Is Inflation Still a Threat?
By SUMNER H. SLICHTER
Lamont University Professor of Economics,
Harvard University

Professor Slichter lists as deflationary forces: (1) drop in consumer goods expenditure; (2) decline in business inventory outlays; (3) slow increase in defense spending; and (4) very gradual rise in personal incomes. Advocates as steps to prevent further inflation: (1) limit non-essential government spending; (2) increase industrial efficiency; (3) postpone non-defense plant outlays; and (4) keep down rate of defense costs. Urges wage rises limited to productivity, and more personal savings.

I
Is there any longer a serious danger of inflation? Since March, 1953, the wholesale price level has dropped about 3% and the consumer price index has risen only 2.5%. The last year has been one of the most stable periods in the country's history.

Within the last month deflationary influences seem to have been gaining strength. The consumer price index, which had been rising slowly up to December, has ceased to advance. It is now edging downward between December and January. Between the middle of January and the middle of February the retail food index has dropped 2.5%. Since food has a weight of almost a third in the consumer price index, the February consumer price index is almost certain to be below the December and January figures. Both steel and aluminum, two of the scarcest commodities, have recently become more plentiful. Allotments of structural steel for general commercial construction in the second quarter of 1953 are about 70% above the

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An address by Professor Slichter before the Providence League of Women Voters, Providence, R. I., March 3, 1952.

A Sham Defense

Reaction of Investment Bankers Association and New York Stock Exchange to Title V of Independent Offices Appropriation Act and SEC proposal thereunder. Tax features attacked. Commissioner's case examined. Pending amendment re Brokers and Dealers.

The crusade against Title V of the Independent Offices Appropriation Act and the release of the Securities and Exchange Commission attempting to implement it, gives promise of success because of the volume of public opinion which has been aroused in opposition to these measures. This inveighing against "Title V is not limited to the securities industry. Business in general, appreciating the dangers, is becoming articulate. Thus the Northwest Mining Association passed an opposing resolution.

The President of the Salt Lake Stock Exchange in a letter addressed to Senators Watkins and Bennett and Representatives Granger and Boise had this to say in part: "We feel so strongly on this subject that it is our intention to take this matter not only to the Press but also to the stockholders of the publicly financed corporations, which number over 30,000 alone on the corporations listed on the Salt Lake Stock Exchange, and this is only a fraction of the total number in the State of Utah. We therefore believe we should have an expression of your feeling in this matter and what you believe you will be able to do to prevent this extremely objectionable and arbitrary action by the Securities and Exchange Commission."

Since the power to tax is also the power to destroy, the taxing features of the SEC proposal have met with particular antipathy. In a circular letter to members of the Investment Bankers Association of America, signed by Continued on page 30
The Security I Like Best

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

(George A. Bailey, partner, George A. Bailey & Co., New York; editor, The Bond Glub, 25 Broadway, New York City, 4 New York; also, our usual weekly contribution is devoted, as of this week, to the security discussed.)

GEORGE A. BAILEY

MORRIS & ESSEX RR. 1st & Refunding 3% of $1 & L. W.

The Security I Like Best must combine the following qualities: It must be fairly well secured. It must be paying a yield regularly, at least 6% or 7% of the present conditions. It must have protected an steadily increasing equity at the same time; it offers possibilities for enhancement in price. These attributes may be found in the Morris & Essex RR. First & Refunding 3% of $1 & L. W.

The DL&W has been steadily strengthening its capital operations. Its fixed charges have been reduced from $4,257,101 in 1932 to about $4,477,110 at the end of 1951 or approximately 4% less. Based on the present annual fixed charges of about $4,000,000, the net income available to meet these requirements would have been on an average of about 1.55 times in the last 20 years. In 1951 fixed charges were earned about 2.4 times, indicating a margin of safety.

Further adding to the road's efficiency is the dieselization program which began in 1951 at an average of 91.82% of ton-mileage handled by industrial power. This compares with 66.13% in 1949.

Through the sinking fund operation, the funded debt is reduced from $290,271,875 to $282,571,000, or nearly increasing the equity back of these bonds. Dividends of 54 cents per share have been purchased on both bonds and leased-line stocks amounting to $3,033,360. It has bought in over $21,392,580 face amount of its debt and leased-line stocks since 1940. In 1949, the company has paid about $24,000,000 to the credit of its overall tax obligations.

Another factor in the development of the company's future is the acquisition of 66,000 (split in 1941 to 124,000 shares) of common stock of the New York Chicago & St. Louis Railroad (Nickel Plate). This was the first step in the "eventual merger" of the two companies, which became a reality with the 1951 merger of the two companies. The Nickel Plate, the Lackawanna gains a voice in the management of the Wheeling & Lake Erie System as well as the Lorain & West Virginia Company. The merger of the two would create a road over 2,000 miles of track extending from Hoboken, N.J., opposite New York City, to Chicago. The mile of track was completed at the close of the year 1951 by the Nickel Plate was 322,581, and by the Lackawanna 2,393,355, a total of 6,363,333 miles.

This bond is available in regularized as well as coupon form. The registered bonds sell over the counter. The principal and the interest of the Gross Property tax in Pennsylvania, this mortgage bond is a strong hog position today than any in the Country. The gross tax is indispensable to the operations of the Lackawanna system. It is nearing the time when the prospects for still further improvement are increased through the "eventual merger" of the Nickel Plate. Nevertheless, this well-secured first mortgage issue continues to sell at not more than 40 points under par.

W. H. HOLLY

Sage, Rugg & Co., Inc.

The Taylor Instrument Companies

One hundred years ago a business was founded that is now known as the Taylor Instrument Companies. The entire line in 1851 consisted of a few tin case thermometers, hand-carved wood thermometers, a water well plate, and a few mercury barometers. Today the Taylor is the principal and is one of the most diversified manufacturer of instruments in control instruments industry.

In most of the notable points in the history of the United States you will find a Taylor fever thermometer, and at the Atomic project in Oak Ridge, Tennessee, you will find 43 calons of Taylor instruments perfectly so standardized that they require only 20 seconds to the point. At the present time the Company has a Multi-Million dollar contract with the Federal Government to supply instruments to the Atomic project in Manhattan, New York, and Kentucky.

The business of the Corporation is continually diversified into its commercial and industrial line. Sales of the industrial products in the industrial line account for more than two-thirds of the Company's total dollar volume of business.

The Company's commercial line consists of laboratory thermometers, wall and standing thermometers, maximum and minimum registering thermometer, barometers, thermometers, barometers, anemometers, barometers, blood pressure instruments; commercial barometers; laboratory thermometers; wall and standing thermometers, maximum and minimum registering thermometer, barometers, thermometers, barometers, anemometers, barometers, blood pressure instruments; commercial barometers. Approximately 60% of the Company's commercial products are used in industrial surgical supply trade, and the balance to miscellaneous civilian uses, such as optical stores, scientific supply houses, department stores, mail-order houses, and jewelry stores.

The Company's Industrial line consists of instruments, used in industrial processing, which measure, record, indicate, control, and record and control temperature, pressure, fluid, liqulid level, and head, and humidity measuring and indicating control instruments are sold under the trade name "Fulscope." These instruments are available with a wide variety of automatic features and mechanisms.

The Company's industrial pro-
Action of Congress Favors Carothers’ Views on UMT

Following Dr. Neil Carothers’ 

if action of Congress Favors Carothers’ views on UMT. Dr. Carothers’ article is an excellent statement, and I am sure that the measure proposed by the House of Representatives will not be opposed in the Senate, by which it will make good use of it.

HON. PAT SUTTON

U. S. Senator from Texas

This statement is that I expressed with Dr. Carothers 100%. I am sure that we will support the views expressed in this article.

HON. JOHN J. WILLIAMS

U. S. Senator from Delaware

I voted against the inclusion of the Universal Military Training Program in the draft law because our decision on this matter will be made on its merits in separate legislation. I am not certain that such a program might not later be forced upon us, but I am not confident that we can see to it to place the country’s youth permanently placed under military control, in case of peace.

HON. RUTH THOMPSON

U. S. Congresswoman from Pennsylvania

I agree 100% with the views expressed by Dr. Carothers and strongly support the views against which I have been reading and hearing about UMT. I am sending the article to my Congressman.

J. B. JESSUP

President, Equitable Trust Company, Buffalo, New York

I have the highest regard for Dr. Carothers and his status as a scientist and engineer. It is refreshing to hear him call this “antidote” to “the eyewash” he has read and heard about UMT. I am sending the article to my Congressman.

HON. O. K. ARMSTRONG

U. S. Congressman from Missouri

I took part in the debate on this issue in Congress, and I am sure that I would not be opposed to the measure. The “Chronicler” has rendered a real public service in publishing Dr. Carothers’ article. It is refreshing to listen to Senator Morse’s four basic reasons for this “syndrome.” To my mind, one and two are particularly correct. I do not consider them “empty gestures.”

While many of the arguments are convincing, I must admit that I am still in favor of UMT for this country.

HON. JOHN C. STENNE

U. S. Senator from Maine

I am supporting the UMT program mainly for the following reasons:

(1) I have felt that we are going, if we do not start soon, to be made and we cannot come to grips with our country. Our material, added to the U.S. is hard and not sure, that the measure which we were gathered on the matter, gave me an even greater conviction that this measure should pass.

I will write you in the near future to keep you informed of the developments unless backed by ample and truant reserve. If I were not in a position to protect the country’s defense, I would not have the obligation to back my country and Carothers should know this.

The lesson has been the battle, the issue, not the immediate, and Carothers should know this. The lesson has been amply shown that the necessary reserves to be supplied is through some system wherein there is no lack. It contributes his share to the undertakings.

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Economic Prospects for 1952

By ROY L. REIFERSON

Bank economist discusses course our economy is taking in current year and concludes 1952 will see production, employment, incomes, and consumer spending stimulate economic records. Predicts no general shortages of consumer goods, though certain items may be exception. Stresses importance of government spending in book, and foresees increased defense orders and higher inventories along with early new plant investment. Looks for further declines in corporate profits and some increase in commodity prices.

The course of our economy in 1952 is one of unprecedented optimism on the part of almost all the people here and abroad. The early forecasts of a continuation of the present expansion in 1952 have been accomplished.

The optimism in the months of December and January, the optimism that one will see in this edition of our economic prospects are the result of the conclusion that the wartime production of goods and services is a potential for a great increase in the demand for goods and services. The result is a further increase in the demand for labor, a further increase in the demand for materials, and a further increase in the demand for the products of industry.

The major cause of this optimism is the conclusion that the demand for goods and services is a potential for a great increase in the demand for goods and services. The result is a further increase in the demand for labor, a further increase in the demand for materials, and a further increase in the demand for the products of industry.

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Morgan Stanley Group Underwrites American Tobacco Offerings

By A. WILFRED MAY

On Paying the Corporate Executive

The St. Louis Cardinals' recent difficulty in slipping through a deserved raise to their hard-waiving "Stan the Man" Musial, the innuendo of the compensation-hating stockholder Spring "meeting season," the approval of the base tax deadline, and the blackballed nature of corporate executives' renumeration in its various phases now must continue.

The compensation element, even where some abuse does exist, actually is not of major importance to the shareholders, particularly the nation's top management group, which is not contributing to 3% times the dividends, 12 times the taxes, and three times the wage bill of 1939, has suffered a slash of 59% in real income—contrasted with deterioration of 40% by the "middle-management" echelon and only 13% by the foremen group—according to an analysis by Arch Patton in the March issue of the Harvard Business Review. Nevertheless, determination of top-management's compensation is broadly bound up with the basic structure of American corporation finance. Nearly every problem involved in the fixing of executives' pay, both as to amount and form, stems from that characteristic period (as our corporate system), the separation of ownership and control in our publically-held companies.

Perennially Difficult

Over the long-term the various compensation questions have persistently remained the most intriguing and difficult of logical solutions for a wide variety of the community; including the company official, the corporate director, the banker, the public shareholder, the regulatory bodies, as well as the disinterested stockholder. In the Securities and Exchange Commission's functioning in behalf of the investor, it seems that on questions of executive compensation it has been forced to leave the investor's protection to the process of public opinion.

A recent court case has too found it most difficult to find a usable legal formula for calculating an individual's worth to his company. To all the above-mentioned matters, the difficulties in "pricing" an executive lie in the market rate, a scientific gauge, or a statistical yardstick. Just one of the specific difficulties in making company-to-company comparisons is the misleading nature of executive titles (the responsibilities of "vice-president," etc. varying from company to company).

And the Commission's jurisdiction over the various types of special compensation which are now being added to the basic salary, such as profit sharing, stock options and retirement pay, is also almost wholly confined to disclosure.

A considerable part of the void of the broadly and highly rambled field has been recently filled by a notable book written by Thomas Washington and V. Henry Rothchild, II (the Ronald Press, New York, 356 pp., $12). The book shows that the field of compensation is a vast, definitely a legal field involving the Federal Trade Commission, the American Bar Association, the American Law School, class of 1932, and subsequently New York corporation lawyers. Two spokesmen of the compensation profession--a high law professor wrote a volume, Corporate Executives' Compensation, covering corporate, government, and legal practices involving management compensation. The instance of the earlier work was begun two years ago, before his appointment to a circuit court of appeals, a position held by Henry Rothchild, II. Last June Mr. Rothchild was appointed as a member and chief counsel of the Senate Select Committee on Finance. The authors view the compensation-abuse problem as stemming from the status of corporate control; specifically, the relatively

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William P. Byrne Joins Morfeld, Moss & Harnett

(Special to The Financial Chronicle)

ST. LOUIS—William P. Byrne has been associated with Morfeld, Moss & Harnett. 711 Olive Street, members of the Midwest Stock Exchange. He was previously employed by Security-First National Bank, New York Banking, and currently is president of Security-Bank of New York. In addition, he has been active in the New York Stock Exchange.
Chemical Industry as Investment Opportunity

By RICHARD B. SCHNEIDER
Assistant Vice-President and Trust Department
W. R. Grace & Co., New York City

Stressing rapid growth of chemical industry, equal to 10% annually, as contrasted with average of 3% for all industries, Mr. Schneider predicts still further expansion and more profitable results from chemical research. "The success of large chemical concerns, and the constant challenge to the chemical companies themselves to improve products, lower costs, and create new products that and should demonstrate to prudential investors that the chemical industry offers good opportunities.

Most of you will agree, I believe, that the chemical industry does not support a unique discovery. Although it has been discussed by others, we might consider briefly a few of the factors inherent in the chemical industry to which more profitable attention could be given by those in investment work. To reestablish perspective, a few figures may be helpful in indicating the present size of the industry and its growth prospects, which should emphasize the significance of chemicals in domestic and world markets. These come from a recent talk of Dr. Raymond H. Ewell of the Ewell Research Institute, Panadena, California.

By 1976, sales of chemicals of $30 billion a year will be reached, based on the recorded sales of the industry during the past quartercentury. These projections do not include internal trade in, transactions between one chemical company and another. Total sales figure from the chemical industry during 1950 were $7 billion, of which $3.5 billion were internal sales.

Further, according to Dr. Ewell, plants will increase by 40% in 5 years hence with estimated external sales of $7.5 billion. Sales of plastics in 1950 totaled 970 million. Sales of fibers are expected to be $4.5 billion by 1976, an increase of 270% over 1950.

During the past quartercentury, the average rate of growth of the chemical industry has been 10% a year compared with a 3% average for all U. S. industry, Dr. Ewell said. It is clear from these figures and from the company and product interrelationships they imply that the usual criteria must be applied in assessing the potential of both large and moderate sized participants. That the chemical industry serves all other industries to an extent that general production has been adequately defined by others.

Distinctive Characteristics of Chemical Industry

Let us consider now some of the ways in which the chemical industry differs from others, such as the oil and other raw material industries, communications, as both guide and caution to those applying company criteria for an investment standpoint.

The chemical industry basically is in competition with itself, in competition with its own products, and in competition with all other industries. New chemical products are always coming to market, so that new applications, but which concurrently must reverse the trend of the end-use-pattern of existing materials. Again, new synthetic fibers, such as Dacron and Orlon, and new types of rayon, to say nothing of improved forms of existing fibers, are being developed in order to expand their use as rapidly as plants can be constructed.

(1) The chemical industry, identical products can be made in different countries or by different materials or sometimes using the same process—and this can be done in a manner to avoid patent litigation. Milam examples here are amnonia made from natural gas and from...
Rapid Growth Of Industry in Pacific Northwest

By ROGER W. BABSON

Mr. Babson cites development of Pacific Northwest from a purely raw material area to a manufacturing region as due to enterprise and courage of its business leaders. Says this experience proves that bright opportunities occur where prospects seem uninviting.

A few years ago, the Pacific Northwest was suffering a most disheartening condition. Unprecedented wartime expansion seemed to be leading into complete collapse. Unemployment had reached serious proportions. Agriculture, a giant aircraft industry and war fabricating plants shut down.

In these weekly articles I seldom single out any one section for specific mention. Our American economy is interrelated to such an extent that every section is largely dependent on other sections. However, I think that there is a lesson for all sections to learn based upon the remarkable statistics and experiences of the Pacific Northwest.

Prewar Situation

Prior to 1940, the region was almost entirely dependent for its prosperity on selling its raw materials. Its products were mostly shipped eastward in a raw state for processing elsewhere to more profitable mass markets.

Here was an important lumber district, but all its lumber was shipped East in the raw state. Rich Northwest farmlands supplied a large part of America's fruit and grain, but often at a loss. Copper, zinc, lead, silver, gold and antimony were scooped from its mines and shipped elsewhere for refining and fabricating.

Fisheries, especially for salmon, was big business. But, manufacturing industries were badly needed for lasting strength.

Wartime Experience

Expansion for war needs stimulated manufacturing industries temporarily. Aircraft factories mushroomed overnight. A full aluminum industry sprang up, and there was a new plutonium plant at Hanford. Ferro-alloy and other electro-process war industries were started. Huge power requirements pushed ahead hydro-utility construction. Population growth kept pace with industrial expansion. People rushed in who expected to get jobs and remained in employment. Those who could had been a very bad slump when the war ended.

There were no established peace-time products or markets to which the industries and workers could turn. However, the dusting off of a stump, the area has forged ahead to new heights, due to the enterprise and courage of its business leaders. Labor today is employed in manufacturing and in net migration into the area has continued.

Postwar Events

Aided by wartime research and these few businessmen, their raw materials are now going into finished goods. Prewar, no aluminum was produced in the Pacific Northwest; today nearly half of all our aluminum comes from this area. Food processing has been emphasized to take advantage of the area's growing output of agricultural products. Its horticultural business are making it the center of the new frozen foods industry. They are starting new flour mills, new canning plants, and other industries to employ nearly twice as many workers as in prewar 1939. This proves again that every community depends upon the ability and courage of about 5% of its people.

Furniture production has become a big industry utilizing the region's lumber resources. Paper and pulp industries have expanded 50% since 1940, while the chemical industry is being doubled. Other industries have been induced to move into the region to decentralize operations and be closer to raw material supplies. Electric power output, despite tremendous growth, is being further increased.

Important Lesson

New stores, laundries, filling stations and restaurants have been financed by forward looking citizens before they were really needed. This has all occurred in an area which seemed on the brink of a depression only some five years ago. Don't let any community, where this column is printed, get discouraged under any condition.

No one examining the situation in 1941 would have been willing to forecast such a rate of growth. Today, similarly, there are other regions, as well as industries and ideas, which stand on the threshold of most rapid growth. Our frontiers never really pass; the experience of the Pacific Northwest shows that the brightest opportunities often lie where the prospects seem least promising.

Lewis D. Thill Opens Office in Milwaukee

(March 3, 1951)

MILWAUKEE, Wis.—Lewis D. Thill is engaging in the securities business from offices at 208 East Wisconsin Avenue. Mr. Thill has recently been associated with Adolph G. Thorsen and Paine, Webber, Jackson & Curtis. In the past he served in the Congress of the United States.

L. John Gable With Stifel, Nicolaus

ST. LOUIS, Mo.—L. John Gable, Calvin Alsowirth and Kenneth L. Gable have become associated with Stifel, Nicolaus & Co., Inc., 314 North Broadway, members of the Midwest Stock Exchange. Mr. Gable was formerly manager of the trading department for Twistig, Day & Co., Inc.

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these Securities. The offer is made only by the Prospectus.

The American Tobacco Company

$50,000,000 Twenty-five Year 3 3/4% Debentures

Dated February 1, 1952

Due February 1, 1977

Interest payable semi-annually February 1 and August 1 in New York City

Price 99 1/2% and Accrued Interest

1,075,685 Shares Common Stock (par value $25)

Rights, evidenced by subscription warrants, to subscribe for these shares have been issued by the Company to its common stockholders, which rights will expire at 3 o'clock P.M. Eastern Standard Time on March 31, 1952, all as more fully set forth in the Prospectus.

