the effects of the above policies on the economies of the free world to avoid a third World War. These effects 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. Service industries, by corporations having been exceedingly large and will continue at a high level at least during the first half of 1953. 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 long 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 year 1952 and 1953, the standard of living may have to decline somewhat.

2. The constant increase in capital expenditures by corporations, accelerated by the increased wage rates and full employment, has led to a considerable increase in the consumption of business goods, as well as in the production of business goods, with the result that the break-even point of many corporations has risen considerably. High or low a break-even point actually is not easy to determine. It is also extremely difficult to state whether this break-even point can be reduced once the expansion of business activity begins to decline.

3. To avoid large Federal deficits, taxes on corporations will so increase that individuals have been considerably increased. While it is to be hoped that sometime 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 results of the emergency and its effects are correct, then one may make the 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 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 in the 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 increase in the discount rate to a moderate level may thus raise a number of problems which the trust investment officer

Continued on page 24
Pennsylvania Brevities

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

The motion, which was carried by a 12-0 vote, is the sixth fare boost sought within the last five days, as a surprise manuscript of the proposed fare increases was slipped under the doors of a stateroom in the usual galleys, or between the sheets, of the company's executive board, by what is known in the business as the "shadow boxing." For the last two or three weeks, the Transport Workers Union has made its customary demands for wage increases, although as yet no negotiation of existing contracts and has fortified its actions by strike threats. This time the company moved first.

The decision to postpone its vote was made by the board "to avoid confusion of acting with un- due haste and to give an opportunity to the city's representatives on the board to familiarize themselves with the many complex problems involved in any fare adjustment." The five city representatives on the 20-man board, including Mayor John F. Daly, were notified of the decision and elected to membership on Jan. 31.

In defending the need for higher fares, James C. Beener, PTC President, said that without increases, the company could not avoid losses in 1952. He pointed out that the company's wage bill went up $135,000 in 1951 and a further increase of $117,000 will take effect next July.

As if, seems probable, the directors on Feb. 29 to pro- ceed with filling the increased schedules, the Public Utility Commission, Mayor Clark has asserted his intention of carrying his opposition to that body. The PUC may, at its discre- tion, postpone its decision in such matters for a period or six months pending further investigation.

As group of 16-cent single vehicle fare would be retained, but the three- ken-dime, or 30-cent fare would be elimi- nated. An exchange to another fare of 45 cents would cost three cents. Suburban zone fares would be increased from eight to ten cents.

The company, according to sources, will add $15,720,000 to annual revenues.

Pittsburgh Rwy. in Black

PITTSBURGH—Although final figures for the fourth quarter have not yet been released, the C. D. Palmer, President of Pittsburgh Railways Co., has indicated the operating system will show net income of about $9,000,000 in its first year of opera- tion, as against a small compar- able deficit in 1949. The company, he said, has been built at a cost of approximately $100,000,000, and it is believed that claims from the public will amount to the total only a fraction of this amount.

Wire Rope Sale Disputed

SCRANTON—Counsel for the Bethlehem Steel Co., has filed formal objections to a Special Sales Court order. It is understood that Bethlehem's purchase of Williams- port Wire Rope Co. in 1927 be declared 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 trans- action. Nelson Morgan, counsel for Bethlehem's new parent company is now calculated to be in the neighborhood of $1,000,000.

The suit brought on behalf of the wire rope company's former employees and stockholders, who have never surrendered their original securities, was filed in 1946. It specifically charged that $528,- 967,528, or 82% of its "stockholders' equity" paid by Bethlehem to John Memalo, a Scranton attorney, was a conspir- acy to obstruct justice.

U. S. Lumber to Split

SCRANTON—Directors of United States Lumber Co. have called a special meeting of stock- holders for March 24 to vote on a proposal to issue three additional common shares for each share held. If approved, the new capitalization will consist of 450,000 common shares, par value $100.

The company owns four produc- ing lumber mills in Clinton County, Pa., and has diversified interests in Mississippi.

Hosler "Runs" Continue

READING—"Roll backs" may save the Reading 100 employees, who has dealt with wage hikes, but is now unable to make payroll. If approved, the new capitalization will consist of 450,000 common shares, par value $100.

The company owns four produc- ing lumber mills in Clinton County, Pa., and has diversified interests in Mississippi.

Southern mills was given as the basis in last balances.

Local Ford Plant May Close

PITTSBURGH—Local Ford Plant in San Francisco last week, said the company was seriously con- sidering closing its San Francisco plant due to uncertainties about the future of the program. If closed, millions of dollars would be invested in Ford's Chester, Pa., plant, at present housing regional and dis- tribution centers of the same facilities and employing 2,100 peo- ple.

Ammon Dow Chemical

Although inability to obtain impor- tant parts resulted in curtailed changes at the company's plant in the last quarter, sales for 1952 are expected to reach about $30,000,000, an increase of more than 77% a year. Because of re- strictions imposed by a $27 million RFC loan granted in 1950, no present payments are expected except in the form of $27.5 million in ar- rears. The company has already paid by special permission, which, to date, has not been requested.

Obeying That Impulse!

Max Hess, Jr., President of Hess & Brother Co., explained in his new book "Everyman's Dream," which was released Jan. 31, that the company increased its purchases of Steel and Triumph during the first quarter as a result of increases which did not appear effec- tive until Sept. 10.

The author went on to say that the return was only about 1½% and far below the 5½% permis- sible on the accepted capital valu- ation.

Hearings are still in progress on charges of price-fixing and discrimi- nation against approximately $2 million member. The company in re- lation to its 12-year period of bank- ruptcy. It is believed that claims for losses sustained by the public total only a fraction of this amount.

Wine, Kline & French Earnings

Following the 1951 pattern in- creasingly portrayed by "many of the companies in the Finan- cial Laboratories, pharmaceutical and retailing branches, the Kline & French Co. (Special) will report earnings this year. This year's earnings, which are expected to be higher than in the $30,000,000 range, are attributed to a 25% rise in income and excessive prices. This year's earnings are expected to be higher than in any year since 1937.

The company's earnings were $3,570,000 in 1951, compared to $4,095,459 in 1950. This year, the company's earnings are expected to be higher than in any year since 1937.

Redeemers Co. stockholders approved the merger proposal at an Annual Meeting, held in Wash- ington Feb. 17.

Smith, Kline & French Earnings

Following the 1951 pattern increasingly portrayed by "many of the companies in the Financial Laboratories, pharmaceutical and retailing branches, the Kline & French Co. (Special) will report earnings this year. This year's earnings, which are expected to be higher than in the $30,000,000 range, are attributed to a 25% rise in income and excessive prices. This year's earnings are expected to be higher than in any year since 1937.

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With Adams-Fastnow

LOS ANGELES, Calif.—James A. Hargrave, has been added to the staff of Adams-Fastnow Company, 214 S. Flower Street, managers of the Los Angeles Stock Ex- change.

With Barbour, Smith

San Francisco, Calif.—Mark O'Donnell, has become associated with J. Barth & Co. 401 Mont- clemery Street, members of the firm of San Francisco Stock Exchanges.

Blyth Adds to Staff

San Francisco, Calif.—Frank B. Stone has become associated with Blyth & Co., Inc., Russ Build- ing.

Two With Blyth & Co. (Special)

LOS ANGELES—M. C. _ and J. _ have joined the firm of Blyth & Co., Inc., 213 West Sixth Street.

Two with Hill Richards

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

John Sheldon Joins

Eastman, Dillon Co.

(Special to The Financial Chronicle)

CHICAGO, III.—John G. Sheldon has been associated with Fuller, Dillon & Co., 135 South LaSalle Street. Mr. Sheldon was formerly associated with F. S. Yantis & Co., Incorporated in the municipal department.

Stizely Swiech

Forts Own Inv. Firm

(Special to The Financial Chronicle)

CHICAGO, Ill.—Stanley I. Swiech has opened offices at 141 S. LaSalle Boulevard to en- gage in the securities business. Mr. Swiech was formerly a member of law firm of J. P. O'Hourke & Co.
Business in an Election Year
By RAYMOND RODGERS
Professor of Banking, New York University
After analyzing business conditions relative to taxes, business, new business patterns, and the like for the months ahead, Dr. Rodgers advises businessmen, as cautions steps, to:
(1) See a thinning of margin; (2) keep in good cash position; (3) go easy on borrowing, especially short; and 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" Smith advanced the thesis that an "invisible hand" makes transactions between individuals carry advantages into social benefit and progress for all. This week's article is the 1st step in transforming the invisible hand of political economy into what later became known as the dismal science. Many of today's former students will recall, however, that the invisible hand (or what I make it dismal) Without in any way implying that economies ever become efficient, there are steps that must be recognized that the wheel has turned again and more the phrase, the art of political economy must be used to provide food for the economic process.

The "managed" money and credit, with a "managed" public debt of over a quarter of a trillion dollars, runs a "managed" society, especially the price and wages, controlled which is the method of allocation of resources, the art of political economy becomes ever more important to every man, woman and child in America. To say nothing of unborn generations, and the other free peoples of the world!

For the "left alone" policies advocated by the classical economists, have been cut down by many statutory enactments, and even more administrative rulings and regulations, all in the direction of assuming responsibility for a fixed full (expanding economy) operation of the entire economic system of the U.S. (or Federal Reserve). This 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 policies, intervenes in the economic process. This intervention will reach new heights in 1952?

The conjuncture of military action, which started the war against Communism, rearmament to provide "pump-prime" our world conquest, and a bitterly contested Presidential election, gives rise to decisive leadership and National Administration ample excuse for any action thought necessary.

The Washington "patriots" will not forget the "right" of the 1952 is an election year, which will color their judgment and "affect their every action. Politics—modern style—has created a new wave, it will affect the uneasy hospitals, home defense and civilian production; it will affect wage and price decisions; it will affect tax rate decisions; it will affect every adverse consequence.

Historically, election years were years of business hesitation; a slowing down due to the uncertainty of the future is the exact opposite. The New Deal practitioners got the lesson learned and vote and are elected; and certainly the Fair Deal, or Truman Deal, practitioners have no evidence against bias spending! So, we may confidently— or mournfully, as the case may be—count on increased spending this year.

In the calendar year 1951, armament production increased, on an annual basis, at the rate of nearly 50 percent each month. This mounting rate of expansion continues, as the annual rate of increases, in the month of July. And in the month of August, keep in mind, each month. Put on a monthly basis, the annual rate of increase in defense combat equipment each month in calendar 1951 but will try to spend some $30 billion in the second half of August, which is the month of July. Please note: this was war-like production, but it is no war big break out, and if Korea continues on a cold war, or changes to a hot war. But for any reason, the need becomes even more urgent, defense spending will be stepped up even higher than

$75 billion rate expected by the end of June, or the $60 billion rate which Assistant Defense Secretary Harriman predicted on May 21, said would be reached some time in 1951, and continued, and definitely.

Some of you have heard me go against "pump-prime," especially as practiced in the past. But now, "pump-prime," or "stimulation spending at the rate of $50 to $60 billion a month is not "pump-prime"—it is the new way of life for the American economy.

Non-defense spending also will continue at its high rate. Although the President in his Budget message requested $1 billion less for the fiscal year ending June 30, 1952, for the next fiscal year, (beginning June 30), this tremendous burden of 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 talk!

Taxation
Increasing expenditures obviously mean a continuation of heavy taxation. In fact, if this were not an election year, taxes would probably be increased. However, your conscience need be bothered only to the extent that you are paying now, especially to the extent of aid to the unemployed. The Budget new federal revenue was $7.3 billion in 1941, and the World War II peak was $92 billion in 1945, but in the current fiscal year, the estimate is $70 billion and the President estimates that $77 billion will be taken in fiscal 1952.

Total Federal, state and local government current fiscal year will be about $84 billion, which is about the same as the pre-tax peak in 1945, and almost 51 times the pre-war total of 1940. The tax structure of this country now has much greater consequences on business than many people yet realize. While Federal income tax rates now reaching an overall ceiling of 70% on all profits, but retained in the form of "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


further 10% by the N.P.A. in the second quarter of this year, which will be about 43% of the pre-Koreans. This impact the continuing low level of pre-Korea level will have on inventories is obvious.

Soft goods are an entirely different matter. In soft 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 purchase power to spill over into the soft goods fields, this effect should not be over-rated. What is more important, employment in these 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. Soft goods industry supplies relevant to the military has already a problem! It will have an important effect on the business pattern, so keep your eye on the rate of saving and-spending 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. Businesses, even though taxes press in the other direction, should:
(1) Do everything possible to keep waste and extravagance at a minimum, as precedents once established are difficult to break.
(2) Give special attention to their cash position, as more dollars are needed to be 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 by the fact that we are working overtime on defense orders. Although the heavy defense spending period has been lengthened, it will not continue forever. So, be ready with the reserves, the dollars and organization for the trial by fire in the competition which lies ahead.

And now, my parting consolation. If you businessmen worry enough about the future, you won't have to worry about Old Age!
Schizophrenia Hits the Stocks

By IRA U. COLEIGH

Author of "Expanding Your Income"

Preview of 1952 fission fashions in cushy Corporate equities

We have all watched with fascination, and sometimes not without apprehension, the growth of the newly formed interstate chemical products company, now known as Ethyl Corporation. We have seen the stock price rise from 40 to 100 in one year, and to 200 in another. But what we have not seen is the effect on the stockholders' mental health of this meteoric rise. It is no wonder that many of them have developed symptoms of schizophrenia.

(1) They are the visible evidence of the fact that stocks can be used as an investment medium and that the gains from such investments are substantial. They are usually considered as a 5-year investment, but in some cases they may be held for as long as 10 years, during which time they may appreciate by as much as 100%.

(2) They are not always considered as an investment, but rather as a source of revenue for the company. This is because the company's profits are often derived from the sale of its stock.

(3) They are often used as a measure of the company's success. If a company's stock price is rising, it is usually considered to be a sign of success. If the stock price is falling, it is usually considered to be a sign of trouble.

Vickers Brothers is Formed in New York City

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 T. Vickers.

SEC Moves Office in New York City

The Securities and Exchange Commission has moved its regional office in New York City to 137 Broad St., New York. The new office will be under the supervision of Peter T. Byrne, regional administrator.

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The Prospectus may be obtained in any State from the stock of the Underwriters as may legally distribute it in that State. The Underwriters include:

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The Commercial and Financial Chronicle... Thursday, February 7, 1952
What's Ahead for Stock Market?

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

Mr. Jarvis, continuing stock prices in comparison with other economic factors, emphasizes the importance of money values, points to major changes with respect to investment in recent years, as (1) injection of pension fund and trustee buying of common stocks, (2) increased acceptance of so-called "growth" stocks; and (3) increasing acceptance of continuous inflation by man in the street. Stresses selectively as keynote of stock market.

During the past few years, the phenomenon that the American public has been hearing quite a bit about inflation from the officials of Washington. These ministers have been motivated by a fear of the type of economic inflation that would prevent the economy from moving more in line with the government's program in some respects. The rates, in many respects, have been substantially lower than those of the past, and it is reasonable to assume that the price of goods and services will continue to move in line with the official monetary policy.

Inflation, as defined by the Department of Labor, has been in small relation to the substantial increase in book values over recent years but has been in substantial relation to the tremendous inflation of our economy. In 1929, income to individuals equaled $1 billion, but at the end of 1931, disposable personal income was running at the rate of $20 billion, an increase of 21.7%, whereas the Dow-Jones averages have risen since 1929 by the small amount of 3%. From the standpoint of the investor in industrial securities, the market advance has been extremely modest. Last month I presented deposits of 400 to 500 billion dollars banked at $5.2 billion, or up about 300% over the 1929 total of $2.2 billion, which is equal to the future value of the dollar and which has been the result of the buying common stocks as a hedge.

Although income taxes reduced last year's corporation profits to $18 billion, a record high for the year, and $22 billion, earnings were still slightly better than the previous year's results. The severe impact of taxes last year is readily discernible when it is noted that the total income tax from $44.8 billion was $4.1 billion above that of the previous year. Earlier, however, despite the decline in net income to the financial strength of the nation's business economy, estimated dividends for 1929 of $3.5 billion were $200 million above those of 1928. Again, the present market price, as measured by Dow-Jones Industrial Average, at 1931, high level established in 1928, is still as high as that of 1928, and still provide generous yields and are still highly speculative. This rise in price-earnings ratios, which factor should continue as strong underwriting forces in the investment market. With investment grade equities proving a return on capital in the neighborhood of 6%, it is only reasonable to expect that funds from pensions, savings banks and other institutions should continue to flow into the equity market.