Subscription Price to Warrant Holders $2 a Share

The several underwriters may offer shares of Common Stock at prices not less than the Subscription Price set forth above, less in the case of sales to dealers, the concession allowed to dealers; and not more than either the last sale or the current offering price on the New York Stock Exchange, whichever is greater, plus an amount equal to the commission of the New York Stock Exchange.

Copies of the Prospectus may be obtained from only such of the undersigned as may legally offer these Securities in compliance with the securities laws of the respective States.

MORGAN STANLEY & CO.

THE FIRST BOSTON CORPORATION SMITH, BARNEY & CO. HARRIMAN RIPLEY & CO.

BLYTH & CO., INC. KIDDER, PEABODY & CO. LEHMAN BROTHERS

GOLDMAN, SACHS & CO. UNION SECURITIES CORPORATION LAZARD FRERES & CO.

STONE & WEBSTER SECURITIES CORPORATION WHITE, WELD & CO. GLORE, FORGAN & CO.

MERRILL LYNCH, PIERCE, FENNER & BEANE F. S. MOSELEY & CO. DREXEL & CO.

LEE HIGGINSON CORPORATION CLARK, DODGE & CO. DOMINICK & DOMINICK

HEMPHILL, NOTES, GRAHAM, PARSONS & CO. HORNBLOWER & WEEKS W. E. HUTTON & CO.

PAINE, WEBBER, JACKSON & CURTIS WERTHEIM & CO. DEAN WITTER & CO.

Published for FRASER

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COMING EVENTS
In Investment Field

March 12, 1952 (Detroit, Mich.)
Bond Club of Detroit Annual Dinner at the Statler Hotel.

March 14, 1952 (Toronto, Ont., Canada)
Toronto Bond Traders Association Annual Dinner at the Royal Dummer at the King Edward Hotel.

March 16, 1952 (N. Y. City)
Bonds Club of New York Annual Dinner at the Waldorf Astoria.

April 17, 1952 (New York City)

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

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

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

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

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

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

June 16-17, 1952 (Detroit, Mich.)
Bond Club of Detroit-Security Traders Association of Detroit & Michigan joint summer outing.

June 16 at the Detroit Boat Club; June 17 at the Lochmoor Country Club.

June 18, 1952 (Minneapolis, Minn.)
Twin City Bond Club annual picnic at the White Bear Yacht Club.

June 26-22, 1952 (Minneapolis, Minn.)
Twin City Security Traders Association annual summer outing "Operation Fishbait" at Grandview Lodge on Gull Lake.

Sept. 29-Oct. 1, 1952 (Alainite, Ore.)
American Bankers Association Annual Convention.

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

Nov. 30-Dec. 2, 1952 (Hollywood, Fla.)
Investment Bankers Association Annual Convention at the Hollywood Beach Hotel.

With L. W. Simon Co.

Cleveland, Ohio—Harold E. Klippa and others associated with L. W. Simon Company, Union Commerce Building. He was former with Saunders, Silver & Co. (merger with Saunders, Silver & Company).

Two with Marche Sims

Los Angeles, Calif.—Jerry L. Pecht and Milton Tocoh are with Marche Sims & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange.
Pennsylvania Brevities

PHILADELPHIA—Any doubt as to whether Pennsylvania's new Democratic city administration is intent on increasing the city's reserves to face future financial needs was dispelled last night when the city council voted 11 to 2 to cut the 4% discount on city bonds to 3%. The action will result in an immediate saving of $130,000, in addition to the $150,000 already budgeted for the city's surplus fund.

The move is the first of a series of financial reforms proposed by the city administration. The city has been using its surplus fund to make up for the shortage of funds caused by the recent recession.

Frank M. Schmidt, director of the city's financial department, said that the action will enable the city to meet its obligations without resorting to the issuance of new bonds or the sale of existing securities.

The city council also approved a resolution authorizing the mayor to negotiate with the city's bondholders for a reduction in the interest rate on the city's outstanding bonds.

The move is expected to save the city approximately $150,000 annually, and to reduce the city's debt by approximately $200,000.

The city's fiscal position has improved significantly in recent months, and the city administration is confident that it can continue to meet its obligations without resorting to the issuance of new bonds or the sale of existing securities.

The move is expected to save the city approximately $150,000 annually, and to reduce the city's debt by approximately $200,000.

The city's fiscal position has improved significantly in recent months, and the city administration is confident that it can continue to meet its obligations without resorting to the issuance of new bonds or the sale of existing securities.
Foreign Trade Driven Into Abnormal Channels

By A. M. Strong

Vice-President, American National Bank & Trust Co., Chicago

Foreign Trade specialist, asserting foreign trade is no longer a free enterprise, cites our own and foreign policies as making business a complicated and hazardous venture, and also driving it into abnormal channels.

Deploys government interference with the "three corner" exchange system.

Illinois, Europe, Near East, and other areas. The present monetary system has recently reported a transaction by one of the leading American oil companies involving a deal between Aruba, Holland and Argentina. By using guilders, Argentine pesos and dollars, the oil company was able to purchase oil from the big Aruba refinery. Such deals are consummated daily in millions of dollars.

This new business which appears complicated is really quite simple. There are a number of reasons why it is desirable for the United States and abroad that specialization in this business and attend to all the details of the transaction. The American trader sells or buys his export or import for the usual cash or credit and the re-export, and the responsibilities are incurred primarily at American goods. One of the potent barriers is the restriction against buying for United States dollars and re-milling dollar, a practice which destroys markets developed and foreign currency, dollar deposits by American enterprises. As a result of foreign exchange prohibitions, many currencies have created special types of money—yen, greenback, lira, franc, sterling, dollar, and the currencies, recent arrangements which the American trade must be made to fit in this new system of doing foreign business. It is regrettable that government interference in foreign trade is driving this business into abnormal channels which involve unnecessary shipments, currency deals and special intermediaries.

Fred M. Walker

Joints Chesley & Co.

(Federal Reserve Bank of St. Louis)

CHICAGO, Ill.—Fred M. Walk-

er has become associated with J. P. O'ourke & Co., spe-

cializing in special assessment bonds.

Draper, Sears Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — Thomas J. Draper has joined with Draper, Stars & Co., 105 South La Salle St., Chicago, and has been operating out of Boston, Mass., under the title of Draper, Stars & Co. The firm is now handling all the business of the former firm, and is also handling all the business of the former firm, and is also handling all the business of the former firm, and is also handling all the business of the former firm, and is also handling all the business of the former firm.

Morgan Adds to Staff

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Walter L. Greiner has become affiliated with Morgan & Co., 614 South Spring St., member of the Los Angeles Bar Association. Greiner formerly worked with Dewol & Co.

El Paso Natural Gas Company

100,000 Shares 5.36% Cumulative Preferred Stock

(Par Value $100 per Share)

Price $100 per Share

plus accrued dividends from March 1, 1952

El Paso Natural Gas Company

100,000 Shares $4.40 Convertible Second Preferred Stock, Series of 1952

(Par Value $100 per Share)

No Par Value—Convertible to and including June 30, 1962

Transferable Subscription Warrants evidencing rights to subscribe for shares of $4.40 Convertible Second Preferred Stock have been issued by the Company to holders of its Common Stock, which Warrants expire at 3 o'clock P.M., Eastern standard time, on March 18, 1952, in number of shares issued in the Process. During and after the subscription period, shares of $4.40 Convertible Second Preferred Stock may be offered by the underwriters as set forth in the Prospectus.

Subscription Price to Warrant Holders

$100 per Share

Copy of the applicable Prospectus may be obtained in any State in which this announcement is circulated from only such of the underwriters, including the undersigned, as may legally offer securities in compliance with the securities laws of such State.

White, Weld & Co.

Stone & Webster Securities Corporation The First Boston Corporation Lehman Brothers

A. G. Becker & Co.

Blyth & Co., Inc.

Kibler, Peabody & Co.

Smith, Barney & Co.

Glore, Forgan & Co.

Union Securities Corporation

The annual meeting of the members of the International Trade Forum at the Illinois Institute of Technology, Chicago, Ill., Feb. 28, 1952.
Too Much Bearishness

By ERNEST JELLINEK

Partner, Gilchrist, Bliss & Co., Members N. Y. Stock Exchange

Mr. Jellinek maintains current expectations of business reces-
sion and market break are unwarranted. As market offsets to
depressionary shortages and overproduction he cites armament
activity to maintain a permanent army, causing inflation, and
reasonable stock prices related to book values and replacem-
ent costs. Lists some favorably-situated issues.

Unquestionably there has been more bearishness around Wall
Street for the last few weeks than has been experienced for a long
time, influenced mostly by very poor reports from that part of
business which is not occupied with armament. With shorten-
ing of steel, metals and rubber disappear-
ping, there are many opinions predi-
cating over-production, business recessions and possibly serious
breaks in the market. These opinions are offered by some of the
accepted authorities in Wall Street and are not to be treated and
irresponsible not to consider these arguments. However, with indus-
trial expanding probably at the rate of between $20 and $22 billion
in 1902 and additional expansion expected in 1903 and
1904, I cannot agree with the
bearish outlook. As a matter of
fact, guardians of the financial
managers of portfolio of invest-
ment trusts, insurance companies,
banks, unions, pension funds, etc.,
are well experienced to foresee economic and political develop-
ments; they would be miles ahead of these officials if by now
be out of the market or at least have their holdings reduced con-
siderably. Figures published for the year-end show a different
picture. Until now the stock market gives a reassuring answer; prices are holding in a very nar-
rowing trading range in spite of occa-
sional bear-rails (created through interpretations of news items or
rumors) which often touch off speculative buying. As a matter of
fact, as soon as the "favourites" are down to a level of 75 or 89 per
cent, it is worth while to consider a purchase. Incomes, in
comes investment buying.

Interlocking Domestic and
International Events

To a large extent, the stock mar-
ket usually anticipates domestic and international events, both of
which are so interlaced together these days that it is hard to say
which are more important. In our do-

cotomic setup there is no defense
program and industrial expansion resulting in full em-
ployment (there are less than two
million unemployed). In the by-
necessary armament our country
demand requires a standing army,nation our country has never be-

en experienced before. The continuous production of arms re-
placing quickly outdated weap-
ons maintains the permanent army.
You may be a con-

viction that this will be a

life time affair as

we have seen this before, but you must face this

new situation.

The world today is in a better position today to call
the shots in the world than it was in 1900.

Unquestionably the firm stand of the United States is

siderably. The recent conferences in

Washington and London for leading statesmen of Great Britain and
the U. S. have resulted in joint

International Events, in

and investment of

the

interlocking domestic and inten-

dependent factors which makes

this most precarious.

The old motto, St. vi se cum

bellum (Armor is the best

way to the door for any Admin-

istration, military or

Republican, in the conduct of

our foreign policy; as a matter of
fact, the independent relation-

tment between East and West

is a direct result of the growing

growth and competition in the

civil and civilian market, and

business will be doubled,

the

and co-operating interests of

two nations. Consequently, for a long time to

business activity will be doubled,

the

inversion and expansion of the

and

business, and a well-informed

now

65 to 70 million in years to come,

the

and

workers. The present dislocation
to
due to changeover and re-

to keep them on a temporary pace.

Needed Tax Receipts

Good Business

In view of the anticipated full-

stock market, a combination of full em-
ployment and total em-
ployment over the next few years, I do not believe in bearish on future business. The
unemployment by

swinging hungry bears is not a business, requires substantial corporation and indi-

ual earnings which can only

out of good business. Be-

side, it will be necessary to go into report on the current expend-

to match and even out, which will be

inflation. Corporation and indi-

nomic experts are as convinced of the

the amount of inflation going on, they consider a yearly devaluation

of the dollar by 5 or 6% as normal. These experts point out that smart

purchasers do not prefer buying and holding over borrowing and

between 6-8% and in that way permit the

monopoly of the richest country in the

world, and at the same time pre-

serve their monopoly.

It is true, historically stocks

bearish; however, they are still

low compared to book values and
even lower compared to re-

placement cost. A well-known

values of D-J. averages stocks are

stockholders.

As a matter of fact the
cash held is as large as seven years ago. As cash held is
to be distorted, compared to dol-

in the United States; the

following comparison:

End of End of
1900 1929 in
(Great National Product 1914 1929 (1933)

Great National Product .614 .336

Compensation of Employees .486 .333

Corporate Incomes .322 .156

Corporate Profits .186 .146

Wages & Salaries .410 .136

Consumer Expenditures .281 .316

Total Deposits .737 .385

Cost of Living Index .100 .288

Of course markets rarely move

in straight lines, fluctuations are

unpredictable, and recovery is

ways possible. However, due to

the forces, facts and figures ex-

posed above, these could be only
temporary, and present a good op-

portunity for buying rather than

selling.

 Favorable Situations

I believe that the market has

receded enough and this seems to

a good time to take a few positions

on which could work out favorably over the next few months. If

Cites Service, after selling

at the present level. The company is one of the largest in the

natural gas, is also active in the

Williston Basin and in Saskatchewan;

there, it owns a substantial

stock-splitt, also split-off of its

natural gas, is becoming one of the

leader in the oil industry, but is

also leading in the mid-west.

piping line is in development and

in liquid fuels and natural gas,

has large natural gas holdings

Standard Oil, in one of the

owner of large gas holdings, ac-

truly drilling in the Williston

Basin, expects construction of a

refinery, is actively engaged

in oil search in Saskatchewan.

It has a large portfolio of Standard Oil of N. J. distribution

and is now the holder of a few

and is also a split candidate. Tide

Water Railroad (Tide Water) has

water development program on

the West Coast. It is a top-notch

company jointly with Atlantic Refining

Oil, Colombian Carbon,

Récent Interests, together with a

of a 100% stock dividend may be

in progress. Tide Water holdings of the

Mogul Company and the

Pacific Water Oil. The last

three stocks present a possibility

of acquiring Tide Water at a site

purchase, especially Barnsall Oil,

large crude reserves in the

United States and is prospecting

in Alberta together with Pacific

Petroleum and Marathon Atlantic

Canadian Pacific Railroad

has

been

in

the

mining

of

a

Consolidated Mining and Smel-

ling), radio, telegraph, hotels,

shipping, airlines; and the most

valuable properties are in the

state of development: 12,000 acres

on which the leading oil

companies are drilling for oil.

In the last five months metals which is now being con-

ucted by our top-flight compa-

nies, American Smelting and

end up on the market. They, together with

American Smelting, are building a

converter in Grants, N. M.,

industry. The uranium ore

will come from nearby properties

of the Santa Fe and the New

Mexico and Arizona Land & Ex-

ploration, which is controlled by

the St. Louis-San Francisco Rail-

way and is the only owner of very large ore

serves, is leading in modern

research. They are developing

uranium production in Canada and

are also actively engaged in

old production in the Union of

South America, recently
decided to follow the

search for precious ores in the

mountains of the northwest U. S. Aluminum L.M. is one of the

companies with very little com-

petition. Their leading pioneering in

the field gave them the command-

tment position the trade and

is in a continuous talk of a possible

split. Texas Gulf Sulphur: with a world

production of the rare earth, the

company can figure on unlimited production and sale of their

product.

Scherck, Richter Co.

Adds Four to Staff

ST. LOUIS, Mo. — Scherck,

Richer Co., 320 North Fourth

ave., has added four more to its

Staff, according to its new

p a r t m e n t ; Joseph Brone-

nec, assistant manager of the

Trading Department; W. G. Thorne-

borou, assistant manager of the

Canadian剧烈

G. H. L. Smiley, assistant

to

the

Joseph Brone-

nec.

Mr. Brone-

nec.

Mr. Brone-

nec.

Mr. Brone-

nec.

Mr. Brone-

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Mr. Brone-

nec.
Healthy Stocks

By IRA U. COLLEIGH
Author of "Expanding Your Income"

Touching upon the progress and probability of certain enterprises devoting their energies to maintaining or restoring the prosperity of mankind.

In the Feb. 25 issue of "Time," there appeared a full page ad of a distinguished pharmaceutical organization, Parke, Davis & Co. It fascinated me on two counts: first, it was a picture of a professor and fellowship combine, an anachronism. The second point of the ad was a picture of a picture, a bit of a trick, an interment. The picture, held by a distinguished man, Parke, Davis & Co. is a health food, like the square-root of zero, not an available quantity. But we turn our heads, and appear ready to turn the page.

Prescott, Inc., with headquarters in New York, has been founded for private enterprise, and �cimen for a future, a new age. In these latter days as an apostle of private enterprise, and a promise of another great stock ownership, I regard this omission. The main point of this, however, was well made, and serves nothing less than a reminder of the values available today. Its powerful message was that whether or not your retirement turns out to be a success and hope and dream, it will, depends importantly on your health and general good health.

Good health is one of the priceless goals of man everywhere, yet the gains in the field of medicinal drugs, company on the research, will never lack markets for itself. Just to consider that today roughly 25% of the population is treated with some "wonder drug" or anti-biotic treatment of some kind. It's a pity that, in that short period, companies like Pfizer, Merck and Searle saw the opportunity of increasing sales by as much as 1,000%. It's no wonder that the invention of the antibiotic creates new front headlines; and the earnings statements now cover golden column, if not the financial page. First the pupil, and in a little while the professor, and new ones with each passing day.

Let's take a quick look at the current crop. Costline worked vigorously in narcotic; and now the more effective Hydrocortisone or Compound P is a relatively easily obtained from human glands, is being produced synthetically by Parke, Peugh, Upjohn, Ciba and Merck. Where cortisone failed in low enough doses, Compound P is believed to offer new hope.

Smith, Kline and French of Philadelphia have a drug with 20 synthetic compounds. It's a golden boon to those that must be treated for some abnormality, or to those who wish to be treated for some abnormality, or to those who wish for some abnormality. It's a golden boon to those that must be treated for some abnormality, or to those who wish to be treated for some abnormality. A leading domestic manufacturer of such a drug is treating its patients with the help of a compound like Compound P, and the results are encouraging. The compound is a simple, synthetic hormone, and is used as a substitute for human hormones. It is also used in the treatment of breast cancer.

In summary, Compound P is a relatively easily obtained from human glands, is being produced synthetically by Parke, Peugh, Upjohn, Ciba and Merck. Where cortisone failed in low enough doses, Compound P is believed to offer new hope.

Frank Wallace Joins Peat, Marwick Firm

Frank Wallace has joined Peat, Marwick, Mitchell & Co., Certified Public Accountants, as partner in charge of the management controls practice of the firm, according to William M. Black, senior partner of the firm. Prior to joining Peat, Marwick, Mitchell & Co., Mr. Wallace was a principal in McKinsey & Company, management consultants.

United-Canadian Oil

Common Stock Offered

Aigletinger & Co. are offering to the public 1,000,000 shares of United-Canadian Oil Corp. common stock (par 10 cents) at $1 per share.

The net proceeds will be added to the general funds of the company to be used primarily for the completion of the Quail Well No. 2, for acquiring and holding reserves, for oil exploration and drilling, and for other operations and expenses of the company as and when required.

Upon completion of the financing there will be outstanding 1,815,000 shares out of an authorized issue of 3,000,000 shares.

Corrections

In an item in the "Chronicle" of Feb. 28th, referring to the fact that Milton Jacobson had become associated with Baxter & Co., it was indicated that he was associated with Baxter; it was stated that Milton Jacobson to write to the company, asking for a share of the proceeds, and that Milton Jacobson had become associated with Baxter & Co. It was also stated that Milton Jacobson had become associated with Baxter & Co.

We find now that Mr. Jacobson is not the sole author but the co-author with Joseph Mayr of this book.

The booklet was distributed by Joseph Mayr & Company, 50 Broad Street, New York 4, N. Y.

Frank Wallace joins Peat, Marwick Firm.
The Outlook for Money Rates

By MARCUS NADLER
Professor of Finance, New York University

Dr. Nadler pictures a confused outlook for business activity, prices, and money rates, with a strong possibility of a long decline. Concludes recent increase in level of money rates is temporary in character, brought about by inflationary forces generated by Korean War, and, when these forces subside, the Federal Reserve will again aim at keeping business at high level through lower interest charges.

The outlook for money rates must be considered in the light of the level of business activity, the movement of commodity prices, and the position of the Federal Reserve. In the latter, there is the question of whether the pressures of the past year have had a deadening effect on the demand for money, and, if so, whether the Treasury will have to finance its deficits at higher rates of interest. With these considerations in mind, the outlook for money rates may be considered.

Inflationary forces emanating primarily from the government and from increased money demand arising out of higher commodity prices will remain dominant as the economy continues to expand. However, it is likely that the recent increase in money rates was due to the presence of temporary forces, such as war-preparedness and the Korean War, and that the Federal Reserve will now turn to the maintenance of a lower interest level. This will be possible if the government is able to reduce its borrowing needs and if the Treasury is able to finance its deficits at lower rates of interest.

The movement of commodity prices will depend on the level of business activity and the policies of the government. The government's policies are likely to be expansionary, given the strong demand for goods and services and the need to finance the Korean War. This will lead to an increase in money demand and, consequently, to an increase in money rates.

The position of the Federal Reserve will depend on the extent to which it is able to curb the growth of money and reduce the pressure on money rates. If the Federal Reserve is able to achieve this, then money rates will decline. If it is not, then money rates will remain high.

In conclusion, the outlook for money rates is unclear, but there is a strong possibility of a long decline. The government's policies and the Federal Reserve's actions will be key factors in determining the future course of money rates.
Reviving Role of Interest Rates

By GEORGE R. ROBERTS* 
Vice-President, The National City Bank of New York

Hailing decline of the "cheap money" cult, which prevailed following the depression of the 30's, Mr. Roberts calls attention to recent increases in interest rates, both long-term and commercial. Reviews short-term interest rates, and points out this development gives more incentive to save and invest, reduces forces leading to further inflation.

The question of interest rates is much in the minds of all of us in financial matters these days. We all know that interest rates are a f iring. We know that increases in the cost of living have忙着 the commercial bank prime lending rate, in the market prices of government securities, in the availability of credit, in the lifting of the savings bank rate, in the cost of American goods and in foreign commerce. These developments touch us very close to home. In attempting to understand this whole phenomenon of changing interest rates, we sometimes forget that what has been taking place is basic and far-reaching—a return to an old pattern of what the interest rates and credit policy in financial matters.

When the Bank of England last November raised its discount rate from 2.5% to 3.0%, in conjunction with certain other steps to tighten money market conditions, I suggested, the end of an era of monetary philosophy, which I call the "London Economist." Mr. Roberts has proposed another—his "Gold standard"—era for the 1950's.

"Very wisely, the new Chancellor of the Exchequer was in time in enlisting, for his attack upon inflation, the almost forgotten technique of orthodox monetary policy. He has raised Bank rate—a rate kept unchanged for a long time that had come to be regarded as being lower than a kind of museum exhibit from an obsolete system."

In the British action was, to be sure, only one of a series of steps in different countries indicating change in thinking in interest rates and credit policy. Our own Federal Reserve action last March in unpegging the government bond market was a step toward the more distant goal. But the falling in line by the Bank of England—one of the last of the important holders for cheap money—came as the most evident evidence of the trend back towards monetary orthodoxy. It marked the end of a period in which the whole world was in an era of faith in the doctrine of cheap money. Progress in the development of patent medicines—always good for what ails you.

Cheap Money Cult

This cheap money cult was, like many other new theories, an outgrowth of the depression. Before that time, no one questioned the primacy of maintaining interest rates, as a matter of course, in low figures in order to minimize the risk of depression. The successful operation for so many years of the old international gold standard depended on interest rate flexibility; the Bank of England managed the system very largely by raising or lowering its discount rate.

The long and difficult years of the depression, however, left the whole world economists thinking. Not content with the national failure to get a workable monetary recovery, Keynes and his followers were preaching aggressive cut-rate policies, and using the money policies by the central banks, along with planned expenditures by government. Then, before were well out of the wood of the depression, World War II was upon us, with its interest rates and credit policy in the austerity measures of the war. In the end, this and other countries had experienced almost fifteen years of low interest rates and cheap money. A new generation grew up during the war, with its interest rate as part of the normal environment, not merely as a cure for depression, but as a blessing in disguise, a step up to it as well as as bad. As indicated by the Federal Reserve action last March, they began to regard the discount rate as little more than an interesting rate of exchange with the commercial banks, the long-term interest rate was allowed to fluctuate. In the United States, there have been attempts to raise rates, but without success. The authorities have taken prompt action to raise rates whenever necessary. In the event, with the short-term discount rate being the effective rate of policy, the only option was to use the long-term discount rate as a signal for the direction of the trend. The Federal Reserve system has been more effective in this respect than the British, but the authorities have been able to hold rates to their goals. The United States, Japan, and Finland were able to hold interest rates to their goals. The British authorities have been more able to hold interest rates to their goals.

For, in the first place, inflation is a serious problem. With inflation, it takes more money to buy a dollar of business and capital. Im-

Adapted by Mr. Roberts before the Fiftieth Anniversary Savings and Loans Convention of the American Savings and Mortgage Division of the American Bankers Association, New York City, March 4, 1952.

*Newspaper.-

r-Volume 175 Number 5096 The Commercial and Financial Chronicle (983) 15

Inland Steel Company

$25,000,000

First Mortgage 3 2/3% Bonds, Series 1, due March 1, 1982

OFFERING PRICE 100% AND ACCRUED INTEREST

$24,496,500

3% Debentures due March 15, 1972

(Convertible into Capital Stock until March 15, 1962)

These Debentures are being offered by the Company to holders of its Capital Stock for subscription, subject to the terms and conditions set forth in the Prospectus relating to the Debentures. Subscription Warrants will expire at 5:00 P.M., New York City, on March 15, 1972. The offer under this Subscription period, offer Debentures pursuant to the terms and conditions set forth in such Prospectus.

SUBSCRIPTION PRICE TO WARRANT HOLDERS

100%

Kuhn, Loeb & Co.
Continued from page 3

**Action of Congress Favors Carothers’ Views on UMT**

challenge of world-wide Communism with force alone, but we must have considerable military strength to support our decisions and policies. These Communists are a determined group, are fast taking over Asia and are stirring up unrest in Africa, and are scheduled to strike in South America next.

(2) As to UMT, it is not a question of choosing between UMT and no military program. It is a certainty, as I see it, that we must have strong military forces, and the question is whether or not we shall continue to have large standing armies where so many men will have to serve for two or more years, or whether we shall try to build up an effective Reserve, whereby men will not be kept away from home so long and we shall not have to pay such large standing forces. The injustices of having World War II veterans called back for service when they had already fought one war, merely because we had failed to build up a proper Reserve system and train the men who became military age after World War II, clearly points out the situation.

(3) It is said we won two World Wars within a generation without UMT. I have seen much evidence since I became a member of the Senate Armed Services Committee which indicates that we would have won World War I with those who served and with much less loss of life, had we been better prepared. Our losses on account of the preparation were terrific.

**HON. F. ERIE CARLBY**

U. S. Congressman from
North Carolina

The Universal Military Training Bill is now being considered in Congress, and we have been reliably advised that there will be many amendments offered. For this reason, it is impossible to know at this time what the final provisions of the bill will be when we are called upon to cast our vote, but it is my opinion the consideration is the strong defense of our country.

I am unable to follow this legislation closely and to give it my best thoughts and study.

**LOUIS M. FABIAN**

President, Mutual Distributing Company, Beverly Hills, Calif.

With reference to "UMT—Why we have just finished a major war, which I have just finished, I should like to make one point of view—"Why it would be a mistake not to have UMT.”

The Army is much needed to many of the eminent dean of arguments and far be it from me to take the issue with him on his economic is he an authority in that field. Therefore, as it is true often when one ventures an opinion in a field foreign until his own can be really set out on a limb. Theory and reality can very far be apart.

The American people faced with one of the gravest crises in our history—Capitalism versus Communism. The die is cast and no one knows what the consequences might be. It is very doubtful that the leaders in either school will ever understand any language but Force. At least to date, it would appear that this premise is accepted than we must prepare, "A Good Defense is the Best Offense." Would it not be good insurance to have an adequate pool of trained men and man power ready to meet the emergency when it appears? It will be a little late to attempt training after the shooting starts, let us not repeat the mistakes of former wars.

The dean is completely in error that wars are not won by pre-war training. Thank God, we have had tremendous men and women trained to tide us over until others could be trained. This in most cases resulted in losses that were as much as we had sufficient manpower at the start. We have had to fight deftly to keep our forces adequate. Equipment does not fight wars. Men—trained men—must operate this equipment. And let us not delude ourselves into believing that the soldier has been supplanted. It is just a matter of deciding the issue in cooperation with his brother, who makes the air and the sea.

Let us not be carried away with the idea that military training will completely supplant all previous training and production systems to a slow-methods change in degree.

**White & Company**

ST. LOUIS, MO.


**JOHN S. ZINSSER**


I know too little about UMT to say anything of any great value. I will say, however, that Dr. Carothers may convert me particularly and that most of the stuff I have about it inclines me to belief that if we have to prepare, UMT will be better than other proposals from the standpoint of defense, survival and cost standpoint.

**HON. GEORGE H. BENDER**

U. S. Congressman from Ohio I have read Dr. Carothers’ articles with great interest and it helps me to reflect on the problems raised.

**HON. WILLIAM E. MCEVY**

U. S. Congressman from Illinois I also have read the Commission of the draft of this problem and I am in line with military training, and unless arguments are presented which I cannot understand, I shall vote in the same fashion when the Commission report is acted upon by the Congress.

**Railroad Securities**

**Comparison of Transportation Ratios**

In the tabulation below we show transportation ratios of 45 railroads on a basis of the libraries in 1934-35 and the same year on a national basis, and for Class I carriers as a whole for the past four years. Transporting freight by rail in the U. S. as a whole for the entire year are not yet available so that the figures for 1951 are for the 11 months through November. It is believed that the railroads in the U. S. as a whole for the past four years are over 8% for the Class I carriers for the past five years. We believe that the railroads in the U. S. as a whole for the entire years are not yet available so that the figures for 1951 are for the 11 months through November. It is believed that the railroads in the U. S. as a whole for the past four years are over 8% for the Class I carriers for the past five years. We believe that the railroads in the U. S. as a whole for the entire years are not yet available so that the figures for 1951 are for the 11 months through November. 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How Revenue Act Affects
Mutual Savings Banks

By B. BERNARD GREIDINGER, CPA*

Professor Greidinger discusses financial, operating and accounting problems of savings banks that result from imposition of an income tax on savings banks under 1951 Revenue Act.

Volume 175 Number 5066... The Commercial and Financial Chronicle

(a) The amount by which 12% of the total deposits or withdrawable accounts of its depositors at the close of each calendar year exceeds the sum of undivided profits and reserves at the beginning of the tax year.

(b) The amount by which 12% of the total deposits or withdrawable accounts of its depositors at the close of each calendar year exceeds the sum of undivided profits and reserves at the beginning of the tax year.

In case 1 [see tabulation above] addition to the reserve of $300,000, taxable income zero, but the total surplus, undivided profits and reserves is only $1,12 million plus $300,000 equals $1.5 million over deposits of $1.5 million, or 2% below the percentage limitation. In case 3, a strict rule of the act would permit no addition to the bad debt reserve, since the total of the existing surplus, undivided profits and reserves exceed 12% limitation, thus making the total net income of $300,000 taxable.

Where the percentage limitation results in what the taxpayer considers an inadequate provision for bad debts (as in cases 2 and 4—$200,000 and zero, respectively), the taxpayer is entitled to a deduction (a) as a basis for the act, or (b) the recovery method for bad debts, subject to review by the Commissioner. Thereafter, it must be borne in mind that the amount deductible was increased in subsequent years, unless Congress intended to reduce the basis by an amount previously included.

Net taxable income of a bank is computed, with few exceptions, on the accrual basis at any other corporation. In addition to regular book or basis, the mutual savings banks are entitled to the following charitable deductions depending on gross income, especially provided by law:

1. Gifts paid or credited to depositors’ accounts. In the latter case the amount so credited must be available for withdrawal on demand, subject only to the custodian’s notice of intention to withdraw.

EXAMPLES

Case 1

(A) Net Profit Limitation

Net income before additions to reserve for bad debts for 1952...$300,000

Amount allowable as addition to reserve for bad debts under percentage limitation (A)....$00,000

(B) Percentage Limitation 12%

Total deposits of depositors at 12-31-52...15,000,000

12% of $15,000,000...$1,800,000

Total of surplus, undivided profits and reserves as at Jan. 1, 1952...1,600,000

Amount allowable as addition to reserve for bad debts under percentage limitation (B)...$200,000

(C) Maximum amount allowable under Revenue Act is “B” or $200,000

Case 2

(1) 12% of $15,000,000 deposits...

(2) Attributed, undivided profits and reserves at Jan. 1, 1952...

(3) Then amount allowable as addition to reserve for 1952 on percentage basis would be...

(4) And the amount allowed would be the lesser of the two or the net profit as shown in “A”...

Price 102 1/4% (and accrued interest from March 1, 1952)

United Biscuit Company of America

$10,000,000

3% Debentures due March 1, 1977

Goldman, Sachs & Co.

A copy of the Prospectus may be obtained within State from such of the Underwriters as regularly distribute the Prospectus within such State.
Protests Against Proposed Ban on Purchase Of Unlisted Stocks by N. Y. Savings Banks

Harry R. Amott, President of N. Y. Security Dealers Association, sends telegram to Gov. Dewey and others pointing out measure discriminates against long established non-listed business.

John Bauman With Model, Roland, S'tone

John S. Bauman

Model, Roland, S'tone, 76 Beaver Street, New York City, members of the New York Stock Exchange, announced that J. S. Bauman has become associated with the Investment Department of the firm's New York City office. Mr. Bauman is a former partner of Blair & Company, Chicago, Previ¬ously with R. F. H. O'Hair and Joseph H. Blair & Company, 39 East 10th Street. Mr. Bauman is now with the Argus Research Corporation, New York City.

Goldman, Sachs Group Offers United Discount 33% Debentures

Goldman, Sachs & Co., headed a group of underwriters which offered publicly on March 4, $100,000,000 United Discount Co., Inc. America 33% debentures due March 1, 1977 at 102% and asked interest.

Proceeds of the financing will be used for general corporate purposes, including the carrying of increased inventories and receiv¬ables, meeting the growth of the business and generally for working capital and equipment replacements and additions.

Subordinated debentures will be entitled to a sinking fund providing for the retirement of a minimum of $335,000 of the debentures in each calendar year 1967 through 1976. They are redeemable otherwise than through operation of the fund at prices scales from 101% to 100% in the last year.

With Lockheed Payment

CHICAGO, ILL. — George C. Swanson has been associated with Bauman and Co., 95 West Adams Street. He was formerly with Chicago-Lockheed.

With R. G. Lewis & Co.

Chicago, ILL. — Thomas J. Walsh has been associated with Bauman and Co., 95 West Adams Street. He was formerly with Chicago-Lockheed.

With Barkey Investment

Chicago, ILL. — Thomas J. Barkey has been associated with Barclay Investment Co., 39 South La Salle Street. He was formerly with Bankers Trust.

With Brokers Bond Co.

New York City, N.Y. — William M. P. Miller has been associated with Barkey Investment Co., 39 South La Salle Street. He was formerly with Bankers Trust.

With W. A. Allin Co.

BOSTON, Mass. — Corgon Peuer has been associated with A. C. Allin & Co., Inc., 36 Federal Street.

Public Utility Securities

By OWEN ELY

Idaho Power Company

Idaho Power Company affords a strong case for private power in the Northwest area where public power, in one form or another, has been gaining ground for some years. Idaho Power has the distinction of being probably the only important hydro company which needs no artificial water flow for its power plant.

There is a steady flow of water from heavy snow deposits in the Teton Mountains, and also from huge new snow casts which snake their way down the porous volcanic land formation along the Snake River. Thus, even though considerable amounts of water are diverted from the river for irrigation at various points, enough is fed back into the stream bed to re¬store the river and run several hydro plants. In an emergency the company can secure emergency power from the Salt River, with which it has a contract based on incremental cost plus 1/40 mile.

The company serves areas in Southeast and Central Idaho and in the calendar part of Oregon, and also a small area in North¬ern Nevada.

This company serves about 2.4 million acres of irrigated land in Idaho; new land is being converted to farms at the rate of $5,000 acres per annum. Over two million additional acres are available, of which about one million are now being cul¬tivated; use of water for this new land should not interfere, to any great extent, with power needs since allowance has been made in the company's program for such diversification.

Growth of population in the Snake River Valley served by Idaho Power has been about 19% over the past decade, compared with only 4% elsewhere in the State. This growth, combined with rapidly increasing use of electricity by customers, has resulted in the company's revenues more than doubling in the past five years. This growth has been accompanied by minimum of defense activities in the area. There is a small atomic energy research installation with a nominal load, one small air base, some mining of rare metals, etc. In 1956, however, the Atomic Energy Commission announced that it had decided to remain in operation until 1975, completes its first full year of operation. Other industrial customers include two mines (tungsten, antimony, lead and zinc) with related operations, two cement plants, 10 U. S. Army Air Base, one food processing plant, the Union Pacific Railroad yard and shops, a U. S. Naval Ordnance plant, and a photo¬plate fertilizer plant. In 1951 these customers provided 11% of the company's revenue.

Idaho Power's Strike Plant near Grand View, with three units totaling 13,500 kw of nameplate capacity, will shortly be in serv¬ice. This plant, which is larger than the 1930 Strike Plant near Driggs, is 15 miles north of the original Strike Power site, has completed preliminary engineering studies of two additional units, which may be installed as the new Strike Project may be developed promptly in case of need.

The company's 1952 construction budget is estimated at $9,800,000, which, together with the cost of buildings, offices and other plant construction at Driggs, future or present, will add $5,000,000 to 140,000 kw new capacity. The company expects to do somewhat more construction this year, issuing some 225,000 shares of new common stock.

President Roach has forecast share earnings of at least $2.40 for the year ending March 31, 1953, which is over 50% more than the 90 cents a share earned in 1952. The company is now offering 200,000 shares of new common stock to the public, with earnings of 2.87 cents a share last year. The stock is currently selling on the Stock Exchange around 8 3/8 and pays a dividend of $1.80, to yield 4.5%.

This announcement is neither an offer to sell nor a solicitation of an offer to buy securities. Such an offer is made only by the Offering Circular.

New Issue

200,000 Shares

INTERNATIONAL GLASS FIBRES CORPORATION

Class A Common Stock

Far Value $1.00

Offering Price $1.50 per Share

GEORGE F. BREEN

20 Pine Street

New York

NADSO Official Comments on Bill to Permit N. Y. State Savings Banks to Invest in Common S'k.

In a letter dated Feb. 4, 1953, assembled members of the National Association of Securities Dealers, Inc., regarding proposed legislation permitting New York savings banks to acquire common stocks, George E. Rieber, Secretary of District No. 13, stated that the Association has taken no official position in the matter. He lists categories in which such banks should be classified, one of which sug¬gests that savings banks should be allowed to invest in common stocks for an initial period of 10 years, after which they can be delayed until after passing a certain point, but with no risk of failure of the passage. The text of Mr. Rieber's letter follows:

"Attention of members is dis¬rected to the New York State Sen¬ate Bill No. 2005, introduced by Senator Walter J. Mahoney, which has the effect of permitting New¬York Savings Banks to invest a portion of their assets in Preferred stocks, and after stocks meeting the certain qualifications set forth in the bill. Among these qualific¬ations is the need to satisfy the criteria for eligibility, Common stocks must be registered on a National Securities Exchange.

"This bill has generated con¬siderable discussion among bankers, particularly that provision being made for Common stocks being regis¬tered on a National Securities Ex¬change, whereas the association itself has taken no official position in the matter. No unani¬mity of opinion exists among banks as to the strength and practicality of provision has developed among members who have ex¬pressed a view that the subject of the bill is not free from complications in such a way that there is no agreement. Certain members of the Association has taken no official position in the matter. No unani¬mity of opinion exists among banks as to the strength and practicality of provision has developed among members who have ex¬pressed a view that the subject of the bill is not free from complications in such a way that there is no agreement.

"However, so that you may be informed of the tendency of this legislation should you desire to make personal representations to the legislature or your local As¬semblymen, we give below broad categories into which members' opinions fall on the bill:

(1) There is justification for not granting permission to Sav¬ings banks to acquire common stocks except that they are reg¬istered on a National Securities Exchange.

(2) There is no justification for granting permission to Sav¬ings banks to acquire common stocks except that they are registered on a National Securities Exchange.

(3) The bill in its present form is a step in the right direction, it is deserving of support for what it does, recognizing, respecting discrimination against otherwise qualified over-the-counter common stocks should be delayed and treated in subsequent amendments in order to be at the risk of the whole for¬ward step.

"Very truly yours,

GEORGE E. RIEBER, Secretary District No. 13"

Weinstein Adds

(Special to The Financial chronicles)


Edmonds to Admit

On March 13, Edmonds & Co., 1 Wall Street, New York City, family members, members of the New York Stock Exchange, will admit Joan M. Edmonds to limited partnership.

With Protected Inv.