Let us look at the growing trend of stock prices to book values. Since 1927, when the Dow-Jones Industrial Average book value was $83.80 a share, over 100% higher than the book value of 1931, into these companies to bring the book value of stocks to 350. Since January 1, 1931, up to $124.20 a share. This value as of Dec. 31, last is partly substantially higher than the 1931 book figures are as yet available. The 1931 average was rising over 10% above its book value, while today it is estimated that the average of the Dow-Jones common stocks today were at sell at or below the average of the Dow-Jones Industrial Average, $124.20. In the past year, the Dow-Jones Industrial average has been in the neighborhood of $20 to $300 in the year 1951 and this figure is expected to increase 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 assets of open-end investment trusts as of the year 1950 totaled $44 million, whereas at the end of 1949 this figure amounted to $192,000,000, reflecting sales for the year at $85 million. In the year 1950, net assets totaled $23,000,000, reflecting sales for the year at $181,000,000. As of Sept. 30, 1951, the total net assets of open-end investment companies reached the gigantic size of $2,045,000,000 in selling $480 million of the first nine months of 1951 alone, to 367,000,000 in sales for the year at $82 million. The chronic bears for some time have pointed in the direction of overbought stock market on its last legs. They have put a strong emphasis on the arguments supplied by the Dow-Jones indices. I have outlined charts which would illustrate the divergent market action of various groups. I could show how the keynote of the market for the past year or more has been selectivity. Last year the rubbers, chemicals, oils, proprietary and ethical drugs; the select group of active trusts like the industrial averages prevalent at the 1950 market top.

How about other forms of properties?

Much controversymodity price index was 46.5 in January 1945 and 56.5 in January 1952, the index had risen to 177, in substantial accord as the Dow-Jones. On the same relationship, the averages would have to rise to 400, from 197 to 400 as of January 1952, an increase of 400% over the 1931 level, and that the Dow-Jones Industrial averages would stand at 250. One would have to continue the same ratio. The rise in the value of farm property has yet to be realized in the stock market. The Department of Agriculture's index has risen from 83 to 206 as of November 1951, an advance of 148%, and the price of agricultural averages would have to rise to 677 in order to continue the same ratio. Consequently, it does not look as if common stocks are accented at this time.

Major Changes With Respect to Investing

It seems to me that there have been three major changes with respect to investing over recent months: (1) the change in the injection of pension fund and trustee buying of common stocks. The effect of this is to emphasize the quality of stocks and to reject the speculative type as/or strongly as against the medium growth stocks. If you made the selection of the day insurance company shares for 1951, you would find that 75 out of 100 of the leaders would show price advances of 10% or more. The stocks that were not so well known showing a decline, a very significant and illustrative. This is our opinion is that we have the investment public turning their attention from speculative types of companies, and this is our opinion is that we have the investment public turning their attention from speculative types of stocks. I referred earlier on this point. Any one of these policies has been lapping as growth stocks by many institutions but are really not common stocks. This has been an important item in the advance of the chemicals, the pharmaceuticals and glass. However, there has been an increasing acceptance of the thesis of inflation by man in the past year and this has become a market as indicated by the increase in the number of purchases of odd lots. It is difficult to see you, give any accurate estimate as to the number of shares or amounts of dollars that have gone into pension fund purchases. I think that the sales of pension fund accounts have been somewhat in the neighborhood of $20 to $300 in the year 1951 and this figure is expected to increase 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 assets of open-end investment trusts as of the year 1950 totaled $44 million, whereas at the end of 1949 this figure amounted to $192,000,000, reflecting sales for the year at $85 million. In the year 1950, net assets totaled $23,000,000, reflecting sales for the year at $181,000,000. As of Sept. 30, 1951, the total net assets of open-end investment companies reached the gigantic size of $2,045,000,000 in selling $480 million of the first nine months of 1951 alone, to 367,000,000 in sales for the year at $82 million. The chronic bears for some time have pointed in the direction of overbought stock market on its last legs. They have put a strong emphasis on the arguments supplied by the Dow-Jones indices. I have outlined charts which would illustrate the divergent market action of various groups. I could show how the keynote of the market for the past year or more has been selectivity. Last year the rubbers, chemicals, oils, proprietary and ethical drugs; the select group of active trusts like the industrial averages prevalent at the 1950 market top.

This announcement is not an offer of securities for sale or a solicitation of an offer to buy securities.

February 4, 1952

251,540 Shares

Southwestern Public Service Company

Common Stock
Par Value $1 per Share

The Company has issued warrants, expiring February 14, 1952, to holders of its Common Stock, evidencing right to purchase for the rate of 1 share for each 5 shares held, with the privileges of additional shares for subscription subject to an aggregate number of 150,948 shares. All as more fully described in the prospectus. Unsubscribed shares of Common Stock may be offered by the underwriters as set forth in the prospectus.

Subscription Price to Warrant Holders
$17.50 per share

The prospectus may be obtained from one of the undersigned who are among the several underwriters participating in the offering.

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Stone & Webster Securities Corporation
White, Weld & Co.
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The Milwaukee Company

This is a political year and political expediency indicates that no hard line will be held on wages, farm prices, or other spots. A ubiquitous 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 $5 billion as against some $2 billion in 1951. Incurring orders will probably reach their peak of the year in the first half and deliveries will continue to rise well into 1953 and 1954. Consumers' disposable income, which is income left after taxes and personal savings, is up 6% to 7% above 1951 level.

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. Cyclistindicators 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 are not as high today as last year, amounting to 824 million. The fundamentals analysis have also become cautious and now show increasing pessimism. From my point of view, I see this as a strong challenge towards the market and that good profits recovery. It is entirely possible that this year in many groups and specific situations. While general market weakness could develop from time to time, perhaps as a result of large large tax settlements must be made, I am very doubtful whether any such reaction will carry before the November laws of 255, or the New York laws of 255, or the New York laws of 255, or the New York laws of 255. In the past, listed companies last year either sold their common stocks or paid stock dividends to shareholders. This figure may exceed in 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 we 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 crisis in our relations to 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.

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 not occur longer.

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 some kind of tank to explode. This throws the gasoline all over the occupants. Some electric sparking starts the fire and the passengers are all smothered or burned long before.

"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 the airplanes fly and the size of the planes increases. When the airplane companies have as many big airplanes as the biggest planes, they do not tell you that the bigger the plane the more dangerous it will be for it to fall. Moreover, many believe that the bigger airplanes 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 greater danger, as was evidenced in Elizabeth, N. J. An airplane 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. It is to discover such an insulator.

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 less, would not be sought, and causes a fatal disaster. Besides, the plan 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. Mr. Babson says that if I was a student at the Massachusetts Institute of Technology I would have a practical use for my commercial designer. He says that he could not use him.

Servomechanisms, Inc.

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February 5, 1922

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 column writers to baffle the mind of the reader and to turn out anything else.

To keep the theme going, leaving it in a shape that it can be brought out again on another dull mental day, the trick is to trade off and never make the statement definitely as to whether he will or will not run again. Get out of some one of his "friends" one day and write that it can be over the horizon, and over the horizon directly from the White House. Then let it be known 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 the idea that it is a situation long between now and July—you had better leave such a loophole at 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 way that suits him, one who can honestly carry on as he has carried on, and therefore, he, Truman, may decide he must make the move..."

This writer has never at any time had the slightest doubt about Truman's intentions. I claim no intimate contacts or feel any stuff either from inside or outside and that we will hear a week or two ago, what he thought the President might likely do. This fellow made a mistake in telling it. What he should have 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 President Roosevelt as I did President Abraham Lincoln. My life with Presidents, so to speak, began with Calvin Coolidge. And he didn't care if, later, that 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 if he didn't run. But the civil term leaders, 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 nomin¬ation in 1928 that he would run. In 1929, the time that was not the case.

Roosevelt knocked the coyness of transition into a cocked hat and went pretty publicly after the nomination. 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 hangeron, thinking the mantle was to be McNutt's, began jumping on his bandwagons. This was serious and the inner Roosevelt tools took firm action. One member stilly told newspapermen one day that the President was "energetically discouraging" McNutt. The election income tax returns to see if he has reported his "poker winnings." That was the end of the McNutt candidacy and a warning to any other aspirant not to make a bid for the nomination at Chicago. But 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 enthusi¬astically for Roosevelt. That is the great difference between 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 newspaper dispensers who didn't want to gamble on a new nominee. A new President even of the same party merely a lot of upheavals in polit¬ical positions and promises. Even a new President brings in his own crowd; sooner or later, he gets rid of his predecessor's appointees.

It is this political turpitude 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 credit and bread to him—as there was among the drafters of Roosevelt and Coolidge. The drafters seem to be of the opinion that they will draft Truman if that is his will but they don't particularly like it. You would have to convince them that they should risk it to 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 will go their way but not out of any way. Take Senator Joe Humphrey, for example. He is the state's official, or as Senator Bangeron says, "the man of 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, but if he doesn't, I can't, I won't, I'm through," etc.

This is not the way of the true draftsman. He will not hear of any suggestion that his man is not running again; he is insist¬ent that he is the only man who will do. 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, Pretice-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 consequence of the recession itself, but fear that individual cash reserves were required to meet current inflation. Predictors, 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 the dependable buying power of hand, predicts consumer savings will be slightly reduced.

What consumers do with their remaining cash in 1952 will probably be determined by what they did - and didn't do - with it in the 1951 record. What do consumers do with their discretionary incomes? Why did they behave as they did? Did they?

1. Total Personal Spending for Goods and Services

In 1951, since last spring, consumers have been purchasing more from merchants, bargaining the manufacturers, and baffling the economists. While, and as before, they've put more spendable cash into their pockets than ever before, they haven't been spending a great deal. In 1951, they've been saving it virtually at the highest permissible rate on record. In 1951, consumer savings of consumers' liquid savings in income were up 38% in the first quarter, and 22% in all four quarters of either 1950 or 1949. In the third quarter of last year, consumer liquid savings soared once more, to 45.7 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 86 billion in liquid form. For the year as a whole, consumers saved more than 8% of their spendable income, one of the highest post-war savings ratios on record.

In 1951, the Dow Jones average of industrial stock prices increased 38.7%, while the wholesale price index was up 9%. In 1951, only 11.2% of consumers' spendable income went for services such as rent, gas, electricity, recreation, transportation, medical care, insurance and education. In 1951, less goods were purchased than in 1950 of spendable income went for services. In 1951, consumer savings as a percentage of spendable income last year was 8.9%. This is 13.9% less than in 1949 and 8.9% in 1948. A "normal" propensity to spend for automobiles and other durables should be in the neighborhood of around 4%. The second story is true for furniture, automobiles and other household equipment. Consumer spending for this category reached a high of 194.4% in 1947 and in 1948. By the first quarter of 1951, it had dropped to 519.3, slightly below a "normal" level of 52.5%. 53.5%.

2. Spending for Services

Spending for service continues proportionately far below the norms of pre-World War II experience. Spending for services is a consumers' spendable income went for services such as rent, gas, electricity, recreation, transportation, medical care, insurance and education. In 1951, less goods were purchased than in 1950 of spendable income went for services. In 1951, consumer savings as a percentage of spendable income last year was 8.9%. This is 13.9% less than in 1949 and 8.9% in 1948. A "normal" propensity to spend for automobiles and other durables should be in the neighborhood of around 4%. The second story is true for furniture, automobiles and other household equipment. Consumer spending for this category reached a high of 194.4% in 1947 and in 1948. By the first quarter of 1951, it had dropped to 519.3, slightly below a "normal" level of 52.5%.

3. Spending for Soft Goods

Spending for soft goods consumers' inclination to spend for soft goods is still substantially low. In 1951, particularly in the case of clothing, shoes, and semi-durable furnishings such as sheets and rugs. In all these cases, open-end credit, personal loans and sell-off sales of durable consumer goods. In 1951, a normal propensity to spend for consumer durables was approximately 0.5% of consumer income. In 1951, the ratio rose to 11.7%, from which point it dropped steadily to the present level of about 8.0% in 1950.

Similarly, textiles and semi-durables. House furnishings have been sold for over 10 years. Spending for soft goods in the fourth quarter of 1951 was approximately 11.5%. In both instances, part of the drop in the previous year was probably to be explained by the post-Korean overbuying in the second half of 1950 and early 1951. Nonetheless, the correction for overbuying in 1951 was greater than the amount of the overbuying since, as we've seen, 1951 was not "normal".

By contrast, consumer spending for soft goods has been sustained at high levels throughout 1951. Why the Spending Lag?

1. The low consumer inclinations for spending in 1951 is not to be explained by any short

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

3. A partial explanation for the prolonged lag in consumer buying is the increasing tendency for consumers to pay in cash rather than on credit. Consumers may feel they need large supplies of cash and other liquid assets to offset expected future inflation which has occurred since Korea. In June, 1950, consumers had about $186 billion in demand and time deposits and other liquid assets. Since then, the cost of living has gone up 13% and the population has grown about 3%. In other words, to get everything back to the same equal amount of liquid asset position as in June, 1950, consumers would have to have about 14% more cash and other liquid assets than they had last year before Korea. That would mean about $100 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 number 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 spend enough loaded with cash, they may then be inclined to spend a larger percentage of their available income.

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: (a) Greater durability of so-called soft goods. Thanks to new materials in the textile and apparel industries, the life of clothing, shoes and other such soft durable goods will be longer. (b) Greater informality accepted as a "level" of living. More and more informal attire is more generally acceptable than formerly. Less going out as a result of lowered money needs and need for variety of clothing costume. (c) Redistribution of income hits soft goods. Connected with the former point is the fact that the total national income is steadily being redistributed to favor lower income groups whose buying patterns are less concentrated on clothing and to a lesser extent on semi-durable 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 standards 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 increases during 1951, hard goods workers, particularly those who make hard goods, received little or no increase. One manufacturer, a fortune on the cemetery of raw materials suppliers, which made high wages were probably the deciding factor in its large increase in presiding over higher taxes had declined sharply. This has affected retail 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 (b) Tighter installment credit. Credit card rules were made, 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 their payments required. The table 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 dependent on consumer spending and replacement volume will be lower. We have to contend here not only with the post-Korean buying boom which shifted sales of most hard goods to unprecedented levels but also with the above-average sales of hard goods during the whole post-Korean buying boom from 1946 to 1950. Thus, now by most of the more than 20 million autos and trucks on the road have been built since the end of World War II. While there are still lots of new cars being used - witness the very high scrapyard rate last year, when 370,000 cars and more than 600,000 trucks were junked (on all-time record) - it's still true that car owners have more uses than consumers. The new motor mileage store up in their cars than at any time in history. Much the same picture is true of most other consumer durable goods. Continued on page 51

630,000 Shares
Owens-Corning Fiberglas Corporation
Common Stock
(par value $5 per share)

Price $35.75 Per Share

A copy of the Prospectus may be obtained within any State from such of the Underwriters as may regularly distribute the Prospectus within such State.

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February 7, 1952.
Robert Torpie With J. F. Reilly & Co.

Continued from page 5

Observations...

Transamerica, or the somewhat more restricted Marine Midland Corporation which holds New York state banks. The price of those restricted banks is largely the result of psychological factors, such as prejudice and reaction to a number of other overpriced stocks. The discrepancy is certainly a result of inadequate earnings. The pre-discovery utility customarily sold at only about 8-to-10 times earnings; the closed-end issue now fetches about 111/2-to-131/2 times earnings. Transamerica last year yielded 6% plus on its equity; losses on the closed-end issue were 15% 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 quantities, rather than on earnings. Of 100 listed companies are selling at less than half their net working capital after deducting all prior obligations (cf. Standard and Poor's in the "Chronicle" Nov. 1, 1952) and there are at least 40 representative industrial firms whose retained profits over the past decade alone exceed the current price of their shares (cf. "Market Pointers" by Francis D. Pin & Co., Jan. 27, 1923).

These evidence 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 bracket, realization of whose emasculating effect on stockholders' take-home pay is beginning finally to dawn on them.