SACRAMENTO, Calif.—John Hutchins is with Protected Investors of America, Russ Building,
Commenting on a continued drain on the British gold reserve, Dr. Elinzig finds little likelihood of change in situation, because of strong opposition to reduction in British living standards. See unpopularity of Conservative Government's moderate and moderate cuts in social security in the future near future. The "dash to freedom" school is working overtime in trying to persuade Britons that complete convertibility, at any rate for current trade transactions, should be aimed at. Fear of future transactions, would provide a solution in that it would restore Britons to the way of life they once had, and do nothing less. The Conservative Government of National loan ever granted to any country—were exhausted in a matter of time. The situation is in every sense one for such experimenting than she was five years ago. The gold reserve would become depleted, in not a matter of months but a matter of years. It would be inevitable to adopt stringent import restrictions and exchange restrictions, or alternatively sterling would have to be allowed to depreciate, with the resulting sharp rise in prices.

Treasury Bonds Huge Factor in U. S. Trust Funds

According to the Institute of Life Insurance, U. S. Government investment accounts, primarily the trust funds established for the Social Security System and other Governmentally sponsored benefit programs, have increased their ownership of Federal securities to the point where they are approximately $1 out of every $6 of public debt outstanding. These holdings exceeded $42 billion at the end of 1951 out of a total public debt of $255.3 billion outstanding at that time, according to estimates by the Council of Economic Advisers. Both the amount of Government bond holdings of these funds and its proportion of the total debt represented new high levels.

The Experience in 1950

Trust fund receipts go into the U. S. Treasury to satisfy Government security needs, to the extent of $7.8 billions in the fiscal year and an estimated $8.8 billions for the 1952 fiscal year. A decade ago trust fund receipts were only in the neighborhood of $3 billions a year. These figures do not include interest on investments.

The Expression of Nehru in 1954

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Revising Role of Interest Rates

of interest rates at low levels simply downplayed.

Effects of Higher Rates

It will be well to consider why this is so.

First is the role that interest rates play in influencing savings and investments. It is true that some increases in interest rates will encourage more people to save for other reasons; that is, they are not motivated by any expectation of earning more by saving more through higher interest rates, but rather are motivated by other factors. In effect, the impact of higher interest rates is not great.

Second is the role that interest rates play in influencing the flow of funds to the economy. If interest rates are higher, people will have more money to spend, and this will stimulate economic activity. However, this effect is not great, and it is likely that the impact of higher interest rates on the economy is not great.

It is evident that the interest rate structure is important in the economy, but its impact is not very great. This is because the economy is very dynamic, and it is not very sensitive to changes in interest rates. In other words, the economy is very flexible and is able to adjust to changes in interest rates quickly. Therefore, the impact of higher interest rates on the economy is not great.

There is another reason why the impact of higher interest rates on the economy is not great. This is because the economy is very large, and it is not very sensitive to changes in interest rates. In other words, the economy is very large, and it is not very sensitive to changes in interest rates. Therefore, the impact of higher interest rates on the economy is not great.

The impact of higher interest rates on the economy is not great, and it is likely that the impact of lower interest rates on the economy is not great either. This is because the economy is very dynamic, and it is not very sensitive to changes in interest rates. Therefore, the impact of lower interest rates on the economy is not great.
The Commercial and Financial Chronicle

READING COMPANY
reports for 1951

- Revenues of $131,177,889 were highest in the Company's history.
- Dividends of $2.00 per share were paid on both the Preferred and Common Stocks, making the 46th consecutive year in which dividends have been paid on all classes of stock.
- A total of $23,922,394 was invested in capital improvements in 1951, of which $10,290,113 was for equipment and $7,692,281 was for improvements in road property. In the past six years, Reading has invested $67,940,000 in new equipment and $20,880,000 in road improvements.
- With the acquisition of fifty new 1,600-hp. general purpose diesel-electric units in 1951, Reading became predominantly a diesel-powered road.
- Work was completed on the new Morrisville Branch, built to serve U. S. Steel's Fairless Works at Morrisville, Pa. From this new plant, a total of $23,922,394 was invested in capital scheduled to open in the spring of 1952, Reading will receive substantial traffic.

President.

REVENUES, EXPENSES and EARNINGS for 1951

<table>
<thead>
<tr>
<th>Description</th>
<th>1951</th>
<th>1950</th>
<th>Increase or Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues from Operation—Transportation of freight, passengers, mail, express, and all other</td>
<td>$131,177,889</td>
<td>$118,952,178</td>
<td>$12,225,711</td>
</tr>
<tr>
<td>Expenses of Operation—Cost of transportation service, maintenance and depreciation of road facilities and equipment, and solicitation of traffic.</td>
<td>104,062,934</td>
<td>93,530,278</td>
<td>10,532,656</td>
</tr>
<tr>
<td>Leaving as Net Revenue from Operations</td>
<td>$27,114,955</td>
<td>$25,421,900</td>
<td>$1,693,055</td>
</tr>
<tr>
<td>Tax Accruals—Federal and state income, railroad retirement, unemployment insurance, and other taxes applicable to railway operations</td>
<td>$15,042,883</td>
<td>$12,229,871</td>
<td>$2,813,012</td>
</tr>
<tr>
<td>Net Receipts from Rent of Equipment and Jointly Used Railway Facilities</td>
<td>1,246,925</td>
<td>200,360</td>
<td>1,046,565</td>
</tr>
<tr>
<td>Net Railway Operating Income</td>
<td>$13,318,997</td>
<td>$12,991,669</td>
<td>$327,328</td>
</tr>
<tr>
<td>Other Income—Dividends, interest and rentals, less miscellaneous deductions</td>
<td>1,792,109</td>
<td>1,852,263</td>
<td>60,154</td>
</tr>
<tr>
<td>Gross Income Available for Fixed Charges</td>
<td>$15,111,096</td>
<td>$14,843,932</td>
<td>$267,164</td>
</tr>
<tr>
<td>Fixed Charges—Interest on funded and unfunded debt, rent for leased roads, and amortization of discount on funded debt</td>
<td>$5,555,918</td>
<td>$5,536,781</td>
<td>$19,137</td>
</tr>
<tr>
<td>Net Income Available for Dividends, Capital Expenditures and Other Corporate Purposes</td>
<td>$9,555,178</td>
<td>$9,307,151</td>
<td>$248,027</td>
</tr>
</tbody>
</table>

*Debt.
Predicts Added Relevance of Business on Banks

Institute of International Finance of New York University issues bulletin tracing postwar increase in volume of loans of national banks, and stressing importance of increasing capital resources to be able to meet growing requirements of industry and trade.

According to a bulletin entitled "A Study of Business on the Commercial Banks," issued by Dean G. Rowland Collins, director, and Dr. Thomas J. Bissell, president, of the Institute of International Finance of New York University, the volume of loans of national banks has increased more than fivefold since World War II, and the higher cost of doing business, the bulletin points out, is largely due to "the demand for increased volume of changes in the pattern of interest rates, there is no question as to the credit of the institution." Some banks have been less successful in increasing volume of changes in the pattern of interest rates, there is no question as to the credit of the institution.

Although the outlook for bank earnings has improved during the last year with the rise in interest rates and the substantial expansion in loan volume, the effect of excess profits taxes has been particularly severe upon these institutions. The earnings in excess of approximately 3.84 per cent of interest rates have been subject to excess profits taxes. In the current year, banks have been able to maintain a "favorable position" in the postwar period, largely because of favorable earnings in the current year, but the effect of excess profits taxes has been to reduce bank capital. Banks have been able to maintain a "favorable position" in the postwar period, largely because of favorable earnings in the current year, but the effect of excess profits taxes has been to reduce bank capital. Banks have been able to maintain a "favorable position" in the postwar period, largely because of favorable earnings in the current year, but the effect of excess profits taxes has been to reduce bank capital. Banks have been able to maintain a "favorable position" in the postwar period, largely because of favorable earnings in the current year, but the effect of excess profits taxes has been to reduce bank capital.
The activities of Commercial Credit Company are operated through three divisions, consisting of its Finance Companies, Insurance Companies and Manufacturing Companies. Gross Premiums acquired by its Finance Companies, Earnings Premiums of its Insurance Companies and Net Sales of its Manufacturing Companies were larger than for any previous year in the history of the Company.

**Consolidated balance sheet as of December 31, 1951**

**ASSETS**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in banks and on hand</td>
<td>$66,109,090.15</td>
</tr>
<tr>
<td>Marketable Securities</td>
<td></td>
</tr>
<tr>
<td>U.S. Government Obligations</td>
<td>$72,368,863.77</td>
</tr>
<tr>
<td>Other Marketable Securities</td>
<td>15,068,553.91</td>
</tr>
<tr>
<td>Loss Reserve</td>
<td>85,941,517.86</td>
</tr>
<tr>
<td>Accounts and Notes Receivable</td>
<td></td>
</tr>
<tr>
<td>Motor and Other Retail and &quot;F.H.A.&quot;</td>
<td>$43,073,985.21</td>
</tr>
<tr>
<td>Motor and Other Wholesale</td>
<td>140,071,915.21</td>
</tr>
<tr>
<td>Open Accounts, Notes, Mortgages and Factoring Receivables</td>
<td>84,071,915.21</td>
</tr>
<tr>
<td>Direct or &quot;Personal Loan&quot; Receivables</td>
<td>42,438,385.55</td>
</tr>
<tr>
<td>Sundry Accounts and Notes</td>
<td>2,326,509.89</td>
</tr>
<tr>
<td>Total</td>
<td>$723,384,403.73</td>
</tr>
<tr>
<td>Loss Reserve for:</td>
<td></td>
</tr>
<tr>
<td>Unearned Income</td>
<td>$23,479,288.65</td>
</tr>
<tr>
<td>Losses on Accounts and Notes</td>
<td>11,800,962.28</td>
</tr>
<tr>
<td>Total Reserve</td>
<td>$35,280,250.93</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>$600,028,042.80</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>$864,377,918.56</td>
</tr>
</tbody>
</table>

**FIXED AND OTHER ASSETS**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Accounts and Notes Receivable</td>
<td>$7,208,150.90</td>
</tr>
<tr>
<td>Premiums Receivable—&quot;Insurance Companies&quot;</td>
<td>795,036.36</td>
</tr>
<tr>
<td>Invention—&quot;Manufacturing Companies&quot;</td>
<td>11,503,006.26</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>$864,377,918.56</td>
</tr>
</tbody>
</table>

**DEFERRED CHARGES:**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid Interest and Discount</td>
<td>$2,002,940.66</td>
</tr>
<tr>
<td>Prepaid Insurance and Expenses</td>
<td>1,222,548.15</td>
</tr>
<tr>
<td>Total</td>
<td>4,075,478.81</td>
</tr>
</tbody>
</table>

**CURRENT LIABILITIES:**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes Payable—Unsecured Short Term</td>
<td>$455,073,500.00</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td></td>
</tr>
<tr>
<td>Credit Balance of Manufacturing and Selling Agents</td>
<td>$9,442,460.54</td>
</tr>
<tr>
<td>Sundry</td>
<td>10,629,460.81</td>
</tr>
<tr>
<td>Due Customers only when Receivables are collected</td>
<td>7,628,545.86</td>
</tr>
<tr>
<td>Accrued Income and Recent Premium Taxes</td>
<td>28,008,084.55</td>
</tr>
<tr>
<td>Accrued Other Taxes</td>
<td>3,031,890.15</td>
</tr>
<tr>
<td>Customers’ Loss Reserve</td>
<td>19,058,166.49</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>$554,845,120.50</td>
</tr>
</tbody>
</table>

**UNPAID PREMIUMS—"INSURANCE COMPANIES"** | $31,371,410.93 |

**RESERVES FOR:**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Losses and Loss Expense—&quot;Insurance Companies&quot;</td>
<td>$5,703,247.26</td>
</tr>
<tr>
<td>Fluctuations in Security Values</td>
<td>406,184.71</td>
</tr>
<tr>
<td>Canadian Exchange Fluctuations</td>
<td>1,030,321.24</td>
</tr>
<tr>
<td>Total</td>
<td>$6,239,853.21</td>
</tr>
</tbody>
</table>

**UNSECURED NOTES:**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes, 2%, due annually—1953-1967</td>
<td>$41,500,000.00</td>
</tr>
<tr>
<td>Notes, 3%, due 1961</td>
<td>40,000,000.00</td>
</tr>
<tr>
<td>Notes, 3% due 1963</td>
<td>50,000,000.00</td>
</tr>
<tr>
<td>Total</td>
<td>$131,500,000.00</td>
</tr>
</tbody>
</table>

**SUBORDINATED UNSECURED NOTES:**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes, 3% due 1957</td>
<td>25,000,000.00</td>
</tr>
<tr>
<td>Notes, 3.5% due 1964</td>
<td>25,000,000.00</td>
</tr>
<tr>
<td>Total</td>
<td>50,000,000.00</td>
</tr>
</tbody>
</table>

**MINORITY INTEREST IN SUBSIDIARIES** | 62,063.94 |

**CAPITAL STOCK AND SURPLUS:**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock—$10 par value</td>
<td>$778,603,148.25</td>
</tr>
<tr>
<td>Authorized—3,000,000 shares</td>
<td></td>
</tr>
<tr>
<td>Issued and Outstanding—2,278,843 full shares and 130 shares of fraction</td>
<td>22,789,730.00</td>
</tr>
<tr>
<td>Capital Surplus</td>
<td>39,042,919.93</td>
</tr>
<tr>
<td>Earnings Surplus</td>
<td>64,553,942.30</td>
</tr>
<tr>
<td>Total</td>
<td>135,384,595.23</td>
</tr>
</tbody>
</table>

**A few facts, as of December 31, 1951 and 1950**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>1951</th>
<th>1950</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Loans Receivable Acquired</td>
<td>$2,753,042.41</td>
<td>$2,346,083.65</td>
</tr>
<tr>
<td>Gross Premiums, Prior to Reinsurance</td>
<td>41,606,516</td>
<td>42,739,602</td>
</tr>
<tr>
<td>Net Sales of Manufacturing Companies</td>
<td>98,115,875</td>
<td>84,992,183</td>
</tr>
<tr>
<td>Gross Income</td>
<td>118,041,860</td>
<td>101,138,680</td>
</tr>
<tr>
<td>Net Income from Current Operations</td>
<td>42,907,240</td>
<td>42,022,604</td>
</tr>
<tr>
<td>United States and Canadian Income Taxes</td>
<td>25,592,000</td>
<td>16,808,025</td>
</tr>
<tr>
<td>United States Excise Profit Tax</td>
<td>1,000,000</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Salaries, Wages, Commissions</td>
<td>40,025,518</td>
<td>40,035,111</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td><strong>$11,673,472</strong></td>
<td><strong>$10,935,044</strong></td>
</tr>
<tr>
<td>Finance Companies</td>
<td>$11,673,472</td>
<td>$10,935,044</td>
</tr>
<tr>
<td>Manufacturing Companies</td>
<td>3,285,108</td>
<td>3,287,361</td>
</tr>
<tr>
<td>Earnings Premiums of its Insurance Companies</td>
<td>4,073,355</td>
<td>3,553,144</td>
</tr>
<tr>
<td>Net Income from Current Operations</td>
<td><strong>$19,173,872</strong></td>
<td><strong>$19,833,587</strong></td>
</tr>
<tr>
<td>United States and Canadian Taxes on Income—per share</td>
<td>6.5</td>
<td>6.45</td>
</tr>
<tr>
<td>United States and Canadian Taxes on Income—per share</td>
<td>11.06</td>
<td>9.23</td>
</tr>
<tr>
<td>Book Value per share—Common Stock</td>
<td>55.01</td>
<td>51.02</td>
</tr>
</tbody>
</table>

**Detailed Report is Available Upon Request**

More than 300 Offices in Principal Cities of United States and Canada.
"Hear! Hear! Hear!"

"I believe public securities should be subject to the same test of the market place as private securities. It is not desirable to insulate public-debt securities, or part from the impact of credit policies designed to prevent private deficit spending. Such insulation would be a hard-to-resist temptation to go deeper and deeper into governmental deficit financing and the creation of more and more liquid assets which would plague the Federal Reserve System and the Treasury and, indeed, the American people in years to come."

—Professor Ray B. Westfield.

"It would be a major blunder to insulate public-debt securities, which are part of the impact of credit policies designed to prevent private deficit spending. Such insulation would be a hard-to-resist temptation to go deeper and deeper into governmental deficit financing and the creation of more and more liquid assets which would plague the Federal Reserve System and the Treasury and, indeed, the American people in years to come."

—Emerson P. Schmidt.

The Economist (UK)
creased capital became effective Jan. 2. * *

The Fort Worth National Bank of Fort Worth, Texas, announces the death on Feb. 4, at his home, of Mr. Nissan, chairman of the Board, Robert Ellison Harris.

The capital of the Continental National Bank of Fort Worth, Texas, was enlarged on Feb. 4 to $1,500,000, by the sale of new stock, increasing it from $1,000,000 to $1,500,000. * *

The capital of the City National Bank of Houston, Texas, increased on Jan. 30 from $5,000,000 to $11,000,000 by the sale of $6,000,000 in new stock, represented in the capital by $2,500,000 addition to the capital.

At their annual meeting on Jan. 8 shareholders of the Anglo California National Bank of San Francisco reelected all present directors for the ensuing year and added Joseph M. McCarthy and Raymond H. Holmberg to the board. Both the new directors have long been associated with the bank as officers: Mr. McCarthy entered the banking business in 1906 and for many years has been Vice-President and Manager of Anglo's Seaboard office in downtown San Francisco. Mr. Holmberg, who has been connected with Anglo since 1930, is Secretary of the bank. At a directors' meeting held immediately afterwards all officers were reelected.

Election of three new officers and appointment of three men to Assistant Manager Positions at California Bank of Los Angeles has been announced by Frank L. King, President. At the Feb. 11 meeting of the directors, C. R. Mitchell, head officer, J. W. Kenney, Beverly Hills office, Eimer Stone, head office, were elected Assistant Cashiers; Jamison, El Sereno office, T. C. Denny, San Gabriel office, and W. G. McClintock, North Hollywood office, were advanced to the position of Assistant Manager of Anglo Bank since 1908 and is Manager of the collection department. Mr. Kenney joined the bank's staff in 1945 after spending three and one-half years in the Navy. Mr. Denny spent nine years in banking in Chicago before coming to California Bank in 1938. Jamison's bank service was interrupted by nearly four years' service in the Navy. He first came to California Bank in 1936, having spent some time with banks in Fairmont, W. Va., his birthplace. Mr. T. C. Finlay has been at California Bank's San Gabriel office since 1940. Mr. McClintock attended the University of Pittsburgh and spent 19 years in banking in that city before beginning his California Bank career in 1945.

The United States National Bank of San Diego, Calif., through a stock dividend of $400,000, increased its capital as of Jan. 16 from $600,000 to $1,000,000. * *

Albertus Taapken has been appointed Assistant Vice-President of the Anglo California National Bank at San Francisco, with duties in the foreign department. He was announced Feb. 25 by Allard A. Calkins, Chairman of the Board. An American, born in Belgium, and educated in that country, Mr. Taapken has an unusual broad background of experience in the foreign banking business. Since 1951 he has been associated with the Nationale Hambank, N. V., Netherlands banking institution, with branches in the Orient and the East Indies. During that time he served successively at the Bombay, Calcutta, Manila and Singapore branches. He joined the staff of Anglo Bank in August last year.

Earlier this year—on Jan. 25—promotions of eight members of the staff of the Anglo California National Bank in San Francisco and Oakland were announced by Mr. Calkins. At the head office, San Francisco, Albert V. Martin, formerly Assistant Trust Officer, was appointed a Trust Officer; Leonard S. Berry, head office, was advanced from Assistant Cashier to Assistant Vice-President; John F. Klein, an Assistant Cashier since 1948 and a member of the Anglo staff since 1927, was appointed an Assistant Vice-President, at the head office; Oliver S. Koenig was named an Assistant Trust Officer at the head office; Norton L. Norris was appointed an Assistant Cashier in the public relations department, head office; Adrian W. Van Brunt was named an Assistant Cashier at the Oakland main office; W. Irving Wilton was appointed an Assistant Cashier with duties in the public relations department, head office; Louis H. Dorris, who has been associated with Anglo Bank since 1943, has been named Assistant Manager at the Marina District office, San Francisco.

Stockholders of the United States National Bank of Portland, Ore., are being offered rights to subscribe to 100,000 shares of common stock of the bank at the rate of one new share for each six shares held of record March 1. The right to purchase the new shares at a subscription price of $50 per share expires March 24.

A group of 24 underwriters, headed by Blyth & Co., Inc., has agreed to purchase from the bank all unassumed shares at the original subscription price. Of the $5,000,000 to be received by the bank from the sale of the stock, $2,000,000 will be added to its capital stock account and $3,000,000 to surplus. The bank was organized under its present name on Feb. 4, 1981, with an original capital of $250,000. Since then the bank has merged with or assumed the deposit liabilities, together with offsetting assets of five other banking institutions and today maintains seven banking offices in Portland, as well as 33 offices in other communities in the State of Oregon. In the 10 years since 1942, the bank's total resources have grown from $307,742,190 to $238,159,185. Net earnings it is stated in 1951 were $2,348,004, equal to $5.58 per share compared with earnings of $3.43,657 in 1950 and $5.71 per share. The bank paid its first dividend in 1956 and has subsequently paid dividends in every year since 1899 without interruption. * *

A stock dividend of $300,000 is served to increase the capital of the Baker-Boyer National Bank of Walla Walla, Wash., on Jan. 23 from $100,000 to $400,000.

"LONG DISTANCE, PLEASE!" Semis that's what everyone is saying these days—in factories, offices, army camps and navy yards...on farms, in homes, in shipyards and arsenals.

For America is doing a big job in a hurry. To speed things up and get work done the nation depends on Long Distance. So, it's "full speed ahead" for thousands of telephone men and women, too.

They're putting through four times as many Long Distance calls and twice as many teletypewriter messages as in 1940. Millions of miles of Long Distance pathways have been added—in wires, in cables, and by radio-ray. Even that is not enough. More of everything is being built as fast as we can get materials.

For America's defense is on the lines, and telephone people are getting the message through.

YOU' LONG DISTANCE CALL WILL GO THROUGH FASTER...
IF YOU CALL BY NUMBER.

BELI TELEPHONE SYSTEM
Our Reporter on Governments

By John T. Chippendale, Jr.

How Revenue Act Affects Mutual Savings Banks

Uncertainty along with a fresh dose of "Open Mouth Operations" and a decrease in the government market for long-term securities have resulted in a new wave of sell-offs, and the market is beginning to react to the new weakened situation which developed in the most distant obligations. However, this decline was mainly a quotation run-around because very few if any sales have actually occurred during the course of it. It is also rumored of an impending issue of World Bank bonds, but this likewise has not been part of the selling. It is expected that savings banks in New York State will be given the authority soon to purchase preferred and common stocks. That will have an influence, it is believed, upon the long-Term market and the tax-free market because the net return obtainable in the two markets will be equal. It is common knowledge that banks are concerned should be much more favorable than from the most distant obligations. It is expected that the recent higher income savings bond will be unsettled before the month is over. This could affect the trend of savings deposits.

Long-Terms Continue Under Pressure

The government market for long-terms as displayed by the refinancing came along to temporarily disrupt matters. In other words there is still a large demand for the shorts, as has been the case for some time now, with the longer term obligations being bounced all over the place because of the lack of demand, the very anti-market. It is thought more a professional manipulation. The demand for liquid obligations is very great, and the market far from firm, but the long-term market cannot be blamed for assuming such an attitude because there is a great deal of uncertainty overhanging the money markets.

Inflation or Deflation Potentials

The Korean War probably has most of these forces, because a cessation of hostilities in the Far East would have a direct bearing on the inflating situation, as well as the money markets. The psychological aspect of the war could be interpreted as a deflationary factor because the end of the war would eliminate the great deal of the need for strategic materials. Under such conditions, a large part of the financing that might be done by the Treasury would most likely be aimed at counter-balancing the deflationary forces. This probably would call for sales of securities to commercial banks in order to keep the money market from inflation. The Treasury rates might be witnessed.

Market Briefs

The better than 90% refunding of the 2½% into the 2½% was considerable in the collapse of the 2½% in order to make the operation function according to expectations. This gives the commercial banks a good control position in the new five- to seven-year obligation.

With a heavy corporate calendar, there is no great amount of new corporate invention to provide the higher yielding Treasury obligations. It is reported that scale orders are the only new issues and in size quantities have been reduced in size and quotations have lowered.

The partials continue to have attraction despite market uncertainty. The 2½% and the 1½% have the best demand, with the New York and Philadelphia banks in competition for them.

Audrey G. Lanston & Co.

Incorporated

15 Broad St., New York 5

211 S. La Salle St. 665 M. 1

151 W. Adams St. 2130 C.

Twin City Bond Club

Changes Picnic Date

The date of the Twin City Bond Club Picnic has been changed to Thursday, Sept. 19, to coincide with the schedule of the Twin City Bond Club Picnic. Headquarters will be at the Nicollet Hotel, Minneapolis.

Robert Huff V.P.

Of Conrad Brace

The date of the Twin City Bond Club Picnic has been changed to Thursday, Sept. 19, to coincide with the schedule of the Twin City Bond Club Picnic. Headquarters will be at the Nicollet Hotel, Minneapolis.

Robert Huff V.P.

LANSING, Minn.—Conrad Brace & Co., 530 West Sixth St., announce that Robert Huff has been named a vice-president of the firm. Prior to this, Mr. Huff was formerly a partner in Morgan & Co.
The power of concentration can be the most valuable assets that anyone can acquire. It is especially helpful in sales work. I actually knew a man who once picked himself up from about the last rung on the ladder of financial failure by sheer effort and concentration upon a goal. He met him right in the deepest and darkest part of the depression '39. He was not only broke in debt, he had several children to support and his wife was in very poor health. He had to do the housework in the morning and evening, besides trying to make a living.

He took a job as a securities salesman on a straight commission basis—and at that time there was very little financial assistance for new men in the securities field. Imagine, if you can, the weight that was on his mind. He had a new business to learn, he had no clients, and he started at a time when investor interest in securities was at the lowest point in probably all history. I can assure you that this is a true story, because at the time when we first became acquainted, I was working for the same firm that he decided to represent as a salesman.

In all of my life I have never seen anyone that could equal this man when it came to concentrating on a goal. He would not allow himself to think about what might befall him, or his family if things got much worse. He worked: When others sat around and started to talk about their troubles, he moved away. He studied and he read. He began to make calls upon people who had ceased doing business with our firm. I asked the men who had bought securities that had turned sour. There he found the answer to his own success. When other salesmen were fearful to go back and see clients with heavy paper losses—he went in—full steam ahead. He said, "Some of these people need help NOW more than ever." And he found them. I can remember that he began trading out defaulted bonds for good, common stocks when they were still paying dividends, but that were also depressed in price due to general conditions. He called it one thing about it—all he kept going. He told me that if he ever stopped he knew that he would not make the grade. Once he allowed his mind to get off the track, if he started to think about his problems, or his worries, he was sure to fail. He knew that he had to make it or he'd die.

Our Minds Can Only Hold One Thought at a Time

In the field of personal sales work there are times when every man, no matter how successful he has been, runs up against periods when discouragement piles upon him. In every walk of life this is true. Yet, I think that due to the fact that salesmen constantly must go out and face the problem of helping others to overcome their natural resistance to such best ideas, that the possibility of losing momentum, as well as confidence in one's own abilities, is an ever present possibility.

To be honest about it, I know that most men have periods of doubt and indecision and they are a normal reaction. I have known these times myself, and have discussed this subject frankly with many other men who make their living doing executive work. But I have discovered that there is only one definite cause for such periods of discouragement—this is because it is true—it is not a real fact—it is always a temporary thing, you worry some more—it is not time to feel sorry for yourself—or the job you are in; it is concentration upon creative work. A change is sometimes advisable, but there are few men who could get away from it all quickly and do a better job.

Sometimes to get away from it all entirely is the best thing of all. But get away—don't just change scenery. Concentrate upon your problem at hand—concentrate upon your business. But you will chase worry away automatically. You just can't think of two things at the same time. You can't worry if you are working constructively —planning—trying—and keeping at it "heil or hell with it.

When I think of my old friend from the depression days, who told me that he couldn't let his mind wander away from his job, because he knew that if he allowed that to happen the job was over—did you ever consider the miracle which he actually wrought. I don't think any man could have been in much of a worse spot than was—but his formula worked for him. He substituted constructive work—concentration on the job at hand, and faith, for what other men might have found in excess of some sort or another. That's the formula

We can't always be 100% optimistic. We can't always be on top of the heap in enthusiasm, in faith; ever, we have discovered that when we begin to feel discouraged, there is a constructive effort, while disregarding failures, is the only way we can get back on the winning road again.

From our 1951 Annual Report... Highlights

<table>
<thead>
<tr>
<th>1951</th>
<th>1950</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>$143,004,704</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$111,317,467</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>$31,687,237</td>
</tr>
<tr>
<td>Taxes</td>
<td>14,713,694</td>
</tr>
<tr>
<td>Income Available for Fixed Charges</td>
<td>$20,002,373</td>
</tr>
<tr>
<td>Fixed Charges</td>
<td>2,176,860</td>
</tr>
<tr>
<td>Times Fixed Charges Earned</td>
<td>9.31</td>
</tr>
<tr>
<td>Other Deductions (Contingent Interest)</td>
<td>$1,883,682</td>
</tr>
<tr>
<td>Net Income</td>
<td>$15,990,714</td>
</tr>
<tr>
<td>Income Applied to Capital and Sinking Funds</td>
<td>$2,364,062</td>
</tr>
<tr>
<td>Balance of Profit or Loss to Earnings Surplus</td>
<td>$12,356,652</td>
</tr>
<tr>
<td>Earnings Per Share of Common Stock</td>
<td>$1.53</td>
</tr>
<tr>
<td>After Capital and Sinking Funds</td>
<td>$1.38</td>
</tr>
<tr>
<td>Dividends Per Share Paid</td>
<td>$1.50</td>
</tr>
<tr>
<td>Preferred Stock</td>
<td>$3.50</td>
</tr>
<tr>
<td>Common Stock</td>
<td>$4.25</td>
</tr>
<tr>
<td>Additional Sinking Fund (for Mortgage Debt, Mortgage Condemnation)</td>
<td>$2,364,062</td>
</tr>
<tr>
<td>Balance of Profit or Loss to Earnings Surplus</td>
<td>$12,356,652</td>
</tr>
<tr>
<td>Equal to Excess of Dividends on $50,000 Shares of Common Stock above $2.00 per Share</td>
<td>$2.33</td>
</tr>
<tr>
<td>Total of Revenue Freight Hauled</td>
<td>40,059,477</td>
</tr>
<tr>
<td>Revenue Ton Miles</td>
<td>8,158,710</td>
</tr>
<tr>
<td>Average Revenue Per Ton Mile</td>
<td>$0.0132</td>
</tr>
<tr>
<td>Passengers Carried</td>
<td>1,466,451</td>
</tr>
<tr>
<td>Passenger Mileage</td>
<td>568,031,352</td>
</tr>
<tr>
<td>Revenue Per Passenger Mile</td>
<td>$0.0075</td>
</tr>
<tr>
<td>Preferred Stock</td>
<td>$5.00</td>
</tr>
<tr>
<td>Common Stockholders</td>
<td>4,208</td>
</tr>
<tr>
<td>Average Number of Employees</td>
<td>17,811</td>
</tr>
<tr>
<td>Total All Wages Paid</td>
<td>$2,744,424</td>
</tr>
<tr>
<td>Miles of Road Opened at End of Year</td>
<td>4,145</td>
</tr>
</tbody>
</table>

*Cutoffed accelerated amortization on emergency projects approved by Section 12(a)(4) of the Public Utility Act. Basis for calculation may be compared to 1951 Federal income taxes by approximately $1,800,000, equivalent to $22.34 of each $100 of cash dividends paid.

**Revised regulations of the Interstate Commerce Commission, effective Jan. 1, 1951. Table shows the method of computing earnings for company purposes, the 1950 figure has been restated here, on an estimated basis, to conform with the same method.

The 1951 Report has been distributed to Seaboard's stockholders and securities analysts, and is available for copying by writing to W. F. Cummins, Secretary, Seaboard Air Line Railroad Company, Norfolk, Va.
Economic Prospects for 1952

Labor Problems

1952 may well prove to be a year of increased labor difficulties in the steel industry, the major reason being the new contract which has been signed. There has been a great deal of discussion recently about the possibility of a labor slowdown, but it appears that the prospects are not too gloomy. The situation looks at least as bad in the auto industry, but there is some hope that the auto industry may be able to avoid a labor problem in 1952.

Commodity Prices

Wholesale prices during the course of the year are expected to rise quite moderately, with a peak figure of some 4 or 5 per cent above the 1951 level. The important prices are those for farm products and for steel. The ultimate price of steel will depend on the extent to which steel manufacturers cut back production.

Government Finance

The Treasury is likely to show a very small surplus in 1952, after meeting the public debt which cost the government $4 billion last year, the Treasury will probably have to run a deficit of some $1 billion in 1952. The increase in federal expenditures is expected to be about equal to the increase in government revenues, so that the budgetary deficit will disappear. Cutting taxes to lower the budget surplus will probably be necessary next year. The Treasury will probably have to rely more heavily on borrowing than on budgetary revenues.

Production

Industrial production in 1951 was 21 per cent above the level of 1950, but the year did not bring the steady rise which had been anticipated 12 months ago. Rising defense spending and the growth of nondefense spending, especially in the automobile industry, were major factors in the rise in industrial production in 1951. However, cuts in production of consumer goods were also important, as many companies were forced to slow down their production in order to meet the requirements of the defense industry.
This will hold down the increase in the aggregate rate of industrial production, and is a significant adverse factor to criticism of the defense program and pose increasingly complex problems for government and administrators.

Corporate Profits
A squeeze on corporate profits became evident fairly early in 1951, and the pressure increased later in the year. In the first half of 1951, corporate profits after taxes fell off from 10.7 per cent of net worth, the level of the first half of the year, and about one-third lower than in the comparable period of 1950. Several factors contributed to this trend, as shown in the profit picture: (1) The tax bill enacted in October, 1951, increased the corporate net profit tax rate from 71% to 76% effective as of April 1, 1951. (2) The inventory profits that charac- terized all of 1950 remained very large in the first quarter of 1951 but dwindled and were succeeded by losses in the second quarter of the year. (3) Margin profits were squeezed by mark-downs in order to move surplus inventories and cash in the second quarter in response to price control authorities. (4) Shortages of labor and material contributed to the loss of high-marg in civilian business, and the squeeze on overhead was sharply intensified by efforts to offset by profits on defense work. Some of these forces will continue to operate and the higher tax rates will be in effect for the remainder of the fiscal year, particularly in the last quarter of the year and in the first quarter of 1952.

Production
The shortage of materials for the civilian sector probably will be of increasing significance as inventories of scarce metals are used up. The cumulative effect of these three factors is likely to be greater in 1952 than it was last year. Against this, however, is the prospect that the loss of profits will be largely -behind us, and may, in fact, be succeeded by modest increases in profits later in the year. Also, higher levels of production and dollar volume of business output generally mean some increase in corporate profits. Prediction as to the net effects of these diverse and conflicting forces is largely a matter of conjecture. This is especially true in a period in which govern- ment policies have a considerable amount of power to squelch profits in cycles by a liberal policy in granting wage in- creases and a restrictive policy in permitting price adjustments. If the price stabilizers hold to the concept that profits before taxes are the important criterion for price adjustments, they will continue to operate under existing price sta- bilization regulations, a considerable squeeze on profits could develop during the year by virtue of price controls and the tendency of government agencies. However, Congressional sentiment is likely to have a moderating ef- fect on the practice of taxing profits or the price stabilizers, and there is always the possibility of new legislation permitting or requiring price controls to take into account increases in costs subsequent to mid-July, 1951. On balance, weighing all the imponderables, it would appear that corporate profits after taxes will be only moderately lower in 1952, perhaps in the neighborhood of 6 to 7%. This decline would be smaller than the 29% drop experienced between 1950 and 1951. However, the lower volume of post-tax profits in the first quarter of 1952 would provide substantial protection for corporate dividends in the aggregate. Total dividend distributions this year should be within 5% to 8% of the peak year, 1951.

Conclusion
Supported by further increases in spending on national defense over the next few months in the field of wage and price stabilization may provide important clues as to the vulnerability of corporate earnings to action in the poli- tical-economic sphere. These observations on economic prospects in 1952, let it be re- minded, rest upon the assumption that international conditions will not deteriorate into a spread of hostilities nor new progress toward real peace. This may or may not be a valid assumption, but it seems to agree with the point of view underlying the planning of our defense effort. If this assump- tion is proved erroneous, it will be necessary to undertake a new appraisal of the outlook.

REPORT FOR 1951

SUMMARY

DURING 1951, net sales of Eastern Corporation and its subsidiaries were $24,553,346, compared with $21,190,014 in 1950. Earnings before taxes were $4,576,077 in 1951, and $2,859,841 in 1950.

Net income in 1951 after taxes was $1,979,077 (including profit after taxes of $396,631 realized from sale of securities) compared with $1,942,841 in 1950. This net income was equivalent to $5.52 per share of stock (including $1.05 profit per share from sale of securities) compared with $4.00 per share in 1950.

Provision for Federal taxes on income was $2,597,000 in 1951, and $1,317,000 in 1950 (including $470,000 for excess profits taxes in 1951, and $724,000 in 1950).

Cash dividends of 25 cents per share were paid quarterly during 1951. In addition, a special dividend of 5 cents per share was paid in common stock in September.

On January 31, 1952, the Directors declared a dividend of 25 cents per share payable March 3rd to stockholders of record February 15th.

Book value per share of stock increased during the year from $34.61 to $35.56.

In the last ten years, the company has made plant improvements representing a capital investment of $8,232,000.

A copy of the Annual Report for 1951 will be sent on request.
A Sham Defense

Murray Hanson, its General Counsel, and approved by its Board of Governors, the members of which are urged to "take all appropriate measures and to adopt the proposition in the law under which it is made.

Dealing with the same subject, the New York Stock Exchange, over the signature of its President, G. Keith Funston, in a letter to the SEC stated: "We believe that the proposed charges, which would be in effect taxes, are not in accordance with the intent of the Congress and would be against the public interest.

The following paragraph in that same letter serves to effectively point out the dangers to which we have adverted: "The interpretation of Title V contained in your proposal would create a subsidiary tax structure of monumental proportions. If the Securities and Exchange Commission can impose this type of tax, so could every other Government agency. The Interstate Commerce Commission, the Federal Communications Commission, the Aeronautics Administration might tax every employee engaged in commercial aviation; the Department of Agriculture might impose such a tax on every farmer; the Federal Communications Commission might tax every telephone or telegraph employee. The possible ramifications are limitless. Federal tax policy, already surrounded with considerable cloudiness, might well reach an area of such utter darkness that administration would be impossible.

The opposition to the Commission still raises the defense that Title V is mandatory, and that, the SEC, is doing it which it must do.

That interpretation is fallacious becomes clear on reading a shorter paragraph of the Act authorizing the Securities and Exchange Commission of the New York Stock Exchange. We quote: "We believe, however, that the proposed new registration fees cannot be regarded as charges for special services. The brokers and dealers in securities, for example, should not be assessed under Title V because there is an obvious absence of services rendered them as special beneficiaries. The Securities Exchange Act of 1934 requires all brokers and dealers in the public national interest, not in the interest of the broker or dealer as a special beneficiary. We do not believe that the registration fees could be assessed as a "service, benefit or privilege" for which Congress in Title V authorized the Commission to levy a charge. Where Congress intended payment by those whom it deemed beneficiaries of the Act, the Commissioners should be to oppose the taxing of brokers and dealers in connection with previous articles on the SEC proposal.

SEABOURN R. LIVINGSTONE
President, Detroit Stock Exchange

EDITOR'S NOTE: The "Chronicler" will be pleased to receive comments on the views expressed in the above article or on any related phases of the subject. They will be published anonymously if the writer so desires. Communications should be addressed to Editor, "The Commercial and Financial Chronicle," 25 Park Place, New York 7, N. Y. In this connection, we present below a number of communications received in connection with previous articles on the SEC proposal.

SAEBOR, R. LIVINGSTONE
President, Detroit Stock Exchange

Elected President of the Detroit Stock Exchange at the 42nd Annual Meeting of Shareholders held November 10, 1932, Mr. Seabourn R. Livingston, for the past 17 years has been Vice-President and Trustee of the National City Bank of New York and is owner of the majority of the National City Bank of New York, the largest commercial bank of its kind in the world, with assets of approximately $2 billion. Mr. Seabourn R. Livingston is also a partner in the firm of Seabourn, R. Livingston & Co., of New York. Mr. Seabourn R. Livingston is one of the leading bankers in the United States.

We prefer to accept the interpretation of the Investment Bankers Association of America and of the New York Stock Exchange to that of the SEC. We are in the opinion, which is shared by many of our members, that under the SEC organization as it is now being drawn up, the SEC will be unable to enforce any law to which it is party, and would be unable to function as a long-lived institution. In the event of a change in the law, or a change in the interpretation of the law, the SEC might have to be dissolved and reorganized at the expense of the public.

In order to test whether the SEC defense is a sham, and at the risk of repeating a point we made in a previous editorial, we again set forth the facts incident to the passage of the Securities and Exchange Act of 1934. The hearings had already taken place at the time of the original proposal of the SEC, and it is evident that the SEC is not the first to propose to adopt this method of taxing brokers and dealers in connection with previous articles on the SEC proposal.

SEABOURN R. LIVINGSTONE
President, Detroit Stock Exchange

GOODWIN STODDARD
President, Seabourn R. Livingston & Co., Inc.