The Bank Stock Discount

With the commercial banks, whose shares customarily get the bank 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 has averaged 8.4% in Michigan, 7.0% in Pennsylvania, and 5.41% in New York; dividend related to capital funds being 3.49% for National City, 2.5% for the First National Bank of New York, and 1.4% for the Trust Company of New York. Their price is very low relative to their asset values.

It is so low that the following market discounts from admitted book value (sometimes underestimated) are now prevailing for some New York state and other banks:

- Bank of New York and Fifth Avenue, New York: 20%
- Chase National Bank, New York: 19%
- Chemical Bank & Trust Company, New York: 6%
- National City Bank, New York: 4%
- Irving Trust Company, New York: 8%
- Manufacturers Trust Company, New York: 14%
- Public National Bank, New York: 14%
- American Trust Company, San Francisco: 24%
- California Bank, Los Angeles: 18%
- National Shallows Bank, Boston: 30%
- Manufacturers Trust Company, Detroit: 19%

Shareholder Rights

It is not a question of right, of course; but the fair interest of the shareholder includes an adequate return on his assets, and in some authoritative opinion, even the effect on the market of the new corporation's "right" is not considered relevant. One says, "If you don't like it, sell your stock" and excuse is out of order. In any event, the very low book values, 25% for New York, 75% for California, and 30% of the economy are harmed through deprivation of new capital.

The obligation is due this shareholders of a public as well as of a private concern. Only democratic principle and equity, for the benefit only of the economy and objects to the propriety of liquidation when they are not getting a fair return from their invested assets. Such consideration may well wholly overcome the question whether the interests of the public or outsiders are being subjected to those of the management, including insider interests. It would be a question to whether the inadequacy of earning power results from factors beyond management's responsibility.

Available evidence indicates that remedying an inequitable earnings-on-assets situation should be taken advantage of; and as far as they are known, not by the government over disposition and, or, in need management. Liquidation via merger happens, perhaps too infrequently, in the industrial field. It is the occasional opening of closed-end investment companies to take some of the pain off the market, and the occasional opening of closed-end investment companies to take some of the pain off the market, and the occasional opening of closed-end investment companies to take some of the pain off the market, and the occasional opening of closed-end investment companies to take some of the pain off the market, and the occasional opening of closed-end investment companies to take some of the pain off the market, and the occasional opening of closed-end investment companies to take some of the pain off the market.

In the bank stock field, fortunately for the shareholder, there is the possibility that the relative public's right, in such participation in a publicly held money market, is augmented.

The Superintendent's Worries

Nine mergers of New York City commercial banks have occurred since 1948, the aggregate investment accounts of about $80 million. Superintendent Lyon is troubled about bank mergers, and not only about the potential loss to the nation of those institutions, but as a matter of fact, he is afraid that our banking system is being shaped to that extent by purely special interests. It is only prejudice that such sort of thing operates in the public interest; and because "windfall" profits allegedly ensue.

But he feels 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 unattainted good fortune; "luck, happening or gain or profit that is to be due to the chance or good fortune of another, and is not the result of the personal effort of the person that receives it", the "windfall" is also the judgment of those who hold that many of the mergers are worthless as public service, having no bearing on the need for the occasion for the merger. However, he is well disposed to mergers generally, and to the risk of the current trend, in view of the need in the banking community of a financial structure which is capable of proving the public interest in the free market economy.

All types of mergers. While the public is by no means subject to the approval not only of the existing institution's management, directors, and shareholders; but also of the government authorities, in the state banking and Federal Reserve authorities, and the FDIC.

Earnings and Socialization

To the extent that the merger phenomenon does exist, it poses up the need for increased earnings, now hindered by policies and conditions of the post-revolutionary inflationary era. Banking earnings, even in the case of mergers or official screening of stock purchase, by government dictum, and the driving out of investor capital, would merely promote the additional earnings in any corporation was comparable to our entire corporate investment structure.

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

"The bold British investment trust movement has got the wind in its sail. 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) than their dividends. This is all the more striking when one considers that all the trusts should be wound up! In fact, there's a genuine desire to popularize the movement among working class savers to provide some form of capital and security."

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 when the government, based on various unjustified neglected shareholder should not take advantage of these legitimate exercise of the profit motive, subject to the close regulation. Furthering the segregation of ownership and control offers no possible solutions to the problem, and the opposition to the trustee. 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 F. Apponyi, Asst. trustee, and W. Lockwood, and Ann Treadis have been associated with the Dempsey-Tegeler Co., 210 West Seventh Street, Los Angeles, a former manager of the Holton, Holt & Co. Mr. Bell was with William R. Statts & Co. and Mr. Treadis was with Reymiller & Co.

Robert F. Bates joins Pacific Coast Secs.

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Robert F. Bates, a former manager of Pacific Coast Securities Company, 334 South Spring Street, Los Angeles, has been appointed managing division manager of the trading department for the Los Angeles office of First National Bank of California Company.

HALSEY, STUART & CO., INC.
L. F. ROTHSCCHILD & CO.
FREEMAN & COMPANY
McMASTER HUTCHINSON & CO.

February 4, 1953

$4,110,000

Illinois Central Equipment Trust, Series HH

2¾% Equipment Trust Certificates

(Philadelphia Plan)

To mature $157,000 semi-annually August 1, 1952 to February 1, 1957, inclusive.

To be guaranteed unconditionally as to payment of principal and dividends by Illinois Central Railroad Company

Priced to yield 2.00% to 3.00%, according to maturity
Sterling Area Reinforced

By PAUL EINZIG

Dr. Einzig, in reporting results of Conference of Commonwealth Finance Ministers in London recently, said gold organization of the 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 Dec. 11 and 18 would bring about substantial change 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 would be translated into a disintegrative battle, or at any rate to its weakening. Despite 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 countries. The move to do so was anticipated by the occasional conferences of Finance Ministers in the past, and this time will be "more 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 a full and systematic one 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.

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 has 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. But this uniform 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 disease of the system. In addition to cuts of imports from the Dollar Area and from other countries outside the Sterling Area, various measures are contemplated in the United Kingdom. Many of these measures could not be applied in other countries, or not in 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 seems to be realizing the essential importance 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 peripheral outside support. The statement declared that the first and most important measure is 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 producers and in countries where the real 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 measures to combat inflation and to place the member countries on a sound basis the attitude of the United Kingdom is of supreme 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 lastGovernment was that the standard of living of the last consumer not to be disturbed. In practice it was impossible to restore sound economic condition or to disintegrate the inflated purchasing power. In the absence of inspiring example from the United Kingdom the other countries were also reluctant to make a real effort.

Bedrock Principle. The recent 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 point 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 face and meet the difficulties that are sure to arise. 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 confidence in 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, will it be 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:


This announcement is not an offer to sell or a solicitation of an offer to buy these securities. The offering is made only by the Prospectus.

$12,000,000

Louisville Gas and Electric Company
First Mortgage Bonds, Series due February 1, 1982, 3⅞%

Dated February 1, 1952

Price 101.467% and accrued interest

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

HALSEY, STUART & CO. INC.
MERRILL LYNCH, PIERCE, FENNER & BEANE
HELLEF, BRUCE & CO.
THE ILLINOIS COMPANY
THOMAS & COMPANY
MULLANEY, WELLS & COMPANY
BYRD BROTHERS

February 7, 1952

$5,000,000

Central Illinois Public Service Company
First Mortgage Bonds, Series D, 3½%

Dated February 1, 1952

Due February 1, 1952

Price 102% and accrued interest

Copies of the Prospectus may be obtained from the undersigned.

HALSEY, STUART & CO. INC.

February 1, 1952
The Business Outlook for 1952

By GARFIELD V. COX

Dean, School of Business, University of Chicago
Chairman, Board of Governors, Federal Reserve System, 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 total national industrial production. In addition, Fores, during year, will remain fairly steady, in value of nation's output, at 8% over.

For 1952 the dominant factor in this year's business and economic outlook is the effect of the proposed increase in government spending for defense (1,100). As has been pointed out previously, the increase is budgeted for the first quarter of 1952, and an increase of $9 billion is estimated for the year.

The rate of spending for defense, in this case, will not be accelerated or retarded by the precedent of the last three years, when defense spending was affected by the wars in the Chinese and Korean wars. By making the increase in defense spending more than the rate of spending by business and by consumers as well.

For example, the forecast for the International Whisky is made by a professional firm that specializes in predicting the future. In this case, the forecast is for the year 1952. The forecast is based on the assumption that the economy will continue to grow at a rate of 3%, which is considered to be a reasonable assumption.

Basis of Forecast

The forecast is presented in a chart that shows the expected trend of various economic indicators. The chart is divided into two parts: one for the United States and one for the world. The chart is updated every month, and the data is presented in a clear and easy-to-read format.


Ask for the International Whisky

StJohn Sherry

... choice of connoisseurs in 62 countries

World's Choicest Blend

Every drop of its whisky is 8 years old or older, blended with smooth neutral spirits.

8.8 proof 35% straight whisky.
65% grain neutral spirits.

SCHENLEY DISTRIBUTORS, Inc., N.Y.C.
AVCO reports for 1951

**HIGHLIGHTS**

<table>
<thead>
<tr>
<th></th>
<th>Year ended</th>
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<tr>
<td></td>
<td>Nov. 30, 1951</td>
<td>Nov. 30, 1950</td>
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<tr>
<td>Consolidated net sales</td>
<td>$286,598,113</td>
<td>$256,966,971</td>
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<tr>
<td>Consolidated net income</td>
<td>$10,089,214</td>
<td>$12,635,633</td>
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<td>Earned per common share</td>
<td>$1.10*</td>
<td>$1.65**</td>
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<td>Dividends per common share</td>
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<td>Net working capital</td>
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<tr>
<td>Per common share</td>
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<td>Per preferred share</td>
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<tr>
<td>Number of stockholders</td>
<td>63,288</td>
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*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**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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</thead>
<tbody>
<tr>
<td>VICTOR E. EMANUEL, Jr</td>
<td>Chairman</td>
</tr>
<tr>
<td>GEORGE E. ALLEN</td>
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<tr>
<td>H. H. BARBOCK</td>
<td></td>
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<tr>
<td>NEAL DOW BECKER</td>
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<td>JOHN E. BIERWIRTH</td>
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<tr>
<td>JAMES BRUCE</td>
<td></td>
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<tr>
<td>MARTIN W. CLEMENT</td>
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<td>C. COBURN DARLING</td>
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<td>GEORGE A. ELLIS</td>
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<td>JOSEPH R. HALL</td>
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<td>CARLTON M. HIGBIE</td>
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<td>ROBERT L. JOHNSON</td>
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<td>LEROY A. LINCOLN</td>
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<td>W. A. MOEDEMEYER</td>
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<td>WILLIAM L. MYERS</td>
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<td>BENJAMIN H. SAMM</td>
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<td>THOMAS A. O'HARA</td>
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<td>R. S. FRUIT</td>
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<tr>
<td>JAMES D. SHOUSE</td>
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<tr>
<td>ALBERT C. WEDDEMEYER</td>
<td></td>
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</tbody>
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AVCO MANUFACTURING CORPORATION

420 LEXINGTON AVENUE, NEW YORK 17, NEW YORK

"A Family of Famous Names"

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

**BENDIX**

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 material essential to the defense program of our nation.
Teamwork!
The reason I firmly maintain that the salesmen were a real team is that whenever a new sales order came in, it was allocated to the salesmen who had been working on the same salesmen. The salesmen realized that together they were only as strong as their weakest member. The salesmen used to give each other orders as soon as they were done so that there were never any idle hands. The salesmen were always making suggestions to improve the work of the other team members.

I remember many years ago, when I was working as a salesman for a medium-sized retail organization, that there was constant fighting between the salesmen and the managers. Neither the salesmen or the managers did anything to help the other. In one instance, a salesman who was always complaining was finally transferred to a department in which he was not seen again, and another salesman who had been doing well was given a raise. The reason for this was that the two salesmen were not working together. The salesmen were not interested in each other. They were only interested in their own sales. The managers, on the other hand, were interested in the overall sales of the company.

TWO RECTOR STREET

PUBLIC UTILITY STOCKS—A Haven and an Opportunity

The public utility stocks have been among the most stable and secure investments during the past few years. They have shown a steady and regular increase in value and have provided a good income in the form of dividends. They have been a good investment for those who had a long-term view of the future of the utilities and were not interested in the short-term fluctuations of the stock market.

However, it is important to remember that the utilities are subject to regulation by state and federal agencies. This regulation can affect the earnings and dividends of the utilities. The utilities are also subject to changes in consumer demand and changes in technology. These factors can affect the value of the utilities and the dividends they pay.

Another advantage of the utilities is that they are not subject to the same risks as other industries. The utilities provide a basic service that is essential to the economy. They do not tend to go bankrupt, and their earnings are not affected by economic downturns.

The public utility stocks are a good investment for those who want a steady and regular income and who are not interested in taking on a lot of risk. They are a good investment for those who want to have a diversified portfolio and who are not interested in investing in a single industry.

The public utility stocks are a good investment for those who have a long-term view of the future of the utilities. They are a good investment for those who are not interested in the short-term fluctuations of the stock market. They are a good investment for those who want a steady and regular income and who are not interested in taking on a lot of risk.

The public utility stocks are a good investment for those who want a diversified portfolio and who are not interested in investing in a single industry. They are a good investment for those who have a long-term view of the future of the utilities.
without giving due weight to the big improvement that has taken place in recent years.

And it is along this line I call attention to Interstate Power Company. Interstate Power was 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 6% 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. Be a reminder in mind that the industrial business of this company is abnormally low and much that it does have is tied up in 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 with the 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 Montana States Power stock is still available on the recent yield basis of around 7%, I think it is well worth the attention for accounts where a high income, protected by satisfactory quality, is desired. I visited the Oregon Interstate 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 facilities 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 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, Pocatello, Idaho, and Western Light & Telephone Co. Many of these smaller companies are very 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 the time for 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 or sleep at night.

Joins J. M. Barbour
(President of the Producers-Chemical)

The Dayton Power and Light Company Annual Report reveals strength and stability, gives assurance of continued growth.

Throughout the 24 Ohio counties served by The Dayton Power and Light Company, the problems of the postwar years have been successfully met.

By the end of 1951 construction restrictions resulting from World War II had been overcome. New territories acquired in 1945 and 1946 had been integrated.

Unusual demands for electricity and gas created by expanding post-war efforts were supplied. Each of these accomplishments would have been considered a major achievement in normal times. This record is offered as an example of what the American team of labor, capital and management can do. A further, essential expansion program, designed to meet the needs of continued prosperity and the addition of defense requirements, is in process.

New industrial customers added during the postwar period have further diversified the products manufactured in this area. Farm and residential revenue has increased in relationship of balance to the industrial revenue.

The five-year postwar expansion program (1946-50) cost $75,257,000. A second five-year program is now underway. It resulted in an outlay of $80,400,000 in 1951, and will require an additional $38,000,000 for 1952 and 1953.

The annual report shows an increase in operating revenues from $22,961,000 in 1945 to approximately $49,000,000 in 1951. The sale of electrical energy increased from 874,774,000 kilowatt hours in 1945 to 1,750,000,000 kilowatt hours in 1951. The thousands of cubic feet of gas sold increased from 9,820,000 in 1945 to 21,210,000 in 1951.

The financing of this program was not only planned to produce the necessary funds, but was also directed toward improving the balance in capital structure. The accompanying chart illustrates the results of these efforts.

Bailey-Davidson, Adds
(Specialist for Stock Exchange)
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 economy as it would be to our country 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.

"We cannot help our Allies unless we are economically strong. The economic strength of the American dollar, the integrity of the American Government, the freedom of the American economy, will mean that we must keep 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 return to gold. The editors state:

"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, or the present international monetary and commercial relationships, and reiterates that gold is a measure of value for money.

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

"Technically, a country is on a gold standard if its currency is freely exchangeable with gold internationallv and internationally, and if gold can be exported and imported at a fixed rate.

"However, the editors point out that there should be an efficient mechanism of exchange, or that exchange should be a relative price, and that money paper should play this role.