As Treasurer of the National City Bank of New York, Mr. Seabourn R. Livingston has been actively engaged in the financial affairs of the United States and has been a member of the Board of Directors of various financial institutions, including the Chase National Bank and the Union Trust Company of New York.

We are in the opinion, which is shared by many of our members, that under the SEC organization as it is now being drawn up, the SEC will be unable to enforce any law to which it is party, and would be unable to function as a long-lived institution. In the event of a change in the law, or a change in the interpretation of the law, the SEC might have to be dissolved and reorganized at the expense of the public.

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SEABOURN R. LIVINGSTONE
President, Detroit Stock Exchange

GOODWIN STODDARD
President, Seabourn R. Livingston & Co., Inc.
Of companies which have been publicly financed.

We engaged in the security business together with the corporations, they feel is that this action is authorized by the Commission. They have not been subject to either government communication, public or other-

- wise, the financial needs of the Commission, of course, and that we object to this action, because we feel that the regulation set up by the government should exist for the benefit of all and not for the benefit of a few, whatever as to the expenditure of these funds or the control over them.

We feel so strongly on this subject that it is our intention to take this matter not only to the Press, but also to all stockholders of the publicly financed corporations which number over 30,000, also to all corporations listed on the Salt Lake Stock Exchange, and also to the centralization of the total number in the State of Utah. We therefore feel that we have an important matter to feel about, and we believe you feel the same, and that this extremely objectionable and arbitrary—New Mexico Securities and Exchange Commission.

Very truly yours,

SALT LAKE STOCK EXCHANGE


Editor's Note: Hereafter is a text of a letter sent to Mr. Horatio Hornbeck by Rep. Revka Beek Bosone.

Mr. James E. Hogle, President and Secretary, Salt Lake Stock Exchange, Salt Lake City, Utah Dear Mr. Hogle:

I have read carefully your recent letter to the Commission, regarding the regulation of SEC to collect certain fees from the businesses that are regulated by the SEC in Utah. I have also had several other letters from various firms, where all the numerous prints of complaints regarding this matter have been taken to the legality of the proposal; the fact that it is presented to the SEC by a constitutional; that it is inadvisable to proceed with a large but unknown amount of regulation without going through the usual procedures. I would like to pass on to you, for your perusal, a summary of the information given me by those who have been deeply affected by the regulation.

First, as to the legality, SEC feels that the proposal of the Independent Offices Appropriation Act for Fiscal 1952 which was proposed makes legal (as SEC is concerned), but makes it mandatory. In fact, members of the subcommittee on SEC appropriations were aware that the SEC would adopt the proposal some time ago for not having worked with more diligence in getting the legislation passed.

Whether or not Congress had the full facts before it, or whether or not Title V is made legal, which SEC feels is beyond its jurisdiction. It is supposed to do what Congress authorized it to do, not what the right of Congress to regulate.

Incidentally, SEC denies that it had anything to do with the original of Title V, that is, whether or not Title V is made legal, which SEC feels is beyond its jurisdiction. It is supposed to do what Congress authorized it to do, not what the right of Congress to regulate. It received several letters of telegram protesting the action, and a few of the individual persons who were made to feel the weight of the proposed SEC legislation for high fees.

I received a letter from a president of a company which was angered by the administration's action.

Today I received another communication, this one a resolution which has been drawn up looking into the matter. The members of the subcommittee on SEC were not satisfied with the SEC, but primarily one of the reasons is the commission's decision to do certain things. In my estimation, there is doubt, I believe, with Congress for it appears that SEC is doing just as the Congress directed. I, as a member of Congress, will be glad to hear the views of this situation and develop upon this matter.
A Sham Defense

JOHN S. KNIGHT
Publisher, The Miami Herald,
Miami, Fla.

It is probably true, as stated in the SEC's motion for summary judgment, that the SEC would be able to assess fees just as the Board of Governors of the Federal Reserve System can. But the SEC was not authorized to assess such fees by the Federal Reserve Act, and I am not aware of any case in which it has been done. The SEC might be able to do so in our governmental bodies, but that does not mean that it is constitutional or just.

The general rule that the SEC established the significance of the constitutional question is that the SEC is a regulatory agency. If the SEC were to establish the significance of the constitutional question, it would be a matter for the courts to decide. The SEC does not have the power to establish the significance of the constitutional question.

The security dealers and brokers have an ownership of the SEC. If they have a legitimate case for the amount of the SEC's fees, they have the facilities to present their complaint and if justified, they will be heard.

HON. RALPH W. GWYN
U. S. Congressman from N. Y.

My general approach to all such proposals is to go through the SEC's papers and determine whether the SEC has the power to assess fees to the dealers. It is the only way that I can state whether the SEC has the power to assess fees to the dealers.

The fact of the matter is that the SEC does not have the power to assess fees to the dealers.

ARThUR WIESENBERGER & Co.

EDISON GoulD

CAROL K. ROSS
Secretary, Maine Investment Dealers Association, Portland, Me.

Editor's Note: Mr. Ross, who edits the "Chronicle" and is a partner of the Maine Investment Dealers Association, has furnished this letter to the House of Representatives, that he would be able to establish the significance of the constitutional question in the Maine Investment Dealers Association

Robert E. Ross
Mysterey, Calif.

I want to state that I am in favor of the proposed fees to be levied on Brokers. I am like any other person who is being taken in that we have already seen the effect of this United States what it is. When a point is reached that they are engaging in the business of a person to help them, I don't think that those to recognize. I also believe that I don't think that they would have to do so. Thank you.

WILLIAM E. GILBERT
Sale Proprietor, W. B. Britton & Co., New York City

Editor's Note: Mr. Gilbert has furnished the "Chronicle" with a copy of a letter of February 23 to each of the firm's congressmen, text of which follows:

Securities and Exchange Commission Washington, D. C.

Dear Mr. Gilbert:

Your proposal to charge an annual fee on all dealers and brokers is about the most revolu

tionary thing that ever emanated from a legislative body. The Securities and Exchange Commission was established, for instance, like the National Association of Securities Dealers, Inc., through Federal legislation, compulsory, but entirely voluntary, being left to the people. The SEC, however, in the financial business are subject to the jurisdiction of the federal courts.

If Congress is at last becoming economic, I think it is the SEC which should make a close study of Senators and Representatives, that it may be brought into the budget for the coming year. The SEC should have a seat on the board of directors, and they wouldn't have to worry about a mere matter of a million dollars.

Joseph R. Keen
Johnson, Keen & Co.

The "Chronicle" has been furnished the "Chronicle" with a copy of a letter of February 25 to Wallace Putnam, Executive Director of NASD, and to all Congressmen, one copy of which was also sent to Philadelphia of

the Independent Offices Appropriations Committee, U. S. Senate.

Edward C. Keen
Partner, Arthur Wiesenberg & Co.
New York City

Editor's Note: Following is text of Mr. Gould's letter of February 23 to Congressmen Donavan:

Hon. James G. Donovan, Chairman, Independent Offices Appropriations Committee, Washington, D. C. Dear Sir:

We are examined carefully the proposed fee which has been brought to the attention of the ranking members of the Senate and House committees considering Independent Offices Appropriations. Accordingly, we feel it is proper and necessary that members of the House and Senate likewise bring it to the attention of the appropriate subcommittees of the House Appropriations Committee and of the Senate Appropriations Committee.

We seriously doubt that Congress is acting in this matter with the intent that its taxing power should be delegated to executive agencies. It is asking the SEC to do something quite as important, if not more so, as it is asking the SEC to place the special services of the SEC in the hands of the public. As a matter of fact, the SEC is a body of professional men, already formed and organized. It is not necessary to give it all the powers that are wanted. It should be given such powers as are necessary to perform its functions, and then let the public have a say in the matter. We are very much disappointed that Congress has not seen fit to give the SEC any say in the matter.

"Maine Investment Dealers Association, To CARL K. ROSS, Secretary,"
The State of Trade and Industry

true of the smaller steelmakers, but it also applies to the large, street, Inc., interests to considerable measure. All of them are

Alcohol I realize we in the industry have only a few votes in the Senate, I hope you will have the forebearing thought that I believe it is in the public interest to have private industry destroyed and replaced by a much larger pro-

grown government. I know it is not for the interest of my country. Sincerely and respectfully yours,

FOREST WATSON

Continued from page 5

(4) As an individual who has been in the securities business for a considerable length of time, I can say that the SEC to perpetuate itself in its present form of operation. To my personal observation, the organization is overstaffed and accumulates and distributes so much superfluous information that it becomes a

business. The ultimate result of SEC release No. 3433 could be to further weaken the business of the SEC's officer. And if allowed to be placed in the hands of a corporation, it would probably cost less than producing it.

It is continuously fortified with his knowledge of the company not coming into the investment business for the reason that its officers, directors, and employees are not under such and such supervision, which should be of concern to the entire nation.

The personal sacrifices neces-

sary before a reasonable success can be gained in the investment business, makes it unattainable for any but those who have the means or the means to the business needs. This type can find handsonner rewards rather quickly when compared to the manage-

in any field of personal need. Instead of the personal sacrifices, the business, which has to be made to attract the business of the public, which is to be	

I, as an individual, have a personal interest which is to look to additional funds and to maintain 

its present standards.

respectively, but they were down sharply, 36%, from the prewar total of 224 in March.

Liabilities of $5,000 or more were involved in 130 of the week's 177 cases of failure. In the comparable week in the previous year, they exceeded the 127 a year ago. Small failures were more numerous, 170 of the 177 reported in March as compared to 33 from last week and 43 in the similar week of 1951.

Wholesale Food Price Index Reacts to Lower Level

The wholesale food price index, compiled by Dun & Brad-

street, Inc., was lower during the week ended March 28 than in the previous week, which was up sharply at the close. The index for Feb. 28 went to 63.98, from 64.02 in the comparable period last year, marking the 55th consecutive month of increased prices.

The index represents the sum total of the price per pound of 31 food commodities as a measure to show the general level of food prices at the wholesale level.

Wholesale Commodity Price Level Closes

Latest Week Sharply Lower

The general level of the wholesale food price index, compiled by the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., was lower during the week ended March 28 than in the previous week, which was up sharply at the close. The index for Feb. 28 went to 63.98, from 64.02 in the comparable period last year, marking the 55th consecutive month of increased prices.

The index represents the sum total of the price per pound of 31 food commodities as a measure to show the general level of food prices at the wholesale level.

Other sustaining factors in wheat included some export business and increasing concern over the failure of drought conditions to improve.

There was some export business in corn but volume was dis-

appointing. Although primary market receipts were smaller than in recent years, there was no real shortage of supplies. The sales of certain products which tended to stifle demand. Oats and for scored moderate 

sales, however, were up sharply at the close. The index for Feb. 28 went to 63.98, from 64.02 in the comparable period last year, marking the 55th consecutive month of increased prices.

Substantial bookings of branded brands of family flour featured in many flour mills, which were successful in obtaining high prices for the February week. Cocoa prices continued to trend upward on active manage-

ments, firming in the Midwest and New England areas. Wheat and other flour products are being delivered in the same regions. Wheat was at the beginning of this week and 28,470,000 in the week ago a year.

The average price of hogs was reported at the lowest level since April.

Spot cotton prices registered substantial advances the past week as a result of a general increase in the purchasing power of the dollar. The rise continued to rise sharply through the last week. It was extended to be from 2 to 6% below the level of a year ago. Regional estimates varied from the levels of a year ago of the following percentages:

New England 2 to 6; East and South 0 to 4; Midwest, Southwestern, and Pacific Coast 4 to 8; and Northeast 4 to 8.

The National Cotton Commission report for April was up slightly in the week as many merchants bought to shore swollen stocks. Defense orders helped reduce business in the near West and close to the region of a year earlier. While not as many buyers attended market centers during recent weeks, the number was about as even as the figures for the previous year.

Department store sales on a countryside basis, as taken from the Federal Reserve Bank of New York, showed that sales in the first weeks of 1952, decreased 12% from the like period of last year. In the pre-

The week's total decreased a decrease of 6% was registered below the like period of last year. For the period Jan. 1 to Feb. 2, 1952, volume declined 14% below the like period of the preceding year.

Retail trade in New York last week, according to trade estimates, was on the line of about 8% below the previous week. It was noted that despite the good showing in urban sales, lower prices prevailed in rural areas.

According to Federal Reserve Board's index, department store sales in New York City for the week of March 9 were almost like those of the preceding week. In the preceding week, department store sales were up sharply at the close. For the period Jan. 1 to Feb. 2, 1952, volume declined 14% below the like period of the preceding year.

Business Failures Turn Slightly Downward

Commercial and industrial failures dipped to 163 in the week ended Feb. 28 from 177 in the preceding week, Dun & Brad-

street, Inc., reports. Casualties were only slightly below those in comparable weeks 1961 and last 1970 and 1979 occurred respectively, but they were down sharply, 36%, from the prewar total of 224 in March.

Liabilities of $5,000 or more were involved in 130 of the week's 177 cases of failure. In the comparable week in the previous year, they exceeded the 127 a year ago. Small failures were more numerous, 170 of the 177 reported in March as compared to 33 from last week and 43 in the similar week of 1951.

Volume 175 Number 5006 ... The Commercial and Financial Chronicle
Mutual Funds

BY ROBERT E. RICH

THE IMPORTANCE of selectivity in investment policy is brought out clearly in the current prospectus of the Keyboard Mutual Funds. Although the levels of industrial production and commodity prices tend to move in the same direction, the prospectus states, "the fact that although the recognized indices of stock prices showed increases during the past years, there were several groups of stocks which showed declines. And other groups of stocks showed increases in price considerably greater than that of the market averages."

"This, of course, no phenomenon in the pattern of stock prices because it reemphasizes the everlasting importance of selectivity in common stock investment."

Pointing out that the vital importance of selectivity cannot be brought into better perspective by carrying back a comparison of industry groups from the end of 1945 to 1938, the study remarks: "We may point out that in this six-year period the groups showed declines and 31 groups registered advances. Fifteen groups showed increases, and 19 showed larger increases than the average price level. Conversely, only the Standard & Poor's index of 416 combined stocks. Of the 15 increases, the greatest gains in the 1945-1951 period were also among the first 15 in the comparison. The same groups which are included in the first 15 for both periods under comparison include Oil, Ethical Drug, Chemicals, Paint and Varnish, Office and Business Equipment, Tires and Rubber Goods, Copper, Natural Gas and Water."

"It may be said that the one characteristic common to all of the above groups which make outstanding gains in both the periods under comparison is the fact that in 1951 a strong growth factor. We realize well enough that the definition of growth industry or growth company is an elusive subject, and one which has been at odds in the past with the importance of selectivity of industry among all industries. Without getting too deep into these waters, it does seem reasonable to classify nearly all of these groups as growth industries."

In an analysis of 92 new common stock issues which made their debut in the beginning of 1946, the study concludes: "In order to show how these new common stock offerings have fared as compared with common trends, the averages, we have taken the monthly averages of the Standard & Poor's 416 composite index stocks for the first six months of 1946. Between that period and December, 1952 this combined average has shown an increase of 17%. A study of the right-hand column, which has been said to have a considerably large amount of abuse. Without getting too deep into these waters, it does seem reasonable to classify nearly all of these groups as growth in-

"It seems clear enough from all this that the value of selectivity in investment policy is of no means diminished through the choice of new offerings of common stocks. However, it is essential and as all-important as in any of the many media available for portfolio planning."

FUNDAMENTAL INVESTORS

The first mutual fund to take advantage of a recent revision in the Internal Revenue Code which permits mutual companies to carry bank capital gains on the first dividend payment date of the year following in which the capital gains were realized. This new procedure will eliminate the right to carry "educated guesses" which many fund managers have said as they tried to calculate before the end of the year. The right to carry back capital gains was extended to all mutual companies, a few months ago. The Keyboard Mutual Funds, in particular, has been greatly involved in this procedure, and is expected to benefit on mutual funds which were held as of December 31, 1951.

"The answer to the $64 question," Dr. Al said, "is that the fund's management believes that the fund's investment in the new funds will yield a greater return to its investors."

The Keyboard Mutual Funds, Inc. is one of the largest mutual fund companies in the United States, with assets of over $1.2 billion. The fund is managed by Dr. Robert E. Rich, a well-known economist and financial expert.

Random Shots

Ethiopian tribesmen, traders, say, can only double or halve numbers, and that's just how the government represents their population. Yet merely by halving and doubling they can multiply any two numbers, and come out with the right answer every time. Say, a tribesman wants to buy 22 sheep at 14 Ethiopian dollars each. How much is that?

Here's how he goes about finding it out. Put 22 in the left-hand column, 14 in the right. Halve the left figure, you get 11. Halve 11, and you get 5½. Ignore the ½. Ethiopians don't know anything about fractions. Now, each time you halve the left-hand figure, double the right-hand figure. Put up to the left-hand figure, 11, and double 5½, you get 22. That's your answer. Here's what you have:

<table>
<thead>
<tr>
<th>Left-hand figure</th>
<th>Right-hand figure</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

Even in the left column, 12 can be destroyed along with the right column, 14. This is the manner in which the government has reduced its population estimates. For example, the 1951 population of Ethiopia stands at about 112 million. A study was made at the end of 1951 and the population for the year 1951 was 112.2 million. What remains is the question: How much of this reduction can be attributed to the war, which claimed over 1 million lives in the same period? The question is not only important to the Ethiopian government, but also to the United Nations, which uses these figures to show the progress made in anti-war programs. The Ethiopian government, for example, has announced that it will receive $1 billion in aid from the United States, in exchange for the release of a portion of its land to the neighboring countries.

WHAT DOES THE INVESTOR IN MUTUAL FUNDS REALLY GET? "That is the $64 question," Dr. Rich said, "and the entire debate on mutual funds and the New York Stock Exchange is really about the answer to that question."

The Keyboard Mutual Funds, Inc. has been in operation for over 20 years and has a strong track record of success. The fund is currently managed by Dr. Robert E. Rich, a well-known economist and financial expert.

Lord, Abbott & Co.

Eaton & Howard Mutual Funds

Mutual Stock Funds

West Coast Mutual Fund Conference during the opening session at the Palace Hotel in San Francisco.

Dr. Aul detailed how carefully the management of the new investment fund operates to invest the fund's assets. He noted that the fund's objective is to produce a capital gain of 5% per annum. This is the right answer, and the fund's management believes that this objective can be achieved.

"The answer to the $64 question," Dr. Aul said, "is that the fund's management believes that the fund's objective is to produce a capital gain of 5% per annum. This is the right answer, and the fund's management believes that this objective can be achieved."

In conclusion, Dr. Aul emphasized the importance of selectivity in investment policy, stating, "The Keyboard Mutual Funds, Inc. is one of the largest mutual fund companies in the United States, with assets of over $1.2 billion. The fund is managed by Dr. Robert E. Rich, a well-known economist and financial expert."
some 87% were believed by the fund to qualify as legal investments in Pennsylvania. Portfolio holds approximately 22% chemical, 30% oil, and 13% utilities with the balance among 13 other industries.

MUTUAL SHARES reports net assets on Jan. 31, 1952, of $285,423 compared with $344,791 a year ago.

Mutual Fund Notes
PIONEER FUND is about to meet March 1, on proposal to increase the authorized capital stock, to 100,000 shares, 400,000 shares. At the present time, 250,000 shares are outstanding. The proposed increase of capital will be accomplished by the reorganization of the trust and the issuance of a new series of shares authorized but not issued.

INVESTORS MUTUAL has issued a prospectus Jan. 20, 1952.


Dreyfus Fund has released a new prospectus dated Feb. 20, 1952.

STEIN, ROE & FARNHAM Fund's latest prospectus is dated Feb. 20, 1952; it is now available for dealers.

TOM'S FUND's newest prospectus, now ready for dealers, is dated Feb. 20, 1952.

DELWARE Fund reported that it completed last week a new common stock position in Bell & Howell, leading designers and manufacturers of photographic equipment and related products. Also eliminated from the common stocks of Commercial Credit, Food Machinery & Chemical and Hercules Powder because it was stated, these stocks had advanced to prices that appeared to have discounted their near term prospects. For the same reason, reductions were also made in the common stocks of Allied Chemical & Dye and Aluminum, Ltd. New common stock investments included the following: a paragraph E. I. du Pont, Lone Star Gas, Owens Illinois, Security Paper, Pacific Gas & Electric, Proctor & Gamble, Transport Company and Howe Sound.

investments were increased in International Business Machines, American Natural Gas, Atchison, Topeka & Santa Fe and Norfolk & Western.

PERSONAL PROGRESS STOCKHOLDERS of Chemical Fund at their 14th annual meeting, Feb. 18, increased the number of directors from nine to 12. Robert L. Gladding and Mr. Francis S. Wilbur, each representing a key district with whom they have clear policies; between minority and majority stockholders; and between minority stockholders and management.