"With the question, "Is the Gold Standard obsolete?" the editors state:

"There is a widespread tenet that the Gold Standard is obsolete as an outdated mechanism, a relic of the "horse-and-buggy" era. "Managed" currency is defended on grounds of principle, and is necessary. Defenders of the Gold Standard point out that there is nothing in any country which is not in some way dependent on gold, and that paper money has this requirement.

"They contend that the real test of currency stability is the general price level and that gold could be brought down by that means. The tests of time price swings occurred under the gold standard. They admit that this can be done by adjust medium of gold holdings and that at least one country took place through alternate means of credit which were harmful and costly in their effects on productive power. The editors argue that this would be a question the desirability of the system, and that the evidence that stability, believing that full employment is a more important objective of the economy than money, should be promoted by a gradually rising trend of the standard.

"The foregoing brief and oversimplified outline of the main proposals, arguments, and counterarguments on both sides is intended to indicate the extraordinary difficulty of this very important subject. Some arguments on both sides are tenable on either principle. As for their practical validity, this can be determined only by trial. Even trial can yield
only partial answers, because in economic life it is possible to try both (or all) alternative methods. \[\text{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 also true that its automatic regulatory action was harsh, sometimes intolerable to the national policies of other countries. The other hand, it is equally true that the gold standard provided a foundation of some sort of norm of value which held price fluctuations within bounds over long periods. It furnished a connecting link between national policies and the international economy, holding each in some degree of conformity to the others. It imposed severe penalties on governmental extravagance and loose fiscal practices.}\

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

**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, 3½%, due Feb. 1, 1983, of the Central Illinois Public Service Co. at 103½% and accrued interest. The bankers were the successful bidders for the bonds on Jan. 28, naming a price of 103½%. The proceeds from the sale of the bonds, and from the sale of 50,000 shares of 5½% cumulative preferred stock, are to be used by the company for part of a business expansion 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, 1941 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 27 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 PROGRESSIVE COMMUNITY

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 Maresch Sims & Co.

**Servomechanisms, Inc., Common Stock Offered**

Van Atlee Noel Corporation and associates on Feb. 5 offered 200,000 shares of common stock of Servomechanisms, Inc. at $5 per share.

Of the total offering, 200,000 shares are being sold by the company, and 100,000 shares are being sold by 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 servomechanism and which 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 thereby with the "command" signal, and correcting for any differences, results in a continuous self-balancing action which, by appropriate instrumentation, can be applied to a great variety of control problems.**

The company's unfilled orders at the end of November, 1941, 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 L. du Pont**

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

Robert Lane has Joineded
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 Delaney & Delafeld.

**With Lester, Ryons**

SPECIAL TO THE PROGRESSIVE COMMUNITY

LOS ANGELES, Calif.—Paul B. Coughlin has been added to the staff of Lester, Ryons & Co., 631 South Hope Street, members of the New York and Los Angeles Stock Exchanges.

---

**$4,000,000 Added Every Day to Serve the Nation**

The Bell System has made an average additional investment of $4,000,000 every working day in the last six years to expand and improve telephone service.

**Where Did the Money Come From?**

The money came almost entirely from people willing to invest their savings in the telephone business.

**Why Did They Invest Their Money?**

They put their money to the service of the public only because they felt the public would allow them a fair return on it.

**How Can Continuing Demands Be Met?**

With a fair profit the telephone company can hold and attract people's savings for investment in the business.
New York Central

The December earnings report of New York Central, released last week, was an interesting document, as was to be 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 did have a truly remarkable year, especially when considered under control. Gross revenue for the month was $681,000, almost $2 million higher than in December, 1950. It is also interesting to note that the December net accounted for some 40% of the full-year earnings, believed to be an unprecedented proportion.

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 reevelopments of freight and mail revenues the passenger business increased, with revenues from that source $881,000. Where did the economies come, under the December decline?

One significant, and discouraging fact, is that with freight volume off, passenger traffic up only modestly led to more and heavier adjustments, apparently virtually unchanged. While transportation costs were again high in December, they were down somewhat. The primary saving was in maintenance charges, particularly huge. The maintenance expense, typically 68% of the combined drop in revenue and maintenance charges, was $2,477,880, or $2.20 per mile in 1951. This is particularly significant when it is considered that the December 1951 figure was inflated by the inclusion of a larger share of charges for amortization of deferred taxes. Some saving was available, but they were down somewhat more than $3 in 1951.

In the aggregate, maintenance outlays for the month were cut by about $1 million, or 7% of the total. This was a cut of $7,880,550 a year earlier. It was about $240,000 or 1 million.

Continued from page 9

The Emergency Impact

On Trust Investments

must consider carefully. Briefly they are:

(1) What effect will the emergency have on safety values?
(2) What effect will the emergency have on the country.
(3) What effect will the emergency have on the corporation.
(4) What effect will the emergency have on the business community.
(5) What effect will the emergency have on the labor market.

In the military, the business community, and the labor market, the emergency has had a very significant impact. In the military, the emergency has led to the reduction of military forces and the discontinuation of military activities. In the business community, the emergency has led to the reduction of business activity and the discontinuation of business activities. In the labor market, the emergency has led to the reduction of labor force and the discontinuation of labor activities.

In summary, the emergency has had a very significant impact on the economy. The emergency has led to the reduction of military forces, the discontinuation of military activities, the reduction of business activity, the discontinuation of business activities, and the reduction of labor force, the discontinuation of labor activities.

In conclusion, the emergency has had a very significant impact on the economy. The emergency has led to the reduction of military forces, the discontinuation of military activities, the reduction of business activity, the discontinuation of business activities, and the reduction of labor force, the discontinuation of labor activities.

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In conclusion, the emergency has had a very significant impact on the economy. The emergency has led to the reduction of military forces, the discontinuation of military activities, the reduction of business activity, the discontinuation of business activities, and the reduction of labor force, the discontinuation of labor activities.
A Statement by Anaconda on the Copper Situation

Many users of copper have vital decisions to make, usually in connection with the present defense-induced shortages of copper and aluminum. This statement is not intended to remove the smoke screen surrounding the copper picture to wipe away the confusion caused by too much talk supported by too few facts.

Substitution poses problems - Industry has been urged to substitute aluminum and other copper for some. In instances this may be logical and practicable. In many others it is difficult, if not impossible. But before making any long-term decisions that may cost a great deal of money in engineering, new plant facilities or rescheduling of production operations - one should know the facts about the future of copper.

New Anaconda projects - The first major increase in copper production will come from Anaconda when the Greater Butte Project and the new Sulphide Plant at Chuguicamata, Chile, begin operations this spring. By 1953, these two projects will raise present levels of copper production by about 95,000 tons yearly. Toward the close of 1953, Anaconda's new Yerington project in Nevada is expected to start producing at an annual rate of 30,000 tons. By then, Anaconda will be adding to the present yearly copper supply at the rate of about 125,000 tons.

Other new projects - During 1954-55 still other new projects in the U. S. and friendly foreign countries will further augment the increasing copper supply. All told, it is estimated that by 1955, not less than 450,000 tons of copper could be produced annually over and above present production levels. Accordingly, in 1955-56, domestic production plus imports could bring the U. S. copper supply to 1,600,000 tons yearly. This would represent an increase of about 20% over present levels. Based on historical comparisons, and barring a large-scale shooting war, this amount of copper could support a Federal Reserve Board Index of Industrial Production of 270, an increase of 24% over the present, and 45% above the first half of 1956.

These are the 'things to come' in copper. On the basis of the facts there is no necessity for considering long-range substitution of other materials for the red metal.

ANAconda

COPPER MANUFACTURING COMPANY

The American Brass Company
Anaconda Wire & Cable Company
Kilowatt Electric Manufacturing Company
Anaconda Copper Company
Copper Products Company

PRODUCERS OF: Copper, Zinc, Lead, Silver, Gold, Cadmium, Vanadium, Superphosphate, Manganese Ore, Ferromanganese

MANUFACTURERS OF: Electrical Wires and Cables, Copper, Brass, Bronze and other Copper Alloys in such forms as Sheet, Plate, Pipe, Rod, Wire, Forgings, Stamping, Extrusions, Flexible Metal Hose and Tubing.
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 Stock Exchange points out that there is 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 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 drawn attention to the uncertainties in the course of business and industry that result from the movement of wholesale prices, panic buying and increases in the cost of living. These influences (which we do not seek) well could mean a more intensive military program than that planned, with all that such a program could bring to the table. The widely accepted cure seems to aggravate rather than cure inflation. The confluence of the treatment nevertheless continues to improve, may be expected by way of cost increases elsewhere, the unfolding of labor policy.

"High levels of industrial employment may mean a substantial increase in the short run require a counter-balancing increase in the supply of available labor. Another uncertainty thus centers around the impact of the so-called summer psychology." It is usual to assume that rises in wages are immediately followed by an increase in the price level. Yet in the past 12 months we have witnessed a fairly substantial increase in income over 1950, while estimates of retail sales indicate a substantial increase in volume, and possibly some decrease in unit cost of retail prices. As a result, the consumer's buying late in 1950 swelled the demand for goods to the point where the last year indirect costs affected some of the final consumer prices. The increase will continue at the same rate throughout the year ahead. The consumer is being encouraged through the partial relaxation of credit curbs to use all the physical resources available to him.

"Two general trends appear certain to affect the efficiency and resource development. We can expect, therefore, in the light of the acceleration in defense production in the past year, and the last quarter of 1951, that there will be a steady increase during the coming months. The very demands set a peak early in 1953. We can also expect continued emphasis on the expansion of primary production and capacity. These efforts will add industrial labor, steady capital investment.

"The second uncertainty is the course of wages in 1952 (and beyond) a longer-term problem. The expectation that the government's policy of money supply is sufficient to keep the inflationary forces seems to invite continued upward adjustments to keep up with the demand. While the widely accepted cure seems to aggravate rather than cure inflation the confluence of the treatment nevertheless continues to improve, may be expected by way of cost increases elsewhere, the unfolding of labor policy."
**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 1952. During the year there were banks with over one billion dollars in deposits or the same number as at Dec. 31, 1950. While the increase in the size of banks or the number maintained during the year, the increase was general with the result that most banks showed a gain for the year.

Bank of America National Trust & Savings of San Francisco with an increase of 10% in deposits maintained its position as the largest bank. The other eight leading banks all held their bills of record at the end of the year. The Bank of New York, which ranks first in the country, established the National Bank of New York and the Chase National Bank of New York rank second and third respectively in terms of deposits. Acquisitions showed an increase in deposits for 1951 and maintained their relative size.

Guaranty Trust of New York with an increase of 7.9% in deposits was the fourth largest bank, surpassing Manufacturers Trust of New York which showed a small decline in deposits. The two large Chicago banks, First National and Continental Illinois, switched places. For a number of years these banks have been approximately equal in size as measured by deposits. Last year Continental Illinois National had a large gain in deposits because the largest Chicago bank. First National had its position relative in a slight way. Its size is not with Continental Illinois having deposits of $2,480,000,000.

Acquisitions and mergers influenced the deposits and relative size of several banks. Bankers Trust of New York advanced to eighth position from ninth in 1951 due to the gain obtained through merger with Commercial National Bank of Trust in Kansas City.

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 from 11th place in the ranking of the size. With bank mergers and acquisitions the total deposits of commercial banks increased 10.4%.

On March 15, 1951, Chemical acquired the National Safety Bank and Trust. The deposit with approximately $100 million in deposits. Security-First National Bank of Los Angeles moved down in its relative size position from eighth to tenth. While the bank showed some gain in deposits, the other 10 banks, Trusts of Chemical Bank.

Meister National Bank & Trust of Pittsburgh continued to increase in reflection of the growth of the bank and acquisitions.

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

In the table below the deposits of the largest nine banks 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 one-half are located in New York. The remaining nine show fairly widespread geographical distribution.

<table>
<thead>
<tr>
<th>Bank</th>
<th>Deposit Size</th>
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<tbody>
<tr>
<td>Bank of America</td>
<td>$15,816,000,000</td>
</tr>
<tr>
<td>Chase National Bank</td>
<td>$14,500,000,000</td>
</tr>
<tr>
<td>Bankers Trust Co.</td>
<td>$10,400,000,000</td>
</tr>
<tr>
<td>Manufacturers Trust Co.</td>
<td>$8,600,000,000</td>
</tr>
<tr>
<td>Security-First National Bank of Los Angeles</td>
<td>$8,000,000,000</td>
</tr>
<tr>
<td>Chemical Bank &amp; Trust</td>
<td>$7,800,000,000</td>
</tr>
<tr>
<td>Safety Bank</td>
<td>$7,600,000,000</td>
</tr>
<tr>
<td>First National Bank of Chicago</td>
<td>$7,200,000,000</td>
</tr>
<tr>
<td>Continental Illinois National Bank</td>
<td>$7,150,000,000</td>
</tr>
</tbody>
</table>

John H. F. Turner has been appointed an Assistant General Manager of the Bank of Montreal, (head office Montréal for another of the Montreal.)

He has been an aid to the former department, traveling widely for the bank for several years. During the war, Mr. Turner served as Assistant to the Maritime and Trade Board as an administrator for three years. Previously, he was Assistant Manager of the bank's main office in Montréal.
MIXED ATTITUDES TOWARD OILS

Opinion appeared to be fairly well divided on the petroleum and natural gas companies, as investors were calling for stricter controls and equipment restrictions. The outlook for the petroleum industry overall was mixed, with analysts suggesting that the rapid growth in production was leading to a potential oversupply in the market.

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 in the Better dividend stocks by the purchase of 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. Wellington's preference in this category is even more interesting in the fact that all the preferred stocks held are convertible. Wellington's preference for convertible, points out that this type of security is "largely immune to the rising trend of interest rates."

However, when conservatism is the keynote of the fund's investment policy, there may be objections to the high yields available on such holdings under conditions which currently prevail. Witness the statement of Francis F. Randolph, Chairman of the board of the Wellington Fund, appearing in that company's annual report: "Bonds and preferred stocks convertible into the common stock of the issuing companies are considered suitable holdings for Whitehall Fund when the common stock market is 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 which time 1921, and price, has increased. The closing in 1921 was difficult to find issues that suited the Fund's investment requirements. As a result, convertible securities were reduced to 12.5% of net assets at the end of 1921 as compared with 22.16% 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 airline, farm, and general issues were bought by Tri-Continental. Capital Administration of National Investors. The former bought two funds as well as Federal Street Investing Corp. bought rather heavily into the steel stocks. Other transactions in a fairly representative number of issues of a single industry were the acquisition of shares of oil companies by the Boston Fund; new commitments in bank stocks by the Delaware Fund; and the liquidation of coal securities by Bullock Fund and Nationwide Securities. (On the other hand, General American Investors sold a number of issues of the Steel Co., which further to its major holding of Pittsburgh Stock Corp. (Pittsburgh Steel Corporation Co.)

Portfolio Newcomers

Several individual issues were relative newcomers to the portfolio of the fund, as proved by the purchase of three new issues. These included E. H. Wagstaff and Co. IDR, by Adans Express, American International Investors Mutual and Massachusetts Investors Banking Co. Each of such group purchase made by the Lehman Co., and Vitro Manufacturing and Public Service of New Mexico bought by Axe-Houghton Fund "A," the utility also being added to the portfolio of the Axe-Houghton "B" Fund. Other new purchases were Woodward Trust bought by Republic Investors;
nificance and in the not too distant future may dictate important changes in the composition of the portfolio.

And finally, a few words again from Francis Randolph, Chairman of the boards of the five companies quoted, and W. F. Seligman: "Even though the problems and conditions of less effort on remuneration do not yet appear to be severe, the business cycle is well advanced and business activity appears to lack the buoyancy of more recent years. Thus, more than in 1951, the present period in 1952 will watch for further signs of maturity of the business cycle, and the stocks with the most basic investment principles—careful selection of companies, spreading of risk by diversification of selected, and constant and continuous supervision of security owned.

Utility Purchases

Favorite among the utility issues was Central and Southwest Corporation, which also led the preference list in the third quarter. Nine funds purchased a total of 101,600 shares making new commitments, two sales on 1,725 shares, Southern Company, which held 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 3,500 shares. Seven funds likewise purchased shares of Georgia Power. But share volume of selling was heavier than the buying as 45,100 shares were disposed of by only two management Consulting Editors. New York and Niagara Mohawk Power were third best liked issues, with six funds disposing of 14,100 shares of the former and 28,000 shares of the latter. Trustee Fund, one of the single-stock funds bought American Telephone and Telegraph as compared with only three purchases in the third quarter of last year. Holdings were lightened in two other portfolios. Middle South Utilities also found favor with fund managements, while six completely eliminated the issue made the purchase of 8,400 shares composed with its sale of 40,000. Kansas Power and Gas 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 purchases of these utilities. Three companies each acquired shares of Central Illinois Public Service Company, Wisconsin Electric Service and Public Utilities Trust of Virginia.