The authors arrive at the somewhat cynical conclusion that management of this fund is well carried on, as the owners are dominated by supervising large family stockholders and financiers, in companies where there is an absence of concentration of stock ownership in powerful hands.

The main points of the book's coverage are well indicated by the following quotations:

"The SE-CORP, (Special Equity, Profit & Money-Sharing Contracts, Stock Bonus and Stock Purchase Plans, Stock Options, Deferred Compensation, Pensions, Governmental and Judicial Employees, Executive Compensation," Pay-and-Profit Relationships of executive payments to profits is likewise examined by the authors. They find that the percentage of such payments to profits decreases with earnings increases. Management compensation has ranged from 197.5% of net profits in small companies all the way down to 2.9% in the case of large companies. While the authors emphasize the lack of correlation between compensation and either profits or sales, this finding should argue the lack of correlation between compensation and the profits benefits being extended to the executives.

The Hot Stock-Optimal Question
Fortuitously in view of the current "hotness" of stock-optimizing, the authors discuss this subject thoroughly and able treatment. They describe at length stock options and stock price fluctuation; the corporate tax advantages available under the Federal tax consequences; the present state of the law; and, of course, questions of policy. The implication of the discussion indicates major problems between the idea of the free market under which stock options, included among which are determination (1) of the fair market value of an option, (2) the determination of the net value (if it is not an exercise) and (2) whether it constitutes a public offering, each case to be considered by itself.

Questions regarding the determination of the course to be followed in this and other phases of compensation questions, our authors have arrived at the major conclusion that the compensation practices of corporations are shaped more by lawyers' activities in safeguarding their clients' interest than by the laws and the courts.

Tax and Take-Home Pay
The recent further hikes in personal and corporate income tax rates accentuate the determining importance of taxation, along with the Federal's 'bonus' plan. It is to the Federal tax that the controlling factor in salary and other compensation decisions.

The executive's tax problems in connection with deferred compensation plans that entail major distribution of cash is not discussed in the book. In general, the importance of the current growing practice of statistically demonstrating in annual reports to the stockholders the personal troubles of the salary-receiving executives with Uncle Sam's individual income-tax man.

Considerations of space have limited us to citation of but a few highlights of this treatment. Overall, Washington and Rothschild's work of 306 pages constitutes a major achievement in filling the public's quest for technical explanations. The authors, generally, of propriety of the currently growing practice of statistically demonstrating in annual reports to the stockholders the personal troubles of the salary-receiving executives with Uncle Sam's individual income-tax man.

With Shields & Co. (Special to The Financial Observer)

Los Angeles, Calif. — Jack A. Kaplan has been added to the staff of Shields & Company, 910 West Sixth Street.
Continued from first page

As We See It

Continued

Continued from last page

As We See It

continuing maximum employment, production and purchasing power. The Employment Act directs the President to include in his Economic Report a program for carrying out the

As We See It

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As We See It

As We See It

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As We See It

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As We See It

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increase in personal incomes will be spent on consumer goods—closely related to the supply of consumer goods limited by the war program and with personal incomes rising, it would be reck¬
less to assume that the danger of inflation is over.

What should be done to prevent the resumption of inflation? The steps fall into two principal groups: (a) reducing the demand for consumer goods and (b) limiting essential expenditures for consumer goods.

There are four principal mea-
sures that will help increase the supply of consumer goods; they will affect the limits of non-essential expenditures of government; (b) increasing, and encouraging postponement of expenditure, of consumer goods that are not closely related to consumer goods. Sometimes a more gradual rise in the outlays on defense.

(b) Reducing non-essential expenditures of government: Reducing non-essential government expenditures will have a direct effect upon the supply of consumer goods. For, the government in its non-essential expenditures of defense, is using raw material that might otherwise be available for the making of consumer goods.

(c) Encouraging postponement of expenditures: The government's defense equipment is not closely connected with defense: Spending on industries that produce equipment is not at record-breaking levels. The payment is being controlled largely by the quantity of scarce materials available.

(d) Scheduling a more gradual rise in defense expenditures: Although defense schedules have been completed and are being followed more gradually, an increase of $20 billion a year during 1952 is planned. In this period, the supply of consumer goods is likely to grow—larger than the total output of consumer goods. The risk of inflation would be substantial if action (d) is not taken.

(e) Reducing non-essential expenditures of government: Reducing non-essential government expenditures will have a direct effect upon the supply of consumer goods. For, the government in its non-essential expenditures of defense, is using raw material that might otherwise be available for the making of consumer goods.

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(g) Scheduling a more gradual rise in defense expenditures: Although defense schedules have been completed and are being followed more gradually, an increase of $20 billion a year during 1952 is planned. In this period, the supply of consumer goods is likely to grow—larger than the total output of consumer goods. The risk of inflation would be substantial if action (d) is not taken.

(h) Reducing non-essential expenditures of government: Reducing non-essential government expenditures will have a direct effect upon the supply of consumer goods. For, the government in its non-essential expenditures of defense, is using raw material that might otherwise be available for the making of consumer goods.
Tomorrow's Markets
Walter Whyte Says—

By WALTER WHYTE

Two weeks ago this column said in effect that reactions should be used as springboards to re-enter the market on the long side. At the time this was written the talk of impending market breaks was in the air, and the inference of opinion seemed to be as far down as they would go. The direction of the move was as far away as a fact accompli.

In last week's column the opinion that reactions should be used for new buying was repeated.

In the past few days you've seen a suddenly revitalized market a forge ahead to new highs and start aiming for new highs. Now that that's happened the bulls are again in full cry. They're saying how high (rather than low) are filling the board rooms. I wish I could get this far with as few well-chosen words. Unfortunately I don't know how they're going,

Continued from page 37

Is Inflation Still a Factor?

SPECIAL REPORT

Douglas L. Un. Says:

Inflation is a factor which is always present in the market, but I do not see evidence of a rise in prices at this time. The current inflationary sentiment is more a result of the recent increase in the dollar price of gold than it is due to any underlying factors in the economy. The gold price increase is due to the fact that the Federal Reserve System has been running a deficit in its open market operations, which has led to an increase in the supply of money. This increase in the money supply has put upward pressure on prices, but this pressure has not been strong enough to create a general increase in prices.

As we have seen in the past, inflationary sentiment is often due to the actions of the Federal Reserve System. When the Federal Reserve increases the supply of money, this will tend to put upward pressure on prices. However, if the Federal Reserve is careful in its operations, it can prevent a general increase in prices. The key is to keep the increase in the money supply in line with the increase in the economy's ability to produce goods and services.

In the current situation, I do not see any reason to expect a general increase in prices. The economy is not growing at a rapid pace, and the Federal Reserve has been careful in its operations. Therefore, I do not believe that inflation is a serious threat to the market at this time.
Continued from page 11

Is European Aid Inflationary?

When prices in the long run are expected to be stable, the price level in any one year will merely reflect cost increases. In the long run, there is no guarantee that prices will be additive over time. Inflation in the short run is the sum of cost increases, but in the long run, it is the sum of all cost increases. Thus, the existence of inflation in the long run is the result of expectations. If people expect prices to be stable, they will save more than they spend; if they expect prices to be unstable, they will spend more than they save. Therefore, the inflation rate is determined by the difference between the rate of cost change and the rate of saving.

1. The inflation rate is determined by the difference between the rate of cost change and the rate of saving.

2. The inflation rate is determined by the difference between the rate of cost change and the rate of saving.

3. The inflation rate is determined by the difference between the rate of cost change and the rate of saving.

4. The inflation rate is determined by the difference between the rate of cost change and the rate of saving.

5. The inflation rate is determined by the difference between the rate of cost change and the rate of saving.

In the short run, inflation is caused by the difference between the rate of cost change and the rate of saving. In the long run, inflation is caused by the difference between the rate of cost change and the rate of saving. Therefore, inflation is caused by the difference between the rate of cost change and the rate of saving. In the long run, inflation is caused by the difference between the rate of cost change and the rate of saving. Therefore, inflation is caused by the difference between the rate of cost change and the rate of saving. In the long run, inflation is caused by the difference between the rate of cost change and the rate of saving. Therefore, inflation is caused by the difference between the rate of cost change and the rate of saving.
**Indications of Current Business Activity**

<table>
<thead>
<tr>
<th>Table</th>
<th>Latest</th>
<th>Previous Week</th>
<th>Month Ago</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AMERICAN IRON AND STEEL INSTITUTE:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emergency steel operations (percent of capacity)</td>
<td>101.3</td>
<td>101.0</td>
<td>100.4</td>
<td>101.5</td>
</tr>
<tr>
<td>Shipments and earnings (net tons)</td>
<td>2,184,000</td>
<td>2,108,000</td>
<td>2,018,000</td>
<td>2,019,000</td>
</tr>
<tr>
<td><strong>AMERICAN PETROLEUM INSTITUTE:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crude oil and manufactured output—daily average (bbls. of 42 gal. each)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Propane</td>
<td>5,600,000</td>
<td>5,600,000</td>
<td>5,600,000</td>
<td>5,600,000</td>
</tr>
<tr>
<td>Butane</td>
<td>2,200,000</td>
<td>2,200,000</td>
<td>2,200,000</td>
<td>2,200,000</td>
</tr>
<tr>
<td>Total</td>
<td>7,800,000</td>
<td>7,800,000</td>
<td>7,800,000</td>
<td>7,800,000</td>
</tr>
<tr>
<td><strong>ASSOCIATION OF AMERICAN RAILROADS:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue freight (number of cars)</td>
<td>882,368</td>
<td>870,049</td>
<td>272,923</td>
<td>783,845</td>
</tr>
<tr>
<td>Freight in (number of cars)</td>
<td>11,352,000</td>
<td>10,933,000</td>
<td>21,840,000</td>
<td>12,579,000</td>
</tr>
<tr>
<td>Revenue passengers (number of passengers)</td>
<td>4,077,000</td>
<td>4,029,000</td>
<td>4,776,000</td>
<td>4,371,000</td>
</tr>
<tr>
<td>Freight</td>
<td>6,523,000</td>
<td>6,554,000</td>
<td>7,206,000</td>
<td>7,192,000</td>
</tr>
<tr>
<td>Mail</td>
<td>77,400</td>
<td>77,400</td>
<td>77,400</td>
<td>77,400</td>
</tr>
<tr>
<td>Commodity freight (number of tons)</td>
<td>972,113,000</td>
<td>972,113,000</td>
<td>972,113,000</td>
<td>972,113,000</td>
</tr>
</tbody>
</table>

**DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM:**

<table>
<thead>
<tr>
<th>Month</th>
<th>1935-39 Average</th>
<th>1936-38 Average</th>
<th>1937-38 Average</th>
<th>1938-39 Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 16</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Feb 16</td>
<td>110.1</td>
<td>110.1</td>
<td>110.1</td>
<td>110.1</td>
</tr>
<tr>
<td>Mar 16</td>
<td>115.2</td>
<td>115.2</td>
<td>115.2</td>
<td>115.2</td>
</tr>
<tr>
<td>Apr 16</td>
<td>120.3</td>
<td>120.3</td>
<td>120.3</td>
<td>120.3</td>
</tr>
<tr>
<td>May 16</td>
<td>125.4</td>
<td>125.4</td>
<td>125.4</td>
<td>125.4</td>
</tr>
<tr>
<td>Jun 16</td>
<td>130.5</td>
<td>130.5</td>
<td>130.5</td>
<td>130.5</td>
</tr>
</tbody>
</table>

**MOODY'S BOND RATES DAILY AVERAGES:**

<table>
<thead>
<tr>
<th>Class</th>
<th>Mar 16</th>
<th>Mar 16</th>
<th>Mar 16</th>
<th>Mar 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aaa corporates</td>
<td>98.0</td>
<td>98.0</td>
<td>98.0</td>
<td>98.0</td>
</tr>
<tr>
<td>Aa</td>
<td>98.3</td>
<td>98.3</td>
<td>98.3</td>
<td>98.3</td>
</tr>
<tr>
<td>Baa</td>
<td>98.6</td>
<td>98.6</td>
<td>98.6</td>
<td>98.6</td>
</tr>
<tr>
<td>A</td>
<td>98.9</td>
<td>98.9</td>
<td>98.9</td>
<td>98.9</td>
</tr>
<tr>
<td>Baa</td>
<td>99.2</td>
<td>99.2</td>
<td>99.2</td>
<td>99.2</td>
</tr>
</tbody>
</table>

**MOODY'S COMMODITY INDEX:**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Index</th>
<th>Index</th>
<th>Index</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>ZINC oxide</td>
<td>90.4</td>
<td>90.4</td>
<td>90.4</td>
<td>90.4</td>
</tr>
<tr>
<td>ALUMINUM oxide</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**NEW YORK STOCK EXCHANGE—As of Jan. 30 (1936 cooled):**

<table>
<thead>
<tr>
<th>Index</th>
<th>Value</th>
<th>Value</th>
<th>Value</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Poor's Composite</td>
<td>182.0</td>
<td>182.0</td>
<td>182.0</td>
<td>182.0</td>
</tr>
<tr>
<td>Dow-Jones Industrials</td>
<td>95.0</td>
<td>95.0</td>
<td>95.0</td>
<td>95.0</td>
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<tr>
<td>Value Line Index</td>
<td>190.0</td>
<td>190.0</td>
<td>190.0</td>
<td>190.0</td>
</tr>
</tbody>
</table>

**REAL ESTATE FINANCING IN NONFARM MORTGAGE LENDING:**

<table>
<thead>
<tr>
<th>State</th>
<th>Mortgage Receivables</th>
<th>Mortgage Receivables</th>
<th>Mortgage Receivables</th>
<th>Mortgage Receivables</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>30,000,000</td>
<td>30,000,000</td>
<td>30,000,000</td>
<td>30,000,000</td>
</tr>
<tr>
<td>California</td>
<td>30,000,000</td>
<td>30,000,000</td>
<td>30,000,000</td>
<td>30,000,000</td>
</tr>
</tbody>
</table>

The following statistical tabulations cover production and other figures for the latest week or month on that date, or, in cases of quotations, are as of that date.

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*Note: Detailed tables and figures regarding production, sales, and financial indicators for various sectors, including iron and steel, aluminum, and other commodities, are provided in the document.*


**Securities Now in Registration**

- **Acme United Life Insurance Co.**
  - Feb. 25 (letter of notification) 10,000 shares of common stock. 
  - Price—At par ($1 per share). 
  - Proceeds—For general corporate purposes.
  - Underwriter—None. 

- **Albuquerque Associated Oil Co.**
  - Feb. 28 (letter of notification) 50,000 shares of common stock. 
  - Proceeds—To be applied to general corporate purposes.
  - Underwriter—None. 

- **American-Canadian Uranium Co., Ltd., N. Y.**
  - Dec. 26 filed $50,000 shares of common stock (par $1). 
  - Proceeds—To be used for exploration.
  - Underwriter—None. 

- **American Fire & Casualty Co., Orlando, Fla.**
  - Feb. 16 (letter of notification) 11,100 shares of common stock (par $1). 
  - Proceeds—For working capital.

- **Arlisman Co., Portland, Ore.**
  - Feb. 18 (letter of registration) 200,000 shares of common stock. 
  - Price—At par ($1 per share). 
  - Proceeds—To develop new business. 
  - Underwriter—None. 

- **Associated Seed Co., Detroit, Mich.**
  - Feb. 25 (letter of notification) 23,525 shares of common stock (par $1). 
  - Proceeds—To be used for distribution. 
  - Underwriter—None. 

- **Blue Bell Seed Co., N. Y.**
  - Feb. 25 filed 150,000 shares of common stock (par $1). 
  - Price—At market. 
  - Proceeds—For investment. 
  - Underwriter—Calvin Bucklin, New York. 

- **American Electric Power Co.**
  - Feb. 21 filed 675,000 shares of common stock (par $1). 
  - Price—$1.25 per share. 
  - Proceeds—For development and operating requirements. 
  - Underwriter—Frank P. Hunt & Co., Inc., Rochester, N. Y. 

- **American Airlines, Inc.**
  - Feb. 21 (letter of registration) 2,000 shares of common stock (par $1) and 500 shares of 5% cumulative preferred stock (par $50). 
  - Proceeds—For expansion. 
  - Underwriter—Dillon & Co.) 

- **Central Louisiana Electric Co., Inc.**
  - Feb. 13 filed $3,616 shares of common stock (par $10) and 10,000 shares of 7% convertible preferred stock (par $100). 
  - Proceeds—For general corporate purposes. 
  - Underwriter—First National Bank & Trust Co. 

- **Beckman Instruments, Inc. (3/13)**
  - Feb. 11 (letter of registration) 200,000 shares of common stock (par $1) of which 75,000 shares are for account of company and 21,000 shares for sale. 
  - Price—To be supplied by amendment. 
  - Proceeds—For working capital and general corporate purposes. 
  - Underwriter—Lehman Brothers. 

- **Belle Island Corp., New York**
  - Feb. 13 (letter of notification) 2,500 shares of capital stock (par 20 cents). 
  - Price—At market, but not less than $3 per share. 
  - Proceeds—To Mrs. Helen E. Huppich, the selling stockholder. 

- **Benjamin Manufacturing Co., Burlington, Iowa**
  - Jan. 2 filed 63,550 shares of capital stock (par $1) being offered to common stockholders at rate of one share for each share held. 
  - Price—$1 per share. 
  - Proceeds—To retire debt and for working capital. 
  - Underwriter—Central Illinois. 

- **Black Hills & Light Co.**
  - Feb. 11 filed 33,750 shares of common stock (par $1) being offered by common stockholders at rate of one share for each share held. 
  - Proceeds—For construction program and to repay bank loans. 

- **Blue Anchor (N. J.) Packing Co.**
  - March 10, 1952 issues 125,000 shares of common stock. 
  - Proceeds—To be applied to general corporate purposes. 
  - Underwriter—None. 

- **Brownies Co.**
  - Jan. 26 (letter of notification) 15,000 shares of common stock. 
  - Proceeds—To Harry and David V. Shapiro. 

**New Issue Calendar**

- March 6, 1952
  - Baltimore & Ohio JR. & Equip. Trust Clfs
  - (Bids noon EST)
  - Schering Corp.
  - (Bids 3:30 p.m. EST)

- March 7, 1952
  - Bridgeport Hydraulic Co.
  - (Smith, Ramsey & Co. and associates)
  - (Bids noon EST)

- March 10, 1952
  - Illinois Power Co.
  - (Bids 10 a.m. CDT)
  - Pacific Power & Light Co.
  - (Bids noon EST)
  - Petromex Finance Co.
  - (George F. Brenn)
  - Thermal Research & Engineering Corp.
  - (Dreyfus & Co.)

- March 11, 1952
  - Central Power & Light Co.
  - (Bids 10 a.m. CDT)
  - Metropolitan Edison Co.
  - (Bonds & Preferred)
  - Ohio Edison Co.
  - (Bids 11:30 a.m. CDT)
  - Potomac Electric Power Co.
  - (Bonds & Preferred)

- March 12, 1952
  - Mississippi Valley Gas Co.
  - (Residential BENEFICIAL Corp.)

**Indicates Additions Since Previous Issue**

**Items Revised**

- Beckman Instruments, Inc.
  - (Lehman Brothers)
  - Quaker Oats Co.
  - (Glou, Fergen & Co.)

- March 17, 1952
  - Publicker Industries, Inc.
  - (Merrell, Hay, Plenk & Beam)
  - Union Bank & Trust Co. of Los Angeles
  - (Co. Inc., and others)

- March 18, 1952
  - Pacific Gas & Electric Co.
  - (Bids 3:30 p.m. EST)
  - Southern Gas & Electric Co.
  - (Bids to be invited)

- March 19, 1952
  - Chicago, Rock Island & Pacific RR.
  - (Equip. Trust Clfs.
  - Koehring Co.
  - (Common)
  - Middle South Utilities, Inc.
  - (Bids to be invited)
  - Narragansett Bldg Co.
  - (Bids noon EST)
  - United Air Lines, Inc.
  - (Preferred)

- March 20, 1952
  - Indiana Associated Tel. & Tel. Co.
  - (Bids to be invited)

- March 25, 1952
  - Consolidated Edison Co. of New York, Inc.
  - (Bids 11 a.m. EST)
  - Southern California Gas Co.
  - (Bids 11:30 a.m. EST)
  - Southern Products Co.
  - (Bids to be invited)

- March 26, 1952
  - Arizona Public Service Co.
  - (Probably The First Boston Corp.)
  - Shamrock Oil & Gas Co.
  - (Bids to be invited)

- March 31, 1952
  - Mountain States Tel. & Tel. Co.
  - (Bids to be invited)
  - Texas Power & Light Co.
  - (Bids to be invited)

- April 1, 1952
  - Erie RR.
  - (Equip. Trust Clfs.
  - Interstate Power Co.
  - (Bonds & Debentures)
  - San Diego Gas & Electric Co.
  - (Bonds & Debentures)
  - West Penn Power Co.
  - (Bids to be invited)

- April 3, 1952
  - Metals & Chemicals Corp.
  - (Common)

- April 10, 1952
  - Merrill-Chapman & Scott Co.
  - (Offering to stockholders)

- April 15, 1952
  - Columbus Gas System Co.
  - (Bids to be invited)

- April 22, 1952
  - Alabama Power Co.
  - (Bids to be invited)

- May 20, 1952
  - National Fuel Gas Co.
  - (Debentures)

- June 9, 1952
  - Kansas Gas & Electric Co.
  - (Bonds & Stock)

- June 24, 1952
  - Gulf Power Co.
  - (Bids to be invited)

- July 8, 1952
  - Georgia Power Co.
  - (Bonds to be invited)
Continued from page 41

Corp. Bids.—To be received by 11:30 a.m. (CST) on March 11, at office of company, 20 North Wacker Drive, Chicago 6, Ill., Offering.—To public likely on March 13 or 14.