Several power and light issues were purchased partly through the exercise of options. These included Consumers Power, 46,768 shares of which were added to five portfolios, and Public Service of Indiana of which 23,360 shares were acquired by six funds. Additions of Long Island Lighting made the seventh company thus stimulated in part through the disposition of options.

Selling of the utilities, which amounted to over 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 63,320 shares. The latest liquidation was in the holdings of the recently opened Elevated Blue Ridge Mutual and a new fund, Investors Trust of Virginia.

Continued on page 31

Memo... to trustees and counsellors...

Send for reprint—"Mutual Funds Make Small Living Trusts Feasible"—written by a prominent lawyer. Learn how, for less than the cost of a Mutual Fund, even people of moderate means can enjoy the advantages of a "living trust".

For your free copy, address the Manager, Mutual Funds Department.

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Henry New York Stock and...Uptown Office 94 44th St, N.Y., N.Y.

Memorandum

For Prospective, describing the Fund and its shares, please write to the currenthed the attached coupon.

AAH THE COUPON TODAY!

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20 Exchange Place, New York, N.Y., N.Y., copy, with your address.

KINDERBACER
FOOTNOTES

Investment bonds and preferred stocks: Moody's Aaa through Aaa for Bonds; Fitch's AAA through BB and approximate equivalents for preferreds. Portions of all issues in securities or affiliated companies. (Name changed from Russell Berg Fund.) *Name changed from Nestehl Fund. **September figures revised.

FOOTNOTES

- Investment bonds and preferred stocks: Moody's Aaa through Aaa for Bonds; Fitch's AAA through BB and approximate equivalents for preferreds. Portions of all issues in securities or associated companies. (Name changed from Russell Berg Fund.) *Name changed from Nestehl Fund. **September figures revised.

SUMMARY

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

<table>
<thead>
<tr>
<th>Funds</th>
<th>Open-Ended Companies</th>
<th>Balanced Funds</th>
<th>Plus</th>
<th>Minus</th>
<th>Unchanged</th>
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<td>Stock Funds</td>
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<td></td>
<td></td>
<td>Closed-Ended Funds</td>
<td>4</td>
<td>1</td>
<td>12</td>
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<td>Total—All Companies</td>
<td>25</td>
<td>30</td>
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Kinderbacher Fund

10\% YEAR END DIVIDENDS

The following first Quarter dividends from net investment income have been declared payable Feb. 29, 1952 to shareholders of record Feb. 15, 1952.

<table>
<thead>
<tr>
<th>Funds</th>
<th>Institution</th>
<th>General Bond</th>
<th>Fully Adjustable Proceeding</th>
<th>Common Stock</th>
<th>Low Fixed Stock</th>
<th>Automobiles</th>
<th>Aviation</th>
<th>Chemical</th>
<th>Electrical Equipment</th>
<th>Industrial Machinery</th>
<th>Investing Company</th>
<th>Mining</th>
<th>Petrochemicals</th>
<th>Railroad Bond</th>
<th>Railway Equipment</th>
<th>Stock Issue</th>
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- For Prospective, describing the Fund and its shares, please write to the currenthed the attached coupon.
Transactions in which buyers exceed sellers—or sellers exceed buyers—by two or more management groups. Issues which more management sold than bought are in italics. Numerals in parentheses indicate numbers of managements entirely new purchases or completely eliminating the stock from their portfolio.

**Agricultural Equipment:**
- 9(1) 17,700 Deere and Co. None None
- 10(1) 16,200 Timken Roller Bearing None None

**Auto and Auto Parts:**
- 6(4) 18,500 General Motors None None

**Aviation:**
- 3(4) 12,700 Eastern Airlines 17,000 2
- 5(1) 16,100 United Aircraft 3,480 4

**Beverages:**
- 7(5) 5,000 Canada Dry Ginger Ale None None

**Building and Construction Equipment:**
- 5 885 American Lumber 1 None None
- 3(2) 500 George Pacific Plywood None None

**Chemicals:**
- 4(2) 32,300 Air Reduction None None
- 12 18,187 Eastman Kodak 4 None None

**Containers and Glass:**
- 8(1) 14,300 American Can None None

**Drug Products:**
- 2(1) 1,300 Abbott Laboratories None None

**Electrical Equipment:**
- 4(1) 25,000 Ge Electric 2,000 3
- 3(1) 3,500 McGraw Electric None None
- 8(1) 9,700 Boeing None None

**Financial, Banking, and Insurance:**
- 1(1) 1,100 Bankers Trust None None
- 5(1) 6,300 Chase National Bank None None

**Food Products:**
- 2(2) 4,700 Borden Co. None None
- 2(2) 2,000 Corn Products Refining None None

**Machinery and Industrial Equipment:**
- 2(1) 10,000 John Deere None None
- 4(1) 22,000 Dresser Industries None None

**Metals:**
- 1(4) 33,870 Aluminum, Ltd. 8 3,620 2
- 3(1) 10,500 Aluminum Co. of America 600 1

**Natural Gas:**
- 1(1) 22,000 El Paso Gas None None

**Office Equipment:**
- 3(3) 4,100 Underwood Corp. None None

**Paper and Printing:**
- 3(1) 6,600 Crown-Zellerbach None None

**Petroleum:**
- 2(1) 2,000 Gulf Oil and Gulf "A" None None
- 4(1) 15,000 Sinclair Oil None None

**Public Utilities:**
- 2(1) 6,900 American Tel. & Tel. None None

**Railroad Equipment:**
- None None

**Railroads:**
- 4(1) 6,100 Atchison, Topeka & Santa Fe. None None

**Stock Trusts:**
- None None
Funds Accelerate Utilities Buying

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

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 quarter period. Six portfolio additions and one initial commitment totaled 18,700 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 burdened by five management, 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 additional purchase in one. Eleven increases in the holdings of Dow were solely due to the 2 1/2% stock dividend, but five others totaling approximately 900 shares, resulted from management's purchases; three sales equaled 10,315 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 railroad sector as three management 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 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 7,800 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 management each were Union Pacific and Nickel Plate. Volume of total purchases of these three stocks almost matched, 7,800 shares of the former competing with 7,900 of Nickel Plate. Concentration in 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 hold on balance during the

Continued on page 32
Continued from page 31

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 portfolios additions and three new acquisitions totaled 13,600 shares. Three of these management-completely eliminated the stock from their holdings. Old favorites such as General Electric, Standard Brands and National Dairy Products were maintained, two funds making purchases of each. There was one new issue of National Dairy, Corn Products Refining and Wilson and Co., likewise were each acquired by three trusts. Two initial commitments were made in Boston. totaling 4,700 shares, while National Biscuit also found favor with two management. Only issue to be sold on balance was Cuban Atlantic Sugar, two sales totaling 28,000 shares.

RCA Again Well-Bought

The radio and electrical equipment issues were pased by Radio Corporation as during both the second and third quarters of 1951. Eight funds bought a total of 19,-

200 shares, three of which represented initial commitments. One issue block of 1,500 shares was sold. General Electric, a $1.00 per share dividend, was currently the most popular issue among RCA issues being sold 15,200 shares. Half as many management-litigated holdings totaling 2,600 shares. Philco was also liked as three funds added to holdings and two others made original purchases. Volume of other acquisitions, however, was only one quarter of that resulting from sales made by other companies. Sylvania Electric was liked by four trusts, the same number of buyers as the other companies. Among the most popular issues among RCA acquisitions were: General Electric, a $1.00 per share dividend; RCA, no change in holdings was reported; and three funds eliminated the issue from its portfolio. Three management purchased 1,500 shares of RCA, two others made original purchases. Selling volume of 10,400 shares and 5,000 shares, respectively. The Natural Gas Group

Although, as noted earlier in this survey, the largest portion of the natural gas issue 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 after allowing for shares acquired through the exercise of rights. Eleven trusts bought 72,748 shares of this issue and four of these purchases were in part induced by the incentive offered by the right. Two trusts represented initial commitments. One lone portfolio sale equalled 500 shares, as well bought was Panhandle Eastern Pipe Line, two businesses 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 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 holdings in this stock by General Public Service. Value of the investment in the five former companies approximated one-half million dollars each. Five management also lightened commitments totaling 9,700 shares in Indiana Gas and Light and one share in Indiana Gas and Light was completely eliminated from two portfolios and holdings were decreased in another. Sales equaled 28,000 shares.

Enthusiasm for Steel

Increased enthusiasm for the steel stock line was evidenced in the popularity of Bethlehem which also had been the favorite the previous quarter. Seven management added a total of 26,800 shares to existings holdings while there was only one relatively light portfolio sale. United States Steel was almost as well regarded, six trusts acquiring 28,000 shares. However, offsetting liquidation was somewhat heavier than purchases and three of the funds disposed of their stock. Republic Steel also shared in the popularity of this group as five investment managers added 18,500 shares to holdings. Two other companies sold 6,000 shares. Bethlehem 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 management.

Activity in Textiles

While also favored in the previous three-month period, the balance of purchases over sales in the textile group was not pronounced during the current quarter. Among the top favorites, seven funds acquired 15,800 shares, offsetting sales of two others totaled 1,500. Next popular issue in this group was National Dairy, most of which was sold by four trusts in the September quarter. Five companies added 10,800 shares to holdings while a sixth eliminated a block of 8,000 shares from its portfolio. Two management made initial commitments in J. P. Stevens while two trusts eliminated holdings already held. Purchases totaled 25,600 shares of the former stock and the same number of trusts adding 17,000 shares. Three trusts, three of which were eliminated the issue from its portfolio, purchased 18,500 shares of this stock. The current quarter saw a reduction of 39,600 shares made by Massachusetts Investors Trust which still retained 150,000 shares at the end of the year. Two management 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. Among the top favorites of the third quarter of the year Chrysler was eliminated. Although Motors was sold. Opinion was almost evenly divided on Studebaker, two acquisitions and 2,000 shares offsetting a single sale of 2,500. This purchase was made among the port manufacturers. Three companies making purchases, all of which were represented on initial commitment.

The Airlines

Despite the holding of Eastern Airlines by the Seligman group noted earlier in this article, that transport company was favored or balance during the period. Four trusts added 3,000 shares and a fifth added to holdings making a total of 12,700 shares. A second management favored this airline holding 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 75,700 shares. There was likewise a division of opinion among investment managers United Aircraft was favored on balance by five funds. Among these companies, three eliminating the stock from their holdings, and one of that opinion. The United Airlines Rubber was also lightened.

The Tobacco and Liquors

The tobacco group was generally favored. 19,300 shares of American Tobacco were acquired by four funds for an offsetting sale. Four funds also each purchase the shares of Philip Morris. Opinion was divided on Reynolds, however, three were purchased by five management and number of buyers. Liquor stocks showed little activity with Distillers-Sea-


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Public Utility Securities

By OWEN ELY

Potomac Electric Power Company

The Potomac Electric Power Company (PEPCo) serves the City of Washington and the remaining territory in the District of Columbia (about 1,700 square miles) and counties in Maryland, plus a very small area across the Potomac River in Virginia. Alumina of about 250,000 customers, 69% being located in the District of Columbia. The Potomac Building is the largest customer, requiring about 34,000 to 35,000 kw annually. PEPCo 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 Reserve, a large Federal Field and the White Oak Naval Ordnance Laboratory.

Ten years ago the District of Columbia accounted for 83% of PEPCo's sales while the Washington, D.C. positioning has improved to 50%. PEPCo is not able to extend its service. 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 Potomac Electric, the Mutual of Health will ultimately have a load of about 35,000 kw. District of Columbia offices contribute about 13,000 kw, 39,000 commercial and industrial customers furnish 43%, and 240,000 residential customers 28%. Total revenue is $14,124 kw per annum compared with the national average of 1,972.

During the period of 1945-51 revenues have increased 50% to $142,500,000, and this pace is expected to continue.

The capitalization was increased by debt financing in 1945, 1949, and 1950 to 64%, and interest 49 cents on each $1 of capital.

While the company has been subject to restrictive regulations, in the District of Columbia, it has obtained two increases in electric rates of 6% each. Total cash flow is $11,000,000, about 10% ($2,700,000), was obtained and last February an increase of 1% (about $24,000) became effective. The company has financed for many years had in effect a so-called "Modified Sliding Scale Plan" of income regulation. Throughout this period of 5% of the sales was distributed, original cost rate base. It provided for a Deferred Credit Account into which the company at the end of the year would deposit an amount equal to excess of the basic return, or from which it may take into income the amount equal to excess of earnings. This account would appear to furnish a "stabilizer" to keep earnings at the basic rate of 5%.

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 rates increases under the Plan. Thus in the recent period of inflation and expansion the company has failed to earn the basic return allowed by law, with the result that withdrawals have been made from the Deferred Credit Account, which was used up at the end of 1950.

In the open market the company's fully paid and nonassessable stock is listed on the New York and American Stock Exchange, and the stock is listed on the Baltimore, Maryland and Virginia Commissions for increases in rates to provide for a return on the basic or original investment. The District Commission determined that an over-all increase of $2.6 million was warranted, and the rates went into effect. But an individual hearing was held in each of the United States District Court, and Capital Transit Company and the United States Government also applied for review. The case is now scheduled to be completed Feb. 20, and oral argument is expected shortly.

Any decision of the District Court could be carried to the Courts of Appeals and the Supreme Court. If the appeals should ultimately be denied, the company would be required to refund to its customers the amount of excess revenues which at Dec. 31, 1951, amounted to $1,430,000. After taxes, about $200,000 of net income is estimated to have been realized, equal to about 15c 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, it showed a net income of $1.09 a share. The present dividend rate is 9%. In the past 10 years, PEPCo's expenditures for expansion of facilities has been covered by cash, plant, or new issues of capital, and plant accumulated during the period 1891-1941. During the years 1942-51 construction approximated $108 million, of which $82 million was spent on new generation property, and $26 million on each of PEPCo's facilities. In this period there has been a $40 million increase in long-term debt of the company. In addition, the company has a deferred credit account of $17.7 million which was received from the sale of common stock in 1898 and 1939 and about $3.3 million was borrowed.

In recent years the company has had ample steam generating capacity (including 35,000 kw firm power under interchange agreement), and at the end of 1951 had in operation about 150,000 kw. This capacity was scheduled for the fall of 1952, and the sharp increases in summer peak load was not unexpected. The growth of the company has been quite provided for. A substantial increase in generating capacity set for the spring of 1953 should provide some margin of reserve for that year.
Continued from first page

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 is dangerous aid. He warned that foreign aid is not designed to serve 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. It is only a misnomer, something alien to us; 'aid' denotes charity. What we call 'foreign aid' is neither of those; 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 enters into the national life of the host country. It is '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 security; 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, then the use of 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 situations that would fit the character of direct investments which government itself has placed in the hands of private interests it desires 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 and better equipped 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. The urge to promote such 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 in which the purveyors of cities or other political divisions may be so regarded; as the building of navies, air fleets, and armies together with the staffs and equipment necessary to sustain them. It is only in this sense that 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 progressive 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 is measured by efforts, only by tactics which obviously would be wholly ineffective 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?

The Shady Side of UMT

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? many of whom regard their own survival with grave trepidation toward the present United States and with readiness to join the "free nations" against "tyranny"? Of course, even the economic advantages may be, in the long run, overwhelming but the very 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 destroy their moral and political power, as Senator Connally recently said, and do so without alienating the natives, then we have undertaken a really stupendous task, which 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.

Continued from page 3

The Shady Side of UMT

scale operation it is expected that there will be 200,000 trainees, of whom 90% will be civil trainees and 10% military. The Air Force and 28% to the Navy will receive 20,000 of these students.