★ Century Shares Trust, Boston, Mass. Capital.—$50,000,000, in the form of 5,000,000 shares, $10 par value. Price.—At par in shares. Proceeds.—For general corporate purposes. Underwriter.—None.


General Alloys Co., Boston, Mass. Feb. 25 (letter of notification) 2,000,000 shares of common stock to be offered in exchange for outstanding Class A preferred stock on a one-for-one basis. Proceeds.—To use surplus for general corporate purposes. Underwriter.—None. Price.—At par in shares. Proceeds.—To finance drilling program. Underwriter.—None.

Colonna Oil & Development Co. Feb. 25 (letter of notification) 2,000,000 shares of common stock. Price.—At par in shares; rights will expire on Feb. 14. Proceeds.—For drilling purposes. Office.—1639 South Nevada St., Colorado Springs, Colo. Underwriter.—None.


★ Colonna Oil & Development Co. Feb. 25 (letter of notification) 2,000,000 shares of common stock. Price.—At par in shares; rights will expire on Feb. 14. Proceeds.—For drilling purposes. Office.—1639 South Nevada St., Colorado Springs, Col. Underwriter.—None.

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**Pacific Gas & Electric Co. (3/18)**


**Pacolet Mills & Light Co. (3/10)**

Fed. 15 filed $12,000,000 first mortgage bonds, series D, due March 1, 1982. Proceeds—for property additions. Underwriters—Kidder, Peabody & Co.; Lehman Brothers; C. L. A. & Co.; Maynard, Cooper & Harrison. Bids—To be opened up to 8:30 a.m. (PST) on March 18.

**Payne and Edwards Co. (3/8)**


**Ponnant Drilling Inc., Co. (3/17)**


**Ponoma Motor Co., Portland, Ore. (3/12)**

Fed. 27 filed 200 shares of common stock (par $250), of which 191 shares are to be offered to stockholders at par. Proceeds—to be used for building plant and for working capital. Underwriter—None.

**Ponponett Electric Co., Co., Portland, Ore. (3/12)**

Fed. 27 filed 200 shares of common stock (par $250), of which 191 shares are to be offered to stockholders at par. Proceeds—to be used for building plant and for working capital. Underwriter—None.

**Ponponett Electric Co., Portland, Ore. (3/12)**

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**Ponponett Electric Co., Portland, Ore. (3/12)**

Fed. 27 filed 200 shares of common stock (par $250), of which 191 shares are to be offered to stockholders at par. Proceeds—to be used for building plant and for working capital. Underwriter—None.
Prospective Offerings

Aeroquip Corp.

Jan. 15, 1952, Donald Jone, chairman, announced that consideration was being given to the possibility of equity financing. On Feb. 18, stockholders voted to increase the authorized capital stock to 25,000,000 shares, to be sold at $10 per share, and to issue 15,000,000 shares at a price of $10. Proceeds—To increase shareholders' capital through stock offerings. Underwriter—Morgan Stanley & Co., New York.

Alaska Power Co. (4/22)

Feb. 24, C. H. Blegen, chairman, announced plans to sell about $12,000,000 of first mortgage bonds. Proceeds—For construction and operation of a new power development. Underwriters—Double Underwriters—Expected to be announced on April 22.

American Telephone & Telegraph Co. (4/12)

Jan. 25, 1952, John T. Wilson, chairman of the board, stated that the company is being regarded as suitable for stockholders' capital. Proceeds—To retire indebtedness. Underwriter—Underwriters—Expected to be announced.

American Telephone & Telegraph Co. (4/21)

Feb. 12, 1952, William P. Watson, president of the company, announced that the company is considering the possibility of equity financing. Proceeds—For working capital and new equipment. Underwriter—Hugh P. Watson, President of company.

Baltimore Gas & Electric Co. (3/26)

March 17, 1952, the company announced that it is considering the possibility of equity financing. Proceeds—To provide additional working capital. Underwriter—Kidder, Peabody & Co., New York.

Baltimore & Ohio RR. (3/6)

Bids will be received through noon on March 6, 1952, by the company at 2 Wall St., New York 5, N. Y., for the purchase of $2,700,000 of equipment trust certificates, series 1952 A, for the equipment trust fund created in 15 equal annual installments on March 1 from 1952 to 1956. Fund held by Lehman Brothers, Halsey, Stuart & Co., Inc.

Bell Telephone Co. of Pennsylvania

Jan. 29, 1952, the company announced plans to sell about $12,000,000 of new capital stock for the purpose of funding the company's working capital and providing additional capital for the company's working capital. Underwriter—Kidder, Peabody & Co., New York

Bell Telephone Co. of Pennsylvania

Jan. 29, 1952, the company announced plans to sell about $12,000,000 of new capital stock for the purpose of funding the company's working capital and providing additional capital for the company's working capital. Underwriter—Kidder, Peabody & Co., New York

California-Pacific Utilities Co.

Feb. 29, 1952, the company reported expected to offer about $25,000,000 of new capital stock, to be sold at $10 per share, for the purpose of providing additional capital for the company's working capital. Proceeds will be used to pay for additions and improvements to property.

Case Co.

Jan. 18, 1952, the company announced that stockholders will vote April 17 on increasing the authorized common stock from 50,000,000 shares to 200,000,000. Proceeds—To be used for general corporate purposes. Underwriter—Morgan Stanley & Co., New York.

Chase Manhattan Bank

Feb. 15, 1952, the company announced that it will offer up to $25,000,000 of new capital stock, to be sold at $10 per share, for the purpose of providing additional capital for the company's working capital. Proceeds—To be used for general corporate purposes. Underwriter—Morgan Stanley & Co., New York.

Cincinnati Gas Corp.

Feb. 29, 1952, the company announced plans to sell about $12,000,000 of new capital stock, to be sold at $10 per share, for the purpose of providing additional capital for the company's working capital. Proceeds—To be used for general corporate purposes. Underwriter—Morgan Stanley & Co., New York.

Colorado Central Power Co.

Jan. 21, 1952, the company announced plans to sell about $25,000,000 of new capital stock, to be sold at $10 per share, for the purpose of providing additional capital for the company's working capital. Proceeds—To be used for general corporate purposes. Underwriter—Morgan Stanley & Co., New York.

Consolidated Gas Co., Electric Light & Power Co. of Baltimore

Dec. 26, 1951, the company announced that it is considering the possibility of equity financing. Proceeds—To provide additional capital for the company's working capital. Underwriter—None, but Smith, Barney & Co., New York.

Columbia Gas System, Inc. (4/15)

Dec. 26, 1951, the company announced plans to sell about $20,000,000 of new capital stock, to be sold at $10 per share, for the purpose of providing additional capital for the company's working capital. Proceeds—To be used for general corporate purposes. Underwriter—None.

Consolidated Edison Co. of New York, Inc.

Dec. 26, 1951, the company announced plans to sell about $20,000,000 of new capital stock, to be sold at $10 per share, for the purpose of providing additional capital for the company's working capital. Proceeds—To be used for general corporate purposes. Underwriter—None.

CinemaColor Corp., Burbank, Calif.

Feb. 29, 1952, the company announced plans to sell about $12,000,000 of new capital stock, to be sold at $10 per share, for the purpose of providing additional capital for the company's working capital. Proceeds—To be used for general corporate purposes. Underwriter—Morgan Stanley & Co., New York.

Colorado Interstate Gas Co.

Dec. 26, 1951, the company announced plans to sell about $20,000,000 of new capital stock, to be sold at $10 per share, for the purpose of providing additional capital for the company's working capital. Proceeds—To be used for general corporate purposes. Underwriter—None.

Columbia Gas System, Inc.

Dec. 26, 1951, the company announced plans to sell about $20,000,000 of new capital stock, to be sold at $10 per share, for the purpose of providing additional capital for the company's working capital. Proceeds—To be used for general corporate purposes. Underwriter—None.

Delta Power & Light Co.

Jan. 23, 1952, the company announced plans to sell about $12,000,000 of new capital stock, to be sold at $10 per share, for the purpose of providing additional capital for the company's working capital. Proceeds—To be used for general corporate purposes. Underwriter—Morgan Stanley & Co., New York.
Florida Power & Light Co. Feb. 11 directors approved a $21,100,000 construction budget for 1952 and $27,000,000 for 1953. This is part of a $150,000,000 debt issue sold last December and expected to cost $235,000,000.


General Electric, N. J. Jan. 23 announced company plans to increase authorized common stock 300,000 shares (202,422,000 additional shares of $2.50 par). The company states that "there is no present plan of conversion of preferred stock to common stock, but it may eventually require more capital." A group headed by Eastbrook & Co. underwrote an issue of common stock to stockholders in April, 1951.

General Fused Co-South River, N. J. Jan. 28 and Long Island Plastics Co. Inc. announced company is discussing the marketing of unsubscribed 5% convertible preferred stock with several underwriters. A tax of $25,000,000 shawmee which will be offered to common stockholders at par ($5 per share).

Georgia Power Co. (7/8) Feb. 8 it was announced company plans issuance and sale of $13,000,000 4% convertible preferred stock, par value $100, per share, for construction purposes.


Georgia Public Utilities Co. Feb. 6 it was reported the corporation is expected to sell this summer approximately $30,000 additional shares of capital stock. The corporate approval of this series of stock will be the first step in a proposed plan to authorize issuance of common stock without reservation or restriction, although the corporation may not sell any stock until directors, however, "are studying several plant expansion possibilities and may eventually require more capital." A group headed by Eastbrook & Co. underwrote an issue of common stock to stockholders in April, 1951.

Pan American Sulphur Co. Feb. 24 it was reported that March 15 will be the last day on which an increase in the authorized common stock from 1,500,000 shares (par 10 cents) to 2,000,000 shares (par 10 cents). A part of the increase is expected for registered bondholders. Proceeds would be used for construction and exploration program in Mexico.

Pennsylvania Electric Co. Jan. 5 it was announced that company plans to spend about $15 million on additions and extensions, in part, by the sale of about $9,000,000 first mortgage bonds. About $7,000,000 to be sold in common stock (the latter issue to parent, General Public Utilities Corp.). Underwriters—For bonds and preferred stock, Harris, Hall & Co.; for common stock, Kidder, Pacific West & Co. (jointly); Kuhn, Loeb & Co (jointly). Filed March 1, 1953. 

Philadelphia Electric Co. Feb. 6 it was announced stockholders on April 9 will be asked to vote on declaration of a 5% stock dividend. Market value of the company's $400,000,000 of common stock is $285,430,000. No additional financing is contemplated until 1953.

[Additional entries for Radioactive Products, Inc., Detroit, Mich., March 12 it was reported that the company was seeking an issue of $1.25 convertible class A common stock, which would enable the company to retire preferred stockholders at rate of one class A share for each two common shares held. Price—To be named later. Proceeds—For construction and expansion, Underwriters—A. H. Vogel & Co., Detroit, Mich.]

Readings Co. Feb. 28 it was reported company was understood to be planning sale of about $8,000,000 equipment trust certificate, first mortgage bonds, and 1,500,000 shares of cumulative preferred stock (par $100), of which 150,000 are outstanding. Proceeds—To pay series of maturing obligations, to increase working capital, and to fund additional capital or declaration of dividends. Underwriters—Harriman Ripley & Co., Inc. Offering—Expected in mid-year.

Peoples Gas Light & Coke Co. Feb. 19 it was announced stockholders will vote April 3 on increasing authorized capital stock (par $100) from 3,000,000 shares ($325,758 shares outstanding Dec. 31, 1951) to 2,000,000 shares. The company has no present plans for issuing any of the additional authorized shares, but they will be available for sale, for or for a consideration other than cash without further action by the company.

Portland General Electric Co. Feb. 9 Thomas W. Delzell, Chairman, announced company plans to issue in mid-1953 approximately 2,000,000 shares of common stock and by Nov. 1 an issue of first mortgage bonds. Proceeds—To finance, in all, 60% of new $200,000,000 of bank loans maturing May 1, 1952. Traditional Underwriter—For stock, Blyth & Co. Inc.

[Additional entries for Pacific Lighting Co. Water Co. (Mo.), Feb. 29 it was announced company expects to be able to sell on May 24, about $10,000,000 of first mortgage bonds and $5,000,000 of debentures, with registration statement having been filed in mid-February. Proceeds—To construct new public power plant. For bond sale, Underwriters—Fleming & Co.; for bond sale, Underwriters—Blair, Rollins & Co.]

Public Service & Electric Co. Feb. 29 it was announced that company expects to be able to sell by mid-February approximately $5,000,000 of common stock and debenture bonds. While the announcement was not made specifically to market conditions, and have not as yet been determined; the company is contemplated that approximately 30% of the new capital will be raised through the sale of debenture bonds. Proceeds will be used primarily for general corporate expansion program. In November, the company sold through Morgan Stanley & Co., Drexel & Co. and Glore, Forgan & Co., an issue of 249,942 shares of 4.7% cumulative preferred stock (par $100).

Presumably it is the consensus that the Federal Reserve will, of necessity, tighten the market to the extent required to prevent a general price advance. The Treasury must find a sizable deficit, it appears unlikely that these policies will be able to run off very far.

Investment bankers were satisfied with the overall reception recorded current new issues. Underwriters were not expected to have difficulty, particularly the big insurance companies. The latter will find ample sample for their offerings in the medium of direct placements and, accordingly, can afford to be picky. This was evidenced by the tendency of these large potential buyers to shy from several of the major undertakings, particularly those brought to market this morning.

Demand for American Tobacco's decennial bonds, which originated primarily with pension funds, and sold at 101% for the $1,500,000 of debentures offered for sale this week, will be taken by the Treasury. When the Treasury was the only major buyer, the Treasury bid for a block of all the bonds offered on March 15. This was evidenced by the Treasury not raising its bid throughout the auction, but going right to 101%. The Treasury was only a small buyer in the $1,000,000 of debentures offered for sale on March 15, but the Treasury left after the offering at 101 1-2/32. The price of the bonds was 101 1-2/32, par 100.

United States National Bank of Portland ( Ore.), March 4 it was announced that company will offer for sale through the Underwriters—D. C. Hogg & Co., Chicago, Ill., about 100,000 shares of common stock (par $20) at rate of one share for each $100 par value of common stock. Price—$30 per share.

Virginia Electric & Power Co. Feb. 27 it was reported company expects to sell $60,000,000 of 4% first mortgage bonds, of which about $50,000,000 may be raised through new York underwriters. Proceeds—To fund portion of approved plans to issue and sell in June approximately 4% $200,000,000 issue of first mortgage bonds. A bond sale is expected in the fall. Underwriters—For stock, probably Stone & Webster Securities Corp. Underwriters—For bonds, probably Harris, Hall & Co., and underwriting, with the following probable bidders: Halsey, Stuart & Co.; Kidder, Pacific West & Co.; Blyth & Co. (jointly); Stone & Webster Securities Corp.; White, Weld & Co.; Kuhn, Loeb & Co. and Wertheim & Co. (jointly).

Wiscasset Paper Corp. Jan. 12 it was reported that company is considering plans to issue $25,000,000 of additional common stock (all of which is presently outstanding) to favorite stockholders. Proceeds—To take care of proposed $6,000,000 expansion program.

Westinghouse Air Brake Co. Feb. 29 it was reported company plans an offering this Spring of $25,000,000 of securities, with another $25,000,000 offering expected in mid-summer.

Wisconsin Power & Light Co. Jan. 25 it was reported company is planning issuance and sale of about $2,500,000 of debentures, and 5,000,000 of convertible preferred stock (to preferred stockholders only). Proceeds—To fund portion of securities authorized on a 1-for-10 basis, with Smith, Newfield, Rollins & Co., New York; and Robert W. Baird & Co., Milwaukee, as national underwriters and Drexel & Co. (jointly) for the sale of debentures on said basis. Proceeds—For bonds, to be determined by competitive bidding in April. For preferred stock, to be bid for by the following bidders: Halsey, Stuart & Co., Inc.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Kuhn, Loeb & Co. and Ripley & Co., Inc.; M. L. Rollins, Inc.; Smith, Barney & Co.; Drexel & Co. (jointly); E. F. Hutton; Stone & Webster Securities Corp.; White, Weld & Co.; Kuhn, Loeb & Co.; and Wertheim & Co. (jointly).

viously permitted.]

The underwriting industry was definitely back on the job of raising money in mid-February, this week and evidently aware that the recent period of standards of 1953's speculative run was not rate on page 45, and accordingly, companies clearing away of securities presently on the market. For the moment, at least, the corporate financing field is not seriously disturbed by the possibility of uncertainty of future government market as the midmonth tax date approaches.
DIVIDEND NOTICES

American Johnsomite Company

DIVIDEND NOTICES

A quarterly dividend of $0.10 per share on the preferred stock of the Corporation has been declared payable March 15, 1952, to stockholders of record at the close of business March 14, 1952.

FRED W. HAIKARI, Treasurer

February 28, 1952

SECRETARY

C.L.T. FINANCIAL CORPORATION

A dividend of $1.20 per share on the preferred stock of the Corporation has been declared payable March 15, 1952, to stockholders of record at the close of business March 14, 1952.

H. C. ALLAN, Secretary and Treasurer

Philadelphia, March 5, 1952

AMERICAN BANK NOTE COMPANY

DIVIDEND NOTICES

DIVIDEND NOTICES

A quarterly dividend of $0.10 per share on the preferred stock of the Corporation has been declared payable March 15, 1952, to stockholders of record at the close of business March 14, 1952.

FRED W. HAIKARI, Treasurer

February 28, 1952

SECRETARY

MIIAMI COPPER COMPANY

DIVIDEND NOTICES

The Board of Directors of Miami Copper Company on February 14, 1952, declared a quarterly dividend of 53% per share on the preferred stock of the Corporation, payable March 15, 1952, to stockholders of record at the close of business March 14, 1952.

The transfer books of the company will not close.

JOHN Q. CHADWICK, President

The Electric Storage Battery Company

DIVIDEND NOTICES

26th Consecutive Quarterly Dividend

The Directors have declared a quarterly dividend of Sixty-five cents ($0.65) per share on the capital stock of the Corporation, payable March 15, 1952, to stockholders of record at the close of business March 14, 1952.

Checks will be mailed.

M. C. ALLAN, Secretary and Treasurer

March 5, 1952

ANACONDA

DIVIDEND NOTICES

DIVIDEND NOTICES

The Board of Directors of Anaconda Copper Company has today declared a dividend of Seventy-five cents ($0.75) per share on the capital stock of the par value of $50 per share, payable March 28, 1952, to stockholders of record at the close of business March 19, 1952.

C. EAELE MOORE

Secretary and Treasurer

25 Broadway, New York, N.Y.

ANNUAL MEETING

The annual meeting of the shareholders will be held on Wednesday, April 16, 1952, at 11:00 o'clock A.M. (Eastern Standard Time) at 4 Park Avenue, Flemington, New Jersey.

Only stockholders of record at the close of business on Friday, April 1, 1952, will be entitled to vote at and attending the annual meeting.

The transfer books will not close.

William R. Williams, Vice-Prese. & Sec'y.

The Borden Company

Boyd O. T. Johnson, President

Annual Meeting

New York, March 5, 1952

The Board of Directors has this day declared a quarterly dividend of Three Dollars ($3.00) per share on the capital stock of the Corporation, payable April 15, 1952, to stockholders of record at the close of business March 14, 1952.

STUART K. BARNES, Secretary

GUARANTY TRUST COMPANY OF NEW YORK

With Goodbody & Co.

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—Joh¬

nert B. Johnston is now affiliated with Goodbody & Co., 218 Beach Drive, N.E.

Jouns Louis Mcclure

(Special to The Financial Chronicle)

TAMPA, Fla.—John N. Riley has joined William C. McClure, 201 Madison Street.

H. Lowell Sobel Opened

H. Lowell Sobel has been formed 821 4th Street. John W. With Goodbody & Co.

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