Evidently, the military departments are more or less apprehensive of having participated in something of the nature involved, for the report reads: "The UMT program in the near future, the three military departments have elected to be associated with the present UMT program and it must be accomplished as a coordinated effort of the military services. It is recognized that the UMT programs should be so conducted in such manner as to bring forth the combat capabilities of the forces in being." If so, one wonders whether the trainees for 800,000 trainees (5) to be distributed, teamots also point out that satisfactory results can only be achieved if the UMT program is clearly related to an effective reserve program of forces, a training program and an acceptance by the public of its actualization. In most cases, beyond the initial training period of six months, the program, which usually covers the reserve period of 7½ years, will be continued by the UMT trainees being "funneled into the National Guard," the program to be self-supporting in which they will continue their training and be war-worthy soldiers. One can well imagine the indignation to which this service. However, the Commission, which after all, has just what is expected of trainees on reserve. Besides, the National Guard can. As to the outlines of specific training for various military departments, the Army suggests for its 400,000 trainees one course of training, which will be developed by the common basic and individual skills training for all designated services, and common specialist training, all branches; for the Navy—training, 10 weeks basic unit and training and 20 weeks specialized training; for the Air Force, training, 8 weeks basic and 30 weeks specialized training. The question is to process out. Then, to make up for the short time given to specialist school training, in which the regular Army requires 20 weeks, the Air Force has provided in small number of trainees to volunteers for a period of training, in order to complete the longer courses.

What Army Hopes to Accomplish

The Army hopes to accomplish these things. The objectives of the UMT program would be: (1) to train qualified for combat arms which will substantially increase the numbers of trained personnel required upon mobilization; (2) to teach drill, habits of orderly habits, and harmonious living in order to facilitate ready adjustment to military life in the event of national emergency; (3) to teach drill, habits of orderly habits, and harmonious living in order to facilitate ready adjustment to military life in the event of national emergency; (4) to train persons who are untrained as military personnel, thus reducing the heavy financial burdens and social disturbances which may involve upon society; and (5) to train in the use of arms and qualify them for further service.

As to the question of what the UMT program is really about, the Army, the Air Force, the Navy and the Marine Corps are, of course, much concerned with the impact of the UMT program on the Army, and the one wonder if the trainees of the UMT programs can master in six months.

The UMT program, which is a mobile program, there is no need to imagine because full implementation is not feasible. The Army, the Air Force, and the Marine Corps will continue to pursue the probable extent of inflation or unemployment, and the effects of changes in pay scales, materials and world conditions are also un-
In view of our dislike of military training, it is not surprising to see that our military friends are trying to change the plans more palatable to themselves. Formerly we used to discuss the need for almost anything that would allow us to do something else, such as peacetime conscientious objectors. If not, we still have at least two years of intensive training required to do the work for the next six months. We can reduce this period by almost one month, which is not too long from a peacetime point of view. Nevertheless, the inclusion of the training program is a major concern for many people, who have been concerned about the excesses of the Selective Service System.

For all of that, the Commission insists that the peacetime training program is not being acted upon without delay, and that it is essential for the future of the United States. The Commission recommends that the Selective Service System be made more effective and that the training program be reduced to the minimum necessary to fulfill its purposes.

The question arises as to whether the by-law of UMT could be eliminated. We do not endorse such a course of action. The right sort to make training more palatable for the training system as a whole is what is at stake. The Selective Service System is required to take such actions as require it to be able to fulfill its duties in any emergency. The Selective Service System can be prevented from doing so with the Selective Service System.

In this connection it is worth noting that the UMT boys are not members of the Selective Service System. The National Security Training Corps, and that, lacking the specific objectives of war, that UMT would be necessarily less effective than the Selective Service System. This is because the Selective Service System has the ability to mobilize armed forces but not in them, as though preparing for a profession which is, of course, that UMT would be prepared for war in peacetime, but that is one of actual conflict.

For this reason, the Selective Service System has not been allowed to recruit. It is the Selective Service System which has the ability to mobilize armed forces in the event of a crisis. This is because the Selective Service System has the ability to mobilize armed forces but not in them, as though preparing for a profession which is, of course, that UMT would be prepared for war in peacetime, but that is one of actual conflict.

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Of course, we believe that the Selective Service System is nullified when it becomes necessary to draft citizens to fill the armed forces. Can we say: "The Selective Service System is nullified when it becomes necessary to draft citizens to fill the armed forces. Can we say: "The Selective Service System is nullified when it becomes necessary to draft citizens to fill the armed forces. Can we say: "The Selective Service System is nullified when it becomes necessary to draft citizens to fill the armed forces. Can we say: "The Selective Service System is nullified when it becomes necessary to draft citizens to fill the armed forces. Can we say: "The Selective Service System is nullified when it becomes necessary to draft citizens to fill the armed forces. Can we say: "The Selective Service System is nullified when it becomes necessary to draft citizens to fill the armed forces.

Certainly, the costs of the UMT program must be balanced against those of the Selective Service System. However, it is not difficult to see that the Selective Service System is nullified when it becomes necessary to draft citizens to fill the armed forces. Can we say: "The Selective Service System is nullified when it becomes necessary to draft citizens to fill the armed forces.

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In conclusion, we wish to emphasize the extremely tentative nature of these estimates and to warn our colleagues that the Selective Service System may well be authorized to draft citizens to fill the armed forces. Can we say: "The Selective Service System is nullified when it becomes necessary to draft citizens to fill the armed forces.

**Editor's Note:** This document is a historical text that discusses the Selective Service System and the National Security Training Corps during a period of national defense. It highlights the need for a balanced approach in the training of young men and the role of the Selective Service System in mobilizing armed forces. The text emphasizes the importance of peacetime training and the potential challenges it poses in terms of national security and defense. The document also reflects on the historical context of military recruitment and the evolution of defense strategies.
The Security I Like Best

Must be saved at a level of approximately $6,000,000 to $7,500,000 in recent years to meet future commitments. In the future, payments will be supplemented by dividends and net earnings. Dividends have been paid every quarter since 1910. At present there is currently $2,000,000 in cash reserves.

The management group is composed of men who have created their own way through the organization over the years, and have developed a policy of conservative expansion to meet the exigencies of a commercial situation without diluting the shareholders' equity.

Net worth of $8,000,000 at the end of 1941 has risen to more than $22,500,000 at the end of 1951. The equivalent reserves on a cash basis have risen from $10,000 to more than $32,500 per share.

The stock of Central Soya Co., Inc., traded over-the-counter, and I would consider it a very desirable investment for one who is interested in obtaining capital gains in current cash income. The common stock has been paid $3.50, of which only $.9 million long-term promissory notes.

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The actuarial valuation of the General Life Insurance Company's surplus, the key to the investment and financial strength of the company, has been made on the basis of the relationship between the financial reserves and the policy reserves. The latter is the key to the financial strength of the company.

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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 190 from 113 in the corresponding week of 1951. All of the week's increase occurred in this group.

Wholesale Food Price Index Moves Slightly Higher in Second Weekly Rise

Annual and slight rise in the Dun & Bradstreet wholesale food price index to 166.9 as of Jan. 30 with a seasonally adjusted change of 0.6% for the week. The current level represents a drop of 7.6% from 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 in the wholesale food level.

Wholesale Commodity Price Level Shews 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, based on a weighted average of 763 commodities of Trade declined moderately last week. Daily average purchases totaled 35,000,000 bushels of wheat, 40,000,000 the previous week, and 56,000,000 in the 1951 week.

Spot coffee prices were steady; demand turned quiet at the weekend. Average harvest price for official purchases of roasters now stand in the month. The domestic raw sugar market firm ed up a little as a result of reduced at the slightly higher level. Domestic demand for refined sugar remained high. Land prices moved upward, boosted by sympathy with in the terms. Export land business was active and prices fair throughout the world.

Hog prices closed firmer at Chicago as buyers reduced their holdings. For the week, Chicago prices of cotton were up slightly.

Spot cotton prices were irregular and moved over a fairly wide range with closing quotations down moderately from a week ago.

The business was largely influenced by reports of continued slowdown in the goods market, a lag in price-fixing operations, and evidence that military procurement may be curtailed by 1952, 1953, and 1954.

Trade Volume Suffers From Customary Seasonal Dullness—Wholesale Orders Sustained at High Level

The Dunn & Bradstreet wholesale trade index continued to the period ended on Wednesday of last week as shoppers spent slightly less than the prior week. As during recent weeks, the total dollar volume of sales in approach of the spring usually experienced in a year ago when shoppers bought avidly in anticipation of shortages during active war time. According to estimates of the Bureau of the Census, the total 14,500,000 bushels, or about 50% more than the volume ginned to the same date last season.

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New England — 2 to — 6, East, South, and Southwest — 1 to — 14, Midwest and Pacific Coast — 6 to — 10, and Northwest — 5 to — 10.

As many merchants prepared for the coming season, the total volume of wholesale orders held at the high level of the preceding week. Retail buying has continued at a high level, and retail sales have declined sharply. While the volume of retail sales has continued to be high, retail spending has been a little less than sales.

Department store sales on a countrywide basis, as taken from the Federal Reserve Board's index for the week ended Jan. 28, 1952, were about 2% above the like period of 1951. The wholesale purchasing continued to be slightly higher than that of a year ago, although the dollar volume was smaller due to price declines. Besides regular off lines, particularly in cotton and apparel, continued as ordered volume remained near recent levels. The high level of total sales for many weeks in a row. After a period of 1952, there will probably be enough inventories to cover the needs of the year until mid-year. After mid-year, the demand will be reduced, but not quite so much as in the third and fourth quarters of this year.

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Last week's column was barely out of the typesetter and on its way to the composing room when a spill came from the inkwell. Prices melted away like snow in a rain and volume picked up the speed with which all the kids have been bouncing around 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 attempted to show everybody that the green lights were up permanently that the time to start parking our cars 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 Indus¬trial Index was across 275; the rails better than 87. Consen¬sus of opinion at that time was that a new high was right around the corner. It was in the face of such belief that a 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 oil, leases, and oil well prices every recent advance. I warned that staying with the oil might get one away from the trader's advantage. "Don't stay with them too long," I wrote, indicating it was not a one-way street.

If you take a look at investment trust portfolios you will note that the general trend will take you to know how long they'll be held. But I'd hate to be long of them for some reason—maybe 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 more. It's better to wait, however, and take a certificate whose price will take another axis out of your dol¬lars, then put them into something that may be obtained cheaper or that little patience.

For some strange reason the admission issues seem to be dealing with the general decline. Among these are television and motion picture stocks. We find that the great yield area the present might be a good idea to consider switching into them.

[The views expressed in this article do not necessarily represent the opinions of the editors of the Wall Street Journal or of the New York Times. They are presented as those of the author only.]

With Standard Inv. (Standard Inv. Corp., New York) PASADENA, Calif. — Ruth S. Adams and James L. Dopp have been named vice presidents of Investment Co. of California, 87 South Lake Avenue.

Stephenson, Leedycker (ophthalmologist) OAKLAND, Calif. — Isaac B. Higginson has been affiliated with Stephenson, Leedycker & Co., 1404 Franklin Street.

Halsey, Stuart Group Offers Utility Bonds

Halsey, Staurt & Co. Inc. heads a group which is offering $12,000,000 of private placement electric mortgage bonds of First Illinois Gas & Electric Co. 3% first mortgage bonds, series due Feb. 1, 1962, at 101.467% and accrued interest. The offer is being made on the basis of the award of the bonds on its bid of $11,825,000.

The company will use the proceeds from the sale of the bonds to finance a broad expansion program necessitated by heavy demands for additional electric energy. The bonds may be redeemed by the company at prices ranging from 101.44% to 100%. The bonds were awarded the company on its bid of 100%. The bonds were awarded the company on its bid of 100% and the company has agreed to sink its funds only they may be redeemed by the company at prices ranging from 101.44% to 100%.

First Illinois Gas & Electric Co. is an electric utility principally engaged in supplying electricity and natural gas to an estimated population of 500,000 in Louisville and its vicinity.


Halsey, Stuart Group Offers Equities, Tr. Cits.

Halsey, Staurt & Co. Inc. and Pacific Coast Utilities Inc. of Illinois Central RR, series H, 2% equipment trust certificates, are being offered out of the Philadelphia Plan, at prices to yield from 2.00% to 2.17%, and are subject to Interstate Commerce Commission authorization.

It is anticipated, to be uncondi¬tionally guaranteed as to payment of principal and dividends by en¬dorsement of the certificates, will be secured by $1,000,000 10-year closed-end mortgage notes with an estimated value of $5,000,000.

Other members of the offering group are: L. F. Rothschild & Co.; Oppenheimer & Co., Inc. and Mr. Master Hutchinson & Co.

Lee Higginson Group Offers Marathon Stk.

A nationwide group of under¬writers is offering 100,000 shares of Marathon Corp. onFeb. 5 offered publicly 400,000 shares of Marathon Corp., common stock (par $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 man¬ufacturer of protective packaging for food and industrial products.


Paul Rudolph Adds to Staff


Paul W. Blundeth, Jr., E. Robert Hendrickson, Donald H. Loring, Robert L. Love, A. M. McCann, P. F. Osborne, C. D. Udall,

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 action of registered dealers. We have been able to delay the registration provisions of the act, but we have not been able to prevent the operation of the act.

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 wishes. If he does not attend at his office and examine all or any of his books and records, interrogate his customers and what not at all.

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 aux¬iliary, the National Association of Securities Dealers, under the guise of righteous indignation—to change trade cus¬tom 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 business have been in 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 funds to provide for our retirement. We 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 glam 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 business 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 an qualification of trust indentities. All of this is wrong.

However, the provision arousing our particular ire is one requiring brokers and dealers and their employees to pay annual registration fees.

Our anger is prompted by the additional heavy bur¬dens 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 made to describe diverging distinctions. The maw of the regulating octopus knows no satiety.

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 in 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 it makes necessary to provide for regulation and control of such transactions."

If 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 went 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 and under the SEC Act the Commissions are 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 on its own interests here with a sure 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, 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. 10, 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 a source of deep regret that members of Congress did not readily perceive the pit-falls 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 independ¬ence 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 to 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 Gov¬ernment corporations as defined in the Government Corporation Control Act of 1945) to or for any person (including groups, asso¬ciations, 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 any agencies in the executive branch, shall be as uniform as practicable and subject to such policies as the Presi¬dent may prescribe) to prescribe therefor such fee, charge, or price, if any, as he shall determine, in case not otherwise determined, 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 factors. Such fees, charges, or prices determined by the agency 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 of the same, or any regulation as to the collection of any fee, charge or price, 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 provision shall not restrict the redeter¬mination or recalculation in accordance with the prescribed bases of the amount of any such fee, charge or price.
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:

**American Iron and Steel Institute**

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<th>Year</th>
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**U.S. Bureau of Labor Statistics**

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**United States Department of Agriculture**

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**United States Department of Commerce**

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**Federal Reserve Bank of St. Louis**

<table>
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<th>Financial Indicators</th>
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<td>Loans outstanding</td>
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<td>2020</td>
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<tr>
<td>Bank deposits</td>
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<td>Jan.</td>
<td>2020</td>
</tr>
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**The Commercial and Financial Chronicle**

The weekly publication for business and financial news.
Business and Finance Speaks After the Turn of the Year

Continued from page 7

R. A. HUMMEL
President, Lone Star Cement Corporation
In the cement industry the 1952 prospects indicate a substantial recovery in sales, continued strong domestic construction other than residential, and an increase in industrial building chiefly as a result of the expansion of the chemical industry. The forecasts indicate a turnaround in the nature of the business after a substantial decline in 1951; quite obviously this will be felt in the cement industry as well. The cement producers have always had to take into consideration that if the dollar volume will be off—perhaps somewhat in the same way that it was the trend persists, the actual dollar volume for construction orders may well exceed 1951.

As in 1951, participation of the cement industry in available business from the standpoint of number of units sold may increase well above 1951 as a result of the seasonal effect. If this takes place it may be necessary to increase production both in the cement plants and at the mine and even our dollar sales may compare favorably with 1952.

Each year following the close of World War II there has been an accelerated rise in the cost of all materials and the price of construction materials. This year the cost of basic raw materials are as high as 1951.

Nevertheless, to accelerated rates of inflation for more than a year. Wages and other costs have increased for all types of construction. The public has more money to spend than ever before. A broad program of public and private construction is unquestionably a near certainty to prevent further price increases. Yet many products that we are not familiar with, yet we are all aware of them. There are offered today at figures well below their ceiling price.

On the other hand, the cost of living index goes mer¬ly upward in spite of price controls.

As for my own industry, radio and television: There has been a sharp slump in television last fall, 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 there is little indication that allocations of raw materials is well below last year.

The market for radio receivers, which was supposedly saturated, is now being stimulated by the fact that the sale of some types of radio sets has held to re¬markably high levels.

The industry outlook for 1952 is dependent to a large extent upon the availability of materials and upon the conversion 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 ma¬terials be available for construction, there could be many more stations on the air before our younger year is out. The opening of these new markets will un¬questionably 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, since an increase in the number of television sets did not prevent astonishing expansion in recent years by the automobile, household appliance, and our own radio industries.

Any prediction for 1952 must, of course, be further qualified by the business community's attitude toward the expansion of new industries and the building of new plants in the near future.

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Securities Now in Registration

**NEW ISSUE CALENDAR**

**February 8, 1952**

Central Illinois Electric & Light Co. (Common)

(Brine & Webster Securities Corp; Allen & Co.)

**February 11, 1952**

United Canadian Oil Co. (Common)

(Angell & Co.)

**February 13, 1952**

(Federal Reserve Bank of St. Louis)

(Brine & Webster Securities Corp; Allen & Co.)

**February 19, 1952**

(Delayed in Chicago)

(Brine & Webster Securities Corp; Allen & Co.)

**February 20, 1952**

(Cinerama, Inc.)

(Brine & Webster Securities Corp; Allen & Co.)

**February 27, 1952**

( offering to stockholders)

(Brine & Webster Securities Corp; Allen & Co.)

**March 1, 1952**

( Probably Bioh & Co. in Merrill Lynch, Pierce, #)

**March 3, 1952**

(Mitchell & Co.; In Co. & Co.)

**March 4, 1952**

(Mitchell & Co.; In Co. & Co.)

**March 11, 1952**

(Preferred)

(Brine & Webster Securities Corp; Allen & Co.)

**March 12, 1952**

(Preferred)

(behind & Co.)

**March 16, 1952**

(Preferred)

(behind & Co.)

**March 25, 1952**

(Preferred)

(behind & Co.)

**March 31, 1952**

(Mountain States Tel. & Tel. Co.; Common

(behind & Co.)

**April 1, 1952**

(Bonds (behind & Co.)

**May 20, 1952**

(Bonds (behind & Co.)

**INDICATES ADDITIONS SINCE PREVIOUS ISSUE**

**ITEMS REVISED**


**British Columbia (Province of) (2/13)**


Burchill Co., Birmingham, Ala.

Jan. 7 (-letter of notification) 6,600 shares of class A 6% cumulative preferred stock. Price—At par ($50 per share). Proceeds. —To buy small mortgages on residences. Office—2121 First Ave., North Birmingham 3, Ala. —Underwriter—None.

**Burnham Chemicals, Inc., New York.**

Jan. 30, 1952, filed (by amendment) 2,500 shares of cumulative convertible preferred stock (par $100). Price—$100 per share. Underwriter—None.

**Bush Terminal Buildings Co., N. Y.**

Jan. 28 filed (1) $5,657,000 of mortgage 30-year-income bonds due 1982; (2) $5,278,000 of cumulative convertible preferred stock (par $100). Price—$100 per share. Proceeds. —To be supplied by amendment. Underwriter—None.

**Central Illinois Electric & Gas Co. (2/18)**

Jan. 29 (letter of notification) 18,500 shares of capital stock (par $1). Price—At $1 per share. Proceeds. —For purposes of issuing new, 10-cent par common stock; and for each share of $5 par capital stock held, 20 shares of the new stock.

**Central Power & Supply Co., Fontana, Cal.**

Feb. 24 filed (by amendment) $8,250,000 of 6% debentures due 1982. Price. —To be supplied by amendment. Proceeds. —For purchase of additional property. Office—305 La Brea Bldg., Los Angeles, Calif.

**CentralPower & Supply Co., Chicago, Ill.**

Mar. 5 filed (by amendment) $10,000,000 of 6% debentures due 1982. Price. —To be supplied by amendment. Proceeds. —For purchase of additional property. Office—305 La Brea Bldg., Los Angeles, Calif.

**Circle City Telephone Co., Inc., Indianapolis, Ind.**

Mar. 2 filed (by amendment) $1,000,000 of 6% debentures due 1982. Price. —To be supplied by amendment. Proceeds. —For purchase of additional property. Office—305 La Brea Bldg., Los Angeles, Calif.

**Cinerama, Inc., New York.**

Feb. 23 filed (by amendment) 1,000,000 of 5% convertible preferred stock (par $100). Price—At $100 per share. Proceeds. —For general purposes arising previously incurred for construction program. Underwriter—The First Boston Corp. and A. E. Ames & Co., Inc., New York.

**Citizens & Southern National Bank of Augusta, Ga.**


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**Citizens & Southern National Bank of Augusta, Ga.**


**Citizens & Southern National Bank of Augusta, Ga.**

Coastal Commercial Corp. Jan. 18 (letter of notification) $30,000 of debentures (2,500 shares) at 7 1/2% of the par value of $1200, or 80% of principal amount. Underwriter—Israel & Co., New York;—For conversion of capital. Office—1440 Broadway, New York, N. Y.


Consumers Cooperative Association, Kansas City, Mo. Jan. 27 filed $1,048,750 of 10-year 4 1/2% certificates of indebtedness and $5,000,000 of 20-year 5 1/2% certificates of indebtedness. Proceeds to be used to aid in financing construction of an agricultural machinery and fertilizer plant to be constructed and operated through a subsidiary, The Kansas City Agricultural Extension and the remaining $4,000,000 to be added to general fund. Proceeds—For all corporate purposes. Underwriter—None.

Crookes Laboratories, Inc., N. Y. Jan. 18 (letter of notification) 4,781 shares of capital stock (par $1), to be offered to stockholders of record Jan. 18, for each 20 shares held; rights to expire on Feb. 25. Price—$3.75 per share. Underwriter—None.


Detroit Power Corp., Pittsburgh, Pa. Jan. 18 filed 325,000 shares of common stock to be offered to holders of preferred rights for a limited time at a price to be fixed not less than 100c per share. Proceeds—For expansion purposes. Underwriter—None.


Diezel Power Corp., Pittsburgh, Pa. Jan. 18 filed 325,000 shares of common stock to be offered to holders of preferred rights for a limited time at a price to be fixed not less than 100c per share. Proceeds—For expansion purposes. Underwriter—None.

Factors Corp. of America Jan. 18 (letter of notification) $250,000 of 10-year 6% debentures (in multiples of $100 each) and 3,500 shares of common stock (par $1) in units of a $1,000 debenture and 14 shares of common stock at $25 per unit. Proceeds—For working capital. Office—606 Widener Building, 6416 North Broad Street, Philadelphia, Pa.—Underwriter—None.

Federal Loan Co. of Pittsburg, Ill. Jan. 18 filed 14,814 shares of $1.20 cumulative preferred stock (no par) being offered to stockholders of record Jan. 24 through a proxy privilege stock warrants; rights to expire Feb. 20. Unsubscribed shares to be publicly offered (in which event number of shares offered will be reduced if aggregate price will be less than $300,000). Price—To stockholders, $20.25 per share; and to public, $21 per share. Proceeds—For capital. Underwriter—Dean, Witter & Company, New York;—For capital.

Fenimore Iron Mines Ltd., Toronto, Canada Jan. 25 filed 4,007,504 shares of common stock (par $1) at a price, to be fixed by public subscription. Proceeds—To pay outstanding production notes and for working capital. Underwriter—Dean, Witter & Company, New York;—For working capital. Underwriter—Paul H. Davis & Co., Chicago, III.


Maine Public Service Co. (2-16-19) Jan. 10 filed 6,000 shares of common stock (par $10) being offered first to common stockholders at rates of $10 for each five shares held on Feb. 4, with over-subscription Privileges. Rights to expire Feb. 25. Price—$15.55 per share. Underwriter—Merrill Lynch, Pierce, Fenner & Smith, New York. Proceeds—To repay bank loans and for new construction.


McKay Machine Co., Youngstown, Ohio Jan. 24 filed 38,000 shares of common stock (no par), being offered to common stockholders of record Jan. 24 at a price, to be fixed by public subscription; rights to expire on March 17. Any unsold shares will be offered to employees. Price—$25 per share. Underwriter—None. Proceeds—For expansion program. Underwriter—The First Boston Corp., New York;—For expansion program.

Merchants Petroleum Co., Inc. Dec. 17 (letter of notification) 4,000 shares of common stock (par $10) being offered to common stockholders at a price of $17.50 per share. Proceeds—To be used for expansion and new equipment. Underwriter—The First Boston Corp., New York;—For expansion program. Underwriter—The First Boston Corp., New York;—For expansion program.


Mississippi Valley Gas Co. (2-26-25) Feb. 26 filed 1,000 shares of common stock (par $5). Price—To be supplied by amendment. Proceeds—From sale of stock, together with proceeds from private sale of 800 shares, for construction.
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$7,700,000, 4 1/2% first mortgage bonds due 1972, to be used for construction of Mississippi Power & Light Co. The transaction is to be consummated on Feb. 28, 1952, at the courthouse in Hattiesburg, Miss., by the City of Hattiesburg.


* Moshannon Valley Gas & Oil Co., Inc. Jan. 18 (letter of notification) 6,000 shares of class A preferred stock. Price—at $28.75 per share. Underwriter—None.


* Paturais Products, Inc. Jan. 22 (letter of notification) 8,850 shares of common stock (par $1) to be offered to Roland R. Burke andApply for registration by the National Association of Securities Dealers to be offered for sale. The exchange was to have become effective on or about Jan. 23. Price—at $1.12 per share. Proceeds—to equipment and working capital. Underwriter—Hugh P. Wason, President, of company.


* Reis (Robert) & Co. Jan. 29 (letter of notification) 7,000 shares of $1.25 dividend preferred stock (par $10) and 40,000 shares of common stock (par $1). Price—at $7.37V2 per share for the preferred and $1.12 per share for common stock. Proceeds—To Estate of Arthur M. Reis, deceased. Underwriter—None, but Lehman Brothers, New York, will act as broker.

* New Britain Machine Co. Jan. 2 filed 70,000 shares of common stock (no par) being offered to common stockholders of record for each of which will be held at rate of one share for each two shares held; rights expire on Feb. 29. Price—$30 per share. Underwriter—None. Proceeds—for working capital. Underwriter—C. K. Pestel & Co., Inc. New York.

* Noranda Oil Corp., San Antonio, Tex. Jan. 18 (letter of notification) 1,500 shares of preferred stock (par $.10). Price—at market (approximately 75 cents per share). Proceeds—to acquire additional assets and for new construction. Underwriters—to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc., New York; Guggenheimer & Sons, New York; White, Weld & Co. (jointly); The First Boston Corp.; Equitable Securities Co. (jointly); and Drexel, Morgan & Co. (jointly); Huntsman Bly Beale & Co. (jointly); Harrisman Bley & Co. Inc. and Union Securities Co. (jointly). Bids—Expected to be received some time in March.

* Oliver Corp., Chicago, III. (2/13) Jan. 26 filed 4,000,000 shares of common stock (par $1) to be offered for subscription by common stockholders of record for each of which will be held at rate of one share for each two shares held; rights expire on Feb. 27. Price—to be supplied by amendment. Proceeds—to reduce short-term indebtedness, approximately $15,000,000 to $15,000,000. Business—Farm equipment. Underwriters—Blyth & Co., Inc., New York; Furman, Fenn & Beane and Payne, W. B., Jackson & Curtis.


* Picking Lumber Corp., Kansas City, Mo. Dec. 11 (letter of notification) 25,000 shares of common stock (par $.01). Price—at $1 per share. Underwriter—None.


* Phoenix Life Insurance Co., Buffalo, N. Y. Jan. 16 (in denominations of $100 each): 1,000 shares of 5% cumulative preferred stock (par $100) and 1,990 shares of common stock (par $.01). Price—at $92 per share; $100 per unit preferred; $102 per unit common. Proceeds—for new construction and equipment. Underwriter—None.


* Pickering Lumber Corp., Kansas City, Mo. Dec. 31 (letter of notification) 20,000 shares of common stock (par $.01). Price—at $1 per share. Underwriter—None.


nancing was done privately through Union Securities Corp., and Smith, Barney & Co. Proceeds—For construction.

Bell Telephone Co. of Pennsylvania
Jan. 14. It was announced that the company took advantage of the current construction program to liquidate the $400,000 of bonds which will be due in 1952. The underwriters plan to sell the bonds for $3,500,000 in the current market.

Central Louisiana Electric Co., Inc.
Jan. 19. The company will issue a second mortgage bond of $500,000 to be sold at par, $400,000 to be sold at par, and $390,000 to be sold at $900,000. The bonds will be due in 1952, and the interest rate will be 5%. The proceeds will be used for the construction of a new power plant.

Columbia Gas System, Inc.
Nov. 26. It was announced that it is the present intention of the company to liquidate the bonds which are due in 1952. The underwriters plan to sell the bonds for $3,500,000 in the current market.

Consolidated Edison Co. of New York, Inc.
Jan. 2. The company announced its plan to sell $4,000,000 of bonds which will mature in 1952. The bonds will be sold at par, and the interest rate will be 5%. The proceeds will be used for the construction of a new power plant.

Consolidated Gas, Electric Light & Power Co. of Baltimore
Dec. 5. It was announced that the company plans to sell all its bonds which are due in 1952. The underwriters plan to sell the bonds for $3,500,000 in the current market.

Corporation for the next three months.

Case (J. L.) Co.
Jan. 18. It was announced that the company will sell $4,000,000 of first mortgage bonds. Underwriters—For construction.

Central Power & Light Co. (3/4)
Jan. 18. It was announced that the company will sell $3,500,000 of first mortgage bonds. Underwriters—For construction.

Chicagoland Electric Co.
Jan. 19. The company will sell $3,500,000 of first mortgage bonds. Underwriters—For construction.

Chicago, Milw., St. Paul & Pacific Ry.
Feb. 8. The company plans to sell $3,500,000 of bonds which will mature in 1952. The proceeds will be used for the construction of a new power plant.

Chicago & Western Indiana R.R.
Jan. 19. The company announced its plan to sell $3,500,000 of bonds which will mature in 1952. The proceeds will be used for the construction of a new power plant.

City National Bank of Houston (Tex.)
Jan. 16. The company will sell $3,500,000 of bonds which will mature in 1952. The proceeds will be used for the construction of a new power plant.

Colorado Central Power Co.
Jan. 21. It was reported that the company may offer $2,500,000 of bonds which will mature in 1952. Underwriters—To sell bonds for $3,500,000 in the current market.

Colorado Interstate Gas Co.
Dec. 26. SEC approved a plan filed by Mission Oil Co. and the Colorado Interstate Gas Co. to go into the gas business. The company plans to sell $3,500,000 of bonds which will mature in 1952. Underwriters—To sell bonds for $3,500,000 in the current market.

Continued on page 45
Nov. 16 it was announced stockholders will in April 1953, vote to authorize the company to issue common stock from 250,000 shares (all outstanding) to 1,500,000 shares, for such corporate purposes as acquisition of new properties, to raise additional capital funds or declaration of stock dividends.

Rochester Gas & Electric Co.
Jan. 16 it was announced the company plans to issue and sell $6,000,000 of preferred stock in March and an equal amount of common stock. An issue of about $8,000,000 common stock is also planned, probably for the Spring of 1953. Underwriters—To be determined by competitive bidding. Probable bidder: Halsey, Stuart & Co.; Lehman Brothers & Co.; Merrill Lynch, Pierce, Fenner & Beane; Harriman Ripley & Co.; First Boston Corp.; White, Weld & Co. & Shields & Co. (jointly); Lehman Brothers & Co. Proceeds—For expansion.

San Diego Gas & Electric Co.
July 19, L. M. Klauber, Chairman, announced that the company has authorized the issuance of $2,000,000 of 12% preferred stock for 1952 and $1,300,000 of common stock in 1952. Underwriters—To be determined by competitive bidding. Probable bidder: Halsey, Stuart & Co.; Lehman Brothers & Co.; Merrill Lynch, Pierce, Fenner & Beane; The First Boston Corp.; White, Weld & Co. & Shield & Co. (jointly); Lehman Brothers, Proceeds—For expansion.

Northern State Bank National, 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 common stock, for an investment of $5,000. An issue of about $7,500,000 common stock is also planned, probably for the Spring of 1953. Underwriters—To be determined by competitive bidding. Probable bidder: Halsey, Stuart & Co.; Lehman Brothers & Co.; Merrill Lynch, Pierce, Fenner & Beane; Harriss & Ball & Co. (jointly); White, Weld & Co.; Halsey, Stuart & Co.; Lehman Brothers (jointly); Merrill Lynch, Pierce, Fenner & Beane; Harriss & Ball & Co. (jointly); Smith & Barney Co. Proceeds—For expansion.

Southern Union Gas Co.
Jan. 18 it was reported that the company plans to issue and sell $6,000,000 of preferred stock and $12,000,000 of common stock in April 1952. Underwriters—To be determined by competitive bidding. Probable bidder: Halsey, Stuart & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane; Harriss & Ball & Co. (jointly); White, Weld & Co.; Halsey, Stuart & Co.; Lehman Brothers (jointly); Merrill Lynch, Pierce, Fenner & Beane; Harriss & Ball & Co. (jointly); Smith & Barney Co. Proceeds—For expansion.

Southern Pacific Co.
Jan. 15 stockholders of record of that date were offered the right to subscribe on or before Feb. 20 for 10,000,000 additional shares of common stock, for an investment of $50,000,000. About two-thirds of the amount needed will be in the form of new stock, the remainder to be in the form of common bonds. The latter issued first stockholders. Price—$5 per share. Underwriters—Blyth, Blyth & Co., & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; The First Boston Corp.; White, Weld & Co. & Shield & Co. (jointly); Lehman Brothers. Proceeds—For expansion.

Texas Electric Service Co.
Jan. 23 it was reported the company plans to issue and sell $8,000,000 of first mortgage bonds and $5,000,000 of common stock, with registration expected in April for bidding in March. Underwriters—To be determined by competitive bidding. Probable bidder: Halsey, Stuart & Co.; Kuhn, Loeb & Co.; Salomon Brothers; H. H. Hutzler; Merrill Lynch, Pierce, Fenner & Beane; Union Securities Corp.; Pacific Coast Securities Corp.; Kidder, Peabody & Co.; White, Weld & Co. & Company (jointly); Halsey, Stuart & Co. Proceeds—For expansion.

Texas-OH-Se Co., Houston, Texas, Oct. 16 it was announced the company plans to sell $32,000,000 for new construction and improvements in the near future and five years and expects to enter the new money market this year to finance its 1952 requirements. Largest recent financing was done of banks early in 1952. Underwriters—Goldman, Sachs & Co., New York.

Texas State Electric Co.
Jan. 18 it was reported the company was planning issuance and sale of $8,000,000 of first mortgage bonds and $5,000,000 of common stock, with registration expected in April for bidding in March. Underwriters—To be determined by competitive bidding. Probable bidder: Halsey, Stuart & Co.; Kuhn, Loeb & Co.; Lehman Brothers & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Harriman Ripley & Co.; Union Securities Corp.; Pacific Coast Securities Corp.; Kidder, Peabody & Co.; White, Weld & Co. & Company (jointly); Kidder, Peabody & Co.; White, Weld & Co. & Company, (jointly); Halsey, Stuart & Co. Proceeds—For expansion.

Texas Utilities Co.

Texas Utilities Co.
Nov. 16 directors authorized an offering to stockholders of about 23,539 shares of capital stock (par $10) on basis of one share of preferred stock (par $50) held (with an overvaluation subscription). Price—$9 per share. Underwriters—J. E. F. Dodge & Co., New York. Proceeds—For expansion and working capital.

Trade Bank & Trust Co., New York, Jan. 9 it was announced the company has authorized the issuing of additional capital stock (par $10) from $2,000,000 to $3,500,000, the proceeds of which will be used for the subscription by stockholders of record Feb. 29 on basis of one share for each four shares held; with rights to expire on April 9. Underwriters—None involved.

Trans World Airlines, Inc. (2/27)
Jan. 30 it was announced company plans to offer for subscription $100,000,000 of new common stock at $16 per share, with an overvaluation subscription of $6.75 per share. Underwriters—J. P. Morgan & Co., New York. Proceeds—For expansion.

Transline Cos., Los Angeles, Calif. Nov. 18 it was reported company may be considering issuing of additional common stock to its stockholders (there are presently outstanding 734,400 shares). Underwriters—The First Boston Corp. and Johnston, Lemoine & Co. handled the last offering to stockholders. Proceeds—Together with expected proceeds from the sale of proposed $6,000,000 expansion program.

Washington Water Power Co.
Jan. 23 it was announced for authority to make bank borrowings of $40,000,000, the proceeds to be used to complete construction of an additional transmission program. Permanent financing expected later in the year. Underwriters—Blyth, Blyth & Co.; Smith, Barney & Co. & White, Weld & Co. (jointly); W. C. Langley & Co. & The First Boston Corp. (jointly); (2) for bonds only: Halsey, Stuart & Co.

West Penn Power Co. (4/1)
Dec. 18 it was announced the company plans to offer $12,000,000 of first mortgage bonds early in 1952, probably for expansion. Underwriters—To be determined by competitive bidding. Probable bidder: Halsey, Stuart & Co.; Lehman Brothers & Co.; Blyth & Co., Inc.; W. C. Langley & Co. & The First Boston Corp. Proceeds—For expansion.

Wisconsin Power & Light Co.
Jan. 19 it was announced the company plans to sell first mortgage bonds and $1,350,000 of additional common stock (to be offered first to stockholders). Price—$100 per bond. Underwriters—To be determined by competitive bidding in April. Probable bidder: Halsey, Stuart & Co.; Lehman Brothers & Co. (jointly); Kuhn, Loeb & Co.; (jointly); Kidder, Peabody & Co. (jointly); Smith, Barney & Co. & White, Weld & Co. (jointly); Halsey, Stuart & Co. Proceeds—For construction.

Wisconsin Public Service Corp. Sept. 4 C. E. Kuhlmann, President, announced company plans to issue $2,000,000 of common stock in Marathon County, Wis. Method of permanent financing to be determined. Underwriters—None involved. Probable bidder may include: Halsey, Stuart & Co.; The First Boston Corp.; Harris, Hall & Co. (Inc.); Kidder, Peabody & Co. (Inc.); Smith, Barney & Co. & Company; Halsey, Stuart & Co. (Inc.); Union Securities Corp.; Goldman, Sachs Co. & Harriman Ripley & Co. (Inc.).
With the new issue market turning off the hook this week we find that it appears that a further hedge has been placed in the debt security section of the corporate money market.

Despite the somewhat somber behavior of the seasoned equity market news of late though 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 substantial public interest.

Mosanto Chemical Co.’s offering of 400,000 shares of additional common stock stood bare and virtually unsold of the general situation. Here the initial response to the opening of sales was just a bit on the dull side but interest picked up as the stock market ascended and developed some recuperative power and the momentum got under way, putting a little stock 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 far as the United Gas Co. is concerned, the secondary market has recovered price-wise to the stage of offering bids and taking in the remaining bids of recent deals have been worked off.

Cutting It Fine

Bankers bid the $12-$12,000,000 of first mortgage, 30-year bonds put up by the United Gas Co. for competing bids paid the issuer a 101.00 for the AA-rated paper. Evidently prospective buyers figured this bank as a bit of an inquiry was reported lagging.

The dealers went into the market to pick up a small issue of the same rating where the current yields ranged from 2.80% to 3.11%.

Trying on the Nerves

Investment bankers find the current situation a bit trying on their nerves. Here they are selling a plenty of money seeking for investment with shelves bare and virtually nothing in the way of new issues in sight.

Their irritating, at the moment private deals are virtually as scarce as those expected that these direct placement operations will pick up again in the next month or so.

Salesmen and All


With Marchese Sims (Special to The Financial Chronicle)

LOS ANGELES, Calif.—William L. Farrington is with Marchese 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. D. De Moraine has joined the staff of Morgan & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange.

Join's Well, Roth (Special to The Financial Chronicle)

CINCINNATI, Ohio—Caldwell Bros., 623 South Third Street, members of the Cincinnati Stock Exchange.

Three With E. F. Hutton (Special to The Financial Chronicle)

LOS ANGELES, Calif.—Robert M. Fomon, Frank Harvey & Harryman, and M. Wallace Weinberg are join's well, Roth & Co., 623 South Third Street.

Join's Reinholt Gardner (Special to The Financial Chronicle)

ST. LOUIS, Mo.—Join's with Reinholt & Gardner, 600 Locust Street, members of the New York and Midwest Stock Exchanges.

With Coburn & Middletrow (Special to The Financial Chronicle)

BOSTON, Mass.—Jeanette E. Thibault has joined the staff of Coburn & Middletrow, Incorporated, 75 Federal Street.

E. Mathews Albers (Special to The Financial Chronicle)

BOSTON, Mass.—Norman D. McKenzenie has been added to the staff of Edward E. Mathews Co., 53 State Street.

Join's Preston, Moso (Special to The Financial Chronicle)

BOSTON, Mass.—William R. Kitchell has joined the staff of Preston, Moso & Co., 24 Federal Street.

With Waddell & Reed (Special to The Financial Chronicle)

KALAMAZOO, Mich.—Thomas W. Peck is with Waddell & Reed, Inc.

DIVIDEND NOTICES

CARLISLE CORPORATION

The Board of Directors has declared a dividend of 10 cents per share on the outstanding common stock of the Corporation, payable March 15, 1952, to stockholders of record February 15, 1952. PERRY MARSHALL, President.

HARBISON-WALKER REFRACTORY COMPANY

The Board of Directors of Harbison-Walker Refractories, Inc., has declared a dividend of 8.25 cents per share on the Common Stock, payable April 15, 1952, to stockholders of record March 31, 1952. D. C. STROMBERG, President.

BURROUGHS CORPORATION

A dividend of twenty cents ($0.20) a share has been declared by the Board of Directors of the Burroughs Corporation, payable March 31, 1952, to stockholders of record March 29, 1952. PAUL KRAJNOR, Treasurer.

Join's Stern, Frank (Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Keith P. Greene, Byrn G. A. Johnson, Theodore J. Marech, Elizabeth V. Williamson, and Percy V. Woodford have been added to the staff of Stern, Frank, Meyer & Fox, 225 West Eighth Street, members of the New York Stock Exchange.

Join's with Waddell & Reed (Special to The Financial Chronicle)

JOHNSTOWN, Pa.—Minton, Swope & Company, has declared a dividend of 8.25 cents per share on the Common Stock, payable March 15, 1952, to stockholders of record February 28, 1952. MALCOLM G. CRACE, Jr., President.

BURROUGHS CORPORATION

STANDARD OIL COMPANY

The Board of Directors of the Standard Oil Company of New Jersey has this day declared a dividend of 25 cents per share on the Common Stock, payable on April 15, 1952, to stockholders of record at the close of business March 15, 1952.

A. C. MONTGOMERY, Secretary.

Common and Preferred DIVIDEND NOTICE

The Board of Directors of the Standard Oil Company of New Jersey has this day declared a cash dividend of 25 cents per share on the Common Stock, payable on April 15, 1952, to stockholders of record March 15, 1952.

A. C. MONTGOMERY, Secretary.
WASHINGTON, D.C.—In going through with Chairman William McChesney Martin of the Federal Reserve Board on the two individuals he selected for the Board, President Truman, conservative Senate leaders, note, has made it possible for the Board to add important elements of strength.

One of the picks was Abbot L. Mills, Senior Vice President of the U. S. National Bank of Portland, Ore., Mr. Mills rates as an outstanding commercial banker, and the Reserve Board and has been active in the Reserve City system with leadership experience since the designation of Morris S. Eccles.

The other appointee was J. L. Robertson, Senior Deputy Comptroller of the Currency. Robertson is an unusual individual in governmental or other elections, in that he not only is totally disinterested in "party-build- ing," but has publicly shunned it.

Among other things, Robertson publicly and actively supported a bill which Congress passed, revising the Federal Reserve Act to transfer the control of a fractional bank to a state charter.

He shunned the Williams-Cole leadership of the Federal Reserve Board, the Board backed Mr. Robertson in the private bank examination to direct the know-how of the depression. In other words, the Federal Reserve still appears to be in effect, in the duality, that there is no one banking organization the Federal Reserve Board, a state condition of banks, and, in many respects, of those under cover, between state supervisors on the one hand, and the state supervisors on the other, or between the state supervisors and the FDIC.

J. L. Robertson brings the Reserve Board its first member with the indicated experience 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 approval of the SEC may be held up as a result of the current study of the SEC by the Senate Interim Committee. Senate Banking and Currency, headed by Democrat, heads a Senate Banking subcommittee to investigate the SEC on all over SEC matters. Frear for the last two years has been sympathetic with the idea of netting itself jurisdiction over the utilities. However, the Senate subcommittee is somewhat hesitating to the legislation affecting the SEC, while the House subcommittee is making a study, the result of which has not yet to postpone the Frear bill until after the Senate group completes its study, has not been made, however.

Senator Richard B. Russell of Georgia is now slated to be the Senate's Rights candidate for President, taking that President Truman persuades the Democratic national convention next July to go along with a term less than the usual.

As such, in this column a few months ago, the preferred candidate was Senator Harry F. Byrd, Jr., who is expected to believe that Byrd is better known, especially in the South, and that he may ride more votes.

Byrd's term as a Senator, however, expired on March 4, 1951, and he must stand for reelection this fall or retire. Since the prime purpose of the States' Rights movement is not to elect a resident, but to try to swing enough electoral votes from Harry Truman to the independent candidate, the Senator should make it possible to have Byrd's prominence in public life.

The bill's term, on the other hand, does not expire until March 3, and hence, he can earn as the States Right candidate for President without giving up his Senate seat.

The southern conserv-atives 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 run-off convention. Sentiment leans toward the latter. It is still thought that the Dixiecrats won't put a candidate out of 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 convince the Budget bureau to OK a start on mass production, the scheme is being delayed. It is a pretty safe bet that Congress will be in session ever even if the Budget bureau approved the scheme, which is somewhat doubtful.

Labor has not forgotten that Senator Taft added himself to labor in opposition to the "slave labor" Taft-Hartley law, so the well-heeled big walking delegates have

"...and this one is the prospectus for the prospectus!"

In their zeal to "get Taft the Big Labor boys are making a graft of their friends pretty sore. All of the House, of course, comes up for re-election, and a majority of the Senate voted for T-H, as well as for many of the Democrats the Senator 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 juggling of controls would be used against them.

There will be a move to set a late date than July 26, 1951, for the legislation setting price ceiling relief. This, however, will get very 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 extension by administrative action.

The theory of this is that if GOPs should delocalize substantial sections of the economy from price controls. It would have to sell an apathetic Congress on the idea of extending, to the Senate, control legislation longer. In other words, the Congress, by declining to extend the DPA the GOPs might be able to dissipate the alertness of Congress against arbitrary controls. The price would be legislation standing on the books which may give the freedom to reintroduce price controls to the extent that inflationary pressures are again imagined to appear—and after the nation’s election is over.

(This column is intended to reflect the "behind the scene" interpretation of the present period and may or may not coincide with the "Chronicle's" own views.)

Dr. Knipping V-P.

Of Albert Frank Agency

City Bank National Agencey has been elected a Vice-President of Albert Frank-Guernier Law, Inc., advertising agency according to Howard W. Calkins, a agency Chairman, Dr. Albert Frank, a degree of Doctor of Philosophy from the University of Ghent in Belgium and has been associated with the agency since 1928. Prior to his connection with the Schenectady office, 121 Wall Street, both as registered representatives.

Two With Bache

Bache & Co., members New York Stock Exchange, announce the resignation from the firm’s Miami Beach office, 90 N. E. Second Avenue, and that Henry V. Vogel, Jr., who has been associated with the office, has been announced an associate, is now listed with the Thompson & Co. for 14 years.

With Barrett Herrick

Consul General, 211 Huntington Ave., BOSTON, Mass.—Tom Speaks is now with Barrett Herrick & Co., Inc.

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